

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2017	31/3/2016	31/3/2017	31/3/2016
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	769,020	651,816	769,020	651,816
(b) Cost of sales	<u>(521,174)</u>	<u>(447,724)</u>	<u>(521,174)</u>	<u>(447,724)</u>
(c) Gross profit	247,846	204,092	247,846	204,092
(d) Other income	13,671	9,569	13,671	9,569
(e) Expenses	(211,047)	(188,847)	(211,047)	(188,847)
(f) Finance costs	(9,852)	(4,008)	(9,852)	(4,008)
(g) Share of results of associates	5,838	5,857	5,838	5,857
(h) Share of results of joint ventures	<u>781</u>	<u>(120)</u>	<u>781</u>	<u>(120)</u>
(i) Profit before tax	47,237	26,543	47,237	26,543
(j) Income tax	<u>(17,121)</u>	<u>(7,018)</u>	<u>(17,121)</u>	<u>(7,018)</u>
(k) Profit for the period	<u>30,116</u>	<u>19,525</u>	<u>30,116</u>	<u>19,525</u>
Attributable to:				
(l) Owners of the parent	27,283	20,494	27,283	20,494
(m) Non-controlling interests	<u>2,833</u>	<u>(969)</u>	<u>2,833</u>	<u>(969)</u>
Profit for the period	<u>30,116</u>	<u>19,525</u>	<u>30,116</u>	<u>19,525</u>
2 Earnings per share based on 1(l) above (Note 25):-				
Basic	3.28 sen	2.52 sen	3.28 sen	2.52 sen

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

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2017	31/3/2016	31/3/2017	31/3/2016
	RM'000	RM'000	RM'000	RM'000
Profit for the period	30,116	19,525	30,116	19,525
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	6,614	(22,737)	6,614	(22,737)
Tax impact on translation of foreign operations	(203)	(2,383)	(203)	(2,383)
Net gain/(loss) on hedge of net investment	411	(15,403)	411	(15,403)
Tax impact on hedge of net investment	(122)	4,313	(122)	4,313
Total other comprehensive income/(loss) for the period, net of tax	6,700	(36,210)	6,700	(36,210)
Total comprehensive income/(loss) for the period	36,816	(16,685)	36,816	(16,685)
Attributable to:				
Owners of the parent	34,360	(3,531)	34,360	(3,531)
Non-controlling interests	2,456	(13,154)	2,456	(13,154)
Total comprehensive income/(loss) for the period	36,816	(16,685)	36,816	(16,685)

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

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
		Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	Note	31/3/2017 RM'000	31/3/2016 RM'000	31/3/2017 RM'000	31/3/2016 RM'000
Profit before tax is arrived at after (crediting)/charging:					
Interest income		(2,926)	(4,092)	(2,926)	(4,092)
Accretion of interest on concession receivable		(4,708)	-	(4,708)	-
Dividend from short term investment		(106)	(1,288)	(106)	(1,288)
Gain on disposal of property, plant and equipment		(276)	-	(276)	-
Net (reversal of)/impairment on receivables		(1,068)	176	(1,068)	176
Fair value gain on derivatives		(4,087)	-	(4,087)	-
Net foreign exchange loss/(gain)		3,816	(2,345)	3,816	(2,345)
Interest expense		9,286	3,463	9,286	3,463
Depreciation and amortization		23,197	15,652	23,197	15,652

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

		Unaudited	Audited
		As at end of current	As at preceding
		quarter	financial year end
		31/3/2017	31/12/2016
		RM'000	RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	229,457	227,769
	Land held for property development	1,115	1,115
	Prepaid land lease payments	3,128	3,150
	Intangible assets	968,098	964,528
	Investment in joint ventures	3,209	2,393
	Investment in associates	38,583	32,753
	Other investments	272	272
	Trade and other receivables	167,810	141,685
	Derivative financial instruments	1,419	-
	Deferred tax assets	49,814	51,573
		1,462,905	1,425,238
2	Current assets		
	Property development costs	-	128,307
	Inventories	172,156	36,533
	Trade and other receivables	1,291,389	1,256,385
	Short term investments	13,693	42,375
	Derivative financial instruments	297	491
	Cash, bank balances and deposits*	522,466	640,010
		2,000,001	2,104,101
	Total assets	3,462,906	3,529,339

