

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2021.

THE FIGURES HAVE NOT BEEN AUDITED.

**I(A). CONDENSED CONSOLIDATED INCOME STATEMENT**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Six	Six
	quarter	corresponding	months to	months to
	30/6/2021	30/6/2020	30/6/2021	30/6/2020
	RM'000	RM'000	RM'000	RM'000
1 (a) <b>Revenue</b>	<b>538,600</b>	<b>448,469</b>	<b>1,022,152</b>	<b>950,341</b>
(b) Cost of sales	(461,494)	(405,210)	(878,469)	(837,014)
(c) Gross profit	77,106	43,259	143,683	113,327
(d) Other income	8,509	31,869	16,414	41,108
(e) Expenses	(72,178)	(89,155)	(130,768)	(145,967)
(f) Finance costs	(5,408)	(6,355)	(10,730)	(12,358)
(g) Share of results of associates	5,639	4,059	10,983	7,875
(h) <b>Profit/(loss) before tax</b>	<b>13,668</b>	<b>(16,323)</b>	<b>29,582</b>	<b>3,985</b>
(i) Income tax	(7,377)	(10,993)	(15,181)	(19,165)
(j) <b>Profit/(loss) for the period</b>	<b>6,291</b>	<b>(27,316)</b>	<b>14,401</b>	<b>(15,180)</b>
Attributable to:				
(k) Owners of the parent	6,133	(26,914)	12,827	(15,758)
(l) Non-controlling interests	158	(402)	1,574	578
<b>Profit/(loss) for the period</b>	<b>6,291</b>	<b>(27,316)</b>	<b>14,401</b>	<b>(15,180)</b>
2 <b>Earnings per share based on 1(k) above (Note 26):</b>				
Basic	0.74 sen	(3.24) sen	1.54 sen	(1.89) sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020.

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**(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2021	30/6/2020	30/6/2021	30/6/2020
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit/(loss) for the period	6,291	(27,316)	14,401	(15,180)
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations, representing total other comprehensive income	4,093	4,670	9,378	10,662
Exchange differences reclassified to profit or loss	-	(19,254)	-	(19,254)
<b>Total other comprehensive (loss)/income for the period, net of tax</b>	<u>4,093</u>	<u>(14,584)</u>	<u>9,378</u>	<u>(8,592)</u>
<b>Total comprehensive (loss)/income for the period</b>	<u>10,384</u>	<u>(41,900)</u>	<u>23,779</u>	<u>(23,772)</u>
<b>Attributable to:</b>				
Owners of the parent	10,161	(41,239)	22,118	(24,719)
Non-controlling interests	<u>223</u>	<u>(661)</u>	<u>1,661</u>	<u>947</u>
	<u>10,384</u>	<u>(41,900)</u>	<u>23,779</u>	<u>(23,772)</u>

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020.

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**Remarks to Condensed Consolidated Income Statement:**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2021  RM'000	Preceding year corresponding quarter 30/6/2020  RM'000	Six months to 30/6/2021  RM'000	Six months to 30/6/2020  RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(1,227)	(648)	(2,195)	(2,218)
Accretion of interest on concession receivable	(4,745)	(4,841)	(9,465)	(9,390)
Dividend from short term investment	(127)	(197)	(340)	(811)
(Gain)/loss on disposal of property, plant and equipment	-	(3)	7	734
Net foreign exchange (gain)/loss	(270)	(19,248)	176	(19,509)
Net impairment on trade receivables	26	14,947	14	14,941
Interest expense	4,884	6,093	9,960	11,538
Depreciation and amortisation	21,965	22,149	40,487	38,960
Staff rationalisation cost	2,265	-	2,265	-
Impairment on completed property inventories	-	50,000	-	50,000

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

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**II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		As at end of current quarter	As at preceding financial year end
		30/6/2021	31/12/2020
		<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
1	Non-current assets		
	Property, plant and equipment	182,571	193,678
	Right-of-use assets	41,583	40,827
	Land held for property development	477	477
	Intangible assets	712,703	718,349
	Investment in associates	93,273	85,203
	Other investments	232	232
	Trade and other receivables	119,926	119,992
	Contract related assets	54,975	67,751
	Deferred tax assets	9,763	8,960
		1,215,503	1,235,469
2	Current assets		
	Inventories	72,047	77,865
	Trade and other receivables	589,172	460,013
	Contract related assets	268,951	293,351
	Tax recoverable	50,227	50,854
	Short term investments	42,012	11,799
	Cash, bank balances and deposits	540,977	678,002
		1,563,386	1,571,884
	<b>Total assets</b>	<b>2,778,889</b>	<b>2,807,353</b>

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

	As at end of current quarter 30/6/2021 <b>RM'000</b>	As at preceding financial year end 31/12/2020 <b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
3	<b>Equity attributable to Owners of the Parent</b>	
	268,074	268,074
	313,856	313,856
	(7,049)	(16,340)
	947,909	935,082
	<b>1,522,790</b>	<b>1,500,672</b>
4	8,855	8,590
	<b>1,531,645</b>	<b>1,509,262</b>
5	<b>Non-current liabilities</b>	
	2,518	2,518
	967	937
	3,206	2,891
	313,369	318,704
	28,286	27,768
	1,443	1,659
	46,643	44,126
	<b>396,432</b>	<b>398,603</b>
6	<b>Current liabilities</b>	
	877	877
	1,620	1,620
	151,229	164,450
	9,513	9,807
	643,243	668,935
	32,449	30,663
	11,881	23,136
	<b>850,812</b>	<b>899,488</b>
	<b>1,247,244</b>	<b>1,298,091</b>
	<b>2,778,889</b>	<b>2,807,353</b>
7	<b>Net assets per ordinary share attributable to Owners of the Parent (RM)</b>	
	<b>1.83</b>	<b>1.80</b>

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020.

\* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM20,996,474 (2020: RM9,070,741) 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**

	Six months to 30/6/2021 <b>RM'000</b>	Six months to 30/6/2020 <b>RM'000</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	1,067,462	1,118,177
Cash payments to suppliers	(489,869)	(464,374)
Cash payments to employees and for expenses	(614,599)	(588,505)
Cash (used in)/generated from operations	(37,006)	65,298
Interest paid	(9,389)	(11,734)
Income tax and zakat paid	(23,222)	(27,194)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(69,617)</b>	<b>26,370</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	249	3,577
Acquisition of non-controlling interest ("NCI") in a subsidiary company	-	(28,210)
Placement of cash in an escrow account for the acquisition of NCI in a subsidiary company	(24,446)	-
Net (placement)/withdrawal from short term investments	(29,827)	35,040
Interest received	2,025	2,461
Dividend received from associates	4,292	3,760
Payment of deferred consideration	(2,912)	-
Purchase of property, plant and equipment	(19,682)	(12,977)
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(70,301)</b>	<b>3,651</b>
<b>Cash flows from financing activities</b>		
Draw down of borrowings	72,332	50,436
Repayment of borrowings	(94,508)	(83,245)
Repayment of lease liabilities	(4,359)	(983)
Dividend paid to shareholders of the Company	-	(66,530)
Dividend paid to non-controlling shareholders of subsidiaries	(1,396)	-
Net (placement)/withdrawal of fixed deposits	(5,190)	2,795
<b>Net cash flows used in financing activities</b>	<b>(33,121)</b>	<b>(97,527)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(173,039)</b>	<b>(67,506)</b>
Net foreign exchange difference	5,974	4,672
Cash and cash equivalents as at beginning of financial period	638,806	538,969
<b>Cash and cash equivalents as at end of financial period (a)</b>	<b>471,741</b>	<b>476,135</b>
	As at 30/6/2021 <b>RM'000</b>	As at 30/6/2020 <b>RM'000</b>
<b>(a) Cash and Cash Equivalents comprise the following amounts:</b>		
Cash on hand and at banks	382,366	321,640
Fixed deposits with licensed banks	158,611	173,839
Cash, bank balances and deposits	540,977	495,479
Less: Fixed deposits pledged	(44,790)	(19,344)
Less: Cash held in an escrow account	(24,446)	-
	<b>471,741</b>	<b>476,135</b>

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020.

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**IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY**

	←——— Attributable to owners of the parent ———→						Non-controlling interests	Total equity
	←——— Non-distributable ———→			Distributable				
	Share capital	Capital reserve	Other reserves	Retained earnings	Total	Non-controlling interests		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>Six months to 30 June 2021</b>								
Balance as at 1 January 2021	268,074	313,856	(16,340)	935,082	1,500,672	8,590	1,509,262	
Profit for the period	-	-	-	12,827	12,827	1,574	14,401	
Other comprehensive income	-	-	9,291	-	9,291	87	9,378	
Total comprehensive income for the period	-	-	9,291	12,827	22,118	1,661	23,779	
Dividends paid to:								
- non controlling interests of a subsidiary	-	-	-	-	-	(1,396)	(1,396)	
Balance as at 30 June 2021	268,074	313,856	(7,049)	947,909	1,522,790	8,855	1,531,645	

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

	← Attributable to owners of the parent →				Total	Non-controlling interests	Total equity
	Share capital	Non-distributable Capital reserve	Other reserves	Distributable Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Six months to 30 June 2020</b>							
Balance as at 1 January 2020	268,074	313,856	3,415	986,688	1,572,033	12,390	1,584,423
Profit for the period	-	-	-	(15,758)	(15,758)	578	(15,180)
Other comprehensive income	-	-	(8,961)	-	(8,961)	369	(8,592)
Total comprehensive income for the period	-	-	(8,961)	(15,758)	(24,719)	947	(23,772)
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-interests of a subsidiary	-	-	(2,315)	2,315	-	-	-
Balance as at 30 June 2020	<u>268,074</u>	<u>313,856</u>	<u>(6,101)</u>	<u>906,715</u>	<u>1,482,544</u>	<u>11,577</u>	<u>1,494,121</u>

The condensed Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2020.



**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 2020.

**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 2020.

**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 2020 except for standards effective for financial periods beginning on or after 1 January 2021 below:

	<b>Effective for annual periods beginning on or after</b>
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest rate benchmark reform - phase 2	1 January 2021

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.

	<b>Effective for annual periods beginning on or after</b>
Annual improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 Business Combinations: Reference to conceptual framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment: Property, plant and equipment - proceeds before intended use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous contracts - cost of fulfilling a contract	1 January 2022
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of liabilities as current or non-current	1 January 2023
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 2020 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2020 was not qualified.

5. **Seasonal or cyclical factors**

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

6. **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 financial period ended 30 June 2021 except for the staff rationalisation cost incurred amounting to RM2.26 million.

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 June 2021 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 Murabahah via a Tawarruq Arrangement.

On 23 April 2021, the Company has redeemed its outstanding ICPs amounting to RM50.0 million in nominal value which was issued under the ICP Programme on 24 April 2020 and has matured on 23 April 2021.

9. **Dividend**

The Company did not pay any dividend during the current financial period ended 30 June 2021.

