

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

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
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	RM'000	RM'000	RM'000	RM'000
(a) Revenue	721,075	646,212	2,072,111	1,813,097
(b) Cost of sales	(632,120)	(572,409)	(1,806,361)	(1,576,673)
(c) Gross profit	88,955	73,803	265,750	236,424
(d) Other income	7,884	8,127	24,954	22,810
(e) Expenses	(72,581)	(65,304)	(214,580)	(200,437)
(f) Finance costs	(6,534)	(4,682)	(17,698)	(14,555)
(g) Share of results of associates	256	3,177	3,996	11,083
(h) Share of result of a joint venture	-	-	1	-
(i) Profit before tax	17,980	15,122	62,423	55,325
(j) Income tax	(12,733)	(10,709)	(33,808)	(30,702)
(k) Zakat	-	-	(3)	-
(l) Profit for the period	5,247	4,413	28,612	24,623
Attributable to:				
(m) Owners of the parent	5,070	4,590	28,498	24,857
(n) Non-controlling interests	177	(177)	114	(234)
Profit for the period	5,247	4,413	28,612	24,623
Earnings per share based on 1(m) above (Note 25):				
Basic	0.61 sen	0.55 sen	3.43 sen	2.99 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022.

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

I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period	5,247	4,413	28,612	24,623
<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>(7,748)</u>	<u>5,933</u>	<u>33,895</u>	<u>24,791</u>
Total comprehensive income for the period	<u>(2,501)</u>	<u>10,346</u>	<u>62,507</u>	<u>49,414</u>
Attributable to:				
Owners of the parent	(2,668)	10,523	62,396	49,648
Non-controlling interests	<u>167</u>	<u>(177)</u>	<u>111</u>	<u>(234)</u>
	<u>(2,501)</u>	<u>10,346</u>	<u>62,507</u>	<u>49,414</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 2022.

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

Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(2,497)	(589)	(4,960)	(2,006)
Accretion of interest on concession receivable	(3,838)	(4,076)	(11,494)	(12,246)
Accretion of interest on loans and receivables	(918)	(973)	(4,991)	(2,871)
Dividend from short term investment	(12)	(73)	(40)	(221)
Loss/(gain) on disposal of property, plant and equipment	3	-	7	(113)
Net foreign exchange unrealised (gain)/loss	(197)	208	(691)	(789)
Net foreign exchange realised loss/(gain)	198	(485)	87	(245)
(Reversal)/impairment of ECL on trade receivables	3	(2,358)	-	(796)
Receivable written off	516	710	516	710
Interest expense	6,338	4,451	16,958	13,907
Depreciation and amortisation	23,241	17,390	63,650	61,785
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.

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

II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at end of current quarter	As at preceding financial year end
		30/9/2023	31/12/2022
		RM'000	RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	150,081	146,355
	Investment properties	13,800	13,800
	Right-of-use assets	34,383	44,246
	Intangible assets	709,035	700,893
	Investment in associates	69,665	72,346
	Investment in a joint venture	117	116
	Other investments	232	232
	Trade and other receivables	104,402	107,366
	Contract related assets	69,829	73,656
	Deferred tax assets	12,456	12,513
		1,164,000	1,171,523
2	Current assets		
	Inventories	20,452	17,178
	Trade and other receivables	615,043	491,670
	Contract related assets	421,779	359,404
	Tax recoverable	37,861	32,184
	Short term investments	44,262	97,178
	Cash, bank balances and deposits	605,998	609,486
		1,745,395	1,607,100
	Asset of disposal group classified as held for sale	62,431	90,048
	Total assets	2,971,826	2,868,671

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

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

	As at end of current quarter 30/9/2023 RM'000	As at preceding financial year end 31/12/2022 RM'000
EQUITY AND LIABILITIES		
3	Equity attributable to Owners of the Parent	
	268,074	268,074
	313,856	313,856
	57,258	23,066
	971,127	975,894
	1,610,315	1,580,890
4	5,280	3,141
	1,615,595	1,584,031
5	Non-current liabilities	
	3,477	1,046
	719	709
	4,564	4,280
	320,057	331,639
	18,512	28,210
	15,992	10,776
	45,552	47,128
	408,873	423,788
6	Current liabilities	
	1,036	1,036
	1,620	1,620
	188,610	127,111
	12,882	12,744
	684,387	665,385
	30,659	30,777
	26,493	19,008
	945,687	857,681
	1,671	3,171
	1,356,231	1,284,640
	2,971,826	2,868,671
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	
	1.94	1.90

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022.

* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM126,974 (2022: RM125,928) 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.

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

III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine months to 30/9/2023 RM'000	Nine months to 30/9/2022 RM'000
Cash flows from operating activities		
Cash receipts from customers	2,103,398	1,887,799
Cash payments to suppliers	(1,024,546)	(862,737)
Cash payments to employees and for expenses	(1,112,439)	(1,014,619)
Cash used in operations	(33,587)	10,443
Interest paid	(13,839)	(11,582)
Net Income tax and zakat paid	(36,580)	(15,107)
Net cash flows used in operating activities	(84,006)	(16,246)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	64	200
Acquisition of shares in a joint venture	-	(122)
Net withdrawal/(placement) from short term investments	53,945	(40,888)
Interest received	5,229	2,300
Dividend received from associates	6,680	1,600
Purchase of property, plant and equipment	(29,085)	(15,956)
Net cash flows generated from/(used in) investing activities	36,833	(52,866)
Cash flows from financing activities		
Drawdown of borrowings	117,916	397,636
Repayment of borrowings	(69,534)	(344,739)
Repayment of lease liabilities	(9,380)	(5,657)
Dividend paid to shareholders of the Company	(33,265)	(24,949)
Dividend paid to non-controlling shareholders of subsidiaries	-	(150)
Issuance of shares to non-controlling interests in a subsidiary company	466	-
Capital repayment to non-controlling interests of a subsidiary	(3,600)	-
Net placement of pledged fixed deposits	(3,027)	(1,807)
Net cash flows (used in)/generated from financing activities	(424)	20,334
Net decrease in cash and cash equivalents	(47,597)	(48,778)
Net foreign exchange difference	13,069	6,559
Cash and cash equivalents as at beginning of financial period	593,313	554,760
Cash and cash equivalents as at end of financial period (a)	558,785	512,541

	As at 30/9/2023 RM'000	As at 30/9/2022 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	445,127	456,269
Fixed deposits with licensed banks	160,871	104,400
Cash, bank balances and deposits	605,998	560,669
Add: Cash and cash equivalents of disposal group	7,728	-
Less: Cash, bank and fixed deposits pledged and on lien	(54,941)	(48,128)
	558,785	512,541

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022.

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

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		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Nine months to 30 September 2023							
Balance as at 1 January 2023	268,074	313,856	23,066	975,894	1,580,890	3,141	1,584,031
Profit for the period	-	-	-	28,498	28,498	114	28,612
Other comprehensive income	-	-	33,898	-	33,898	(3)	33,895
Total comprehensive income for the period	-	-	33,898	28,498	62,396	111	62,507
Acquisition of a subsidiary	-	-	294	-	294	5,628	5,922
Capital repayment to non-controlling interests of a subsidiary	-	-	-	-	-	(3,600)	(3,600)
Dividends payable to shareholders of the Company	-	-	-	(33,265)	(33,265)	-	(33,265)
Balance as at 30 September 2023	268,074	313,856	57,258	971,127	1,610,315	5,280	1,615,595

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

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

	← Attributable to owners of the parent →			→	Total	Non-controlling interests	Total equity
	Share capital	Non-distributable Capital reserve	Other reserves				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Nine months to 30 September 2022							
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	268,074	313,856	24,675	953,930	1,560,535	3,135	1,563,670

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 2022.

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 2022.

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 2022.

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 2022 except for standards effective for financial periods beginning on or after 1 January 2023 below:

	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts ("MFRS 17") and amendments to MFRS 17	1 January 2023
Amendments to MFRS 108: Accounting policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112: Income Taxes	1 January 2023

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
Amendments to MFRS 16: Leases	1 January 2024
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2024
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 2022 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2022 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 2023.

9. Dividend

The amount of dividend paid by the Company since 31 December 2022 was as follows:

	RM'000
<u>In respect of the financial year ended 31 December 2022:</u>	
Single-tier interim dividend of 4.00 sen per ordinary share, on 831,624,030 ordinary shares, paid on 18 May 2023	<u>33,265</u>

No interim dividend is declared for the current financial period of 30 September 2023.

