

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2017 RM'000	Preceding year corresponding quarter 31/12/2016 RM'000 (Restated)	Twelve months to 31/12/2017 RM'000	Twelve months to 31/12/2016 RM'000 (Restated)
1 (a) Revenue	672,312	512,900	2,120,766	1,579,093
(b) Cost of sales	(522,051)	(401,156)	(1,718,792)	(1,239,789)
(c) Gross profit	150,261	111,744	401,974	339,304
(d) Other income	31,952	12,857	70,148	38,198
(e) Expenses	(96,966)	(68,035)	(270,328)	(199,324)
(f) Finance costs	(16,765)	(4,309)	(48,525)	(11,716)
(g) Share of results of associates	7,127	4,661	19,653	15,310
(h) Share of results of joint ventures	(182)	(103)	-	(281)
(i) Profit before tax	75,427	56,815	172,922	181,491
(j) Income tax	(19,799)	(8,145)	(46,159)	(39,994)
(k) Zakat	(1,556)	(1,509)	(1,636)	(1,509)
(l) Profit for the period/year from continuing operations	54,072	47,161	125,127	139,988
(m) Discontinued operations:				
- Results from operating activities	(4,148)	(49,811)	34,724	(93,416)
- Gain on disposal of subsidiary	274,909	-	274,909	-
Profit/(loss) for the period/year from discontinued operations	270,761	(49,811)	309,633	(93,416)
(n) Profit/(loss) for the period/year	324,833	(2,650)	434,760	46,572
Attributable to:				
(o) Owners of the parent				
- continuing operations	52,990	47,438	124,613	138,938
- discontinued operations	271,821	(30,950)	293,574	(58,882)
	324,811	16,488	418,187	80,056
(p) Non-controlling interests	22	(19,138)	16,573	(33,484)
Profit/(loss) for the period/year	324,833	(2,650)	434,760	46,572
2 Earnings/(loss) per share based on 1(o) above (Note 26):				
Basic				
- from continuing operations	6.37 sen	5.70 sen	14.98 sen	16.80 sen
- from discontinued operations	32.69 sen	(3.72) sen	35.30 sen	(7.12) sen
	39.06 sen	1.98 sen	50.28 sen	9.68 sen

Due to the disposal of a subsidiary as disclosed in Note 14, the comparatives have been restated in compliance with FRS 5: Non-current Assets Held for Sale and Discontinued Operations.

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	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Profit/(loss) for the period/year	324,833	(2,650)	434,760	46,572
<u>Continuing operations</u>				
<i>Other comprehensive loss to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(32,844)	(182)	(34,546)	(774)
<i>Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods:</i>				
Remeasurement (loss)/gain on Retirement Benefit Scheme	(805)	54	(805)	54
Remeasurement gain/(loss) on Defined Benefit Pension Scheme	704	(78)	704	(78)
Tax impact on remeasurement loss	(14)	(13)	(14)	(13)
	(115)	(37)	(115)	(37)
Total other comprehensive loss from continuing operations	(32,959)	(219)	(34,661)	(811)
<u>Discontinued operations</u>				
Total other comprehensive (loss)/income from discontinued operations	(19,250)	14,389	(21,181)	10,702
Total other comprehensive (loss)/income for the period/year, net of tax	(52,209)	14,170	(55,842)	9,891
Total comprehensive income for the period/year	272,624	11,520	378,918	56,463
Attributable to:				
Owners of the parent				
- continuing operations	20,141	47,105	90,198	138,002
- discontinued operations	260,667	(21,010)	281,380	(51,684)
	280,808	26,095	371,578	86,318
Non-controlling interests	(8,184)	(14,575)	7,340	(29,855)
Total comprehensive income for the period/year	272,624	11,520	378,918	56,463

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 31/12/2017 RM'000	Preceding year corresponding quarter 31/12/2016 RM'000 (Restated)	Twelve months to 31/12/2017 RM'000	Twelve months to 31/12/2016 RM'000 (Restated)
Profit before tax from continuing operations is arrived at after (crediting)/charging:				
Interest income	(3,439)	(336)	(12,776)	(7,833)
Accretion of interest on concession receivable	(4,593)	(4,812)	(18,830)	(14,436)
Dividend from short term investment	(468)	(393)	(768)	(2,639)
Gain on disposal of property, plant and equipment	(69)	(722)	(555)	(515)
Net foreign exchange (gain)/loss	(8,576)	6	(8,161)	(698)
Net impairment of trade receivables	3,805	7,682	727	8,583
Fair value (gain)/loss on derivatives	(1,896)	876	-	601
Interest expense	9,330	3,647	36,763	10,365
Depreciation and amortisation	16,268	9,391	62,212	37,125

