

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2017 RM'000	Preceding year corresponding quarter 30/9/2016 RM'000 (Restated)	Nine months to 30/9/2017 RM'000	Nine months to 30/9/2016 RM'000 (Restated)
1 (a) Revenue	523,114	373,441	1,448,454	1,066,193
(b) Cost of sales	(437,833)	(291,241)	(1,196,741)	(838,633)
(c) Gross profit	85,281	82,200	251,713	227,560
(d) Other income	14,440	8,425	38,196	25,341
(e) Expenses	(57,546)	(42,956)	(173,362)	(131,289)
(f) Finance costs	(13,408)	(2,744)	(31,760)	(7,407)
(g) Share of results of associates	3,275	4,215	12,526	10,649
(h) Share of results of joint ventures	71	(63)	182	(178)
(i) Profit before tax	32,113	49,077	97,495	124,676
(j) Income tax	(8,418)	(10,723)	(26,360)	(31,849)
(k) Zakat	-	-	(80)	-
(l) Profit for the period from continuing operations	23,695	38,354	71,055	92,827
(m) Profit/(loss) for the period from discontinued operations	25,402	24,141	38,872	(43,605)
(n) Profit for the period	49,097	62,495	109,927	49,222
Attributable to:				
(o) Owners of the parent				
- continuing operations	26,984	38,721	71,623	91,500
- discontinued operations	11,737	12,393	21,753	(27,932)
	38,721	51,114	93,376	63,568
(p) Non-controlling interests	10,376	11,381	16,551	(14,346)
Profit for the period	49,097	62,495	109,927	49,222
2 Earnings/(loss) per share based on 1(o) above (Note 26):				
Basic				
- from continuing operations	3.24 sen	4.66 sen	8.61 sen	11.09 sen
- from discontinued operations	1.42 sen	1.49 sen	2.62 sen	(3.39) sen
	4.66 sen	6.15 sen	11.23 sen	7.70 sen

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

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2017 RM'000	Preceding year corresponding quarter 30/9/2016 RM'000 (Restated)	Nine months to 30/9/2017 RM'000	Nine months to 30/9/2016 RM'000 (Restated)
Profit for the period	49,097	62,495	109,927	49,222
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>				
<u>Continuing operations</u>				
Exchange differences on translation of foreign operations, representing total other comprehensive (loss)/income from continuing operations	<u>(3,562)</u>	<u>2,525</u>	<u>(1,702)</u>	<u>(592)</u>
<u>Discontinued operations</u>				
Exchange differences on translation of foreign operations	8,001	(11,135)	1,874	(12,326)
Tax impact on translation of foreign operations	(1,256)	952	(528)	(441)
Net (loss)/gain on hedge of net investment	(12,358)	15,731	(4,505)	12,608
Tax impact on hedge of net investment	<u>3,426</u>	<u>(4,410)</u>	<u>1,228</u>	<u>(3,528)</u>
Total other comprehensive (loss)/income from discontinued operations	<u>(2,187)</u>	<u>1,138</u>	<u>(1,931)</u>	<u>(3,687)</u>
Total other comprehensive (loss)/income for the period, net of tax	<u>(5,749)</u>	<u>3,663</u>	<u>(3,633)</u>	<u>(4,279)</u>
Total comprehensive income for the period	<u>43,348</u>	<u>66,158</u>	<u>106,294</u>	<u>44,943</u>
Attributable to:				
Owners of the parent				
- continuing operations	23,443	52,627	70,057	90,897
- discontinued operations	<u>11,003</u>	<u>12,252</u>	<u>20,713</u>	<u>(30,674)</u>
	<u>34,446</u>	<u>64,879</u>	<u>90,770</u>	<u>60,223</u>
Non-controlling interests	<u>8,902</u>	<u>1,279</u>	<u>15,524</u>	<u>(15,280)</u>
Total comprehensive income for the period	<u>43,348</u>	<u>66,158</u>	<u>106,294</u>	<u>44,943</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 2016.

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(3,913)	(3,603)	(9,337)	(7,497)
Accretion of interest on concession receivable	(4,784)	(4,812)	(14,237)	(9,624)
Dividend from short term investment	(167)	(423)	(300)	(2,246)
Loss/(gain) on disposal of property, plant and equipment	57	104	(487)	207
Net foreign exchange (gain)/loss	(215)	480	415	(704)
Net (reversal of)/impairment on trade receivables	(1,799)	267	(3,079)	901
Fair value loss/(gain) on derivatives	1,721	(49)	1,896	(275)
Interest expense	9,977	2,495	27,434	6,718
Depreciation and amortisation	15,025	9,330	45,944	27,734

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

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited	Audited
		As at end of current	As at preceding
		quarter	financial year end
		30/9/2017	31/12/2016
		RM'000	RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	168,103	227,769
	Land held for property development	1,115	1,115
	Prepaid land lease payments	3,084	3,150
	Intangible assets	740,892	964,528
	Investment in joint ventures	-	2,393
	Investment in associates	44,155	32,753
	Other investments	272	272
	Trade and other receivables	142,337	141,685
	Deferred tax assets	11,791	51,573
		1,111,749	1,425,238
2	Current assets		
	Property development costs	-	128,307
	Inventories	170,637	36,533
	Trade and other receivables	1,016,652	1,256,385
	Short term investments	24,745	42,375
	Derivative financial instruments	-	491
	Cash, bank balances and deposits*	575,317	640,010
		1,787,351	2,104,101
3	Assets of disposal group held for sale	849,183	-
	Total assets	3,748,283	3,529,339

