

UEM EDGENTA BERHAD
Company No. 196301000166 (5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	482,907	587,637	1,433,248	1,698,931
(b) Cost of sales	(430,382)	(497,266)	(1,267,396)	(1,395,616)
(c) Gross profit	52,525	90,371	165,852	303,315
(d) Other income	7,462	9,822	48,570	24,933
(e) Expenses	(72,463)	(73,945)	(218,430)	(205,771)
(f) Finance costs	(5,785)	(6,496)	(18,143)	(19,709)
(g) Share of results of associates	3,110	6,150	10,985	15,926
(h) (Loss)/profit before tax	(15,151)	25,902	(11,166)	118,694
(i) Income tax	(4,259)	(8,625)	(23,424)	(33,292)
(j) (Loss)/profit for the period	(19,410)	17,277	(34,590)	85,402
Attributable to:				
(k) Owners of the parent	(19,012)	17,275	(34,770)	84,295
(l) Non-controlling interests	(398)	2	180	1,107
(Loss)/profit for the period	(19,410)	17,277	(34,590)	85,402
2 (Loss)/earnings per share based on 1(k) above (Note 26):				
Basic	(2.29) sen	2.08 sen	(4.18) sen	10.14 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the period	(19,410)	17,277	(34,590)	85,402
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(10,160)	(2,460)	502	1,770
Exchange differences reclassified to profit or loss	-	-	(19,254)	-
Total other comprehensive (loss)/income for the period, net of tax	(10,160)	(2,460)	(18,752)	1,770
Total comprehensive (loss)/income for the period	(29,570)	14,817	(53,342)	87,172
Attributable to:				
Owners of the parent	(29,035)	14,785	(53,754)	86,025
Non-controlling interests	(535)	32	412	1,147
	(29,570)	14,817	(53,342)	87,172

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2020 RM'000	Preceding year corresponding quarter 30/9/2019 RM'000	Nine months to 30/9/2020 RM'000	Nine months to 30/9/2019 RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(1,003)	(1,559)	(3,221)	(4,704)
Accretion of interest on concession receivable	(4,435)	(4,524)	(13,825)	(13,628)
Dividend from short term investment	(164)	(269)	(975)	(1,021)
(Gain)/loss on disposal of property, plant and equipment	(771)	12	(37)	20
Net foreign exchange (gain)/loss	(18)	(446)	(19,527)	952
Net provision/(reversal) of impairment on trade receivables	(7)	(3)	14,934	(53)
Interest expense	5,433	6,283	16,971	18,790
Depreciation and amortisation	22,148	24,267	61,108	62,754
Gain on disposal of a subsidiary	-	(1,481)	-	(1,481)
Impairment on completed property inventories	-	-	50,000	-

Other than the above, there were no other significant impairment/(write back of impairment) of assets, (gain)/loss on investments, write down of inventories and/or other 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
		30/9/2020	31/12/2019
		RM'000	RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	192,181	211,982
	Right-of-use assets	41,642	30,937
	Land held for property development	477	477
	Intangible assets	729,231	734,304
	Investment in associates	82,569	77,005
	Other investments	232	272
	Trade and other receivables	124,282	126,421
	Contract related assets	34,147	35,212
	Deferred tax assets	11,582	13,274
		1,216,343	1,229,884
2	Current assets		
	Inventories	87,703	133,773
	Trade and other receivables	555,187	546,320
	Contract related assets	323,069	344,736
	Tax recoverable	43,723	37,109
	Short term investments	37,856	62,463
	Cash, bank balances and deposits*	465,292	558,531
		1,512,830	1,682,932
	Total assets	2,729,173	2,912,816

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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
		30/9/2020	31/12/2019
		RM'000	RM'000
EQUITY AND LIABILITIES			
3	Equity attributable to Owners of the Parent		
	Share capital	268,074	268,074
	Capital reserve	313,856	313,856
	Other reserves	(16,124)	3,415
	Retained earnings	887,703	986,688
		1,453,509	1,572,033
4	Non-controlling interests	11,042	12,390
	Total equity	1,464,551	1,584,423
5	Non-current liabilities		
	Retirement benefit obligations	3,183	3,183
	Defined benefit pension plan	825	1,116
	Provisions	2,722	2,382
	Borrowings	358,127	365,561
	Lease liabilities	27,837	19,131
	Trade and other payables	1,433	1,612
	Deferred tax liabilities	47,994	50,391
		442,121	443,376
6	Current liabilities		
	Retirement benefit obligations	564	564
	Provisions	2,447	1,620
	Borrowings	131,004	153,507
	Lease liabilities	12,955	11,146
	Trade and other payables	627,059	671,942
	Contract liabilities	22,727	21,131
	Income tax payable	25,745	25,107
		822,501	885,017
	Total liabilities	1,264,622	1,328,393
	Total equity and liabilities	2,729,173	2,912,816
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	1.75	1.89

