

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021.

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
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	699,216	595,468	2,293,241	2,028,716
(b) Cost of sales	(609,586)	(488,617)	(1,978,010)	(1,756,013)
(c) Gross profit	89,630	106,851	315,231	272,703
(d) Other income	12,143	9,201	35,312	57,771
(e) Expenses	(71,421)	(57,377)	(272,539)	(275,807)
(f) Finance costs	(5,902)	(5,348)	(21,868)	(23,491)
(g) Share of results of associates	9,616	4,771	23,228	15,756
(h) Profit before tax	34,066	58,098	79,364	46,932
(i) Income tax	(12,709)	(6,768)	(34,891)	(30,192)
(j) Zakat	(707)	(2,367)	(707)	(2,367)
(k) Profit for the period	20,650	48,963	43,766	14,373
Attributable to:				
(l) Owners of the parent	20,429	47,667	42,403	12,868
(m) Non-controlling interests	221	1,296	1,363	1,505
Profit for the period	20,650	48,963	43,766	14,373
2 Earnings per share based on 1(l) above (Note 26):				
Basic	2.46 sen	5.73 sen	5.10 sen	1.55 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020.

UEM EDGENTA BERHAD
Company No. 196301000166 (5067-M)
Incorporated in Malaysia

(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2021 RM'000	Preceding year corresponding quarter 31/12/2020 RM'000	Twelve months to 31/12/2021 RM'000	Twelve months to 31/12/2020 RM'000
Profit for the period	20,650	48,963	43,766	14,373
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(2,048)	(574)	10,149	(72)
Cumulative exchange differences reclassified to profit or loss	<u>3,674</u>	<u>-</u>	<u>3,674</u>	<u>(19,130)</u>
	1,626	(574)	13,823	(19,202)
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>				
Remeasurement loss on Defined Benefit Pension Scheme	<u>(127)</u>	<u>(114)</u>	<u>(127)</u>	<u>(114)</u>
Other comprehensive income/(loss) for the period	<u>1,499</u>	<u>(688)</u>	<u>13,696</u>	<u>(19,316)</u>
Total comprehensive income/(loss) for the period	<u>22,149</u>	<u>48,275</u>	<u>57,462</u>	<u>(4,943)</u>
Attributable to:				
Owners of the parent	22,101	47,907	56,034	(6,564)
Non-controlling interests	<u>48</u>	<u>368</u>	<u>1,428</u>	<u>1,621</u>
	<u>22,149</u>	<u>48,275</u>	<u>57,462</u>	<u>(4,943)</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 2020.

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Twelve	Twelve
	quarter	corresponding	months to	months to
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(824)	(1,065)	(3,930)	(4,286)
Accretion of interest on concession receivable	(4,504)	(5,742)	(18,786)	(19,567)
Dividend from short term investment	(169)	(85)	(655)	(1,060)
Loss/(gain) on disposal of property, plant and equipment	13	21	118	(16)
Net foreign exchange loss/(gain)	3,714	145	3,925	(19,382)
Net impairment/(reversal) of ECL on trade receivables	1,125	(17,229)	1,139	(2,295)
Interest expense	4,984	5,346	19,814	22,317
Depreciation and amortisation	23,460	21,235	81,663	82,343
Staff rationalisation cost	980	-	12,619	-
Impairment on completed property inventories	-	-	-	50,000

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 31/12/2021 RM'000	As at preceding financial year end 31/12/2020 RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	166,977	193,678
	Right-of-use assets	38,084	40,827
	Land held for property development	477	477
	Intangible assets	699,138	718,349
	Investment in associates	101,792	85,203
	Other investments	232	232
	Trade and other receivables	116,910	119,992
	Contract related assets	88,173	67,751
	Deferred tax assets	7,444	8,960
		1,219,227	1,235,469
2	Current assets		
	Inventories	66,901	77,865
	Trade and other receivables	602,716	460,013
	Contract related assets	300,168	293,351
	Tax recoverable	46,011	50,854
	Short term investments	28,310	11,799
	Cash, bank balances and deposits	582,967	678,002
		1,627,073	1,571,884
	Total assets	2,846,300	2,807,353

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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
		31/12/2021	31/12/2020
		RM'000	RM'000
EQUITY AND LIABILITIES			
3	Equity attributable to Owners of the Parent		
	Share capital	268,074	268,074
	Capital reserve	313,856	313,856
	Other reserves	(2,861)	(16,340)
	Retained earnings	954,422	935,082
		1,533,491	1,500,672
4	Non-controlling interests	3,693	8,590
	Total equity	1,537,184	1,509,262
5	Non-current liabilities		
	Retirement benefit obligations	2,140	2,518
	Defined benefit pension plan	1,003	937
	Provisions	3,441	2,891
	Borrowings	308,054	318,704
	Lease liabilities	24,981	27,768
	Trade and other payables	3,377	1,659
	Deferred tax liabilities	45,321	44,126
		388,317	398,603
6	Current liabilities		
	Retirement benefit obligations	550	877
	Provisions	1,620	1,620
	Borrowings	135,467	164,450
	Lease liabilities	9,179	9,807
	Trade and other payables	736,946	668,935
	Contract liabilities	32,068	30,663
	Income tax payable	4,969	23,136
		920,799	899,488
	Total liabilities	1,309,116	1,298,091
	Total equity and liabilities	2,846,300	2,807,353
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	1.84	1.80

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020.

* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM26,579,348 (2020: RM9,070,741) 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.

