

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	697,508	794,501	1,349,324	1,493,787
(b) Cost of sales	<u>(451,811)</u>	<u>(541,676)</u>	<u>(899,535)</u>	<u>(1,031,078)</u>
(c) Gross profit	245,697	252,825	449,789	462,709
(d) Other income	10,161	7,959	19,730	15,585
(e) Reversal of deferred consideration	-	21,326	-	21,326
(f) Expenses	(199,203)	(177,327)	(388,050)	(336,545)
(g) Impairment losses	(68,292)	-	(68,292)	-
(h) Finance costs	(5,773)	(4,634)	(9,781)	(8,764)
(i) Share of results of associates	577	1,956	6,434	2,723
(j) Share of results of joint ventures	<u>543</u>	<u>(753)</u>	<u>423</u>	<u>(2,376)</u>
(k) (Loss)/profit before tax	(16,290)	101,352	10,253	154,658
(l) Income tax	<u>(16,508)</u>	<u>(25,618)</u>	<u>(23,526)</u>	<u>(40,592)</u>
(m) (Loss)/profit for the period	<u>(32,798)</u>	<u>75,734</u>	<u>(13,273)</u>	<u>114,066</u>
Attributable to:				
(n) Owners of the parent	(8,040)	58,852	12,454	96,026
(o) Non-controlling interests	<u>(24,758)</u>	<u>16,882</u>	<u>(25,727)</u>	<u>18,040</u>
(Loss)/profit for the period	<u>(32,798)</u>	<u>75,734</u>	<u>(13,273)</u>	<u>114,066</u>
2 (Loss)/earnings per share based on 1(n) above (Note 25):-				
Basic	(0.97) sen	7.23 sen	1.52 sen	11.80 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015.

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2016 RM'000	Preceding year corresponding quarter 30/6/2015 RM'000	Six months to 30/6/2016 RM'000	Six months to 30/6/2015 RM'000
(Loss)/profit for the period	(32,798)	75,734	(13,273)	114,066
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	18,429	8,692	(4,308)	11,568
Tax impact on translation of foreign operations	990	(3,214)	(1,393)	(2,250)
Net gain/(loss) on hedge of net investment	12,280	(23,685)	(3,123)	(14,723)
Tax impact on hedge of net investment	(3,431)	6,925	882	4,416
Total other comprehensive income/(loss) for the period, net of tax	<u>28,268</u>	<u>(11,282)</u>	<u>(7,942)</u>	<u>(989)</u>
Total comprehensive (loss)/income for the period	<u>(4,530)</u>	<u>64,452</u>	<u>(21,215)</u>	<u>113,077</u>
Attributable to:				
Owners of the parent	10,256	51,320	6,725	95,331
Non-controlling interests	(14,786)	13,132	(27,940)	17,746
Total comprehensive (loss)/income for the period	<u>(4,530)</u>	<u>64,452</u>	<u>(21,215)</u>	<u>113,077</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 2015.

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
		Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	Note	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000	
(Loss)/profit before tax is arrived at after charging/(crediting):					
Interest income	(2,457)	(3,857)	(6,549)	(7,848)	
Interest expense	5,472	4,160	8,935	7,992	
Dividend from short term investment	(535)	(3,191)	(1,823)	(4,166)	
Depreciation and amortization	17,455	11,816	33,107	24,167	
Net impairment of receivables	458	54	634	1,147	
Foreign exchange loss/(gain)	952	1,012	(1,393)	953	
Impairment loss on goodwill	(a)	64,382	-	64,382	-
Impairment loss on joint venture	(b)	3,910	-	3,910	-
Reversal of deferred consideration arising from acquisition of a subsidiary	(c)	-	(21,326)	-	(21,326)

Other than the above, there were no (gain)/loss on derivatives and investments, write down of inventories and/or reversal of write down, reversal of provision for costs of restructuring or exceptional items.

(a) Impairment loss on goodwill

(i) Opus Stewart Weir Limited ("OSW")

The performance of the Group's Canadian based subsidiary, OSW has been adversely affected by the weak global oil prices. During the period, Management assessed the impact of the present Canadian economic environment on OSW's future performance and considered it prudent to recognize an impairment loss on goodwill of RM51,840,000 in the income statement for the current financial period based on value in use calculation using projected cash flows.