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
		31/12/2017	31/12/2016
		RM'000	RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	193,447	227,769
	Land held for property development	477	1,115
	Prepaid land lease payments	3,063	3,150
	Intangible assets	733,940	964,528
	Investment in joint ventures	-	2,393
	Investment in associates	51,283	32,753
	Other investments	272	272
	Trade and other receivables	141,735	141,685
	Deferred tax assets	14,465	51,573
		1,138,682	1,425,238
2	Current assets		
	Property development costs	-	128,307
	Inventories	168,701	36,533
	Trade and other receivables	984,226	1,256,385
	Short term investments	200,425	42,375
	Derivative financial instruments	-	491
	Cash, bank balances and deposits*	503,082	640,010
		1,856,434	2,104,101
	Total assets	2,995,116	3,529,339

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

	Unaudited As at end of current quarter	Audited As at preceding financial year end
	31/12/2017	31/12/2016
	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	78,149
	Retained earnings	708,785
	1,582,885	1,368,864
4	Non-controlling interests	168,929
	Total equity	1,537,793
5	Non-current liabilities	
	Retirement benefit obligations	3,857
	Defined benefit pension plan	6,541
	Provisions	17,272
	Borrowings	761,122
	Trade and other payables	30,333
	Derivative financial instruments	5,530
	Deferred tax liabilities	51,581
	549,818	876,236
6	Current liabilities	
	Retirement benefit obligations	261
	Provisions	17,585
	Borrowings	228,577
	Trade and other payables	831,862
	Derivative financial instruments	1,409
	Income tax payable	35,616
	843,937	1,115,310
	Total liabilities	1,991,546
	Total equity and liabilities	3,529,339
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	
	1.90	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 RM13,898,872 (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

	Note	Twelve months to 31/12/2017 RM'000	Twelve months to 31/12/2016 RM'000 (Restated)
Cash flows from operating activities			
Cash receipts from customers		2,133,940	1,506,947
Cash payments to suppliers		(1,055,917)	(913,415)
Cash payments to employees and for expenses		(924,539)	(531,079)
Cash generated from operations		153,484	62,453
Interest paid		(29,873)	(9,223)
Income tax		(55,182)	(52,460)
Cash flow from discontinued operations		62,836	32,649
Net cash flow generated from operating activities		131,265	33,419
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		302	2,269
Proceeds from disposal of a subsidiary, net of cash disposed		404,997	-
Acquisition of a subsidiary, net of cash acquired		-	(511,321)
Investment in associates		(21)	(400)
Net repayment from joint ventures		1,669	3,511
Net (placements)/proceeds from withdrawal of short term investments		(140,123)	206,716
Interest received		8,763	6,112
Dividend received		2,400	1,705
Joint venture equalisation settlement		(3,259)	-
Settlement of remaining consideration for the acquisition of subsidiaries		(22,510)	-
Purchase of property, plant and equipment		(92,565)	(38,165)
Cash flow from discontinued operations		(5,813)	4,108
Net cash flow generated from/(used in) investing activities		153,840	(325,465)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares to non-controlling interests		15,814	1,654
Repayment of finance lease		(986)	(626)
Drawdown of borrowings		337,389	602,104
Repayment of borrowings		(552,211)	(29,317)
Dividend paid to shareholders of the Company		(124,744)	(122,025)
Dividend paid to non-controlling shareholders of subsidiaries		(1,408)	-
Withdrawal/(placement) of fixed deposits		64,610	(61,802)
Cash flow from discontinued operations		(42,009)	(116,372)
Net cash flow (used in)/generated from financing activities		(303,545)	273,616
Net decrease in cash and cash equivalents		(18,440)	(18,430)
Net foreign exchange difference		(23,236)	12,849
Cash and cash equivalents as at beginning of financial year		512,161	517,742
Cash and cash equivalents as at end of financial year	(a)	470,485	512,161

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

	Unaudited As at 31/12/2017 RM'000	Audited As at 31/12/2016 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	200,092	245,017
Fixed deposits with licensed banks	302,990	334,993
Fixed deposits with other financial institutions	-	60,000
Cash, bank balances and deposits	503,082	640,010
Less: Fixed deposits on lien	(14,493)	(16,034)
Less: Fixed deposits pledged	(16,748)	(4,809)
Less: Cash and fixed deposit restricted in usage	(1,356)	(77,117)
Less: Bank overdrafts	-	(29,889)
	470,485	512,161