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

**10. Operating Segments**

Operating Segment information for the six-month period ended 30 June 2021 is as follows:

**By operating segment**

	<b>Asset Management</b>		<b>Infrastructure Solutions</b>				<b>Group</b>
	Healthcare Support	Property and Facility Solutions	Infrastructure Services	Asset Consultancy	Others	Elimination	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>							
External revenue	644,989	78,502	250,767	39,937	7,957	-	<b>1,022,152</b>
Inter-segment revenue	1,233	4,368	75	65	39,715	(45,456)	-
<b>Total Revenue</b>	<b>646,222</b>	<b>82,870</b>	<b>250,842</b>	<b>40,002</b>	<b>47,672</b>	<b>(45,456)</b>	<b>1,022,152</b>
<b>Results</b>							
<b>EBITDA</b>	45,726	9,747	22,155	(11,197)	3,652	(3,232)	<b>66,851</b>
Depreciation and amortisation	(16,344)	(339)	(5,321)	(678)	(16,388)	(1,417)	<b>(40,487)</b>
<b>EBIT</b>	29,382	9,408	16,834	(11,875)	(12,736)	(4,649)	<b>26,364</b>
Interest income	524	346	902	211	212	-	<b>2,195</b>
Interest expense	(520)	(1,877)	(16)	(5)	(8,257)	715	<b>(9,960)</b>
Share of results of associates	7,713	3,341	-	(71)	-	-	<b>10,983</b>
<b>Profit/(loss) before tax</b>	37,099	11,218	17,720	(11,740)	(20,781)	(3,934)	<b>29,582</b>
Income tax	(6,796)	(1,964)	(4,541)	(771)	(29)	(1,080)	<b>(15,181)</b>
<b>Profit/(loss) for the period</b>	<b>30,303</b>	<b>9,254</b>	<b>13,179</b>	<b>(12,511)</b>	<b>(20,810)</b>	<b>(5,014)</b>	<b>14,401</b>

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 six-month period ended 30 June 2020 is as follows:

**By operating segment**

	<b>Asset Management</b>		<b>Infrastructure Solutions</b>				<b>Group</b>
	Healthcare Support	Property and Facility Solutions	Infrastructure Services	Asset Consultancy	Others	Elimination	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>							
External revenue	565,382	68,918	268,239	46,951	851	-	<b>950,341</b>
Inter-segment revenue	1,872	7,961	-	1,003	38,130	(48,966)	-
<b>Total Revenue</b>	<b>567,254</b>	<b>76,879</b>	<b>268,239</b>	<b>47,954</b>	<b>38,981</b>	<b>(48,966)</b>	<b>950,341</b>
<b>Results</b>							
<b>EBITDA</b>	38,846	13,778	38,742	8,462	(50,292)	(5,146)	<b>44,390</b>
Depreciation and amortisation	(15,704)	(826)	(6,390)	(670)	(14,616)	(754)	<b>(38,960)</b>
<b>EBIT</b>	23,142	12,952	32,352	7,792	(64,908)	(5,900)	<b>5,430</b>
Interest income	546	29	526	74	1,043	-	<b>2,218</b>
Interest expense	(484)	(2,724)	-	(10)	(8,667)	347	<b>(11,538)</b>
Share of results of associates	4,400	3,224	-	251	-	-	<b>7,875</b>
<b>Profit/(loss) before tax</b>	<b>27,604</b>	<b>13,481</b>	<b>32,878</b>	<b>8,107</b>	<b>(72,532)</b>	<b>(5,553)</b>	<b>3,985</b>
Income tax	(7,114)	(2,173)	(9,140)	(812)	1,417	(1,343)	<b>(19,165)</b>
<b>Profit/(loss) for the period</b>	<b>20,490</b>	<b>11,308</b>	<b>23,738</b>	<b>7,295</b>	<b>(71,115)</b>	<b>(6,896)</b>	<b>(15,180)</b>

**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 June 2021 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 June 2021 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 5 February 2021, Edgenta PROPEL (Sarawak) Sdn. Bhd. was incorporated as a wholly-owned subsidiary of Edgenta PROPEL Berhad, which in turn is a wholly-owned subsidiary of the Company.
- b) On 14 March 2021, Faber Hotels Holdings Sdn. Bhd., a wholly-owned subsidiary of the Company, which was under Members' Voluntary Liquidation, has dissolved and ceased to be a subsidiary of the Company.
- c) On 15 April 2021, Edgenta Facilities Sdn. Bhd. has transferred its entire shareholding in Edgenta NXT Sdn. Bhd. (formerly known as General Field Sdn. Bhd) ("Edgenta NXT") to UEM Edgenta Berhad, resulting Edgenta NXT being a wholly-owned subsidiary of the Company.
- d) On 29 May 2021, Faber L.L.C., a 75% subsidiary of the Company, which was under Members' Voluntary Winding-Up, has ceased to be a subsidiary of the Company upon the cancellation and termination of its Trade License from the Commercial Register in accordance with the Federal Law No. (5) of 1975 and Federal Law No. (8) of 1984 of United Arab Emirates.

