

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

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
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	793,193	721,075	2,230,304	2,072,111
(b) Cost of sales	(694,576)	(632,120)	(1,949,771)	(1,806,361)
(c) Gross profit	98,617	88,955	280,533	265,750
(d) Other income	5,484	7,884	20,490	24,954
(e) Expenses	(77,905)	(72,581)	(222,280)	(214,580)
(f) Finance costs	(5,981)	(6,534)	(18,871)	(17,698)
(g) Share of results of associates	1,982	256	5,764	3,996
(h) Share of result of a joint venture	-	-	-	1
(i) Profit before tax	22,197	17,980	65,636	62,423
(j) Income tax	(11,818)	(12,733)	(32,209)	(33,808)
(k) Zakat	-	-	-	(3)
(l) Profit for the period	10,379	5,247	33,427	28,612
Attributable to:				
(m) Owners of the parent	10,234	5,070	32,559	28,498
(n) Non-controlling interests	145	177	868	114
Profit for the period	10,379	5,247	33,427	28,612
2 Earnings per share based on 1(m) above (Note 25):				
Basic	1.23 sen	0.61 sen	3.91 sen	3.43 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 30/9/2024 RM'000	Preceding year corresponding quarter 30/9/2023 RM'000	Nine months to 30/9/2024 RM'000	Nine months to 30/9/2023 RM'000
Profit for the period	10,379	5,247	33,427	28,612
<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	<u>(68,009)</u>	<u>(7,748)</u>	<u>(69,223)</u>	<u>33,895</u>
Total comprehensive income for the period	<u>(57,630)</u>	<u>(2,501)</u>	<u>(35,796)</u>	<u>62,507</u>
Attributable to:				
Owners of the parent	(56,365)	(2,668)	(35,405)	62,396
Non-controlling interests	<u>(1,265)</u>	<u>167</u>	<u>(391)</u>	<u>111</u>
	<u>(57,630)</u>	<u>(2,501)</u>	<u>(35,796)</u>	<u>62,507</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 2023.

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2024 RM'000	Preceding year corresponding quarter 30/9/2023 RM'000	Nine months to 30/9/2024 RM'000	Nine months to 30/9/2023 RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(1,906)	(2,497)	(5,325)	(4,960)
Accretion of interest on concession receivable	(3,374)	(3,837)	(10,754)	(11,494)
Accretion of interest on loans and receivables	(590)	(918)	(2,288)	(4,991)
Dividend from short term investment	(43)	(12)	(59)	(40)
(Gain)/loss on disposal of property, plant and equipment	(26)	(1)	(30)	7
Net foreign exchange unrealised loss/(gain)	4,401	(197)	3,516	(691)
Net foreign exchange realised (gain)/loss	(17)	198	76	87
Reversal of ECL on trade receivables	(11)	(57)	(44)	(60)
Receivables written off	131	516	131	516
Interest expense	5,715	6,338	17,479	16,958
Depreciation and amortisation	21,451	23,241	65,178	63,650

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
		30/9/2024	31/12/2023
		RM'000	RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	137,031	151,848
	Investment properties	14,325	14,325
	Right-of-use assets	30,722	35,606
	Intangible assets	715,976	710,410
	Investment in associates	75,080	71,832
	Investment in a joint venture	117	117
	Other investments	232	232
	Trade and other receivables	89,258	92,536
	Contract related assets	35,082	32,136
	Deferred tax assets	20,884	23,110
		1,118,707	1,132,152
2	Current assets		
	Inventories	18,821	16,754
	Trade and other receivables	680,928	621,300
	Contract related assets	472,668	441,896
	Tax recoverable	47,372	38,341
	Short term investments	18,251	26,616
	Cash, bank balances and deposits	493,957	615,816
		1,731,997	1,760,723
	Asset of disposal group classified as held for sale	61,516	61,445
	Total assets	2,912,220	2,954,320

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

	As at end of current quarter 30/9/2024 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
	(4,357)	63,607
	989,650	973,723
	1,567,223	1,619,260
4	8,867	5,008
	1,576,090	1,624,268
5	Non-current liabilities	
	893	893
	2,915	3,226
	5,167	4,132
	308,408	314,344
	15,730	19,540
	16,250	6,548
	35,055	41,043
	384,418	389,726
6	Current liabilities	
	268	268
	166,633	175,519
	12,498	13,483
	707,096	689,107
	33,683	31,916
	30,487	29,006
	950,665	939,299
	1,047	1,027
	1,336,130	1,330,052
	2,912,220	2,954,320
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	
	1.88	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

