

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	607,333	712,264	2,040,581	2,411,195
(b) Cost of sales	(499,343)	(548,772)	(1,766,739)	(1,944,388)
(c) Gross profit	107,990	163,492	273,842	466,807
(d) Other income	13,727	41,502	62,297	66,435
(e) Expenses	(63,200)	(76,070)	(281,630)	(281,841)
(f) Finance costs	(5,330)	(8,245)	(23,473)	(27,954)
(g) Share of results of associates	3,868	5,576	14,853	21,502
(h) Profit before tax	57,055	126,255	45,889	244,949
(i) Income tax	(5,164)	(20,552)	(28,588)	(53,844)
(j) Zakat	(2,367)	(3,065)	(2,367)	(3,065)
(k) Profit for the period	49,524	102,638	14,934	188,040
Attributable to:				
(l) Owners of the parent	48,228	97,487	13,458	181,782
(m) Non-controlling interests	1,296	5,151	1,476	6,258
Profit for the period	49,524	102,638	14,934	188,040
2 Earnings per share based on 1(l) above (Note 26):				
Basic	5.80 sen	11.72 sen	1.62 sen	21.86 sen

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

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Profit for the period	49,524	102,638	14,934	188,040
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(830)	(349)	(328)	1,421
Exchange differences reclassified to profit or loss	-	-	(19,254)	-
	<u>(830)</u>	<u>(349)</u>	<u>(19,582)</u>	<u>1,421</u>
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>				
Remeasurement loss on Defined Benefit Pension Scheme	(114)	(64)	(114)	(64)
Total other comprehensive income/(loss) from continuing operations	<u>(944)</u>	<u>(413)</u>	<u>(19,696)</u>	<u>1,357</u>
Total other comprehensive (loss)/income for the period, net of tax	<u>(944)</u>	<u>(413)</u>	<u>(19,696)</u>	<u>1,357</u>
Total comprehensive (loss)/income for the period	<u>48,580</u>	<u>102,225</u>	<u>(4,762)</u>	<u>189,397</u>
Attributable to:				
Owners of the parent	47,396	97,150	(6,358)	183,175
Non-controlling interests	<u>1,184</u>	<u>5,075</u>	<u>1,596</u>	<u>6,222</u>
	<u>48,580</u>	<u>102,225</u>	<u>(4,762)</u>	<u>189,397</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 2019.

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(1,065)	(1,726)	(4,286)	(6,430)
Accretion of interest on concession receivable	(5,608)	(4,590)	(19,433)	(18,218)
Dividend from short term investment	(93)	(243)	(1,068)	(1,264)
Loss/(gain) on disposal of property, plant and equipment	89	(556)	52	(536)
Net foreign exchange loss/(gain)	11	321	(19,516)	1,273
Net (reversal)/provision of impairment on trade receivables	(13,453)	(23,803)	1,481	(23,856)
Interest expense	3,807	6,942	20,778	25,732
Depreciation and amortisation	17,467	19,603	78,575	82,357
Gain on disposal of a subsidiary	-	-	-	(1,481)
Impairment on completed property inventories	-	-	50,000	-

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

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at end of current quarter 31/12/2020 RM'000	As at preceding financial year end 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	197,295	211,982
Right-of-use assets	38,407	30,937
Land held for property development	477	477
Intangible assets	718,911	734,304
Investment in associates	84,838	77,005
Other investments	232	272
Trade and other receivables	110,243	126,421
Contract related assets	49,095	35,212
Deferred tax assets	11,508	13,274
	1,211,006	1,229,884
Current assets		
Inventories	78,331	133,773
Trade and other receivables	533,617	546,320
Contract related assets	322,358	344,736
Tax recoverable	39,689	37,109
Short term investments	11,799	62,463
Cash, bank balances and deposits*	676,060	558,531
	1,661,854	1,682,932
Total assets	2,872,860	2,912,816

