UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

			INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
			Current year quarter **31/3/2018** RM'000	Preceding year corresponding quarter **31/3/2017** RM'000	Three months to **31/3/2018** RM'000	Three months to **31/3/2017** RM'000
1	(a)	**Revenue**	**460,790**	**417,055**	**460,790**	**417,055**
	(b)	Cost of sales	(372,839)	(337,178)	(372,839)	(337,178)
	(c)	Gross profit	87,951	79,877	87,951	79,877
	(d)	Other income	9,452	12,791	9,452	12,791
	(e)	Expenses	(54,633)	(58,059)	(54,633)	(58,059)
	(f)	Finance costs	(7,203)	(7,845)	(7,203)	(7,845)
	(g)	Share of results of associates	6,941	5,838	6,941	5,838
	(h)	Share of results of joint ventures	-	(60)	-	(60)
	(i)	**Profit before tax**	**42,508**	**32,542**	**42,508**	**32,542**
	(j)	Income tax	(12,005)	(9,778)	(12,005)	(9,778)
	(k)	**Profit for the period from continuing operations**	**30,503**	**22,764**	**30,503**	**22,764**
	(l)	Profit for the period from discontinued operation	-	7,352	-	7,352
	(m)	**Profit for the period**	**30,503**	**30,116**	**30,503**	**30,116**
		Attributable to:				
	(n)	Owners of the parent				
		- continuing operations	29,551	22,464	29,551	22,464
		- discontinued operation	-	4,819	-	4,819
			29,551	27,283	29,551	27,283
	(o)	Non-controlling interests	952	2,833	952	2,833
		Profit for the period	**30,503**	**30,116**	**30,503**	**30,116**
2		**Earnings per share based on 1(n) above (Note 25):**				
		Basic				
		- from continuing operations	3.55 sen	2.70 sen	3.55 sen	2.70 sen
		- from discontinued operation	Nil sen	0.58 sen	Nil sen	0.58 sen
			3.55 sen	3.28 sen	3.55 sen	3.28 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017.

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2018	**31/3/2017**	**31/3/2018**	**31/3/2017**
	RM'000	RM'000	RM'000	RM'000
Profit for the period	30,503	30,116	30,503	30,116
Continuing operations				
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations, representing total other comprehensive (loss)/income from continuing operations	(7,054)	7,457	(7,054)	7,457
Discontinued operation				
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	-	(843)	-	(843)
Tax impact on translation of foreign operations	-	(203)	-	(203)
Net gain on hedge of net investment	-	411	-	411
Tax impact on hedge of net investment	-	(122)	-	(122)
Total other comprehensive loss from discontinued operation	-	(757)	-	(757)
Total other comprehensive (loss)/income for the period, net of tax	(7,054)	6,700	(7,054)	6,700
Total comprehensive income for the period	23,449	36,816	23,449	36,816
Attributable to:				
Owners of the parent				
- continuing operations	22,570	29,940	22,570	29,940
- discontinued operation	-	4,420	-	4,420
	22,570	34,360	22,570	34,360
Non-controlling interests	879	2,456	879	2,456
Total comprehensive income for the period	23,449	36,816	23,449	36,816

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017.

Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2018	**31/3/2017**	**31/3/2018**	**31/3/2017**
	RM'000	RM'000	RM'000	RM'000
Profit before tax from continuing operations is arrived at after (crediting)/charging:				
Interest income	(1,965)	(2,102)	(1,965)	(2,102)
Accretion of interest on concession receivable	(4,656)	(4,708)	(4,656)	(4,708)
Dividend from short term investment	(1,038)	(106)	(1,038)	(106)
Gain on disposal of property, plant and equipment	-	(265)	-	(265)
Net foreign exchange (gain)/loss	(187)	3,537	(187)	3,537
Net reversal of impairment on trade receivables	-	(1,068)	-	(1,068)
Fair value gain on derivatives	-	(4,045)	-	(4,045)
Interest expense	6,619	7,488	6,619	7,488
Depreciation and amortisation	16,657	15,397	16,657	15,397