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

	Unaudited	Audited
	As at end of current	As at preceding
	quarter	financial year end
	31/3/2017	31/12/2016
	RM'000	RM'000
EQUITY AND LIABILITIES		
3	Equity attributable to Owners of the Parent	
	Share capital	207,906
	Share premium	60,168
	Merger relief reserve	313,856
	Other reserves	85,226
	Retained earnings	748,610
		1,415,766
4	Non-controlling interests	174,657
	Total equity	1,590,423
5	Non-current liabilities	
	Retirement benefit obligations	3,857
	Defined benefit pension plan	3,932
	Provisions	13,044
	Borrowings	755,362
	Trade and other payables	30,838
	Derivative financial instruments	741
	Deferred tax liabilities	53,249
		861,023
6	Current liabilities	
	Retirement benefit obligations	261
	Defined benefit pension plan	2,190
	Provisions	10,443
	Borrowings	202,898
	Trade and other payables	776,252
	Derivative financial instruments	877
	Income tax payable	18,539
		1,011,460
	Total liabilities	1,872,483
	Total equity and liabilities	3,462,906
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	1.70
		1.65

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

* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM49,552,046 (2016 :RM55,095,827) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and Section 8A of the Housing Development Account (Control and Licensing) Sabah Act, 1978.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Three months to 31/3/2017 RM'000	Unaudited Three months to 31/3/2016 RM'000
Cash flows from operating activities		
Cash receipts from customers	757,722	666,510
Cash payments to suppliers	(396,095)	(440,842)
Cash payments to employees and for expenses	(415,935)	(338,659)
Cash used in operations	(54,308)	(112,991)
Interest paid	(7,281)	(1,789)
Income tax paid	(27,502)	(18,677)
Net cash flow used in operating activities	(89,091)	(133,457)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	288	-
Net settlement from forward hedging contract	(196)	(15)
Investment in associates	-	(400)
Advances to joint ventures	(1,464)	-
Net proceeds from withdrawal of short term investments	28,779	142,960
Interest received	2,679	3,882
Settlement of remaining consideration for the acquisition of a subsidiary	(19,110)	-
Purchase of property, plant and equipment	(18,702)	(11,825)
Net cash flow (used in)/generated from investing activities	(7,726)	134,602
Cash flows from financing activities		
Proceeds from issuance of ordinary shares to non-controlling interests	15,814	1,650
Repayment of finance lease	(1,486)	(1,894)
Drawdown of borrowings	16,842	3,084
Repayment of borrowings	(28,822)	(13,498)
Dividend paid	-	(122,025)
Placement of fixed deposits	(46,189)	(7)
Net cash flow used in financing activities	(43,841)	(132,690)
Net decrease in cash and cash equivalents	(140,658)	(131,545)
Net foreign exchange difference	1,801	(15,695)
Cash and cash equivalents as at beginning of financial period	512,161	517,742
Cash and cash equivalents as at end of financial period	373,304	370,502

(a)

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

	Unaudited As at 31/3/2017 RM'000	Unaudited As at 31/3/2016 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	351,668	158,974
Fixed deposits with licensed banks	160,798	236,902
Fixed deposits with other financial institutions	10,000	-
Cash, bank balances and deposits	522,466	395,876
Less: Fixed deposits on lien	(15,868)	(15,803)
Less: Fixed deposits pledged	(6,454)	(440)
Less: Cash and fixed deposit restricted in usage	(121,971)	-
Less: Bank overdrafts	(4,869)	(9,131)
	373,304	370,502