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM8,924,813 (2019: RM34,128,389) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and Section 8A of the Housing Development Account (Control and Licensing) Sabah Act, 1978.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine months to 30/9/2020 RM'000	Nine months to 30/9/2019 RM'000
Cash flows from operating activities		
Cash receipts from customers	1,661,329	1,754,446
Cash payments to suppliers	(709,718)	(905,977)
Cash payments to employees and for expenses	(884,539)	(793,731)
Cash generated from operations	67,072	54,738
Interest paid	(13,666)	(16,411)
Income tax paid	(34,717)	(32,599)
Net cash flows generated from operating activities	18,689	5,728
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	3,698	380
Proceeds from disposal of an associate	58	-
Proceeds from disposal of other investment	40	-
Net withdrawal from short term investments	25,579	53,285
Interest received	3,318	4,220
Dividend received from associates	5,360	4,800
Acquisition of non-controlling interests in a subsidiary	(28,210)	(461)
Purchase of property, plant and equipment	(19,156)	(57,917)
Net cash flows (used in)/generated from investing activities	(9,313)	5,472
Cash flows from financing activities		
Capital repayment to non-controlling interests of a subsidiary	-	(3,375)
Drawdown of borrowings	50,291	76,464
Repayment of borrowings	(85,678)	(80,359)
Repayment of lease liabilities	(4,084)	(2,382)
Dividend paid to shareholders of the Company	(66,530)	(66,530)
Net withdrawal/(placement) of fixed deposits	2,795	(1,407)
Net cash flows used in financing activities	(103,206)	(77,589)
Net decrease in cash and cash equivalents	(93,830)	(66,389)
Net foreign exchange difference	1,125	97
Cash and cash equivalents as at beginning of financial period	538,969	462,847
Cash and cash equivalents as at end of financial period (a)	446,264	396,555
	As at 30/9/2020 RM'000	As at 30/9/2019 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	315,262	291,945
Fixed deposits with licensed banks	150,030	137,429
Cash, bank balances and deposits	465,292	429,374
Less: Fixed deposits on lien	-	(11,220)
Less: Fixed deposits pledged	(19,028)	(21,599)
	446,264	396,555

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

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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
Nine months to 30 September 2020							
Balance as at 1 January 2020	268,074	313,856	3,415	986,688	1,572,033	12,390	1,584,423
(Loss)/profit for the period	-	-	-	(34,770)	(34,770)	180	(34,590)
Other comprehensive (loss)/income	-	-	(18,984)	-	(18,984)	232	(18,752)
Total comprehensive (loss)/income for the period	-	-	(18,984)	(34,770)	(53,754)	412	(53,342)
Dividends paid to shareholders of the Company	-	-	-	(66,530)	(66,530)	-	(66,530)
Put options granted to non-controlling interests of a subsidiary	-	-	1,760	-	1,760	(1,760)	-
Settlement of put option granted to non-controlling interests of a subsidiary	-	-	(2,315)	2,315	-	-	-
Balance as at 30 September 2020	268,074	313,856	(16,124)	887,703	1,453,509	11,042	1,464,551

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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	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
Nine months to 30 September 2019							
Balance as at 1 January 2019	268,074	313,856	(1,018)	921,397	1,502,309	14,459	1,516,768
Profit for the period	-	-	-	84,295	84,295	1,107	85,402
Other comprehensive income	-	-	1,730	-	1,730	40	1,770
Total comprehensive income for the period	-	-	1,730	84,295	86,025	1,147	87,172
Disposal of a subsidiary	-	-	-	-	-	(4,332)	(4,332)
Dividends paid to shareholders of the Company	-	-	-	(116,427)	(116,427)	-	(116,427)
Put options granted to non-controlling interests of a subsidiary	-	-	1,455	-	1,455	(1,455)	-
Balance as at 30 September 2019	268,074	313,856	2,167	889,265	1,473,362	9,819	1,483,181

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 2019.

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 2019.

1. Basis of preparation

These condensed consolidated interim financial statements 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.

These financial statements have also been prepared on a historical cost basis except as disclosed in the audited financial statements for the year ended 31 December 2019.

2. Significant accounting policies

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 2019 except for standards effective for financial periods beginning on or after 1 January 2020 below:

	Effective for annual periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and 108 - Definition of Material	1 January 2020
Revised Conceptual Framework for Financial Reporting (The Conceptual Framework)	1 January 2020

The adoption of the above do not have any significant impact to the Group.

3. Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of authorisation of these financial statements are disclosed below. The Group intends to adopt these standards if applicable when they become effective.

	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

These standards are not expected to have a significant impact on the financial statements in the period of initial application.

4. Audit report in respect of the 2019 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2019 was not qualified.

5. 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)

6. Unusual items due to their nature, size, or incidence

For the financial period ended 30 September 2020, an impairment of completed property inventories totaling RM50.0 million has been accounted in the financial statements during the second quarter of 2020. The impairment does not have any impact to the cash flows of the Group.

7. 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.

8. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 30 September 2020 except as follows:-

In 2017, the Company had established the Islamic Commercial Papers ("ICP") and Islamic Medium Term Notes ("IMTN") 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 nominal value for the ICP programme under the Syariah Principle of Murabahah via a Tawarruq Arrangement.

On 24 April 2020, the Company completed the issuance of RM50.0 million in nominal value of ICP with a tenor of 12 months under its 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 2019.

