

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Nine	Nine
	quarter	corresponding	months to	months to
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	571,875	482,907	1,594,025	1,433,248
(b) Cost of sales	(489,956)	(430,382)	(1,368,425)	(1,267,396)
(c) Gross profit	81,919	52,525	225,600	165,852
(d) Other income	6,756	7,462	23,170	48,570
(e) Expenses	(70,350)	(72,463)	(201,118)	(218,430)
(f) Finance costs	(5,236)	(5,785)	(15,966)	(18,143)
(g) Share of results of associates	2,629	3,110	13,612	10,985
(h) Profit/(loss) before tax	15,718	(15,151)	45,298	(11,166)
(i) Income tax	(7,004)	(4,259)	(22,184)	(23,424)
(j) Profit/(loss) for the period	8,714	(19,410)	23,114	(34,590)
Attributable to:				
(k) Owners of the parent	9,145	(19,012)	21,972	(34,770)
(l) Non-controlling interests	(431)	(398)	1,142	180
Profit/(loss) for the period	8,714	(19,410)	23,114	(34,590)
2 Earnings per share based on 1(l) above (Note 26):				
Basic	1.10 sen	(2.29) sen	2.64 sen	(4.18) 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
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Incorporated in Malaysia

(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Nine	Nine
	quarter	corresponding	months to	months to
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the period	8,714	(19,410)	23,114	(34,590)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	2,819	(10,160)	12,197	502
Exchange differences reclassified to profit or loss	-	-	-	(19,254)
Total other comprehensive income/(loss) for the period, net of tax	<u>2,819</u>	<u>(10,160)</u>	<u>12,197</u>	<u>(18,752)</u>
Total comprehensive income/(loss) for the period	<u>11,533</u>	<u>(29,570)</u>	<u>35,311</u>	<u>(53,342)</u>
Attributable to:				
Owners of the parent	11,941	(29,035)	34,058	(53,754)
Non-controlling interests	<u>(408)</u>	<u>(535)</u>	<u>1,253</u>	<u>412</u>
	<u>11,533</u>	<u>(29,570)</u>	<u>35,311</u>	<u>(53,342)</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 quarter 30/9/2021 RM'000	Preceding year corresponding quarter 30/9/2020 RM'000	Nine months to 30/9/2021 RM'000	Nine months to 30/9/2020 RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(911)	(1,003)	(3,106)	(3,221)
Accretion of interest on concession receivable	(4,817)	(4,435)	(14,282)	(13,825)
Dividend from short term investment	(148)	(164)	(488)	(975)
Loss/(gain) on disposal of property, plant and equipment	98	(771)	105	(37)
Net foreign exchange loss/(gain)	35	(18)	211	(19,527)
Net impairment on trade receivables	-	(7)	14	14,934
Interest expense	4,870	5,433	14,830	16,971
Depreciation and amortisation	17,716	22,148	58,203	61,108
Staff rationalisation cost	9,374	-	11,639	-
Impairment on completed property inventories	-	50,000	-	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 30/9/2021 RM'000	As at preceding financial year end 31/12/2020 RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	178,031	193,678
	Right-of-use assets	40,014	40,827
	Land held for property development	477	477
	Intangible assets	706,939	718,349
	Investment in associates	95,902	85,203
	Other investments	232	232
	Trade and other receivables	118,418	119,992
	Contract related assets	61,290	67,751
	Deferred tax assets	10,676	8,960
		1,211,979	1,235,469
2	Current assets		
	Inventories	67,164	77,865
	Trade and other receivables	583,208	460,013
	Contract related assets	233,718	293,351
	Tax recoverable	63,128	50,854
	Short term investments	32,179	11,799
	Cash, bank balances and deposits	596,179	678,002
		1,575,576	1,571,884
	Total assets	2,787,555	2,807,353