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

		As at end of current quarter	As at preceding financial year end	As at beginning of preceding financial year
		31/3/2018	**31/12/2017**	**1/1/2017**
		RM'000	RM'000	RM'000
	ASSETS			
1	Non-current assets			
	Property, plant and equipment	195,418	193,447	227,769
	Land held for property development	477	477	1,115
	Prepaid land lease payments	3,041	3,063	3,150
	Intangible assets	721,454	734,411	964,528
	Investment in joint ventures	-	-	2,393
	Investment in associates	56,873	51,283	32,753
	Other investments	272	272	272
	Trade and other receivables	138,541	141,736	141,685
	Defined benefit pension plan	51	-	-
	Deferred tax assets	14,387	14,523	51,573
		1,130,514	1,139,212	1,425,238
2	Current assets			
	Property development costs	-	-	128,307
	Inventories	168,707	168,701	36,533
	Trade and other receivables	1,019,048	994,555	1,256,385
	Short term investments	194,040	183,425	42,375
	Derivative financial instruments	-	-	491
	Cash, bank balances and deposits*	450,296	520,082	640,010
		1,832,091	1,866,763	2,104,101
	Total assets	**2,962,605**	**3,005,975**	**3,529,339**

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

		As at end of current quarter	As at preceding financial year end	As at beginning of preceding financial year
		31/3/2018	**31/12/2017**	**1/1/2017**
		RM'000	RM'000	RM'000
	EQUITY AND LIABILITIES			
3	Equity attributable to Owners of the Parent			
	Share capital	268,074	268,074	207,906
	Share premium	-	-	60,168
	Capital reserve	313,856	313,856	313,856
	Other reserves	(19,177)	(12,803)	78,149
	Retained earnings	852,506	1,014,229	708,785
		1,415,259	1,583,356	1,368,864
4	Non-controlling interests	18,748	18,476	168,929
	Total equity	1,434,007	1,601,832	1,537,793
5	Non-current liabilities			
	Retirement benefit obligations	3,700	3,700	3,857
	Defined benefit pension plan	1,904	1,904	6,541
	Provisions	1,584	1,395	17,272
	Borrowings	438,653	442,539	761,122
	Trade and other payables	12,494	51,272	30,333
	Derivative financial instruments	-	-	5,530
	Deferred tax liabilities	51,124	49,008	51,581
		509,459	549,818	876,236
6	Current liabilities			
	Retirement benefit obligations	430	430	261
	Provisions	1,852	1,784	17,585
	Borrowings	119,684	117,222	228,577
	Trade and other payables	884,281	720,275	831,862
	Derivative financial instruments	-	-	1,409
	Income tax payable	12,892	14,614	35,616
		1,019,139	854,325	1,115,310
	Total liabilities	1,528,598	1,404,143	1,991,546
	Total equity and liabilities	**2,962,605**	**3,005,975**	**3,529,339**
7	**Net assets per ordinary share attributable to Owners of the Parent (RM)**	**1.70**	**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 2017.

* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM14,281,981 (2017: RM13,898,872) 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.