**13. Capital commitments**

There are no material capital commitments except as disclosed below:

	As at 30/6/2021 RM'000	As at 31/12/2020 RM'000
Approved and contracted for	2,685	8,348
Approved but not contracted for	76,406	89,413

**14. Income tax**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2021 RM'000	30/6/2020 RM'000	30/6/2021 RM'000	30/6/2020 RM'000
Current income tax				
- Malaysian income tax	3,650	5,896	6,584	13,932
- Foreign tax	3,625	3,066	8,517	6,416
	7,275	8,962	15,101	20,348
Deferred tax				
- Relating to origination and reversal of temporary difference	102	2,513	80	(701)
- Under provision in prior years	-	(482)	-	(482)
	102	2,031	80	(1,183)
<b>Income tax expense</b>	<b>7,377</b>	<b>10,993</b>	<b>15,181</b>	<b>19,165</b>

The Group's effective tax rate excluding the share of results of associate 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 June 2021 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
<b><u>Borrowings</u></b>						
Domestic	63,474	249,895	313,369	10,424	54,192	64,616
Foreign						
- Singapore Dollar	-	-	-	19,402	-	19,402
- Taiwan Dollar	-	-	-	67,211	-	67,211
<b>TOTAL</b>	<b>63,474</b>	<b>249,895</b>	<b>313,369</b>	<b>97,037</b>	<b>54,192</b>	<b>151,229</b>

Details of Group borrowings and debt securities as at 31 December 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
<b><u>Borrowings</u></b>						
Domestic	68,746	249,958	318,704	10,203	52,101	62,304
Foreign						
- Singapore Dollar	-	-	-	38,089	-	38,089
- Taiwan Dollar	-	-	-	64,057	-	64,057
<b>TOTAL</b>	<b>68,746</b>	<b>249,958</b>	<b>318,704</b>	<b>112,349</b>	<b>52,101</b>	<b>164,450</b>

**17. Derivatives**

There are no outstanding derivatives as at 30 June 2021 (31 December 2020: 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”)**

RMSB appointed EKICSB as the main contractor for the piling and building works for Phase 3, mixed development of 191 units of 3 storey houses at Lot H.S.(D) 107003, PT 21706, Jalan Kepong, Mukim Batu, Daerah & Wilayah Persekutuan, Kuala Lumpur (“Project”) under two separate contracts i.e. Piling Contract (Letter of Award dated 3 October 2007 for original contract sum of RM5,808,790.34) and Building Contract (Letter of Award dated 29 April 2008 for original contract sum of RM50,195,455.70).

On 26 January 2017, RMSB sued EKICSB alleging breach of EKICSB’s obligation as the main contractor for the Project (“Main Suit”). RMSB claimed that EKICSB breached its obligations by refusing/neglecting/defaulting in carrying out the rectification works and claimed the amount of RM10,954,030.06 (plus costs and interests thereon) which RMSB had incurred as in January 2017.

Given that on 2 December 2016, EKICSB had earlier served a Notice to Arbitrate against RMSB claiming RM4,018,030.02 for the Building Contract, EKICSB filed its application for stay of application on the Main Suit pending conclusion of its arbitration claim for the Building Contract. RMSB replied to the Notice to Arbitrate, requesting for the consolidation of the disputes arising from the Piling Contract and Building Contract to be heard before a single arbitrator.

After several applications by RMSB to consolidate the two contracts and be heard by a single arbitrator failed, the arbitration proceeding for the Piling Contract arbitration continued to take place. Eventually, on 15 March 2019 the arbitrator for the Building Contract allowed EKICSB’s claim in the sum of RM5,104,567.02 together with interest and cost (“Award”).

Given the conclusion of the Building Contract arbitration, RMSB commenced an arbitration proceeding for the Piling Contract on 24 August 2018 and therefore had applied for a stay of execution of the said Award pending disposal of the arbitration proceeding as commenced by them. The Piling Contract arbitration was 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, EKICSB filed an enforcement application at Kuala Lumpur High Court to enforce the Award, which was contested by RMSB where they filed an application to set aside the Award at Kuala Lumpur High Court on 17 June 2019 on the basis that it is in conflict with the public policy of Malaysia and not in line with the principle of natural justice.

Both enforcement of Award and setting aside applications were fixed for hearing on 1 November 2019. The judge dismissed RMSB’s setting aside application but allowed the EKICSB’s enforcement application. The judge proceeded to request for both parties to reach an agreement regarding the Award. EKICSB proposed for RMSB to release 50% of the Award to EKICSB and the remaining 50% to be deposited into a stakeholder’s account pending conclusion of the Piling Contract arbitration. The payment was made to EKICSB on 31 December 2019.

The parties continue with the Piling Dispute arbitration, fixed for further hearings on 23, 24 and 26 March 2020.

Meanwhile, EKICSB contested that RMSB’s Piling Contract arbitration is time barred and requested to refer the issue to the High Court for its determination with RMSB reserving its rights to oppose. The hearing for the application was rescheduled a few times due to Movement Control Order (MCO). A few attempts were made to resolve the dispute amicably via a settlement route but to no avail.

On 11 September 2020, 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 Piling Contract Arbitration will continue.

However, on 8 October 2020, EKICSB served RMSB a Notice of Appeal on the time-barred decision as granted by the High Court in favour of RMSB. Due to the appeal, the Piling Contract 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.

On 25 January 2021, the Court has rescheduled the case management to be on 8 April 2021 to fix for the hearing of the Appeal.

On 8 April 2021, the Court has fixed for further case management on 6 July 2021 pending release of the grounds of judgment by the High Court and further informed the parties that the hearing date will be fixed upon receiving the grounds of judgment from the High Court.

As we have yet to receive the grounds of judgement, on 6 July 2021, the Court has fixed for further case management on 7 September 2021.

**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)**

On 23 March 2012, EPB sued HBT for the payments of RM22,527,038.18 in respect of works done by EPB 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. The payments of RM22,527,038.18 consisted of RM16,117,148.72 as certified and unpaid (“Certified Work”), and RM6,409,889.46 as uncertified and unpaid.

