**UEM EDGENTA BERHAD**
**(**5067-M)
Incorporated in Malaysia

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2018.**

**THE FIGURES HAVE NOT BEEN AUDITED.**

## I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

| | | | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|---|---|
| | | | Current year quarter **30/6/2018** RM'000 | Preceding year corresponding quarter **30/6/2017** RM'000 | Six months to **30/6/2018** RM'000 | Six months to **30/6/2017** RM'000 |
| 1 | (a) | **Revenue** | **546,134** | **508,285** | **1,006,924** | **925,340** |
| | (b) | Cost of sales | (442,460) | (421,730) | (815,299) | (758,908) |
| | (c) | Gross profit | 103,674 | 86,555 | 191,625 | 166,432 |
| | (d) | Other income | 11,649 | 10,965 | 21,101 | 23,756 |
| | (e) | Expenses | (65,093) | (57,758) | (119,726) | (115,817) |
| | (f) | Finance costs | (7,078) | (10,507) | (14,281) | (18,352) |
| | (g) | Share of results of associates | 4,577 | 3,414 | 11,518 | 9,252 |
| | (h) | Share of results of joint ventures | - | 171 | - | 111 |
| | (i) | **Profit before tax** | **47,729** | **32,840** | **90,237** | **65,382** |
| | (j) | Income tax | (13,099) | (8,164) | (25,104) | (17,942) |
| | (k) | Zakat | - | (80) | - | (80) |
| | (l) | **Profit for the period from continuing operations** | **34,630** | **24,596** | **65,133** | **47,360** |
| | (m) | Profit for the period from discontinued operation | - | 6,118 | - | 13,470 |
| | (n) | **Profit for the period** | **34,630** | **30,714** | **65,133** | **60,830** |
| | | Attributable to: | | | | |
| | (o) | Owners of the parent | | | | |
| | | - continuing operations | 33,405 | 24,627 | 62,956 | 47,091 |
| | | - discontinued operation | - | 2,745 | - | 7,564 |
| | | | 33,405 | 27,372 | 62,956 | 54,655 |
| | (p) | Non-controlling interests | 1,225 | 3,342 | 2,177 | 6,175 |
| | | **Profit for the period** | **34,630** | **30,714** | **65,133** | **60,830** |
| 2 | | **Earnings per share based on 1(o) above (Note 25):** | | | | |
| | | Basic | | | | |
| | | - from continuing operations | 4.02 sen | 2.96 sen | 7.57 sen | 5.66 sen |
| | | - from discontinued operation | Nil sen | 0.33 sen | Nil sen | 0.91 sen |
| | | | 4.02 sen | 3.29 sen | 7.57 sen | 6.57 sen |

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

**UEM EDGENTA BERHAD**
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## I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | Current year quarter | Preceding year corresponding quarter | Six months to | Six months to |
| | **30/6/2018** | **30/6/2017** | **30/6/2018** | **30/6/2017** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period | 34,630 | 30,714 | 65,133 | 60,830 |
| <u>Continuing operations</u> | | | | |
| *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 | (767) | (5,597) | (7,821) | 1,860 |
| <u>Discontinued operation</u> | | | | |
| *Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:* | | | | |
| Exchange differences on translation of foreign operations | - | (5,282) | - | (6,125) |
| Tax impact on translation of foreign operations | - | 931 | - | 728 |
| Net gain on hedge of net investment | - | 7,441 | - | 7,852 |
| Tax impact on hedge of net investment | - | (2,077) | - | (2,199) |
| Total other comprehensive loss from discontinued operation | - | 1,013 | - | 256 |
| **Total other comprehensive (loss)/income for the period, net of tax** | (767) | (4,584) | (7,821) | 2,116 |
| **Total comprehensive income for the period** | 33,863 | 26,130 | 57,312 | 62,946 |
| **Attributable to:** | | | | |
| Owners of the parent | | | | |
| - continuing operations | 32,630 | 19,126 | 55,200 | 49,066 |
| - discontinued operation | - | 2,838 | - | 7,258 |
| | 32,630 | 21,964 | 55,200 | 56,324 |
| Non-controlling interests | 1,233 | 4,166 | 2,112 | 6,622 |
| **Total comprehensive income for the period** | 33,863 | 26,130 | 57,312 | 62,946 |

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.