	Nine months to 30/9/2024 RM'000	Nine months to 30/9/2023 RM'000
Cash flows from operating activities		
Cash receipts from customers	2,304,141	2,103,398
Cash payments to suppliers	(1,038,347)	(1,024,546)
Cash payments to employees and for expenses	(1,192,791)	(1,112,439)
Cash generated from/(used in) operations	73,003	(33,587)
Interest paid	(14,096)	(13,839)
Net income tax and zakat paid	(41,027)	(36,580)
Net cash flows generated from/(used in) operating activities	17,880	(84,006)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	102	64
Net cash outflows from acquisition of subsidiaries	(68,745)	-
Net withdrawal from short term investments	8,641	53,945
Interest received	4,908	5,229
Dividend received from associates	2,516	6,680
Purchase of property, plant and equipment	(23,967)	(29,085)
Net cash flows (used in)/generated from investing activities	(76,545)	36,833
Cash flows from financing activities		
Drawdown of borrowings	128,946	117,916
Repayment of borrowings	(139,143)	(69,534)
Repayment of lease liabilities	(9,490)	(9,380)
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 of pledged fixed deposits	(9,689)	(3,027)
Net cash flows used in financing activities	(46,008)	(424)
Net decrease in cash and cash equivalents	(104,673)	(47,597)
Net foreign exchange difference	(20,961)	13,069
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)	451,703	558,785

	As at 30/9/2024 RM'000	As at 30/9/2023 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	387,617	445,127
Fixed deposits with licensed banks	106,340	160,871
Cash, bank balances and deposits	493,957	605,998
Add: Cash and cash equivalents of disposal group	13,291	7,728
Less: Cash, bank and fixed deposits pledged and on lien	(55,545)	(54,941)
	451,703	558,785

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-controlling interests	Total equity
	←	Non-distributable	→	Distributable	→		
	Share capital	Capital reserve	Other reserves	Retained earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Nine months to 30 September 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	-	-	-	32,559	32,559	868	33,427
Other comprehensive income	-	-	(67,964)	-	(67,964)	(1,259)	(69,223)
Total comprehensive income for the period	-	-	(67,964)	32,559	(35,405)	(391)	(35,796)
Acquisition of subsidiaries	-	-	-	-	-	4,250	4,250
Dividends paid to the shareholders of the Company	-	-	-	(16,632)	(16,632)	-	(16,632)
Balance as at 30 September 2024	268,074	313,856	(4,357)	989,650	1,567,223	8,867	1,576,090

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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
Nine months to 30 September 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	-	-	-	28,498	28,498	114	28,612
Other comprehensive income	-	-	33,898	-	33,898	(3)	33,895
Total comprehensive income for the period	-	-	33,898	28,498	62,396	111	62,507
Acquisition of a subsidiary	-	-	294	-	294	5,628	5,922
Capital repayment to non-controlling interests of a subsidiary	-	-	-	-	-	(3,600)	(3,600)
Dividends paid to the shareholders of the Company	-	-	-	(33,265)	(33,265)	-	(33,265)
Balance as at 30 September 2023	268,074	313,856	57,258	971,127	1,610,315	5,280	1,615,595

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 September 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 September 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 September 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	1,203,154	239,245	716,714	65,287	5,904	-	2,230,304
Inter-segment revenue	509	593	-	8,930	121,478	(131,510)	-
Total Revenue	1,203,663	239,838	716,714	74,217	127,382	(131,510)	2,230,304
Results							
EBITDA	69,412	2,541	58,352	3,334	57,787	(54,222)	137,204
Depreciation and amortisation	(23,693)	(1,646)	(11,113)	(216)	(26,918)	(1,592)	(65,178)
EBIT	45,719	895	47,239	3,118	30,869	(55,814)	72,026
Interest income	2,911	780	718	145	771	-	5,325
Interest expense	(5,142)	(2,065)	(282)	(145)	(41,834)	31,989	(17,479)
Share of results of associates	5,766	-	-	(2)	-	-	5,764
Profit/(loss) before tax	49,254	(390)	47,675	3,116	(10,194)	(23,825)	65,636
Income tax	(12,176)	(1,937)	(12,136)	(684)	(8,109)	2,833	(32,209)
Profit/(loss) for the period	37,078	(2,327)	35,539	2,432	(18,303)	(20,992)	33,427