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

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

10. Operating Segments

Operating Segment information for the financial period ended 30 September 2023 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions				Group
	Property and		Infrastructure	Asset	Others	Elimination	
	Healthcare Support	Facility Solutions					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	1,119,885	160,282	696,716	69,831	25,397	-	2,072,111
Inter-segment revenue	1,011	7,074	-	-	82,483	(90,568)	-
Total Revenue	1,120,896	167,356	696,716	69,831	107,880	(90,568)	2,072,111
Results							
EBITDA	74,143	9,199	58,936	2,030	36,257	(46,491)	134,074
Depreciation and amortisation	(26,927)	(527)	(8,817)	(636)	(25,151)	(1,592)	(63,650)
EBIT	47,216	8,672	50,119	1,394	11,106	(48,083)	70,424
Interest income	1,845	516	757	144	1,698	-	4,960
Interest expense	(4,138)	(2,752)	(5)	(191)	(11,818)	1,946	(16,958)
Share of results of associates	3,893	-	-	103	-	-	3,996
Share of result of a joint venture	-	-	-	1	-	-	1
Profit/(loss) before tax	48,816	6,436	50,871	1,451	986	(46,137)	62,423
Income tax	(12,379)	(1,504)	(13,848)	(407)	(8,431)	2,761	(33,808)
Zakat	(3)	-	-	-	-	-	(3)
Profit/(loss) for the period	36,434	4,932	37,023	1,044	(7,445)	(43,376)	28,612

Notes:

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

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

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 2022 is as follows:

By operating segment

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

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 2023 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 September 2023 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 29 September 2022, Edgenta Arabia Limited ("EAL"), a wholly-owned subsidiary of the Company, had entered into a Share Purchase Agreement and Shareholders Agreement with Mohammed Ibrahim Al-Subeaei and His Sons Investment Company for the investment in MEEM for Facilities Management Company ("MEEM"). The subscription of 60% equity interest in MEEM by EAL was completed on 21 March 2023 and MEEM became a subsidiary of EAL.
- b) On 13 April 2023, Edgenta International Investments L.L.C was incorporated in the United Arab Emirates as an indirect wholly-owned subsidiary of the Company via Edgenta (Singapore) Pte. Ltd.
- c) On 12 September 2023, Edgenta Academy Sdn. Bhd. was incorporated as a wholly-owned subsidiary of the Company.

The above changes in the Group's composition have no material financial impact to the Group for the current period ended 30 September 2023.

13. Capital commitments

There are no material capital commitments except as disclosed below:

	As at 30/9/2023 RM'000	As at 31/12/2022 RM'000
Approved and contracted for	1,408	23,493
Approved but not contracted for	69,541	92,813

14. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2023 RM'000	30/9/2022 RM'000	30/9/2023 RM'000	30/9/2022 RM'000
Current income tax				
- Malaysian income tax	5,253	6,786	15,837	12,994
- Foreign tax	7,586	5,360	19,332	14,695
Underprovision in prior years				
- Malaysian income tax	528	606	541	5,916 ^(a)
- Foreign tax	36	1,441	63	1,441
	13,403	14,193	35,773	35,046
Deferred tax				
- Relating to origination and reversal of temporary difference	(670)	(3,484)	(1,965)	(4,344)
Income tax expense	12,733	10,709	33,808	30,702

^(a) Included in underprovision in prior years is an amount of RM5.3 million recorded resulted from out-of-court settlement reached with Director General of Inland Revenue Board of Malaysia ("DGIR").

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.

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

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

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 2023 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	70,057	250,000	320,057	63,430	85,000	148,430
Foreign						
- Singapore Dollar	-	-	-	-	-	-
- Taiwan Dollar	-	-	-	40,180	-	40,180
TOTAL	70,057	250,000	320,057	103,610	85,000	188,610

Details of Group borrowings and debt securities as at 31 December 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
<u>Borrowings</u>						
Domestic	81,639	250,000	331,639	25,379	52,000	77,379
Foreign						
- Singapore Dollar	-	-	-	-	-	-
- Taiwan Dollar	-	-	-	49,732	-	49,732
TOTAL	81,639	250,000	331,639	75,111	52,000	127,111

17. Derivatives

There are no outstanding derivatives as at 30 September 2023 (31 December 2022: 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 piling and building works in Phase 3 of a mixed development project with 191 3-storey houses. The project is situated at Lot H.S.(D) 107003, PT 21706, Jalan Kepong, Kuala Lumpur. Two separate contracts covered Piling works vide the LoA dated 3 October 2007 (contract sum of RM5,808,790.34) and Building works vide the LoA dated 29 April 2008 (contract sum of RM50,195,455.70).