EPB’s claim to recover the Certified Work was granted but was later reversed by the Court of Appeal on 13 May 2013 upon an appeal by HBT. Accordingly, HBT proceeded to serve a third party notice to JKR (its employer) on 4 March 2014 who failed to pay HBT for the same project. On 26 February 2015, HBT proposed a settlement with EPB for a payment of RM4,000,000.00 but subject to conclusion of third party proceeding against JKR and allowed for RM17,472,961.82 (the Certified Work plus cost and interest) to be subjected to assessment of damages. The payment for RM4,000,000.00 was agreed and recorded as a “Consent Order” on 2 April 2015.

The assessment of damages application was filed on 13 August 2015 and on 29 August 2017, the court decided that HBT shall pay EPB RM17,472,961.82 (“Assessed Damages”) with interest of 5% per annum calculated from 2 April 2015 until full realisation and costs of RM15,000.00.

On 22 November 2017, HBT again filed a set aside application to set aside the decision on the Assessed Damages to High Court but was dismissed by the court on 15 March 2018 with cost of RM5,000.00. Thereafter, HBT appealed to the Court of Appeal on 5 April 2018 (“Setting Aside of Appeal”) but the appeal will only proceed upon receipt of the grounds of judgment from the High Court.

Separately in a different proceeding, HBT’s assessment of damages against JKR was concluded in the high court on 27 September 2019. It was decided that the assessment of damages and delivered its decision on the amount to be approximately RM10,000,000.00. JKR had paid this amount to HBT.

On 7 March 2019, the Setting Aside 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 Assessed 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 Assessed Damages decision will remain valid (“Appeal 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 and filed another motion in the Federal Court for leave to appeal to Federal Court on the Appeal Order. 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 Assessed Damages of RM17,472,961.82 in addition to the Consent Order of RM4,000,000.00 shall be payable by HBT to EPB, both amounting RM21,472,961.82.

EPB has initiated recovery actions in stages, starting with a judgment debtor summon and may be followed by garnishee proceedings and winding up actions against HBT to recover the total amount of RM21,472,961.82 plus cost and interest (“Recovery Amount”).

On 29 July 2020, EPB has filed Examination of Judgement Debtor (“Examination of JD”) 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 examine HBT’s asset(s) and its inability to pay EPB. However, due to the Movement Control Order (“MCO”) enforced by the Government, the Court has rescheduled the hearing of Examination of JD on 30 March 2021.

Earlier on 5 February 2021, EPB has filed a Judgement Debtor Summons against one of HBT’s officers as an additional action to recover the Recovery Amount. During the hearing on 20 April 2021, the Court directed our solicitors to issue a letter to the company secretary and HBT, specifying documents to be produced in Court on the said next hearing date, which is now fixed on 15 June 2021.

Meanwhile, on 30 March 2021, EPB has withdrawn its Examination of JD application against the HBT’s director, with liberty to file afresh, due to extensive but unsuccessful attempts to physically serve the legal papers to the director, as required by law. Thereafter, EPB, via its solicitors has issued a Notice of Winding Up against HBT on 2 April 2021 which HBT has failed to respond within 21 days.

Due to the Further Movement Control Order imposed by the government, the Court has rescheduled the Judgment Debtor Summons hearing on 15 June 2021 to be on 21 July 2021 which was later rescheduled to 25 August 2021.

The Winding Up Petition was filed against HBT on 9 July 2021. The Court has fixed the first case management on 16 August 2021 and also fixed a hearing on 13 October 2021.

On 16 August 2021, the Court has fixed further case management date on 15 September 2021.



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

**19. Material litigation (cont'd)**

**c) Magna Meditech Sdn Bhd (“MMSB”) vs Edgenta Mediserve Sdn Bhd (“EMS”)**

By way of a Letter of Acceptance dated 8 November 2019, EMS and MMSB entered a contract described as the “Provision of Comprehensive Maintenance Services for Radiology, Radiotherapy, Imaging and Ultrasound Equipment at Northern Region Hospitals under the Ministry of Health Malaysia (MOH) for Edgenta Mediserve Sdn Bhd with a contract value of RM53,665,958.88 (“Contract”).

On 18 May 2020, EMS served a Notice of Rescission of the Contract on MMSB (“Notice”). Since then, the parties had attempted to resolve the issues surrounding the Notice of Rescission via several communications and a dispute resolution committee as provided under the Contract but failed to reach any amicable solution.

Eventually on 30 March 2021, EMS was served with a Writ and a Statement of Claim (“Claim”) both dated 25 March 2021. Amongst others, MMSB claims that EMS has breached the Contract by, prematurely and unlawfully terminating the Contract by way of the Notice of Rescission and seeks reinstatement of the Contract for a new term of 3 years with an extension of a further 2 years or damages amounting to RM22,023,999.53.

We have been advised by our solicitors that the termination of the Contract is valid and lawful; and the Notice was properly and lawfully issued by EMSB under the Contract and/or in law. The solicitors have opined that EMS has a good chance of successfully defending the claim.

Based on the foregoing, EMS filed the defence to MMSB’s claims on 3 May 2021. The judge later set for the next case management on 3 June 2021.

On 3 June 2021, the direction given by the court is for the next case management to be held on 17 December 2021 and the trial for this case is fixed from 17 to 20 May 2022 and 23 May 2022.