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 September 2023 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions				Group RM'000
	Healthcare Solutions RM'000	Property and Facility Solutions* RM'000	Infrastructure Services RM'000	Asset Consultancy RM'000	Others* RM'000	Elimination RM'000	
Revenue							
External revenue	1,119,885	179,297	696,716	69,831	6,382	-	2,072,111
Inter-segment revenue	1,011	7,074	-	-	82,483	(90,568)	-
Total Revenue	1,120,896	186,371	696,716	69,831	88,865	(90,568)	2,072,111
Results							
EBITDA	74,143	2,561	58,936	2,030	42,895	(46,491)	134,074
Depreciation and amortisation	(26,927)	(772)	(8,817)	(636)	(24,906)	(1,592)	(63,650)
EBIT	47,216	1,789	50,119	1,394	17,989	(48,083)	70,424
Interest income	1,845	514	757	146	1,698	-	4,960
Interest expense	(4,138)	(2,752)	(5)	(191)	(11,818)	1,946	(16,958)
Share of results of associates	3,893	-	-	103	-	-	3,996
Share of results of joint ventures	-	-	-	1	-	-	1
Profit/(loss) before tax	48,816	(449)	50,871	1,453	7,869	(46,137)	62,423
Income tax	(12,379)	(1,504)	(13,848)	(407)	(8,431)	2,761	(33,808)
Zakat	(3)	-	-	-	-	-	(3)
Profit/(loss) for the period	36,434	(1,953)	37,023	1,046	(562)	(43,376)	28,612

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 nine months ended 30 September 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 September 2024 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 30 September 2024 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 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 RM59.8 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 Headquarter 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 September 2024.

13. Capital commitments

There are no material capital commitments except as disclosed below:

	As at 30/9/2024 RM'000	As at 31/12/2023 RM'000
Approved and contracted for	7,327	23,493
Approved but not contracted for	<u>73,972</u>	<u>92,813</u>

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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	Nine months to	Nine months to
	30/9/2024 RM'000	30/9/2023 RM'000	30/9/2024 RM'000	30/9/2023 RM'000
Current income tax				
- Malaysian income tax	7,409	5,253	15,777	15,837
- Foreign tax	6,277	7,586	20,538	19,332
Underprovision in prior years				
- Malaysian income tax	(676)	528	(814)	541
- Foreign tax	-	36	2	63
	<u>13,010</u>	<u>13,403</u>	<u>35,503</u>	<u>35,773</u>
Deferred tax				
- Relating to origination and reversal of temporary difference	(1,192)	(670)	(3,294)	(1,965)
Income tax expense	<u>11,818</u>	<u>12,733</u>	<u>32,209</u>	<u>33,808</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 September 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	58,408	250,000	308,408	48,258	85,000	133,258
Foreign						
- Singapore Dollar	-	-	-	-	-	-
- Taiwan Dollar	-	-	-	33,375	-	33,375
TOTAL	<u>58,408</u>	<u>250,000</u>	<u>308,408</u>	<u>81,633</u>	<u>85,000</u>	<u>166,633</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 September 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 proceedings concluded on 26 May 2023 and the notes from the proceedings were completed in May 2024. Both parties submitted their written submissions on 10 October 2024 and now await the arbitrator's decision.

RMSB's appointed legal counsel 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 30/9/2024 RM'000	Immediate preceding quarter 30/6/2024 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Asset Management				
- Healthcare Support	408,032	403,717	4,315	1.1
- Property and Facility Solutions	84,611	79,279	5,332	6.7
Infrastructure Solutions				
- Infrastructure Services	277,265	247,563	29,702	12.0
- Asset Consultancy	21,777	25,260	(3,483)	(13.8)
Others	1,508	3,715	(2,207)	(59.4)
	793,193	759,534	33,659	4.4

Profit/(Loss) Before Tax:

Asset Management				
- Healthcare Support	13,031	16,099	(3,068)	(19.1)
- Property and Facility Solutions	(1,958)	1,092	(3,050)	>(100.0)
Infrastructure Solutions				
- Infrastructure Services	24,649	15,231	9,418	61.8
- Asset Consultancy	750	2,325	(1,575)	(67.7)
Others/Elimination	(14,275)	(10,879)	(3,396)	31.2
	22,197	23,868	(1,671)	(7.0)

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 RM793.2 million was RM33.7 million higher than the immediate preceding quarter's revenue of RM759.5 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 RM9.7 million mainly due to higher revenue generated by both divisions.
- Infrastructure Solutions
Infrastructure Solutions segment recorded higher revenue by RM26.2 million, which was due to higher maintenance work performed for expressways by Infrastructure Services ("IS") division. This increase is however, mitigated with the decrease of revenue for Asset Consultancy ("AC") due to lower consultancy works performed in the current quarter as compared to immediate preceding quarter.