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

	As at end of current quarter 30/9/2021 RM'000	As at preceding financial year end 31/12/2020 RM'000
EQUITY AND LIABILITIES		
3	Equity attributable to Owners of the Parent	
	268,074	268,074
	313,856	313,856
	(4,254)	(16,340)
	934,118	935,082
	1,511,794	1,500,672
4	3,303	8,590
	1,515,097	1,509,262
5	Non-current liabilities	
	2,518	2,518
	970	937
	3,418	2,891
	310,728	318,704
	27,023	27,768
	1,446	1,659
	47,136	44,126
	393,239	398,603
6	Current liabilities	
	877	877
	1,620	1,620
	163,120	164,450
	10,221	9,807
	640,306	668,935
	37,235	30,663
	25,840	23,136
	879,219	899,488
	1,272,458	1,298,091
	2,787,555	2,807,353
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	
	1.82	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 RM25,504,047 (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

	Nine months to 30/9/2021 RM'000	Nine months to 30/9/2020 RM'000
Cash flows from operating activities		
Cash receipts from customers	1,705,304	1,661,329
Cash payments to suppliers	(736,852)	(709,718)
Cash payments to employees and for expenses	(922,744)	(884,539)
Cash generated from operations	45,708	67,072
Interest paid	(11,306)	(13,666)
Income tax and zakat paid	(28,809)	(34,717)
Net cash flows generated from operating activities	5,593	18,689
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	121	3,698
Proceeds from disposal of an associate	-	58
Proceeds from disposal of other investment	-	40
Acquisition of non-controlling interests in subsidiary companies	(27,209)	(28,210)
Net (placement)/withdrawal from short term investments	(19,827)	25,579
Interest received	2,952	3,318
Dividend received from associates	4,292	5,360
Payment of deferred consideration	(2,912)	-
Purchase of property, plant and equipment	(29,067)	(19,156)
Net cash flows used in investing activities	(71,650)	(9,313)
Cash flows from financing activities		
Draw down of borrowings	81,557	50,291
Repayment of borrowings	(98,504)	(85,678)
Repayment of lease liabilities	(5,763)	(4,084)
Dividend paid to shareholders of the Company	-	(66,530)
Dividend paid to non-controlling shareholders of subsidiaries	(1,917)	-
Net (placement)/withdrawal of fixed deposits	(10,359)	2,795
Net cash flows used in financing activities	(34,986)	(103,206)
Net decrease in cash and cash equivalents	(101,043)	(93,830)
Net foreign exchange difference	7,577	1,125
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)	545,340	446,264
	As at 30/9/2021 RM'000	As at 30/9/2020 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	410,553	315,262
Fixed deposits with licensed banks	185,626	150,030
Cash, bank balances and deposits	596,179	465,292
Less: Fixed deposits pledged and lien	(50,839)	(19,028)
	545,340	446,264

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-distributable →		Distributable				
	Share capital	Capital reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Nine months to 30 September 2021							
Balance as at 1 January 2021	268,074	313,856	(16,340)	935,082	1,509,672	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	268,074	313,856	(4,254)	934,118	1,511,794	3,303	1,515,097

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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			
Nine months to 30 September 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	-	-	-	(34,770)	(34,770)	180	(34,590)
Other comprehensive income	-	-	(18,984)	-	(18,984)	232	(18,752)
Total comprehensive income for the period	-	-	(18,984)	(34,770)	(53,754)	412	(53,342)
Dividends paid to shareholders of the Company	-	-	-	(66,530)	(66,530)	-	(66,530)
Put options granted to non-controlling interests of a subsidiary	-	-	1,760	-	1,760	(1,760)	-
Settlement of put option granted to non-interests of a subsidiary	-	-	(2,315)	2,315	-	-	-
Balance as at 30 September 2020	<u>268,074</u>	<u>313,856</u>	<u>(16,124)</u>	<u>887,703</u>	<u>1,453,509</u>	<u>11,042</u>	<u>1,464,551</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
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest rate benchmark reform - phase 2	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 period ended 30 September 2021 except for the staff rationalisation cost incurred amounting to RM11.6 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, shares held as treasury shares and resale of treasury shares for the current financial period ended 30 September 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 Company did not pay any dividend during the current financial period ended 30 September 2021.