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

	Unaudited As at end of current quarter 30/9/2017 RM'000	Audited As at preceding financial year end 31/12/2016 RM'000
EQUITY AND LIABILITIES		
4	Equity attributable to Owners of the Parent	
	Share capital	207,906
	Share premium	60,168
	Merger relief reserve	313,856
	Other reserves	54,440
	Other reserves of disposal group held for sale	21,103
	Retained earnings	689,959
	1,347,432	1,368,864
5	Non-controlling interests	184,170
	Total equity	1,531,602
6	Non-current liabilities	
	Retirement benefit obligations	3,857
	Defined benefit pension plan	1,707
	Provisions	1,499
	Borrowings	818,324
	Trade and other payables	29,262
	Derivative financial instruments	2,213
	Deferred tax liabilities	52,284
	909,146	876,236
7	Current liabilities	
	Retirement benefit obligations	261
	Provisions	1,800
	Borrowings	231,205
	Trade and other payables	628,526
	Derivative financial instruments	-
	Income tax payable	7,281
	869,073	1,115,310
8	Liabilities of disposal group held for sale	438,462
	Total liabilities	1,991,546
	Total equity and liabilities	3,529,339
9	Net assets per ordinary share attributable to Owners of the Parent (RM)	
	1.62	1.65

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

* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM46,888,097 (2016: RM55,095,827) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and Section 8A of the Housing Development Account (Control and Licensing) Sabah Act, 1978.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months to 30/9/2017 RM'000	Unaudited Nine months to 30/9/2016 RM'000 (Restated)
Cash flows from operating activities		
Cash receipts from customers	1,489,830	1,063,984
Cash payments to suppliers	(766,033)	(795,829)
Cash payments to employees and for expenses	(702,827)	(362,931)
Cash generated from/(used in) operations	20,970	(94,776)
Interest paid	(23,746)	(5,005)
Income tax and zakat paid	(41,808)	(46,651)
Cash flow from discontinued operations	73,949	22,900
Net cash flow generated from/(used in) operating activities	29,365	(123,532)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	289	119
Acquisition of a subsidiary, net of cash acquired	-	(18,868)
Investment in associates	(21)	(400)
Net advances to joint ventures	303	-
Net proceeds from withdrawal of short term investments	18,111	198,709
Interest received	7,175	4,200
Dividend received	2,400	1,600
Settlement of remaining consideration for the acquisition of subsidiaries	(22,510)	-
Purchase of property, plant and equipment	(63,631)	(23,381)
Cash flow from discontinued operations	(4,329)	(189)
Net cash flow (used in)/generated from investing activities	(62,213)	161,790
Cash flows from financing activities		
Proceeds from issuance of ordinary shares to non-controlling interests	15,814	1,650
Repayment of finance lease	(122)	(72)
Drawdown of borrowings	325,694	2,791
Repayment of borrowings	(57,095)	(19,946)
Dividend paid	(124,744)	(122,025)
Placement of fixed deposits	(58,369)	(13)
Cash flow from discontinued operations	(19,611)	(46,743)
Net cash flow generated from/(used in) financing activities	81,567	(184,358)
Net increase/(decrease) in cash and cash equivalents	48,719	(146,100)
Net foreign exchange difference	(4,121)	2,224
Cash and cash equivalents as at beginning of financial period	512,161	517,742
Cash and cash equivalents as at end of financial period	556,759	373,866

(a)

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

	Unaudited As at 30/9/2017 RM'000	Unaudited As at 30/9/2016 RM'000 (Restated)
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	226,078	136,088
Fixed deposits with licensed banks	349,239	117,543
Cash, bank balances and deposits	575,317	253,631
Add: Cash and cash equivalents of disposal group	137,401	139,193
Less: Fixed deposits on lien	(14,817)	(16,076)
Less: Fixed deposits pledged	(141,142)	(2,882)
	556,759	373,866

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

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	← Attributable to owners of the parent →				Retained earnings	Total	Non-controlling interests	Total equity
	Share capital	Share premium	Merger relief reserve	Other reserves				
	← Non-distributable →				Distributable			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Nine months to 30 September 2017 (unaudited)								
Balance as at 1 January 2017	207,906	60,168	313,856	78,149	708,785	1,368,864	168,929	1,537,793
Profit for the period	-	-	-	-	93,375	93,375	16,551	109,926
Other comprehensive loss	-	-	-	(2,606)	-	(2,606)	(1,027)	(3,633)
Total comprehensive (loss)/income for the period	-	-	-	(2,606)	93,375	90,769	15,524	106,293
Dividends paid to:								
- shareholders of the Company	-	-	-	-	(124,744)	(124,744)	-	(124,744)
- non-controlling shareholders of a subsidiary	-	-	-	-	-	-	(3,555)	(3,555)
Dilution of interest in a subsidiary	-	-	-	-	12,542	12,542	3,272	15,814
Balance as at 30 September 2017	<u>207,906</u>	<u>60,168</u>	<u>313,856</u>	<u>75,543</u>	<u>689,958</u>	<u>1,347,431</u>	<u>184,170</u>	<u>1,531,601</u>