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				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Twelve months to 31 December 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 year	-	-	-	-	418,187	418,187	16,573	434,760
Other comprehensive loss	-	-	-	(46,068)	(541)	(46,609)	(9,233)	(55,842)
Total comprehensive (loss)/income for the year	-	-	-	(46,068)	417,646	371,578	7,340	378,918
Transfer to share capital (Note A)	60,168	(60,168)	-	-	-	-	-	-
Dividends paid to:								
- shareholders of the Company	-	-	-	-	(124,744)	(124,744)	-	(124,744)
- non-controlling shareholders of a subsidiary	-	-	-	-	-	-	(28,973)	(28,973)
Put options granted to non-controlling interests of a subsidiary	-	-	-	(14,635)	-	(14,635)	(23,645)	(38,280)
Disposal of a subsidiary	-	-	-	(30,720)	-	(30,720)	(108,447)	(139,167)
Dilution of interest in a subsidiary	-	-	-	-	12,542	12,542	3,272	15,814
Balance as at 31 December 2017	<u>268,074</u>	<u>-</u>	<u>313,856</u>	<u>(13,274)</u>	<u>1,014,229</u>	<u>1,582,885</u>	<u>18,476</u>	<u>1,601,361</u>

Note A:

The new Companies Act 2016 ("New Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the New Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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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
	Share capital	Share premium	Merger relief reserve	Other reserves				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Twelve months to 31 December 2016 (audited)								
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 year	-	-	-	-	80,056	80,056	(33,484)	46,572
Other comprehensive income/(loss)	-	-	-	8,890	(2,628)	6,262	3,629	9,891
Total comprehensive income/(loss) for the year	-	-	-	8,890	77,428	86,318	(29,855)	56,463
Acquisition of a subsidiary	4,531	60,168	-	-	-	64,699	19,850	84,549
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	-	-	-	-	-	-	1,654	1,654
Dilution of interest in a subsidiary	-	-	-	-	3	3	33	36
Balance as at 31 December 2016	<u>207,906</u>	<u>60,168</u>	<u>313,856</u>	<u>78,149</u>	<u>708,785</u>	<u>1,368,864</u>	<u>168,929</u>	<u>1,537,793</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 Group is finalising its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2017 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

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 year, except for disposal of a subsidiary as disclosed in Note 14.

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 year.

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 year ended 31 December 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
<u>In respect of the financial year ended 31 December 2016:</u>	
Final single-tier dividend of 7.00 sen per ordinary share, on 831,624,030 ordinary shares, paid on 21 June 2017	<u>58,214</u>
<u>In respect of the financial year ended 31 December 2017:</u>	
Interim single-tier dividend of 8.00 sen per ordinary share, on 831,624,030 ordinary shares, paid on 20 September 2017	<u>66,530</u>

The Board of Directors has declared a single tier special dividend of 18.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM149,692,325 in respect of the financial year ended 31 December 2017, to be paid on 18 April 2018. The entitlement date is 2 April 2018.

In addition, for the financial year ended 31 December 2017, the Directors have declared a single tier second interim dividend of 5.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM41,581,202, to be paid on 17 May 2018. The entitlement date is 7 May 2018.

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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 year ended 31 December 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	180,935	912,346	862,273	158,362	717	6,133	-	-	2,120,766	1,320,293	3,441,059
Inter-segment revenue	8,779	605	36,763	5,777	9,231	-	299,670	(360,825)	-	-	-
Total Revenue	189,714	912,951	899,036	164,139	9,948	6,133	299,670	(360,825)	2,120,766	1,320,293	3,441,059
EBITDA	33,221	106,356	118,737	22,974	(5,094)	(4,724)	93,758	(125,759)	239,469	90,402	329,871
Depreciation and amortisation	(1,422)	(22,589)	(12,432)	(1,014)	(2)	(155)	(2,694)	(21,904)	(62,212)	(22,766)	(84,978)
EBIT	31,799	83,767	106,305	21,960	(5,096)	(4,879)	91,064	(147,663)	177,257	67,636	244,893
Results											
Segment results	32,504	86,026	107,847	23,285	(5,095)	(3,433)	180,083	(219,423)	201,794	72,762	274,556
Finance costs	(27)	(645)	(500)	(8,026)	(164)	(12)	(110,911)	71,760	(48,525)	(7,309)	(55,834)
Share of results of associates	715	13,046	-	5,892	-	-	-	-	19,653	-	19,653
Share of results of joint ventures	-	-	-	-	-	-	-	-	-	2,972	2,972
Profit/(loss) before tax	33,192	98,427	107,347	21,151	(5,259)	(3,445)	69,172	(147,663)	172,922	68,425	241,347
Income tax	(8,401)	(16,685)	(23,339)	(4,551)	(10)	(474)	125	7,176	(46,159)	(33,701)	(79,860)
Zakat	(443)	(994)	-	(199)	-	-	-	-	(1,636)	-	(1,636)
Profit/(loss) for the year	24,348	80,748	84,008	16,401	(5,269)	(3,919)	69,297	(140,487)	125,127	34,724	159,851

