

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

THE FIGURES HAVE NOT BEEN AUDITED.

**I(A). CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	RM'000	RM'000	RM'000	RM'000
1 (a) <b>Revenue</b>	<b>646,212</b>	<b>571,875</b>	<b>1,813,097</b>	<b>1,594,025</b>
(b) Cost of sales	(572,409)	(489,956)	(1,576,673)	(1,368,425)
(c) Gross profit	73,803	81,919	236,424	225,600
(d) Other income	8,127	6,756	22,810	23,170
(e) Expenses	(65,303)	(70,350)	(200,437)	(201,118)
(f) Finance costs	(4,682)	(5,236)	(14,555)	(15,966)
(g) Share of results of associates	3,177	2,629	11,083	13,612
(h) <b>Profit before tax</b>	<b>15,122</b>	<b>15,718</b>	<b>55,325</b>	<b>45,298</b>
(i) Income tax	(10,709)	(7,004)	(30,702)	(22,184)
(j) <b>Profit after tax</b>	<b>4,413</b>	<b>8,714</b>	<b>24,623</b>	<b>23,114</b>
Attributable to:				
(k) Owners of the parent	4,590	9,145	24,857	21,972
(l) Non-controlling interests	(177)	(431)	(234)	1,142
	<b>4,413</b>	<b>8,714</b>	<b>24,623</b>	<b>23,114</b>
2 <b>Earnings per share based on 1(k) above (Note 26):</b>				
Basic	0.55 sen	1.10 sen	2.99 sen	2.64 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021.

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**I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2022 <b>RM'000</b>	Preceding year corresponding quarter 30/9/2021 <b>RM'000</b>	Nine months to 30/9/2022 <b>RM'000</b>	Nine months to 30/9/2021 <b>RM'000</b>
Profit after tax	4,413	8,714	24,623	23,114
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations, representing total other comprehensive income	<u>5,933</u>	<u>2,819</u>	<u>24,791</u>	<u>12,197</u>
<b>Total comprehensive income for the period</b>	<u>10,346</u>	<u>11,533</u>	<u>49,414</u>	<u>35,311</u>
<b>Attributable to:</b>				
Owners of the parent	10,523	11,941	49,648	34,058
Non-controlling interests	<u>(177)</u>	<u>(408)</u>	<u>(234)</u>	<u>1,253</u>
	<u>10,346</u>	<u>11,533</u>	<u>49,414</u>	<u>35,311</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 2021.

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**Remarks to Condensed Consolidated Income Statement:**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(589)	(911)	(2,006)	(3,106)
Accretion of interest on concession receivable	(4,384)	(4,817)	(13,123)	(14,282)
Dividend from short term investment	(73)	(148)	(221)	(488)
(Gain)/loss on disposal of property, plant and equipment	-	98	(113)	105
Net foreign exchange loss/(gain)	(277)	35	(1,034)	211
Net (reversal)/impairment of ECL on trade receivables	(2,358)	-	(796)	14
Receivables written off	710	-	710	-
Interest expense	4,451	4,870	13,907	14,830
Depreciation and amortisation	17,390	17,716	61,785	58,203
Provision for impairment loss on inventories	12,762	-	12,762	-

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

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**II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at end of current quarter 30/9/2022 <b>RM'000</b>	As at preceding financial year end 31/12/2021 <b>RM'000</b>
<b>ASSETS</b>		
1 Non-current assets		
Property, plant and equipment	147,120	166,502
Right-of-use assets	47,892	37,281
Land held for property development	477	477
Intangible assets	698,895	699,204
Investment in associates	73,369	102,922
Investment in joint venture	122	-
Other investments	232	232
Trade and other receivables	111,821	113,477
Contract related assets	60,497	77,694
Deferred tax assets	11,058	8,141
	1,151,483	1,205,930
2 Current assets		
Inventories	64,824	66,772
Trade and other receivables	642,356	586,918
Contract related assets	392,166	311,646
Tax recoverable	33,568	55,103
Short term investments	69,462	28,310
Cash, bank balances and deposits	560,669	600,391
	1,763,045	1,649,140
3 Non-current Asset held for sale	39,038	-
Total assets	<b>2,953,566</b>	<b>2,855,070</b>