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

10. Operating Segments

Operating Segment information for the nine-month period ended 30 September 2021 is as follows:

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

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 nine-month period ended 30 September 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	885,038	102,828	377,673	68,121	(412)	-	1,433,248
Inter-segment revenue	2,776	7,188	-	1,702	60,093	(71,759)	-
Total Revenue	887,814	110,016	377,673	69,823	59,681	(71,759)	1,433,248
Results							
EBITDA	56,090	15,614	35,446	5,808	(59,770)	(481)	52,707
Depreciation and amortisation	(24,398)	(1,150)	(10,140)	(980)	(22,800)	(1,640)	(61,108)
EBIT	31,692	14,464	25,306	4,828	(82,570)	(2,121)	(8,401)
Interest income	830	33	994	116	1,248	-	3,221
Interest expense	(783)	(3,845)	(31)	(14)	(12,898)	600	(16,971)
Share of results of associates	7,670	3,119	-	196	-	-	10,985
Profit/(loss) before tax	39,409	13,771	26,269	5,126	(94,220)	(1,521)	(11,166)
Income tax	(10,553)	(2,436)	(8,921)	(1,239)	1,681	(1,956)	(23,424)
Profit/(loss) for the period	28,856	11,335	17,348	3,887	(92,539)	(3,477)	(34,590)

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 2021 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 September 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. was incorporated as a wholly-owned subsidiary of Edgenta PROPEL Berhad, which in turn is a wholly-owned subsidiary of the Company.
- 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.

13. Capital commitments

There are no material capital commitments except as disclosed below:

	As at 30/9/2021 RM'000	As at 31/12/2020 RM'000
Approved and contracted for	13,246	8,348
Approved but not contracted for	73,407	89,413

14. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/9/2021 RM'000	Preceding year corresponding quarter 30/9/2020 RM'000	Nine months to 30/9/2021 RM'000	Nine months to 30/9/2020 RM'000
Current income tax				
- Malaysian income tax*	3,312	(2,478)	9,896	11,454
- Foreign tax	3,991	3,667	12,508	10,083
Under/(over) provision in prior years				
- Malaysian income tax	-	2,421	156	2,421
	7,303	3,610	22,560	23,958
Deferred tax				
- Relating to origination and reversal of temporary difference	(299)	608	(376)	(93)
- Under provision in prior years	-	41	-	(441)
	(299)	649	(376)	(534)
Income tax expense	7,004	4,259	22,184	23,424

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

14. Income tax (Contd.)

*The Malaysian income tax for the previous year's corresponding quarter is negative due to adjustment of over-provision of current year income tax estimates in prior quarter. As at 30 September 2020, the Group has provided a total provision of RM11.5 million.

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 30 September 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	60,800	249,928	310,728	12,537	57,249	69,786
Foreign						
- Singapore Dollar	-	-	-	19,455	-	19,455
- Taiwan Dollar	-	-	-	73,879	-	73,879
TOTAL	60,800	249,928	310,728	105,871	57,249	163,120

Details of Group borrowings and debt securities as at 31 December 2020 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	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 30 September 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 on 15 June 2021 to be on 21 July 2021 which was later rescheduled to 25 August 2021 and further rescheduled to 7 October 2021 which on the said date, the Court has fixed the hearing to be on 10 November 2021.

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, on 16 August 2021, the Court fixed further case management date on 15 September 2021.

On 15 September 2021, the Court fixed the Winding Up hearing to be on 13 October 2021.