The Group's profit before tax ("PBT") for the current quarter was RM22.2 million, a slight decrease of RM1.7 million compared to the preceding quarter's PBT of RM23.9 million, due to the following factors:

- Asset Management
Asset management's PBT recorded net decrease of RM6.1 million, mainly driven by the margin compression of the ongoing projects.
- Infrastructure Solutions
PBT for Infrastructure Solutions improved by RM7.8 million, contributed by higher revenue for IS, and mitigated with lower PBT for AC due to lower revenue generated.

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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	Nine months to	Nine months to	Variance	Variance
	30/9/2024	30/9/2023			30/9/2024	30/9/2023		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
<u>Revenue:</u>								
Asset Management:								
- Healthcare Support	408,032	363,288	44,744	12.3	1,203,154	1,119,885	83,269	7.4
- Property and Facility Solutions	84,611	69,348	15,263	22.0	239,245	179,297	59,948	33.4
Infrastructure Solutions:								
- Infrastructure Services	277,265	262,434	14,831	5.7	716,714	696,716	19,998	2.9
- Asset Consultancy	21,777	25,881	(4,104)	(15.9)	65,287	69,831	(4,544)	(6.5)
Others	1,508	124	1,384	>100.0	5,904	6,382	(478)	(7.5)
	793,193	721,075	72,118	10.0	2,230,304	2,072,111	158,193	7.6
<u>Profit/(Loss) Before Tax:</u>								
Asset Management:								
- Healthcare Support	13,031	13,344	(313)	(2.3)	49,254	48,816	438	0.9
- Property and Facility Solutions	(1,958)	1,366	(3,324)	>(100.0)	(390)	(449)	59	(13.1)
Infrastructure Solutions:								
- Infrastructure Services	24,649	14,909	9,740	65.3	47,675	50,871	(3,196)	(6.3)
- Asset Consultancy	750	557	193	(34.6)	3,116	1,453	1,663	>100.0
Others/Elimination	(14,275)	(12,196)	(2,079)	(17.0)	(34,019)	(38,268)	4,249	11.1
	22,197	17,980	4,217	23.5	65,636	62,423	3,213	5.1

The Group's revenue for the current quarter of RM793.2 million was higher by RM72.1 million as compared to RM721.1 million in the corresponding quarter last year. For the nine-month period, the Group recorded revenue of RM2.2 billion which is 7.6% higher than RM2.1 billion recorded for the same period last year as detailed below:

- **Asset Management**
Revenue from Asset Management increased by RM143.2 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 RM15.5 million mainly due to higher ongoing maintenance works for Infrastructure Services. This increase is however, mitigated with the decrease of revenue for AC due to lower consultancy works performed in the current period as compared to the same period last year.

In the current quarter, the Group recorded a PBT of RM22.2 million, showing an increase compared to the PBT of RM18.0 million recorded in the corresponding quarter of the previous year. For the nine-month period, the Group's PBT amounted to RM65.6 million, improved by of RM3.2 million from the RM62.4 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 RM0.5 million, mainly due to higher revenue generated in Q3 2024.
- **Infrastructure Solutions**
Infrastructure Solutions' results deteriorated by RM1.5 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 30/9/2024	Preceding year corresponding quarter 30/9/2023	Nine months to 30/9/2024	Nine months to 30/9/2023
	RM'000	RM'000	RM'000	RM'000
<u>Net operating profit after tax computation:</u>				
Earnings before interest and tax ("EBIT")	24,024	21,564	72,026	70,424
Adjusted tax	(5,766)	(5,175)	(17,286)	(16,902)
Net operating profit after tax	18,258	16,389	54,740	53,522
<u>Economic charge computation:</u>				
Average invested capital	1,433,254	1,362,034	1,433,254	1,362,034
Weighted average cost of capital ("WACC")	6.1%	6.5%	6.1%	6.5%
Economic charge	21,857	22,133	65,571	66,399
Economic loss	(3,599)	(5,744)	(10,831)	(12,877)

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 2024 against the corresponding quarter last year

Economic loss ("EL") of RM3.6 million improved by RM2.1 million as compared to the preceding year corresponding quarter's EL of RM5.7 million mainly due to decrease in cost of capital.

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

EL of RM10.8 million was lower by RM2.0 million as compared to the last year's EL of RM12.9 million mainly due to lower cost of capital.

23. **Prospects for the financial year**

Overall Prospects

Global economic growth is projected at 3.2% for 2024 (The International Monetary Fund, October 2024 World Economic Outlook report), while Malaysia's economy is expected to expand between 4.8% and 5.3% (Budget 2025 Economic Outlook report), supported by strong domestic demand. Nonetheless, global uncertainties, including geopolitical tensions, continue to pose risks to inflation and supply chains.