Regarding the Building Contract, EKICSB served a Notice to Arbitrate against RMSB on 2 December 2016, claiming RM4,018,030.02. The arbitrator, on 15 March 2019, granted EKICSB's claim of RM5,104,567.02 along with interest and costs ("Award").

For the Piling Contract, RMSB initiated arbitration on 24 August 2018 and sought a stay of execution for the Award during the arbitration proceeding.

EKICSB, on the other hand, filed an enforcement application on 8 May 2019 at Kuala Lumpur High Court to enforce the Award, which was allowed on 1 November 2019. Subsequently, a 50% payment was made to EKICSB on 31 December 2019, with the remaining 50% deposited into a stakeholder's account, pending the conclusion of the Piling Contract arbitration.

In the midst of these proceedings, EKICSB challenged the time-bar status of RMSB's Piling Contract arbitration, leading to a pause in the arbitration. The court, on 11 September 2020, ruled that RMSB's claim was not time-barred, allowing the Piling Contract arbitration to proceed.

EKICSB's subsequent appeals to higher courts (Court of Appeal and Federal Court) were both dismissed on 25 April 2022 and 12 January 2023, respectively.

Concurrently, the arbitrator resumed the arbitration, concluding on 26 May 2023, and directed parties to submit written submissions by 15 December 2023.

RMSB's legal team holds the view that the company is likely to prevail in its arbitration, supported by expert opinions from independent engineers who endorsed the claim.

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 initiated legal action against HBT for RM22,527,038.18 pertaining to construction works for a new road project and pavement works in Negeri Sembilan. The amount comprised RM16,117,148.72 for certified but unpaid work and RM6,409,889.46 for uncertified work.

EPB initially succeeded in recovering the certified work, but HBT's appeal to the Court of Appeal on 13 May 2013 reversed this outcome. HBT later proposed a settlement to EPB, agreeing to a payment of RM4,000,000.00, documented as a "Consent Order" on 2 April 2015.

Following a series of legal proceedings, HBT was ordered to pay EPB RM17,472,961.82 ("Assessed Damages") along with interest and costs. Despite subsequent attempts to challenge this decision, the Court of Appeal ultimately dismissed HBT's appeal on 21 May 2020.

EPB initiated winding-up proceedings against HBT on 9 July 2021, aiming to recover the total amount owed. HBT's attempts to challenge this through various legal motions were largely unsuccessful, culminating in the Court's decision to allow EPB's intervention in HBT's Judicial Management Application on 10 March 2022.

Amidst the continuous legal proceedings including appeals and applications, HBT's appeal was ultimately struck off by the Court of Appeal on 9 May 2023.

These events collectively have led to HBT being wound-up on 20 October 2022. EPB has submitted proof of debt documents for the sum of RM28,147,630.41 to establish its claim as an unsecured creditor before the creditors meeting at a date to be determined by the liquidator.

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

19. Material litigation (Contd.)

c) 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.

On 30 November 2022, AZSB has defaulted on making its 1st installment payment as per Consent Judgment. On 1 December 2022, following UEM Edgenta Berhad's Board decision, a letter of demand has been issued to AZSB demanding AZSB to pay EPB the full sum of RM11,050,362.40 plus interest of 5% per annum from 1 December 2022 until the date of final realization within 5 days from 1 December 2022 ("Letter of Demand"). If AZSB failed to do so, EPB will commence winding-up proceedings against AZSB.

On 6 December 2022, AZSB has failed in making the payment to EPB as per the Letter of Demand. On 7 December 2022, EPB has issued a S466 notice to AZSB which AZSB has stated that they received it on 9 December 2022. On 30 December 2022, no payment has been made by AZSB to EPB. On 3 January 2023, EPB has filed a winding-up petition against AZSB in the High Court of Kuala Lumpur.