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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
	30/9/2022	31/12/2021
	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>4 Equity attributable to Owners of the Parent</b>		
Share capital	268,074	268,074
Capital reserve	313,856	313,856
Other reserves	24,675	(116)
Retained earnings	953,930	954,022
	<b>1,560,535</b>	<b>1,535,836</b>
<b>5 Non-controlling interests</b>	3,135	3,519
Total equity	<b>1,563,670</b>	<b>1,539,355</b>
<b>6 Non-current liabilities</b>		
Retirement benefit obligations	2,140	2,140
Defined benefit pension plan	904	1,003
Provisions	4,611	3,441
Borrowings	317,936	58,095
Lease liabilities	25,036	25,020
Trade and other payables	15,968	10,765
Deferred tax liabilities	46,374	47,392
	<b>412,969</b>	<b>147,856</b>
<b>7 Current liabilities</b>		
Retirement benefit obligations	550	550
Provisions	1,620	1,620
Borrowings	182,049	385,426
Lease liabilities	19,090	8,599
Trade and other payables	720,931	727,740
Contract liabilities	38,507	30,312
Income tax payable	14,180	13,612
	<b>976,927</b>	<b>1,167,859</b>
Total liabilities	<b>1,389,896</b>	<b>1,315,715</b>
Total equity and liabilities	<b>2,953,566</b>	<b>2,855,070</b>
<b>7 Net assets per ordinary share attributable to Owners of the Parent (RM)</b>	<b>1.88</b>	<b>1.85</b>

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021.

\* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM3,166,350 (2021: RM26,579,348) 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**

	Nine months to 30/9/2022 <b>RM'000</b>	Nine months to 30/9/2021 <b>RM'000</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	1,887,799	1,705,304
Cash payments to suppliers	(862,737)	(736,852)
Cash payments to employees and for expenses	(1,014,619)	(922,744)
Cash generated from operations	10,443	45,708
Interest paid	(11,582)	(11,306)
Net income tax and zakat refund/(paid)	(15,107)	(28,809)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(16,246)</b>	<b>5,593</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	200	121
Acquisition of shares in a joint venture	(122)	-
Acquisition of non-controlling interests in subsidiary companies	-	(27,209)
Net placements to short term investments	(40,888)	(19,827)
Interest received	2,300	2,952
Dividend received from associates	1,600	4,292
Payment of deferred consideration	-	(2,912)
Purchase of property, plant and equipment	(15,956)	(29,067)
<b>Net cash flows used in investing activities</b>	<b>(52,866)</b>	<b>(71,650)</b>
<b>Cash flows from financing activities</b>		
Draw down of borrowings	397,636	81,557
Repayment of borrowings	(344,739)	(98,504)
Repayment of lease liabilities	(5,657)	(5,763)
Dividend paid to shareholders of the Company	(24,949)	-
Dividend paid to non-controlling shareholders of subsidiaries	(150)	(1,917)
Net placement of pledged fixed deposits	(1,807)	(10,359)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>20,334</b>	<b>(34,986)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(48,778)</b>	<b>(101,043)</b>
Net foreign exchange difference	6,559	7,577
Cash and cash equivalents as at beginning of financial period	554,760	638,806
<b>Cash and cash equivalents as at end of financial period (a)</b>	<b>512,541</b>	<b>545,340</b>
	As at 30/9/2022 <b>RM'000</b>	As at 30/9/2021 <b>RM'000</b>
<b>(a) Cash and Cash Equivalents comprise the following amounts:</b>		
Cash on hand and at banks	456,269	410,553
Fixed deposits with licensed banks	104,400	185,626
Cash, bank balances and deposits	560,669	596,179
Less: Cash, bank and fixed deposits pledged and on lien	(48,128)	(50,839)
	<b>512,541</b>	<b>545,340</b>

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021.

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**IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY**

	← Attributable to owners of the parent →				Total	Non-controlling interests	Total equity
	← Non-distributable →		→ Distributable				
	Share capital	Capital reserve	Other reserves	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Nine months to 30 September 2022</b>							
Balance as at 1 January 2022	268,074	313,856	(116)	954,022	1,535,836	3,519	1,539,355
Profit for the period	-	-	-	24,857	24,857	(234)	24,623
Other comprehensive income	-	-	24,791	-	24,791	-	24,791
Total comprehensive income for the period	-	-	24,791	24,857	49,648	(234)	49,414
Dividends paid to:							
- Shareholders of the Company	-	-	-	(24,949)	(24,949)	-	(24,949)
- Non-controlling shareholders of a subsidiary	-	-	-	-	-	(150)	(150)
Balance as at 30 September 2022	<u>268,074</u>	<u>313,856</u>	<u>24,675</u>	<u>953,930</u>	<u>1,560,535</u>	<u>3,135</u>	<u>1,563,670</u>