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

		As at end of current quarter	As at preceding financial year end
		31/12/2020	31/12/2019
		RM'000	RM'000
EQUITY AND LIABILITIES			
3	Equity attributable to Owners of the Parent		
	Share capital	268,074	268,074
	Capital reserve	313,856	313,856
	Other reserves	(16,842)	3,415
	Retained earnings	935,817	986,688
		1,500,905	1,572,033
4	Non-controlling interests	8,566	12,390
	Total equity	1,509,471	1,584,423
5	Non-current liabilities		
	Retirement benefit obligations	2,518	3,183
	Defined benefit pension plan	3,829	1,116
	Provisions	-	2,382
	Borrowings	317,549	365,561
	Lease liabilities	27,446	19,131
	Trade and other payables	215	1,612
	Deferred tax liabilities	44,152	50,391
		395,709	443,376
6	Current liabilities		
	Retirement benefit obligations	877	564
	Provisions	1,268	1,620
	Borrowings	164,174	153,507
	Lease liabilities	11,178	11,146
	Trade and other payables	746,889	671,942
	Contract liabilities	30,579	21,131
	Income tax payable	12,715	25,107
		967,680	885,017
	Total liabilities	1,363,389	1,328,393
	Total equity and liabilities	2,872,860	2,912,816
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	1.80	1.89

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

* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM9,299,849 (2019: RM34,128,389) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and Section 8A of the Housing Development Account (Control and Licensing) Sabah Act, 1978.

III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Twelve months to 31/12/2020 RM'000	Twelve months to 31/12/2019 RM'000
Cash flows from operating activities		
Cash receipts from customers	2,401,971	2,614,226
Cash payments to suppliers	(955,721)	(1,231,383)
Cash payments to employees and for expenses	(1,154,303)	(1,073,013)
Cash generated from operations	291,947	309,830
Interest paid	(21,762)	(25,787)
Income tax paid	(49,568)	(53,068)
Net cash flows generated from operating activities	220,617	230,975
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	3,735	331
Proceeds from disposal of a subsidiary, net of cash disposed	-	1,165
Proceeds from disposal of an associate	58	-
Proceeds from disposal of other investment	40	-
Net withdrawal from short term investments	51,741	45,979
Interest received	3,877	6,430
Dividend received from associates	6,960	5,786
Acquisition of non-controlling interests in a subsidiary	(28,210)	(461)
Purchase of property, plant and equipment	(27,926)	(86,313)
Net cash flows generated from/(used in) investing activities	10,275	(27,083)
Cash flows from financing activities		
Capital repayment to non-controlling interests of a subsidiary	-	(3,375)
Drawdown of borrowings	64,148	125,331
Repayment of borrowings	(104,008)	(137,127)
Repayment of lease liabilities	(5,930)	(9,843)
Dividend paid to shareholders of the Company	(66,530)	(116,427)
Dividend paid to non-controlling shareholders of subsidiaries	(3,660)	(1,004)
Net withdrawal of fixed deposits	526	13,887
Net cash flows used in financing activities	(115,454)	(128,558)
Net increase in cash and cash equivalents	115,438	75,334
Net foreign exchange difference	369	791
Cash and cash equivalents as at beginning of financial period	538,969	462,844
Cash and cash equivalents as at end of financial period (a)	654,776	538,969

	As at 31/12/2020 RM'000	As at 31/12/2019 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	349,289	400,299
Fixed deposits with licensed banks	326,771	158,232
Cash, bank balances and deposits	676,060	558,531
Less: Fixed deposits on lien	-	(3,297)
Less: Fixed deposits pledged	(21,284)	(11,804)
	654,776	538,969

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

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	← Attributable to owners of the parent →				Total	Non-controlling interests	Total equity
	← Non-distributable →		Distributable				
	Share capital	Capital reserve	Other reserves	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Twelve months to 31 December 2020							
Balance as at 1 January 2020	268,074	313,856	3,415	986,688	1,572,033	12,390	1,584,423
(Loss)/profit for the period	-	-	-	13,458	13,458	1,476	14,934
Other comprehensive (loss)/income	-	-	(19,702)	(114)	(19,816)	120	(19,696)
Total comprehensive (loss)/income for the period	-	-	(19,702)	13,344	(6,358)	1,596	(4,762)
Dividends paid to:							
- shareholders of the Company	-	-	-	(66,530)	(66,530)	-	(66,530)
- non controlling interests of subsidiary	-	-	-	-	-	(3,660)	(3,660)
Put options granted to non-controlling interests of a subsidiary	-	-	1,760	-	1,760	(1,760)	-
Settlement of put option granted to non-controlling interests of a subsidiary	-	-	(2,315)	2,315	-	-	-
Balance as at 31 December 2020	<u>268,074</u>	<u>313,856</u>	<u>(16,842)</u>	<u>935,817</u>	<u>1,500,905</u>	<u>8,566</u>	<u>1,509,471</u>