III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Three months to 31/3/2018 RM'000	Three months to 31/3/2017 RM'000
Cash flows from operating activities		
Cash receipts from customers	463,995	403,073
Cash payments to suppliers	(287,934)	(268,412)
Cash payments to employees and for expenses	(210,815)	(221,026)
Cash used in operations	(34,754)	(86,365)
Interest paid	(3,298)	(5,750)
Income tax paid	(9,525)	(15,463)
Cash flow from discontinued operation	-	18,487
Net cash flow used in operating activities	**(47,577)**	**(89,091)**
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	288
Net (placements)/proceeds from withdrawal of short term investments	(9,100)	36,612
Interest received	2,123	1,740
Settlement of remaining consideration for the acquisition of subsidiaries	-	(19,110)
Purchase of property, plant and equipment	(11,071)	(15,986)
Cash flow from discontinued operation	-	(11,270)
Net cash flow used in investing activities	**(18,048)**	**(7,726)**
Cash flows from financing activities		
Proceeds from issuance of ordinary shares to non-controlling interests	-	15,814
Repayment of finance lease	(41)	(41)
Drawdown of borrowings	778	10,000
Repayment of borrowings	(2,027)	(20,308)
Net placement of fixed deposits	(1,020)	(46,189)
Cash flow from discontinued operation	-	(3,117)
Net cash flow used in financing activities	**(2,310)**	**(43,841)**
Net decrease in cash and cash equivalents	**(67,935)**	**(140,658)**
Net foreign exchange difference	(2,074)	1,801
Cash and cash equivalents as at beginning of financial period	488,798	512,161
Cash and cash equivalents as at end of financial period (a)	**418,789**	**373,304**

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

	As at 31/3/2018 RM'000	As at 31/3/2017 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	169,449	351,668
Fixed deposits with licensed banks	280,847	160,798
Fixed deposits with other financial institutions	-	10,000
Cash, bank balances and deposits	450,296	522,466
Less: Fixed deposits on lien	(10,492)	(15,868)
Less: Fixed deposits pledged	(19,682)	(6,454)
Less: Cash and fixed deposit restricted in usage	(1,333)	(121,971)
Less: Bank overdrafts	-	(4,869)
	418,789	**373,304**

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017.

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Attributable to owners of the parent						
	Non-distributable			Distributable			
	Share capital	Capital reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Three months to 31 March 2018							
Balance as at 1 January 2018	268,074	313,856	(12,803)	1,014,229	1,583,356	18,476	1,601,832
Profit for the period	-	-	-	29,551	29,551	952	30,503
Other comprehensive loss	-	-	(6,981)	-	(6,981)	(73)	(7,054)
Total comprehensive (loss)/income for the period	-	-	(6,981)	29,551	22,570	879	23,449
Dividends payable to shareholders of the Company	-	-	-	(191,274)	(191,274)	-	(191,274)
Put options granted to non-controlling interests of a subsidiary	-	-	607	-	607	(607)	-
Balance as at 31 March 2018	268,074	313,856	(19,177)	852,506	1,415,259	18,748	1,434,007

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

	Attributable to owners of the parent							
	Non-distributable				Distributable			
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Three months to 31 March 2017								
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	-	-	-	-	27,283	27,283	2,833	30,116
Other comprehensive income/(loss)	-	-	-	7,077	-	7,077	(377)	6,700
Total comprehensive income for the period	-	-	-	7,077	27,283	34,360	2,456	36,816
Dilution of interest in a subsidiary	-	-	-	-	12,542	12,542	3,272	15,814
Balance as at 31 March 2017	207,906	60,168	313,856	85,226	748,610	1,415,766	174,657	1,590,423

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 2017.

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 2017.

1. First time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements, for the period ended 31 March 2018, have been prepared in accordance with MFRS 134 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2018. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

The transition from FRS to MFRS has not had a material impact on the financial statements of the Group.

2. Significant accounting policies and application of MFRS

The audited financial statements of the Group for the year ended 31 December 2017 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2017 except as discussed below:

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition
The Group has elected to apply for MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

(i) the classification of former business combinations under FRS is maintained;
(ii) there is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
(iii) the carrying amount of goodwill recognised under FRS is not adjusted.

(b) Revenue from contracts with customers

MFRS 15 Revenue from Contracts with Customers establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 differs from previous revenue recognition guidance including FRS 118 Revenue, FRS 111 Construction Contracts and the related interpretations under FRS.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has assessed the effects of applying the standard on the financial statements and concluded that the adoption of the Standard has had no material impact on the financial statements of the Group.