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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 year ended 31 December 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	163,108	460,820	781,655	125,500	306	47,704	-	-	1,579,093	1,351,881	2,930,974
Inter-segment revenue	713	17,136	40,540	4,123	4,696	-	293,063	(360,271)	-	-	-
Total Revenue	163,821	477,956	822,195	129,623	5,002	47,704	293,063	(360,271)	1,579,093	1,351,881	2,930,974
EBITDA	49,076	69,975	111,275	25,409	(13)	7,434	229,063	(286,100)	206,119	(34,232)	171,887
Depreciation and amortisation	(1,623)	(20,234)	(10,422)	(578)	-	(173)	(1,520)	(2,575)	(37,125)	(30,481)	(67,606)
EBIT	47,453	49,741	100,853	24,831	(13)	7,261	227,543	(288,675)	168,994	(64,713)	104,281
Results											
Segment results	49,752	51,830	102,858	25,282	1	8,657	228,886	(289,088)	178,178	52,061	230,239
Impairment losses	-	-	-	-	-	-	-	-	-	(110,824)	(110,824)
Finance costs	(20)	(73)	(825)	(6,762)	-	(15)	(4,518)	497	(11,716)	(10,344)	(22,060)
Share of results of associates	-	12,692	-	2,618	-	-	-	-	15,310	-	15,310
Share of results of joint ventures	(281)	-	-	-	-	-	-	-	(281)	1,413	1,132
Profit/(loss) before tax	49,451	64,449	102,033	21,138	1	8,642	224,368	(288,591)	181,491	(67,694)	113,797
Income tax	(8,637)	(2,288)	(23,054)	(1,983)	(117)	(4,479)	169	395	(39,994)	(25,722)	(65,716)
Zakat	-	(715)	(319)	-	-	-	(475)	-	(1,509)	-	(1,509)
Profit/(loss) for the year	40,814	61,446	78,660	19,155	(116)	4,163	224,062	(288,196)	139,988	(93,416)	46,572

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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 year

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature that have arisen since 31 December 2017 to the date of this announcement which would substantially affect the financial results of the Group for the twelve months ended 31 December 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 year including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinued operations except for the following:

- a) 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.
- b) On 22 November 2017, Asia Integrated Facility Solutions Pte Ltd and Asia Facility Solutions Pte Ltd, both indirect wholly-owned subsidiaries of the Company, had been placed under members' voluntary liquidation pursuant to Section 290(1) of the Singapore Companies Act (Cap. 50).
- c) Opus International (NZ) Limited, an indirect wholly-owned subsidiary of the Company, had disposed the entire 61.2% equity interest in Opus International Consultants Limited ("OIC"). The disposal of OIC was completed on 4 December 2017 and OIC ceased to be a subsidiary of the Company.

11. Capital commitments

There are no material capital commitments except as disclosed below:

	As at 31/12/2017 RM'000	As at 31/12/2016 RM'000
Approved and contracted for	75,302	75,818
Approved but not contracted for	44,643	41,621

12. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/2017 RM'000	Preceding year corresponding quarter 31/12/2016 RM'000 (Restated)	Twelve months to 31/12/2017 RM'000	Twelve months to 31/12/2016 RM'000 (Restated)
Current income tax				
- Malaysian income tax	18,248	15,404	41,108	46,825
- Foreign tax	1,661	2,397	8,411	2,397
(Over)/under provision in prior years				
- Malaysian income tax	-	(2,142)	(2,502)	(3,071)
- Foreign tax	-	(1,160)	185	(1,160)
	19,909	14,499	47,202	44,991
Deferred tax				
- Relating to origination and reversal of temporary difference	(110)	1,596	(1,043)	2,953
- Relating to changes in tax rates	-	(174)	-	(174)
- Under provision in prior years	-	(7,776)	-	(7,776)
	(110)	(6,354)	(1,043)	(4,997)
Income tax expense	19,799	8,145	46,159	39,994

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

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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