**UEM EDGENTA BERHAD**
(5067-M)
Incorporated in Malaysia

**Remarks to Condensed Consolidated Income Statement:**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | Current year quarter | Preceding year corresponding quarter | Six months to | Six months to |
| | **30/6/2018** | **30/6/2017** | **30/6/2018** | **30/6/2017** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit before tax from continuing operations is arrived at after (crediting)/charging: | | | | |
| Interest income | (2,045) | (3,657) | (4,010) | (5,759) |
| Accretion of interest on concession receivable | (4,632) | (4,745) | (9,288) | (9,453) |
| Dividend from short term investment | (689) | (27) | (1,727) | (133) |
| Gain on disposal of property, plant and equipment | - | (279) | - | (544) |
| Net foreign exchange (gain)/loss | (24) | (2,907) | (211) | 630 |
| Net impairment/(reversal) on trade receivables | 294 | (212) | 294 | (1,280) |
| Fair value gain on derivatives | - | 4,220 | - | 175 |
| Interest expense | 6,716 | 10,049 | 13,335 | 17,537 |
| Depreciation and amortisation | 16,267 | 15,523 | 32,924 | 30,920 |

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.

**UEM EDGENTA BERHAD**
(5067-M)
Incorporated in Malaysia

## 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 |
|---|---|---|---|---|
| | | **30/6/2018** | **31/12/2017** | **1/1/2017** |
| | | RM'000 | RM'000 | RM'000 |
| | ASSETS | | | |
| 1 | Non-current assets | | | |
| | Property, plant and equipment | 183,613 | 193,447 | 227,769 |
| | Land held for property development | 477 | 477 | 1,115 |
| | Prepaid land lease payments | 3,019 | 3,063 | 3,150 |
| | Intangible assets | 711,640 | 734,411 | 964,528 |
| | Investment in joint ventures | - | - | 2,393 |
| | Investment in associates | 59,050 | 51,283 | 32,753 |
| | Other investments | 272 | 272 | 272 |
| | Trade and other receivables | 137,058 | 141,736 | 141,685 |
| | Defined benefit pension plan | 89 | - | - |
| | Deferred tax assets | 14,973 | 14,523 | 51,573 |
| | | 1,110,191 | 1,139,212 | 1,425,238 |
| 2 | Current assets | | | |
| | Property development costs | 241 | - | 128,307 |
| | Inventories | 172,056 | 168,701 | 36,533 |
| | Trade and other receivables | 954,701 | 994,555 | 1,256,385 |
| | Short term investments | 19,040 | 183,425 | 42,375 |
| | Derivative financial instruments | - | - | 491 |
| | Cash, bank balances and deposits* | 515,382 | 520,082 | 640,010 |
| | | 1,661,420 | 1,866,763 | 2,104,101 |
| | Total assets | **2,771,611** | **3,005,975** | **3,529,339** |

**UEM EDGENTA BERHAD**
**(**5067-M)
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**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 |
|---|---|---|---|---|
| | | **30/6/2018** | **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 | (19,508) | (12,803) | 78,149 |
| | Retained earnings | 885,911 | 1,014,229 | 708,785 |
| | | 1,448,333 | 1,583,356 | 1,368,864 |
| 4 | Non-controlling interests | 19,537 | 18,476 | 168,929 |
| | Total equity | 1,467,870 | 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 | 1,733 | 1,395 | 17,272 |
| | Borrowings | 435,311 | 442,539 | 761,122 |
| | Trade and other payables | 12,494 | 51,272 | 30,333 |
| | Derivative financial instruments | - | - | 5,530 |
| | Deferred tax liabilities | 50,686 | 49,008 | 51,581 |
| | | 505,828 | 549,818 | 876,236 |
| 6 | Current liabilities | | | |
| | Retirement benefit obligations | 430 | 430 | 261 |
| | Provisions | 2,013 | 1,784 | 17,585 |
| | Borrowings | 102,148 | 117,222 | 228,577 |
| | Trade and other payables | 680,100 | 720,275 | 831,862 |
| | Derivative financial instruments | - | - | 1,409 |
| | Income tax payable | 13,222 | 14,614 | 35,616 |
| | | 797,913 | 854,325 | 1,115,310 |
| | Total liabilities | 1,303,741 | 1,404,143 | 1,991,546 |
| | Total equity and liabilities | **2,771,611** | **3,005,975** | **3,529,339** |
| 7 | **Net assets per ordinary share attributable to Owners of the Parent (RM)** | **1.74** | **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 RM19,835,029 (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.