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

	←——— Attributable to owners of the parent ———→				————→ Distributable	Total	Non- controlling interests	Total equity
	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
Dividends paid to:								
- shareholders of the Company	-	-	-	-	(122,025)	(122,025)	-	(122,025)
- non-controlling shareholders of subsidiaries	-	-	-	-	-	-	(10,975)	(10,975)
Issuance of ordinary shares to non-controlling interests	-	-	-	-	-	-	1,650	1,650
Dilution of interest in a subsidiary	-	-	-	-	3	3	33	36
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>

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

1. Accounting policies and methods of computation

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

	Effective for the financial period beginning on or after
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to FRSs 2014-2016 Cycle - Amendments to FRS 12: Disclosure of Interests in Other Entities	1 January 2017

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

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

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

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

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

2. Audit report in respect of the 2016 financial statements

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

3. Seasonal or cyclical factors

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

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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 2017 except as follows:-

The Company had established the Islamic Commercial Papers ("ICPs") and Islamic Medium Term Notes ("IMTNs") under an Islamic Commercial Papers Programme ("ICP Programme") and Islamic Medium Term Notes Programme ("IMTN Programme") respectively, which have a combined aggregate limit of up to RM1,000.0 million in nominal value and a sub-limit of RM300.0 million in nominal value for the ICP Programme under the Shariah Principle of Murabahah via a Tawarruq Arrangement.

On 26 April 2017, the Company completed the issuance of the following:-

- a) RM50.0 million in nominal value of ICPs with a tenor of 12 months; and
- b) RM250.0 million in nominal value of IMTNs with a tenor of 5 years.

The proceeds raised from the ICPs and IMTNs shall be utilised by the Company for its Shariah-compliant general corporate purposes.

7. Dividend

The amount of dividends paid by the Company since 31 December 2016 were as follows:-

RM'000

In respect of the financial year ended 31 December 2016:

Final single-tier dividend of 7.00 sen per ordinary share,
on 831,624,030 ordinary shares, paid on 21 June 2017

58,214

In respect of the financial year ending 31 December 2017:

Interim single-tier dividend of 8.00 sen per ordinary share,
on 831,624,030 ordinary shares, paid on 20 September 2017

66,530

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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 September 2017 is as follows:

By operating segment

	← Continuing Operations →								Discontinued Operations Consultancy	Group	
	Consultancy	Healthcare	Services Infra	Real Estate	Solutions	Property Development	Others	Elimination			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
Revenue											
External revenue	102,582	672,988	555,040	110,944	475	6,425	-	-	1,448,454	1,082,107	2,530,561
Inter-segment revenue	7,844	383	19,529	3,696	7,116	-	24,165	(62,733)	-	-	-
Total Revenue	110,426	673,371	574,569	114,640	7,591	6,425	24,165	(62,733)	1,448,454	1,082,107	2,530,561
Results											
Segment results	12,649	65,544	61,886	20,756	(2,418)	359	(30,034)	(12,195)	116,547	65,987	182,534
Finance costs	(17)	(435)	(413)	(5,982)	-	-	(33,166)	8,253	(31,760)	(5,646)	(37,406)
Share of results of associates	879	8,324	-	3,323	-	-	-	-	12,526	-	12,526
Share of results of joint ventures	182	-	-	-	-	-	-	-	182	2,721	2,903
Profit/(loss) before tax	13,693	73,433	61,473	18,097	(2,418)	359	(63,200)	(3,942)	97,495	63,062	160,557
Income tax	(3,570)	(10,847)	(11,431)	(3,131)	-	(41)	2,266	394	(26,360)	(24,190)	(50,550)
Zakat	-	-	-	(80)	-	-	-	-	(80)	-	(80)
Profit/(loss) for the period	10,123	62,586	50,042	14,886	(2,418)	318	(60,934)	(3,548)	71,055	38,872	109,927
Attributable to:											
Owners of the parent	11,729	62,077	50,042	15,305	(2,418)	737	(61,550)	(4,299)	71,623	21,753	93,376
Non-controlling interests	(1,606)	509	-	(419)	-	(419)	616	751	(568)	17,119	16,551
Profit/(loss) for the period	10,123	62,586	50,042	14,886	(2,418)	318	(60,934)	(3,548)	71,055	38,872	109,927