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

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)

HBT further filed Affidavit in Opposition to oppose PROPEL’s Winding Up Petition on 5 October 2021 and PROPEL responded via Affidavit in Reply on 11 October 2021. HBT further filed a Stay Application on the Winding Up Petition on 1 October 2021 and PROPEL also responded via Affidavit in Reply on 18 October 2021.

Due to this, the Winding Up hearing which was fixed on 13 October 2021 is now adjourned, pending the outcome of the Judicial Management Application. HBT also filed an application to object PROPEL’s Intervener Application on 3 November 2021. Both of the case management were fixed on 15 November 2021.

However, on 15 November 2021, the Court adjourned the hearing for Judicial Management Application until both PROPEL’s Intervener Application, and HBT’s Objection to PROPEL’s Intervener Application are decided. The Court directs both PROPEL and HBT to file their Affidavit in Reply, and the Decision for both applications are fixed on 25 January 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.

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.

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.

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.)

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.

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 and currently pending assessment by the SCIT. The next Mention is fixed on 24 February 2022.

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 and subsequently on 18 August 2021 filed in an application 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 and stay). The High Court denied these applications on 20 October 2021. Subsequently, on 18 November 2021 the IRB applied to the Court of Appeal for a stay of the JR substantive proceedings, which will be heard on 28 January 2022.

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.

- (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. The leave hearing is scheduled to be on 14 February 2022. Meanwhile, the High Court has allowed EPB's application for an interim stay until 14 February 2022, the date of the leave hearing.

Based on our tax solicitor's opinion, EPB 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)

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

	Current quarter 30/9/2021 RM'000	Immediate preceding quarter 30/6/2021 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Asset Management				
- Healthcare Support	359,545	335,467	24,078	7.2
- Property and Facility Solutions	36,323	35,855	468	1.3
Infrastructure Solutions				
- Infrastructure Services	149,255	141,418	7,837	5.5
- Asset Consultancy	18,588	20,337	(1,749)	(8.6)
Others	8,164	5,523	2,641	47.8
	571,875	538,600	33,274	6.2

Profit/(Loss) Before Tax:

Asset Management				
- Healthcare Support	28,093	17,267	10,826	62.7
- Property and Facility Solutions	(1,590)	3,440	(5,030)	>(100.0)
Infrastructure Solutions				
- Infrastructure Services	2,699	11,639	(8,940)	(76.8)
- Asset Consultancy	(2,605)	(7,911)	5,306	(67.1)
Others/Elimination	(10,878)	(10,767)	(111)	1.0
	15,718	13,668	2,050	15.0

The Group's revenue for the current quarter of RM571.8 million was RM33.2 million or 6.2% higher than the immediate preceding quarter's RM538.6 million, mainly due to the following:

- **Asset Management**
Revenue from Asset Management Segment recorded a net increase of RM24.5 million, mainly contributed by new revenue streams from Covid related business and additional billable works performed in Malaysia by Healthcare Support in this quarter. The revenue generated by Property and Facility Solutions ("PFS") division is fairly consistent to the previous quarter.
- **Infrastructure Solutions**
Infrastructure Solutions Segment recorded higher revenue by RM6.1 million, mainly due to higher pavement work order and other billable works done for expressway in Malaysia and Indonesia by Infrastructure Services ("IS") division. The revenue generated by Asset Consultancy ("AC") division is consistent to the previous quarter.

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 recorded profit before tax ("PBT") for the current quarter of RM15.7 million, an increase of RM2.0 million compared to the immediate preceding quarter's profit before tax ("PBT") of RM13.7 million, contributed by the below:

- **Asset Management**
Asset Management's PBT increased by RM5.8 million, due to higher PBT for HS division by RM10.8 million, set-off against one-off losses in PFS' division, in the current quarter. Higher PBT for HS division was primarily due to higher profits from new Covid related business whereas the decrease of PFS' result is due to one-off adjustment in cost due to project closure.
- **Infrastructure Solutions**
IS recorded a net decrease of PBT by RM3.6 million. The decrease of PBT for IS amounted to RM8.9 million due to staff rationalisation cost incurred in the current quarter, in-line with the streamlining of the business for improved efficiency. This is mitigated by lower loss before tax incurred by AC, as there was one-off staff rationalisation cost amounted to RM2.3 million in the previous quarter.