**UEM EDGENTA BERHAD**
(5067-M)
Incorporated in Malaysia

## III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Six months to 30/6/2018 RM'000 | Six months to 30/6/2017 RM'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash receipts from customers | 1,102,840 | 1,016,589 |
| Cash payments to suppliers | (543,558) | (543,239) |
| Cash payments to employees and for expenses | (469,171) | (457,823) |
| Cash generated from operations | 90,111 | 15,527 |
| Interest paid | (14,805) | (19,354) |
| Income tax paid | (22,367) | (27,645) |
| Cash flow from discontinued operation | - | 53,364 |
| **Net cash flow generated from operating activities** | **52,939** | **21,892** |
| **Cash flows from investing activities** | | |
| Proceeds from disposal of property, plant and equipment | 44 | 289 |
| Investment in associates | - | (21) |
| Net proceeds from withdrawal of short term investments | 166,400 | 15,111 |
| Interest received | 4,078 | 3,709 |
| Dividend received from joint ventures | 2,400 | - |
| Settlement of remaining consideration for the acquisition of subsidiaries | - | (19,110) |
| Purchase of property, plant and equipment | (17,070) | (37,955) |
| Cash flow from discontinued operation | - | (2,821) |
| **Net cash flow generated from/(used in) investing activities** | **155,852** | **(40,798)** |
| **Cash flows from financing activities** | | |
| Proceeds from issuance of ordinary shares to non-controlling interests | - | 15,814 |
| Repayment of finance lease | (530) | (81) |
| Drawdown of borrowings | 50,778 | 317,274 |
| Repayment of borrowings | (68,322) | (46,787) |
| Dividend paid to shareholders of the Company | (191,274) | (58,214) |
| Net placement of fixed deposits | (2,431) | (47,102) |
| Cash flow from discontinued operation | - | (13,414) |
| **Net cash flow (used in)/generated from financing activities** | **(211,779)** | **167,490** |
| **Net (decrease)/increase in cash and cash equivalents** | **(2,988)** | **148,584** |
| Net foreign exchange difference | (3,406) | 574 |
| 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)** | **482,404** | **661,319** |

**(a) Cash and Cash Equivalents comprise the following amounts:**

| | As at 30/6/2018 RM'000 | As at 30/6/2017 RM'000 |
|---|---|---|
| Cash on hand and at banks | 199,977 | 306,233 |
| Fixed deposits with licensed banks | 315,405 | 509,471 |
| Cash, bank balances and deposits | 515,382 | 815,704 |
| Less: Fixed deposits on lien | (12,886) | (15,067) |
| Less: Fixed deposits pledged | (18,774) | (7,073) |
| Less: Cash and fixed deposit restricted in usage | (1,318) | (122,656) |
| Less: Bank overdrafts | - | (9,589) |
| | **482,404** | **661,319** |

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

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## 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** |
| **Six months to 30 June 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 | - | - | - | 62,956 | 62,956 | 2,177 | 65,133 |
| Other comprehensive loss | - | - | (7,756) | - | (7,756) | (65) | (7,821) |
| Total comprehensive (loss)/income for the period | - | - | (7,756) | 62,956 | 55,200 | 2,112 | 57,312 |
| Dividends paid to shareholders of the Company | - | - | - | (191,274) | (191,274) | - | (191,274) |
| Put options granted to non-controlling interests of a subsidiary | - | - | 1,051 | - | 1,051 | (1,051) | - |
| Balance as at 30 June 2018 | 268,074 | 313,856 | (19,508) | 885,911 | 1,448,333 | 19,537 | 1,467,870 |

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## 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 | Merger relief reserve RM'000 | Other reserves RM'000 | Retained earnings RM'000 | Total RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
| **Six months to 30 June 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 | - | - | - | - | 54,655 | 54,655 | 6,175 | 60,830 |
| Other comprehensive income | - | - | - | 1,669 | - | 1,669 | 447 | 2,116 |
| Total comprehensive income for the period | - | - | - | 1,669 | 54,655 | 56,324 | 6,622 | 62,946 |
| Dividends paid: | | | | | | | | |
| - shareholders of the Company | - | - | - | - | (58,214) | (58,214) | - | (58,214) |
| - non-controlling shareholders of subsidiaries | - | - | - | - | - | - | (3,555) | (3,555) |
| Dilution of interest in a subsidiary | - | - | - | - | 12,542 | 12,542 | 3,272 | 15,814 |
| Balance as at 30 June 2017 | 207,906 | 60,168 | 313,856 | 79,818 | 717,768 | 1,379,516 | 175,268 | 1,554,784 |

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 30 June 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 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.

<u>Acquisition before date of transition</u>
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 30 June 2018 except as follows:-

In 2017, 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 2018, the Company completed the issuance of RM50.0 million in nominal value of Islamic Commercial Papers ("ICP") with a tenor of 12 months under the ICP Programme.