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

8. **Operating Segments (cont'd)**

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

By operating segment

	←————— Continuing Operations —————→								Discontinued Operations Consultancy	Group	
	Consultancy	←—— Healthcare	Services Infra	→—— Real Estate	Solutions	Property Development	Others	Elimination			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
Revenue											
External revenue	101,480	322,336	522,927	77,448	92	41,910	-	-	1,066,193	1,007,815	2,074,008
Inter-segment revenue	-	-	28,355	1,996	1,509	-	150,041	(181,901)	-	-	-
Total Revenue	101,480	322,336	551,282	79,444	1,601	41,910	150,041	(181,901)	1,066,193	1,007,815	2,074,008
Results											
Segment results	21,884	28,487	63,292	17,400	(769)	10,146	108,176	(127,004)	121,612	43,811	165,423
Impairment losses	-	-	-	-	-	-	-	-	-	(68,292)	(68,292)
Finance costs	(18)	-	(533)	(3,990)	-	-	(2,866)	-	(7,407)	(7,886)	(15,293)
Share of results of associates	-	9,027	-	1,622	-	-	-	-	10,649	-	10,649
Share of results of joint ventures	(178)	-	-	-	-	-	-	-	(178)	1,154	976
Profit/(loss) before tax	21,688	37,514	62,759	15,032	(769)	10,146	105,310	(127,004)	124,676	(31,213)	93,463
Income tax	(4,469)	(4,330)	(15,718)	(3,104)	-	(4,099)	(129)	-	(31,849)	(12,392)	(44,241)
Profit/(loss) for the period	17,219	33,184	47,041	11,928	(769)	6,047	105,181	(127,004)	92,827	(43,605)	49,222
Attributable to:											
Owners of the parent	17,493	32,261	47,041	11,404	(769)	7,050	105,181	(128,161)	91,500	(27,932)	63,568
Non-controlling interests	(274)	923	-	524	-	(1,003)	-	1,157	1,327	(15,673)	(14,346)
Profit/(loss) for the period	17,219	33,184	47,041	11,928	(769)	6,047	105,181	(127,004)	92,827	(43,605)	49,222

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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 September 2017 to the date of this announcement which would substantially affect the financial results of the Group for the nine months ended 30 September 2017 that have not been reflected in the condensed financial statements.

10. Changes in the composition of the Group

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

11. Capital commitments

There are no material capital commitments except as disclosed below:

	As at 30/9/2017 RM'000	As at 31/12/2016 RM'000
Approved and contracted for	63,043	75,818
Approved but not contracted for	26,840	41,621

12. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/9/2017 RM'000	Preceding year corresponding quarter 30/9/2016 RM'000 (Restated)	Nine months to 30/9/2017 RM'000	Nine months to 30/9/2016 RM'000 (Restated)
Continuing operations:				
Current income tax				
- Malaysian income tax	6,365	13,746	22,860	31,421
- Foreign tax	2,450	(167)	6,750	-
Under/(over) provision in prior years				
- Malaysian income tax	494	(2,573)	(2,502)	(929)
- Foreign tax	-	-	185	-
	<u>9,309</u>	<u>11,006</u>	<u>27,293</u>	<u>30,492</u>
Deferred tax				
- Relating to origination and reversal of temporary difference	(891)	(283)	(933)	1,357
Income tax expense	<u>8,418</u>	<u>10,723</u>	<u>26,360</u>	<u>31,849</u>

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

13. 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 proposed disposal of the entire holding of 90,511,615 ordinary shares in Opus International Consultants Limited ("OIC"), representing 61.2% equity interest in OIC ("Proposed Disposal"). The Proposed Disposal will be made via the Company's wholly-owned subsidiary, Opus International (NZ) Limited ("ONZ"). ONZ is a wholly-owned subsidiary of Opus Group Berhad, which in turn is wholly-owned by the Company. The offer from WSP NZ Acquisition Limited ("WSP") to acquire ONZ's entire holding in OIC has been accepted on 3 November 2017, following the approval received from the shareholders of the Company for the Proposed Disposal on 2 November 2017.

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

13. Status of corporate proposals announced but not completed as at the date of this announcement (cont'd)

OIC had on 27 November 2017 received notice from WSP to inform that the full takeover offer to purchase all the ordinary shares of OIC ("Offer") is now unconditional, in view that the consent from the Overseas Investment Office (OIO) for the Offer has been received by WSP. The settlement of consideration will be paid by WSP within seven (7) business days from 27 November 2017.

The gain on disposal will be recognised in the last quarter of the current financial year.

14. Disposal group held for sale and discontinued operations

Following the proposed disposal as disclosed in Note 13, the investment in OIC is classified as disposal group held for sale. The results of OIC are as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2017 RM'000	Preceding year corresponding quarter 30/9/2016 RM'000	Nine months to 30/9/2017 RM'000	Nine months to 30/9/2016 RM'000
Revenue	379,514	351,243	1,082,107	1,007,815
Cost of sales	<u>(190,722)</u>	<u>(185,232)</u>	<u>(551,372)</u>	<u>(537,375)</u>
Gross profit	188,792	166,011	530,735	470,440
Other income	3,204	1,657	5,117	4,471
Expenses	(157,085)	(131,383)	(469,865)	(431,100)
Impairment losses	-	-	-	(68,292)
Finance costs	(1,823)	(2,768)	(5,646)	(7,886)
Share of results of joint ventures	1,583	616	2,721	1,154
Profit/(loss) before tax	<u>34,671</u>	<u>34,133</u>	<u>63,062</u>	<u>(31,213)</u>
Income tax	<u>(9,269)</u>	<u>(9,992)</u>	<u>(24,190)</u>	<u>(12,392)</u>
Profit/(loss) for the period from discontinued operations	<u>25,402</u>	<u>24,141</u>	<u>38,872</u>	<u>(43,605)</u>

Cash flows attributable to discontinued operations are as follows:-

Operating cash flows	73,949	22,900
Investing cash flows	(4,329)	(189)
Financing cash flows	<u>(19,611)</u>	<u>(46,743)</u>
Total cash flows from discontinued operations	<u>50,009</u>	<u>(24,032)</u>