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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 →		Distributable				
	Share capital	Capital reserve	Other reserves	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Twelve months to 31 December 2019							
Balance as at 1 January 2019	268,074	313,856	(1,018)	921,397	1,502,309	14,459	1,516,768
Profit for the period	-	-	-	181,782	181,782	6,258	188,040
Other comprehensive income	-	-	1,457	(64)	1,393	(36)	1,357
Total comprehensive income for the period	-	-	1,457	181,718	183,175	6,222	189,397
Disposal of a subsidiary	-	-	-	-	-	(4,311)	(4,311)
Dividends paid to:							
- shareholders of the Company	-	-	-	(116,427)	(116,427)	-	(116,427)
- non controlling interests of subsidiary	-	-	-	-	-	(1,004)	(1,004)
Put options granted to non-controlling interests of a subsidiary	-	-	2,976	-	2,976	(2,976)	-
Balance as at 31 December 2019	<u>268,074</u>	<u>313,856</u>	<u>3,415</u>	<u>986,688</u>	<u>1,572,033</u>	<u>12,390</u>	<u>1,584,423</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 2019.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The notes to the condensed consolidated interim financial statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019.

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

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

2. Significant accounting policies

The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2019 except for standards effective for financial periods beginning on or after 1 January 2020 below:

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

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

3. Standards issued but not yet effective

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

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

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

4. Audit report in respect of the 2019 financial statements

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

5. Seasonal or cyclical factors

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

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

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

For the financial period ended 31 December 2020, there were no unusual items due to their nature, size, or incidence except for an impairment of completed property inventories totaling RM50.0 million has been accounted in the financial statements during the second quarter of 2020. The impairment does not have any impact to the cash flows of the Group.

7. Material changes in estimates used

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

8. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 31 December 2020 except as follows:-

In 2017, the Company had established the Islamic Commercial Papers ("ICP") and Islamic Medium Term Notes ("IMTN") under an Islamic Commercial Papers Programme ("ICP Programme") and Islamic Medium Term Notes Programme ("IMTN Programme") respectively, which have a combined aggregate limit of up to RM1,000.0 million in nominal value and a sub-limit of RM300.0 million nominal value for the ICP programme under the Syariah Principle of Murabahah via a Tawarruq Arrangement.

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

The proceeds raised was utilised to redeem the outstanding ICPs amounting to RM50.0 million on the said ICP Programme which was issued on 26 April 2019.

9. Dividend

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

RM'000

In respect of the financial year ending 31 December 2019:

Single-tier second interim dividend of 8.00 sen per ordinary share,

on 831,624,030 ordinary shares, paid on 14 May 2020

66,530

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

10. **Operating Segments**

Operating Segment information for the year ended 31 December 2020 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions			Elimination	Group
	Healthcare Support	Property and Facility Solutions	Infrastructure Services	Asset Consultancy	Others		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	1,235,376	154,029	550,316	91,898	8,962	-	2,040,581
Inter-segment revenue	3,851	12,537	-	1,392	87,695	(105,475)	-
Total Revenue	1,239,227	166,566	550,316	93,290	96,657	(105,475)	2,040,581
Results							
EBITDA	115,244	14,545	50,084	9,016	(68,923)	6,137	126,103
Depreciation and amortisation	(30,054)	(1,928)	(11,889)	(1,275)	(30,903)	(2,526)	(78,575)
EBIT	85,190	12,617	38,195	7,741	(99,826)	3,611	47,528
Interest income	962	634	1,375	152	1,163	-	4,286
Interest expense	(1,065)	(4,597)	-	(17)	(15,712)	613	(20,778)
Share of results of associates	10,302	4,475	-	76	-	-	14,853
Profit/(loss) before tax	95,389	13,129	39,570	7,952	(114,375)	4,224	45,889
Income tax	(12,855)	(2,195)	(10,637)	(2,144)	2,308	(3,065)	(28,588)
Zakat	-	-	(2,178)	(189)	-	-	(2,367)
Profit/(loss) for the period	82,534	10,934	26,755	5,619	(112,067)	1,159	14,934