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

14. Disposal of a subsidiary

As mentioned in Note 10(c), the Group has disposed of its subsidiary, OIC on 4 December 2017. The results of the discontinued operations are as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
Revenue	238,186	344,066	1,320,293	1,351,881
Cost of sales	(123,745)	(182,202)	(675,117)	(719,577)
Gross profit	114,441	161,864	645,176	632,304
Other income	872	3,809	5,989	8,280
Expenses	(108,538)	(157,423)	(578,403)	(588,523)
Impairment losses	-	(42,532)	-	(110,824)
Finance costs	(1,663)	(2,458)	(7,309)	(10,344)
Share of results of joint ventures	251	259	2,972	1,413
Profit/(loss) before tax	5,363	(36,481)	68,425	(67,694)
Income tax	(9,511)	(13,330)	(33,701)	(25,722)
Results from operating activities	(4,148)	(49,811)	34,724	(93,416)
Gain on disposal of subsidiary	274,909	-	274,909	-
Profit/(loss) for the period/year from discontinued operations	270,761	(49,811)	309,633	(93,416)

Cash flows attributable to discontinued operations are as follows:

Operating cash flows	62,836	32,649
Investing cash flows	(5,813)	4,108
Financing cash flows	(42,009)	(116,372)
Total cash flows from discontinued operations	15,014	(79,615)

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

14. Disposal of a subsidiary (cont'd)

The value of the assets and liabilities disposed on 4 December 2017 are as follows:

	RM'000
Property, plant and equipment	75,847
Other intangible assets	9,410
Goodwill	191,375
Deferred tax assets	30,372
Receivables and other assets	395,042
Cash and bank balances and deposits	63,005
Borrowings	(176,150)
Payables and other liabilities	(261,644)
Other reserves of disposal group held for sale	(30,720)
Total value of net assets disposed	296,537
Less: Non-controlling interest	(108,447)
Group's share of net assets disposed	188,090
Gain on disposal	274,909
Consideration received, satisfied in cash	462,999
Less: Cash and cash equivalents of disposed subsidiary	(58,002)
Net cash inflows from disposal of subsidiary	404,997

15. Borrowings and debt securities

Details of Group borrowings and debt securities as at 31 December 2017 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	341,600	-	341,600	60,573	-	60,573
Foreign						
- Singapore Dollar	100,939	-	100,939	28,155	-	28,155
- Taiwan Dollar	-	-	-	28,494	-	28,494
TOTAL	442,539	-	442,539	117,222	-	117,222

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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

There are no outstanding derivatives as at 31 December 2017.

Details of outstanding derivatives as at 31 December 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)	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)
	<u>386,428</u>	<u>491</u>	<u>(6,939)</u>

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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 year and the comparative year. 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
	31/12/2017	31/12/2016
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	1,283,808	942,982
- Unrealised	(27,518)	11,719
	1,256,290	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)
	1,285,353	968,335
Consolidation adjustments	(271,124)	(259,550)
Total group retained earnings as per consolidated financial statements	1,014,229	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.

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

19. Material litigation (cont'd)

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

On 12 December 2017 the Court had granted an order for RMSB to issue a letter to Pertubuhan Akitek Malaysia ("PAM") to inform PAM to appoint the same and single arbitrator currently hearing the arbitration claim initiated by EKICSB to also hear the dispute under this proceeding as applied by RMSB and that EKICSB will leave it to PAM to decide on the said appointment.

RMSB's solicitor had properly issued the said letter to PAM on 15 December 2017 and a preliminary meeting with PAM was fixed on 11 January 2018 to obtain further directions from the Arbitrator.

In the meeting of 11 January 2018, the Arbitrator informed the parties that he has no discretion to consolidate both disputes under the building and piling contract but will hear the matters separately. Pending Order for Directions from the Arbitrator.

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.

On 22 November 2017 HBT filed Notice of Application together with Affidavit in Support to Set Aside the assessment of damages judgment. On 19 December 2017 Edgenta PROPEL filed its Affidavit in Reply to the aforesaid. The court directed for HBT to file its reply to Edgenta PROPEL's Affidavit in Reply by 28 December 2017. A further case management was fixed on 4 January 2018 wherein the Court directed HBT to file an affidavit in reply (by their previous solicitor) within 2 weeks and fixed the hearing on 12 February 2018.

On 12 February 2018, the parties submitted their respective written submissions to the Court and the Court has scheduled the matter for Clarification/Decision on 15 March 2018. HBT's solicitors informed the Court that they are in the midst of negotiating a settlement with JKR and hope that JKR will make some payments to them to enable them to settle the matter with Edgenta PROPEL. The Court informed the parties to try and settle this matter before the Clarification/Decision date fixed on 15 March 2018.