(ii) Australia

The performance of the Australian operations has not been growing as targeted due to the continuing sluggish economic environment of the Australian market. An impairment loss on goodwill of RM12,542,000 was recognized in the income statement for the current financial period based on value in use calculation using projected cash flows.

(b) Impairment loss on joint venture

An impairment loss of RM3,910,000 has been recognized in the current financial period due to the downturn in the oil and gas sector in Canada resulting in continued losses incurred by Athabaskan Resources Company Limited Partnership ("ARC"). ARC is a 49.9% joint venture of OSW.

(c) Reversal of deferred consideration arising from acquisition of a subsidiary

On 3 September 2013, Opus International Consultants Limited ("OIC") acquired 100% interest in OSW. The total consideration of RM237,088,000 included RM86,897,000 which was deferred and payable depending on OSW meeting certain earnings and performance targets over the future three years.

In the preceding year, Management re-measured the fair value of the deferred consideration payable to be lower than the amount estimated at the acquisition date due to lower probability of OSW meeting the performance targets based on OSW's actual performance since the acquisition date. Accordingly, the fair value of deferred consideration payable has decreased and the fair value adjustment of RM21,326,000 was recognised in the income statement.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited	Audited
		As at end of current	As at preceding
		quarter	financial year end
		30/6/2016	31/12/2015
		RM'000	RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	212,656	213,034
	Land held for property development	1,115	1,115
	Prepaid land lease payments	3,193	3,237
	Intangible assets	467,004	453,446
	Investment in joint ventures	2,121	5,814
	Investment in associates	23,982	18,356
	Other investments	272	272
	Trade and other receivables	157,723	30,367
	Derivative financial instruments	-	34
	Defined benefit pension plan	760	128
	Deferred tax assets	47,969	44,311
		916,795	770,114
2	Current assets		
	Property development costs	100,241	71,334
	Inventories	37,270	41,974
	Trade and other receivables	1,043,655	924,664
	Short term Investments	94,209	244,891
	Derivative financial instruments	9,876	11,782
	Cash, bank balances and deposits*	385,852	552,614
		1,671,103	1,847,259
	Total assets	2,587,898	2,617,373

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

	Unaudited	Audited
	As at end of current	As at preceding
	quarter	financial year end
	30/6/2016	31/12/2015
	RM'000	RM'000
EQUITY AND LIABILITIES		
3	Equity attributable to Owners of the Parent	
	Share capital	207,906
	Share premium	60,168
	Merger relief reserve	313,856
	Other reserves	63,530
	Retained earnings	643,811
	1,289,271	1,339,869
4	Non-controlling interests	
	167,700	188,222
	1,456,971	1,528,091
5	Non-current liabilities	
	Retirement benefit obligations	3,851
	Provisions	17,756
	Borrowings	418,795
	Trade and other payables	33,658
	Derivative financial instruments	304
	Deferred tax liabilities	14,445
	488,809	361,234
6	Current liabilities	
	Retirement benefit obligations	189
	Provisions	6,875
	Borrowings	77,955
	Trade and other payables	550,184
	Derivative financial instruments	1,254
	Income tax payable	5,661
	642,118	728,048
	1,130,927	1,089,282
	Total liabilities	
	2,587,898	2,617,373
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	
	1.55	1.65

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015.

* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM41,455,000 (2015 : RM37,908,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and Section 8A of the Housing Development Account (Control and Licensing) Sabah Act, 1978.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 30/6/2016 RM'000	Unaudited Six months to 30/6/2015 RM'000
Cash flows from operating activities		
Cash receipts from customers	1,349,733	1,315,874
Cash payments to suppliers	(768,852)	(816,229)
Cash payments to employees and for expenses	(688,616)	(640,926)
Cash used in operations	(107,735)	(141,281)
Interest paid	(6,576)	(5,111)
Income tax paid	(43,255)	(38,502)
Net cash flow used in operating activities	(157,566)	(184,894)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	177	33
Proceeds from forward hedging contract	1,289	3,537
Acquisition of a subsidiary, net of cash acquired	(18,868)	-
Acquisition of non-controlling interests	-	(10,000)
Investment in associates	(400)	(1,000)
Net proceeds from withdrawal of short term investments	153,706	54,990
Interest received	6,418	3,156
Dividend received	2,037	618
Purchase of property, plant and equipment	(27,723)	(24,650)
Net cash flow generated from investing activities	116,636	26,684
Cash flows from financing activities		
Proceeds from issuance of ordinary shares to non-controlling interests	1,650	-
Repayment of finance lease	(3,510)	(3,192)
Drawdown of borrowings	18,808	26,353
Repayment of borrowings	(31,205)	(75,006)
Dividend paid	(122,025)	(187,105)
Dividend paid to non-controlling shareholders of subsidiaries	(7,526)	(29,776)
(Placement)/withdrawal of fixed deposits	(10)	2,557
Net cash flow used in financing activities	(143,818)	(266,169)
Net decrease in cash and cash equivalents	(184,748)	(424,379)
Net foreign exchange difference	(2,684)	(4,592)
Cash and cash equivalents as at beginning of financial period	517,742	781,466
Cash and cash equivalents as at end of financial period	330,310	352,495