On 27 January 2023, EPB's winding-up petition against AZSB was withdrawn with liberty to start afresh. Pursuant to AZSB's request, EPB is willing to grant AZSB indulgence in respect of payment of the full sum. AZSB shall pay the sum of RM11,050,362.40 by way of eleven (11) monthly installments from 31 March 2023 to 31 January 2024, together with interest from the original date of payment stated in the Consent Judgment. In the event AZSB fails, neglects and/or defaults in making any of the installment payments together with interest, EPB shall be entitled to take such steps as may be necessary against AZSB, to enforce or execute the Consent Judgment.

As to date, AZSB has been adhering to the outlined instalment plan, mentioned above.

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

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 30/9/2023 RM'000	Immediate preceding quarter 30/6/2023 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Asset Management				
- Healthcare Support	363,288	410,138	(46,850)	(11.4)
- Property and Facility Solutions	60,848	55,374	5,474	9.9
Infrastructure Solutions				
- Infrastructure Services	262,434	212,717	49,717	23.4
- Asset Consultancy	25,881	24,342	1,539	6.3
Others	8,624	16,689	(8,065)	(48.3)
	721,075	719,260	1,815	0.3

Profit/(Loss) Before Tax:

Asset Management				
- Healthcare Support	13,344	21,676	(8,332)	(38.4)
- Property and Facility Solutions	3,745	588	3,157	>100.0
Infrastructure Solutions				
- Infrastructure Services	14,909	15,240	(331)	(2.2)
- Asset Consultancy	504	1,481	(977)	(66.0)
Others/Elimination	(14,522)	(16,976)	2,454	14.5
	17,980	22,009	(4,029)	(18.3)

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 (Cont'd)

The Group's revenue for the current quarter of RM721.1 million was RM1.8 million higher than the immediate preceding quarter's revenue of RM719.3 million. The detailed analysis are as follows:

- Asset Management
The revenue for Asset Management has decreased by RM41.4 million, primarily driven by a reduction in Healthcare Support ("HS") revenue. This decline was partially offset by increased revenue from Property and Facility Solutions ("PFS"). The decrease in HS revenue can be attributed to the completion of one-off work orders in the previous quarter, while the rise in PFS revenue is a result of an uptick in ongoing projects during the current quarter.
- Infrastructure Solutions
The Infrastructure Solutions segment has experienced a revenue boost of RM51.3 million, and this increase can be attributed to the combined performance of both the Infrastructure Services ("IS") and Asset Consultancy ("AC") divisions. The rise in IS revenue is primarily the result of higher ongoing pavement works from previous quarters, while the upswing in AC revenue is mainly due to higher consultancy services rendered.
- Others
The revenue in this segment includes revenue from the newly acquired subsidiary based in the Kingdom of Saudi Arabia and property inventory sale. The decline in revenue, in comparison to the previous quarter, is a result of property inventory sales in the prior period.

The Group's pre-tax profit ("PBT") for the current quarter, amounting to RM18.0 million, marks a 18.3% decrease compared to the RM22.0 million PBT achieved in the preceding quarter. This decline is explained below:

- Asset Management
The Asset Management's PBT recorded an net decrease of RM5.2 million, contributed by the decrease in PBT for HS which is set-off against higher PBT for PFS. Lower PBT from HS is a result of its lower revenue from one-off work orders in previous quarter, whereas the increase of PBT for PFS aligns with its higher revenue.
- Infrastructure Solutions
PBT for Infrastructure Solutions declined by RM1.3 million, caused by lower PBT generated by both IS and AC. The decrease is mainly contributed by margin compression for both divisions.