The proceeds raised was utilised to redeem the outstanding ICPs amounting to RM50.0 million on the said ICP Programme which was issued on 26 April 2017 and matured on 26 April 2018.

### 8. Dividend

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

| | RM'000 |
|---|---|
| <u>In respect of the financial year ended 31 December 2017:</u> | |
| 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 | 41,582 |

The Board of Directors has declared a single tier interim dividend of 6.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM49,897,442 in respect of the financial year ending 31 December 2018, to be paid on 31 October 2018. The entitlement date of the dividend payment is 12 October 2018.

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

**9. Operating Segments**

Operating Segment information for the current financial period ended 30 June 2018 is as follows:

**By operating segment**

| | Consultancy | Services: Healthcare | Services: Infra | Services: Real Estate | Property Development | Others | Elimination | Group |
|---|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Revenue** | | | | | | | | |
| External revenue | 65,786 | 458,196 | 381,104 | 96,072 | 5,766 | - | - | **1,006,924** |
| Inter-segment revenue | - | 1,945 | 11,291 | 5,832 | - | 105,416 | (124,484) | **-** |
| Total Revenue | 65,786 | 460,141 | 392,395 | 101,904 | 5,766 | 105,416 | (124,484) | **1,006,924** |
| **Results** | | | | | | | | |
| **EBITDA** | 16,847 | 54,642 | 54,728 | 15,285 | (2,741) | 71,606 | (89,399) | **120,968** |
| Depreciation and amortisation | (742) | (13,042) | (6,506) | (345) | (77) | (10,472) | (1,740) | **(32,924)** |
| **EBIT** | 16,105 | 41,600 | 48,222 | 14,940 | (2,818) | 61,134 | (91,139) | **88,044** |
| Interest income | 506 | 704 | 1,525 | 52 | 185 | 1,038 | - | **4,010** |
| Interest expense | - | (255) | - | (3,614) | - | (9,464) | (2) | **(13,335)** |
| Share of results of associates | 254 | 8,891 | - | 2,373 | - | - | - | **11,518** |
| Share of results of joint ventures | - | - | - | - | - | - | - | **-** |
| **Profit/(loss) before tax** | 16,865 | 50,940 | 49,747 | 13,751 | (2,633) | 52,708 | (91,141) | **90,237** |
| Income tax | (3,596) | (8,824) | (12,019) | (2,380) | (48) | - | 1,763 | **(25,104)** |
| Zakat | - | - | - | - | - | - | - | **-** |
| **Profit/(loss) for the period** | 13,269 | 42,116 | 37,728 | 11,371 | (2,681) | 52,708 | (89,378) | **65,133** |

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

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

Operating Segment information for the financial period ended 30 June 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 | 69,938 | 444,949 | 334,749 | 75,506 | 198 | - | - | 925,340 | 702,593 | **1,627,933** |
| Inter-segment revenue | 6,584 | 106 | 14,145 | 4,505 | - | 16,110 | (41,450) | - | - | **-** |
| Total Revenue | 76,522 | 445,055 | 348,894 | 80,011 | 198 | 16,110 | (41,450) | 925,340 | 702,593 | **1,627,933** |
| **Results** | | | | | | | | | | |
| **EBITDA** | 11,341 | 54,359 | 45,697 | 10,193 | (4,232) | (16,823) | (1,818) | **98,717** | 44,151 | **142,868** |
| Depreciation and amortisation | (709) | (11,803) | (5,880) | (422) | (77) | (10,289) | (1,740) | **(30,920)** | (15,239) | **(46,159)** |
| **EBIT** | 10,632 | 42,556 | 39,817 | 9,771 | (4,309) | (27,112) | (3,558) | **67,797** | 28,912 | **96,709** |
| Interest income | 231 | 873 | 310 | 26 | 750 | 3,569 | - | **5,759** | 1,683 | **7,442** |
| Interest expense | (3) | (136) | - | (3,948) | - | (13,450) | - | **(17,537)** | (3,342) | **(20,879)** |
| Share of results of associates | 693 | 5,689 | - | 2,870 | - | - | - | 9,252 | - | **9,252** |
| Share of results of joint ventures | 111 | - | - | - | - | - | - | 111 | 1,138 | **1,249** |
| **Profit/(loss) before tax** | 11,664 | 48,982 | 40,127 | 8,719 | (3,559) | (36,993) | (3,558) | 65,382 | 28,391 | **93,773** |
| Income tax | (2,400) | (6,005) | (9,337) | (1,956) | (22) | 1,515 | 263 | (17,942) | (14,921) | **(32,863)** |
| Zakat | - | - | - | (80) | - | - | - | (80) | - | **(80)** |
| **Profit/(loss) for the period** | 9,264 | 42,977 | 30,790 | 6,683 | (3,581) | (35,478) | (3,295) | 47,360 | 13,470 | **60,830** |