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

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	← Attributable to owners of the parent →					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable				Retained earnings RM'000			
	Share capital RM'000	Share premium RM'000	Merger relief reserve RM'000	Other reserves RM'000				
Three months to 31 March 2017 (unaudited)								
Balance as at 1 January 2017	207,906	60,168	313,856	78,149	708,785	1,368,864	168,929	1,537,793
Profit for the period	-	-	-	-	27,283	27,283	2,833	30,116
Other comprehensive income/(loss)	-	-	-	7,077	-	7,077	(377)	6,700
Total comprehensive income for the period	-	-	-	7,077	27,283	34,360	2,456	36,816
Dilution of interest in a subsidiary	-	-	-	-	12,542	12,542	3,272	15,814
Balance as at 31 March 2017	<u>207,906</u>	<u>60,168</u>	<u>313,856</u>	<u>85,226</u>	<u>748,610</u>	<u>1,415,766</u>	<u>174,657</u>	<u>1,590,423</u>

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

	← Attributable to owners of the parent →				Total	Non-controlling interests	Total equity
	Non-distributable						
	Share capital	Merger relief reserve	Other reserves	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Three months to 31 March 2016 (unaudited)							
Balance as at 1 January 2016	203,375	313,856	69,259	753,379	1,339,869	188,222	1,528,091
Profit for the period	-	-	-	20,494	20,494	(969)	19,525
Other comprehensive income/(loss)	-	-	(24,025)	-	(24,025)	(12,185)	(36,210)
Total comprehensive income for the period	-	-	(24,025)	20,494	(3,531)	(13,154)	(16,685)
Issuance of ordinary shares to non-controlling interests	-	-	-	-	-	1,650	1,650
Dividends	-	-	-	(122,025)	(122,025)	-	(122,025)
Balance as at 31 March 2016	<u>203,375</u>	<u>313,856</u>	<u>45,234</u>	<u>651,848</u>	<u>1,214,313</u>	<u>176,718</u>	<u>1,391,031</u>

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

1. Accounting policies and methods of computation

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

	Effective for the financial period beginning on or after
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to FRSs 2014-2016 Cycle - Amendments to FRS12: Disclosure of Interests in Other Entities	1 January 2017

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

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

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

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

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

2. Audit report in respect of the 2016 financial statements

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

3. Seasonal or cyclical factors

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

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

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

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

5. Material changes in estimates used

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

6. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 31 March 2017.

7. Dividend

For the financial year ended 31 December 2016, the Directors have proposed a single tier final dividend of 7.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM58,213,682 for shareholders' approval at the forthcoming Annual General Meeting, and if approved to be paid on 21 June 2017.

No interim dividend is declared for the current period 31 March 2017 (2016: nil).

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

8. **Operating Segments**

Operating Segment information for the current financial period ended 31 March 2017 is as follows:

By operating segment

	Consultancy	← Healthcare	Services Infra	→ Real Estate	Solutions	Property Development	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue									
External revenue	383,241	217,532	132,186	35,892	-	169	-	-	769,020
Inter-segment revenue	4,355	-	7,188	1,065	1,213	-	8,055	(21,876)	-
Total Revenue	387,596	217,532	139,374	36,957	1,213	169	8,055	(21,876)	769,020
Results									
Segment results	17,972	22,473	18,977	6,414	(987)	(1,702)	(5,075)	(7,602)	50,470
Finance costs	(2,011)	(118)	(111)	(2,021)	-	-	(5,591)	-	(9,852)
Share of results of associates	-	4,470	-	1,368	-	-	-	-	5,838
Share of results of joint ventures	781	-	-	-	-	-	-	-	781
Profit/(loss) before tax	16,742	26,825	18,866	5,761	(987)	(1,702)	(10,666)	(7,602)	47,237
Income tax	(8,317)	(4,465)	(4,276)	(961)	-	-	766	132	(17,121)
Profit/(loss) for the period	8,425	22,360	14,590	4,800	(987)	(1,702)	(9,900)	(7,470)	30,116
Attributable to:									
Owners of the parent	5,891	22,213	14,590	4,861	(987)	(1,593)	(10,166)	(7,526)	27,283
Non-controlling interests	2,534	147	-	(61)	-	(109)	266	56	2,833
Profit/(loss) for the period	8,425	22,360	14,590	4,800	(987)	(1,702)	(9,900)	(7,470)	30,116