(a)

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

	Unaudited As at 30/6/2016 RM'000	Unaudited As at 30/6/2015 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	123,396	128,926
Fixed deposits with licensed banks	262,456	210,943
Fixed deposits with other financial institutions	-	70,953
Cash, bank balances and deposits	385,852	410,822
Less: Fixed deposits on lien	(16,004)	(15,877)
Less: Fixed deposits pledged	(2,842)	(1,970)
Less: Bank overdrafts	(36,696)	(40,480)
	330,310	352,495

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	← Attributable to owners of the parent →				Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Non-distributable							
	Share capital RM'000	Share premium RM'000	Merger relief reserve RM'000	Other reserves RM'000				
Six months to 30 June 2016 (unaudited)								
Balance as at 1 January 2016	203,375	-	313,856	69,259	753,379	1,339,869	188,222	1,528,091
Profit for the period	-	-	-	-	12,454	12,454	(25,727)	(13,273)
Other comprehensive loss	-	-	-	(5,729)	-	(5,729)	(2,213)	(7,942)
Total comprehensive (loss)/income for the period	-	-	-	(5,729)	12,454	6,725	(27,940)	(21,215)
Acquisition of a subsidiary	4,531	60,168	-	-	-	64,699	13,261	77,960
Issuance of ordinary shares to non-controlling interests	-	-	-	-	-	-	1,650	1,650
Dilution of interest in a subsidiary	-	-	-	-	3	3	33	36
Dividends	-	-	-	-	(122,025)	(122,025)	-	(122,025)
Dividend paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	(7,526)	(7,526)
Balance as at 30 June 2016	<u>207,906</u>	<u>60,168</u>	<u>313,856</u>	<u>63,530</u>	<u>643,811</u>	<u>1,289,271</u>	<u>167,700</u>	<u>1,456,971</u>

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

	← Attributable to owners of the parent →				Total	Non-controlling interests	Total equity
	Non-distributable						
	Share capital	Merger relief reserve	Other reserves	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Six months to 30 June 2015 (unaudited)							
Balance as at 1 January 2015	203,375	313,856	36,949	605,206	1,159,386	201,740	1,361,126
Profit for the period	-	-	-	96,026	96,026	18,040	114,066
Other comprehensive loss	-	-	(695)	-	(695)	(294)	(989)
Total comprehensive (loss)/income for the period	-	-	(695)	96,026	95,331	17,746	113,077
Accretion of interest in a subsidiary	-	-	-	(2,026)	(2,026)	(7,974)	(10,000)
Dilution of interest in a subsidiary	-	-	-	6	6	-	6
Share-based payment of a subsidiary	-	-	31	-	31	20	51
Dividends	-	-	-	(40,675)	(40,675)	-	(40,675)
Dividend paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	(29,776)	(29,776)
Balance as at 30 June 2015	<u>203,375</u>	<u>313,856</u>	<u>36,285</u>	<u>658,537</u>	<u>1,212,053</u>	<u>181,756</u>	<u>1,393,809</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 2015.

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 2015.

1. Accounting policies and methods of computation

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), except for the adoption of the following amendments to Financial Reporting Standards ("FRSs") which are mandatory for annual financial periods beginning on or after 1 January 2016, as disclosed below:

	Effective for the financial period beginning on or after
Annual Improvements to FRSs 2012-2014 Cycle	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 : Investment Entities : Applying the Consolidation Exception	1 January 2016
Amendments to FRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 101 : Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 : Equity Method in Separate Financial Statements	1 January 2016

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

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

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

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

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

2. Audit report in respect of the 2015 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2015 was not qualified.

3. Seasonal or cyclical factors

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

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

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

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

5. Material changes in estimates used

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

6. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 30 June 2016, except for the allotment of 18,122,977 ordinary shares of RM0.25 each on 6 April 2016 pursuant to the Shares Sale Agreement entered by the Company with Nurolamin Bin Abas and Fardan Bin Abdul Majeed on 15 December 2015 in relation to the acquisition of 80% equity interest in KFM Holdings Sdn Bhd. The current total issued and paid-up share capital of the Company is 831,624,030 ordinary shares of RM0.25 each.