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 year ended 31 December 2019 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions			Elimination	Group
	Healthcare Support	Property and Facility Solutions	Infrastructure Services	Asset Consultancy	Others		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	1,132,215	192,215	915,609	131,920	39,236	-	2,411,195
Inter-segment revenue	6,111	13,651	37,395	5,548	300,660	(363,365)	-
Total Revenue	1,138,326	205,866	953,004	137,468	339,896	(363,365)	2,411,195
Results							
EBITDA	115,630	33,254	154,174	13,542	148,957	(140,451)	325,106
Depreciation and amortisation	(29,518)	(3,287)	(16,498)	(1,809)	(30,144)	(1,101)	(82,357)
EBIT	86,112	29,967	137,676	11,733	118,813	(141,552)	242,749
Interest income	2,224	630	977	730	1,869	-	6,430
Interest expense	(821)	(6,092)	(117)	(31)	(39,882)	21,211	(25,732)
Share of results of associates	14,617	6,122	-	763	-	-	21,502
Profit/(loss) before tax	102,132	30,627	138,536	13,195	80,800	(120,341)	244,949
Income tax	(16,824)	(6,624)	(26,089)	(2,442)	3,128	(4,993)	(53,844)
Zakat	(926)	(125)	(1,846)	(168)	-	-	(3,065)
Profit/(loss) for the period	84,382	23,878	110,601	10,585	83,928	(125,334)	188,040

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 31 December 2020 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 31 December 2020 that have not been reflected in the condensed financial statements.

12. Changes in the composition of the Group

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

- a) On 16 December 2015, the Company had entered into a put option agreement with the non-controlling shareholder of Edgenta GreenTech Sdn. Bhd. ("EGT") to purchase the remaining 20% equity interest in EGT. On 14 November 2019, the non-controlling shareholder of EGT has issued a notice to exercise the put option granted on the 20% shareholding in EGT for a total cash consideration of RM28,209,686. The acquisition of the 20% equity interest in EGT was completed on 25 June 2020 and EGT became a wholly-owned subsidiary of the Company.
- b) On 15 October 2020, Operon Consulting Sdn. Bhd., an indirect 70% subsidiary of the Company, had disposed its entire 49% equity interest in Operon Asset Advisory Sdn. Bhd for a cash consideration of RM58,198.77.
- c) On 21 October 2020, Edgenta TMS Sdn. Bhd. ("ETSB"), an indirect 70% subsidiary of the Company, had been placed under Members' Voluntary Winding-Up pursuant to Section 439(1)(b) of the Companies Act 2016. The winding up of ETSB is not expected to have a material effect on the earnings, gearing or net assets of the Group.
- d) On 14 December 2020, the Return by the Liquidator relating to Final Meeting for Faber Hotels Holdings Sdn. Bhd. ("FHH"), a wholly-owned subsidiary of the Company, was lodged with the Companies Commission of Malaysia and the Official Receiver. FHH which was under Members' Voluntary Liquidation shall be dissolved and cease to be a subsidiary of the Company on 14 March 2021.

13. Capital commitments

There are no material capital commitments except as disclosed below:

	As at 31/12/2020 RM'000	As at 31/12/2019 RM'000
Approved and contracted for	7,422	20,854
Approved but not contracted for	89,412	161,575

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	Twelve months to	Twelve months to
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Current income tax				
- Malaysian income tax	6,446	17,933	17,900	42,112
- Foreign tax	4,273	3,038	14,356	12,783
Under/(over) provision in prior years				
- Malaysian income tax	(2,193)	(2,386)	228	(2,632)
- Foreign tax	-	163	-	163
	<u>8,526</u>	<u>18,748</u>	<u>32,484</u>	<u>52,426</u>
Deferred tax				
- Relating to origination and reversal of temporary difference	(4,525)	4,267	(4,618)	3,909
- Under provision in prior years	1,163	(2,463)	722	(2,491)
	<u>(3,362)</u>	<u>1,804</u>	<u>(3,896)</u>	<u>1,418</u>
Income tax expense	<u>5,164</u>	<u>20,552</u>	<u>28,588</u>	<u>53,844</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 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
<u>Borrowings</u>						
Domestic	67,715	249,834	317,549	9,803	52,226	62,029
Foreign						
- Singapore Dollar	-	-	-	38,089	-	38,089
- Taiwan Dollar	-	-	-	64,056	-	64,056
TOTAL	<u>67,715</u>	<u>249,834</u>	<u>317,549</u>	<u>111,948</u>	<u>52,226</u>	<u>164,174</u>

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

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

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

17. Derivatives

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

18. Fair value hierarchy

There were no transfers between any levels of the fair value hierarchy that took place during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

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 RM50,195,455,70.00).