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

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature that have arisen since 31 March 2017 to the date of this announcement which would substantially affect the financial results of the Group for the three months ended 31 March 2017 that have not been reflected in the condensed financial statements.

10. Changes in the composition of the Group

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

11. Contingent liabilities

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

12. Capital commitments

There are no material capital commitments except as disclosed below:

	RM'000
Approved and contracted for	69,636
Approved but not contracted for	32,822

13. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2017 RM'000	31/3/2016 RM'000	31/3/2017 RM'000	31/3/2016 RM'000
Current income tax				
- Malaysian income tax	7,577	5,346	7,577	5,346
- Foreign tax	6,095	3,036	6,095	3,036
Under provision in prior years				
- Malaysian income tax	22	-	22	-
	13,694	8,382	13,694	8,382
Deferred tax				
- Relating to origination and reversal of temporary difference	3,427	(1,413)	3,427	(1,413)
- Under provision in prior years	-	49	-	49
	3,427	(1,364)	3,427	(1,364)
	17,121	7,018	17,121	7,018

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

14. 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.

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

15. Borrowings and debt securities

Details of Group borrowings and debt securities as at 31 March 2017 are as follows:

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Bank borrowings</u>						
Domestic	131,106	-	131,106	36,902	10,000	46,902
Foreign						
- Australian Dollar	-	49,075	49,075	-	2,066	2,066
- New Zealand Dollar	5,907	-	5,907	4,581	-	4,581
- Euro	-	-	-	-	25	25
- Canadian Dollar	168	76,197	76,365	765	657	1,422
- British Pound	-	43,747	43,747	-	2,121	2,121
- Taiwan Dollar	-	-	-	11,498	-	11,498
- Singapore Dollar	449,162	-	449,162	134,283	-	134,283
TOTAL	586,343	169,019	755,362	188,029	14,869	202,898

16. Derivatives

Details of outstanding derivatives as at 31 March 2017 are as follows:

	Contract/ Notional value	Fair value	
		Assets	Liabilities
		RM'000	RM'000
Types of derivatives			
Forward exchange rate contract:			
- due within 12 months (net settled)	32,070	297	877
- due 12 to 24 months (net settled)	68,186	84	495
Interest rate swap:			
- due 12 to 24 months (net settled)	14,916	-	246
Cross currency profit rate swap:			
- due 12 to 24 months (net settled)	212,795	1,335	-

17. 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.

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

18. Breakdown of realised and unrealised profits or losses

	As at end of current quarter 31/3/2017 RM'000	As at preceding financial year end 31/12/2016 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	995,589	942,982
- Unrealised	(7,016)	11,719
	<u>988,573</u>	<u>954,701</u>
Total share of retained earnings from associates - Realised	27,964	22,126
Total share of accumulated losses from joint ventures - Realised	(7,711)	(8,492)
	<u>1,008,826</u>	<u>968,335</u>
Consolidation adjustments	(260,216)	(259,550)
Total group retained earnings as per consolidated financial statements	<u>748,610</u>	<u>708,785</u>

19. Material litigation

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

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

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

In the previous case management fixed on 28 February 2017 EKICSB had filed its application to stay this proceeding pending conclusion of its arbitration claim against RMSB. After exchanges of written submissions between the parties, EKICSB's application for stay was heard on the 21 April 2017 whereby the Court gave its view that it has no discretion to grant an order to direct the dispute under this proceeding to be consolidated under Section 10(2) of the Arbitration Act 2005 with the ongoing arbitration claim initiated by EKICSB. The Court informed RMSB that it may file an application to the Court for a declaration that the disputes to be consolidated and be heard by a single and same arbitrator. RMSB is in consultation with its legal advisers to pursue the next course of actions pursuant to the aforesaid.

