

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016.

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
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	724,684	734,000	2,074,008	2,227,787
(b) Cost of sales	<u>(476,473)</u>	<u>(479,396)</u>	<u>(1,376,008)</u>	<u>(1,510,474)</u>
(c) Gross profit	248,211	254,604	698,000	717,313
(d) Other income	10,082	7,450	29,812	23,035
(e) Reversal of deferred consideration	-	-	-	21,326
(f) Expenses	(174,339)	(151,716)	(562,389)	(488,261)
(g) Impairment losses	-	-	(68,292)	-
(h) Finance costs	(5,512)	(3,920)	(15,293)	(12,684)
(i) Share of results of associates	4,215	1,844	10,649	4,567
(j) Share of results of joint ventures	<u>553</u>	<u>(151)</u>	<u>976</u>	<u>(2,527)</u>
(k) Profit before tax	83,210	108,111	93,463	262,769
(l) Income tax	<u>(20,715)</u>	<u>(28,358)</u>	<u>(44,241)</u>	<u>(68,950)</u>
(m) Profit for the period	<u>62,495</u>	<u>79,753</u>	<u>49,222</u>	<u>193,819</u>
Attributable to:				
(n) Owners of the parent	51,114	69,903	63,568	165,929
(o) Non-controlling interests	<u>11,381</u>	<u>9,850</u>	<u>(14,346)</u>	<u>27,890</u>
Profit for the period	<u>62,495</u>	<u>79,753</u>	<u>49,222</u>	<u>193,819</u>
2 Earnings per share based on 1(n) above (Note 25):-				
Basic	6.15 sen	8.59 sen	7.70 sen	20.40 sen

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

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2016 RM'000	Preceding year corresponding quarter 30/9/2015 RM'000	Nine months to 30/9/2016 RM'000	Nine months to 30/9/2015 RM'000
Profit for the period	62,495	79,753	49,222	193,819
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(8,610)	44,631	(12,918)	56,199
Tax impact on translation of foreign operations	952	(94)	(441)	(2,344)
Net gain/(loss) on hedge of net investment	15,731	(17,811)	12,608	(32,534)
Tax impact on hedge of net investment	(4,410)	4,693	(3,528)	9,109
Total other comprehensive income/(loss) for the period, net of tax	3,663	31,419	(4,279)	30,430
Total comprehensive income for the period	66,158	111,172	44,943	224,249
Attributable to:				
Owners of the parent	64,879	91,089	60,223	186,420
Non-controlling interests	1,279	20,083	(15,280)	37,829
Total comprehensive income for the period	66,158	111,172	44,943	224,249

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.

UEM EDGENTA BERHAD
(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
	Note	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000	
Profit before tax is arrived at after charging/(crediting):					
Interest income	(2,635)	(4,660)	(9,184)	(12,508)	
Interest expense	5,095	3,502	14,030	11,494	
Dividend from short term investment	(423)	(1,487)	(2,246)	(5,653)	
Depreciation and amortization	17,103	13,616	50,210	37,783	
Net impairment of receivables	267	(510)	901	637	
Foreign exchange loss/(gain)	579	(653)	(814)	300	
Impairment loss on goodwill	(a)	-	-	64,382	-
Impairment loss on joint venture	(b)	-	-	3,910	-
Reversal of deferred consideration arising from acquisition of a subsidiary	(c)	-	-	-	(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

Impairment loss on goodwill recognized and reported in the preceding quarter was in respect of Opus Stewart Weir Limited ("OSW") and the Australian operations for the amount of RM51,840,000 and RM12,542,000 respectively.

(b) Impairment loss on joint venture

An impairment loss of RM3,910,000 on a 49.9% joint venture of OSW was recognized in the immediate preceding quarter.

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

In the preceding year, a reversal of deferred consideration of RM21,326,000 was recognised in the income statement due to lower probability of OSW meeting the performance targets.