9. Dividend

The amount of dividend paid by the Company since 31 December 2019 was as follows:-

RM'000

In respect of the financial year ending 31 December 2019:

Single-tier second interim dividend of 8.00 sen per ordinary share,
on 831,624,030 ordinary shares, paid on 14 May 2020

66,530

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

10. **Operating Segments**

Operating Segment information for the nine-month period ended 30 September 2020 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions			Elimination	Group
	Healthcare Support	Property and Facility Solutions	Infrastructure Services	Asset Consultancy	Others		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	885,038	102,828	377,673	68,121	(412)	-	1,433,248
Inter-segment revenue	2,776	7,188	-	1,702	60,093	(71,759)	-
Total Revenue	887,814	110,016	377,673	69,823	59,681	(71,759)	1,433,248
Results							
EBITDA	56,090	15,614	35,446	5,808	(59,770)	(481)	52,707
Depreciation and amortisation	(24,398)	(1,150)	(10,140)	(980)	(22,800)	(1,640)	(61,108)
EBIT	31,692	14,464	25,306	4,828	(82,570)	(2,121)	(8,401)
Interest income	830	33	994	116	1,248	-	3,221
Interest expense	(783)	(3,845)	(31)	(14)	(12,898)	600	(16,971)
Share of results of associates	7,670	3,119	-	196	-	-	10,985
Profit/(loss) before tax	39,409	13,771	26,269	5,126	(94,220)	(1,521)	(11,166)
Income tax	(10,553)	(2,436)	(8,921)	(1,239)	1,681	(1,956)	(23,424)
Profit/(loss) for the period	28,856	11,335	17,348	3,887	(92,539)	(3,477)	(34,590)

Notes:

- a. EBITDA – Earnings Before Interest, Tax, Depreciation and Amortisation
- b. EBIT – Earnings Before Interest and Tax

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

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

Operating Segment information for the nine-month period ended 30 September 2019 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions				Group
	Healthcare Support	Property and Facility Solutions	Infrastructure Services	Asset Consultancy	Others	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	823,332	137,180	617,414	94,517	26,488	-	1,698,931
Inter-segment revenue	3,147	10,546	12,534	2,606	114,945	(143,778)	-
Total Revenue	826,479	147,726	629,948	97,123	141,433	(143,778)	1,698,931
Results							
EBITDA	95,423	17,141	74,883	7,358	62,222	(77,419)	179,608
Depreciation and amortisation	(24,480)	(2,129)	(11,405)	(1,385)	(22,530)	(825)	(62,754)
EBIT	70,943	15,012	63,478	5,973	39,692	(78,244)	116,854
Interest income	1,876	10	766	468	1,546	38	4,704
Interest expense	(661)	(4,651)	(94)	(25)	(13,480)	121	(18,790)
Share of results of associates	11,477	3,895	-	554	-	-	15,926
Profit/(loss) before tax	83,635	14,266	64,150	6,970	27,758	(78,085)	118,694
Income tax	(15,105)	(3,407)	(12,656)	(1,167)	2,581	(3,538)	(33,292)
Profit/(loss) for the period	68,530	10,859	51,494	5,803	30,339	(81,623)	85,402

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

11. Material events subsequent to the end of the current financial period

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature that have arisen since 30 September 2020 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 September 2020 that have not been reflected in the condensed financial statements.

12. Changes in the composition of the Group

There were no significant changes in the composition of the Group for the current period including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinued operations except for the following:

- a) On 16 December 2015, the Company had entered into a put option agreement with the non-controlling shareholder of Edgenta GreenTech Sdn. Bhd. ("EGT") to purchase the remaining 20% equity interest in EGT. On 14 November 2019, the non-controlling shareholder of EGT has issued a notice to exercise the put option granted on the 20% shareholding in EGT for a total cash consideration of RM28,209,686. The acquisition of the 20% equity interest in EGT was completed on 25 June 2020 and EGT became a wholly-owned subsidiary of the Company.
- b) On 15 October 2020, Operon Consulting Sdn. Bhd., an indirect 70% subsidiary of the Company, had disposed its entire 49% equity interest in Operon Asset Advisory Sdn. Bhd for a cash consideration of RM58,198.77.
- c) On 21 October 2020, Edgenta TMS Sdn. Bhd. ("ETSB"), an indirect 70% subsidiary of the Company, had been placed under Members' Voluntary Winding-Up pursuant to Section 439(1)(b) of the Companies Act 2016. The winding up of ETSB is not expected to have a material effect on the earnings, gearing or net assets of the Group.

13. Capital commitments

There are no material capital commitments except as disclosed below:

	As at 30/9/2020 RM'000	As at 31/12/2019 RM'000
Approved and contracted for	6,166	20,854
Approved but not contracted for	96,854	161,575

14. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2020 RM'000	30/9/2019 RM'000	30/9/2020 RM'000	30/9/2019 RM'000
Current income tax				
- Malaysian income tax*	(2,478)	4,717	11,454	24,179
- Foreign tax	3,667	3,975	10,083	9,745
Under/(over) provision in prior years				
- Malaysian income tax	2,421	(355)	2,421	(246)
	3,610	8,337	23,958	33,678
Deferred tax				
- Relating to origination and reversal of temporary difference	608	316	(93)	(358)
- Under provision in prior years	41	(28)	(441)	(28)
	649	288	(534)	(386)
Income tax expense	4,259	8,625	23,424	33,292

* The Malaysian income tax for the current quarter is negative due to adjustment of over-provision of current year income tax estimates in prior quarter; to-date (September 2020) the Group has provided a total provision of RM11.5 million.