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.

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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

	Current quarter 31/12/2017 RM'000	Immediate preceding quarter 30/9/2017 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
<u>Continuing operations:</u>				
Consultancy	78,353	32,644	45,709	>100.0
Services				
Healthcare	239,358	228,039	11,319	5.0
Infra	307,233	220,291	86,942	39.5
Real Estate	47,418	35,712	11,706	32.8
Solutions	242	201	41	20.4
Property Development	(292)	6,227	(6,519)	>100.0
	672,312	523,114	149,198	28.5
<u>Discontinued operations:</u>				
Consultancy	238,186	379,514	(141,328)	(37.2)
	910,498	902,628	7,870	0.9
<u>Profit Before Tax:</u>				
<u>Continuing operations:</u>				
Consultancy	19,499	2,029	17,470	>100.0
Services				
Healthcare	24,994	24,451	543	2.2
Infra	45,874	21,346	24,528	>100.0
Real Estate	3,054	7,264	(4,210)	(58.0)
Solutions	(2,841)	(304)	(2,537)	>(100.0)
Property Development	(3,804)	3,918	(7,722)	>(100.0)
Others/Elimination	(11,349)	(26,591)	15,242	57.3
	75,427	32,113	43,314	>100.0
<u>Discontinued operations:</u>				
Consultancy	5,363	34,671	(29,308)	(84.5)
	80,790	66,784	14,006	21.0

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)

Continuing operations

The Group's revenue for the current quarter of RM672.3 million was RM149.2 million or 28.5% higher than the immediate preceding quarter of RM523.1 million due to the following:

- Consultancy Division recorded higher revenue by RM45.7 million mainly due to contribution from Design consultancy works in Sabah by RM20.9 million and Project Delivery consultancy works by RM19.3 million.
- Healthcare Services ("HS") Division recorded higher revenue by RM11.3 million mainly from Healthcare – concession of RM9.3 million and Healthcare – non-concession of RM1.9 million.
- Infra Services ("IS") Division recorded higher revenue by RM86.9 million mainly due to the higher civil and pavement works and traffic management system carried out for expressways.
- Real Estate Services ("RES") Division recorded higher revenue by RM11.7 million mainly due to higher contribution from KFM for projects in Malaysia and Dubai of RM7.9 million and RM1.5 million respectively.
- Property Development ("Property") Division recorded lower revenue by RM6.5 million compared to the preceding quarter due to the soft property market in Malaysia.

The Group recorded profit before tax ("PBT") of RM75.4 million for the current quarter with an increase of RM43.3 million as compared to RM32.1 million in the preceding quarter due to the following:

- Consultancy Division recorded better performance by RM17.5 million compared to the immediate preceding quarter mainly riding on higher revenue mentioned above.
- IS Division has shown higher PBT by RM24.5 million mainly in line with the higher revenue recorded.
- RES Division recorded lower PBT by RM4.2 million, mainly due to more competitive pricing for on-going projects.
- Property Division's PBT results is lower by RM7.7 million in line with the lower revenue.

Discontinued Operations

Revenue of RM238.2 million has shown a decrease of RM141.3 million due to slower sales during the quarter from Australia operations, and due to the completion of the disposal on 4 December 2017. The RM5.4 million PBT recorded is lower by RM29.3 million as compared to the immediate preceding quarter, in line with the decrease 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 year

	Current year quarter 31/12/2017 RM'000	Preceding year corresponding quarter 31/12/2016 RM'000 (Restated)	Variance RM'000	Variance %	Twelve months to 31/12/2017 RM'000	Twelve months to 31/12/2016 RM'000 (Restated)	Variance RM'000	Variance %
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Revenue:

Continuing operations:

Consultancy	78,353	61,628	16,725	27.1	180,935	163,108	17,827	10.9
Services								
Healthcare	239,358	138,484	100,874	72.8	912,346	460,820	451,526	98.0
Infra	307,233	258,728	48,505	18.7	862,273	781,655	80,618	10.3
Real Estate	47,418	48,052	(634)	(1.3)	158,362	125,500	32,862	26.2
Solutions	242	214	28	13.1	717	306	411	>100.0
Property Development	(292)	5,794	(6,086)	>(100.0)	6,133	47,704	(41,571)	(87.1)
	672,312	512,900	159,412	31.1	2,120,766	1,579,093	541,673	34.3

Discontinued operations:

Consultancy	238,186	344,066	(105,880)	(30.8)	1,320,293	1,351,881	(31,588)	(2.3)
Group	910,498	856,966	53,532	6.2	3,441,059	2,930,974	510,085	17.4