## 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 30 June 2018 to the date of this announcement which would substantially affect the financial results of the Group for the six months ended 30 June 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 except for the restructuring of UEMS Pte Ltd as a direct 97.46% subsidiary of Edgenta (Singapore) Pte Ltd ("Edgenta Singapore") on 10 August 2018 via the transfer of shares by way of distribution-in-specie from Asia Integrated Facility Solutions Pte Ltd ("AIFS"), a wholly-owned subsidiary of Edgenta Singapore. AIFS had been placed under members' voluntary liquidation since 22 November 2017.

### 12. Capital commitments

There are no material capital commitments except as disclosed below:

| | **As at 30/6/2018 RM'000** | **As at 31/12/2017 RM'000** |
|---|---|---|
| Approved and contracted for | 49,353 | 75,302 |
| Approved but not contracted for | 33,088 | 44,177 |

### 13. Income tax

| | **Individual Quarter** | | **Cumulative Quarter** | |
|---|---|---|---|---|
| | Current year quarter | Preceding year corresponding quarter | Six months to | Six months to |
| | **30/6/2018** RM'000 | **30/6/2017** RM'000 | **30/6/2018** RM'000 | **30/6/2017** RM'000 |
| Current income tax | | | | |
| - Malaysian income tax | 11,669 | 11,065 | 18,545 | 16,609 |
| - Foreign tax | 2,187 | 2,452 | 4,617 | 4,485 |
| (Over)/under provision in prior years | | | | |
| - Malaysian income tax | - | (3,132) | - | (3,110) |
| - Foreign tax | - | - | 18 | - |
| | 13,856 | 10,385 | 23,180 | 17,984 |
| Deferred tax | | | | |
| - Relating to origination and reversal of temporary difference | (757) | (2,221) | 1,924 | (42) |
| **Income tax expense** | **13,099** | **8,164** | **25,104** | **17,942** |

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

**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 30 June 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 | 337,179 | - | 337,179 | 60,868 | - | 60,868 |
| Foreign | | | | | | |
| - Singapore Dollar | 98,132 | - | 98,132 | 13,687 | - | 13,687 |
| - Taiwan Dollar | - | - | - | 27,593 | - | 27,593 |
| **TOTAL** | **435,311** | **-** | **435,311** | **102,148** | **-** | **102,148** |

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 30 June 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 and 18, 19 & 20 July 2018.

The hearing dates on 5, 6, 7, 20, 21 & 22 June and 18 July 2018 were later vacated and the hearings were resumed on 19 & 20 July 2018 with RMSB's witnesses' testimonies and were concluded accordingly. The Arbitrator gave further directions, as follows:

i) the parties are to finalise the notes of proceedings by 24 August 2018;
ii) the parties are to submit their written submissions by 28 September 2018;
iii) the parties are to submit their replies by 29 October 2018; and
iv) the Decision date will be fixed thereafter.

However as at 29 August 2018, EKICSB's solicitor has not prepared the draft for RMSB's solicitor's perusal and has written to the Arbitrator to request for an extension.

**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.

In the Case Management of 25 June 2018, the Court of Appeal scheduled the matter for a further Case Management on 1 August 2018 pending the grounds of judgment from the High Court. On 1 August 2018, the Court of Appeal fixed a further Case Management date on 19 September 2018 as the grounds of judgment was not ready from the High Court. The Court of Appeal will only proceed to fix a hearing date upon receipt of the grounds of judgment from the High Court.

Meanwhile on 4 July 2018, Edgenta PROPEL via its solicitor has issued a Notice under S.465 of the Companies Act 2016 demanding for the payment of RM24,339,100.39 as at 4 July 2018 due and payable from HBT to be made within 21 days from the date of the notice.

HBT's solicitor issued a letter dated 9 July 2018 which was received by Edgenta PROPEL's solicitor on 12 July 2018, requesting for the winding up action to be put in abeyance pending the conclusion of their application in the Court of Appeal. Pursuant to the advice received from Edgenta PROPEL's solicitors on 13 July 2018 and further internal discussions thereafter, Edgenta PROPEL's Management has via its solicitor on 24 July 2018 counter proposed to HBT for payment of all or part of the RM4,000,000.00 undisputed figure pursuant to the Consent Order dated 2 April 2015 if HBT wishes for the winding up proceeding to be put in abeyance. 3 August 2018 was the deadline given to HBT to respond but Edgenta PROPEL's solicitor only received a letter from HBT's solicitor on 16 August 2018 proposing for a meeting to be fixed between the parties to discuss possible settlement. The meeting date has yet to be fixed by both parties. If the parties cannot reach an amicable settlement, Edgenta PROPEL will proceed with the winding up action.