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

	←——— Attributable to owners of the parent ———→				Total	Non-controlling interests	Total equity
	←——— Non-distributable ———→		Distributable				
	Share capital	Capital reserve	Other reserves	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Nine months to 30 September 2021</b>							
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	-	-	-	21,972	21,972	1,142	23,114
Other comprehensive income	-	-	12,086	-	12,086	111	12,197
Total comprehensive income for the period	-	-	12,086	21,972	34,058	1,253	35,311
Acquisition of non-controlling interest	-	-	-	(22,936)	(22,936)	(4,625)	(27,561)
Dividends paid to:							
- non controlling interests of a subsidiary	-	-	-	-	-	(1,915)	(1,915)
Balance as at 30 September 2021	<u>268,074</u>	<u>313,856</u>	<u>(4,254)</u>	<u>934,118</u>	<u>1,511,794</u>	<u>3,303</u>	<u>1,515,097</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 2021.

**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 2021.

**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 2021.

**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 2021 except for standards effective for financial periods beginning on or after 1 January 2022 below:

	<b>Effective for annual periods beginning on or after</b>
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

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.

	<b>Effective for annual periods beginning on or after</b>
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.

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

**4. Audit report in respect of the 2021 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2021 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 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 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, shares held as treasury shares and resale of treasury shares for the current financial period ended 30 September 2022.

**9. Dividend**

For the financial year ended 31 December 2021, 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 paid on 19 May 2022. The entitlement date is 21 April 2022.

No interim dividend is declared for the current financial period of 30 September 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 period ended 30 September 2022 is as follows:

**By operating segment**

	<b>Asset Management</b>		<b>Infrastructure Solutions</b>		<b>Others</b>	<b>Elimination</b>	<b>Group</b>
	Healthcare Support	Property and Facility Solutions	Infrastructure Services	Asset Consultancy			
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>							
External revenue	1,079,938	108,612	544,654	77,921	1,972	-	<b>1,813,097</b>
Inter-segment revenue	819	3,483	-	-	62,569	(66,871)	-
<b>Total Revenue</b>	<b>1,080,757</b>	<b>112,095</b>	<b>544,654</b>	<b>77,921</b>	<b>64,541</b>	<b>(66,871)</b>	<b>1,813,097</b>
<b>Results</b>							
<b>EBITDA</b>	69,495	6,245	44,071	2,573	43,085	(47,541)	<b>117,928</b>
Depreciation and amortisation	(24,927)	(498)	(8,330)	(749)	(25,689)	(1,592)	<b>(61,785)</b>
<b>EBIT</b>	44,568	5,747	35,741	1,824	17,396	(49,133)	<b>56,143</b>
Interest income	773	245	760	148	433	(353)	<b>2,006</b>
Interest expense	(2,052)	(2,388)	(17)	-	(10,542)	1,092	<b>(13,907)</b>
Share of results of associates	8,931	1,813	-	339	-	-	<b>11,083</b>
<b>Profit/(loss) before tax</b>	52,220	5,417	36,484	2,311	7,287	(48,394)	<b>55,325</b>
Income tax	(9,720)	(1,601)	(10,532)	(619)	(5,374)	(2,856)	<b>(30,702)</b>
<b>Profit/(loss) for the period</b>	<b>42,500</b>	<b>3,816</b>	<b>25,952</b>	<b>1,692</b>	<b>1,913</b>	<b>(51,250)</b>	<b>24,623</b>

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 30 September 2021 is as follows:

**By operating segment**

	<b>Asset Management</b>		<b>Infrastructure Solutions</b>		<b>Others</b>	<b>Elimination</b>	<b>Group</b>
	Healthcare Support	Property and Facility Solutions	Infrastructure Services	Asset Consultancy			
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>							
External revenue	1,004,533	114,825	400,022	58,525	16,120	-	<b>1,594,025</b>
Inter-segment revenue	1,619	6,616	74	269	132,393	(140,971)	-
Total Revenue	<b>1,006,152</b>	<b>121,441</b>	<b>400,096</b>	<b>58,794</b>	<b>148,513</b>	<b>(140,971)</b>	<b>1,594,025</b>
<b>Results</b>							
<b>EBITDA</b>	77,245	9,281	27,127	(13,699)	75,669	(74,010)	<b>101,613</b>
Depreciation and amortisation	(21,973)	(841)	(8,035)	(1,004)	(24,402)	(1,948)	<b>(58,203)</b>
<b>EBIT</b>	55,272	8,440	19,092	(14,703)	51,267	(75,958)	<b>43,410</b>
Interest income	615	520	1,349	312	310	-	<b>3,106</b>
Interest expense	(796)	(2,792)	(23)	(7)	(13,367)	2,155	<b>(14,830)</b>
Share of results of associates	10,100	3,459	-	53	-	-	<b>13,612</b>
<b>Profit/(loss) before tax</b>	65,191	9,627	20,418	(14,345)	38,210	(73,803)	<b>45,298</b>
Income tax	(11,401)	(2,665)	(5,374)	(1,614)	(36)	(1,094)	<b>(22,184)</b>
<b>Profit/(loss) for the period</b>	<b>53,789</b>	<b>6,962</b>	<b>15,044</b>	<b>(15,959)</b>	<b>38,174</b>	<b>(74,897)</b>	<b>23,114</b>

