

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2024

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2024	30/6/2023	30/6/2024	30/6/2023
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	759,534	719,260	1,437,111	1,351,036
(b) Cost of sales	(659,796)	(621,813)	(1,255,195)	(1,174,241)
(c) Gross profit	99,738	97,447	181,916	176,795
(d) Other income	6,508	10,377	15,006	17,070
(e) Expenses	(78,316)	(81,447)	(144,375)	(141,998)
(f) Finance costs	(6,187)	(5,746)	(12,890)	(11,164)
(g) Share of results of associates	2,125	1,378	3,782	3,739
(h) Share of result of a joint venture	-	-	-	1
(i) Profit before tax	23,868	22,009	43,439	44,443
(j) Income tax	(11,056)	(9,462)	(20,391)	(21,075)
(k) Zakat	-	(3)	-	(3)
(l) Profit for the period	12,812	12,544	23,048	23,365
Attributable to:				
(m) Owners of the parent	12,559	12,527	22,325	23,428
(n) Non-controlling interests	253	17	723	(63)
Profit for the period	12,812	12,544	23,048	23,365
2 Earnings per share based on 1(m) above (Note 25):				
Basic	1.51 sen	1.51 sen	2.68 sen	2.82 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2023.

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2024 RM'000	Preceding year corresponding quarter 30/6/2023 RM'000	Six months to 30/6/2024 RM'000	Six months to 30/6/2023 RM'000
Profit for the period	12,812	12,544	23,048	23,365
<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	(6,927)	31,377	(1,214)	41,643
Total comprehensive income for the period	5,885	43,921	21,834	65,008
Attributable to:				
Owners of the parent	5,482	43,897	20,960	65,064
Non-controlling interests	403	24	874	(56)
	5,885	43,921	21,834	65,008

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2023.

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2024	30/6/2023	30/6/2024	30/6/2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(1,891)	(1,383)	(3,419)	(2,463)
Accretion of interest on concession receivable	(3,792)	(3,828)	(7,380)	(7,656)
Accretion of interest on loans and receivables	(821)	(3,446)	(1,698)	(4,073)
Dividend from short term investment	(4)	(10)	(16)	(28)
Loss/(gain) on disposal of property, plant and equipment	18	1	(4)	8
Net foreign exchange unrealised gain	(48)	(827)	(885)	(494)
Net foreign exchange realised loss/(gain)	113	(247)	93	(111)
Reversal of ECL on trade receivables	(33)	-	(33)	(3)
Interest expense	6,076	5,499	11,764	10,620
Depreciation and amortisation	22,251	20,519	43,727	40,409

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 30/6/2024 RM'000	As at preceding financial year end 31/12/2023 RM'000
ASSETS		
1 Non-current assets		
Property, plant and equipment	142,751	151,848
Investment properties	14,325	14,325
Right-of-use assets	35,078	35,606
Intangible assets	765,629	710,410
Investment in associates	73,098	71,832
Investment in a joint venture	117	117
Other investments	232	232
Trade and other receivables	88,174	92,536
Contract related assets	30,360	32,136
Deferred tax assets	24,861	23,110
	1,174,625	1,132,152
2 Current assets		
Inventories	19,179	16,754
Trade and other receivables	744,935	621,300
Contract related assets	486,696	441,896
Tax recoverable	36,147	38,341
Short term investments	14,624	26,616
Cash, bank balances and deposits	503,633	615,816
	1,805,214	1,760,723
Asset of disposal group classified as held for sale	61,709	61,445
Total assets	3,041,548	2,954,320

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

	As at end of current quarter 30/6/2024 RM'000	As at preceding financial year end 31/12/2023 RM'000
EQUITY AND LIABILITIES		
3	Equity attributable to Owners of the Parent	
	268,074	268,074
	313,856	313,856
	62,242	63,607
	979,416	973,723
	1,623,588	1,619,260
4	10,132	5,008
	1,633,720	1,624,268
5	Non-current liabilities	
	893	893
	3,235	3,226
	6,075	4,132
	311,410	314,344
	19,056	19,540
	16,247	6,548
	40,605	41,043
	397,521	389,726
6	Current liabilities	
	268	268
	196,168	175,519
	13,461	13,483
	735,958	689,107
	33,735	31,916
	29,356	29,006
	1,008,946	939,299
	1,361	1,027
	1,407,828	1,330,052
	3,041,548	2,954,320
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	
	1.95	1.95

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2023.

* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM127,768 (2023: RM127,655) 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 30/6/2024 RM'000	Six months to 30/6/2023 RM'000
Cash flows from operating activities		
Cash receipts from customers	1,427,178	1,242,498
Cash payments to suppliers	(638,410)	(640,418)
Cash payments to employees and for expenses	(806,732)	(733,335)
Cash used in operations	(17,964)	(131,255)
Interest paid	(6,314)	(10,511)
Net income tax and zakat paid	(21,332)	(21,627)
Net cash flows used in operating activities	(45,610)	(163,393)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	85	51
Net cash outflows from acquisition of subsidiaries	(68,745)	-
Net withdrawal from short term investments	12,214	82,977
Interest received	3,535	2,856
Dividend received from associates	2,518	3,400
Purchase of property, plant and equipment	(12,613)	(18,444)
Net cash flows (used in)/generated from investing activities	(63,006)	70,840
Cash flows from financing activities		
Drawdown of borrowings	104,546	97,986
Repayment of borrowings	(87,170)	(25,995)
Repayment of lease liabilities	(6,377)	(5,565)
Dividend paid to shareholders of the Company	(16,632)	(33,265)
Issuance of shares to non-controlling interest in a subsidiary company	-	466
Capital repayment to non-controlling interests of a subsidiary	-	(3,600)
Net (placement)/withdrawal of pledged fixed deposits	(10,553)	1,227
Net cash flows (used in)/generated from financing activities	(16,186)	31,254
Net decrease in cash and cash equivalents	(124,802)	(61,299)
Net foreign exchange difference	1,017	16,112
Cash and cash equivalents as at beginning of financial period	577,337	593,313
Cash and cash equivalents as at end of financial period (a)	453,552	548,126

	As at 30/6/2024 RM'000	As at 30/6/2023 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	363,114	402,446
Fixed deposits with licensed banks	140,519	190,165
Cash, bank balances and deposits	503,633	592,611
Add: Cash and cash equivalents of disposal group	10,280	7,965
Less: Cash, bank and fixed deposits pledged and on lien	(60,361)	(52,450)
	453,552	548,126

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2023.

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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	RM'000			
Six months to 30 June 2024										
Balance as at 1 January 2024	268,074	313,856	63,607	973,723	1,619,260	5,008	1,624,268			
Profit for the period	-	-	-	22,325	22,325	723	23,048			
Other comprehensive income	-	-	(1,365)	-	(1,365)	151	(1,214)			
Total comprehensive income for the period	-	-	(1,365)	22,325	20,960	874	21,834			
Acquisition of a subsidiary	-	-	-	-	-	4,250	4,250			
Dividends payable to shareholders of the Company	-	-	-	(16,632)	(16,632)	-	(16,632)			
Balance as at 30 June 2024	268,074	313,856	62,242	979,416	1,623,588	10,132	1,633,720			

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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
	←	Non-distributable	→				
	Share capital RM'000	Capital reserve RM'000	Other reserves RM'000	Retained earnings RM'000	RM'000	RM'000	RM'000
Six months to 30 June 2023							
Balance as at 1 January 2023	268,074	313,856	23,066	975,894	1,580,890	3,141	1,584,031
Profit for the period	-	-	-	23,428	23,428	(63)	23,365
Other comprehensive income	-	-	41,636	-	41,636	7	41,643
Total comprehensive income for the period	-	-	41,636	23,428	65,064	(56)	65,008
Acquisition of a subsidiary	-	-	294	-	294	5,628	5,922
Capital repayment to non-controlling interests of a subsidiary	-	-	-	-	-	(3,600)	(3,600)
Dividends payable to shareholders of the Company	-	-	-	(33,265)	(33,265)	-	(33,265)
Balance as at 30 June 2023	268,074	313,856	64,996	966,057	1,612,983	5,113	1,618,096

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 2023.