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 **30/6/2018** RM'000 | Immediate preceding quarter **31/3/2018** RM'000 | Variance RM'000 | Variance % |
|---|---|---|---|---|
| **Revenue:** | | | | |
| Consultancy | 30,353 | 35,433 | (5,080) | (14.3) |
| Services | | | | |
| Healthcare | 230,618 | 227,578 | 3,040 | 1.3 |
| Infra | 229,036 | 152,068 | 76,968 | 50.6 |
| Real Estate | 52,259 | 43,813 | 8,446 | 19.3 |
| Property Development | 3,868 | 1,898 | 1,970 | >100.0 |
| | **546,134** | **460,790** | **85,344** | **18.5** |
| **Profit Before Tax:** | | | | |
| Consultancy | 8,779 | 8,086 | 693 | 8.6 |
| Services | | | | |
| Healthcare | 22,047 | 28,893 | (6,846) | (23.7) |
| Infra | 28,795 | 20,952 | 7,843 | 37.4 |
| Real Estate | 6,798 | 6,953 | (155) | (2.2) |
| Property Development | (515) | (2,118) | 1,603 | 75.7 |
| Others/Elimination | (18,175) | (20,258) | 2,083 | 10.3 |
| | **47,729** | **42,508** | **5,221** | **12.3** |

The Group's revenue for the current quarter of RM546.1 million was RM85.3 million or 18.5% higher than the immediate preceding quarter's RM460.8 million due to the following:

- Infra Services ("IS") Division recorded improved revenue by RM77.0 million mainly due to more pavement and civil works done for expressways.
- Real Estate Services ("RES") Division also recorded higher revenue by RM8.4 million mainly from energy performance contracting projects.
- Healthcare Services ("HS") Division recorded higher revenue by RM3.0 million mainly due to improved contributions from projects in Singapore and Taiwan.
- Property Division recorded higher revenue from more units sold.
- However, Consultancy Division recorded lower revenue by RM5.1 million mainly due to the completion of LRT extension project and less volume of work for design consultancy works.

The Group recorded profit before tax ("PBT") of RM47.7 million for the current quarter which increased RM5.2 million as compared to RM42.5 million in the preceding quarter due to the following:

- IS Division registered higher PBT by RM7.8 million in line with the higher revenue.
- Property Division recorded higher PBT by RM1.6 million from higher number of units sold.
- Consultancy Division recorded higher PBT by RM0.7 million despite the fall in revenue mainly due to better margins composition of on-going projects.
- However, HS Division recorded lower PBT by RM6.8 million despite increased revenue mainly due to weaker margins for Malaysia operations from increased operating costs.
- RES division also recorded lower PBT despite higher revenue due to weaker margin composition for current projects, coupled with increased operating costs.