**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 30 September 2022 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 September 2022 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 17 January 2022, Pengurusan LRT Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, which was under Members' Voluntary Liquidation, has dissolved and ceased to be a subsidiary of the Company.
- b) On 22 April 2022, Opus Consultants (Sarawak) Sdn Bhd ("OCS"), an indirect wholly-owned subsidiary of the Company via Opus International (M) Berhad ("OIMB"), has issued 175,000 new ordinary shares. Pursuant to the Shareholders Agreement between OIMB and PPES Consults Sdn. Bhd. ("PPES"), 47,500 and 127,500 new ordinary shares were allotted to OIMB and PPES respectively.

As a result, OIMB's equity interest in OCS was diluted to 49% and OCS became a joint-venture company to OIMB.

- c) On 31 July 2022, Edgenta Arabia Limited was incorporated in the Kingdom of Saudi Arabia as a wholly-owned subsidiary of the Company.
- d) On 14 September 2022, KFM Projects Sdn Bhd ("KFM Projects"), 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 above changes in the Group's composition have no material financial impact to the Group for the current period ended 30 September 2022.

**13. Capital commitments**

There are no material capital commitments except as disclosed below:

	As at 30/9/2022	As at 31/12/2021
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for	4,822	10,794
Approved but not contracted for	70,131	82,347

**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	Nine months to	Nine months to
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	6,786	3,312	12,994	9,896
- Foreign tax	5,360	3,991	14,695	12,508
Underprovision in prior years				
- Malaysian income tax	606	-	5,916	156
- Foreign tax	1,441	-	1,441	-
	<u>14,193</u>	<u>7,303</u>	<u>35,046</u>	<u>22,560</u>
Deferred tax				
- Relating to origination and reversal of temporary difference	<u>(3,484)</u>	<u>(299)</u>	<u>(4,344)</u>	<u>(376)</u>
<b>Income tax expense</b>	<b><u>10,709</u></b>	<b><u>7,004</u></b>	<b><u>30,702</u></b>	<b><u>22,184</u></b>

The Group's effective tax rate excluding share of results of associates for the current period was higher than the statutory tax rate of 24% mainly due to the following reasons:

- Deferred tax assets not recognised for tax losses in certain subsidiaries.
- Non-deductible expenses from certain subsidiaries that are capital in nature.

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

There is no any other corporate proposal announced but not completed as at the date of this announcement, except for the following:-

- a) On 29 September 2022, the Company had announced that Edgenta Arabia Limited ("EAL"), a wholly-owned subsidiary of the Company, entered into a Share Purchase Agreement and Shareholders Agreement with Mohammed Ibrahim Al-Subeaei and His Sons Investment Company for the proposed investment in MEEM for Facilities Management Company, through a 60% equity interest buy-in by EAL ("Proposed Investment"). The Proposed Investment is expected to be completed by Q1 2023.
- b) On 9 November 2022, the Company had announced that Edgenta Facilities Sdn Bhd, a wholly-owned subsidiary of the Company, had on 8 November 2022 entered into a Share Purchase Agreement with Apollo Sindoori Hotels Limited for the disposal of its entire 51% equity interest held in Faber Sindoori Management Services Private Limited ("Proposed Disposal"). The Proposed Disposal is expected to be completed by 31 December 2022.