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 2023.

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 2023.

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 2023 except for standards effective for financial periods beginning on or after 1 January 2024 below:

	Effective for annual periods beginning on or after
Amendments to MFRS 101: Presentation of Financial Statement - Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 7: Financial instruments - Disclosures and MFRS 107 Cash Flow Statement - Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 16: Leases - Lease Liability in a Sale and Leaseback	1 January 2024

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
Amendments to MFRS 121: The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	1 January 2025
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.

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

4. Audit report in respect of the 2023 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2023 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 current period.

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 2024.

9. Dividend

For the financial year ended 31 December 2023, the Board of Directors had declared single-tier interim dividend of 2.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM16,632,481 paid on 17 May 2024. The entitlement date was 25 April 2024.

No interim dividend is declared for the current financial period of 30 June 2024.

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

10. Operating Segments

Operating Segment information for the financial period ended 30 June 2024 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions				Group
	Property and		Infrastructure	Asset	Others	Elimination	
	Healthcare	Facility					
	Solutions	Solutions					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	795,122	154,634	439,449	43,510	4,396	-	1,437,111
Inter-segment revenue	448	399	-	5,586	78,755	(85,188)	-
Total Revenue	<u>795,570</u>	<u>155,033</u>	<u>439,449</u>	<u>49,096</u>	<u>83,151</u>	<u>(85,188)</u>	<u>1,437,111</u>
Results							
EBITDA	49,773	3,629	30,537	2,499	35,266	(29,975)	91,729
Depreciation and amortisation	(15,737)	(1,003)	(7,748)	(156)	(18,024)	(1,059)	(43,727)
EBIT	34,036	2,626	22,789	2,343	17,242	(31,034)	48,002
Interest income	2,041	273	482	118	505	-	3,419
Interest expense	(3,622)	(1,331)	(245)	(108)	(8,867)	2,409	(11,764)
Share of results of associates	3,769	-	-	13	-	-	3,782
Profit/(loss) before tax	36,224	1,568	23,026	2,366	8,880	(28,625)	43,439
Income tax	(8,522)	(1,198)	(6,043)	(453)	(6,082)	1,907	(20,391)
Profit/(loss) for the period	<u>27,702</u>	<u>370</u>	<u>16,983</u>	<u>1,913</u>	<u>2,798</u>	<u>(26,718)</u>	<u>23,048</u>

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 financial period ended 30 June 2023 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions			Elimination RM'000	Group RM'000
	Healthcare Solutions	Property and Facility Solutions*	Infrastructure Services	Asset Consultancy	Others*		
Revenue							
External revenue	756,597	109,949	434,282	43,950	6,258	-	1,351,036
Inter-segment revenue	655	4,500	-	-	50,341	(55,496)	-
Total Revenue	757,252	114,449	434,282	43,950	56,599	(55,496)	1,351,036
Results							
EBITDA	49,622	476	41,238	1,362	34,351	(37,780)	89,269
Depreciation and amortisation	(16,189)	(578)	(5,602)	(431)	(16,548)	(1,061)	(40,409)
EBIT	33,433	(102)	35,636	931	17,803	(38,841)	48,860
Interest income	630	241	326	83	1,183	-	2,463
Interest expense	(2,258)	(1,953)	-	(191)	(7,870)	1,652	(10,620)
Share of results of associates	3,667	-	-	72	-	-	3,739
Share of results of joint ventures	-	-	-	1	-	-	1
Profit/(loss) before tax	35,472	(1,814)	35,962	896	11,116	(37,189)	44,443
Income tax	(7,506)	(1,165)	(9,508)	(286)	(4,434)	1,824	(21,075)
Zakat	(3)	-	-	-	-	-	(3)
Profit/(loss) for the period	27,963	(2,979)	26,454	610	6,682	(35,365)	23,365

Notes:

* The Group has changed the composition of its operating and reportable segment following internal reorganization within Edgenta Arabia Limited ("EAL") Group. Accordingly, the Group has restated the previously reported segment information for the six months ended 30 June 2023.