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

	Current quarter 30/9/2021 RM'000	Preceding year corresponding quarter 30/9/2020 RM'000	Variance RM'000	Variance %	Nine months to 30/9/2021 RM'000	Nine months to 30/9/2020 RM'000	Variance RM'000	Variance %
Revenue:								
Asset Management:								
- Healthcare Support	359,545	319,656	39,889	12.5	1,004,533	885,038	119,495	13.5
- Property and Facility Solutions	36,323	33,910	2,413	7.1	114,825	102,828	11,997	11.7
Infrastructure Solutions:								
- Infrastructure Services	149,255	109,434	39,821	36.4	400,022	377,673	22,349	5.9
- Asset Consultancy	18,588	21,170	(2,582)	(12.2)	58,525	68,121	(9,596)	(14.1)
Others	8,164	(1,263)	9,427	>(100.0)	16,120	(412)	16,532	>(100.0)
	571,875	482,907	88,968	18.4	1,594,025	1,433,248	160,777	11.2
Profit/(Loss) Before Tax:								
Asset Management:								
- Healthcare Support	28,093	11,805	16,288	>100.0	65,191	39,409	25,782	65.4
- Property and Facility Solutions	(1,590)	290	(1,880)	>(100.0)	9,627	13,771	(4,144)	(30.1)
Infrastructure Solutions:								
- Infrastructure Services	2,699	(6,609)	9,308	>(100.0)	20,418	26,269	(5,851)	(22.3)
- Asset Consultancy	(2,605)	(2,981)	376	(12.6)	(14,345)	5,126	(19,471)	>(100.0)
Others/Elimination	(10,878)	(17,656)	6,778	38.4	(35,592)	(95,741)	60,149	62.8
	15,718	(15,151)	30,869	>(100.0)	45,298	(11,166)	56,464	>(100.0)

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 RM571.8 million was higher by RM89.0 million as compared to RM482.9 million in the corresponding quarter last year. For year-to-date, the Group recorded revenue of RM1,594.0 million which is 11.2% higher than RM1,433.2 million recorded for the same period last year as detailed below:

- **Asset Management**
Revenue from Asset Management increased by RM131.5 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 RM12.8 million, mainly due to higher revenue generated from pavement works mitigated by the decrease of revenue from AC due to delay in staff deployment to East Malaysia.

The Group's recorded PBT for the current quarter of RM15.7 million, this is a RM30.9 million increase compared to RM15.1 million loss before tax in the corresponding quarter last year. The Group's PBT for the nine-month period of RM45.3million was RM56.5 million which is an improvement from loss before tax of RM11.2 million recorded in the same period last year as detailed below:

- **Asset Management**
Asset Management shows a net increase in PBT of RM21.6 million, contributed by higher PBT recorded in HS of RM25.7 million, offset by decrease of PBT for PFS by RM4.1 million. Apart from higher revenue, the increase in PBT for HS division is also due to impairment on receivables recorded last year. For PFS, the lower PBT is due to higher operational costs.
- **Infrastructure Solutions**
Infrastructure Solutions' overall PBT deteriorated to a net RM6.0 million, a decrease of RM25.3 million resulted from lower revenue generated in AC and one-off staff rationalisation cost incurred amounting to RM11.6 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 30/9/2021 RM'000	Preceding year corresponding quarter 30/9/2020 RM'000	Nine months to 30/9/2021 RM'000	Nine months to 30/9/2020 RM'000
<u>Net operating profit after tax computation:</u>				
Earnings/(loss) before interest and tax	17,046	(13,831)	43,410	(8,401)
Adjusted tax	(4,091)	3,391	(10,418)	2,016
Net operating profit/(loss) after tax	12,955	(10,440)	32,991	(6,385)
<u>Economic charge computation:</u>				
Average invested capital	1,271,659	1,457,606	1,271,659	1,457,606
Weighted average cost of capital ("WACC")	6.2%	5.7%	6.2%	5.7%
Economic charge	19,711	20,771	59,132	62,313
Economic loss	(6,756)	(31,211)	(26,141)	(68,698)