The Group's effective tax rate excluding share of results of associates for the current period was higher than the statutory tax rate of 24% mainly due to deferred tax assets not recognised for tax losses at certain subsidiaries.

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

15. 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.

16. Borrowings and debt securities

Details of Group borrowings and debt securities as at 30 September 2020 are as follows:

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Borrowings</u>						
Domestic	70,205	249,802	320,007	9,702	55,215	64,917
Foreign						
- Singapore Dollar	38,120	-	38,120	15,879	-	15,879
- Taiwan Dollar	-	-	-	50,208	-	50,208
TOTAL	108,325	249,802	358,127	75,789	55,215	131,004

Details of Group borrowings and debt securities as at 31 December 2019 are as follows:

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Borrowings</u>						
Domestic	77,702	249,750	327,452	20,459	52,090	72,549
Foreign						
- Singapore Dollar	38,109	-	38,109	31,626	-	31,626
- Taiwan Dollar	-	-	-	49,332	-	49,332
TOTAL	115,811	249,750	365,561	101,417	52,090	153,507

17. Derivatives

There are no outstanding derivatives as at 30 September 2020 (31 December 2019: RM Nil).

18. 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)

19. Material litigation

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

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

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

In the case management fixed on 28 February 2017, EKICSB filed its application to stay this proceeding pending conclusion of its arbitration claim against RMSB (note that on 2 December 2016, EKICSB served a Notice to Arbitrate against RMSB for RM4,018,030.02 being the amount which EKICSB failed to claim in the Construction Industry Payment and Adjudication Act (CIPAA) proceeding initiated by them against RMSB earlier on 2 February 2016. RMSB replied to the Notice to Arbitrate on 20 December 2016 requesting for the consolidation of the disputes arising from the Piling and Building Contract to be heard before a single arbitrator. However, this proposal was rejected by EKICSB vide their letter dated 22 December 2016). After exchanges of written submissions between the parties, EKICSB's application for stay was heard on 21 April 2017 whereby the Court gave its view that it has no discretion to grant an order to direct the dispute under this proceeding to be consolidated under Section 10(2) of the Arbitration Act 2005 with the ongoing arbitration claim initiated by EKICSB. The Court informed RMSB that it may file an application to the Court for a declaration that the disputes to be consolidated and be heard by a single and same arbitrator. On 8 June 2017, RMSB filed an application for a declaration to consolidate and hear the disputes by a single and same arbitrator. The Court 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 Arkitek 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 filing of the written submissions was set on 12 November 2018 after several deferment of dates. For RMSB's counterclaim, EKICSB has filed their Statement of Defence on 8 October 2018 and RMSB filed the Reply to the Statement of Defence on 30 October 2018. The parties were also directed to file Bundle of Documents by 12 November 2018 and the same was filed accordingly.

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

19. Material litigation (cont'd)

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

A meeting with the Arbitrator was held on 8 January 2019 with the following directions:

- i) the Arbitrator is in the midst of preparing his decision for the claim by EKICSB;
- ii) for RMSB to confirm further expert witnesses to be called for the matter being the submitting engineer, LTE Engineer or S&M Geotechnics;
- iii) for RMSB to provide soil test results before construction and locations of the bore holes super imposed with site plan;
- iv) for RMSB to provide soil consolidation report;
- v) for RMSB to provide all signed piling records;
- vi) the tentative hearing dates have been fixed on 19,20 and 21 March 2019, 30 and 31 May 2019 and 25, 26 and 27 June 2019.

On 15 March 2019 the arbitrator allowed EKICSB's claim in the arbitration commenced by EKICSB for the alleged outstanding payment under the Building Contract. The solicitors have advised RMSB to apply for a stay of execution of the said award pending disposal of the arbitration commenced by RMSB against EKICSB under the piling contract.

The arbitration between RMSB and EKICSB under the piling contract has been fixed for hearing on 2, 3, 30 and 31 May 2019 and 25 to 27 June 2019. However, the hearing on 2 and 3 May 2019 were vacated by the arbitrator to allow the parties to file further documents.

On 8 May 2019 RMSB received an Originating Summons and an Affidavit in Support by EKICSB's solicitor being the enforcement application filed by EKICSB at the Kuala Lumpur High Court wherein EKICSB is seeking for an order from the court for the award of RM5,104,567.02 ("Award") to be paid by RMSB ("Enforcement Application"). Pursuant thereto RMSB has properly filed an application to the Kuala Lumpur High Court on 17 June 2019 to set aside the Award on the basis that the Award has been given in contradiction with the relevant principles of laws of Malaysia, in conflict with the public policy of Malaysia and not in line with the principle of natural justice ("Setting Aside Application").

EKICSB's application to enforce the award for the building dispute and RMSB's application for the Setting Aside of the award to EKICSB have been fixed for hearing on 29 August 2019 but later postponed to 1 November 2019. During the hearing on 1 November 2019, the judge dismissed RMSB's application to set aside the award and allowed EKICSB's application to enforce the award with cost of RM20,000.00. The judge also further asked both parties to reach an agreement regarding the award granted to EKICSB. EKICSB has proposed for RMSB to release 50% of the award to EKICSB and place another 50% in a stakeholder's account pending conclusion of RMSB's arbitration against EKICSB for the Piling Contract. On 21 November 2019, the board of RMSB approved to accept EKICSB's proposal to release 50% of the award sum plus accruing interest and cost to EKICSB and another 50% of the award sum plus accruing interest to be placed in a stakeholder's account pending conclusion of RMSB's arbitration against EKICSB for the Piling Contract.