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 2024 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 June 2024 that have not been reflected in the condensed financial statements.

12. Changes in the composition of the Group

The 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 are as follows:

- a) On 11 January 2024, Operon Consulting Sdn Bhd, an indirect 70% subsidiary of the Company, has been placed under Members' Voluntary Winding-Up pursuant to Section 439(1)(b) of the Companies Act 2016.
- b) On 31 January 2024, UEMS Services Pte. Ltd. was incorporated in Singapore as an indirect wholly-owned subsidiary of the Company via UEMS Solutions Pte. Ltd..
- c) On 7 February 2024, Kaizen Owner Association Management Services L.L.C ("KOA") and Kaizen AMS Property Supervision L.L.C. ("KAMS") became 60% subsidiaries of Edgenta International Investments L.L.C ("EII"), an indirect wholly-owned subsidiary of the Company. The acquisition of the 60% equity interest in KOA and KAMS was completed pursuant to the Sale and Purchase Agreement and Shareholders' Agreement entered into between EII and NW Kaizen Holding Limited on 2 December 2023.

The Company is now undertaking a purchase price allocation exercise to identify and measure intangible assets of approximately RM68.3 million. These intangible assets are provisionally recognised as goodwill and is included in the Statement of Financial Position.

- d) On 25 April 2024, Edgenta Regional Head Office Company was incorporated in the Kingdom of Saudi Arabia as an indirect wholly-owned subsidiary of the Company via Edgenta (Singapore) Pte. Ltd..

Saved as disclosed in Note 12 (c), the above changes in the Group's composition have no material financial impact to the Group for the current period ended 30 June 2024.

13. Capital commitments

There are no material capital commitments except as disclosed below:

	As at 30/6/2024 RM'000	As at 31/12/2023 RM'000
Approved and contracted for	6,366	23,493
Approved but not contracted for	74,933	92,813

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

14. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2024	30/6/2023	30/6/2024	30/6/2023
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	5,531	4,193	8,368	10,584
- Foreign tax	7,149	5,758	14,261	11,746
Underprovision in prior years				
- Malaysian income tax	(140)	-	(138)	13
- Foreign tax	2	27	2	27
	<u>12,542</u>	<u>9,978</u>	<u>22,493</u>	<u>22,370</u>
Deferred tax				
- Relating to origination and reversal of temporary difference	(1,486)	(516)	(2,102)	(1,295)
Income tax expense	<u>11,056</u>	<u>9,462</u>	<u>20,391</u>	<u>21,075</u>

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.

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 2024 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	61,410	250,000	311,410	52,438	96,000	148,438
Foreign						
- Singapore Dollar	-	-	-	-	-	-
- Taiwan Dollar	-	-	-	47,730	-	47,730
TOTAL	<u>61,410</u>	<u>250,000</u>	<u>311,410</u>	<u>100,168</u>	<u>96,000</u>	<u>196,168</u>

Details of Group borrowings and debt securities as at 31 December 2023 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	64,344	250,000	314,344	47,716	85,000	132,716
Foreign						
- Singapore Dollar	-	-	-	-	-	-
- Taiwan Dollar	-	-	-	42,803	-	42,803
TOTAL	<u>64,344</u>	<u>250,000</u>	<u>314,344</u>	<u>90,519</u>	<u>85,000</u>	<u>175,519</u>

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

17. Derivatives

There are no outstanding derivatives as at 30 June 2024 (31 December 2023: 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.

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 piling and building works in Phase 3 of a mixed development project with 191 3-storey houses. The project is situated at Lot H.S.(D) 107003, PT 21706, Jalan Kepong, Kuala Lumpur. Two separate contracts covered Piling works vide the LoA dated 3 October 2007 (contract sum of RM5,808,790.34) and Building works vide the LoA dated 29 April 2008 (contract sum of RM50,195,455.70).

