

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	712,264	647,353	2,411,195	2,182,604
(b) Cost of sales	(548,768)	(508,518)	(1,944,384)	(1,772,737)
(c) Gross profit	163,496	138,835	466,811	409,867
(d) Other income	41,580	18,923	66,513	49,825
(e) Expenses	(76,150)	(69,220)	(281,921)	(249,307)
(f) Finance costs	(8,245)	(6,724)	(27,954)	(28,433)
(g) Share of results of associates	5,576	1,328	21,502	16,519
(h) Profit before tax	126,257	83,142	244,951	198,471
(i) Income tax	(20,553)	(11,011)	(53,845)	(43,260)
(j) Zakat	(3,065)	(2,850)	(3,065)	(2,850)
(k) Profit for the period	102,639	69,281	188,041	152,361
Attributable to:				
(l) Owners of the parent	97,488	67,919	181,783	148,430
(m) Non-controlling interests	5,151	1,362	6,258	3,931
Profit for the period	102,639	69,281	188,041	152,361
2 Earnings per share based on 1(l) above (Note 26):				
Basic	11.72 sen	8.17 sen	21.86 sen	17.85 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018.

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Twelve	Twelve
	quarter	corresponding	months to	months to
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Profit for the period	102,639	69,281	188,041	152,361
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	<u>(2,526)</u>	<u>2,577</u>	<u>(756)</u>	<u>(430)</u>
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:</i>				
Remeasurement gain/(loss) on Retirement Benefit Scheme	804	(253)	804	(253)
Remeasurement loss on Defined Benefit Pension Scheme	(64)	104	(64)	104
Tax impact on remeasurement	<u>(193)</u>	<u>61</u>	<u>(193)</u>	<u>61</u>
	<u>547</u>	<u>(88)</u>	<u>547</u>	<u>(88)</u>
Total other comprehensive (loss)/income for the period, net of tax	<u>(1,979)</u>	<u>2,489</u>	<u>(209)</u>	<u>(518)</u>
Total comprehensive income for the period	<u>100,660</u>	<u>71,770</u>	<u>187,832</u>	<u>151,843</u>
Attributable to:				
Owners of the parent	95,585	70,382	181,610	147,882
Non-controlling interests	<u>5,075</u>	<u>1,388</u>	<u>6,222</u>	<u>3,961</u>
	<u>100,660</u>	<u>71,770</u>	<u>187,832</u>	<u>151,843</u>

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018.

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(1,718)	(3,638)	(6,422)	(9,633)
Accretion of interest on concession receivable	(4,590)	(5,029)	(18,218)	(19,088)
Dividend from short term investment	(243)	(1,570)	(1,264)	(3,682)
Gain on disposal of property, plant and equipment	(556)	(6)	(536)	(1)
Net foreign exchange loss/(gain)	321	10	1,273	(319)
Net (reversal)/provision of impairment on trade receivables	(23,803)	7,627	(23,856)	7,221
Interest expense	5,414	6,062	24,204	26,699
Depreciation and amortisation	19,842	17,623	82,596	67,441
Gain on disposal of a subsidiary	-	-	(1,481)	-

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.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at end of current quarter	As at preceding financial year end
		31/12/2019	31/12/2018
		RM'000	RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	216,063	185,033
	Right-of-use assets	24,772	-
	Land held for property development	477	477
	Prepaid land lease payments	2,049	2,976
	Intangible assets	737,262	731,927
	Investment in associates	77,004	61,235
	Other investments	272	272
	Trade and other receivables	134,836	128,339
	Contract assets	32,942	20,088
	Deferred tax assets	14,302	12,963
		1,239,979	1,143,310
2	Current assets		
	Inventories	133,773	156,778
	Trade and other receivables	600,353	768,269
	Contract assets	328,864	179,758
	Tax recoverable	37,985	23,032
	Short term investments	62,385	107,178
	Cash, bank balances and deposits*	558,607	496,293
		1,721,967	1,731,308
3	Asset held for sale	-	3,073
	Total assets	2,961,946	2,877,691

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	As at end of current quarter	As at preceding financial year end
	31/12/2019	31/12/2018
	RM'000	RM'000
EQUITY AND LIABILITIES		
4	Equity attributable to Owners of the Parent	
	268,074	268,074
	313,856	313,856
	655	(1,018)
	987,300	921,397
	1,569,885	1,502,309
5	12,973	14,459
	1,582,858	1,516,768
6	Non-current liabilities	
	5,564	3,516
	1,116	1,759
	-	1,872
	367,763	408,005
	16,570	-
	-	4,552
	51,418	48,552
	442,431	468,256
7	Current liabilities	
	564	940
	352	1,620
	155,904	124,460
	9,054	-
	724,456	740,199
	21,131	14,368
	25,196	11,080
	936,657	892,667
	1,379,088	1,360,923
	2,961,946	2,877,691
8	Net assets per ordinary share attributable to Owners of the Parent (RM)	
	1.89	1.81

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018.

* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM34,128,389 (2018: RM20,419,681) 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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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Twelve months to 31/12/2019 RM'000	Twelve months to 31/12/2018 RM'000
Cash flows from operating activities		
Cash receipts from customers	2,611,647	2,302,313
Cash payments to suppliers	(1,235,225)	(1,085,664)
Cash payments to employees and for expenses	(1,084,954)	(938,216)
Cash generated from operations	291,468	278,433
Interest paid	(26,128)	(26,249)
Income tax paid	(50,020)	(46,145)
Net cash flows generated from operating activities	215,320	206,039
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	424	5,406
Proceeds from disposal of a subsidiary, net of cash disposed	1,165	-
Net withdrawal from short term investments	46,029	80,048
Interest received	5,373	9,633
Dividend received from associates	4,800	6,400
Payment of deferred consideration	(461)	-
Purchase of property, plant and equipment	(76,599)	(60,124)
Net cash flows (used in)/generated from investing activities	(19,269)	41,363
Cash flows from financing activities		
Capital repayment to non-controlling interests of a subsidiary	(3,375)	-
Repayment of finance lease	(1,353)	(1,113)
Drawdown of borrowings	122,090	149,636
Repayment of borrowings	(123,886)	(175,320)
Repayment of lease creditors	(7,967)	-
Dividend paid to shareholders of the Company	(116,427)	(241,171)
Dividend paid to non-controlling shareholders of subsidiaries	(1,004)	(2,460)
Net withdrawal/(placement) of fixed deposits	9,660	(2,097)
Net cash flows used in financing activities	(122,262)	(272,525)
Net increase/(decrease) in cash and cash equivalents	73,789	(25,123)
Net foreign exchange difference	143	(831)
Cash and cash equivalents as at beginning of financial period	462,846	488,798
Cash and cash equivalents as at end of financial period (a)	536,778	462,844
	As at 31/12/2019 RM'000	As at 31/12/2018 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	426,186	232,187
Fixed deposits with licensed banks	132,421	264,106
Cash, bank balances and deposits	558,607	496,293
Less: Fixed deposits on lien	(5,474)	(15,674)
Less: Fixed deposits pledged	(16,355)	(17,775)
	536,778	462,844

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	← Attributable to owners of the parent →						
	← Non-distributable →		Distributable				
	Share capital	Capital 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
Twelve months to 31 December 2019							
Balance as at 1 January 2019	268,074	313,856	(1,018)	921,397	1,502,309	14,459	1,516,768
Profit for the period	-	-	-	181,783	181,783	6,258	188,041
Other comprehensive income	-	-	(720)	547	(173)	(36)	(209)
Total comprehensive income for the period	-	-	(720)	182,330	181,610	6,222	187,832
Disposal of a subsidiary	-	-	-	-	-	(4,311)	(4,311)
Dividends paid to:							
- shareholders of the Company	-	-	-	(116,427)	(116,427)	-	(116,427)
- non controlling interests of subsidiary	-	-	-	-	-	(1,004)	(1,004)
Put options granted to non-controlling interests of a subsidiary	-	-	2,393	-	2,393	(2,393)	-
Balance as at 31 December 2019	268,074	313,856	655	987,300	1,569,885	12,973	1,582,858

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

	← Attributable to owners of the parent →						
	← Non-distributable →		Distributable				
	Share capital	Capital 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
Twelve months to 31 December 2018							
Balance as at 1 January 2018	268,074	313,856	(12,803)	1,014,229	1,583,356	18,476	1,601,832
Profit for the period	-	-	-	148,430	148,430	3,931	152,361
Other comprehensive loss	-	-	(457)	(91)	(548)	30	(518)
Total comprehensive (loss)/income for the period	-	-	(457)	148,339	147,882	3,961	151,843
Dividends to:							
- shareholders of the Company	-	-	-	(241,171)	(241,171)	-	(241,171)
- non-controlling shareholders of a subsidiary	-	-	-	-	-	(2,460)	(2,460)
Capital repayment to non-controlling interest of a subsidiary	-	-	-	-	-	(3,375)	(3,375)
Put options granted to non-controlling interest of a subsidiary	-	-	12,242	-	12,242	(2,143)	10,099
Balance as at 31 December 2018	268,074	313,856	(1,018)	921,397	1,502,309	14,459	1,516,768

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 2018.

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 2018.

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

These financial statements have also been prepared on a historical cost basis except as disclosed in the audited financial statements for the year ended 31 December 2018.

2. Significant accounting policies

The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2018 except for standards and IC interpretation effective for financial periods beginning on or after 1 January 2019 below:

- Amendments to MFRS 9: Prepayment Features with Negative Compensation
- MFRS 16: Leases
- Amendments to MFRS 128: Long Term Interests in Associates and Joint Ventures
- Annual Improvements to MFRS Standards 2015-2017 Cycle
- Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
- IC Interpretation 23: Uncertainty over Income Tax Treatments

The adoption of the above do not have any significant impact to the Group other than as discussed below.

MFRS 16: Leases

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees is also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group has adopted MFRS 16 using the modified retrospective method. Accordingly, the Group has not restated the comparative information. The Group has elected to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4. The Group therefore has not applied the standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IC Interpretation 4.

The Group has elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

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

2. Significant accounting policies (cont'd)

MFRS 16: Leases (cont'd)

The summary of the impact (increase/(decrease)) from MFRS 16 adoption on the statement of financial position as at 1 January 2019 is as follows:

	Note	RM'000
Assets		
Right-of-use assets	a	<u>32,024</u>
Liabilities		
Lease liabilities	b	<u>32,024</u>

- a) Recognition of right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments immediately before the date of initial application.
- b) Recognition of lease liability at the date of initial application, measured at the present value of remaining lease payments, discounted at the Group's weighted average incremental borrowing rate of 4.09%.

Reconciliation of lease liabilities recognised from operating lease obligations:

	RM'000
Operating lease obligations as at 31 December 2018	10,342
Reasonably certain extension options	26,273
Relief option for short term leases	(1,021)
Relief option for leases of low value assets	(712)
Gross liabilities at 1 January 2019	<u>34,882</u>
Effect from discounting	(2,858)
Lease liabilities due to initial application of MFRS 16	<u>32,024</u>

3. Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of authorisation of these financial statements are disclosed below. The Group intends to adopt these standards if applicable when they become effective.

	Effective for annual periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and 108 - Definition of Material	1 January 2020
Revised Conceptual Framework for Financial Reporting (The Conceptual Framework)	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

These standards are not expected to have a significant impact on the financial statements in the period of initial application.

4. Audit report in respect of the 2018 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2018 was not qualified.

5. Seasonal or cyclical factors

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

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

6. 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.

7. 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 year.