Malaysia's 2025 Budget with a strong focus on infrastructure, allocated RM86 billion for development projects, which includes key initiatives such as the Johor-Singapore Rapid Transit System (RTS), Penang Light Rail Transit (LRT) and vital infrastructure upgrades in Sabah and Sarawak. The Malaysian government is also allocating up to RM2 billion in 2025 to green technology, including renewable energy adoption, energy-efficient practices and electric vehicle (EV) incentives to support Malaysia's transition to a low-carbon economy.

UEM Edgenta continues to capitalise growth in its operating sectors which contributes towards its solid orderbook extending beyond 2030. The Company's concerted efforts to unlock innovation and optimise efficiency accelerate its progress up the asset management value chain, with its sights set on becoming a leading Smart City facilitator and a Technology-Enabled Solutions Company. The sound financial position it possesses allows it to navigate market fluctuations with confidence. Whilst actively pursuing growth opportunities through both organic expansion and strategic acquisitions, a group-wide focus on cost efficiency and leveraging its combined strengths enhances its resilience.

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

The Malaysian government has allocated the second-largest budget (RM45.3 billion compared to RM41.2 billion in previous year) to the Ministry of Health, will indirectly benefit HS by driving demand for its services. Additionally, the RM100 million earmarked for the procurement of the latest healthcare equipment presents strong prospects for HS, as hospitals seek to upgrade their infrastructure, further enhancing business opportunities for HS.

In Singapore, HS is pivoting itself to offer new service lines such as concierge and in-patient meal services, as well as exploring opportunities to diversify into adjacent sectors like hospitality and education, meeting the growing demand for support services beyond healthcare. The semiconductor market capture for HS in Taiwan is also sustainably growing through renewals of existing contracts and new contract acquisitions. These strategic initiatives will strengthen both revenue and profitability as HS continues to expand its offerings in line with market trends.

In its Property and Facility Solutions (PFS) division, the integration of Kaizen Group which it acquired recently is progressing well, enabling the Company to deliver seamless, end-to-end asset management services across a broader client network in the Middle East. Kaizen is also leading the digitization of their facilities management model, transforming the existing B2B client coverage and services to further expand into the B2C market. This shift aims to meet rising demand for integrated services and deliver best-in-class experiences for both commercial and consumer clients, addressing the need for higher-value, tech-driven solutions in a traditionally low-margin sector.

ii. Infrastructure Solutions

Infrastructure Solutions (IS) division has broadened its growth trajectory beyond its core projects with PLUS. This includes securing state road contracts in Peninsular Malaysia, as well as projects along the Pan Borneo Highway and in Indonesia. The division has successfully commercialised 30% of its recycled asphalt products, aligning with its sustainability goals. At the same time, the division maintains its market dominance with PLUS through the development of sustainable pavement products, which not only reduce environmental impact but also offer higher durability and significant cost savings, reinforcing IS's commitment to sustainable infrastructure solutions. To further enhance profitability, IS is focusing on achieving procurement savings and strengthening its supply chain capabilities to better manage rising material costs and operational demands.

Following strong performance in the first half of 2024 with several key wins in Energy & Sustainability Solutions (EES), the Asset Consultancy (AC) division continued its momentum into Q3 by securing a significant contract for the Pan Borneo project. This further strengthens AC's presence in the infrastructure sector, enhancing its portfolio of high-impact projects.

As Malaysia aims to reduce energy intensity by 45% by 2030 through the National Energy Efficiency Action Plan (NEEAP), efforts include facilitating the development of energy-efficient buildings and retrofitting existing infrastructure. The recent joint venture between Opus International (M) Bhd and HSS Engineering is aimed at expanding into high-growth infrastructure markets across Southeast Asia and the Middle East.

The Company remains focused on optimising its operational structure to streamline processes and reduce costs, while leveraging technology, IoT, and AI as key enablers. Through platforms like Asseto, which provides integrated end-to-end asset management and infrastructure solutions, we aim to commoditise our tech-driven services to the broader market. As we accelerate market expansion, we will continue to explore sector adjacencies, new service offerings, and opportunities in untapped markets to drive sustainable growth within Malaysia and across Southeast Asia (SEA) and the Middle East. Signifying our commitment to the Edgenta of The Future 2025 ("EoTF2025") initiative as a means to deliver top-notch services to all our clients fuelled by precision and cutting-edge technology.

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	Nine months to	Nine months to
	30/9/2024 RM'000	30/9/2023 RM'000	30/9/2024 RM'000	30/9/2023 RM'000
Profit attributable to Owners of the Parent	10,234	5,070	32,559	28,498
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
Basic earnings per share	1.23 sen	0.61 sen	3.91 sen	3.43 sen

Kuala Lumpur
26 November 2024

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