The major classes of assets and liabilities of OIC are as follows:-

	As at 30/9/2017 RM'000
Assets	
Property, plant and equipment	80,656
Other intangible assets	7,089
Goodwill	200,485
Deferred tax assets	40,095
Receivables and other assets	367,401
Cash and bank balances and deposits	<u>153,457</u>
Assets of disposal group held for sale	<u>849,183</u>
Liabilities	
Borrowings	(191,004)
Payables and other liabilities	<u>(247,458)</u>
Liabilities of disposal group held for sale	<u>(438,462)</u>
Net assets attributable to disposal group held for sale	<u>410,721</u>
Equity	
Other reserves of disposal group held for sale	<u>21,103</u>

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

14. Disposal group held for sale and discontinued operations (cont'd)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
		30/9/2017 RM'000	30/9/2016 RM'000	30/9/2017 RM'000	30/9/2016 RM'000
Profit/(loss) before tax is arrived at after (crediting)/charging:					
Interest income		(1,333)	968	(3,351)	(1,687)
Gain on disposal of property, plant and equipment		(1,890)	(104)	(1,916)	(207)
Net foreign exchange loss/(gain)		178	99	644	(110)
Fair value (gain)/loss on derivatives		(138)	49	(338)	275
Interest expense		1,714	2,600	5,136	7,312
Depreciation and amortisation		7,527	7,773	22,767	22,476
Impairment loss on goodwill	(a)	-	-	-	64,382
Impairment loss on joint venture	(b)	-	-	-	3,910

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

(a) Impairment loss on goodwill

Impairment loss on goodwill recognised and reported in the preceding period was in respect of Opus Stewart Weir Limited ("OSW") and the Australian operations amounting to 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 recognised in the preceding period.

15. Borrowings and debt securities

Details of Group borrowings and debt securities as at 30 September 2017 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>Borrowings</u>						
Domestic	373,800	-	373,800	85,257	-	85,257
Foreign						
- Singapore Dollar	444,524	-	444,524	119,650	-	119,650
- Taiwan Dollar	-	-	-	26,298	-	26,298
TOTAL	818,324	-	818,324	231,205	-	231,205

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

15. Borrowings and debt securities (cont'd)

Details of Group borrowings and debt securities as at 31 December 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>Borrowings</u>						
Domestic	140,483	-	140,483	29,766	20,000	49,766
Foreign						
- Singapore Dollar	443,691	-	443,691	132,232	-	132,232
- Canadian Dollar	898	77,104	78,002	235	6,806	7,041
- Australian Dollar	-	48,658	48,658	-	9,305	9,305
- British Pound	-	43,936	43,936	-	12,306	12,306
- New Zealand Dollar	6,352	-	6,352	5,411	-	5,411
- Taiwan Dollar	-	-	-	11,044	-	11,044
- United States Dollar	-	-	-	-	1,385	1,385
- Euro	-	-	-	-	87	87
TOTAL	591,424	169,698	761,122	178,688	49,889	228,577

16. Derivatives

Details of outstanding derivatives as at 30 September 2017 are as follows:

	Contract/ Notional value RM'000	Fair value	
		Assets	Liabilities
		RM'000	RM'000
Cross currency profit rate swap:			
- due 12 to 24 months (net settled)	209,478	-	(2,213)

Details of outstanding derivatives as at 31 December 2016 are as follows:

	Contract/ Notional value RM'000	Fair value	
		Assets	Liabilities
		RM'000	RM'000
Types of derivatives:			
Forward exchange rate contract:			
- due within 12 months (net settled)	62,470	491	(1,409)
- due 12 to 24 months (net settled)	98,404		(1,383)
Interest rate swap:			
- due 12 to 24 months (net settled)	14,905	-	(288)
Cross currency profit rate swap:			
- due 12 to 24 months (net settled)	210,649	-	(3,859)
	386,428	491	(6,939)

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

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 realised and unrealised profits or losses

	As at end of current quarter	As at preceding financial year end
	30/9/2017	31/12/2016
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	914,523	942,982
- Unrealised	(752)	11,719
	913,771	954,701
Total share of retained earnings from associates - Realised	34,652	22,126
Total share of accumulated losses from joint ventures - Realised	(5,589)	(8,492)
	942,834	968,335
Consolidation adjustments	(252,875)	(259,550)
Total group retained earnings as per consolidated financial statements	689,959	708,785