**16. Borrowings and debt securities**

Details of Group borrowings and debt securities as at 30 September 2022 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
<b><u>Borrowings</u></b>						
Domestic	67,936	250,000	317,936	59,671	56,589	116,260
Foreign						
- Singapore Dollar	-	-	-	-	-	-
- Taiwan Dollar	-	-	-	65,789	-	65,789
<b>TOTAL</b>	<b><u>67,936</u></b>	<b><u>250,000</u></b>	<b><u>317,936</u></b>	<b><u>125,460</u></b>	<b><u>56,589</u></b>	<b><u>182,049</u></b>

**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 2021 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
<b><u>Borrowings</u></b>						
Domestic	58,095	-	58,095	13,294	304,185	317,479
Foreign						
- Singapore Dollar	-	-	-	-	-	-
- Taiwan Dollar	-	-	-	67,947	-	67,947
<b>TOTAL</b>	<b>58,095</b>	<b>-</b>	<b>58,095</b>	<b>81,241</b>	<b>304,185</b>	<b>385,426</b>

**17. Derivatives**

There are no outstanding derivatives as at 30 September 2022 (31 December 2021: 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")**

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).

With regards to the Building Contract, on 2 December 2016, EKICSB had served a Notice to Arbitrate against RMSB claiming RM4,018,030.02. On 15 March 2019 the arbitrator allowed EKICSB's claim in the sum of RM5,104,567.02 together with interest and cost ("Award").

With regards to the Piling Contract, RMSB commenced an arbitration proceeding on 24 August 2018 and applied for a stay of execution of the said Award pending disposal of the arbitration proceeding as commenced by them.

On 8 May 2019, EKICSB filed an enforcement application at Kuala Lumpur High Court to enforce the Award, which on 1 November 2019 was allowed by the Court. The judge requested for both parties to reach an agreement regarding the Award. It was agreed that RMSB will 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 50% payment was made to EKICSB on 31 December 2019.

Meanwhile, EKICSB alleged that RMSB's Piling Contract arbitration is time barred and sought declaration from the High Court on the same, which RMSB opposed and causes the Piling Contract arbitration to be put on hold. On 11 September 2020, the Court decided that RMSB's claim is not time-barred and therefore the Piling Contract Arbitration will continue.

On 8 October 2020, EKICSB appealed against the High Court's decision to the Court of Appeal. On 25 April 2022, the Court of Appeal dismissed EKICSB's appeal and on the same date EKICSB further appeals to the Court of Appeal's decision to the Federal Court, the hearing is fixed on 12 January 2023. Concurrently, the arbitrator decided to resume the arbitration proceeding and fixed the series of hearing from 9 September 2022 to 15 December 2022.

RMSB's solicitors believe the leave to appeal to Federal Court will not be granted and RMSB has a good chance to succeed in its' arbitration based on the expert opinion by the independent engineers who supported the claim.

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

**19. Material litigation (Contd.)**

**b) Edgenta PROPEL Berhad (“EPB”) 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 an 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”) which was heard on 7 March 2019, where 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. HBT failed to deposit the required sum within the 14 days to the court or a stakeholder’s account.

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 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 initiated winding up actions against HBT on 9 July 2021 to recover the total amount of RM21,472,961.82 plus cost and interest (“Recovery Amount”). The proceeding however was postponed pending the conclusion of the Judicial Management Application filed by HBT on 29 September 2021. EPB in response filed an Intervener Application on 13 October 2021, and HBT further filed Preliminary Objection Application to oppose EPB’s Intervener Application on 3 November 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.

On 10 March 2022, the Court decided to allow EPB to intervene in HBT Judicial Management Application and dismissed HBT Preliminary Objection Application. During the Judicial Management Application hearing on 8 June 2022, the Court dismissed the application and therefore the winding-up proceeding will resume. HBT filed an appeal to the dismissal of its Judicial Management Application, and a stay of winding-up proceeding.

On 26 September 2022, HBT’s stay application was dismissed by Court with cost RM6,000 to be paid to EPB, and subsequently on 20 October 2022 the Court ordered HBT to be wind up. EPB’s lawyers will continue to advertise and gazette the winding up order, and inform the Jabatan Insolvensi Malaysia

EPB had also filed a striking out application on 18 October 2022 to HBT’s Judicial Management appeal at Court of Appeal on grounds of late filing out of time, the next case management fixed on 30 November 2022 for the attendance of an officer in charge from Jabatan Insolvensi Malaysia.

**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. EMS filed the defence to MMSB’s claims on 3 May 2021.

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

**19. Material litigation (Cont'd)**

**c) Magna Meditech Sdn Bhd ("MMSB") vs Edgenta Mediserve Sdn Bhd ("EMS")(Contd.)**

Parties have filed pre-trial documents based on Court's directions, including the core bundle of documents and list of witnesses. The trial is fixed from 11 to 14 March 2024.