III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Twelve months to 31/12/2021	Twelve months to 31/12/2020
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	2,350,617	2,383,434
Cash payments to suppliers	(1,037,576)	(943,586)
Cash payments to employees and for expenses	(1,233,430)	(1,149,941)
Cash generated from operations	79,611	289,907
Interest paid	(19,036)	(21,762)
Income tax and zakat paid	(34,033)	(47,281)
Net cash flows generated from operating activities	26,542	220,864
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	121	4,498
Proceeds from disposal of an associate	-	58
Proceeds from disposal of other investment	-	40
Issuance of shares to non-controlling interest	306	-
Acquisition of non-controlling interest in a subsidiary company	(27,549)	(28,210)
Net (placement)/withdrawal from short term investments	(15,827)	51,819
Interest received	4,543	3,877
Dividend received from associates	7,733	7,708
Payment of deferred consideration	(2,912)	-
Purchase of property, plant and equipment	(42,679)	(27,926)
Net cash flows (used in)/generated from investing activities	(76,264)	11,864
Cash flows from financing activities		
Drawdown of borrowings	82,197	74,384
Repayment of borrowings	(126,182)	(114,894)
Repayment of lease liabilities	(7,278)	(4,658)
Dividend paid to shareholders of the Company	-	(66,530)
Dividend paid to non-controlling shareholders of subsidiaries	(2,006)	(3,660)
Net placement of pledged fixed deposits	(6,025)	(19,634)
Net cash flows used in financing activities	(59,294)	(134,992)
Net (decrease)/increase in cash and cash equivalents	(109,016)	97,736
Net foreign exchange difference	6,985	2,101
Cash and cash equivalents as at beginning of financial period	638,806	538,969
Cash and cash equivalents as at end of financial period (a)	536,775	638,806
	As at 31/12/2021	As at 31/12/2020
	RM'000	RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	384,383	351,231
Fixed deposits with licensed banks	198,584	326,771
Cash, bank balances and deposits	582,967	678,002
Less: Cash, bank and fixed deposits pledged and on lien	(46,192)	(39,196)
	536,775	638,806

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	← Attributable to owners of the parent →						Non-controlling interests	Total equity
	← Non-distributable →			Distributable				
	Share capital	Capital reserve	Other reserves	Retained earnings	Total			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Twelve months to 31 December 2021								
Balance as at 1 January 2021	268,074	313,856	(16,340)	935,082	1,500,672	8,590	1,509,262	
Profit for the period	-	-	-	42,403	42,403	1,363	43,766	
Other comprehensive income	-	-	13,758	(127)	13,631	65	13,696	
Total comprehensive income for the period	-	-	13,758	42,276	56,034	1,428	57,462	
Acquisition of non-controlling interest	-	-	-	(22,936)	(22,936)	(4,625)	(27,561)	
Issuance of shares to non-controlling interest	-	-	-	-	-	306	306	
Dividends paid to:								
- non controlling interests of a subsidiary	-	-	-	-	-	(2,006)	(2,006)	
Liquidation of a subsidiary	-	-	(279)	-	(279)	-	(279)	
Balance as at 31 December 2021	<u>268,074</u>	<u>313,856</u>	<u>(2,861)</u>	<u>954,422</u>	<u>1,533,491</u>	<u>3,693</u>	<u>1,537,184</u>	

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

	← Attributable to owners of the parent →				Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	← Non-distributable →		Distributable				
	Share capital RM'000	Capital reserve RM'000	Other reserves RM'000	Retained earnings RM'000			
Twelve months to 31 December 2020							
Balance as at 1 January 2020	268,074	313,856	3,415	986,688	1,572,033	12,390	1,584,423
Profit for the period	-	-	-	12,869	12,869	1,504	14,373
Other comprehensive income	-	-	(19,322)	(111)	(19,433)	117	(19,316)
Total comprehensive income for the period	-	-	(19,322)	12,758	(6,564)	1,621	(4,943)
Put options granted to non-controlling interests of a subsidiary	-	-	1,733	-	1,733	(1,761)	(28)
Settlement of put option granted to non- interests of a subsidiary	-	-	(2,166)	2,166	-	-	-
Dividends paid to:							
- Shareholders of the Company	-	-	-	(66,530)	(66,530)	-	(66,530)
- Non-controlling shareholders of shareholders of the subsidiaries	-	-	-	-	-	(3,660)	(3,660)
Balance as at 31 December 2020	<u>268,074</u>	<u>313,856</u>	<u>(16,340)</u>	<u>935,082</u>	<u>1,500,672</u>	<u>8,590</u>	<u>1,509,262</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 2020.

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 2020.

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 2020.

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 2020 except for standards effective for financial periods beginning on or after 1 January 2021 below:

	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2021
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFR 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021

The adoption of the above do not have any significant impact to the Group.

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
Annual improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 Business Combinations: Reference to conceptual framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment: Property, plant and equipment - proceeds before intended use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous contracts - cost of fulfilling a contract	1 January 2022
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of liabilities as current or non-current	1 January 2023
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 2020 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2020 was not qualified.

5. **Seasonal or cyclical factors**

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

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 financial year ended 31 December 2021 except for the staff rationalisation cost incurred amounting to RM12.6 million.

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 period.

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 for the current financial year ended 31 December 2021 except as follows:

In 2017, the Company had established the Islamic Commercial Papers ("ICP") and Islamic Medium Term Notes ("IMTN") 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 nominal value for the ICP programme under the Syariah Principle Murabahah via a Tawarruq Arrangement.

On 23 April 2021, the Company has redeemed its outstanding ICPs amounting to RM50.0 million in nominal value which was issued under the ICP Programme on 24 April 2020 and has matured on 23 April 2021.

9. **Dividend**

The Board of Directors has declared single-tier interim dividend of 3.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM24,948,721 in respect of the financial year ended 31 December 2021, to be paid on 19 May 2022. The entitlement date is 21 April 2022.