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 amicable 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.

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, Edgenta PROPEL sued HBT for the payments of RM22,527,038.18 in respect of works done by Edgenta PROPEL for HBT for the construction of a new road from Seremban-Port Dickson Highway to FR5 (Exit 5) and pavement works from Pasir Panjang to Linggi, Negeri Sembilan. 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.

Edgenta PROPEL'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 Edgenta PROPEL 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 Edgenta PROPEL 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.

Edgenta PROPEL has initiated recovery actions in stage, 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, Edgenta PROPEL 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 be examined HBT's asset(s) and its inability to pay Edgenta PROPEL. 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, Edgenta PROPEL has filed a Judgement Debtor Summons against one of HBT's officers as an additional action to recover the Recovery Amount.

20. Contingent liabilities

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

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

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

	Current quarter 31/12/2020 RM'000	Immediate preceding quarter 30/9/2020 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Asset Management				
- Healthcare Support	350,338	319,656	30,682	9.6
- Property and Facility Solutions	51,201	33,910	17,291	51.0
Infrastructure Solutions				
- Infrastructure Services	172,643	109,434	63,209	57.8
- Asset Consultancy	23,777	21,170	2,607	12.3
Others	9,374	(1,263)	10,637	>(100.0)
	607,333	482,907	124,426	25.8

Profit Before Tax:

Asset Management				
- Healthcare Support	55,980	11,805	44,175	>100.0
- Property and Facility Solutions	(642)	290	(932)	>(100.0)
Infrastructure Solutions				
- Infrastructure Services	13,301	(6,609)	19,910	>(100.0)
- Asset Consultancy	2,826	(2,981)	5,807	>(100.0)
Others/Elimination	(14,410)	(17,656)	3,246	(18.4)
	57,055	(15,151)	72,206	>(100.0)

The Group's revenue for the current quarter of RM607.3 million was RM25.8 million higher than the immediate preceding quarter's RM482.9 million, as detailed below:

- **Asset Management**
Revenue from Asset Management Segment increased by RM48.0 million from new commercial projects under the Healthcare Support division as well as from initiatives done for the concession in Malaysia. The increase was also contributed by Property and Facility Solutions division due to new projects secured for the period.
- **Infrastructure Solutions**
Infrastructure Solutions Segment recorded higher revenue by RM65.8 million, as pavement works for expressways by Infrastructure Services division continue to increase after the peak of movement restriction early of the year. Asset Consultancy division's revenue also showed an increase as more consultancy work was done compared to the preceding quarter.

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

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

The Group's profit before tax ("PBT") for the current quarter of RM57.1 million improved by RM72.2 million compared to the immediate preceding quarter's loss before tax of RM15.2 million, contributed by the below:

- Asset Management
Asset Management's PBT increased by RM43.3 million from improved cost management by the Healthcare Support division, coupled with grants received from the Singapore government amidst the on-going pandemic.
- Infrastructure Solutions
PBT for Infrastructure Solutions results improved by RM25.7 million from better revenue as mentioned.

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

	Current year quarter 31/12/2020 RM'000	Preceding year corresponding quarter 31/12/2019 RM'000	Variance RM'000	Variance %	Twelve months to 31/12/2020 RM'000	Twelve months to 31/12/2019 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>								
Asset Management:								
- Healthcare Support	350,338	308,883	41,455	13.4	1,235,376	1,132,215	103,161	9.1
- Property and Facility Solutions	51,201	55,035	(3,834)	(7.0)	154,029	192,215	(38,186)	(19.9)
Infrastructure Solutions:								
- Infrastructure Services	172,643	298,195	(125,552)	(42.1)	550,316	915,609	(365,293)	(39.9)
- Asset Consultancy	23,777	37,403	(13,626)	(36.4)	91,898	131,920	(40,022)	(30.3)
Others	9,374	12,748	(3,374)	(26.5)	8,962	39,236	(30,274)	(77.2)
	607,333	712,264	(104,931)	(14.7)	2,040,581	2,411,195	(370,614)	(15.4)
<u>Profit Before Tax:</u>								
Asset Management:								
- Healthcare Support	55,980	18,497	37,483	>100.0	95,389	102,132	(6,743)	(6.6)
- Property and Facility Solutions	(642)	16,361	(17,003)	>(100.0)	13,129	30,627	(17,498)	(57.1)
Infrastructure Solutions:								
- Infrastructure Services	13,301	74,386	(61,085)	(82.1)	39,570	138,536	(98,966)	(71.4)
- Asset Consultancy	2,826	6,225	(3,399)	(54.6)	7,952	13,195	(5,243)	(39.7)
Others/Elimination	(14,410)	10,786	(25,196)	>(100.0)	(110,151)	(39,541)	(70,610)	>(100.0)
	57,055	126,255	(69,200)	(54.8)	45,889	244,949	(199,060)	(81.3)