Profit Before Tax:

Continuing operations:

Consultancy	19,499	27,763	(8,264)	(29.8)	33,192	49,451	(16,259)	(32.9)
Services								
Healthcare	24,994	26,935	(1,941)	(7.2)	98,427	64,449	33,978	52.7
Infra	45,874	39,274	6,600	16.8	107,347	102,033	5,314	5.2
Real Estate	3,054	6,106	(3,052)	(50.0)	21,151	21,138	13	0.1
Solutions	(2,841)	770	(3,611)	>(100.0)	(5,259)	1	(5,260)	>(100.0)
Property Development	(3,804)	(1,504)	(2,300)	>(100.0)	(3,445)	8,642	(12,087)	>(100.0)
Others/Elimination	(11,349)	(42,529)	31,180	73.3	(78,491)	(64,223)	(14,268)	(22.2)
	75,427	56,815	18,612	32.8	172,922	181,491	(8,569)	(4.7)

Discontinued operations:

Consultancy	5,363	(36,481)	41,844	>100.0	68,425	(67,694)	136,119	>100.0
	80,790	20,334	60,456	>100.0	241,347	113,797	127,550	>100.0

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

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

Continuing operations

The Group's revenue for the current quarter of RM672.3 million was higher by RM159.4 million as compared to RM512.9 million in the corresponding quarter last year. The Group recorded revenue of RM2,120.8 million for the year, which is RM541.7 million or 34.3% higher as compared to RM1,579.1 million in the previous year due to the following:

- Consultancy Division recorded higher revenue for the quarter and year by RM16.7 million and RM17.8 million respectively, mainly contributed by Design and Project Management Support work in Sabah (RM20.4 million) and Project Delivery consultancy in Sarawak (RM24.7 million). This is offset by Project Delivery works in Indonesia (RM5.1 million) and Malaysia (RM23.8 million).
- HS Division recorded higher revenue for the quarter and year by RM100.9 million and RM451.5 million respectively, mainly due to the contribution from the new subsidiary, AIFS, which was acquired in December 2016 (RM427.8 million) and HS Division – Concession (RM23.3 million).
- IS Division recorded an increase in revenue for the quarter and year of RM48.5 million and RM80.6 million respectively mainly due to higher civil and pavement works for expressways (RM99.7 million), Indonesia projects (RM26.1 million) and MRT2 project (RM12.5 million). This is offset by the completion of lane widening works and works on expressway in Penang (RM44.5 million) and lower revenue from environmental material testing projects (RM6.8 million).

The Group's current quarter PBT of RM75.4 million was higher by RM18.6 million as compared to RM56.8 million in the corresponding quarter last year. PBT of RM172.9 million for the year was lower by RM8.6 million as compared to RM181.5 million in the previous year due to the following:

- Increase in interest expense incurred for Murabahah Term Facility and Sukuk by RM15.8 million and RM9.8 million respectively (FY2017:RM26.4 million; FY2016: RM0.8 million).
- Increase in amortisation of intangible assets by RM19.3 million (FY2017:RM22.0 million; FY2016:RM2.7 million), related to subsidiaries acquired in 2016.
- Consultancy Division recorded lower PBT during the quarter and year by RM8.3 million and RM16.3 million respectively. This is mainly due to works requiring external consultants which resulted in full revenue pass-through.
- HS Division recorded lower PBT for the quarter by RM1.9 million but higher PBT for the year by RM34.0 million. The increase is attributable to AIFS results for the year.
- IS recorded higher PBT for the quarter and year by RM6.6 million and RM5.3 million respectively, riding on the increased revenue. However, this was offset by lower contribution from environment material testing operations.

Discontinued operations

Revenue for the current quarter of RM238.2 million has decreased by RM105.9 million compared to RM344.1 million in the preceding year corresponding quarter. Revenue for the year has decreased by RM31.6 million to RM1,320.3 million. This is due to the disposal completion in early December.

PBT has increased by RM41.8 million to RM5.4 million for the current quarter as compared to the loss before tax ("LBT") of RM36.5 million in the corresponding quarter last year. PBT for the year has also increased by RM136.1 million to RM68.4 million as compared to the LBT of RM67.7 million in prior year, mainly due to the impairment loss on goodwill and joint venture recognised in the prior year amounting to RM106.9 million and RM3.9 million respectively.