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

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

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

In the Case Management dated 20 April 2017 Edgenta PROPEL's solicitors had informed the Court of the demise of its witness and the replacement witness had been identified. The Court fixed this case for assessment of damages hearing on 22 and 23 June 2017.

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

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

	Current quarter 31/3/2017 RM'000	Immediate preceding quarter 31/12/2016 RM'000	Variance RM'000	Variance %
Revenue:				
Consultancy	383,241	405,695	(22,454)	(5.5)
Services				
Healthcare	217,532	138,485	79,047	57.1
Infra	132,186	258,727	(126,541)	(48.9)
Real Estate	35,892	48,051	(12,159)	(25.3)
Solutions	-	214	(214)	(100.0)
Property Development	169	5,794	(5,625)	(97.1)
Group	769,020	856,966	(87,946)	(10.3)

Profit Before Tax:

Consultancy	16,742	(8,718)	25,460	>100.00
Services				
Healthcare	26,825	9,713	17,112	>100.0
Infra	18,866	39,274	(20,408)	(52.0)
Real Estate	5,761	6,104	(343)	(5.6)
Solutions	(987)	771	(1,758)	>(100.0)
Property Development	(1,702)	(1,504)	(198)	(13.2)
Others/Elimination	(18,268)	(25,306)	7,038	27.8
Group	47,237	20,334	26,903	>100.0

The Group's revenue for the current quarter of RM769.0 million was RM87.9 million or 10.3% lower than the preceding quarter of RM857.0 million.

- Infra Services ("IS") Division recorded lower revenue by RM126.5 million mainly due to the lower civil and pavements works carried out for the North-South Expressway as well as lower pavement works for Senai Desaru Expressway.
- Consultancy Division recorded lower revenue by RM22.5 million mainly due to the completion of the Light Rail Transit 2 project in 2016.
- Real Estate Services ("RES") Division recognized lower revenue by RM12.2 million mainly due to the delay in asset development works at Memorial Tun Hussein Onn, Silteira Malaysia and the Prime Minister Office.
- Property Division recorded lower revenue by RM5.6 million due to the completion of work for Chymes@Gurney, Kuala Lumpur in January 2017.
- Healthcare Services ("HS") Division recognized higher revenue by RM79.0 million mainly due to the contribution from the new subsidiary, Asia Integrated Facility Solutions Pte Ltd ("AIFS").

The Group recorded profit before tax ("PBT") for the current quarter of RM47.2 million, as compared to RM20.3 million in the preceding quarter.

- HS Division recorded higher PBT by RM17.1 million mainly due to the higher revenue as explained above.
- Consultancy Division recorded PBT of RM16.7 million for the current quarter, as compared to loss before tax ("LBT") of RM8.7 million in the immediate preceding quarter. In the immediate preceding quarter, the Division recognised impairment loss on goodwill of RM42.5 million on its Canadian operations.
- IS and RES Division recorded lower PBT by RM20.4 million and RM0.3 million respectively mainly due to the lower revenue as explained above.
- Solutions Division recorded LBT of RM1.0 million as compared to PBT of RM0.8 million in the immediate preceding quarter due to lower inter-segment revenue recognised.
- Property Division recorded higher LBT of RM0.2 million mainly due to the lower revenue as explained above.