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	As at end of current	As at preceding
	quarter	financial year end
	30/9/2016	31/12/2015
	RM'000	RM'000
ASSETS		
1	Non-current assets	
	Property, plant and equipment	213,660
	Land held for property development	213,034
	Prepaid land lease payments	1,115
	Intangible assets	3,237
	Investment in joint ventures	453,446
	Investment in associates	469
	Other investments	5,814
	Trade and other receivables	18,356
	Derivative financial instruments	272
	Defined benefit pension plan	160,468
	Deferred tax assets	30,367
		-
		34
		919
		128
		48,217
		44,311
	919,082	770,114
2	Current assets	
	Property development costs	116,334
	Inventories	71,334
	Trade and other receivables	41,974
	Short term Investments	33,906
	Derivative financial instruments	1,094,213
	Cash, bank balances and deposits*	50,037
		244,891
		9,629
		11,782
		431,539
		552,614
	1,735,658	1,847,259
	2,654,740	2,617,373
	2,654,740	2,617,373
	2,654,740	2,617,373

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

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

	Unaudited	Audited
	As at end of current	As at preceding
	quarter	financial year end
	30/9/2016	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	65,914
	Retained earnings	694,925
		1,342,769
4	Non-controlling interests	176,911
	Total equity	1,519,680
5	Non-current liabilities	
	Retirement benefit obligations	3,851
	Provisions	12,941
	Borrowings	377,888
	Trade and other payables	33,658
	Derivative financial instruments	416
	Deferred tax liabilities	14,424
		443,178
6	Current liabilities	
	Retirement benefit obligations	189
	Provisions	10,351
	Borrowings	80,494
	Trade and other payables	589,969
	Derivative financial instruments	4,537
	Income tax payable	6,342
		691,882
	Total liabilities	1,135,060
	Total equity and liabilities	2,654,740
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	1.61
		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 RM41,509,000 (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.

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months to 30/9/2016 RM'000	Unaudited Nine months to 30/9/2015 RM'000
Cash flows from operating activities		
Cash receipts from customers	2,029,640	2,083,908
Cash payments to suppliers	(1,117,782)	(1,177,068)
Cash payments to employees and for expenses	(963,429)	(944,409)
Cash used in operations	(51,571)	(37,569)
Interest paid	(11,615)	(7,551)
Income tax paid	(60,346)	(58,446)
Net cash flow used in operating activities	(123,532)	(103,566)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	295	53
Proceeds from forward hedging contract	7,955	5,024
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	198,709	114,586
Interest received	8,832	11,248
Dividend received	4,044	1,761
Purchase of property, plant and equipment	(38,777)	(41,028)
Net cash flow generated from investing activities	161,790	80,644
Cash flows from financing activities		
Proceeds from issuance of ordinary shares to non-controlling interests	1,650	300
Repayment of finance lease	(5,220)	(4,851)
Drawdown of borrowings	29,468	48,314
Repayment of borrowings	(77,243)	(74,977)
Dividend paid	(122,025)	(187,105)
Dividend paid to non-controlling shareholders of subsidiaries (Placement)/withdrawal of fixed deposits	(10,975) (13)	(29,776) 3,372
Net cash flow used in financing activities	(184,358)	(244,723)
Net decrease in cash and cash equivalents	(146,100)	(267,645)
Net foreign exchange difference	2,224	9,498
Cash and cash equivalents as at beginning of financial period	517,742	781,466
Cash and cash equivalents as at end of financial period	373,866	523,319

(a)

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

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

	Unaudited As at 30/9/2016 RM'000	Unaudited As at 30/9/2015 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	143,989	140,626
Fixed deposits with licensed banks	287,550	362,427
Fixed deposits with other financial institutions	-	72,502
Cash, bank balances and deposits	431,539	575,555
Less: Fixed deposits on lien	(16,076)	(16,595)
Less: Fixed deposits pledged	(2,882)	(437)
Less: Bank overdrafts	(38,715)	(35,204)
	373,866	523,319

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.