EKICSB's solicitors wrote to RMSB's solicitors on 9 December 2019 with a specific amount to be paid by 16 December 2019. As of 15 December 2019, the award sum plus interest was determined at RM5,295,988.28 and the cost was at RM20,800.00. However, given the tight deadline, RMSB's solicitors wrote back to EKICSB's solicitors on 12 December 2019 to get a postponement until 31 December 2019 with the accruing interest to stop at 15 December 2019. EKICSB agreed and the payment was finally made to EKICSB on 31 December 2019.

The parties continue with the arbitration by RMSB against EKICSB for the Piling Dispute. The matter was fixed for hearings on 25, 26 and 27 June 2019 but were later postponed. Another preliminary meeting was set on 7 January 2020 to determine the new hearing dates, which hearing dates were set on 23, 24 and 26 March 2020.

In the meantime, EKICSB is contesting that RMSB's claim is time-barred. Pursuant to Section 41(1)(a) of the Arbitration Act, EKICSB requested to refer the issue to the High Court for its determination with RMSB reserving its rights to oppose to the question namely that the question is of fact and not of law to be referred to High Court and further contends that the claim is not time barred in any event. RMSB was then required to file an affidavit by 26 February 2020 and for EKICSB to file its affidavit in reply by 11 March 2020. The application was fixed for hearing on 28 April 2020. Given the COVID-19 health crisis, the Government has issued the Movement Control Order (MCO) which resulted in all hearing dates to be adjourned to other dates, to be fixed by court or arbitrator once the MCO is lifted by the government.

The hearing was later fixed on 30 July 2020. However, during the hearing, EKICSB has requested more time from court for the parties to proceed with a settlement. Due to the said request, the hearing was rescheduled to 26 August 2020, to allow parties to settle the dispute amicably via a settlement route.

On 26 August 2020, as parties could not agree for the settlement, the court has concluded the hearing and further directed the parties to file an executive summary of the application by 4 September 2020. The court has also fixed for the decision to be on 11 September 2020, on which the Court decided that RMSB's claim is not time-barred and therefore, EKICSB's application is dismissed, with cost of RM10,000. Therefore, the arbitration for the piling dispute case will proceed to commence on 7, 8, 9, 20, 21 and 22 October 2020.

However, on 8 October 2020, EKICSB served RMSB a Notice of Appeal dated 7 October 2020, filed at the Court of Appeal. The Court has fixed the case management to be on 23 November 2020 which was later postponed to 25 January 2021. Therefore, due to the appeal made by EKICSB, the arbitration is being put on hold, pending the outcome of the appeal. The new hearing dates for arbitration will be fixed once the hearing date for the appeal is fixed by the Court of Appeal.

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

19. Material litigation (cont'd)

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

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

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 that date, 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 dated 29 August 2017 was dismissed with cost of RM5,000.00 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 a case management on 25 June 2018, during which 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 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 Section 465 of the Companies Act 2016 demanding for the payment of RM24,339,100.39 (amounts from the Consent Judgment and the Assessment of Damages plus accruing interest) 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 Judgment 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 a possible settlement.

The parties met together with their respective solicitors on 13 September 2018 to discuss the possible settlement. HBT informed Edgenta PROPEL's representatives and solicitors that they are unable to pay any sum and are relying entirely on their claim against JKR. HBT further suggested Edgenta PROPEL to assist them in their case against JKR in order for them to obtain a decision against JKR to enable them to pay Edgenta PROPEL.

During the Case Management on 19 September 2018, the Court of Appeal rescheduled the matter to 9 October 2018 pending the grounds of judgment from the Senior Assistant Registrar ("SAR") who had conducted the Assessment of Damages. The Court of Appeal will only proceed to schedule a hearing date upon receipt of the grounds of judgment from the SAR. The Case Management on 9 October 2018 was later postponed to 5 December 2018 as the grounds of judgment from the SAR has not been obtained.

On 19 October 2018, Edgenta PROPEL's representatives, HBT's representatives and both parties' solicitors had a further meeting to deliberate on the way forward in the event Edgenta PROPEL proceeds to intervene in HBT's appeal against JKR. Edgenta PROPEL indicated in the meeting that in any event, the proceeds payable to Edgenta PROPEL shall not be less than the amount certified by HBT for the works done and HBT tentatively agreed to this.

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

19. Material litigation (cont'd)

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

A written opinion from Edgenta PROPEL's solicitors was received on 15 November 2018 wherein based on the last meeting with HBT, the solicitors were of the opinion that it is prudent for Edgenta PROPEL to proceed as intervener in HBT's appeal against JKR due to HBT's poor financial status. By intervening in the said proceeding, Edgenta PROPEL could at least secure its claim for the amount intended to be recouped by entering into an agreement with HBT for the proceeds from the decision of the appeal against JKR.