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

2. **Significant accounting policies and application of MFRS (cont'd.)**

(c) Financial instruments

MFRS 9 introduces new requirements with impacts mainly relating to classification and measurement of financial instruments, impairment assessment based on the expected credit loss model and hedge accounting.

Classification and measurement
MFRS 9 establishes three primary measurement categories for financial assets: Amortised cost, Fair Value Through Profit or Loss ("FVTPL") and Fair Value Through Other Comprehensive Income ("FVOCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

Financial assets will be measured at amortised cost if the assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and interest. Financial assets will be measured at FVOCI if the assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual cash flows represent solely payments of principal and interest. Financial assets which are neither held at amortised cost nor at FVOCI will be measured at FVTPL.

Investments in equity instruments are always measured at FVTPL with an irrevocable option at inception to present changes in FVOCI (provided the instrument is not held for trading). A debt instrument such as loans, advances and financing and investment securities are measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For financial liabilities, the standard is similar to most of the FRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

The changes in classification above have had no material impact on the Group's financial position or performance.

Impairment
MFRS 9 introduces expected credit losses ("ECL") model on impairment that replaces the incurred loss impairment model as used in FRS 139. The ECL model requires impairment to be recognised on initial recognition including expected future credit losses whilst the incurred loss impairment model only requires recognition of credit losses incurred as at reporting date. The impairment requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables and certain loan commitments as well as financial guarantee contracts, which include loans, advances and financing and investment securities.

Allowance for impairment are made based on a three-stage approach which reflects the change in credit quality of the financial instrument since initial recognition.

The Group has applied the simplified approach and record lifetime expected losses on all trade receivables. The Group has concluded based on its assessment that the impact from the application of this standard is not material.

Hedge accounting
Under MFRS 9, the general hedge accounting requirements have been simplified for hedge effectiveness testing and permit hedge accounting to be applied to a greater variety of hedging instruments and risks. The adoption of this standard has had no material impact to the Group's financial statements in this regard.

3. **Audit report in respect of the 2017 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2017 was not qualified.

4. **Seasonal or cyclical factors**

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

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

5. 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.

6. 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.

7. 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 31 March 2018.

8. Dividend

The amount of dividend paid by the Company since 31 December 2017 was as follows:-

	RM'000
In respect of the financial year ended 31 December 2017:	
Single-tier special dividend of 18.00 sen per ordinary share, on 831,624,030 ordinary shares, paid on 18 April 2018	149,692
Single-tier second interim dividend of 5.00 sen per ordinary share, on 831,624,030 ordinary shares, paid on 17 May 2018	41,581

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

9. Operating Segments

Operating Segment information for the current financial period ended 31 March 2018 is as follows:

By operating segment

	Consultancy	← Services	→		Property	Others	Elimination	Group
		Healthcare	Infra	Real Estate	Development			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
External revenue	35,433	227,578	152,068	43,813	1,898	-	-	**460,790**
Inter-segment revenue	-	830	5,458	3,391	-	11,390	(21,069)	**-**
Total Revenue	35,433	228,408	157,526	47,204	1,898	11,390	(21,069)	**460,790**
EBITDA	7,791	29,820	23,541	7,802	(2,136)	(10,755)	815	**56,878**
Depreciation and amortisation	(372)	(6,611)	(3,360)	(155)	(39)	(850)	(5,270)	**(16,657)**
EBIT	7,419	23,209	20,181	7,647	(2,175)	(11,605)	(4,455)	**40,221**
Results								
Segment results	7,681	23,619	21,111	7,946	(2,118)	(10,310)	(5,159)	**42,770**
Finance costs	(3)	(194)	(159)	(2,058)	-	(5,492)	703	**(7,203)**
Share of results of associates	408	5,468	-	1,065	-	-	-	**6,941**
Profit/(loss) before tax	8,086	28,893	20,952	6,953	(2,118)	(15,802)	(4,456)	**42,508**
Income tax	(1,574)	(4,717)	(5,365)	(1,185)	(47)	-	883	**(12,005)**
Profit/(loss) for the period	6,512	24,176	15,587	5,768	(2,165)	(15,802)	(3,573)	**30,503**