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

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				
Nine months to 30 September 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	-	-	-	-	63,568	63,568	(14,346)	49,222
Other comprehensive loss	-	-	-	(3,345)	-	(3,345)	(934)	(4,279)
Total comprehensive (loss)/income for the period	-	-	-	(3,345)	63,568	60,223	(15,280)	44,943
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	-	-	-	-	-	-	(10,975)	(10,975)
Balance as at 30 September 2016	<u>207,906</u>	<u>60,168</u>	<u>313,856</u>	<u>65,914</u>	<u>694,925</u>	<u>1,342,769</u>	<u>176,911</u>	<u>1,519,680</u>

UEM EDGENTA BERHAD
(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
	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	
Nine months to 30 September 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	-	-	-	165,929	165,929	27,890	193,819
Other comprehensive income	-	-	20,491	-	20,491	9,939	30,430
Total comprehensive income for the period	-	-	20,491	165,929	186,420	37,829	224,249
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 September 2015	<u>203,375</u>	<u>313,856</u>	<u>57,471</u>	<u>728,440</u>	<u>1,303,142</u>	<u>201,839</u>	<u>1,504,981</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 September 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 September 2016 (2015: nil).

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

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

8. **Operating Segments**

Operating Segment information for the current financial period ended 30 September 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	1,109,295	509,299	392,333	41,910	21,171	-	2,074,008
Inter-segment revenue	-	3,630	3,505	-	174,766	(181,901)	-
Total Revenue	1,109,295	512,929	395,838	41,910	195,937	(181,901)	2,074,008
Results							
Segment results	65,695	56,796	43,609	10,146	116,181	(127,004)	165,423
Impairment losses	(68,292)	-	-	-	-	-	(68,292)
Finance costs	(7,904)	(530)	(3,990)	-	(2,869)	-	(15,293)
Share of results of associates	-	-	10,649	-	-	-	10,649
Share of results of joint ventures	976	-	-	-	-	-	976
(Loss)/profit before tax	(9,525)	56,266	50,268	10,146	113,312	(127,004)	93,463
Income tax	(16,861)	(14,394)	(7,094)	(4,099)	(1,793)	-	(44,241)
(Loss)/profit for the period	(26,386)	41,872	43,174	6,047	111,519	(127,004)	49,222
Attributable to:							
Owners of the parent	(10,439)	41,872	42,292	7,050	110,954	(128,161)	63,568
Non-controlling interests	(15,947)	-	882	(1,003)	565	1,157	(14,346)
(Loss)/profit for the period	(26,386)	41,872	43,174	6,047	111,519	(127,004)	49,222

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 September 2016 to the date of this announcement which would substantially affect the financial results of the Group for the nine months ended 30 September 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 27 January 2016, Edgenta Mediserve (Sarawak) Sdn Bhd ("EMSS"), a wholly-owned subsidiary of Edgenta Mediserve Sdn Bhd, has subscribed for 40% equity interest in Biomedix Solutions Sdn Bhd ("Biomedix") to provide biomedical engineering maintenance services to hospitals operated by the Government in the state of Sarawak. Following the transaction, Biomedix is now an associate of EMSS.
- b) On 12 February 2016, UEM Sunrise Edgenta TMS Sdn Bhd (formerly known as ETMS Sdn Bhd) ("UEMSET"), a 70% owned subsidiary of Edgenta Township Management Services Sdn Bhd, has subscribed for 70% equity interest in Edgenta TMS Sdn Bhd ("Edgenta TMS"). Following the transaction, Edgenta TMS Sdn Bhd is now a subsidiary of UEMSET.
- 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.