19. Material litigation

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

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

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

In the case management fixed on 28 February 2017, EKICSB filed its application to stay this proceeding pending conclusion of its arbitration claim against RMSB (note that on 2 December 2016, EKICSB served a Notice to Arbitrate against RMSB for RM4,018,030.02 being the amount which EKICSB failed to claim in the Construction Industry Payment and Adjudication Act (CIPAA) proceeding initiated by them against RMSB earlier on 2 February 2016. RMSB replied to the Notice to Arbitrate on 20 December 2016 requesting for the consolidation of the disputes arising from the Piling and Building Contract to be heard before a single arbitrator. However, this proposal was rejected by EKICSB vide their letter dated 22 December 2016). After exchanges of written submissions between the parties, EKICSB's application for stay was heard on 21 April 2017 whereby the Court gave its view that it has no discretion to grant an order to direct the dispute under this proceeding to be consolidated under Section 10(2) of the Arbitration Act 2005 with the ongoing arbitration claim initiated by EKICSB. The Court informed RMSB that it may file an application to the Court for a declaration that the disputes to be consolidated and be heard by a single and same arbitrator. On 8 June 2017, RMSB filed an application for a declaration to consolidate and hear the disputes by a single and same arbitrator. The Court has fixed the case management of this application on 13 July 2017. On 13 July 2017, EKICSB filed its affidavit in reply. The court directed RMSB to file affidavit in reply by 25 July 2017. The matter was fixed for case management on 7 August 2017 and hearing for the application was fixed on 15 August 2017. On 15 August 2017, the court allowed RMSB's application to transfer this application for declaration proceeding from the Shah Alam High Court (where it was filed due to e-filing system migration downtime at KL High Court then) to KL High Court. The case and the relevant files in relation thereto were transferred from the Shah Alam High Court to the Kuala Lumpur High Court on 11 September 2017. The case was then fixed for Case Management on 20 September 2017 at the Kuala Lumpur High Court and later postponed to 9 October 2017 wherein on the said date the Registrar of the High Court informed the parties that the case is pending consent from the Judge to transfer to the Construction Court. Vide a letter dated 12 October 2017, RMSB had been informed that the case has been transferred to the Construction Court and was fixed for Case Management on 20 October 2017. In the Case Management of 20 October 2017, the Court fixed the hearing of this case on 12 December 2017. The parties have been directed to file their written submissions by 6 December 2017.

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

19. Material litigation (cont'd)

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

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

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

In the Case Management dated 20 April 2017, Edgenta PROPEL’s solicitors had informed the Court of the demise of its witness and the replacement witness had been identified. This case was fixed for decision on 29 August 2017 whereby it was decided that HBT shall pay Edgenta PROPEL RM17,472,961.82 with interest of 5% per annum calculated from 2 April 2015 until full realisation and costs of RM15,000.00. Sealed Order was obtained on 19 September 2017. On 8 November 2017 Edgenta PROPEL’s solicitors had issued Notice Pursuant to Sections 465(1)(e) and 466(1)(a) of the Companies Act 2016 to demand for the payment of RM23,761,840.41 (being the amount due and payable from the decision dated 29 August 2017 and interest calculated up to 8 November 2017) for HBT to pay the said amount within twenty-one (21) days from the date of receipt of the said notice failing which Edgenta PROPEL may initiate winding up proceedings against HBT accordingly.

20. Contingent liabilities

Other than as disclosed in Note 19 above, there are no other significant contingent liabilities as at the date of this announcement.

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

	Current quarter 30/9/2017 RM'000	Immediate preceding quarter 30/6/2017 RM'000 (Restated)	Variance RM'000	Variance %
<u>Revenue:</u>				
<u>Continuing operations:</u>				
Consultancy	32,644	38,662	(6,018)	(15.6)
Services				
Healthcare	228,039	227,417	622	0.3
Infra	220,291	202,563	17,728	8.8
Real Estate	35,712	39,340	(3,628)	(9.2)
Solutions	201	274	(73)	(26.6)
Property Development	6,227	29	6,198	>100.0
	523,114	508,285	14,829	2.9
<u>Discontinued operations:</u>				
Consultancy	379,514	350,628	28,886	8.2
	902,628	858,913	43,715	5.1

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

21. Detailed analysis of the performance between the current quarter and the immediate preceding quarter (cont'd)

	Current quarter 30/9/2017 RM'000	Immediate preceding quarter 30/6/2017 RM'000 (Restated)	Variance RM'000	Variance %
<u>Profit Before Tax:</u>				
<u>Continuing operations:</u>				
Consultancy	2,029	9,618	(7,589)	(78.9)
Services				
Healthcare	24,451	22,157	2,294	10.4
Infra	21,346	21,261	85	0.4
Real Estate	7,264	5,072	2,192	43.2
Solutions	(304)	(1,127)	823	73.0
Property Development	3,918	(1,857)	5,775	>100.0
Others/Elimination	(26,591)	(22,283)	(4,308)	(19.3)
	32,113	32,841	(728)	(2.2)
<u>Discontinued operations:</u>				
Consultancy	34,671	13,695	20,976	>100.0
	66,784	46,536	20,248	43.5

Continuing operations

The Group's revenue for the current quarter of RM523.1 million was RM14.8 million or 2.9% higher than the immediate preceding quarter of RM508.3 million due to the following:

- Consultancy Division recorded lower revenue by RM6.0 million mainly due to lower revenue recorded for consultancy work for Sarawak and Sabah projects by RM4.3 million and RM4.1 million respectively.
- Infra Services ("IS") Division recorded higher revenue by RM17.7 million mainly due to the higher civil and pavement works carried out for expressways.
- Real Estate Services ("RES") Division recorded lower revenue by RM3.6 million mainly due to lower revenue from a project nearing its completion in the current quarter.
- Property Development ("Property") Division recorded higher revenue by RM6.2 million compared to the preceding quarter due to more properties sold in the current quarter.