At the case management on 8 November 2022, the Judge fixed a further case management on 15 December 2022.

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" (there is no enforceable date for completion, and EPB only has an implied obligation to complete the works within a reasonable time). 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.

EPB filed its defence and counter claim on 25 May 2021 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.

On 12 July 2022, both AZSB and EPB has reached a settlement and recorded consent judgment before the judge on 27 July 2022. The terms of the Consent Judgment provide, amongst others, that AZSB will pay EPB the sum of RM10,199,224.52 by way of ten (10) monthly installments from 30 November 2022 to 31 August 2023 and the sum of RM361,476.88 on or by 30 September 2023. All of AZSB's claims against EPB in the Civil Suit are also withdrawn without liberty to file afresh. On 2 August 2022, a sealed copy of the consent judgement has been issued by Court.

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

**20. Contingent liabilities**

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

**(a) UEM Edgenta and Inland Revenue Board of Malaysia**

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 to 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 postponed pending disposal of the Company's judicial review application in Court.

Concurrently 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 2022, therefore the judicial review will only commence upon disposal of IRB's appeal.

The next case management for IRB's appeal in Court of Appeal against the High Court's decision for grant of leave is fixed on 1 December 2022 to update the Court on the status of settlement.

At the date of this report, the Company is finalising negotiation with IRB. The Company is optimistic that it will be able to reach an amicable settlement on this matter.

**(b) Edgenta PROPEL Berhad and Inland Revenue Board of Malaysia**

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 postponed pending disposal of the Company's judicial review application in Court.

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 Court fixed 15 December 2022 for the substantive hearing date.

At the date of this report, EPB is finalising negotiation with IRB. EPB is optimistic that it will be able to reach an amicable settlement on this matter.

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 30/9/2022 RM'000	Immediate preceding quarter 30/6/2022 RM'000	Variance RM'000	Variance %
<b><u>Revenue:</u></b>				
<b>Asset Management:</b>				
- Healthcare Support	362,907	365,481	(2,574)	(0.7)
- Property and Facility Solutions	43,822	35,822	8,000	22.3
<b>Infrastructure Solutions:</b>				
- Infrastructure services	212,295	199,290	13,005	6.5
- Asset Consultancy	26,201	26,181	20	0.1
Others	987	903	84	9.3
	<b>646,212</b>	<b>627,677</b>	<b>18,535</b>	<b>3.0</b>

**Profit/(Loss) Before Tax:**

<b>Asset Management</b>				
- Healthcare Support	620	26,092	(25,472)	(97.6)
- Property and Facility Solutions	1,365	2,262	(897)	(39.6)
<b>Infrastructure Solutions</b>				
- Infrastructure services	21,598	10,595	11,003	>100.0
- Asset Consultancy	1,053	2,639	(1,586)	(60.1)
Others	(9,514)	(18,635)	9,121	48.9
	<b>15,122</b>	<b>22,953</b>	<b>(7,831)</b>	<b>(34.1)</b>

**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 revenue for the current quarter of RM646.2 million was RM18.5 million higher than the immediate preceding quarter's revenue of RM627.7 million. The detailed analysis are as follows:

- Asset Management  
Revenue from Asset Management Segment increased by RM5.4 million, contributed by the increase in Property and Facilities Solutions ("PFS") division of RM8 million, mitigated by the decrease in Healthcare Support ("HS") by RM2.5 million. The increase in PFS is due to higher ongoing contracts in the current quarter, whereas the decrease in HS is due to completion of a contract during the current quarter.
- Infrastructure Solutions  
Infrastructure Solutions segment recorded higher revenue by RM13.0 million, mainly contributed by higher maintenance works performed for expressways by Infrastructure Services ("IS") division. The revenue from Asset Consultancy ("AC") is consistent with the immediate preceding quarter.
- Others  
The revenue generated from the sale of a property inventory.

The Group recorded PBT for the current quarter of RM15.1 million, a decrease of RM7.8 million as compared to RM22.9 million profit before tax in the immediate preceding quarter's PBT of RM23.0 million, contributed by:

- Asset Management  
The result of Asset Management segment decreased by RM26.3 million, mainly contributed by one-off provision of impairment on inventories amounted to RM12.7 million, lower revenue and margin compression.
- Infrastructure Solutions  
Infrastructure Solutions posted better results of RM22.7 million, an increase of RM9.4 million comparing to the immediate preceding quarter. The increase mainly due to higher revenue generated by IS division.