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

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

| | Current year quarter | Preceding year corresponding quarter | Variance | Variance | Six months to | Six months to | Variance | Variance |
|---|---|---|---|---|---|---|---|---|
| | **30/6/2018** | **30/6/2017** | | | **30/6/2018** | **30/6/2017** | | |
| | RM'000 | RM'000 | RM'000 | % | RM'000 | RM'000 | RM'000 | % |
| **Revenue:** | | | | | | | | |
| Continuing operations: | | | | | | | | |
| Consultancy | 30,353 | 38,662 | (8,309) | (21.5) | 65,786 | 69,938 | (4,152) | (5.9) |
| Services | | | | | | | | |
| Healthcare | 230,618 | 227,417 | 3,201 | 1.4 | 458,196 | 444,949 | 13,247 | 3.0 |
| Infra | 229,036 | 202,563 | 26,473 | 13.1 | 381,104 | 334,749 | 46,355 | 13.8 |
| Real Estate | 52,259 | 39,614 | 12,645 | 31.9 | 96,072 | 75,506 | 20,566 | 27.2 |
| Property Development | 3,868 | 29 | 3,839 | >100.0 | 5,766 | 198 | 5,568 | >100.0 |
| | 546,134 | 508,285 | 37,849 | 7.4 | 1,006,924 | 925,340 | 81,584 | 8.8 |
| Discontinued operation: | | | | | | | | |
| Consultancy | - | 350,628 | (350,628) | (100.0) | - | 702,593 | (702,593) | (100.0) |
| **Group** | **546,134** | **858,913** | **(312,779)** | **(36.4)** | **1,006,924** | **1,627,933** | **(621,009)** | **(38.1)** |
| **Profit Before Tax:** | | | | | | | | |
| Continuing operations: | | | | | | | | |
| Consultancy | 8,779 | 9,617 | (838) | (8.7) | 16,865 | 11,664 | 5,201 | 44.6 |
| Services | | | | | | | | |
| Healthcare | 22,047 | 22,157 | (110) | (0.5) | 50,940 | 48,982 | 1,958 | 4.0 |
| Infra | 28,795 | 21,261 | 7,534 | 35.4 | 49,747 | 40,127 | 9,620 | 24.0 |
| Real Estate | 6,798 | 3,945 | 2,853 | 72.3 | 13,751 | 8,719 | 5,032 | 57.7 |
| Property Development | (515) | (1,857) | 1,342 | 72.3 | (2,633) | (3,559) | 926 | 26.0 |
| Others/Elimination | (18,175) | (22,283) | 4,108 | 18.4 | (38,433) | (40,551) | 2,118 | 5.2 |
| | **47,729** | **32,840** | **14,889** | **45.3** | **90,237** | **65,382** | **24,855** | **38.0** |
| Discontinued operation: | | | | | | | | |
| Consultancy | - | 13,696 | (13,696) | (100.0) | - | 28,391 | (28,391) | (100.0) |
| | **47,729** | **46,536** | **1,193** | **2.6** | **90,237** | **93,773** | **(3,536)** | **(3.8)** |

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

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

Continuing operations

The Group's revenue for the current quarter of RM546.1 million was higher by RM37.8 million as compared to RM508.3 million in the corresponding quarter last year. The Group recorded revenue of RM1,006.9 million for the six-month period, which is RM81.6 million higher as compared to RM925.3 million in the corresponding period last year mainly due to the following:

- IS Division registered higher revenue by RM46.4 million mainly due to higher civil and pavement works done for expressways.
- RES Division recorded higher revenue by RM20.6 million, mainly due to new contracts secured for facilities management and township management projects, as well as contribution from new energy performance contracting projects.
- HS Division recorded higher revenue by RM13.2 million, mainly due to new contracts secured in Taiwan and Singapore, offset by lower revenue contributed from Malaysia operations.
- Property Division has shown higher revenue from increased number of units sold.
- However, Consultancy Division recorded lower year-to-date revenue by RM4.2 million, mainly due to more consultancy works done for LRT extension project in prior period.

The Group's current quarter PBT of RM47.7 million was higher by RM14.9 million as compared to RM32.8 million in the corresponding quarter last year. The Group recorded PBT of RM90.2 million for the six-month period, with an increase of RM24.9 million compared to RM65.4 million in the corresponding period last year mainly due to:

- IS Division recorded higher PBT by RM9.6 million, mainly riding on the higher revenue.
- RES Division has shown an increase in PBT of RM5.0 million during the current period in line with higher revenue.
- HS Division recorded higher PBT by RM2.0 million, driven by the higher revenue.
- Consultancy Division recorded higher PBT by RM5.2 million despite lower revenue, partially due to provisions made for doubtful debts in prior period and income received from short term investments.

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 | Six months to | Six months to |
| | **30/6/2018** | **30/6/2017** | **30/6/2018** | **30/6/2017** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Net operating profit after tax computation:** | | | | |
| Earnings before interest and tax | 47,823 | 49,731 | 88,044 | 96,709 |
| Adjusted tax | (11,478) | (11,935) | (21,131) | (23,210) |
| Net operating profit after tax | **36,345** | **37,796** | **66,913** | **73,499** |
| **Economic charge computation:** | | | | |
| Average invested capital | 1,605,552 | 1,929,668 | 1,605,552 | 1,929,668 |
| Weighted average cost of capital ("WACC") | 8.2% | 7.0% | 8.2% | 7.0% |
| **Economic charge** | **32,914** | **33,769** | **65,828** | **67,538** |
| **Economic profit** | **3,431** | **4,027** | **1,085** | **5,961** |

The EP statement is as prescribed under the Government Linked Companies transformation program, and is disclosed on a voluntary basis. EP measures the value created by a business during a single period reflecting how much return a business makes over its cost of capital.