- d) On 23 August 2016, Edgenta PROPEL Berhad ("Edgenta PROPEL"), a wholly-owned subsidiary of the Company had received the approval from Ministry of Law and Human Rights of Indonesia confirming the establishment of PT Edgenta PROPEL Indonesia ("PT EPI") on 22 August 2016, as a 99.6% subsidiary of Edgenta PROPEL. The authorised share capital of PT EPI is USD1,000,000 divided into 1,000,000 shares of USD1.00 each and the initial paid-up capital of PT EPI is 250,000 shares having nominal value in the aggregate amount of IDR3,324,000,000 or equivalent to USD250,000 where each share having a nominal value of IDR13,296 or equivalent to USD1.00. The intended principal business activities of PT EPI are providing management consultancy and advisory related to management of roads including toll roads.
- e) On 5 September 2016, the Company acquired one (1) ordinary share of SGD1.00 at par representing the entire issued and paid-up share capital of Edgenta (Singapore) Pte Ltd ("Edgenta Singapore") for a total cash consideration of SGD1.00 thereby resulting in Edgenta Singapore becoming a wholly-owned subsidiary of the Company. Edgenta Singapore was incorporated on 30 August 2016 and its intended principal activity is as an investment holding company.
- f) On 3 October 2016, the members' voluntary winding-up of Opus International Limited ("OIL"), a wholly-owned subsidiary of Opus Group Berhad, which in turn is a wholly-owned subsidiary of the Company, has been completed and accordingly is no longer an indirect subsidiary of the Company.
- g) On 1 November 2016, the Company had acquired two (2) ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Edgenta Energy Projects Sdn Bhd ("Edgenta Energy Projects") for a total cash consideration of RM2.00 thereby resulting in Edgenta Energy Projects becoming a wholly-owned subsidiary of the Company. Edgenta Energy Projects was incorporated on 20 October 2016 with an intended principal activity of providing energy management services and renewable energy services.

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

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

10. Changes in the composition of the Group (cont'd)

- h) On 17 November 2016, a Final Meeting of the members' voluntary liquidation of Renown Alliance Sdn Bhd ("Renown Alliance"), a wholly-owned subsidiary of the Company was duly held. As such, Renown Alliance shall be dissolved and cease to be a subsidiary of the Company upon the expiration of three (3) months after the lodgement of a return of the final meeting with the Companies Commission of Malaysia.

11. Contingent liabilities

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

12. Capital commitments

There are no material capital commitments except as disclosed below:

	RM'000
Approved and contracted for	72,545
Approved but not contracted for	31,120

13. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	13,746	17,974	31,421	45,291
- Foreign tax	9,555	7,690	18,033	18,623
(Over)/under provision in prior years				
- Malaysian income tax	(2,573)	(176)	(929)	3,820
- Foreign tax	(331)	(7)	(331)	(256)
	<u>20,397</u>	<u>25,481</u>	<u>48,194</u>	<u>67,478</u>
Deferred tax				
- Relating to origination and reversal of temporary difference	21	2,418	(4,724)	729
- Relating to changes in tax rates	-	(22)	-	180
- Under provision in prior years	297	481	771	563
	<u>318</u>	<u>2,877</u>	<u>(3,953)</u>	<u>1,472</u>
	20,715	28,358	44,241	68,950

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 except for the sale and purchase agreement entered into by the Company and Edgenta Singapore with Asia IFM Solutions Limited on 26 September 2016 for the acquisition of the entire issued and paid-up share capital of Asia Integrated Facility Solutions Pte Ltd ("Proposed Acquisition"). The Proposed Acquisition is subject to shareholders' approval.

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

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

15. Borrowings and debt securities

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

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Bank borrowings</u>						
Domestic	141,687	-	141,687	35,750	-	35,750
Foreign						
- Australian Dollar	-	53,618	53,618	-	9,816	9,816
- New Zealand Dollar	7,830	-	7,830	4,887	-	4,887
- Euro	-	-	-	-	197	197
- Canadian Dollar	393	120,510	120,903	1,141	15,617	16,758
- British Pound	-	53,850	53,850	-	13,086	13,086
TOTAL	149,910	227,978	377,888	41,778	38,716	80,494

16. Derivatives

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

	Contract/ Notional value	Fair value	
		Assets	Liabilities
		RM'000	RM'000
Types of derivatives			
Forward exchange rate contract:			
- due within 12 months (net settled)	33,397	9,629	4,511
Interest rate swap:			
- due within 12 months (net settled)	14,441	-	26
- due 12 to 24 months (net settled)	31,327	-	416

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.