7. Dividend

The single tier interim dividend of 15.00 sen on 813,501,053 ordinary shares of RM0.25 each, amounting to RM122,025,158 in respect of the financial year ended 31 December 2015 was paid on 31 March 2016.

No interim dividend is declared for the current period ended 30 June 2016 (2015: nil).

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

8. **Operating Segments**

Operating Segment information for the current financial period ended 30 June 2016 is as follows:

By operating segment

	Asset Consultancy ("AC")	Infra Services ("IS")	Integrated Facilities Management ("IFM")	Property Development ("Property")	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	727,127	340,957	243,940	24,932	12,368	-	1,349,324
Inter-segment revenue	-	2,444	1,260	-	74,812	(78,516)	-
Total Revenue	727,127	343,401	245,200	24,932	87,180	(78,516)	1,349,324
Results							
Segment results	26,897	37,981	20,894	6,203	37,732	(48,238)	81,469
Impairment losses	(68,292)	-	-	-	-	-	(68,292)
Finance costs	(5,135)	(303)	(2,019)	-	(2,324)	-	(9,781)
Share of results of associates	-	-	6,434	-	-	-	6,434
Share of results of joint ventures	423	-	-	-	-	-	423
Profit/(loss) before tax	(46,107)	37,678	25,309	6,203	35,408	(48,238)	10,253
Income tax	(6,418)	(9,403)	(3,654)	(3,103)	(948)	-	(23,526)
Profit/(loss) for the period	(52,525)	28,275	21,655	3,100	34,460	(48,238)	(13,273)
Attributable to:							
Owners of the parent	(26,805)	28,275	20,981	3,916	34,369	(48,282)	12,454
Non-controlling interests	(25,720)	-	674	(816)	91	44	(25,727)
Profit/(loss) for the period	(52,525)	28,275	21,655	3,100	34,460	(48,238)	(13,273)

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

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature that have arisen since 30 June 2016 to the date of this announcement which would substantially affect the financial results of the Group for the six months ended 30 June 2016 that have not been reflected in the condensed financial statements.

10. Changes in the composition of the Group

There were no significant changes in the composition of the Group for the current period including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operations except for the following:

- a) On 11 January 2016, Edgenta Mediserve (Sarawak) Sdn Bhd ("EMSS"), a wholly-owned subsidiary of Edgenta Mediserve Sdn Bhd, entered into a Shareholders' Agreement with Biocare Systems Sdn Bhd and Biomedix Solutions Sdn Bhd ("Biomedix") to jointly provide biomedical engineering maintenance services to hospitals operated by the Government in the state of Sarawak via Biomedix as the joint venture company. Subsequently on 27 January 2016, EMSS subscribed 400,000 ordinary shares of RM1.00 each in Biomedix which represents 40% of the issued and paid-up share capital of Biomedix. Following the transaction, Biomedix is now an associate of EMSS.
- b) On 13 January 2016, UEM Sunrise Edgenta TMS Sdn Bhd (formerly known as ETMS Sdn Bhd) ("UEMSET") entered into a joint venture shareholders' agreement with Township Management Services Sdn Bhd to establish and operate a joint venture company in Malaysia. Subsequently on 12 February 2016, UEMSET subscribed 3,850,000 ordinary shares of RM1.00 each in the joint venture company, Edgenta TMS Sdn Bhd, representing 70% of the issued and paid-up share capital of Edgenta TMS Sdn Bhd. Following the transaction, Edgenta TMS Sdn Bhd is now a subsidiary of UEMSET, which in turn is a 70% owned subsidiary of Edgenta Township Management Services Sdn Bhd.
- c) On 6 April 2016, the Company acquired a total of 12,000,000 ordinary shares of RM1.00 each in KFM Holdings Sdn Bhd ("KFM"), representing 80% of the total issued and paid-up share capital of KFM for a total consideration of up to RM128.0 million to be satisfied by a combination of the following:
 - i. Upfront payment of RM92.0 million upon completion of the Shares Sale Agreement as follows:
 - cash payment of RM36.0 million, and
 - RM56.0 million from the issuance and allotment of 18,122,977 new ordinary share of RM0.25 each in the Company at an issuance price of RM3.09 per share;
 - ii. The balance of the RM36.0 million will be disbursed over the next three financial years subject to achievement of key financial targets as follows:
 - deferred cash payment of RM20.0 million upon achievement of targets for financial years ending 2016, 2017 and 2018, and
 - incremental value payment of RM16.0 million upon achievement of specific financial milestones.