(a) Performance of the current quarter ended 30 June 2018 against the corresponding quarter last year:

EP of RM3.4 million is lower by RM0.6 million as compared to the preceding year corresponding quarter of RM4.0 million mainly due to lower earnings before interest and tax recorded for the current quarter.

(b) Performance of the current period ended 30 June 2018 against last year:

EP of RM1.1 million is lower by RM4.9 million as compared to the preceding year corresponding period of RM6.0 million mainly due to lower earnings before interest and tax recorded during the period.

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

**23. Prospects for the current financial year**

Overall Prospects

UEM Edgenta Berhad ("UEMEd" or the "Company") will continue the growth momentum seen over the last two quarters, both in terms of driving revenue as well as improving profit margins via operational and organisational excellence initiatives.

UEMEd maintained its positive trajectory from the first quarter to record a strong second quarter financial results. For the six-month period up to 30 June 2018, PBT registered a strong growth of 38.0% versus the same six-month period in 2017 on the back of an 8.8% increase in revenue, driven by operational improvements. The Company has also recently put in place a framework to build LEAN capabilities across all business divisions, and introduced innovation programmes, training and process improvements.

The Board continues to be vigilant and monitor the development of national economic policies, and assess opportunities and challenges that may arise. Notwithstanding this, the Board is optimistic to deliver positive results for the financial year.

Prospects by Segment

(i) Consultancy

UEMEd's Consultancy Division is focused on delivering its existing projects and will continue to fulfil all work that has been awarded to-date, with an increasing use of in-house staff and reduced dependency on external consultants, thus improving its profitability as seen in the six-month period up to 30 June 2018. It will also fulfill all work in relation to Pan Borneo that has been awarded to-date.

The Company is also on the lookout for more opportunities in the road and rail sectors in Malaysia. Given its significant technical expertise with over 20 years of experience, UEMEd would be best-placed to provide consultancy support to clients in these sectors.

(ii) Healthcare Services

The Healthcare Services Division aims to sustain the positive momentum, driven by the positive outlook in the geographies in which UEMEd operates, as well as via operational efficiency delivered through sharing of best practices, technology and mechanisation between its concession and commercial businesses.

In Malaysia, for public hospitals, there are plans to raise the capacity of hospitals by building new facilities and at the same time upgrading the existing ones, as part of six initiatives announced by the Ministry of Health on 10 June 2018. Similarly, in Singapore and Taiwan, the outlook for the healthcare sector remains robust. These prospects bode well for the provision of hospital support services by UEMEd's Healthcare Division, as it expands its offerings and grows its client base across government and private hospitals regionally.

(iii) Infra Services

UEMEd's Infra Services Division will sustain its current performance, as seen in the strong growth in revenue and PBT that it has delivered for the six-month period up to 30 June 2018, by driving operational improvements.

The Company is on track to implement the first phase of its "Performance-Based Contracting" ("PBC") in the second half of 2018. This framework will transform UEMEd's current delivery model from an input / resource-based contracting model to an outcome-based one, and improve cost efficiency as well as service delivery. As a game changer in the expressway and road maintenance industry, the implementation of PBC will contribute towards UEMEd's significant track record and deployment of technology.

(iv) Real Estate Services

The Real Estate Services Division continues its organic growth trajectory by securing more commercial Grade-A buildings and facilities under its care. It provides technology-driven township and facilities management services and solutions, with a focus on asset enhancement.

The impending Energy Efficiency Bill which aims to reduce Malaysia's carbon emissions by 45% by 2030 in compliance with the Paris climate accord, as well as the Government's focus on low-carbon technologies will provide impetus for demand for UEMEd's energy management and retrofitting services.

**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 | Six months to | Six months to |
| | **30/6/2018** RM'000 | **30/6/2017** RM'000 | **30/6/2018** RM'000 | **30/6/2017** RM'000 |
| **Profit attributable to Owners of the Parent:** | | | | |
| - from continuing operations | 33,405 | 24,627 | 62,956 | 47,091 |
| - from discontinued operation | - | 2,745 | - | 7,564 |
| **Total profit attributable to Owners of the Parent** | 33,405 | 27,372 | 62,956 | 54,655 |
| 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 | 4.02 sen | 2.96 sen | 7.57 sen | 5.66 sen |
| - Profit from discontinued operation | Nil sen | 0.33 sen | Nil sen | 0.91 sen |
| **- Profit for the period** | **4.02 sen** | **3.29 sen** | **7.57 sen** | **6.57 sen** |

**By Order of the Board**

**Kuala Lumpur**
**29 August 2018**

**Chiew Siew Yuen (MAICSA 7063781)**
**Company Secretary**