8. 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 year ended 31 December 2019 except as follows:-

In 2017, the Company had 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 2019, the Company completed the issuance of RM50.0 million in nominal value of Islamic Commercial Papers ("ICP") with a tenor of 12 months under the ICP Programme.

The proceeds raised was utilised to redeem the outstanding ICPs amounting to RM50.0 million on the said ICP Programme which was issued on 26 April 2018 and matured on 26 April 2019.

9. Dividend

The amount of dividend paid by the Company since 31 December 2018 was as follows:-

RM'000

In respect of the financial year ended 31 December 2018:

Single-tier second interim dividend of 8.00 sen per ordinary share,
on 831,624,030 ordinary shares, paid on 9 May 2019

66,530

In respect of the financial year ending 31 December 2019:

Single-tier interim dividend of 6.00 sen per ordinary share,
on 831,624,030 ordinary shares, paid on 31 October 2019

49,897

The Board of Directors has declared a single-tier second 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 ended 31 December 2019, to be paid on 14 May 2020. The entitlement date is 23 April 2020.

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

10. **Operating Segments**

Operating Segment information for the current financial period ended 31 December 2019 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions				Group
	Healthcare Support	Property and Facility Solutions	Infrastructure Services	Asset Consultancy	Others	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	1,132,217	192,214	915,608	131,920	39,236	-	2,411,195
Inter-segment revenue	6,111	13,651	37,395	5,547	300,660	(363,364)	-
Total Revenue	1,138,328	205,865	953,003	137,467	339,896	(363,364)	2,411,195
Results							
EBITDA	115,831	32,703	154,176	13,541	239,795	(232,219)	323,827
Depreciation and amortisation	(29,756)	(3,288)	(16,498)	(1,809)	(30,144)	(1,101)	(82,596)
EBIT	86,075	29,415	137,678	11,732	209,651	(233,320)	241,231
Interest income	2,224	628	973	731	1,866	-	6,422
Interest expense	(784)	(5,641)	(114)	(31)	(38,787)	21,153	(24,204)
Share of results of associates	14,617	6,122	-	763	-	-	21,502
Profit/(loss) before tax	102,132	30,524	138,537	13,195	172,730	(212,167)	244,951
Income tax	(16,824)	(6,624)	(26,089)	(3,472)	3,128	(3,964)	(53,845)
Zakat	(926)	(125)	(1,846)	(168)	-	-	(3,065)
Profit/(loss) for the period	84,382	23,775	110,602	9,555	175,858	(216,131)	188,041

Notes:

a. EBITDA – Earnings Before Interest, Tax, Depreciation and Amortisation

b. EBIT – Earnings Before Interest and Tax

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

10. **Operating Segments (cont'd)**

Operating Segment information for the financial period ended 31 December 2018 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions			Elimination	Group
	Healthcare Support	Property and Facility Solutions	Infrastructure Services	Asset Consultancy	Others		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	984,584	189,422	881,965	114,109	12,524	-	2,182,604
Inter-segment revenue	5,107	13,771	31,036	2,657	241,075	(293,646)	-
Total Revenue	989,691	203,193	913,001	116,766	253,599	(293,646)	2,182,604
Results							
EBITDA	121,826	19,930	115,890	11,576	123,226	(125,989)	266,459
Depreciation and amortisation	(25,965)	(2,736)	(12,472)	(1,536)	(21,218)	(3,514)	(67,441)
EBIT	95,861	17,194	103,418	10,040	102,008	(129,503)	199,018
Interest income	1,915	978	2,743	893	3,104	-	9,633
Interest expense	(1,033)	(7,157)	-	-	(38,017)	19,508	(26,699)
Share of results of associates	8,938	7,313	-	268	-	-	16,519
Profit/(loss) before tax	105,681	18,328	106,161	11,201	67,095	(109,995)	198,471
Income tax	(18,487)	(868)	(22,381)	(3,200)	2,943	(1,267)	(43,260)
Zakat	(742)	(39)	(1,797)	(272)	-	-	(2,850)
Profit/(loss) for the period	86,452	17,421	81,983	7,729	70,038	(111,262)	152,361

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

11. Material events subsequent to the end of the current financial year

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature that have arisen since 31 December 2019 to the date of this announcement which would substantially affect the financial results of the Group for the year ended 31 December 2019 that have not been reflected in the condensed financial statements.

12. Changes in the composition of the Group

There were no significant changes in the composition of the Group for the current year including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinued operations except for the following:-

- a) On 6 March 2019, Faber Hotels Holdings Sdn. Bhd. ("FHH"), a wholly-owned subsidiary of the Company, had been placed under Member's Voluntary Winding-Up pursuant to Section 439(1)(b) of the Companies Act 2016. The winding up of FHH is not expected to have a material effect on the earnings, gearing or net assets of the Group.
- b) On 1 August 2019, Pengurusan LRT Sdn. Bhd. ("PLRT"), an indirect wholly-owned subsidiary of the Company, had been placed under Member's Voluntary Winding-Up pursuant to Section 439(1)(b) of the Companies Act 2016. The winding up of PLRT is not expected to have a material effect on the earnings, gearing or net assets of the Group.
- c) On 1 September 2019, UEM Sunrise Edgenta TMS Sdn. Bhd., an indirect 70% subsidiary of the Company had entered into a Termination Agreement with Township Management Services Sdn. Bhd. to terminate the Joint Venture Shareholders' Agreement dated 13 January 2016. Upon the execution of the Termination Agreement, the business of Edgenta TMS Sdn. Bhd. would cease. The termination of joint venture is not expected to have a material effect on the earnings, gearing or net assets of the Group.
- d) On 27 September 2019, Edgenta Mediserve Sdn. Bhd., a wholly-owned subsidiary of the Company, had completed the disposal of its entire 60% equity interest in Fresh Linen Services (Sabah) Sdn. Bhd. for a total cash consideration of RM7,950,000. The disposal resulted in a gain of RM1,480,673 to the Group.
- e) On 16 December 2015, the Company had entered into a put option agreement with the non-controlling interest of Edgenta GreenTech Sdn. Bhd. ("EGT"), to purchase its 20% equity interest in the entity. The Company currently has 80% direct equity interest in EGT.