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 30 September 2021 against the corresponding quarter last year:

Economic loss ("EL") of RM6.7 million improved by RM24.5 million as compared to the preceding year corresponding quarter's EL of RM31.2 million mainly due to improvement in the earnings before interest and tax recorded.

(b) Performance of the current period ended 30 September 2021 against last year:

EL of of RM26.1 million improved by RM42.5 million as compared to the preceding year corresponding quarter's EL of RM68.7 million mainly due to improvement in the earnings before interest and tax recorded.

24. Prospects for the financial year

Overall Prospects

Riding on the ramp up of the National Covid-19 Immunisation Programme under the National Recovery Plan ("NRP"), some movement restrictions were lifted and some economic activities were allowed progressively as the vaccinated rates in certain States hit the threshold targets. Most States have gradually transitioned into subsequent Phases of the NRP towards end of Q3 2021.

The Economic Report 2022 released by the government recently affirmed the projected GDP growth of between 3% and 4% for 2021, bolstered by a gradual reopening of economic and social sectors. As the nation moves into a post-pandemic recovery phase in 2022, the RM332.1 billion expansionary Budget 2022 is formulated to address both near-term economic revitalisation efforts as well as medium-term rebuilding and reform strategies to achieve the aspirations in the Twelfth Malaysia Plan (12MP). The Malaysian economy is projected to grow by 5.5% to 6.5% in 2022, driven by normalization in economic activities, resumption of development projects and strong external demand.

With the expected pent-up demand, consumption and interstate travels for the remaining quarter of FY2021, Edgenta expects a gradual recovery in the operating environment as well as business performance. In the medium term, the Company will continue to remain agile and resilient as it pursues its growth strategy with a focus on new products and solutions, expansion into new geographies and forging regional partnerships.

Prospects by Segment

i. Asset Management

For the nine-month period ending 30th September 2021, the Healthcare Support Services division continued to register strong revenue growth, delivering on existing contracts, while diversifying its solutions beyond traditional healthcare offerings to drive the nation's post-pandemic recovery efforts. On the regional front, the division is actively looking for opportunities to move into higher value-added services in its existing markets in Singapore and Taiwan, while expanding new high growth markets such as Saudi Arabia and other Gulf Cooperation Countries ("GCC").

For the Property and Facility Solutions division, while taking a cautious expectation of gradual improvement to asset owners' budgetary constraint situation, the division is actively pursuing more projects in high-value commercial as well as industrial-based buildings with Smart Facilities Management systems as a key differentiator in its offering. Geographically, the Company will look to leverage on its presence in Dubai to further penetrate new markets in the GCC region.

ii. Infrastructure Solutions

Some improvement in interstate travels was demonstrated in Q3 2021 with the gradual reopening of state borders, that has translated to a slight improvement to the financial performance of the Infrastructure Solutions. The increasing traffic volume on the highway as well as revival of some infrastructure projects such as the recent launch of four new packages of the Pan Borneo Highway would augur well for both Infrastructure Services and Asset Consultancy divisions for the remainder of the year.

25. Profit forecast

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

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2021 RM'000	30/9/2020 RM'000	30/9/2021 RM'000	30/9/2020 RM'000
Profit attributable to Owners of the Parent	9,145	(19,012)	21,972	(34,770)
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
Basic earnings per share	1.10 sen	(2.29) sen	2.64 sen	(4.18) sen

Kuala Lumpur
 25 November 2021

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