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

10. Operating Segments

Operating Segment information for the financial year ended 31 December 2021 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	1,433,684	163,027	594,292	82,501	19,737	-	2,293,241
Inter-segment revenue	2,536	8,159	807	269	259,360	(271,131)	-
Total Revenue	1,436,220	171,186	595,099	82,770	279,097	(271,131)	2,293,241
Results							
EBITDA	112,183	14,210	40,307	(18,525)	200,645	(195,137)	153,683
Depreciation and amortisation	(33,026)	(1,043)	(11,350)	(1,337)	(32,361)	(2,546)	(81,663)
EBIT	79,157	13,167	28,957	(19,862)	168,284	(197,683)	72,020
Interest income	769	538	1,837	360	426	-	3,930
Interest expense	(1,300)	(3,633)	(31)	(7)	(15,908)	1,065	(19,814)
Share of results of associates	15,406	7,413	-	409	-	-	23,228
Profit/(loss) before tax	94,032	17,485	30,763	(19,100)	152,802	(196,618)	79,364
Income tax	(16,220)	(3,179)	(12,711)	(1,262)	(77)	(1,442)	(34,891)
Zakat	-	-	(623)	(84)	-	-	(707)
Profit/(loss) for the period	77,812	14,306	17,429	(20,446)	152,725	(198,060)	43,766

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 year ended 31 December 2020 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	1,233,407	149,152	549,055	88,140	8,962	-	2,028,716
Inter-segment revenue	3,851	14,506	-	1,392	87,695	(107,444)	-
Total Revenue	1,237,258	163,658	549,055	89,532	96,657	(107,444)	2,028,716
Results							
EBITDA	117,820	14,449	50,679	9,342	(73,248)	12,508	131,550
Depreciation and amortisation	(32,154)	(1,902)	(13,366)	(1,362)	(30,972)	(2,587)	(82,343)
EBIT	85,666	12,547	37,313	7,980	(104,220)	9,921	49,207
Interest income	962	634	1,375	152	1,163	-	4,286
Interest expense	(1,108)	(4,592)	(29)	(17)	(33,764)	17,193	(22,317)
Share of results of associates	11,793	3,887	-	76	-	-	15,756
Profit/(loss) before tax	97,313	12,476	38,659	8,191	(136,821)	27,114	46,932
Income tax	(13,179)	(3,590)	(10,349)	(1,628)	1,798	(3,244)	(30,192)
Zakat	-	-	(2,178)	(189)	-	-	(2,367)
Profit/(loss) for the period	84,134	8,886	26,132	6,374	(135,023)	23,870	14,373

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

11. 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 31 December 2021 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 31 December 2021 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 period including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinued operations except for the following:

- a) On 5 February 2021, Edgenta PROPEL (Sarawak) Sdn. Bhd. ("EP Sarawak") was incorporated as a wholly-owned subsidiary of Edgenta PROPEL Berhad ("Edgenta PROPEL"), which in turn is a wholly-owned subsidiary of the Company. On 31 December 2021, share capital of EP Sarawak was increased from RM1 to RM600,001 with Edgenta PROPEL holding 49% equity interest in EP Sarawak.
- b) On 14 March 2021, Faber Hotels Holdings Sdn. Bhd., a wholly-owned subsidiary of the Company, which was under Members' Voluntary Liquidation, has dissolved and ceased to be a subsidiary of the Company.
- c) On 15 April 2021, Edgenta Facilities Sdn. Bhd. has transferred its entire shareholding in Edgenta NXT Sdn. Bhd. (formerly known as General Field Sdn. Bhd) ("Edgenta NXT") to UEM Edgenta Berhad, resulting Edgenta NXT being a wholly-owned subsidiary of the Company.
- d) On 29 May 2021, Faber L.L.C., a 75% subsidiary of the Company, which was under Members' Voluntary Winding-Up, has ceased to be a subsidiary of the Company upon the cancellation and termination of its Trade License from the Commercial Register in accordance with the Federal Law No. (5) of 1975 and Federal Law No. (8) of 1984 of United Arab Emirates.
- e) On 30 July 2021, Edgenta (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Company, acquired the remaining 2.54% equity interest in UEMS Pte. Ltd. ("UEMS") from the minority shareholders which resulted in UEMS being an indirect wholly-owned subsidiary of the Company.
- f) On 11 October 2021, Edgenta FIRST Sdn. Bhd. was incorporated as a wholly-owned subsidiary of the Company.
- g) On 18 October 2021, Pengurusan LRT Sdn. Bhd. ("PLRT") which was placed under Member's Voluntary Liquidation has held its final meeting. PLRT has since dissolved and ceased to be an indirect wholly-owned subsidiary of the Company effective from 17 January 2022.

13. Capital commitments

There are no material capital commitments except as disclosed below:

	As at	As at
	31/12/2021	31/12/2020
	RM'000	RM'000
Approved and contracted for	6,078	8,348
Approved but not contracted for	94,647	89,413

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
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Current income tax				
- Malaysian income tax	4,112	5,563	14,010	17,017
- Foreign tax	5,967	4,273	18,475	14,356
(Over)/under provision in prior years				
- Malaysian income tax	(1,726)	(2,229)	(1,570)	192
	<u>8,353</u>	<u>7,607</u>	<u>30,915</u>	<u>31,565</u>
Deferred tax				
- Relating to origination and reversal of temporary difference	(335)	(1,905)	(713)	(1,998)
- Under provision in prior years	4,691	1,066	4,689	625
	<u>4,356</u>	<u>(839)</u>	<u>3,976</u>	<u>(1,373)</u>
Income tax expense	<u>12,709</u>	<u>6,768</u>	<u>34,891</u>	<u>30,192</u>

The Group's effective tax rate excluding the share of results of associate for the current period was higher than the statutory tax rate of 24% mainly due to deferred tax assets not recognised for tax losses at certain subsidiaries.

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 2021 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	58,094	249,960	308,054	13,294	54,226	67,520
Foreign						
- Singapore Dollar	-	-	-	-	-	-
- Taiwan Dollar	-	-	-	67,947	-	67,947
TOTAL	<u>58,094</u>	<u>249,960</u>	<u>308,054</u>	<u>81,241</u>	<u>54,226</u>	<u>135,467</u>

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

16. Borrowings and debt securities (Contd.)

Details of Group borrowings and debt securities as at 31 December 2020 are as follows:

	Long term borrowings			Short term borrowings		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Borrowings</u>						
Domestic	68,746	249,958	318,704	10,203	52,101	62,304
Foreign						
- Singapore Dollar	-	-	-	38,089	-	38,089
- Taiwan Dollar	-	-	-	64,057	-	64,057
TOTAL	68,746	249,958	318,704	112,349	52,101	164,450

17. Derivatives

There are no outstanding derivatives as at 31 December 2021 (31 December 2020: 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.