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

9. Operating Segments (cont'd)

Operating Segment information for the financial period ended 31 March 2017 is as follows:

By operating segment

	Continuing Operations								Discontinued Operation	
	Consultancy	Services: Healthcare	Services: Infra	Services: Real Estate	Property Development	Others	Elimination	Total	Consultancy	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue										
External revenue	31,276	217,532	132,186	35,892	169	-	-	**417,055**	351,965	**769,020**
Inter-segment revenue	4,355	-	7,188	2,278	-	8,055	(21,876)	**-**	-	**-**
Total Revenue	35,631	217,532	139,374	38,170	169	8,055	(21,876)	**417,055**	351,965	**769,020**
EBITDA	2,354	27,724	21,454	5,556	(2,088)	(722)	(6,731)	**47,547**	22,628	**70,175**
Depreciation and amortisation	(350)	(5,960)	(2,841)	(196)	(42)	(5,137)	(871)	**(15,397)**	(7,800)	**(23,197)**
EBIT	2,004	21,764	18,613	5,360	(2,130)	(5,859)	(7,602)	**32,150**	14,828	**46,978**
Results										
Segment results	2,111	22,473	18,977	5,427	(1,702)	(5,075)	(7,602)	**34,609**	15,861	**50,470**
Finance costs	(6)	(118)	(111)	(2,021)	-	(5,589)	-	**(7,845)**	(2,007)	**(9,852)**
Share of results of associates	-	4,470	-	1,368	-	-	-	**5,838**	-	**5,838**
Share of results of joint ventures	(60)	-	-	-	-	-	-	**(60)**	841	**781**
Profit/(loss) before tax	2,045	26,825	18,866	4,774	(1,702)	(10,664)	(7,602)	**32,542**	14,695	**47,237**
Income tax	(974)	(4,465)	(4,276)	(961)	-	766	132	**(9,778)**	(7,343)	**(17,121)**
Profit/(loss) for the period	1,071	22,360	14,590	3,813	(1,702)	(9,898)	(7,470)	**22,764**	7,352	**30,116**

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

10. 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 31 March 2018 to the date of this announcement which would substantially affect the financial results of the Group for the three months ended 31 March 2018 that have not been reflected in the condensed financial statements.

11. 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.

12. Capital commitments

There are no material capital commitments except as disclosed below:

	As at 31/3/2018 RM'000	**As at 31/12/2017 RM'000**
Approved and contracted for	52,943	75,302
Approved but not contracted for	33,415	44,177

13. Income tax

	Individual Quarter		**Cumulative Quarter**	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2018 RM'000	**31/3/2017** RM'000	**31/3/2018** RM'000	**31/3/2017** RM'000
Current income tax				
- Malaysian income tax	6,876	5,544	6,876	5,544
- Foreign tax	2,430	2,033	2,430	2,033
Under provision in prior years				
- Malaysian income tax	-	22	-	22
- Foreign tax	18	-	18	-
	9,324	7,599	9,324	7,599
Deferred tax				
- Relating to origination and reversal of temporary difference	2,681	2,179	2,681	2,179
Income tax expense	**12,005**	**9,778**	**12,005**	**9,778**

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

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

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

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

15. Borrowings and debt securities

Details of Group borrowings and debt securities as at 31 March 2018 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
Borrowings						
Domestic	339,409	-	339,409	63,827	-	63,827
Foreign						
- Singapore Dollar	99,244	-	99,244	27,790	-	27,790
- Taiwan Dollar	-	-	-	28,067	-	28,067
TOTAL	**438,653**	**-**	**438,653**	**119,684**	**-**	**119,684**

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
Borrowings						
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**

16. Derivatives

There are no outstanding derivatives as at 31 March 2018 (31 December 2017: RM Nil).