**d) Ahmad Zaki Sdn Bhd (“AZSB”) vs Edgenta PROPEL Berhad (“EPB”)**

By way of a Letter of Award dated 5 August 2016, AZSB appointed EPB as a sub-contractor to carry out and complete the works in respect of the “Projek Mass Rapid Transit Laluan 2: Sungai Buloh-Serdang-Putrajaya (SSP) Package V202: Construction and Completion of Viaduct Guideway and other associated works from Persiaran Dagang to Jinjang, Subcontract: Protection & Relocation of Utilities (Relocation of Telecommunication Works) for the contract sum of RM87,000,000.00 (“Contract”).

On 15 April 2021, EPB received a Writ and Statement of Claim dated 12 April 2021 from AZSB. AZSB claims that EPB has breached the terms of the Contract, mainly on grounds that due to EPB’s delay, EPB failed to meet the completion date. Therefore, AZSB had to engage third parties to complete some of the works under the Contract. AZSB is therefore seeking reliefs amounting to RM30,882,307.58 from EPB. This consist largely of claims for Liquidated Ascertained Damages (“LAD”) for the alleged delays caused by EPB.

EPB strongly denies the claims and has engaged solicitor to represent and defend the suit. The basis of EPB’s defence is that various events that contributed to the delay and these were not within the control and responsibility of EPB (“Delay Events”). Furthermore, extension of time applications was made by EPB, notifying AZSB of the Delay Events. These were unreasonably rejected by AZSB, hence causing the completion date to be at large. EPB also contends that it had no knowledge on the engagement of third parties to carry out the omitted scope of works. The omissions were made wrongly and unlawfully by AZSB.

EPB has also filed a counter claim against AZSB for RM10,597,351.90 on the basis that AZSB has breached the Sub-Contract. EPB contends that AZSB failed, neglected and/or refused to make full payment for Payment Certificates and under certified EPB’s claims for work done. AZSB also failed to certify the Progress Claims that were duly submitted to AZSB for works done by EPB in accordance with the Sub-Contract.

Our solicitors are of the view that EPB has a good defence to AZSB’s claims. Furthermore, our solicitors have opined that EPB also has a good chance in succeeding in its counterclaim against AZSB.

EPB filed its defence and counter claim on 25 May 2021. On 16 August 2021, the court has granted a two (2) week extension from 16 August 2021 i.e. until 30 August 2021 for EPB to file and serve its Reply to Defence to Counterclaim. The Court has vacated the case management that was to be held 18 August 2021 and set for the next case management to be held on 1 September 2021.

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

**20. Contingent liabilities**

Other than disclosed in Note 19 (c) and (d), other contingent liabilities are as follows:

- (a) On 30 April 2021, the Director General of Inland Revenue Board of Malaysia (“DGIR”) had served UEM Edgenta Berhad (“UEM Edgenta” or “the Company”), with additional tax assessments for the years of assessment (“YAs”) 2015, 2016, 2017 and 2018 for additional income taxes of RM18,697,845.29 (“2021 Notice”).

The abovementioned additional income tax was imposed by DGIR mainly pursuant to the dispute on the status of UEM Edgenta as a Management Service Company and shall be taxed as an Investment Holding Company under Section 60FA of the Income Tax Act, 1967.

The Company filed in an appeal to the Special Commissioner of Income Tax (SCIT) on 25 May 2021 and currently pending assessment by the SCIT.

On 6 July 2021, the High Court allowed UEM Edgenta’s application for leave to commence judicial review proceedings against the Inland Revenue Board of Malaysia (“IRB”) and granted a Stay against any proceedings or enforcement actions to recover the taxes and penalties purportedly payable under the notices of assessment, and any other proceedings and actions, until the disposal of the judicial review. The next case management (for the substantive stage of the judicial review proceedings before the High Court) is scheduled on 19 August 2021, where the High Court will proceed to give directions to both parties and to also fix the hearing date of the judicial review.

On 21 July 2021, the IRB filed a notice of appeal against the High Court’s decision and subsequently on 19 August 2021 filed in an application for stay of the substantive proceedings, pending the disposal of the IRB’s appeal to the Court of Appeal (against the decision of the High Court to grant leave and stay). The stay application will be heard on 20 October 2021.

Based on our tax solicitor’s opinion, the Company is of the view that there are valid legal grounds to challenge the basis of assessment.

- (b) On 29 June 2021, the DGIR had served Edgenta PROPEL Berhad (“EPB”), a wholly-owned subsidiary of UEM Edgenta, with additional tax assessment for the year of assessment 2016 to 2018 amounting to RM9,387,158.88 (“2021 EPB Notices”).

The 2021 EPB Notices are consequent to the DGIR’s view that EPB ought not to have deducted the adjusted losses surrendered to it by UEM Edgenta, flowing from the DGIR’s position that UEM Edgenta is not a management services company as described in Note 20(a).

EPB filed in an appeal against the 2021 EPB Notices raised by DGIR to the Special Commissioner of Income Tax (SCIT) on 26 July 2021.

Concurrently, EPB on 23 July 2021 made an application to the High Court for leave to commence judicial review proceedings against the IRB and request for Stay against any proceedings or enforcement actions to recover the taxes and penalties purportedly payable under the notices of assessment, and any other proceedings and actions, until the disposal of the judicial review. The leave hearing is scheduled to be on 21 September 2021.

Based on our tax solicitor’s opinion, EPB is of the view that there are valid legal grounds to challenge the basis of assessment.