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

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”)

RMSB appointed EKICSB as the main contractor for the piling and building works for Phase 3, mixed development of 191 units of 3 storey houses at Lot H.S.(D) 107003, PT 21706, Jalan Kepong, Mukim Batu, Daerah & Wilayah Persekutuan, Kuala Lumpur (“Project”) under two separate contracts i.e. Piling Contract (Letter of Award dated 3 October 2007 for original contract sum of RM5,808,790.34) and Building Contract (Letter of Award dated 29 April 2008 for original contract sum of RM50,195,455.70).

On 26 January 2017, RMSB sued EKICSB alleging breach of EKICSB’s obligation as the main contractor for the Project (“Main Suit”). RMSB claimed that EKICSB breached its obligations by refusing/neglecting/defaulting in carrying out the rectification works and claimed the amount of RM10,954,030.06 (plus costs and interests thereon) which RMSB had incurred as in January 2017.

Given that on 2 December 2016, EKICSB had earlier served a Notice to Arbitrate against RMSB claiming RM4,018,030.02 for the Building Contract, EKICSB filed its application for stay of application on the Main Suit pending conclusion of its arbitration claim for the Building Contract. RMSB replied to the Notice to Arbitrate, requesting for the consolidation of the disputes arising from the Piling Contract and Building Contract to be heard before a single arbitrator.

After several applications by RMSB to consolidate the two contracts and be heard by a single arbitrator failed, the arbitration proceeding for the Piling Contract arbitration continued to take place. Eventually, on 15 March 2019 the arbitrator for the Building Contract allowed EKICSB’s claim in the sum of RM5,104,567.02 together with interest and cost (“Award”).

Given the conclusion of the Building Contract arbitration, RMSB commenced an arbitration proceeding for the Piling Contract on 24 August 2018 and therefore had applied for a stay of execution of the said Award pending disposal of the arbitration proceeding as commenced by them. The Piling Contract arbitration was 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, EKICSB filed an enforcement application at Kuala Lumpur High Court to enforce the Award, which was contested by RMSB where they filed an application to set aside the Award at Kuala Lumpur High Court on 17 June 2019 on the basis that it is in conflict with the public policy of Malaysia and not in line with the principle of natural justice.

Both enforcement of Award and setting aside applications were fixed for hearing on 1 November 2019. The judge dismissed RMSB’s setting aside application but allowed the EKICSB’s enforcement application. The judge proceeded to request for both parties to reach an agreement regarding the Award. EKICSB proposed for RMSB to release 50% of the Award to EKICSB and the remaining 50% to be deposited into a stakeholder’s account pending conclusion of the Piling Contract arbitration. The payment was made to EKICSB on 31 December 2019.

The parties continue with the Piling Dispute arbitration, fixed for further hearings on 23, 24 and 26 March 2020.

Meanwhile, EKICSB contested that RMSB’s Piling Contract arbitration is time barred and requested to refer the issue to the High Court for its determination with RMSB reserving its rights to oppose. The hearing for the application was rescheduled a few times due to Movement Control Order (MCO). A few attempts were made to resolve the dispute amicably via a settlement route but to no avail.

On 11 September 2020, the Court decided that RMSB’s claim is not time-barred and therefore, EKICSB’s application is dismissed, with cost of RM10,000. Therefore, the Piling Contract Arbitration will continue.

However, on 8 October 2020, EKICSB served RMSB a Notice of Appeal on the time-barred decision as granted by the High Court in favour of RMSB. Due to the appeal, the Piling Contract arbitration is being put on hold, pending the outcome of the appeal. The new hearing dates for arbitration will be fixed once the hearing date for the appeal is fixed by the Court of Appeal.

On 25 January 2021, the Court has rescheduled the case management to be on 8 April 2021 to fix for the hearing of the Appeal.

On 8 April 2021, the Court has fixed for further case management on 6 July 2021 pending release of the grounds of judgment by the High Court and further informed the parties that the hearing date will be fixed upon receiving the grounds of judgment from the High Court.

As we have yet to receive the grounds of judgement, on 6 July 2021, the Court has fixed for further case management on 7 September 2021.

On 7 September 2021, the Court fixed the hearing for the appeal on 25 April 2022.

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)

On 23 March 2012, EPB sued HBT for the payments of RM22,527,038.18 in respect of works done by EPB 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. The payments of RM22,527,038.18 consisted of RM16,117,148.72 as certified and unpaid (“Certified Work”), and RM6,409,889.46 as uncertified and unpaid.

EPB’s claim to recover the Certified Work was granted but was later reversed by the Court of Appeal on 13 May 2013 upon an appeal by HBT. Accordingly, HBT proceeded to serve a third-party notice to JKR (its employer) on 4 March 2014 who failed to pay HBT for the same project. On 26 February 2015, HBT proposed a settlement with EPB for a payment of RM4,000,000.00 but subject to conclusion of third party proceeding against JKR and allowed for RM17,472,961.82 (the Certified Work plus cost and interest) to be subjected to assessment of damages. The payment for RM4,000,000.00 was agreed and recorded as a “Consent Order” on 2 April 2015.

The assessment of damages application was filed on 13 August 2015 and on 29 August 2017, the court decided that HBT shall pay EPB RM17,472,961.82 (“Assessed Damages”) with interest of 5% per annum calculated from 2 April 2015 until full realisation and costs of RM15,000.00.