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

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

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

	Current quarter	Preceding year corresponding quarter	Variance	Variance	Nine months to	Nine months to	Variance	Variance
	30/9/2023	30/9/2022			30/9/2023	30/9/2022		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
<u>Revenue:</u>								
Asset Management:								
- Healthcare Support	363,288	362,907	381	0.1	1,119,885	1,079,938	39,947	3.7
- Property and Facility Solutions	60,848	43,822	17,026	38.9	160,282	108,612	51,670	47.6
Infrastructure Solutions:								
- Infrastructure Services	262,434	212,295	50,139	23.6	696,716	544,654	152,062	27.9
- Asset Consultancy	25,881	26,201	(320)	(1.2)	69,831	77,921	(8,090)	(10.4)
Others	8,624	987	7,637	>100.0	25,397	1,972	23,425	>100.0
	721,075	646,212	74,863	11.6	2,072,111	1,813,097	259,014	14.3
<u>Profit/(Loss) Before Tax:</u>								
Asset Management:								
- Healthcare Support	13,344	620	12,724	>100.0	48,816	52,220	(3,404)	(6.5)
- Property and Facility Solutions	3,745	1,365	2,380	>100.0	6,436	5,417	1,019	18.8
Infrastructure Solutions:								
- Infrastructure Services	14,909	21,598	(6,689)	(31.0)	50,871	36,484	14,387	39.4
- Asset Consultancy	504	1,053	(549)	(52.1)	1,451	2,311	(860)	(37.2)
Others/Elimination	(14,522)	(9,514)	(5,008)	(52.6)	(45,151)	(41,107)	(4,044)	(9.8)
	17,980	15,122	2,858	18.9	62,423	55,325	7,098	12.8

The Group's revenue for the current quarter of RM721.1 million was higher by RM74.9 million as compared to RM646.2 million in the corresponding quarter last year. For the nine-month period, the Group recorded revenue of RM2.1 billion which is 14.3% higher than RM1.8 billion recorded for the same period last year as detailed below:

- **Asset Management**
Revenue from Asset Management increased by RM91.6 million, contributed by higher revenue generated by both HS and PFS due to higher ongoing contracts.
- **Infrastructure Solutions**
Revenue from Infrastructure Solutions increased by RM144.0 million mainly due to higher pavement works performed for expressways by IS. The improvement in this segment is mitigated by lower revenue generated by AC due to lesser consultancy works performed during the period.
- **Others**
The revenue generated includes both the sales of property inventories and revenue from a recently acquired subsidiary located in the Kingdom of Saudi Arabia.

In the current quarter, the Group recorded a PBT of RM18.0 million, showing an increase of RM2.9 million compared to the PBT of RM15.1 million recorded in the corresponding quarter of the previous year. For the nine-month period, the Group's PBT amounted to RM62.4 million, showing an increase of RM7.1 million from the RM55.3 million recorded in the same period last year. The details of PBT are provided below:

- **Asset Management**
The result of Asset Management segment shows a net decrease of RM2.4 million contributed by the decrease of PBT by HS, and mitigated by the improvement of PBT for PFS. The decrease of PBT for HS is due to margin compression whereas the increase of PBT for PFS is aligned with the increase in revenue.
- **Infrastructure Solutions**
Infrastructure Solutions posted better results of RM52.3 million, an increase of RM13.5 million comparing to the same period last year. The increase mainly contributed by higher revenue generated by IS in the current period, partly set-off with slight decrease of PBT generated by AC due to lower revenue generated.

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

22. Economic profit ("EP") statement

	Current year quarter 30/9/2023 RM'000	Preceding year corresponding quarter 30/9/2022 RM'000	Nine months to 30/9/2023 RM'000	Nine months to 30/9/2022 RM'000
<u>Net operating profit after tax computation:</u>				
Earnings before interest and tax ("EBIT")	21,564	15,812	70,424	56,143
Adjusted tax	(5,175)	(3,795)	(16,902)	(13,474)
Net operating profit after tax	16,388	12,017	53,522	42,669
<u>Economic charge computation:</u>				
Average invested capital	1,362,034	1,313,055	1,362,034	1,313,055
Weighted average cost of capital ("WACC")	6.5%	6.0%	6.5%	6.0%
Economic charge	22,133	19,696	66,399	59,087
Economic loss	(5,745)	(7,679)	(12,877)	(16,418)

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 2023 against the corresponding quarter last year

Economic loss ("EL") of RM5.8 million improved by RM1.9 million as compared to the preceding year corresponding quarter's EL of RM7.7 million mainly due to improvement in the earnings before interest and tax recorded.

(b) Performance of the current period ended 30 September 2023 against last year:

EL of RM12.9 million was lower by RM3.5 million as compared to the last year's EL of RM16.4 million mainly due to higher earnings before interest and tax recorded.