The Company is now undertaking a purchase price allocation exercise to identify and measure intangible assets of approximately RM75.1 million. The goodwill on acquisition is provisionally estimated to be RM54.4 million and is included in the statement of financial position.

11. Contingent liabilities

There are no changes in the contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2015.

12. Capital commitments

There are no material capital commitments except as disclosed below:

	RM'000
Approved and contracted for	14,558
Approved but not contracted for	25,473

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

13. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2016 RM'000	30/6/2015 RM'000	30/6/2016 RM'000	30/6/2015 RM'000
Current income tax				
- Malaysian income tax	12,329	11,594	17,675	27,317
- Foreign tax	5,442	6,703	8,478	10,933
(Over)/under provision in prior years				
- Malaysian income tax	1,644	3,996	1,644	3,996
- Foreign tax	-	(249)	-	(249)
	<u>19,415</u>	<u>22,044</u>	<u>27,797</u>	<u>41,997</u>
Deferred tax				
- Relating to origination and reversal of temporary difference	(3,332)	3,290	(4,745)	(1,689)
- Relating to changes in tax rates	-	202	-	202
- Under provision in prior years	425	82	474	82
	<u>(2,907)</u>	<u>3,574</u>	<u>(4,271)</u>	<u>(1,405)</u>
	<u>16,508</u>	<u>25,618</u>	<u>23,526</u>	<u>40,592</u>

The Group's effective tax rate for both the current quarter/period are higher than the statutory tax rate mainly due to expenses disallowed for tax purposes.

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

There is no corporate proposal announced but not completed as at the date of this announcement.

15. Borrowings and debt securities

Details of Group borrowings and debt securities as at 30 June 2016 are as follows:

	Long term borrowings			Short term borrowings		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Bank borrowings</u>						
Domestic	142,523	-	142,523	35,633	-	35,633
Foreign						
- Australian Dollar	-	68,968	68,968	-	3,869	3,869
- New Zealand Dollar	7,006	-	7,006	4,527	5	4,532
- United States Dollar	-	-	-	-	243	243
- Canadian Dollar	460	140,176	140,636	1,528	21,170	22,698
- British Pound	-	59,662	59,662	-	10,980	10,980
TOTAL	<u>149,989</u>	<u>268,806</u>	<u>418,795</u>	<u>41,688</u>	<u>36,267</u>	<u>77,955</u>

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16. Derivatives

Details of outstanding derivatives as at 30 June 2016 are as follows:

	Contract/ Notional value	Fair value	
		Assets	Liabilities
	RM'000	RM'000	RM'000
Types of derivatives			
Forward exchange rate contract:			
- due within 12 months (net settled)	74,178	9,876	1,178
Interest rate swap:			
- due within 12 months (net settled)	15,175	-	76
- due 12 to 24 months (net settled)	31,728	-	304

17. Fair value hierarchy

There were no transfers between any levels of the fair value hierarchy that took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

18. Breakdown of realized and unrealized profits or losses

	As at end of current quarter	As at preceding financial year end
	30/6/2016	31/12/2015
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	739,961	814,038
- Unrealised	52,561	61,145
	<u>792,522</u>	<u>875,183</u>
Total share of retained earnings from associates - Realised	14,850	8,416
Total share of accumulated losses from joint ventures - Realised	(6,018)	(6,441)
	<u>801,354</u>	<u>877,158</u>
Consolidation adjustments	(157,543)	(123,779)
Total group retained earnings as per consolidated financial statements	<u>643,811</u>	<u>753,379</u>

19. Material litigation

The Company and its subsidiaries have no outstanding material litigation as at the date of this announcement.