On 22 November 2017, HBT again filed a set aside application to set aside the decision on the Assessed Damages to High Court but was dismissed by the court on 15 March 2018 with cost of RM5,000.00. Thereafter, HBT appealed to the Court of Appeal on 5 April 2018 (“Setting Aside of Appeal”) but the appeal will only proceed upon receipt of the grounds of judgment from the High Court.

Separately in a different proceeding, HBT’s assessment of damages against JKR was concluded in the high court on 27 September 2019. It was decided that the assessment of damages and delivered its decision on the amount to be approximately RM10,000,000.00. JKR had paid this amount to HBT.

On 7 March 2019, the Setting Aside 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 Assessed 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 Assessed Damages decision will remain valid (“Appeal 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 and filed another motion in the Federal Court for leave to appeal to Federal Court on the Appeal Order. During the hearing on 21 May 2020, HBT’s motion for leave to appeal to the Federal Court was dismissed with cost of RM30,000.00. In this regard, the Assessed Damages of RM17,472,961.82 in addition to the Consent Order of RM4,000,000.00 shall be payable by HBT to EPB, both amounting RM21,472,961.82.

EPB has initiated recovery actions in stages, starting with a judgment debtor summon and may be followed by garnishee proceedings and winding up actions against HBT to recover the total amount of RM21,472,961.82 plus cost and interest (“Recovery Amount”).

On 29 July 2020, EPB has filed Examination of Judgement Debtor (“Examination of JD”) at Kuala Lumpur High Court. The hearing was fixed on 3 September 2020, where the Court has ordered for HBT’s director, Sri Ram Sarma to appear in Court on 23 October 2020 at 9.00 am to examine HBT’s asset(s) and its inability to pay EPB. However, due to the Movement Control Order (“MCO”) enforced by the Government, the Court has rescheduled the hearing of Examination of JD on 30 March 2021.

Earlier on 5 February 2021, EPB has filed a Judgement Debtor Summons against one of HBT’s officers as an additional action to recover the Recovery Amount. During the hearing on 20 April 2021, the Court directed our solicitors to issue a letter to the company secretary and HBT, specifying documents to be produced in Court on the said next hearing date, which is now fixed on 15 June 2021.

Meanwhile, on 30 March 2021, EPB has withdrawn its Examination of JD application against the HBT’s director, with liberty to file afresh, due to extensive but unsuccessful attempts to physically serve the legal papers to the director, as required by law. Thereafter, EPB, via its solicitors has issued a Notice of Winding Up against HBT on 2 April 2021 which HBT has failed to respond within 21 days.

Due to the Further Movement Control Order imposed by the government, the Court has rescheduled the Judgment Debtor Summons hearing multiple times. During the hearing on 27 January 2022, the Court directed next case management on 14 March 2022 after disposal of Judicial Management Application

The Winding Up Petition filed against HBT on 9 July 2021. The Court has fixed the first case management on 16 August 2021 and also fixed a hearing on 13 October 2021. However due to HBT filing Judicial Management Application, the next case management is fixed on 14 March 2022.

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)

On 29 September 2021, HBT filed a Judicial Management Application to Court and PROPEL filed an Intervener Application to HBT’s Judicial Management Application on 13 October 2021.

HBT also filed a Stay Application to the Winding Up Petition on 1 October 2021, which was later dismissed by Court on 8 December 2021.

HBT further filed Preliminary Objection Application to oppose PROPEL’s Intervener Application on 3 November 2021.

Due to this, both Winding Up Petition and Judgment Debtor Summons applications are now adjourned, pending the outcome of the Judicial Management Application, which is also adjourned until both PROPEL’s Intervener Application, and HBT’s Objection to PROPEL’s Intervener Application are decided on 10 March 2022.

c) Magna Meditech Sdn Bhd (“MMSB”) vs Edgenta Mediserve Sdn Bhd (“EMS”)

By way of a Letter of Acceptance dated 8 November 2019, EMS and MMSB entered a contract described as the “Provision of Comprehensive Maintenance Services for Radiology, Radiotherapy, Imaging and Ultrasound Equipment at Northern Region Hospitals under the Ministry of Health Malaysia (MOH) for Edgenta Mediserve Sdn Bhd with a contract value of RM53,665,958.88 (“Contract”).

On 18 May 2020, EMS served a Notice of Rescission of the Contract on MMSB (“Notice”). Since then, the parties had attempted to resolve the issues surrounding the Notice of Rescission via several communications and a dispute resolution committee as provided under the Contract but failed to reach any amicable solution.

Eventually on 30 March 2021, EMS was served with a Writ and a Statement of Claim (“Claim”) both dated 25 March 2021. Amongst others, MMSB claims that EMS has breached the Contract by, prematurely and unlawfully terminating the Contract by way of the Notice of Rescission and seeks reinstatement of the Contract for a new term of 3 years with an extension of a further 2 years or damages amounting to RM22,023,999.53.

Based on the foregoing, EMS filed the defence to MMSB’s claims on 3 May 2021. The judge later set for the next case management on 3 June 2021.

On 3 June 2021, the direction given by the court is for the next case management to be held on 17 December 2021 and the trial for this case is fixed from 17 to 20 May 2022 and 23 May 2022.

On 17 December 2021, the Court informed that matter has been transferred to a new court and the trial dates in May 2022 are vacated. The next case management is on 27 January 2022.

The Court via letter dated 20 January 2022, directed that the case management on 27 January 2022 is vacated and re-scheduled to 22 February 2022.

At the case management on 22 February 2022, the Deputy Registrar fixed another online case management before herself on 8 March 2022 for parties to provide further directions on the pre-trial documents.

We have been advised by our solicitors that the termination of the Contract is valid and lawful; and the Notice was properly and lawfully issued by EMSB under the Contract and/or in law. The solicitors have opined that EMS has a good chance of successfully defending the claim.

d) Ahmad Zaki Sdn Bhd (“AZSB”) vs Edgenta PROPEL Berhad (“EPB”)

By way of a Letter of Award dated 5 August 2016, AZSB appointed EPB as a sub-contractor to carry out and complete the works in respect of the “Projek Mass Rapid Transit Laluan 2: Sungai Buloh-Serdang-Putrajaya (SSP) Package V202: Construction and Completion of Viaduct Guideway and other associated works from Persiaran Dagang to Jinjang, Subcontract: Protection & Relocation of Utilities (Relocation of Telecommunication Works) for the contract sum of RM87,000,000.00 (“Contract”).