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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.

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

18. **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 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 the 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 were directed to file their written submissions by 6 December 2017.

On 12 December 2017 the Court 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.

Further thereto, the Arbitrator issued a letter dated 20 January 2018 confirming his appointment as arbitrator for the piling dispute as well and fixed a preliminary meeting on 25 April 2018 for further directions. On 25 April 2018, the Arbitrator had rescheduled the hearing of this Arbitration to 5,6,7,20,21 & 22 June 2018 and 18,19 & 20 July 2018.

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

18. **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, among others, for HBT to pay Edgenta PROPEL the amount of RM4,000,000 for the works done and that 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 informed the Court of the demise of its witness and the replacement witness was 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. A Sealed Order was obtained on 19 September 2017. On 8 November 2017, Edgenta PROPEL's solicitors had issued a 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 a Notice of Application together with an 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 Affidavit in Support. 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 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.

On 15 March 2018, the Court delivered its decision wherein HBT's application to set aside the decision of the Assessment of Damages Proceeding dated 29 August 2017 was dismissed with cost of RM5,000 to be made payable to Edgenta PROPEL.

HBT later filed a Notice of Appeal to the Court of Appeal on 5 April 2018 and the appeal has been fixed for Case Management on 25 June 2018.

19. **Contingent liabilities**

Other than as disclosed in Note 18 above, there are no other significant contingent liabilities as at the date of this announcement.

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

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

	Current quarter **31/3/2018** RM'000	Immediate preceding quarter **31/12/2017** RM'000	Variance RM'000	Variance %
Revenue:				
Continuing operations:				
Consultancy	35,433	78,353	(42,920)	(54.8)
Services				
Healthcare	227,578	239,358	(11,780)	(4.9)
Infra	152,068	307,233	(155,165)	(50.5)
Real Estate	43,813	47,660	(3,847)	(8.1)
Property Development	1,898	(292)	2,190	>100.0
	460,790	**672,312**	**(211,522)**	**(31.5)**
Discontinued operation:				
Consultancy	-	238,186	(238,186)	(100.0)
	460,790	**910,498**	**(449,708)**	**(49.4)**
Profit Before Tax:				
Continuing operations:				
Consultancy	8,086	19,499	(11,413)	(58.5)
Services				
Healthcare	28,893	24,994	3,899	15.6
Infra	20,952	44,322	(23,370)	(52.7)
Real Estate	6,953	213	6,740	>100.0
Property Development	(2,118)	(3,804)	1,686	44.3
Others/Elimination	(20,258)	(9,797)	(10,461)	>(100.0)
	42,508	**75,427**	**(32,919)**	**(43.6)**
Discontinued operation:				
Consultancy	-	5,363	(5,363)	(100.0)
	42,508	**80,790**	**(38,282)**	**(47.4)**

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

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

Continuing operations

The Group's revenue for the current quarter of RM460.8 million was RM211.5 million or 31.5% lower than the immediate preceding quarter of RM672.3 million due to the following:

- Consultancy Division recorded lower revenue by RM42.9 million mainly due to reduced volume of work for the current quarter.
- Healthcare Services ("HS") Division recorded lower revenue by RM11.8 million mainly due to lower contribution from projects in Malaysia, mitigated by improved contributions from projects in Singapore and Taiwan.
- Infra Services ("IS") Division recorded lower revenue by RM155.2 million mainly due to lower civil and pavement works on expressways as well as lower volume of work done for projects in the East Coast and Indonesia for the current quarter.
- Real Estate Services ("RES") Division recorded lower revenue by RM3.8 million mainly due to completion of projects in Malaysia, coupled with lower volume of work done in Dubai. The decrease is mitigated by improved contribution from on-going facilities services and township management operations.