On 14 December 2018, Edgenta PROPEL has filed an intervener application in in the Kuala Lumpur High Court to be made as an intervener in the JKR's assessment proceeding against HBT ("**Intervener Proceeding**"). The Intervener Proceeding was later fixed for a case management on 17 December 2018, during which the High Court had fixed the hearing date for this matter on 15 January 2019. On the hearing date of 15 January 2019, the High Court dismissed Edgenta PROPEL's application to intervene in the assessment of damages proceedings as it takes the view that Edgenta PROPEL does not have a legal interest in the proceedings as it had already secured a judgment from another court. In this regard, the High Court took the view that it is a better approach for Edgenta PROPEL to proceed to wind up HBT instead and for a liquidator to be appointed to manage the assets and liability of HBT including the assessment of damages proceedings between HBT and JKR. The High Court however had allowed Edgenta PROPEL's solicitors to sit in during the assessment proceedings as a "Friend of the Court" in the event it could assist the High Court in any way. HBT's solicitors further agreed to adduce both the Consent Judgment dated 2 April 2015 and the Assessment of Damages dated 29 August 2017 in the assessment of damages proceedings between HBT and JKR.

The High Court further exercised its discretion and ordered for each party to bear its own costs as Edgenta PROPEL had also not been paid pursuant to the Consent Judgment obtained. HBT's assessment of damages against JKR was concluded on 25 April 2019 and the Court had directed for the parties therein to file their respective written submissions by 27 June 2019. The next case management for direction and clarification was also scheduled on 27 June 2019. The High Court then concluded the assessment of damages and delivered its decision on the amount to be approximately RM10,000,000.00. It is anticipated that JKR will pay this amount to HBT.

On 7 March 2019, HBT's appeal to the Court of Appeal was heard and the Court of Appeal allowed HBT's appeal on a condition that HBT pays the sum of RM10,000,000.00 to the court or a stakeholder's account within 14 days. The Assessment of Damages would then be set aside, and a fresh assessment of damages shall be conducted by the High Court. In the event HBT fails to pay the sum of RM10,000,000.00 within 14 days, the Assessment of Damages will remain valid ("**Court of Appeal's Order**"). At the lapse of the 14 days, HBT failed to deposit the sum of RM10,000,000.00 to the court or a stakeholder's account.

On 21 March 2019, HBT filed a motion in the Court of Appeal for a stay of execution of the Court of Appeal's Order and filed another motion in the Federal Court for leave to appeal to Federal Court against such order. Hearing dates on 1 July 2019, 10 September 2019 and 20 February 2020 to hear HBT's motion for leave to appeal to the Federal Court were deferred to a new hearing date on 21 May 2020.

During the hearing on 21 May 2020, HBT's motion for leave to appeal to the Federal Court was dismissed with cost of RM30,000.00. In this regard, the Assessment Damages of RM17,472,961.82 in addition to the earlier sum agreed between the parties through the Consent Judgement dated 2 April 2015 of RM4,000,000.00 shall be payable by HBT to EPB.

On 10 June 2020, Edgenta PROPEL's solicitors wrote to Attorney General's Chambers and solicitors of HBT to inquire if JKR had paid HBT pursuant to JKR's assessment of RM10,000,000.00 pursuant to the order dated 27 September 2019. Attorney General's Chambers responded on 15 June 2020, confirming that JKR has paid the full sum to HBT.

With the positive outcome from the said hearing, Edgenta PROPEL's solicitors have advised Edgenta PROPEL to initiate recovery actions in stage, namely judgment debtor summon, garnishee proceedings and winding up action against HBT to recover the total amount of RM21,472,961.82 plus cost and interest ("**Recovery Amount**").

On 29 July 2020, Edgenta PROPEL has filed Judgement Debtor Summon ("**JDS**") at Kuala Lumpur High Court. The hearing was fixed on 3 September 2020, where the Court has ordered for HBT's director, Sri Ram Sarma to appear in Court on 23 October 2020 at 9.00 am to be examined as to why have HBT not made payment of the judgment sum and what are the assets that HBT has to be used to pay Edgenta PROPEL. However, due to the Movement Control Order ("**MCO**") enforced by the Government, the hearing fixed on 23 October 2020 is now postponed to 6 December 2020 by the Court.

20. Contingent liabilities

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

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

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

	Current quarter 30/9/2020 RM'000	Immediate preceding quarter 30/6/2020 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Asset Management				
- Healthcare Support	319,656	290,866	28,790	9.9
- Property and Facility Solutions	33,910	35,514	(1,604)	(4.5)
Infrastructure Solutions				
- Infrastructure Services	109,434	100,811	8,623	8.6
- Asset Consultancy	21,170	20,446	724	3.5
Others	(1,263)	832	(2,095)	>(100.0)
	482,907	448,469	34,438	7.7

Profit Before Tax:

Asset Management				
- Healthcare Support	11,805	18,833	(7,028)	(37.3)
- Property and Facility Solutions	290	5,798	(5,508)	(95.0)
Infrastructure Solutions				
- Infrastructure Services	(6,609)	18,670	(25,279)	>(100.0)
- Asset Consultancy	(2,981)	6,954	(9,935)	>(100.0)
Others/Elimination	(17,656)	(66,578)	48,922	(73.5)
	(15,151)	(16,323)	1,172	(7.2)