On 14 November 2019, the non-controlling interest of EGT has issued a notice to exercise the put option granted on its 20% shareholding in the entity at a total purchase price of RM28,209,686. The transaction is currently pending approval from Unit Kerjasama Awam Swasta ("UKAS") under the Ministry of Finance. Upon UKAS' approval and due completion of shares transfer, EGT will become a wholly-owned subsidiary of the entity. The transaction is expected to complete in 2020.

- f) On 12 December 2019, Edgenta Township Management Services Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Termination Agreement with UEM Sunrise Berhad to terminate the Joint Venture Shareholders' Agreement dated 30 November 2015. The termination of joint venture is not expected to have a material effect on the earnings, gearing or net assets of the Group.

13. Capital commitments

There are no material capital commitments except as disclosed below:

	As at	As at
	31/12/2019	31/12/2018
	RM'000	RM'000
Approved and contracted for	19,411	47,383
Approved but not contracted for	117,600	162,511

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

14. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2019 RM'000	31/12/2018 RM'000	31/12/2019 RM'000	31/12/2018 RM'000
Current income tax				
- Malaysian income tax	17,611	12,928	41,790	38,703
- Foreign tax	3,143	3,952	12,888	10,789
Over provision in prior years				
- Malaysian income tax	(2,595)	(5,652)	(2,841)	(6,149)
- Foreign tax	-	(1,277)	-	(1,259)
	<u>18,159</u>	<u>9,951</u>	<u>51,837</u>	<u>42,084</u>
Deferred tax				
- Relating to origination and reversal of temporary difference	2,309	(3,049)	1,951	(2,933)
- Under provision in prior years	85	4,109	57	4,109
	<u>2,394</u>	<u>1,060</u>	<u>2,008</u>	<u>1,176</u>
Income tax expense	<u>20,553</u>	<u>11,011</u>	<u>53,845</u>	<u>43,260</u>

The Group's effective tax rate excluding share of results of associates for the current year was near the statutory tax rate of 24%.

15. 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.

16. Borrowings and debt securities

Details of Group borrowings and debt securities as at 31 December 2019 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	80,028	249,626	329,654	22,731	52,215	74,946
Foreign						
- Singapore Dollar	38,109	-	38,109	32,009	-	32,009
- Taiwan Dollar	-	-	-	48,949	-	48,949
TOTAL	<u>118,137</u>	<u>249,626</u>	<u>367,763</u>	<u>103,689</u>	<u>52,215</u>	<u>155,904</u>

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

16. Borrowings and debt securities (cont'd)

Details of Group borrowings and debt securities as at 31 December 2018 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	88,776	249,625	338,401	9,570	52,190	61,760
Foreign						
- Singapore Dollar	69,604	-	69,604	31,460	-	31,460
- Taiwan Dollar	-	-	-	31,240	-	31,240
TOTAL	158,380	249,625	408,005	72,270	52,190	124,460

17. Derivatives

There are no outstanding derivatives as at 31 December 2019 (31 December 2018: RM Nil).

18. 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.

19. 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 (note that on 2 December 2016, EKICSB served a Notice to Arbitrate against RMSB for RM4,018,030.02 being the amount which EKICSB failed to claim in the Construction Industry Payment and Adjudication Act (CIPAA) proceeding initiated by them against RMSB earlier on 2 February 2016. RMSB replied to the Notice to Arbitrate on 20 December 2016 requesting for the consolidation of the disputes arising from the Piling and Building Contract to be heard before a single arbitrator. However, this proposal was rejected by EKICSB vide their letter dated 22 December 2016). 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 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 the 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. The case and the relevant files in relation thereto were transferred from the Shah Alam High Court to the Kuala Lumpur High Court on 11 September 2017. The case was then fixed for Case Management on 20 September 2017 at the Kuala Lumpur High Court and later postponed to 9 October 2017 wherein on the said date the Registrar of the High Court informed the parties that the case is pending consent from the Judge to transfer to the Construction Court. Vide a letter dated 12 October 2017, RMSB had been informed that the case has been transferred to the Construction Court and was fixed for Case Management on 20 October 2017. In the Case Management of 20 October 2017, the Court fixed the hearing of this case on 12 December 2017. The parties were directed to file their written submissions by 6 December 2017.

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

19. Material litigation (cont'd)

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

On 12 December 2017 the Court granted an order for RMSB to issue a letter to Pertubuhan Arkitek Malaysia ("PAM") to inform PAM to appoint the same and single arbitrator currently hearing the arbitration claim initiated by EKICSB to also hear the dispute under this proceeding as applied by RMSB and that EKICSB will leave it to PAM to decide on the said appointment. RMSB's solicitor had properly issued the said letter to PAM on 15 December 2017 and a preliminary meeting with PAM was fixed on 11 January 2018 to obtain further directions from the Arbitrator. In the meeting of 11 January 2018, the Arbitrator informed the parties that he has no discretion to consolidate both disputes under the building and piling contract but will hear the matters separately. Further thereto, the Arbitrator issued a letter dated 20 January 2018 confirming his appointment as arbitrator for the piling dispute as well and fixed a preliminary meeting on 25 April 2018 for further directions. On 25 April 2018, the Arbitrator had rescheduled the hearing of this Arbitration to 5, 6, 7, 20, 21 & 22 June and 18, 19 & 20 July 2018. The hearing dates on 5, 6, 7, 20, 21 & 22 June and 18 July 2018 were later vacated and the hearings were resumed on 19 & 20 July 2018 with RMSB's witnesses' testimonies and were concluded accordingly.