The Group recorded profit before tax ("PBT") of RM42.5 million for the current quarter with a decrease of RM32.9 million as compared to RM75.4 million in the preceding quarter due to the following:

- Consultancy Division recorded lower PBT by RM11.4 million compared to the immediate preceding quarter in line with the lower revenue.
- HS Division recorded better performance by RM3.9 million despite lower revenue recorded due to lower operating costs incurred.
- IS Division registered lower PBT by RM23.4 million in line with the lower revenue recorded.
- RES Division recorded higher PBT by RM6.7 million, mainly due to better margin contribution from on-going projects.

Discontinued operation

The disposal of the Group's entire 61.2% equity interest in Opus International Consultants Limited has been completed on 4 December 2017.

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

21. **Detailed analysis of the performance for the current quarter**

	Current year quarter **31/3/2018** RM'000	Preceding year corresponding quarter **31/3/2017** RM'000	Variance RM'000	Variance %
Revenue:				
Continuing operations:				
Consultancy	35,433	31,276	4,157	13.3
Services				
Healthcare	227,578	217,532	10,046	4.6
Infra	152,068	132,186	19,882	15.0
Real Estate	43,813	35,892	7,921	22.1
Property Development	1,898	169	1,729	>100.0
	460,790	417,055	43,735	10.5
Discontinued operation:				
Consultancy	-	351,965	(351,965)	(100.0)
Group	**460,790**	**769,020**	**(308,230)**	**(40.1)**
Profit Before Tax:				
Continuing operations:				
Consultancy	8,086	2,045	6,041	>100.0
Services				
Healthcare	28,893	26,825	2,068	7.7
Infra	20,952	18,866	2,086	11.1
Real Estate	6,953	4,774	2,179	45.6
Property Development	(2,118)	(1,702)	(416)	(24.4)
Others/Elimination	(20,258)	(18,266)	(1,992)	(10.9)
	42,508	**32,542**	**9,966**	**30.6**
Discontinued operation:				
Consultancy	-	14,695	(14,695)	(100.0)
	42,508	**47,237**	**(4,729)**	**(10.0)**

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

21. **Detailed analysis of the performance for the current quarter (cont'd)**

Continuing operations

The Group's revenue for the current quarter of RM460.8 million was higher by RM43.7 million or 10.5% as compared to RM417.1 million in the corresponding quarter last year due to the following:

- Consultancy Division recorded higher revenue for the current quarter by RM4.2 million, mainly contributed by Project Delivery consultancy in Sarawak and new Design consultancy works secured.
- HS Division recorded higher revenue by RM10.0 million, mainly due to new contracts secured in Taiwan and Singapore.
- IS Division recorded higher revenue by RM19.9 million mainly due to higher civil and pavement works for expressways.
- RES Division recorded higher revenue by RM7.9 million, mainly due to new contracts secured for facilities management and township management projects, coupled with overall higher revenue from on-going projects in Malaysia.

The Group's current quarter PBT of RM42.5 million was higher by RM10.0 million as compared to RM32.5 million in the corresponding quarter last year due to the following:

- Consultancy Division recorded higher PBT during the current quarter by RM6.0 million, partially due to provisions made for doubtful debts in prior period and income received from short term investments.
- HS Division recorded higher PBT for the current quarter by RM2.1 million, driven by the higher revenue.
- IS Division recorded higher PBT for the current quarter by RM2.1 million, mainly riding on the higher revenue.
- RES Division has shown an increase in PBT of RM2.2 million during the current quarter in line with the higher revenue.

Discontinued operation

The disposal of the Group's entire 61.2% equity interest in Opus International Consultants Limited has been completed on 4 December 2017.