On 15 April 2021, EPB received a Writ and Statement of Claim dated 12 April 2021 from AZSB. AZSB claims that EPB has breached the terms of the Contract, mainly on grounds that due to EPB’s delay, EPB failed to meet the completion date. Therefore, AZSB had to engage third parties to complete some of the works under the Contract. AZSB is therefore seeking reliefs amounting to RM30,882,307.58 from EPB. This consist largely of claims for Liquidated Ascertained Damages (“LAD”) for the alleged delays caused by EPB.

EPB strongly denies the claims and has engaged solicitor to represent and defend the suit. The basis of EPB’s defence is that various events that contributed to the delay and these were not within the control and responsibility of EPB (“Delay Events”). Furthermore, extension of time applications was made by EPB, notifying AZSB of the Delay Events. These were unreasonably rejected by AZSB, hence causing the completion date to be at large. EPB also contends that it had no knowledge on the engagement of third parties to carry out the omitted scope of works. The omissions were made wrongly and unlawfully by AZSB.

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

19. Material litigation (cont'd)

(d) Ahmad Zaki Sdn Bhd ("AZSB") vs Edgenta PROPEL Berhad ("EPB")(contd.)

EPB has also filed a counter claim against AZSB for RM10,597,351.90 on the basis that AZSB has breached the Sub-Contract. EPB contends that AZSB failed, neglected and/or refused to make full payment for Payment Certificates and under certified EPB's claims for work done. AZSB also failed to certify the Progress Claims that were duly submitted to AZSB for works done by EPB in accordance with the Sub-Contract.

EPB filed its defence and counter claim on 25 May 2021. On 16 August 2021, the court has granted a two (2) week extension from 16 August 2021 i.e. until 30 August 2021 for EPB to file and serve its Reply to Defence to Counterclaim. The Court has vacated the case management that was to be held 18 August 2021 and set for the next case management to be held on 1 September 2021.

On 30 August 2021, EPB filed its Reply to Defence to Counterclaim. On 1 September 2021, the Court has fixed trial dates to be held on 9 May 2022 to 13 May 2022.

During the case management on 24 November 2021, the Judge directed for the expert reports to be filed by 24 January 2022 together with an affidavit affirmed by the expert. The next case management has been fixed on 26 January 2022.

On 26 January 2022, the Judge directed for the List of Witnesses to be filed on 14 February 2022, along with the expert reports. The next case management has been fixed on 1 March 2022.

Our solicitors are of the view that EPB has a good defence to AZSB's claims. Furthermore, our solicitors have opined that EPB also has a good chance in succeeding in its counterclaim against AZSB.

20. Contingent liabilities

Other than disclosed in Note 19 (c) and (d), other contingent liabilities are as follows:

- (a) On 30 April 2021, the Director General of Inland Revenue Board of Malaysia ("DGIR") had served UEM Edgenta Berhad ("UEM Edgenta" or "the Company"), with additional tax assessments for the years of assessment ("YAs") 2015, 2016, 2017 and 2018 for additional income taxes of RM18,697,845.29 ("2021 Notice").

The abovementioned additional income tax was imposed by DGIR mainly pursuant to the dispute on the status of UEM Edgenta as a Management Service Company and shall be taxed as an Investment Holding Company under Section 60FA of the Income Tax Act, 1967.

The Company filed in an appeal to the Special Commissioner of Income Tax (SCIT) on 25 May 2021. The next Mention is fixed on 31 March 2022. The Company also applied for judicial review to quash the decision of the DGIR to raise the additional tax assessments on 27 May 2021.

On 6 July 2021, the High Court allowed UEM Edgenta's application for leave to commence judicial review proceedings against the Inland Revenue Board of Malaysia ("IRB") and granted a Stay against any proceedings or enforcement actions to recover the taxes and penalties purportedly payable under the notices of assessment, and any other proceedings and actions, until the disposal of the judicial review.

On 20 July 2021, the IRB filed a notice of appeal against the High Court's decision (for grant of leave).

Subsequently on 18 August 2021, IRB filed in an application to the High Court for stay of the substantive proceedings, pending the disposal of the IRB's appeal to the Court of Appeal (against the decision of the High Court to grant leave). The High Court denied the application on 20 October 2021. The IRB then applied to the Court of Appeal for a stay. The Court of Appeal allowed IRB's application for stay on 28 January 2021.

The next case management for IRB's appeal against the High Court's decision for grant of leave is fixed on 7 April 2022 where the Parties will be given directions on filing dates and hearing dates.

Based on our tax solicitor's opinion, the Company is of the view that there are valid legal grounds to challenge the basis of assessment.

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

20. Contingent liabilities

- (b) On 29 June 2021, the DGIR had served Edgenta PROPEL Berhad ("EPB"), a wholly-owned subsidiary of UEM Edgenta, with additional tax assessment for the year of assessment 2016 to 2018 amounting to RM9,387,158.88 ("2021 EPB Notices").

The 2021 EPB Notices are consequent to the DGIR's view that EPB ought not to have deducted the adjusted losses surrendered to it by UEM Edgenta, flowing from the DGIR's position that UEM Edgenta is not a management services company as described in Note 20(a).

EPB filed in an appeal against the 2021 EPB Notices raised by DGIR to the Special Commissioner of Income Tax (SCIT) on 26 July 2021. The next case mention date is fixed on 24 February 2022.

Concurrently, EPB on 23 July 2021 made an application to the High Court for leave to commence judicial review proceedings against the IRB and request for stay against any proceedings or enforcement actions to recover the taxes and penalties purportedly payable under the notices of assessment, and any other proceedings and actions, until the disposal of the judicial review. On 14 February 2022, the High Court allowed EPB's application for leave and granted stay as applied. The hearing date for the judicial review has not been fixed.