For the Building Contract, EKICSB served a Notice to Arbitrate against RMSB on 2 December 2016, claiming RM4,018,030.02. The arbitrator, on 15 March 2019, granted EKICSB's claim of RM5,104,567.02 along with interest and costs ("Award").

For the Piling Contract, RMSB initiated arbitration on 24 August 2018 for alleged breach of EKICSB's obligation as the main contractor for the project 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 since January 2017 and sought a stay of execution for the Award during the arbitration proceeding.

EKICSB, on the other hand, filed an enforcement application on 8 May 2019 at Kuala Lumpur High Court to enforce the Award, which was allowed on 1 November 2019. Subsequently, a 50% payment was made to EKICSB on 31 December 2019, with the remaining 50% deposited into a stakeholder's account, pending the conclusion of the Piling Contract arbitration.

In the midst of these proceedings, EKICSB challenged the time-bar status of RMSB's Piling Contract arbitration, leading to a pause in the arbitration. The court, on 11 September 2020, ruled that RMSB's claim was not time-barred, allowing the Piling Contract arbitration to proceed.

EKICSB's subsequent appeals to higher courts (Court of Appeal and Federal Court) were both dismissed on 25 April 2022 and 12 January 2023, respectively.

The arbitration concluded on 26 May 2023. The notes of proceedings were finalized in May 2024, and the arbitrator instructed Parties to submit written submissions by 29 August 2024.

RMSB's legal team holds the view that the company is likely to prevail in its arbitration, supported by expert opinions from independent engineers who endorsed the claim.

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

20. Analysis of the performance between the current quarter and the immediate preceding quarter

	Current quarter 30/6/2024 RM'000	Immediate preceding quarter 31/3/2024 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Asset Management				
- Healthcare Support	403,717	391,405	12,312	3.1
- Property and Facility Solutions	79,279	75,452	3,827	5.1
Infrastructure Solutions				
- Infrastructure Services	247,563	191,886	55,677	29.0
- Asset Consultancy	25,260	18,153	7,107	39.2
Others	3,715	681	3,034	>100.0
	759,534	677,577	81,957	12.1

Profit/(Loss) Before Tax:

Asset Management				
- Healthcare Support	16,099	20,125	(4,026)	(20.0)
- Property and Facility Solutions	1,092	589	503	85.4
Infrastructure Solutions				
- Infrastructure Services	15,231	7,795	7,436	95.4
- Asset Consultancy	2,325	(73)	2,398	>(100.0)
Others/Elimination	(10,879)	(8,867)	(2,012)	22.7
	23,868	19,569	4,299	22.0

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

20. Analysis of the performance between the current quarter and the immediate preceding quarter (Cont'd)

The Group's revenue for the current quarter of RM759.5 million was RM82.0 million higher than the immediate preceding quarter's revenue of RM677.6 million. This is in-line with the seasonality trend for the business divisions, consistent to prior years. The analysis is as follows:

- Asset Management
Revenue from Asset Management Segment improved by RM16.1 million mainly due to higher revenue generated by both divisions.
- Infrastructure Solutions
Infrastructure Solutions segment recorded higher revenue by RM62.8 million, which was due to higher maintenance work performed for expressways by Infrastructure Services ("IS") division. In addition, higher revenue was generated by Asset Consultancy ("AC") due to higher consultancy works performed in the current quarter as compared to immediate preceding quarter.

The Group's profit before tax ("PBT") for the current quarter of RM23.8 million improved by RM4.3 million compared to the immediate preceding quarter's PBT of RM19.6 million, contributed by the below:

- Asset Management
Asset management's PBT recorded net decrease of RM3.5 million, mainly driven by the margin compression of the ongoing projects.
- Infrastructure Solutions
PBT for Infrastructure Solutions improved by RM9.8 million, which is mainly contributed by higher revenue for both divisions.