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

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

18. Breakdown of realized and unrealized profits or losses

	As at end of current quarter	As at preceding financial year end
	30/9/2016	31/12/2015
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	786,018	814,038
- Unrealised	55,929	61,145
	841,947	875,183
Total share of retained earnings from associates - Realised	17,465	8,416
Total share of accumulated losses from joint ventures - Realised	(7,909)	(6,441)
	851,503	877,158
Consolidation adjustments	(156,578)	(123,779)
Total group retained earnings as per consolidated financial statements	694,925	753,379

19. Material litigation

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

UEM EDGENTA BERHAD
(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 30/9/2016 RM'000	Immediate preceding quarter 30/6/2016 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Asset Consultancy	382,168	361,638	20,530	5.7
Infra Services	168,342	173,077	(4,735)	(2.7)
Integrated Facilities Management	148,393	138,308	10,085	7.3
Property Development	16,978	17,043	(65)	(0.4)
Others	8,803	7,442	1,361	18.3
Group	724,684	697,508	27,176	3.9

Profit/(Loss) Before Tax:

Asset Consultancy	36,582	(49,123)	85,705	>100.0
Infra Services	18,588	28,237	(9,649)	(34.2)
Integrated Facilities Management	24,959	8,082	16,877	208.8
Property Development	3,943	4,552	(609)	(13.4)
Others/Elimination	(862)	(8,038)	7,176	89.3
Group	83,210	(16,290)	99,500	>(100.0)

The Group's revenue for the current quarter of RM724.7 million was RM27.2 million or 3.9% higher than the preceding quarter of RM697.5 million.

- Asset Consultancy ("AC") Division recorded higher revenue by RM20.5 million mainly due to the strengthening of NZD against MYR resulted in a favourable impact to revenue by RM20.9 million.
- Integrated Facilities Management ("IFM") Division recognised higher revenue by RM10.1 million mainly due to the higher recognition of revenue from the new subsidiary, KFM.
- Infra Services ("IS") Division recorded lower revenue by RM4.7 million mainly from the completion of infra works at Bayan Lepas Expressway in the preceding quarter.

The Group recorded profit before tax ("PBT") for the current quarter of RM83.2 million, as compared to loss before tax ("LBT") of RM16.3 million in the preceding quarter.

- AC Division recorded PBT of RM36.6 million for the current quarter, as compared to LBT of RM49.1 million in the preceding quarter mainly due to the higher revenue as explained above, coupled with the recognition of impairment losses amounting to RM68.3 million in the preceding quarter.
- IFM Division recorded higher PBT by RM16.9 million mainly due to the higher revenue as explained above. In the preceding quarter, the Division registered lower PBT mainly due to higher maintenance for bio medical equipment.
- IS Division recorded lower PBT by RM9.6 million mainly due to the lower revenue as explained above.

UEM EDGENTA BERHAD
(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 year quarter	Preceding year corresponding quarter	Variance	Variance	Nine months to	Nine months to	Variance	Variance
	30/9/2016	30/9/2015			30/9/2016	30/9/2015		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue:								
Asset Consultancy	382,168	373,863	8,305	2.2	1,109,295	1,124,514	(15,219)	(1.4)
Infra Services	168,342	182,285	(13,943)	(7.6)	509,299	575,279	(65,980)	(11.5)
Integrated Facilities Management	148,393	167,671	(19,278)	(11.5)	392,333	497,487	(105,154)	(21.1)
Property Development	16,978	5,083	11,895	>100.0	41,910	16,306	25,604	>100.0
Others	8,803	5,098	3,705	72.7	21,171	14,201	6,970	49.1
Group	724,684	734,000	(9,316)	(1.3)	2,074,008	2,227,787	(153,779)	(6.9)

Profit/(Loss) Before Tax:

Asset Consultancy	36,582	51,939	(15,357)	(29.6)	(9,525)	111,825	(121,350)	>(100.0)
Infra Services	18,588	28,286	(9,698)	(34.3)	56,266	80,039	(23,773)	(29.7)
Integrated Facilities Management	24,959	31,795	(6,836)	(21.5)	50,268	81,520	(31,252)	(38.3)
Property Development	3,943	760	3,183	>100.0	10,146	863	9,283	>100.0
Others/Elimination	(862)	(4,669)	3,807	81.5	(13,692)	(11,478)	(2,214)	(19.3)
Group	83,210	108,111	(24,901)	(23.0)	93,463	262,769	(169,306)	(64.4)

The Group's revenue for the current quarter of RM724.7 million was lower by RM9.3 million as compared to RM734.0 million in the corresponding quarter last year. Whilst, for the year-to-date, revenue of RM2,074.0 million was lower by RM153.8 million against RM2,227.8 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 for the current period mainly due to the evolving economic consequences of declining oil prices affecting the Group's Canadian operations.
- 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 PBT of RM83.2 million was lower by RM24.9 million as compared to RM108.1 million in the corresponding quarter last year. Whilst, the year-to-date PBT of RM93.5 million was lower by RM169.3 million against RM262.8 million for the preceding year.

- IFM Division recorded lower PBT mainly due to the lower revenue as explained above.
- AC Division registered LBT of RM9.5 million for the current period as compared to PBT of RM111.8 million in the corresponding period last year due to the recognition of impairment losses amounting to RM68.3 million, coupled with the lower revenue as explained above. In the corresponding period 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 PBT mainly due to lower revenue as explained above.
- Higher Property Division PBT due to higher revenue as explained above.

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

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

22. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/9/2016 RM'000	Preceding year corresponding quarter 30/9/2015 RM'000	Nine months to 30/9/2016 RM'000	Nine months to 30/9/2015 RM'000
<u>Net operating profit after tax computation:</u>				
Earnings before interest and tax	80,902	105,260	86,684	259,715
Adjusted tax	(19,416)	(26,315)	(20,804)	(64,929)
Net operating profit after tax	61,486	78,945	65,880	194,786
<u>Economic charge computation:</u>				
Average invested capital	1,275,319	1,082,564	1,275,319	1,082,564
Weighted average cost of capital ("WACC")	8.9%	9.9%	8.9%	9.9%
Economic charge	28,376	26,793	85,128	80,380
Economic profit/(loss)	33,110	52,152	(19,248)	114,406

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 2016 against the corresponding quarter last year:

EP of RM33.1 million is lower by RM19.1 million as compared to the preceding year corresponding quarter of RM52.2 million mainly due to lower earnings before interest and tax ("EBIT") recorded in the current quarter.

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

Economic loss of RM19.2 million is lower by RM133.6 million as compared to the preceding year corresponding period EP of RM114.4 million mainly due to lower EBIT recorded in the current period.

23. Prospects for the current financial year

The sluggish economic environment and the weak global oil prices has significant impact on our foreign operations in Canada and Australia, resulting in operational losses incurred for the current period to-date. Despite the aforesaid adverse impact, Management of UEM Edgenta remain optimistic of a positive result for 2016, contributed primarily by Malaysian and New Zealand operations.

UEMEd is continually pursuing growth opportunities to enhance its performance and we had recently announced a proposed acquisition of the entire issued and paid-up share capital of Asia Integrated Facility Solutions Pte Ltd. This acquisition is expected to be completed in December 2016 and is expected to contribute positively to the performance of UEMEd from 2017 onwards. The Proposed Acquisition also presents an opportunity for UEMEd to expand its healthcare service offerings and establish immediate presence in the Singapore and Taiwan markets.

24. Profit forecast

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

UEM EDGENTA BERHAD
(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
	30/9/2016 RM'000	30/9/2015 RM'000	30/9/2016 RM'000	30/9/2015 RM'000
Basic earnings per share				
Profit attributable to Owners of the Parent	51,114	69,903	63,568	165,929
Weighted average number of ordinary shares in issue ('000)	831,624	813,501	825,208	813,501
Basic earnings per share	6.15 sen	8.59 sen	7.70 sen	20.40 sen

Kuala Lumpur
24 November 2016

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