Based on our tax solicitor's opinion, EPB is of the view that there are valid legal grounds to challenge the basis of assessment.

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

	Current quarter 31/12/2021 RM'000	Immediate preceding quarter 30/9/2021 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Asset Management				
- Healthcare Support	429,151	359,545	69,606	19.4
- Property and Facility Solutions	48,202	36,323	11,879	32.7
Infrastructure Solutions				
- Infrastructure Services	194,270	149,255	45,015	30.2
- Asset Consultancy	23,977	18,588	5,389	29.0
Others	3,616	8,164	(4,548)	(55.7)
	699,216	571,875	127,341	22.3

Profit/(Loss) Before Tax:

Asset Management				
- Healthcare Support	28,842	28,093	749	2.7
- Property and Facility Solutions	7,857	(1,590)	9,447	>(100.0)
Infrastructure Solutions				
- Infrastructure Services	10,343	2,699	7,644	>100.0
- Asset Consultancy	(4,754)	(2,605)	(2,149)	(82.5)
Others/Elimination	(8,222)	(10,878)	2,656	24.4
	34,066	15,719	18,347	>100.0

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

The Group's revenue for the current quarter of RM699.2 million was RM127.3 million or 22.3% higher than the immediate preceding quarter's RM571.9 million, mainly due to the following:

- **Asset Management**
Revenue from Asset Management Segment recorded a net increase of RM81.5 million, contributed by new revenue streams from Covid related business and additional billable works performed in Malaysia by Healthcare Support as well as higher revenue generated from facility management services in Dubai for Property and Facility Solutions.
- **Infrastructure Solutions**
Infrastructure Solutions Segment recorded higher revenue by RM50.4 million, mainly due to higher pavement work order and other billable works done for expressway in Malaysia and Indonesia by Infrastructure Services ("IS") division and increase in consultancy works performed due to the ease of Movement Control Order restrictions.

The Group's recorded profit before tax ("PBT") for the current quarter of RM34.1 million, an increase of RM18.3 million compared to the immediate preceding quarter's profit before tax ("PBT") of RM15.7 million, contributed by the below:

- **Asset Management**
Asset Management's PBT increased by RM10.2 million, due to higher PBT for HS division by RM0.7 million and PFS' division of RM9.4 million in the current quarter. Higher PBT for HS division was primarily due to higher profits from new Covid related business whereas the increase of PFS' result is due to one-off adjustment in cost due to project closure recorded in the previous quarter.
- **Infrastructure Solutions**
IS recorded a net increase of PBT by RM5.5 million. The increase of PBT for IS amounted to RM7.6 million due to one-off staff rationalisation recorded in the previous quarter. This is mitigated by higher loss before tax incurred by AC resulted from margin compression.

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

	Current quarter 31/12/2021 RM'000	Preceding year corresponding quarter 31/12/2020 RM'000	Variance RM'000	Variance %	Twelve months to 31/12/2021 RM'000	Twelve months to 31/12/2020 RM'000	Variance RM'000	Variance %
Revenue:								
Asset Management:								
- Healthcare Support	429,151	348,369	80,782	23.2	1,433,684	1,233,407	200,277	16.2
- Property and Facility Solutions	48,202	46,324	1,878	4.1	163,027	149,152	13,875	9.3
Infrastructure Solutions:								
- Infrastructure Services	194,270	171,382	22,888	13.4	594,292	549,055	45,237	8.2
- Asset Consultancy	23,977	20,019	3,958	19.8	82,501	88,140	(5,639)	(6.4)
Others	3,616	9,374	(5,758)	(61.4)	19,737	8,962	10,775	>100.0
	699,216	595,468	103,748	17.4	2,293,241	2,028,716	264,526	13.0
Profit/(Loss) Before Tax:								
Asset Management:								
- Healthcare Support	28,842	57,904	(29,062)	(50.2)	94,032	97,313	(3,281)	(3.4)
- Property and Facility Solutions	7,857	(1,295)	9,152	>(100.0)	17,485	12,476	5,009	40.1
Infrastructure Solutions:								
- Infrastructure Services	10,343	12,390	(2,047)	(16.5)	30,763	38,659	(7,896)	(20.4)
- Asset Consultancy	(4,754)	3,065	(7,819)	>(100.0)	(19,100)	8,191	(27,291)	>(100.0)
Others/Elimination	(8,222)	(13,966)	5,744	41.1	(43,816)	(109,707)	65,891	60.1
	34,066	58,098	(24,033)	(41.4)	79,364	46,932	32,433	69.1

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

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

The Group's revenue for the current quarter of RM699.2 million was higher by RM103.7 million as compared to RM595.5 million in the corresponding quarter last year. For year-to-date, the Group recorded revenue of RM2,293.2 million which is 13.0% higher than RM2,028.7 million recorded for the same period last year as detailed below:

- **Asset Management**
Revenue from Asset Management increased by RM214.1 million, mainly contributed from commercial contracts secured in Singapore and Taiwan, as well as new revenue stream generated by Malaysian operation for the HS division. In addition, facilities management contracts secured in Dubai for PFS division has also contributed to the higher revenue for Asset Management.
- **Infrastructure Solutions**
Revenue from Infrastructure Solutions increased by RM39.6 million, mainly due to higher revenue generated from pavement works mitigated by the decrease of revenue from AC due to delay in staff deployment for project in East Malaysia.