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

21. Analysis of the performance for the current quarter and period

	Current quarter	Preceding year corresponding quarter	Variance	Variance	Six months to	Six months to	Variance	Variance
	30/6/2024	30/6/2023			30/6/2024	30/6/2023		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue:								
Asset Management:								
- Healthcare Support	403,717	410,138	(6,421)	(1.6)	795,122	756,597	38,525	5.1
- Property and Facility Solutions	79,279	55,374	23,905	43.2	154,634	109,949	44,685	40.6
Infrastructure Solutions:								
- Infrastructure Services	247,563	212,717	34,846	16.4	439,449	434,282	5,167	1.2
- Asset Consultancy	25,260	24,342	918	3.8	43,510	43,950	(440)	(1.0)
Others	3,715	16,689	(12,974)	(77.7)	4,396	6,258	(1,862)	(29.8)
	759,534	719,260	40,274	5.6	1,437,111	1,351,036	86,075	6.4

Profit/(Loss) Before Tax:

Asset Management:

- Healthcare Support	16,099	21,676	(5,577)	(25.7)	36,223	35,472	751	2.1
- Property and Facility Solutions	1,092	588	504	85.7	1,568	(1,815)	3,383	>(100.0)

Infrastructure Solutions:

- Infrastructure Services	15,231	15,240	(9)	(0.1)	23,026	35,962	(12,936)	(36.0)
- Asset Consultancy	2,325	1,481	844	(57.0)	2,366	896	1,470	>100.0
Others/Elimination	(10,879)	(16,976)	6,097	35.9	(19,744)	(26,072)	6,328	24.3
	23,868	22,009	1,859	8.4	43,439	44,443	(1,004)	(2.3)

The Group's revenue for the current quarter of RM759.5 million was higher by RM40.3 million as compared to RM719.2 million in the corresponding quarter last year. For the six-month period, the Group recorded revenue of RM1.4 billion which is 6.4% higher than RM1.3 billion recorded for the same period last year as detailed below:

- **Asset Management**
Revenue from Asset Management increased by RM83.2 million, contributed by higher revenue generated by both HS and PFS. Higher revenue for HS mainly contributed by higher ongoing contracts in Singapore and Taiwan, whilst higher revenue in PFS contributed by the revenue contributed by the newly acquired subsidiary located in Kingdom of Saudi Arabia and Dubai.
- **Infrastructure Solutions**
Revenue from Infrastructure Solutions increased by RM4.7 million mainly due to higher ongoing maintenance and consultancy works for Infrastructure Services and Assets Consultancy, respectively.

In the current quarter, the Group recorded a PBT of RM23.9 million, showing an increase compared to the PBT of RM22.0 million recorded in the corresponding quarter of the previous year. For the six-month period, The Group's PBT amounted to RM43.4 million, showing a slight decrease of RM1.0 million from the RM44.4 million recorded in the same period last year. The details of PBT are provided below:

- **Asset Management**
The result of Asset Management segment shows an increase of RM4.1 million, mainly due to higher revenue generated in Q2 2024.
- **Infrastructure Solutions**
Infrastructure Solutions' results deteriorated by RM11.5 million, mainly contributed by margin compression of the ongoing projects.

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

22. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/6/2024	Preceding year corresponding quarter 30/6/2023	Six months to 30/6/2024	Six months to 30/6/2023
	RM'000	RM'000	RM'000	RM'000
<u>Net operating profit after tax computation:</u>				
Earnings before interest and tax ("EBIT")	25,930	24,747	48,002	48,860
Adjusted tax	(6,223)	(5,939)	(11,520)	(11,726)
Net operating profit after tax	19,707	18,808	36,482	37,134
<u>Economic charge computation:</u>				
Average invested capital	1,491,525	1,362,974	1,491,525	1,362,974
Weighted average cost of capital ("WACC")	6.2%	6.0%	6.2%	6.0%
Economic charge	23,119	20,445	46,237	40,889
Economic loss	(3,412)	(1,637)	(9,755)	(3,755)

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 2024 against the corresponding quarter last year

Economic loss ("EL") of RM3.4 million deteriorated by RM1.8 million as compared to the preceding year corresponding quarter's EL of RM1.6 million mainly due to increase in cost of capital.