The filing of the written submissions was set on 12 November 2018 after several deferment of dates. For RMSB's counterclaim, EKICSB has filed their Statement of Defence on 8 October 2018 and RMSB filed the Reply to the Statement of Defence on 30 October 2018. The parties were also directed to file Bundle of Documents by 12 November 2018 and the same was filed accordingly.

A meeting with the Arbitrator was held on 8 January 2019 with the following directions:

- i) the Arbitrator is in the midst of preparing his decision for the claim by EKICSB;
- ii) for RMSB to confirm further expert witnesses to be called for the matter being the submitting engineer, LTE Engineer or S&M Geotechnics;
- iii) for RMSB to provide soil test results before construction and locations of the bore holes super imposed with site plan;
- iv) for RMSB to provide soil consolidation report;
- v) for RMSB to provide all signed piling records;
- vi) the tentative hearing dates have been fixed on 19,20 and 21 March 2019, 30 and 31 May 2019 and 25, 26 and 27 June 2019.

On 15 March 2019 the arbitrator allowed EKICSB's claim in the arbitration commenced by EKICSB for the alleged outstanding payment under the Building Contract. The solicitors have advised RMSB to apply for a stay of execution of the said award pending disposal of the arbitration commenced by RMSB against EKICSB under the piling contract.

The arbitration between RMSB and EKICSB under the piling contract has been fixed for hearing on 2, 3, 30 and 31 May 2019 and 25 to 27 June 2019. However, the hearing on 2 and 3 May 2019 were vacated by the arbitrator to allow the parties to file further documents.

On 8 May 2019 RMSB received an Originating Summons and an Affidavit in Support by EKICSB's solicitor being the enforcement application filed by EKICSB at the Kuala Lumpur High Court wherein EKICSB is seeking for an order from the court for the award of RM5,104,567.02 ("Award") to be paid by RMSB ("Enforcement Application"). Pursuant thereto RMSB has properly filed an application to the Kuala Lumpur High Court on 17 June 2019 to set aside the Award on the basis that the Award has been given in contradiction with the relevant principles of laws of Malaysia, in conflict with the public policy of Malaysia and not in line with the principle of natural justice ("Setting Aside Application").

EKICSB's application to enforce the award for the building dispute and RMSB's application for the Setting Aside of the award to EKICSB have been fixed for hearing on 29 August 2019 but later postponed to 1 November 2019. During the hearing on 1 November 2019, the judge dismissed RMSB's application to set aside the award and allowed EKICSB's application to enforce the award with cost of RM20,000.00. The judge also further asked both parties to reach an agreement regarding the award granted to EKICSB. EKICSB has proposed for RMSB to release 50% of the award to EKICSB and place another 50% in a stakeholder's account pending conclusion of RMSB's arbitration against EKICSB for the Piling Contract. On 21 November 2019, the board of RMSB approved to accept EKICSB's proposal to release 50% of the award sum plus accruing interest and cost to EKICSB and another 50% of the award sum plus accruing interest to be placed in a stakeholder's account pending conclusion of RMSB's arbitration against EKICSB for the Piling Contract.

EKICSB's solicitors wrote to RMSB's solicitors on 9 December 2019 with a specific amount to be paid by 16 December 2019. As of 15 December 2019, the award sum plus interest was determined at RM5,295,988.28 and the cost was at RM20,800.00. However, given the tight deadline, RMSB's solicitors wrote back to EKICSB's solicitors on 12 December 2019 to get a postponement until 31 December 2019 with the accruing interest to stop at 15 December 2019. EKICSB agreed and the payment was finally made to EKICSB on 31 December 2019.

The parties continue with the arbitration by RMSB against EKICSB for the Piling Dispute. The matter has been fixed for hearings on 25, 26 and 27 June 2019 but were later postponed. Another preliminary meeting was set on 7 January 2020 to determine the new hearing dates, which hearing dates are now set on 23, 24 and 26 March 2020.

In the meantime, EKICSB is contesting that RMSB's claim is time-barred. Pursuant to Section 41(1)(a) of the Arbitration Act, EKICSB requested to refer the issue to the High Court for its determination with RMSB reserving its rights to oppose to the question namely that the question is of fact and not of law to be referred to High Court and further contends that the claim is not time barred in any event. RMSB is now required to file an affidavit by 26 February 2020 and for EKICSB to file its affidavit in reply by 11 March 2020. The application is fixed for hearing on 28 April 2020.

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

19. Material litigation (cont'd)

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, among others, for HBT to pay Edgenta PROPEL the amount of RM4,000,000 ("**Consent Judgment**") for the works done and that 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 informed the Court of the demise of its witness and the replacement witness was identified. This case was fixed for decision on 29 August 2017 whereby it was decided that HBT shall pay Edgenta PROPEL RM17,472,961.82 (the "**Assessment of Damages**") with interest of 5% per annum calculated from 2 April 2015 until full realisation and costs of RM15,000.00. A sealed order was obtained on 19 September 2017. On 8 November 2017, Edgenta PROPEL's solicitors had issued a Notice Pursuant to Sections 465(1)(e) and 466(1)(a) of the Companies Act 2016 to demand for the payment of RM23,761,840.41 (amounts from the Consent Judgment and the Assessment of Damages plus cost and interest calculated up to 8 November 2017) for HBT to pay the said amount within twenty-one (21) days from the date of receipt of the said notice failing which Edgenta PROPEL may initiate winding up proceedings against HBT.