The Group's recorded PBT for the current quarter of RM34.1 million, this is a RM24.0 million decrease compared to RM58.1 million profit before tax in the corresponding quarter last year. The Group's PBT for the year-to-date of RM79.4 million was RM32.4 million higher than RM46.9 million recorded in the same period last year as detailed below:

- **Asset Management**
Asset Management shows a net increase in PBT of RM1.7 million, contributed by higher PBT in PFS division of RM5.0 million, offset by lower PBT recorded in HS of RM3.3 million. The increase of PBT in PFS mainly due to the increase in revenue, whereas the decrease of PBT in HS division is due to higher operational cost arising from the pandemic.
- **Infrastructure Solutions**
Infrastructure Solutions' overall PBT decreased to RM11.7 million, a decrease of RM35.2 million resulted from lower revenue generated in AC and one-off staff rationalisation cost incurred amounting to RM12.6 million for Infrastructure Solutions segment.
- **Others**
An impairment of completed property inventories totalling RM50.0 million was recognised in the previous year.

23. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/2021 RM'000	Preceding year corresponding quarter 31/12/2020 RM'000	Twelve months to 31/12/2021 RM'000	Twelve months to 31/12/2020 RM'000
<u>Net operating profit after tax computation:</u>				
Earnings before interest and tax	29,610	55,929	72,020	49,207
Adjusted tax	(7,106)	(13,423)	(17,285)	(11,810)
Net operating profit after tax	22,504	42,506	54,735	37,397
<u>Economic charge computation:</u>				
Average invested capital	1,262,689	1,369,387	1,262,689	1,369,387
Weighted average cost of capital ("WACC")	6.2%	5.7%	6.2%	5.7%
Economic charge	19,572	19,514	78,287	78,055
Economic profit/(loss)	2,932	22,992	(23,552)	(40,658)

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 2021 against the corresponding quarter last year:

EP of RM2.9 million deteriorated by RM20.1 million as compared to the preceding year corresponding quarter's EP of RM23.0 million mainly due to improvement in the earnings before interest and tax recorded.

(b) Performance of the current year ended 31 December 2021 against last year:

EL of RM23.5 million improved by RM17.1 million as compared to the preceding year corresponding quarter's EL of RM40.7 million mainly due to improvement in the earnings before interest and tax recorded.

24. Prospects for the next financial year

Overall Prospects

From overall economy perspective, all the major markets that we are operating in, saw different levels of economic development and recovery ranging from 3.0% to 5.8%:

- Malaysian economy were slated to grow by 5.75% in 2022 (from just 3.1 % in 2021). Malaysia have achieved high Covid-19 vaccination rates of more than 80%. Less restrictive regulations governing the country's health ecosystem are expected to help the country's economic recovery. In addition, the roll-out of the Twelfth Malaysia Plan (12MP) augurs well for medium-term rebuilding of the economy and reform strategies that will place Malaysia on the right footing for its growth aspirations.
- In Singapore, after the strong 7.6% growth in 2021 (the highest rebound since 2010), the island republic is bracing for slower growth, maintaining its forecast for the economy to expand 3-5% this year. As Singapore considers increasing Vaccinated Travel Lanes (VTLs) with more countries, this should give rise to brighter prospects in the hospitality and travel sectors.
- In Taiwan, capital investment remained the main driver of growth and it has forecasted a growth of 4.2% (vs. 2022: 6.0%).

Resilience, agility and market diversification have enabled UEM Edgenta to ride out the continued turbulence in 2021, as approximately 40% of the Group's revenue was derived from Singapore, Taiwan, UAE and Indonesia. Although, Malaysia's businesses were extensively affected by the lockdown, other overseas market such as Singapore and Taiwan has helped in softening the impact to our overall Group's business. In 2022, the Company remains cautiously optimistic of our business outlook, with anticipated gradual recovery as we move into a less restrictive Covid operating environment. However, localized infections and seasonal outbreaks adds uncertainty to our business growth trajectory. The Company will continue its efforts in cost optimisation and focus on operational excellence as well as delivery of projects in hand. In the medium term, the Company will remain agile and resilient as it pursues its growth strategy with a focus on new products and solutions, expansion into new geographies such the GCC region and forging regional partnerships.

Prospects by Segment

i. Asset Management

Healthcare Support Services division delivered ~63% of the Group's revenue in FY2021, playing a key role in supporting the healthcare industry during the pandemic. To complement our strong position in the traditional healthcare support services, we are expanding into pandemic management solutions and digital healthcare delivery, to leverage on the changing landscape of the healthcare industry. In FY2021, our operations in Singapore and Taiwan contributed ~35% of the Group's revenue. We expect the growth to continue to be strong in these markets in FY2022.

As companies begin to revert to working from office arrangement, Property and Facility Solutions division has delivered a better revenue in FY2021. The pandemic has also accelerated the digitalization of various services, focusing more on ESG and sustainability. As a result, UEM Edgenta's proprietary in-house IOT-enabled digital solutions e.g. smart building system and the energy performance and efficiency solutions are gaining traction. This will enable the Company to reposition and deepen its services whilst helping clients to achieve their sustainability and economic objectives. For geographical market expansion, the Company will look to leverage on its presence in Dubai to further penetrate new markets in the GCC region.

ii. Infrastructure Solutions

The reopening of interstate travel has increased road traffic in Malaysia, translating to increasing maintenance work orders from clients and allowing timely manpower mobilisation to project sites in Malaysia. As the country intends to re-open its international border by March 2022, the Company expects better growth in infrastructure solutions as traffic volume on the highways will continue to improve.

In-line with the 12MP, we expect more mega-infra projects will kick-start in 2022, with our existing strong foothold in East Malaysia, we are well position to capture new opportunities in East Malaysia. The Company expects the execution of Pan Borneo projects to be on track, while actively bidding for upcoming tenders in East Malaysia and neighbouring country, Indonesia.

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

25. Profit forecast

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

26. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Twelve	Twelve
	quarter	corresponding	months to	months to
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Profit attributable to Owners of the Parent	20,429	47,667	42,403	12,868
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
Basic earnings per share	2.46 sen	5.73 sen	5.10 sen	1.55 sen

Kuala Lumpur
24 February 2022

By Order of the Board
Chiew Siew Yuen
Company Secretary
(SSM PC No. 201908001259)
(MAICSA 7063781)