(b) Performance of the current period ended 30 June 2024 against last year

EL of RM9.8 million was lower by RM6.0 million as compared to the last year's EL of RM3.8 million mainly due to higher cost of capital.

23. Prospects for the financial year

Overall Prospects

The International Monetary Fund (IMF) (World Economic Outlook April 2024 Report) projects 3.2% global growth and 4.4% growth for Malaysia, which is consistent with Bank Negara Malaysia (BNM)'s forecast of 4% to 5% growth range for the Malaysian economy, underscore the potential for steady progress despite easing yet persistent inflationary pressures.

As we enter the second half of 2024, our primary focus remains on ensuring that our core businesses continue to be robust and adaptable. We are actively pursuing business diversification across markets, products, services, and clientele to capitalize our resources on emerging growth opportunities. We remain committed to optimizing and rationalizing resources at all levels and streamlining our operating model to enhance efficiency.

With a solid order book of circa RM10 billion as of 30 June 2024 underpinned by a healthy order book replenishment, we have long-term earnings visibility and certainty that steers our business steadily towards achieving our Edgenta of The Future 2025 (EoTF2025) strategies. Through these comprehensive business preservation and growth initiatives, the Company is well positioned to navigate challenges, maintain stability, and work towards delivering commendable performance for the year.

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

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

Prospects by Segment

i. **Asset Management**

In the second half of 2024, Healthcare Solutions (HS) will continue to focus on guarding its prominence in the healthcare support services sector, particularly in Singapore, where recent contract wins underscore its leadership in service execution and delivery. The HS division is committed to preserving market leadership while continuing to diversify into Integrated Facilities Management (IFM), and adjacent sectors such as Hospitality. To enhance cost efficiency, HS is streamlining service execution through optimizing contractor costs and consumables. The division continues to enhance productivity through the integration of technology and automation, such as deploying autonomous robotic equipment, and Computer-Aided Facility Management (CAFM) system.

Property and Facility Solutions (PFS) division faces intense competition in the traditional FM sector which creates margin pressures domestically, as well as in the Middle East (ME) region where we operate. In response, PFS will continue to gain headway in Smart and Green Facilities Management which is focused on prioritizing cutting-edge technology, ensuring efficient and sustainable solutions throughout an asset's lifecycle. Our recently completed, strategic regional acquisition of the Kaizen Group is poised to support our financial growth via a robust post-merger integration strategy that will expand our market share and capture new business opportunities in the region.

ii. **Infrastructure Solutions**

As experienced in the first half of 2024, Infrastructure Solutions (IS) division continues to face challenges from rising subcontractor and material costs. However, with a long-term orderbook extending beyond 2030, the division benefits from strong earnings visibility and in tandem, also focus on capabilities' expansion beyond roads into other sectors, such as solar photovoltaic system maintenance and capturing infrastructure services market in Indonesia. The completed Recycled Asphalt Pavement (RAP) premix plant in Tapah, Malaysia is set to strongly position our IS division on the pavement products value chain, in the second half of 2024.

The Asset Consultancy (AC) division performed better in the first half of 2024 compared to the same period last year. This is spearheaded partially by the traction achieved from the division's Sustainable Green Capex Programme which was launched in 2023. We will continue to advance and grow the Energy & Sustainability Solutions (EES) offerings. To protect and preserve margins across its current orderbook, there is continued focus on optimal manpower planning and effective hiring programme of its resource base of highly skilled and experienced professional engineers, to sustain its growth trajectory for the year.

24. Profit forecast

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

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

25. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2024 RM'000	30/6/2023 RM'000	30/6/2024 RM'000	30/6/2023 RM'000
Profit attributable to Owners of the Parent	12,559	12,527	22,325	23,428
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
Basic earnings per share	1.51 sen	1.51 sen	2.68 sen	2.82 sen

Kuala Lumpur
 28 August 2024

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