The Group's revenue for the current quarter of RM482.9 million was RM34.4 million higher than the immediate preceding quarter's RM448.5 million, as detailed below:

- **Asset Management**
Revenue from Asset Management Segment increased by RM27.2 million from new commercial projects under the Healthcare Support ("HS") division as well as contribution from projects complementing the Malaysian concession business. The increase was offset by Property and Facility Solutions ("PFS") division due to completed projects in Malaysia. The division also recorded lower revenue from its energy performance contracting project ("EPC") as the project progresses from installation phase to maintenance phase.
- **Infrastructure Solutions**
Infrastructure Solutions Segment recorded higher revenue by RM9.3 million, as pavement works for expressways by Infrastructure Services ("IS") division increased after the peak of movement restriction period in the preceding quarter. Asset Consultancy ("AC") division's revenue also showed an increase as more consultancy work was done compared to the preceding quarter.

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

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

The Group's loss before tax ("LBT") for the current quarter of RM15.2 million improved by RM1.2 million compared to the immediate preceding quarter's LBT RM16.3 million, contributed by the below:

- **Asset Management**
Asset Management's PBT decreased by RM12.5 million mainly from the HS division as increasing costs were incurred for operating under the new normal environment. PFS division's results also decreased as the previous quarter recorded better margins from the installation phase of EPC project.
- **Infrastructure Solutions**
PBT for Infrastructure Solutions decreased by RM35.2 million. The IS division showed lower results from higher operational costs during the quarter. The AC division also showed lower results mainly due to a one-off gain in realisation of foreign exchange reserve of RM19.3 million recognised in the preceding quarter.
- **Others**
An impairment of completed property inventories totalling RM50.0 million was recognised in the immediate preceding quarter by the Property Development Division.

22. Detailed analysis of the performance for the current quarter and period

	Current year quarter 30/9/2020 RM'000	Preceding year corresponding quarter 30/9/2019 RM'000	Variance RM'000	Variance %	Nine months to 30/9/2020 RM'000	Nine months to 30/9/2019 RM'000	Variance RM'000	Variance %
Revenue:								
Asset Management:								
- Healthcare Support	319,656	275,001	44,655	16.2	885,038	823,332	61,706	7.5
- Property and Facility Solutions	33,910	53,812	(19,902)	(37.0)	102,828	137,180	(34,352)	(25.0)
Infrastructure Solutions:								
- Infrastructure Services	109,434	228,025	(118,591)	(52.0)	377,673	617,414	(239,741)	(38.8)
- Asset Consultancy	21,170	29,967	(8,797)	(29.4)	68,121	94,517	(26,396)	(27.9)
Others	(1,263)	832	(2,095)	>(100.0)	(412)	26,488	(26,900)	>(100.0)
	482,907	587,637	(104,730)	(17.8)	1,433,248	1,698,931	(265,683)	(15.6)
Profit Before Tax:								
Asset Management:								
- Healthcare Support	11,805	19,515	(7,710)	(39.5)	39,409	83,635	(44,226)	(52.9)
- Property and Facility Solutions	290	2,767	(2,477)	(89.5)	13,771	14,266	(495)	(3.5)
Infrastructure Solutions:								
- Infrastructure Services	(6,609)	17,404	(24,013)	>(100.0)	26,269	64,150	(37,881)	(59.1)
- Asset Consultancy	(2,981)	(914)	(2,067)	>100.0	5,126	6,970	(1,844)	(26.5)
Others/Elimination	(17,656)	(12,870)	(4,786)	(37.2)	(95,741)	(50,327)	(45,414)	(90.2)
	(15,151)	25,902	(41,053)	>(100.0)	(11,166)	118,694	(129,860)	>(100.0)

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

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

The Group's revenue for the current quarter of RM482.9 million was lower by RM104.7 million as compared to RM587.6 million in the corresponding quarter last year. For the nine-months period, the Group recorded revenue of RM1,433.2 million a decrease of 15.6% compared to RM1,698.9 million recorded for the same period last year as detailed below:

- **Asset Management**
Revenue from Asset Management increased by RM27.4 million mainly resulting from more healthcare support work from commercial contracts secured in Singapore and Taiwan by the HS division. This was offset by lower contribution from its Malaysian operations due to non-continuing projects. This was further offset by the cessation of township management projects late last year by the PFS division and completed projects in Malaysia and Dubai.
- **Infrastructure Solutions**
Revenue from Infrastructure Solutions decreased by RM266.1 million mainly from less pavement work done for expressways during the movement restriction period due to the COVID-19 pandemic. The AC division also recorded lower revenue from lower consultancy work done during the period.

The Group recorded LBT for the current quarter of RM15.2 million, a decrease of RM41.1 million as compared to RM25.9 million profit before tax ("PBT") in the corresponding quarter last year. The Group also recorded LBT for the nine-months period of RM11.2 million, a drop of RM129.9 million compared to RM118.7 million PBT recorded in the same period last year as detailed below:

- **Asset Management**
Asset Management results declined by RM44.7 million primarily from the HS division due to margin contractions experienced by its commercial business in Singapore and Taiwan, coupled with higher operating costs in its Malaysian concession operations as mentioned above. The decline is also attributable to the increasing costs of operating under the new normal alongside impairments made on receivables.
- **Infrastructure Solutions**
Infrastructure Solutions posted lower results by RM39.7 million from lower revenue and impairments made on receivables. This was mitigated by a one-off gain in realisation of exchange reserve of RM19.3 million.
- **Others**
An impairment of completed property inventories totalling RM50.0 million was recognised in during the period by the PD division.

23. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/9/2020	Preceding year corresponding quarter 30/9/2019	Nine months to 30/9/2020	Nine months to 30/9/2019
	RM'000	RM'000	RM'000	RM'000
<u>Net operating profit after tax computation:</u>				
Earnings before interest and tax	(13,831)	24,476	(8,401)	116,854
Adjusted tax	3,319	(5,874)	2,016	(28,045)
Net operating (loss)/profit after tax	(10,512)	18,602	(6,385)	88,809
<u>Economic charge computation:</u>				
Average invested capital	1,457,606	1,498,438	1,457,606	1,498,438
Weighted average cost of capital ("WACC")	5.7%	7.2%	5.7%	7.2%
Economic charge	20,771	26,972	62,313	80,916
Economic (loss)/profit	(31,283)	(8,370)	(68,698)	7,893

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

23. Economic profit ("EP") statement (cont'd)

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

(a) Performance of the current quarter ended 30 September 2020 against the corresponding quarter last year:

Economic loss ("EL") of RM31.3 million was lower by RM22.9 million as compared to the preceding year corresponding quarter's EL of RM8.4 million mainly due to the loss before interest and tax recorded in the current quarter.

(b) Performance of the current period ended 30 September 2020 against last year:

EL of RM68.7 million was lower by RM76.6 million as compared to the last year's EP of RM7.9 million mainly due to the loss before interest and tax recorded during the period.

24. Prospects for the financial year

Overall Prospects

UEM Edgenta Berhad ("Edgenta" or the "Company") will continue to operate in a challenging environment for the remaining quarter of 2020. The imposition of a series of Movement Control Orders ("MCO") over an extended period due to the recent resurgence in the number of COVID-19 cases has significantly impacted the Company's operations. Although economic and business activities have resumed, restricted cross-border movements and tighter Standard Operating Procedures ("SOP") for areas under the Conditional Movement Control Order ("CMCO") continues to weigh on recovery efforts across Edgenta's business units. Nevertheless, the Company will remain vigilant and focused on delivering projects that have been secured whilst protecting its cash position to ensure the Company remains resilient during these unprecedented times.

Prospects by Segment

i. Asset Management

For the nine-month period ending 30 September 2020, the Healthcare Support division reported higher year-on-year revenue growth supported by commencement of new commercial contracts in Singapore, Taiwan and Malaysia, as well as several non-concession contracts secured by the Healthcare Concession Business. However, margins and profits softened amid stiff price competition for new contracts won in Singapore and Taiwan, and higher Covid related cost such as Personal Protective Equipment ("PPE") requirements, and staff overtime costs

The recent resurgence in COVID-19 cases in Malaysia would continue to challenged Healthcare Support division's in the near term. To remain resilient we will continue to focus on managing cost escalations through operational excellence and LEAN initiatives to drive cost efficiencies. Regionally, the Healthcare Support Commercial Business will emphasise on operationalising and optimising contracts secured in Singapore and Taiwan amid lower margins due to an increasingly competitive tendering environment. Over the longer term, positive news on the development of several COVID-19 vaccines provides a silver lining for the division and is expected to bring some normalcy to the operating environment moving forward.

As for the Property and Facility Solutions, the division continue to look into securing more projects in high-value commercial as well as industrial-based buildings in its portfolio of assets under management. The division will continue to be opportunistic amid the Covid pandemic period in providing sanitisation and disinfection services for existing and new clients as an ancillary revenue stream.

ii. Infrastructure Solutions

The nine-month period up to 30 September 2020 was challenging for both Infrastructure Services and Asset Consultancy divisions. The restriction of nationwide movement, MCO from March to May 2020 and the more recent CMCO in many states have significantly reduced domestic cross boarder travel. Consequently, the lower traffic volume and budgetary constraints of asset owners and operators led to the deferment of non-critical projects and works on expressways over the period. In addition, the pandemic has also resulted in delays in award of several contracts which limited the crystallisation of new revenue streams for the division.

For the remainder of the year, as the operating environment gradually recovers to a new normal, the Infrastructure Services and Asset Consultancy will continue to deliver on existing work in hand, while undertaking operational excellence initiatives to protect the divisions' profit margins.

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

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

iii. Property Development

During the first half of 2020, Edgenta has decided to take a prudent measure of impairing its unsold property assets under its portfolio amounting to RM50 million. This measure is part of the Company's ongoing restructuring efforts to shed off non-core businesses while prioritizing resources on growing key businesses such as healthcare and infrastructure.

25. Profit forecast

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

26. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	RM'000	RM'000	RM'000	RM'000
Profit attributable to Owners of the Parent	(19,012)	17,275	(34,770)	84,295
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
Basic earnings per share	(2.29) sen	2.08 sen	(4.18) sen	10.14 sen

Kuala Lumpur
 25 November 2020

By Order of the Board
Chiew Siew Yuen
Company Secretary
(SSM PC No. 201908001259)
(MAICSA 7063781)