23. Prospects for the financial year

Overall Prospects

Over the past years, the Company has laid a strong foundation to enhance resiliency guided by the Edgenta of the Future 2025 ("EoTF2025"). With enhanced product and technology proposition, the Company expanded its footprint to transition into high-growth areas and market, deepen solutions base to its clients. Entering the half mark of EoTF2025, the Company continues to remain steadfast in optimizing delivery models and elevating operational efficiency.

The Company's 9-month results reflect a commendable increase in revenue, underscoring the resilience and adaptability of the Company in navigating a challenging business environment. However, it is imperative to note that profitability continues to be pressured by inflationary forces, competitive business environment and the impact of wages increase in Malaysia and other operating markets. The Company expects market sentiments to remain challenging with a cautious outlook for the remainder of the year.

Recognising the dynamic nature of the industry, the Company is actively sharpening its organizational resilience. This involves strategic initiatives to consolidate the core operations and drive a "fit-for-purpose" organization and continuous focus in winning and retaining customers through value added and high-quality services. Early successes are seen through the growth in the IFM and hospitality business for Singapore and Taiwan, with healthcare support Malaysia also showing strong renewals with existing clients.

To fortify the Company's position in the market, the Company remains focused on investing for growth. Strategic capital allocation and investments in key areas will enable the Company to capitalise on emerging opportunities, ensuring long-term sustainability and value creation for stakeholders.

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

23. Prospects for the financial year (cont'd)

Prospects by Segment

i. Asset Management

The Healthcare Support ("HS") division continues to face margin compression with increased market competition and inflationary pressure impacting labour, energy and material costs. To mitigate the impact on margin compression, HS continues to implement rigorous cost optimisation initiatives, utilising technology, and automated work order management. HS has strategically expanded its service offerings beyond traditional services and will continue to do so not only to retain existing clients but to also cater to a more diverse client base such as the manufacturing and hospitality sectors to foster sustained growth.

The Property and Facility Solutions ("PFS") division is unwavering in its commitment to advancing Facility Management excellence. Beyond traditional services, we prioritise elevating quality, enhancing performance and improving the overall customer experience. PFS is expanding its horizon by integrating Smart Building solutions and enriching the client tech ecosystem, utilizing Asseto as well as our partners' technology capabilities for data driven decision-making, harnessed from sensors and diverse ecosystem of IoT devices. Our focus on data analytics and real-time monitoring also aligns seamlessly with ESG principles, supporting our clients' sustainability agenda. Simultaneously, PFS is actively pursuing initiatives aimed at optimising both cost and operational efficiency. This approach not only ensures continued operational efficiency but also positions PFS at the forefront of industry trends, catering to evolving client needs.

ii. Infrastructure Solutions

Infrastructure Services ("IS") division is experiencing robust revenue growth, primarily driven by steady inflows of maintenance projects for expressways and state roads. With recent new contract wins, the division is strategically prioritising delivery of exceptional services and maintaining high quality execution to sustain its market leadership. Indonesia and Pan Malaysia remain as primary focus for the division to expand its services portfolio. To enhance operational efficiency and counteract inflationary pressures, the division will continue to utilise Road Asset Management System ("RAMS") to streamline processes and reduce cycle times.

Having fortified its resources in East Malaysia and completed a reorganization to boost efficiency, the Asset Consultancy ("AC") division is now primed for a significant business pivot towards becoming a leading provider of energy and sustainability solutions. A pivotal element of this strategic shift is the introduction of RM200 million zero capex model for Sarawak and Peninsular Malaysia, supported by its existing and new strategic partnerships. This places AC in a favourable position to capitalise on emerging green business opportunities stemming from the National Energy Transition Roadmap, alongside various infrastructure and healthcare projects outlined in the Malaysian Budget 2024. Additionally, the division is well positioned to leverage on the infrastructure and green initiatives spearheaded by the Sarawak state, solidifying its role as a key player in the evolving landscape of sustainable solutions and infrastructure development.

24. Profit forecast

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

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

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

25. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2023 RM'000	30/9/2022 RM'000	30/9/2023 RM'000	30/9/2022 RM'000
Profit attributable to Owners of the Parent	5,070	4,590	28,498	24,857
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
Basic earnings per share	0.61 sen	0.55 sen	3.43 sen	2.99 sen

Kuala Lumpur
 28 November 2023

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