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

**22. Detailed analysis of the performance for the current quarter**

	Current quarter 30/9/2022 RM'000	Preceding year corresponding quarter 30/9/2021 RM'000	Variance RM'000	Variance %	Nine months to 30/9/2022 RM'000	Nine months to 30/9/2021 RM'000	Variance RM'000	Variance %
<b>Revenue:</b>								
<b>Asset Management:</b>								
- Healthcare Support	362,907	359,545	3,362	0.9	1,079,938	1,004,533	75,405	7.5
- Property and Facility Solutions	43,822	36,323	7,499	20.6	108,612	114,825	(6,213)	(5.4)
<b>Infrastructure Solutions:</b>								
- Infrastructure Services	212,295	149,255	63,040	42.2	544,654	400,022	144,632	36.2
- Asset Consultancy	26,201	18,588	7,613	41.0	77,921	58,525	19,397	33.1
Others	987	8,164	(7,177)	(87.9)	1,972	16,120	(14,148)	(87.8)
	<b>646,212</b>	<b>571,875</b>	<b>74,337</b>	<b>13.0</b>	<b>1,813,097</b>	<b>1,594,025</b>	<b>219,072</b>	<b>13.7</b>

**Profit/(Loss) Before Tax:**

**Asset Management:**

- Healthcare Support	620	28,093	(27,473)	(97.8)	52,220	65,191	(12,970)	(19.9)
- Property and Facility Solutions	1,365	(1,590)	2,955	>100.0	5,417	9,627	(4,210)	(43.7)

**Infrastructure Solutions:**

- Infrastructure Services	21,598	2,699	18,899	>100.0	36,484	20,418	16,066	78.7
- Asset Consultancy	1,053	(2,605)	3,658	>100.0	2,311	(14,345)	16,656	>100.0
Others/Elimination	(9,514)	(10,878)	1,364	12.5	(41,107)	(35,593)	(5,514)	(15.5)
	<b>15,122</b>	<b>15,718</b>	<b>(597)</b>	<b>(3.8)</b>	<b>55,325</b>	<b>45,298</b>	<b>10,028</b>	<b>22.1</b>

The Group's revenue for the current quarter of RM646.2 million was higher by RM74.3 million as compared to RM571.9 million in the corresponding quarter last year. For the nine-month period, the Group recorded revenue of RM1.8 billion which is 13.7% higher than RM1.6 billion recorded for the same period last year as detailed below:

- Asset Management**  
The revenue from Asset Management increased by RM69.2 million, contributed by the increase in HS division of RM75.4 million and mitigated by the decrease of revenue generated by PFS division of RM6.2 million. Higher revenue generated is mainly due to the contracts secured in Malaysia, Taiwan, and Singapore for HS, whereas the decrease in revenue for PFS is due to the lesser ongoing contracts.
- Infrastructure Solutions**  
Revenue from Infrastructure Solutions increased by RM164.0 million mainly due to higher maintenance works performed for expressways by IS and higher consultancy works performed by AC following the lifting of movement control order by the Government in the current financial year. Last year, the divisions were largely impacted by various forms of movement control orders.

The Group's profit before tax ("PBT") for the current quarter of RM15.1 million is comparable to the preceding year corresponding quarter's PBT. The Group's PBT for the nine-month period of RM55.3 million was RM10.0 million higher than RM45.3 million recorded in the same period last year as detailed below:

- Asset Management**  
The result of Asset Management segment show a total decrease of RM17.2 million, contributed by lower PBT generated by both divisions. This is mainly due to one-off provision of impairment on inventories recorded by HS of RM12.7 million and higher operation costs incurred for both divisions.
- Infrastructure Solutions**  
PBT for Infrastructure Solutions results increased by RM32.7 million, resulted from the increase of PBT for AC and IS division by RM16.0 million and RM16.7 million, respectively. The increase is due to higher revenue generated by both divisions.

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

23. **Economic profit ("EP") statement**

	Current year quarter 30/9/2022 <b>RM'000</b>	Preceding year corresponding quarter 30/9/2021 <b>RM'000</b>	Nine months to 30/9/2022 <b>RM'000</b>	Nine months to 30/9/2021 <b>RM'000</b>
<b><u>Net operating profit after tax computation:</u></b>				
Earnings before interest and tax	15,812	17,046	56,143	43,410
Adjusted tax	(3,795)	(4,091)	(13,474)	(10,418)
Net operating profit after tax	<b>12,017</b>	<b>12,955</b>	<b>42,669</b>	<b>32,992</b>
<b><u>Economic charge computation:</u></b>				
Average invested capital	1,313,055	1,271,659	1,313,055	1,271,659
Weighted average cost of capital ("WACC")	6.0%	6.2%	6.0%	6.2%
<b>Economic charge</b>	<b>19,696</b>	<b>19,711</b>	<b>59,087</b>	<b>59,132</b>
<b>Economic loss</b>	<b>(7,679)</b>	<b>(6,756)</b>	<b>(16,418)</b>	<b>(26,140)</b>