The Group recorded lower profit before tax ("PBT") of RM32.1 million for the current quarter with a decrease of RM0.7 million as compared to RM32.8 million in the preceding quarter due to the following:

- Consultancy Division recorded lower PBT by RM7.6 million compared to the immediate preceding quarter mainly due to the reduced revenue recognised and lower contributions from joint venture.
- Healthcare Services ("HS") Division reported higher PBT by RM2.3 million mainly contributed by profits from non-concession works.
- RES Division recorded higher PBT by RM2.2 million despite lower revenue, mainly due to better margin of current on-going projects.
- Property Division's results have improved by RM5.8 million in line with higher revenue.

Discontinued Operations

Revenue of RM379.5 million has shown an increase of RM28.9 million mainly riding on stronger results in New Zealand operations when compared to the immediate preceding quarter. The RM34.7 million PBT recorded for the current quarter has shown an increase of RM21.0 million as compared to the immediate preceding quarter, in line with the increase in revenue.

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

22. **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
	30/9/2017	30/9/2016			30/9/2017	30/9/2016		
	RM'000	RM'000 (Restated)	RM'000	%	RM'000	RM'000 (Restated)	RM'000	%

Revenue:

Continuing operations:

Consultancy	32,644	30,925	1,719	5.6	102,582	101,480	1,102	1.1
Services								
Healthcare	228,039	108,773	119,266	>100.0	672,988	322,336	350,652	>100.0
Infra	220,291	172,866	47,425	27.4	555,040	522,927	32,113	6.1
Real Estate	35,712	43,807	(8,095)	(18.5)	110,944	77,448	33,496	43.2
Solutions	201	92	109	>100.0	475	92	383	>100.0
Property Development	6,227	16,978	(10,751)	(63.3)	6,425	41,910	(35,485)	(84.7)
	523,114	373,441	149,673	40.1	1,448,454	1,066,193	382,261	35.9

Discontinued operations:

Consultancy	379,514	351,243	28,271	8.0	1,082,107	1,007,815	74,292	7.4
Group	902,628	724,684	177,944	24.6	2,530,561	2,074,008	456,553	22.0

Profit Before Tax:

Continuing operations:

Consultancy	2,029	2,449	(420)	(17.1)	13,693	21,688	(7,995)	(36.9)
Services								
Healthcare	24,451	17,251	7,200	41.7	73,433	37,514	35,919	95.7
Infra	21,346	21,458	(112)	(0.5)	61,473	62,759	(1,286)	(2.0)
Real Estate	7,264	9,222	(1,958)	(21.2)	18,097	15,032	3,065	20.4
Solutions	(304)	250	(554)	>(100.0)	(2,418)	(769)	(1,649)	>(100.0)
Property Development	3,918	3,943	(25)	(0.6)	359	10,146	(9,787)	(96.5)
Others/Elimination	(26,591)	(5,496)	(21,095)	>(100.0)	(67,142)	(21,694)	(45,448)	>(100.0)
	32,113	49,077	(16,964)	(34.6)	97,495	124,676	(27,181)	(21.8)

Discontinued operations:

Consultancy	34,671	34,133	538	1.6	63,062	(31,213)	94,275	>100.0
	66,784	83,210	(16,426)	(19.7)	160,557	93,463	67,094	71.8

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

22. Detailed analysis of the performance for the current quarter and period (cont'd)

Continuing operations

The Group's revenue for the current quarter of RM523.1 million was higher by RM149.7 million as compared to RM373.4 million in the corresponding quarter last year. The Group recorded revenue of RM1,448.5 million for the nine-month period, which is RM382.3 million higher as compared to RM1,066.2 million in the corresponding period last year due to the following:

- Consultancy Division recorded higher year-to-date revenue by RM1.1 million mainly contributed by consultancy work for Sabah and Sarawak projects by RM9.3 million and RM12.0 million respectively. The increase is offset by completion of consultancy works in Indonesia by RM3.2 million and lower revenue from project delivery consultancy works by RM14.8 million.
- HS Division recorded higher revenue by RM350.7 million mainly due to the nine-month contribution of RM330.1 million from the new subsidiary, AIFS, which was acquired in December 2016 and higher variation orders for HS Division – Concession by RM20.9 million for the nine-month period.
- IS Division recorded an increase in nine-month revenue of RM32.1 million compared to the corresponding period last year, mainly due to higher civil and pavement works carried out on expressways and contributions from projects in Indonesia by RM53.9 million and RM19.8 million respectively, offset by the completion of lane widening works and works on expressway in Penang which resulted in lower revenue by RM39.5 million. The increase is further offset by lower revenue from environmental material testing projects by RM5.4 million.
- RES Division reported higher year-to-date contribution from KFM by RM15.3 million, which was acquired in April 2016. The increase was also due to higher contributions from township management services and facilities contracts secured by RM6.2 million and RM12.8 million respectively.
- Property Division recorded lower revenue mainly due to lack of sales as the current property market is highly competitive.

The Group's current quarter PBT of RM32.1 million was lower by RM17.0 million as compared to RM49.1 million in the corresponding quarter last year. PBT of RM97.5 million for the nine-month period was lower by RM27.2 million as compared to RM124.7 million in the corresponding period last year.