**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 30/6/2021 RM'000	Immediate preceding quarter 31/3/2021 RM'000	Variance RM'000	Variance %
<b><u>Revenue:</u></b>				
<b>Asset Management</b>				
- Healthcare Support	335,467	309,522	25,945	8.4
- Property and Facility Solutions	35,855	42,647	(6,792)	(15.9)
<b>Infrastructure Solutions</b>				
- Infrastructure Services	141,418	109,349	32,069	29.3
- Asset Consultancy	20,337	19,600	737	3.8
Others	5,523	2,434	3,089	>100.0
	<b>538,600</b>	<b>483,552</b>	<b>55,048</b>	<b>11.4</b>

**Profit/(Loss) Before Tax:**

<b>Asset Management</b>				
- Healthcare Support	17,267	19,834	(2,567)	(12.9)
- Property and Facility Solutions	3,440	7,778	(4,338)	(55.8)
<b>Infrastructure Solutions</b>				
- Infrastructure Services	11,639	6,081	5,558	91.4
- Asset Consultancy	(7,911)	(3,829)	(4,082)	>(100.0)
Others/Elimination	(10,767)	(13,950)	3,183	22.8
	<b>13,668</b>	<b>15,914</b>	<b>(2,246)</b>	<b>(14.1)</b>

The Group's revenue for the current quarter of RM538.6 million was RM55.0 million or 11.4% higher than the immediate preceding quarter's RM483.6 million, mainly due to the following:

- **Asset Management**  
Revenue from Asset Management Segment recorded a net increase of RM19.1 million, mainly contributed by new commercial projects in Singapore and Taiwan, as well as additional billable works performed in Malaysia during this quarter. However, the net increase was lower, due to lower revenue generated by the Property and Facility Solutions ("PFS") division with lesser ongoing projects.
- **Infrastructure Solutions**  
Infrastructure Solutions Segment recorded higher revenue by RM32.8 million, mainly due to higher pavement and other billable works done for expressway in Malaysia and Indonesia by Infrastructure Services ("IS") division. The revenue generated by Asset Consultancy ("AC") division is consistent to the previous 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 recorded profit before tax ("PBT") for the current quarter of RM13.7 million, a decrease of RM2.2 million compared to the immediate preceding quarter's profit before tax ("PBT") of RM15.9 million, contributed by the below:

- **Asset Management**  
Asset Management's PBT deteriorated by RM6.9 million mainly, due to higher repair and maintenance expenses incurred for Healthcare Support ("HS") and flow through impact of the lower revenue in PFS.
- **Infrastructure Solutions**  
IS recorded a net increase of PBT by RM1.5 million, contributed by higher PBT recorded for IS of RM5.6 million due to higher revenue but offset by AC's higher loss before tax of RM4.0 million, mainly due to one-off staff rationalisation cost incurred amounting to RM2.3 million.

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

	Current quarter 30/6/2021 RM'000	Preceding year corresponding quarter 30/6/2020 RM'000	Variance RM'000	Variance %	Six months to 30/6/2021 RM'000	Six months to 30/6/2020 RM'000	Variance RM'000	Variance %
<b>Revenue:</b>								
<b>Asset Management:</b>								
- Healthcare Support	335,467	290,866	44,601	15.3	644,989	565,382	79,607	14.1
- Property and Facility Solutions	35,855	35,514	341	1.0	78,502	68,918	9,584	13.9
<b>Infrastructure Solutions:</b>								
- Infrastructure Services	141,418	100,811	40,607	40.3	250,767	268,239	(17,472)	(6.5)
- Asset Consultancy	20,337	20,446	(109)	(0.5)	39,937	46,951	(7,014)	(14.9)
Others	5,523	832	4,691	>100.0	7,957	851	7,106	>100.0
	<b>538,600</b>	<b>448,469</b>	<b>90,131</b>	<b>20.1</b>	<b>1,022,152</b>	<b>950,341</b>	<b>71,811</b>	<b>7.6</b>
<b>Profit/(Loss) Before Tax:</b>								
<b>Asset Management:</b>								
- Healthcare Support	17,267	18,833	(1,566)	(8.3)	37,099	27,604	9,495	34.4
- Property and Facility Solutions	3,440	5,798	(2,358)	(40.7)	11,218	13,481	(2,263)	(16.8)
<b>Infrastructure Solutions:</b>								
- Infrastructure Services	11,639	18,670	(7,031)	(37.7)	17,720	32,878	(15,158)	(46.1)
- Asset Consultancy	(7,911)	6,954	(14,865)	>(100.0)	(11,740)	8,107	(19,847)	>(100.0)
Others/Elimination	(10,767)	(66,578)	55,811	83.8	(24,715)	(78,085)	53,370	68.3
	<b>13,668</b>	<b>(16,323)</b>	<b>29,991</b>	<b>&gt;(100.0)</b>	<b>29,582</b>	<b>3,985</b>	<b>25,597</b>	<b>&gt;100.0</b>

**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 RM538.6 million was higher by RM90.1 million as compared to RM448.5 million in the corresponding quarter last year. For the six-month period, the Group recorded revenue of RM1,022 million which is 7.6% higher than RM950 million recorded for the same period last year as detailed below:

- **Asset Management**  
Revenue from Asset Management increased by RM89.1 million, mainly contributed from commercial contracts secured in Singapore and Taiwan by the HS division and facilities management contracts secured in Dubai for PFS division.
- **Infrastructure Solutions**  
Revenue from Infrastructure Solutions decreased by RM24.4 million mainly from lesser maintenance works performed in Malaysia and Indonesia for IS division. The AC division also recorded lower revenue due to lower consultancy work done during the period.