On 22 November 2017, HBT filed a Notice of Application together with an Affidavit in Support to set aside the Assessment of Damages judgment. On 19 December 2017, Edgenta PROPEL filed its Affidavit in Reply to the aforesaid Affidavit in Support. The court directed for HBT to file its reply to Edgenta PROPEL's Affidavit in Reply by 28 December 2017. A further case management was fixed on 4 January 2018 wherein the Court directed HBT to file an Affidavit in Reply (by their previous solicitor) within 2 weeks and fixed the hearing on 12 February 2018. On that date, the parties submitted their respective written submissions to the Court and the Court scheduled the matter for Clarification/Decision on 15 March 2018. HBT's solicitors informed the Court that they are in the midst of negotiating a settlement with JKR and hope that JKR will make some payments to them to enable them to settle the matter with Edgenta PROPEL. The Court informed the parties to try and settle this matter before the Clarification/Decision date fixed on 15 March 2018.

On 15 March 2018, the Court delivered its decision wherein HBT's application to set aside the decision of the Assessment of Damages dated 29 August 2017 was dismissed with cost of RM5,000.00 to be made payable to Edgenta PROPEL. HBT later filed a Notice of Appeal to the Court of Appeal on 5 April 2018 and the appeal has been fixed for a case management on 25 June 2018, during which the Court of Appeal scheduled the matter for a further case management on 1 August 2018 pending the grounds of judgment from the High Court. On 1 August 2018, the Court of Appeal fixed a further case management on 19 September 2018 as the grounds of judgment was not ready from the High Court. The Court of Appeal will only proceed to fix a hearing date upon receipt of the grounds of judgment from the High Court.

Meanwhile on 4 July 2018, Edgenta PROPEL via its solicitor has issued a Notice under Section 465 of the Companies Act 2016 demanding for the payment of RM24,339,100.39 (amounts from the Consent Judgment and the Assessment of Damages plus accruing interest) as at 4 July 2018 due and payable from HBT to be made within 21 days from the date of the notice.

HBT's solicitor issued a letter dated 9 July 2018 which was received by Edgenta PROPEL's solicitor on 12 July 2018, requesting for the winding up action to be put in abeyance pending the conclusion of their application in the Court of Appeal. Pursuant to the advice received from Edgenta PROPEL's solicitors on 13 July 2018 and further internal discussions thereafter, Edgenta PROPEL's Management has via its solicitor on 24 July 2018 counter proposed to HBT for payment of all or part of the RM4,000,000.00 undisputed figure pursuant to the Consent Judgment dated 2 April 2015 if HBT wishes for the winding up proceeding to be put in abeyance. 3 August 2018 was the deadline given to HBT to respond but Edgenta PROPEL's solicitor only received a letter from HBT's solicitor on 16 August 2018 proposing for a meeting to be fixed between the parties to discuss a possible settlement.

The parties met together with their respective solicitors on 13 September 2018 to discuss the possible settlement. HBT informed Edgenta PROPEL's representatives and solicitors that they are unable to pay any sum and are relying entirely on their claim against JKR. HBT further suggested Edgenta PROPEL to assist them in their case against JKR in order for them to obtain a decision against JKR to enable them to pay Edgenta PROPEL.

During the Case Management on 19 September 2018, the Court of Appeal rescheduled the matter to 9 October 2018 pending the grounds of judgment from the Senior Assistant Registrar ("SAR") who had conducted the Assessment of Damages. The Court of Appeal will only proceed to schedule a hearing date upon receipt of the grounds of judgment from the SAR. The Case Management on 9 October 2018 was later postponed to 5 December 2018 as the grounds of judgment from the SAR has not been obtained.

On 19 October 2018, Edgenta PROPEL's representatives, HBT's representatives and both parties' solicitors had a further meeting to deliberate on the way forward in the event Edgenta PROPEL proceeds to intervene in HBT's appeal against JKR. Edgenta PROPEL indicated in the meeting that in any event, the proceeds payable to Edgenta PROPEL shall not be less than the amount certified by HBT for the works done and HBT tentatively agreed to this.

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

19. Material litigation (cont'd)

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) (cont'd)

A written opinion from Edgenta PROPEL's solicitors was received on 15 November 2018 wherein based on the last meeting with HBT, the solicitors were of the opinion that it is prudent for Edgenta PROPEL to proceed as intervener in HBT's appeal against JKR due to HBT's poor financial status. By intervening in the said proceeding, Edgenta PROPEL could at least secure its claim for the amount intended to be recouped by entering into an agreement with HBT for the proceeds from the decision of the appeal against JKR.

On 14 December 2018, Edgenta PROPEL has filed an intervener application in in the Kuala Lumpur High Court to be made as an intervener in the JKR's assessment proceeding against HBT ("**Intervener Proceeding**"). The Intervener Proceeding was later fixed for a case management on 17 December 2018, during which the High Court had fixed the hearing date for this matter on 15 January 2019. On the hearing date of 15 January 2019, the High Court dismissed Edgenta PROPEL's application to intervene in the assessment of damages proceedings as it takes the view that Edgenta PROPEL does not have a legal interest in the proceedings as it had already secured a judgment from another court. In this regard, the High Court took the view that it is a better approach for Edgenta PROPEL to proceed to wind up HBT instead and for a liquidator to be appointed to manage the assets and liability of HBT including the assessment of damages proceedings between HBT and JKR. The High Court however had allowed Edgenta PROPEL's solicitors to sit in during the assessment proceedings as a "Friend of the Court" in the event it could assist the High Court in any way. HBT's solicitors further agreed to adduce both the Consent Judgment dated 2 April 2015 and the Assessment of Damages dated 29 August 2017 in the assessment of damages proceedings between HBT and JKR.

The High Court further exercised its discretion and ordered for each party to bear its own costs as Edgenta PROPEL had also not been paid pursuant to the Consent Judgment obtained. HBT's assessment of damages against JKR was concluded on 25 April 2019 and the Court had directed for the parties therein to file their respective written submissions by 27 June 2019. The next case management for direction and clarification was also scheduled on 27 June 2019. The High Court then concluded the assessment of damages and delivered its decision on the amount to be approximately RM10,000,000.00. It is anticipated that JKR will pay this amount to HBT.