- Consultancy Division recorded lower PBT for the nine-month period by RM8.0 million, despite 1.1% increase in revenue mentioned. This is due to lower margins for current projects as compared to prior period projects by RM6.9 million. The division also recorded impairment of receivables of RM2.4 million.
- HS Division recorded higher PBT by RM35.9 million for the nine-month period, mainly attributable to the acquisition of AIFS.
- IS recorded lower year-to-date PBT by RM1.3 million due to lower contribution from environment material testing operations by RM8.9 million, mitigated by better results from Edgenta Propel Berhad by RM7.6 million.
- RES Division recorded higher PBT by RM3.1 million for the nine-month period, mainly attributable to better performance from facilities and township management operations by RM2.9 million resulting from the improved revenue mentioned.
- Property Division recorded lower PBT by RM9.8 million resulting from lower revenue mentioned above.
- Other major increase in expenses due to interest expense incurred for Murabahah Term Facility and Sukuk by RM12.9 million and RM6.2 million respectively, as well as amortisation of intangible assets by RM16.6 million.

Discontinued operations

Revenue for the current quarter of RM379.5 million has increased by RM28.3 million compared to RM351.2 million in the preceding year corresponding quarter. Revenue has increased by RM74.3 million to RM1,082.1 million for the current nine-month period. This is mainly due to better performance from consultancy work in New Zealand. Revenue is further improved from the strengthening of exchange rate for NZD against MYR, causing a favourable impact on translation.

PBT has increased by RM94.3 million to RM63.1 million for the current nine-month period as compared to loss before tax of RM31.2 million in prior period, mainly due to the impairment loss on goodwill and joint venture recognised in the prior period amounting to RM64.4 million and RM3.9 million respectively. This is further contributed by better margin from higher revenue recorded and favourable foreign exchange impact on translation.

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

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

23. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
<u>Net operating profit after tax computation:</u>				
Earnings before interest and tax	68,301	80,902	165,010	86,684
Adjusted tax	(16,392)	(19,416)	(39,602)	(20,804)
Net operating profit after tax	51,909	61,486	125,408	65,880
<u>Economic charge computation:</u>				
Average invested capital	1,972,678	1,275,319	1,972,678	1,275,319
Weighted average cost of capital ("WACC")	7.1%	8.9%	7.1%	8.9%
Economic charge	35,015	28,376	105,045	85,128
Economic profit/(loss)	16,894	33,110	20,363	(19,248)

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. The EP statement is calculated at total group basis which includes results from both continuing and discontinued operations.

(a) Performance of the current quarter ended 30 September 2017 against the corresponding quarter last year:

EP of RM16.9 million is lower by RM16.2 million as compared to the preceding year corresponding quarter of RM33.1 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 2017 against last year:

EP of RM20.4 million is higher by RM39.6 million as compared to the preceding year corresponding period's Economic Loss of RM19.2 million mainly due to higher EBIT recorded in the current period.

24. Prospects for the current financial year

Overall Prospects

UEM Edgenta Berhad ("Company") expects to deliver positive results and sustain performance for the remaining of the year by growing and enhancing its core business offerings organically in the core sectors spanning Healthcare, Infra and Real Estate in its key markets namely Malaysia, Singapore and Taiwan.

The Company is also embarking on various operational initiatives to drive operational efficiency, such as implementation of Enterprise Resource Planning to enhance back-end support system, integration of processes of acquired businesses, utilising new technology enablers and effective implementation of performance based contracting for the infra business.

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

24. Prospects for the current financial year (cont'd)

Prospects by Segment

(i) Consultancy

Consultancy division will remain focused on delivery of major road and infrastructure projects in both Peninsular and East Malaysia.

The proposed disposal of the Company's 61.2% equity stake in its New Zealand-based subsidiary, OIC is not expected to have significant impact to the current year's core performance, as the transaction is expected to be completed towards the end of the year. The results contributed by OIC up to completion date will be recorded as discontinued operations in the current financial year.

(ii) Healthcare Services

Healthcare division is expected to sustain its performance in the remaining period of the current financial year. The industry outlook remains positive with the recent 2018 budget allocated for Malaysian healthcare sector and Healthcare 2020 Master Plan in Singapore.

(iii) Infra Services

Infra division is expected to sustain its performance in the remaining period of the current financial year and continue to focus on various operational initiatives in the immediate term to drive operational cost efficiency towards a performance based contracting approach.

(iv) Real Estate Services

Real estate division will remain focused on building track record and capability in township and community management services, as the market is shifting its demand from basic utilities maintenance to community-focused solutions. The division offerings also include high performance green building projects.

25. 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)

26. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2017 RM'000	30/9/2016 RM'000	30/9/2017 RM'000	30/9/2016 RM'000
Profit/(loss) attributable to Owners of the Parent:				
- from continuing operations	26,984	38,721	71,623	91,500
- from discontinued operations	11,737	12,393	21,753	(27,932)
Total profit attributable to Owners of the Parent	<u>38,721</u>	<u>51,114</u>	<u>93,376</u>	<u>63,568</u>
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	825,208
Basic earnings per share for:				
- Profit from continuing operations	3.24 sen	4.66 sen	8.61 sen	11.09 sen
- Profit/(loss) from discontinued operations	1.42 sen	1.49 sen	2.62 sen	(3.39) sen
- Profit for the period	<u>4.66 sen</u>	<u>6.15 sen</u>	<u>11.23 sen</u>	<u>7.70 sen</u>

Kuala Lumpur
28 November 2017

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