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

22. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2018	**31/3/2017**	**31/3/2018**	**31/3/2017**
	RM'000	RM'000	RM'000	RM'000
Net operating profit after tax computation:				
Earnings before interest and tax	40,221	46,978	40,221	46,978
Adjusted tax	(9,653)	(11,275)	(9,653)	(11,275)
Net operating profit after tax	**30,568**	**35,703**	**30,568**	**35,703**
Economic charge computation:				
Average invested capital	1,552,536	2,011,611	1,552,536	2,011,611
Weighted average cost of capital ("WACC")	8.2%	8.0%	8.2%	8.0%
Economic charge	**31,827**	**40,232**	**31,827**	**40,232**
Economic loss	**(1,259)**	**(4,529)**	**(1,259)**	**(4,529)**

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.

Economic loss ("EL") of RM1.3 million has improved by RM3.2 million as compared to the preceding year corresponding quarter's EL of RM4.5 million mainly due to lower average invested capital recorded as at the current quarter end.

23. Prospects for the current financial year

Overall Prospects

UEM Edgenta Berhad ("UEMEd" or the "Company") remains optimistic of its prospects in 2018, following its strong first quarter financial results. The quarter saw growth in revenue and improvement in profit margins across all its core sectors of Healthcare, Infrastructure and Real Estate, compared to the same quarter in the preceding year.

Notwithstanding, the newly elected Government may review the economic framework and policies which could affect the projects and businesses that UEM Edgenta Group is in. The Board of UEMEd is constantly monitoring these developments, identifying opportunities that may arise from such developments and will align the Company's strategy to the new policies where required. Beyond this, on the macroeconomic front, it should be noted that the recent improvement in oil prices, if sustained, will augur well for the Malaysian economy.

Moving forward, UEMEd will continue to drive organic growth on top of recurring revenue from existing projects across all its existing businesses, with an aim to exceed market/industry growth rates. This is coupled with the use of technology & innovation, as well as operational and organisational excellence initiatives to deliver better margins and profitability.

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

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

Prospects by Segment

(i) Consultancy

UEMEd's Consultancy Division remains focused on delivering its existing projects and work in hand; in particular for design, delivery and asset management of major road and infrastructure projects.

(ii) Healthcare Services

The outlook for the healthcare sector in Malaysia is positive, with various initiatives ongoing to transform Malaysia as a leading global destination for healthcare. 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.

The above prospects in these core geographies that the Company operates in augur well for the provision of hospital support services by UEMEd's Healthcare Division, with cross-selling opportunities and sharing of best practices and technology between the concession and commercial businesses.

(iii) Infra Services

Operationally, UEMEd's Infra Services Division is implementing "Performance-Based Contracting", which will transform the current delivery model from an input / resource-based contracting model to outcome-based model for the expressway and road maintenance industry, hence improving cost efficiency and service delivery. This will further enhance UEMEd's competitive advantage and put the company on a stronger platform to secure new projects for future growth.

(iv) Real Estate Services

The Real Estate Services Division of UEMEd is focused on growing organically, by diversifying its service offerings to include consultancy and technology-driven solutions to our traditional base in facilities management; as well as entering into new customer segments, namely large-scale estates and municipalities. The growth in the number of buildings, coupled with the increase in urbanisation in Malaysia will be key market drivers for this Division.

24. Profit forecast

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

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

25. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2018 RM'000	**31/3/2017** RM'000	**31/3/2018** RM'000	**31/3/2017** RM'000
Profit attributable to Owners of the Parent:				
- from continuing operations	29,551	22,464	29,551	22,464
- from discontinued operation	-	4,819	-	4,819
Total profit attributable to Owners of the Parent	29,551	27,283	29,551	27,283
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
Basic earnings per share for:				
- Profit from continuing operations	3.55 sen	2.70 sen	3.55 sen	2.70 sen
- Profit from discontinued operation	Nil sen	0.58 sen	Nil sen	0.58 sen
- Profit for the period	**3.55 sen**	**3.28 sen**	**3.55 sen**	**3.28 sen**

By Order of the Board

Kuala Lumpur
23 May 2018

Chiew Siew Yuen (MAICSA 7063781)
Company Secretary