The Group's recorded PBT for the current quarter of RM13.7 million, a RM30 million increase compared to RM16.3 million loss before tax in the corresponding quarter last year. The Group's PBT for the six-month period of RM29.5million was RM25.6 million higher than RM4.0 million PBT recorded in the same period last year as detailed below:

- **Asset Management**  
Asset Management shows a net increase in PBT of RM7.2 million, contributed by higher PBT recorded in HS of RM9.5 million, offset by decrease of PBT for PFS by RM2.3 million. Apart from higher revenue, the increase in PBT for HS division is also due to impairment on receivables recorded last year. For PFS, the lower PBT is due to higher operational costs.
- **Infrastructure Solutions**  
Infrastructure Solutions' overall PBT deteriorated to a net RM6.0 million, a decrease of RM35.0 million resulted from lower revenue generated and one-off staff rationalisation cost incurred amounting to RM2.3 million.
- **Others**  
An impairment of completed property inventories totalling RM50.0 million was recognised in the previous year.

**23. Economic profit ("EP") statement**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current year quarter 30/6/2021	Preceding year corresponding quarter 30/6/2020	Six months to 30/6/2021	Six months to 30/6/2020
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Net operating profit after tax computation:</u></b>				
Earnings/(loss) before interest and tax	11,881	(14,937)	26,364	5,430
Adjusted tax	(2,851)	3,585	(6,327)	(1,303)
Net operating profit/(loss) after tax	<b>9,030</b>	<b>(11,352)</b>	<b>20,037</b>	<b>4,127</b>
<b><u>Economic charge computation:</u></b>				
Average invested capital	1,296,023	1,494,179	1,296,023	1,494,179
Weighted average cost of capital ("WACC")	6.1%	5.9%	6.1%	5.9%
<b>Economic charge</b>	<b>19,764</b>	<b>22,039</b>	<b>39,529</b>	<b>44,078</b>
<b>Economic loss</b>	<b>(10,734)</b>	<b>(33,391)</b>	<b>(19,492)</b>	<b>(39,951)</b>

**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 June 2021 against the corresponding quarter last year:

Economic loss ("EL") of RM10.7 million improved by RM22.6 million as compared to the preceding year corresponding quarter's EL of RM33.3 million mainly due to improvement in the earnings before interest and tax recorded.

(b) Performance of the current period ended 30 June 2021 against last year:

EL of RM19.5 million was lower by RM20.4 million as compared to the last year's EL of RM39.9 million mainly due to higher earnings before interest and tax recorded.

**24. Prospects for the financial year**

**Overall Prospects**

In the first half of 2021, UEM Edgenta Berhad's ("Edgenta" or "the Company") domestic operating environment continued to be challenging, amidst a prolonged movement control order ("MCO") from January to May and re-introduction of Full MCO in June.

The recovery of the domestic economy is largely premised on the ability to transition into Phase 3 and 4 of the National Recovery Plan ("NRP"). With Malaysia's vaccination effort progressing well, we expect the country's NRP to progress rapidly over the next 2 months, as the nation targets for a full reopening of economic activity in late-September or early-October.

For the remaining period of 2021, Edgenta expects a gradual recovery in its Infrastructure Solutions business and operating environment in tandem with the NRP. The Company will continue to remain agile and adaptable as it pursues its growth strategy with a focus on new products and solutions, expansion into new geographies and forging regional partnerships. The launch of our first digital ecosystem platform, Edgenta NXT on 28 July 2021 marked the beginning of our journey to drive digital transformation as the Company grows to become a future-ready entity and provide end-to-end cloud infrastructure services.

**Prospects by Segment**

**i. Asset Management**

For the remaining of FY2021, Healthcare Support division will continue to deliver on existing contracts, while diversifying its solutions beyond traditional healthcare offerings to drive the nations post-pandemic recovery efforts. On the regional front, the division is actively looking for opportunities to move into higher value-added services in its existing markets in Singapore and Taiwan, while expanding new high growth markets such as Saudi Arabia and other Gulf Cooperation Countries ("GCC"). In Saudi Arabia, the Group had entered into a Memorandum of Business Exploration with our joint venture partner to explore large projects in the Hospital Support Services an Integrated Facility Management in the GCC region.

As for the Property and Facility Solutions division, the division will look to secure more projects in high-value commercial as well as industrial-based buildings with Smart Facilities Management systems as a key differentiator in its offering. Geographically, the Company will look to leverage on its presence in Dubai to further penetrate new markets in the GCC region.

**ii. Infrastructure Solutions**

With a large part of 1H2021 spent under a variation of movement control orders, interstate traffic remained restricted and significantly below pre-pandemic levels. Consequently, the lower traffic and budgetary constraints of asset owners and operators led to the deferment of higher value infrastructure projects and work done for expressways over the period, resulting to weakness in revenue (on year-on-year basis).

For the remainder of the year, as the vaccination rate is progressing well, we expect gradual improvements for both Infrastructure Services and Asset Consultancy divisions toward the end of 3Q2021. Meanwhile, the Infrastructure Solutions division will continue to deliver on existing work in hand, as well as undertake operational excellence initiatives to protect the divisions' profit margins.

**25. 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)**

**26. Earnings per share ("EPS")**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2021 <b>RM'000</b>	30/6/2020 <b>RM'000</b>	30/6/2021 <b>RM'000</b>	30/6/2020 <b>RM'000</b>
Profit attributable to Owners of the Parent	6,133	(26,914)	12,827	(15,758)
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
<b>Basic earnings per share</b>	<b>0.74 sen</b>	<b>(3.24) sen</b>	<b>1.54 sen</b>	<b>(1.89) sen</b>

Kuala Lumpur  
26 August 2021

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