On 7 March 2019, HBT's appeal to the Court of Appeal was heard and the Court of Appeal allowed HBT's appeal on a condition that HBT pays the sum of RM10,000,000.00 to the court or a stakeholder's account within 14 days. The Assessment of Damages would then be set aside, and a fresh assessment of damages shall be conducted by the High Court. In the event HBT fails to pay the sum of RM10,000,000.00 within 14 days, the Assessment of Damages will remain valid ("**Court of Appeal's Order**"). At the lapse of the 14 days, HBT failed to deposit the sum of RM10,000,000.00 to the court or a stakeholder's account.

On 21 March 2019, HBT filed a motion in the Court of Appeal for a stay of execution of the Court of Appeal's Order and filed another motion in the Federal Court for leave to appeal to Federal Court against such order. Hearing dates on 1 July 2019, 10 September 2019 and 20 February 2020 to hear HBT's motion for leave to appeal to the Federal Court were deferred to a new hearing date on 21 May 2020.

20. Contingent liabilities

There are no significant contingent liabilities as at the date of this announcement.

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

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

	Current quarter 31/12/2019 RM'000	Immediate preceding quarter 30/9/2019 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Asset Management				
- Healthcare Support	308,885	275,001	33,884	12.3
- Property and Facility Solutions	55,034	53,812	1,222	2.3
Infrastructure Solutions				
- Infrastructure Services	298,194	228,025	70,169	30.8
- Asset Consultancy	37,403	29,967	7,436	24.8
Others	12,748	832	11,916	>100.0
	712,264	587,637	124,627	21.2

Profit Before Tax:

Asset Management				
- Healthcare Support	18,497	19,515	(1,018)	(5.2)
- Property and Facility Solutions	16,258	2,767	13,491	>100.0
Infrastructure Solutions				
- Infrastructure Services	74,387	17,404	56,983	>100.0
- Asset Consultancy	6,225	(914)	7,139	>(100.0)
Others/Elimination	10,890	(12,870)	23,760	>(100.0)
	126,257	25,902	100,355	>100.0

The Group's revenue for the current quarter of RM712.3 million was RM124.7 million or 21.2% higher than the immediate preceding quarter's RM587.6 million, mainly contributed by the below:

- **Asset Management**
Revenue from Asset Management Segment is higher by RM35.1 million contributed by sustainability programmes for the healthcare concession operations in Malaysia, as well as from new commercial projects in Singapore and Taiwan under the Healthcare Support ("HS") division. Property and Facility Solutions ("PFS") division performance is fairly consistent with the immediate preceding quarter.
- **Infrastructure Solutions**
Infrastructure Solutions Segment also noted higher revenue by RM77.6 million, mainly due to more pavement work done for expressways during the period by the Infrastructure Services ("IS") division. Asset Consultancy ("AC") division's revenue also increased by RM7.4 million from more consultancy work done in the current quarter.
- **Others**
Higher revenue from final settlement of Abu Dhabi project, offset slightly by lower revenue from Property Development ("PD") division as more property units were sold in the immediate preceding quarter.

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

21. Detailed analysis of the performance between the current quarter and the immediate preceding quarter (cont'd)

The Group's profit before tax ("PBT") for the current quarter of RM126.3 million was significantly higher than the immediate preceding quarter's RM25.9 million, contributed by the below:

- **Asset Management**
Asset Management's PBT increased by RM12.5 million in line with the additional revenue from PFS division. In contrast, HS division recorded a lower profit due to increasing operational costs.
- **Infrastructure Solutions**
Infrastructure Solutions also recorded higher PBT by RM64.1 million due to higher revenue posted by IS division for the year. AC division's results also managed to turn around prior period's loss from better margins of projects.

22. Detailed analysis of the performance for the current quarter and year

	Current year quarter 31/12/2019 RM'000	Preceding year corresponding quarter 31/12/2018 RM'000	Variance RM'000	Variance %	Twelve months to 31/12/2019 RM'000	Twelve months to 31/12/2018 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>								
Asset Management:								
- Healthcare Support	308,885	275,274	33,611	12.2	1,132,217	984,584	147,633	15.0
- Property and Facility Solutions	55,034	55,767	(733)	(1.3)	192,214	189,422	2,792	1.5
Infrastructure Solutions:								
- Infrastructure Services	298,194	283,982	14,212	5.0	915,608	881,965	33,643	3.8
- Asset Consultancy	37,403	26,169	11,234	42.9	131,920	114,109	17,811	15.6
Others	12,748	6,161	6,587	>100.0	39,236	12,524	26,712	>100.0
	712,264	647,353	64,911	10.0	2,411,195	2,182,604	228,591	10.5
<u>Profit Before Tax:</u>								
Asset Management:								
- Healthcare Support	18,497	33,528	(15,031)	(44.8)	102,132	105,681	(3,549)	(3.4)
- Property and Facility Solutions	16,258	2,065	14,193	>100.0	30,524	18,328	12,196	66.5
Infrastructure Solutions:								
- Infrastructure Services	74,387	35,085	39,302	>100.0	138,537	106,161	32,376	30.5
- Asset Consultancy	6,225	(6,842)	13,067	>(100.0)	13,195	11,201	1,994	17.8
Others/Elimination	10,890	19,306	(8,416)	43.6	(39,437)	(42,900)	3,463	8.1
	126,257	83,142	43,115	51.9	244,951	198,471	46,480	23.4

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

22. Detailed analysis of the performance for the current quarter and year (cont'd)

The Group's revenue for the current quarter of RM712.3 million was higher by RM64.9 million as compared to RM647.4 million in the corresponding quarter last year. The Group recorded RM2,411.2 million for the full year, which is RM228.6 million or 10.5% higher as compared to RM2,182.6 million last year, mainly contributed by the below:

- **Asset Management**
Revenue from Asset Management increased by RM150.4 million compared to prior year, due to new businesses secured across all regions in the HS division. PFS division also registered a modest increase of 1.5%, mainly due to higher revenue from Dubai projects and new project secured during the year, offset by lower revenue from facilities & township management projects ended during the year.
- **Infrastructure Solutions**
Revenue from Infrastructure Solutions also improved, showing an increase of RM51.5 million from higher volume of work done for expressways in Malaysia and Indonesia by IS division. AC division also recorded an increase of RM17.8 million mainly from consultancy projects in East Malaysia.
- **Others**
PD division recorded a significant revenue increase from higher number of property units sold and final settlement of project in Abu Dhabi.