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

(a) Performance of the current quarter ended 30 September 2022 against the corresponding quarter last year:

Economic loss ("EL") of RM7.7 million decreased by RM0.9 million as compared to the preceding year corresponding quarter's EL of RM6.8 million mainly due to deterioration in the earnings before interest and tax recorded.

(b) Performance of the current period ended 30 September 2022 against last year:

EL of RM16.4 million has improved by RM9.7 million as compared to the last year's EL of RM26.1 million mainly due to higher earnings before interest and tax recorded.

24. **Prospects for the financial year**

**Overall Prospects**

Year 2022 started with a collective optimism that economic growth and investment activities would accelerate as the world entered into endemic stage of Covid-19. However, the war in Ukraine and zero-Covid policy in China has severely impacted the global supply chain and heightened the inflationary pressure. This has resulted in rising interest rates and ultimately mediated global growth. Similarly, UEM Edgenta Berhad (the "Company") and its subsidiaries (the "Group") are not spared from these global challenges and anticipated these to continue for the rest of the year.

The Group continues to take responsive and proactive measures through structural cost optimization and operational efficiency strategies to maintain agility. To deliver long-term sustainable growth as guided by the Edgenta of the Future 2025 ("EoTF2025") vision, the Company is making progress in its strategic portfolio repositioning strategy. We have recently divested Faber Sindoori Management Services Private Limited. The proceeds will allow the Group to reinvest into new growth markets/ products and technology. The planned investment in MEEM for Facilities Management Company provides an immediate market access to Kingdom of Saudi Arabia ("KSA"), accelerating our market expansion in the Integrated Facilities Management business.

While managing the macroeconomic headwinds, the Company continues to strengthen its readiness and resilience towards building a global, technology-enabled integrated facilities management company.

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

**24. Prospects for the financial year (Cont'd)**

**Prospects by Segment**

i. Asset Management

Healthcare Support Services (“HSS”) division continue to lend support to the healthcare sector while expanding into integrated healthcare solutions offerings such as Replacement Through Maintenance (“RTM”) services and hybrid ICUs in Malaysia and diversifying clientele in adjacent sectors such as hospitality and semiconductor sectors in Singapore and Taiwan. With increased market competition and inflationary pressure impacting labour, energy and material costs, HSS continues to deploy technology such as robotic devices and automated work order management to mitigate the impact on margin compression. Services in the areas of RTM and Biomedical Engineering Maintenance (“BEMS”) are expected to increase. The Company is leveraging on its HSS experience and technology solutions to expand into high growth markets, namely KSA and the Gulf Cooperation Countries (“GCC”) region.

Property and Facility Solutions (“PFS”) continues to integrate technology and sustainability with facilities management, enabled by Internet of Things (“IOT”) driven real time analytics and energy efficiency solutions such as Energy Performance Contracting and Green Building audit services. These solutions deliver long-term savings and benefits to the clients. PFS’ smart and green building expertise is complemented by its partners’ capabilities to bring integrated smart building solutions to key growth markets as the Group accelerated its international expansion and growth strategy. The Company is priming the markets towards performance-based contracting structure, embedded with technology and sustainability solutions.

ii. Infrastructure Solutions

The division saw an increase in maintenance and repair works for major expressways and engineering consultancy work up to Q3 FY22 as traffic volume and infrastructure activities picked up. Whilst the Company remains hopeful that more infrastructure and repair projects would be put out for tender to pump prime the economy, a slowdown in the global economy and the downside risk on the currency could potentially limit fiscal capacity to achieve the desired growth and investment activities. Pan Malaysia will remain as the strategy for the Company’s Infrastructure Solutions business with some key growth opportunities identified, as demonstrated by the recent contract wins in the Indonesian market.

**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 quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	RM'000	RM'000	RM'000	RM'000
Profit attributable to Owners of the Parent	4,590	9,145	24,857	21,972
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
<b>Basic earnings per share</b>	<b>0.55 sen</b>	<b>1.10 sen</b>	<b>2.99 sen</b>	<b>2.64 sen</b>

Kuala Lumpur  
29 November 2022

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