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

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

	Current quarter 30/6/2016 RM'000	Immediate preceding quarter 31/3/2016 RM'000	Variance RM'000	Variance %
Revenue:				
Asset Consultancy	361,638	365,489	(3,851)	(1.1)
Infra Services	173,077	167,880	5,197	3.1
Integrated Facilities Management	138,308	105,632	32,676	30.9
Property Development	17,043	7,889	9,154	>100.0
Others	7,442	4,926	2,516	51.1
Group	697,508	651,816	45,692	7.0

(Loss)/Profit Before Tax:

Asset Consultancy	(49,123)	3,016	(52,139)	>(100.0)
Infra Services	28,237	9,441	18,796	>100.0
Integrated Facilities Management	8,082	17,227	(9,145)	(53.1)
Property Development	4,552	1,651	2,901	>100.0
Others/Elimination	(8,038)	(4,792)	(3,246)	(67.7)
Group	(16,290)	26,543	(42,833)	>(100.0)

The Group's revenue for the current quarter of RM697.5 million was RM45.7 million or 7.0% higher than the preceding quarter of RM651.8 million.

- Integrated Facilities Management ("IFM") Division recognised higher revenue by RM32.7 million mainly due to the recognition of revenue from the new subsidiary, KFM and higher revenue from private clients of healthcare services.
- Infra Services ("IS") Division recorded higher revenue by RM5.2 million mainly due to higher civil and pavements works carried out for the North-South Expressway.
- Property Development ("Property") Division registered higher revenue by RM9.2 million due to higher sale for Prima Villa in Taman Desa.
- Asset Consultancy ("AC") Division recorded lower revenue by RM3.9 million mainly due to the evolving economic consequences of declining oil prices affecting the Group's Canadian operations.

The Group recorded loss before tax ("LBT") for the current quarter of RM16.3 million, as compared to profit before tax ("PBT") of RM26.5 million in the preceding quarter.

- AC Division recorded LBT for the current quarter of RM49.1 million, as compared to PBT of RM3.0 million in the preceding quarter mainly attributable to the recognition of impairment losses amounting to RM68.3 million.
- IFM Division recorded lower PBT by RM9.1 million mainly due to higher maintenance for bio medical equipment. In the preceding quarter, the Division recognised write back of certain over provision.
- IS Division recorded higher PBT by RM18.8 million mainly due to certain one-off provision made in the preceding quarter.
- Property Division recorded higher PBT by RM2.9 million mainly due to the higher revenue as explained above.

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

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

	Current year quarter	Preceding year corresponding quarter	Variance	Variance	Six months to	Six months to	Variance	Variance
	30/6/2016	30/6/2015			30/6/2016	30/6/2015		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue:								
Asset Consultancy	361,638	417,046	(55,408)	(13.3)	727,127	750,651	(23,524)	(3.1)
Infra Services	173,077	201,598	(28,521)	(14.1)	340,957	392,994	(52,037)	(13.2)
Integrated Facilities Management	138,308	164,247	(25,939)	(15.8)	243,940	329,816	(85,876)	(26.0)
Property Development	17,043	7,237	9,806	>100.0	24,932	11,223	13,709	>100.0
Others	7,442	4,373	3,069	70.2	12,368	9,103	3,265	35.9
Group	697,508	794,501	(96,993)	(12.2)	1,349,324	1,493,787	(144,463)	(9.7)

(Loss)/Profit Before Tax:

Asset Consultancy	(49,123)	57,660	(106,783)	>(100.0)	(46,107)	59,886	(105,993)	>(100.0)
Infra Services	28,237	23,920	4,317	18.0	37,678	51,753	(14,075)	(27.2)
Integrated Facilities Management	8,082	23,445	(15,363)	(65.5)	25,309	49,725	(24,416)	(49.1)
Property Development	4,552	1,425	3,127	>100.0	6,203	103	6,100	>100.0
Others/Elimination	(8,038)	(5,098)	(2,940)	(57.7)	(12,830)	(6,809)	(6,021)	(88.4)
Group	(16,290)	101,352	(117,642)	>(100.0)	10,253	154,658	(144,405)	(93.4)

The Group's revenue for the current quarter of RM697.5 million was lower by RM97.0 million as compared to RM794.5 million in the corresponding quarter last year. Whilst, for the year-to-date, revenue of RM1,349.3 million was lower by RM144.5 million against RM1,493.8 million for the preceding year.