The Group's PBT for the current quarter of RM126.3 million increased by 51.9% as compared to RM83.1 million in the corresponding quarter last year. The Group recorded higher PBT of RM245.0 million for the year, an increase of RM46.5 million or 23.4% from last year driven by better performance across all segments as detailed below:

- **Asset Management**
Asset Management results improved by RM8.6 million compared to prior year due to better margins from current projects as well as one-off provisions made for receivables in prior year in the PFS division. The increase is offset by HS division's margin compression in Singapore and Taiwan, coupled with increasing operational costs in the concession business in Malaysia.
- **Infrastructure Solutions**
Infrastructure Solutions posted better results by RM34.4 million mainly contributed by higher revenue from IS division.

23. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/2019 RM'000	Preceding year corresponding quarter 31/12/2018 RM'000	Twelve months to 31/12/2019 RM'000	Twelve months to 31/12/2018 RM'000
<u>Net operating profit after tax computation:</u>				
Earnings before interest and tax	124,377	84,238	241,231	199,018
Adjusted tax	(29,850)	(20,217)	(57,895)	(47,764)
Net operating profit after tax	94,527	64,021	183,336	151,254
<u>Economic charge computation:</u>				
Average invested capital	1,477,100	1,597,287	1,477,100	1,597,287
Weighted average cost of capital ("WACC")	6.8%	8.3%	6.8%	8.3%
Economic charge	25,111	33,144	100,443	132,575
Economic profit	69,416	30,877	82,893	18,679

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

23. Economic profit ("EP") statement (cont'd)

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 31 December 2019 against the corresponding quarter last year:

EP of RM69.4 million improved by RM38.5 million as compared to the preceding year corresponding period EP of RM30.9 million mainly due to higher earnings before interest and tax recorded, coupled with reduction in economic charge for the period resulting from lower WACC.

(b) Performance of the current year ended 31 December 2019 against last year:

EP of RM82.9 million is higher by RM64.2 million as compared to the preceding year EP of RM18.7 million due to higher earnings before interest and tax recorded for the current quarter, coupled by the lower economic charge.

24. Prospects for the financial year

Overall Prospects

For the full financial year ended 31 December 2019, UEM Edgenta Berhad ("Edgenta" or the "Company") recorded revenue growth of 10.5% to RM2,411.2 million as compared to the same period in 2018, buoyed by new project wins in 2019. Correspondingly, profit before tax ("PBT") grew by 23.4% to RM245.0 million, on the back of Edgenta's focus on operational excellence under its Continuous Improvement framework as well as the roll-out technology and innovation initiatives.

In 2020, the Malaysian economy is expected to gradually improve and expand by 4.8% (Source: Bank Negara Malaysia). Given the tumultuous start to the financial year 2020 and the threat of the coronavirus outbreak globally, Edgenta remains vigilant of its prospects on the back of downside risks; namely weaker-than-expected growth of major trade partners, heightened volatility in financial markets, and domestic factors that include weakness in commodity-related sectors and delays in the implementation of projects. The Company remains focused on delivering projects secured in the healthcare and infrastructure sectors, in which it predominantly operates, as well as operational excellence to improve efficiency and deliver cost savings.

Prospects by Segment

i. Asset Management

The Asset Management segment delivered significant growth for the full financial year ended 31 December 2019. Growth in this segment was driven by a 15.0% increase in revenue from the Healthcare Support division, primarily from new businesses secured across all regions; in particular new contracts secured in Singapore from various tenders for the provision of support services to re-clustered Ministry of Health of Singapore's hospitals.

PBT growth for the Asset Management segment was contributed by the Property & Facility Solutions division, due to better project margins. The Healthcare Support division recorded muted PBT due to margin compression in both its regional commercial and Malaysian concession businesses.

In 2020, the Asset Management segment led by the Healthcare Support division is expected to continue to deliver growth for the Company, fueled by the increasing demand for hospital support services and the emergence of new care models beyond the traditional hospital settings. As for the Property and Facility Solutions division, it will focus on securing more projects in high-value commercial as well as industrial-based buildings in its portfolio of assets under management.

ii. Infrastructure Solutions

The financial year ended 31 December 2019 was a challenging year for the Infrastructure Services and Consultancy divisions operating in the infrastructure sector, on the back of uncertainties surrounding the tolled highway industry in Malaysia. Nevertheless, performance of the Infrastructure Services division was commendable, with growth in revenue and PBT of 3.8% and 30.5% respectively on a year-on-year basis.

In 2020, Infrastructure Services division will focus on operational efficiency to protect its profit margins, securing new full pavement lifecycle projects in Malaysia and regionally, increased productisation of technology solutions. Both the Infrastructure Services and Consultancy divisions will build on their existing pipeline of projects for long-term growth opportunities in Indonesia and East Malaysia.

25. Profit forecast

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

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

26. **Earnings per share ("EPS")**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2019 RM'000	31/12/2018 RM'000	31/12/2019 RM'000	31/12/2018 RM'000
Profit attributable to Owners of the Parent	97,488	67,919	181,783	148,430
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
Basic earnings per share	11.72 sen	8.17 sen	21.86 sen	17.85 sen

Kuala Lumpur
26 February 2020

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