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	Twelve months to	Twelve months to
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	RM'000	RM'000	RM'000	RM'000
<u>Net operating profit after tax computation:</u>				
Earnings before interest and tax	79,883	17,596	244,892	104,280
Adjusted tax	(19,172)	(4,223)	(58,774)	(25,027)
Net operating profit after tax	60,711	13,373	186,118	79,253
<u>Economic charge computation:</u>				
Average invested capital	1,760,787	1,522,250	1,760,787	1,522,250
Weighted average cost of capital ("WACC")	8.0%	8.1%	8.0%	8.1%
Economic charge	35,216	30,826	140,863	123,302
Economic profit/(loss)	25,495	(17,453)	45,255	(44,049)

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 operating results from both continuing and discontinued operations but excludes the gain from disposal.

(a) Performance of the current quarter ended 31 December 2017 against the corresponding quarter last year:

EP of RM25.5 million is higher by RM43.0 million as compared to the preceding year corresponding quarter's Economic Loss ("EL") of RM17.5 million mainly due to higher earnings before interest and tax ("EBIT") recorded in the current quarter.

(b) Performance of the current year ended 31 December 2017 against last year:

EP of RM45.3 million is higher by RM89.3 million as compared to the preceding year's EL of RM44.0 million mainly due to higher EBIT recorded during the year.

24. Prospects for the next financial year

Overall Prospects

UEM Edgenta Berhad ("UEMEd" or the "Company") entered into 2018 on a strong financial footing with a healthy balance sheet and lower gearing contributed from the disposal of OIC. The Company is now aligned and focused in providing 3 core offerings, namely Consultancy, Services and Solutions to 3 key sectors, Healthcare, Infrastructure and Real Estate.

Moving forward, UEMEd will continue to focus on operational excellence initiatives to drive better margins and profitability. The Company will continue to realise synergies from its acquisitions, and deploy technology-based enablers to its customers.

Coupled with the healthy economic outlook for Malaysia, the Board of Directors is optimistic to achieve positive financial performance in 2018.

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

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

Prospects by Segment

(i) Consultancy

Based on 2018 Budget, the country continues to spend in infrastructure. This augurs well for UEMEd's Consultancy arm. UEMEd will remain focused on delivery of major road and rail infrastructure projects. Going forward, the Group's Consultancy business offerings will move towards data-driven asset management technology including the use of analytics and Building Information Modelling-based offerings.

(ii) Healthcare Services

In the 2018 Budget, the Malaysian Government has allocated RM27.0 billion for the healthcare sector which includes amongst others, allocations for upgrading and construction of facilities. As for Singapore, its Healthcare 2020 Master Plan aims to double healthcare expenditure to cater for increasing ageing population. In Taiwan, the healthcare sector is expected to be boosted by the government's promotion as a medical tourism destination.

Taking into account the positive outlook for the Healthcare Sector in the core geographies that the Company operates in, there will be cross-selling opportunities and sharing of best practices between the Healthcare concession and commercial businesses. Similarly, we will move towards technology application and mechanisation of operational processes to optimise resources and increase productivity.

(iii) Infra Services

Based on 2018 Budget, the outlook for the infrastructure industry provides a stable platform for growth. Operationally, the Infrastructure Services business will also look to drive cost efficiency with the introduction of "Performance-Based Contracting", which when implemented, will drive innovation, revamp processes and delivery model for the expressway and road maintenance industry.

(iv) Real Estate Services

The Malaysian Government has announced several measures in the 2018 Budget which will encourage the growth of UEMEd's Real Estate segment. These include maintenance and upgrading programmes for public and tourism-based infrastructure, capital allowance incentives for ICT equipment and a RM5.0 billion budget for Green Technology Financing Scheme to promote green technology.

This division is focused on building its track record and capabilities in township and community management services, with the aim of providing enhanced customer experience by providing value-for-money services to customers.

25. Profit forecast

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

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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	Twelve months to	Twelve months to
	31/12/2017 RM'000	31/12/2016 RM'000	31/12/2017 RM'000	31/12/2016 RM'000
Profit/(loss) attributable to Owners of the Parent:				
- from continuing operations	52,990	47,438	124,613	138,938
- from discontinued operations	271,821	(30,950)	293,574	(58,882)
Total profit attributable to Owners of the Parent	324,811	16,488	418,187	80,056
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	826,821
Basic earnings per share for:				
- Profit from continuing operations	6.37 sen	5.70 sen	14.98 sen	16.80 sen
- Profit/(loss) from discontinued operations	32.69 sen	(3.72) sen	35.30 sen	(7.12) sen
- Profit for the period/year	39.06 sen	1.98 sen	50.28 sen	9.68 sen

Kuala Lumpur
20 February 2018

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