- IFM Division recorded lower revenue mainly due to the loss in Hospital Support Service ("HSS") contribution from East Malaysia operations.
- IS Division recognised lower revenue with the completion of North-South Expressway fourth lane widening works in 2015.
- AC Division registered lower revenue mainly due to the evolving economic consequences of declining oil prices affecting the Group's Canadian operations despite the strengthening of NZD against MYR.
- Higher Property Division revenue was due to higher sale for Prima Villa in Taman Desa and higher work progress for Chymes @ Gurney, Kuala Lumpur.

The Group's current quarter LBT of RM16.3 million was lower by R117.6 million as compared to PBT of RM101.4 million in the corresponding quarter last year. Whilst, the year-to-date PBT of RM10.3 million was lower by RM144.4 million against RM154.7 million for the preceding year.

- IFM Division recorded lower PBT mainly due to the lower revenue as explained above.
- AC Division registered LBT mainly due to the lower revenue as explained above, coupled with the impairment losses amounting to RM68.3 million. In the corresponding quarter last year, AC Division recorded higher PBT resulting from the re-measurement of the deferred consideration payable by OIC of RM21.3 million.
- IS Division recorded lower year-to-date PBT mainly due to lower revenue as explained above.
- Higher Property Division PBT due to higher revenue as explained above.

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22. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/6/2016 RM'000	Preceding year corresponding quarter 30/6/2015 RM'000	Six months to 30/6/2016 RM'000	Six months to 30/6/2015 RM'000
<u>Net operating (loss)/profit after tax computation:</u>				
(Loss)/earnings before interest and tax	(14,395)	100,452	5,782	154,455
Adjusted tax	3,455	(25,113)	(1,387)	(38,614)
Net operating (loss)/profit after tax	(10,940)	75,339	4,395	115,841
<u>Economic charge computation:</u>				
Average invested capital	1,255,856	1,145,822	1,255,856	1,145,822
Weighted average cost of capital ("WACC")	9.1%	10.1%	9.1%	10.1%
Economic charge	28,571	28,932	57,141	57,864
Economic (loss)/profit	(39,511)	46,407	(52,746)	57,977

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 June 2016 against the corresponding quarter last year:

Economic loss ("EL") of RM39.5 million is lower by RM85.9 million as compared to the preceding year corresponding quarter EP of RM46.4 million mainly due to loss before interest and tax recorded in the current quarter.

(b) Performance of the current period ended 30 June 2016 against last year:

EL of RM52.7 million is lower by RM110.7 million as compared to the preceding year corresponding period EP of RM58.0 million mainly due to lower earnings before interest and tax recorded in the current period.

23. Prospects for the current financial year

UEM Edgenta Berhad's ("UEMEd") performance for the year will be affected by the total impairment loss of RM68.3 million recognized as follows:

- Goodwill impairment of RM51.8 million from the Canadian based subsidiary, OSW, due to the continuing weak global oil prices that has already affected its business.
- An impairment loss of RM3.9 million from ARC, a 49.9% joint venture of OSW, also due to the continuing weak global oil prices.
- Goodwill impairment of RM12.6 million from the Australian operations due to the continuing weak economic environment in Australia which has affected the growth of the business there

At the operating level, for IFM division, the lower contribution from the HSS sector in Sabah and Sarawak due to the reduction in equity stake from 100% to 40% in the respective HSS companies providing the services to Sabah and Sarawak will affect the performance for the year. Notwithstanding this, our recent acquisition of KFM is expected to contribute positively for the year.

We will continue to pursue opportunities in infrastructure projects for both the IS and AC divisions. For the IS division, we had recently announced a contract of RM87 million over 17 months for the Relocation of Telecommunication Works in relation to the Projek Mass Rapid Transit Laluan 2 (MRT 2).

UEMEd is continuously pursuing growth in its businesses and is cautiously optimistic of a positive result in 2016.

24. Profit forecast

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

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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	Six months to	Six months to
	30/6/2016 RM'000	30/6/2015 RM'000	30/6/2016 RM'000	30/6/2015 RM'000
Basic (loss)/earnings per share				
(Loss)profit attributable to Owners of the Parent	(8,040)	58,852	12,454	96,026
Weighted average number of ordinary shares in issue ('000)	830,429	813,501	821,965	813,501
Basic (loss)/earnings per share	(0.97) sen	7.23 sen	1.52 sen	11.80 sen

Kuala Lumpur
29 August 2016

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