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

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

	Current year quarter 31/3/2017 RM'000	Preceding year corresponding quarter 31/3/2016 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Consultancy	383,241	365,489	17,752	4.9
Services				
Healthcare	217,532	101,840	115,692	>100.0
Infra	132,186	172,806	(40,620)	(23.5)
Real Estate	35,892	3,792	32,100	>100.0
Property Development	169	7,889	(7,720)	(97.9)
Group	769,020	651,816	117,204	18.0

Profit Before Tax:

Consultancy	16,742	3,016	13,726	>100.0
Services				
Healthcare	26,825	17,089	9,736	57.0
Infra	18,866	10,057	8,809	87.6
Real Estate	5,761	645	5,116	>100.0
Solutions	(987)	(507)	(480)	(94.7)
Property Development	(1,702)	1,651	(3,353)	>(100.0)
Others/Elimination	(18,268)	(5,408)	(12,860)	>(100.0)
Group	47,237	26,543	20,694	78.0

The Group's revenue for the current quarter of RM769.0 million was higher by RM117.2 million as compared to RM651.8 million in the corresponding quarter last year.

- HS Division recorded higher revenue by RM115.7 million mainly due to the contribution from the new subsidiary, AIFS.
- Consultancy Division registered higher revenue by RM17.8 million mainly due to the strengthening of NZD against MYR resulted in a favourable impact to revenue, coupled with higher revenue from Malaysia operations.
- RES Division recorded higher revenue by RM32.1 million mainly due to the contribution from the new subsidiary, KFM Holdings Sdn Bhd, ("KFM"),
- IS Division recognised lower revenue with the completion of North-South Expressway fourth lane widening works as well as lower pavement works for Senai Desaru Expressway.
- Property Division recorded lower revenue by RM7.7 million mainly due to the completion of works for Chymes@Gurney, Kuala Lumpur in January 2017.

The Group's current quarter PBT of RM47.2 million was higher by RM20.7 million as compared to RM26.5 million in the corresponding quarter last year.

- Consultancy, HS and RES Division recorded higher PBT mainly due to the higher revenue as explained above.
- IS Division recorded higher PBT by RM8.8 million mainly due to reversal of impairment on trade receivables of RM2.4 million and reversal of provision on staff related cost of RM1.9 million. In the preceding quarter, the Division recognised certain one-off provision.
- Property Division recorded LBT of RM1.7 million mainly due to lower revenue as explained above.

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

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

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/3/2017 RM'000	Preceding year corresponding quarter 31/3/2016 RM'000	Three months to 31/3/2017 RM'000	Three months to 31/3/2016 RM'000
<u>Net operating profit after tax computation:</u>				
Earnings before interest and tax	46,978	20,177	46,978	20,177
Adjusted tax	(11,275)	(4,842)	(11,275)	(4,842)
Net operating profit after tax	35,703	15,335	35,703	15,335
<u>Economic charge computation:</u>				
Average invested capital	2,011,611	1,141,936	2,011,611	1,141,936
Weighted average cost of capital ("WACC")	8.0%	9.5%	8.0%	9.5%
Economic charge	40,232	27,121	40,232	27,121
Economic loss	(4,529)	(11,786)	(4,529)	(11,786)

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.

Economic loss ("EL") of RM4.5 million is lower by RM7.3 million as compared to the preceding year corresponding quarter of RM11.8 million mainly due to higher earnings before interest and tax ("EBIT") recorded in the current quarter.

23. **Prospects for the current financial year**

Although the global economy has yet to pick up significantly in 2017, UEM Edgenta Berhad ("Company") believes that it is in a stronger position to deliver positive results for the year. Its asset consultancy business is expected to improve significantly in 2017 and with the acquisition of both AIFS and KFM and the establishment of township management services in 2016, the Company is optimistic to see improved financial performance in 2017.

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

24. Profit forecast

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

25. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2017 RM'000	31/3/2016 RM'000	31/3/2017 RM'000	31/3/2016 RM'000
Basic earnings per share				
Profit attributable to Owners of the Parent	27,283	20,494	27,283	20,494
Weighted average number of ordinary shares in issue ('000)	831,624	813,501	831,624	813,501
Basic earnings per share	3.28 sen	2.52 sen	3.28 sen	2.52 sen

Kuala Lumpur
22 May 2017

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