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

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

The Group's revenue for the current quarter of RM607.3 million was lower by RM104.9 million as compared to RM712.3 million in the corresponding quarter last year. For the year, the Group recorded revenue of RM2,040.6 million a decrease of 15.4% compared to RM2,411.2 million recorded last year as detailed below:

- **Asset Management**
Revenue from Asset Management increased by RM65.0 million mainly resulting from more healthcare support work from commercial contracts secured in Singapore and Taiwan by the Healthcare Support division. This was offset by lower contribution from its Malaysian operations due to non-continuing projects. This was further offset by the cessation of township management projects late last year by the Property and Facility Solutions division and completed projects in Malaysia and Dubai.
- **Infrastructure Solutions**
Revenue from Infrastructure Solutions decreased by RM405.3 million mainly from less pavement work done for expressways during the movement restriction period due to the COVID-19 pandemic. The Asset Consultancy division also recorded lower revenue from lower consultancy work done during the year.

The Group recorded PBT for the current quarter of RM57.1 million, a decrease of RM69.2 million as compared to RM126.3 million profit before tax in the corresponding quarter last year. The Group also recorded PBT of RM45.9 million for the year, a drop of RM199.0 million compared to RM244.9 million recorded last year as detailed below:

- **Asset Management**
Asset Management results declined by RM24.2 million primarily flowing from the lower revenue in the Property and Facility Solutions division, coupled by contractions experienced by the Healthcare Support division in Singapore and Taiwan. The decline is also attributable to the increasing costs of operating under the new normal alongside impairments made on receivables.
- **Infrastructure Solutions**
Infrastructure Solutions posted lower results by RM104.2 million from lower revenue and impairments made on receivables. This was mitigated by a one-off gain in realisation of exchange reserve of RM19.3 million.
- **Others**
An impairment of completed property inventories totalling RM50.0 million was recognised in during the period by the Property Development division.

23. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
<u>Net operating profit after tax computation:</u>				
Earnings before interest and tax	55,929	125,895	47,528	242,749
Adjusted tax	(13,423)	(30,215)	(11,407)	(58,260)
Net operating profit after tax	42,506	95,680	36,121	184,489
<u>Economic charge computation:</u>				
Average invested capital	1,369,387	1,477,100	1,369,387	1,477,100
Weighted average cost of capital ("WACC")	5.7%	6.8%	5.7%	6.8%
Economic charge	19,514	25,111	78,055	100,443
Economic profit/(loss)	22,992	70,569	(41,934)	84,046

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 31 December 2020 against the corresponding quarter last year:

EP of RM23.0 million was lower by RM47.6 million as compared to the preceding year corresponding quarter's EP of RM70.6 million mainly due to lower earnings before interest and tax recorded in the current quarter.

(b) Performance of the current year ended 31 December 2020 against last year:

Economic loss ("EL") of RM41.9 million was lower by RM125.9 million as compared to the prior year's EP of RM84.0 million mainly due to the loss before interest and tax recorded in the current year.

24. Prospects for the next financial year

Overall Prospects

For the full financial year ended 31 December 2020, UEM Edgenta Bhd ("Edgenta" or "the Company") reported lower overall revenue and earnings as the ongoing pandemic and pursuant movement restriction orders brought a halt to many economic activities, negatively impacting the Company's operations and financials.

In 2021, the Malaysian economy is expected to rebound to between 6.5% and 7.5% (Source: Bank Negara Malaysia), underpinned by economic recovery efforts by the government through accommodative monetary policy, expansionary fiscal stimulus measures, gradual normalisation of global trade/travel and an aggressive rollout of a nationwide mass vaccination programme which will begin in February 2021. Despite the expected recovery, Edgenta remains vigilant over the near-term given challenges to the company's operating environment arising from the nationwide movement control order, MCO 2.0 and elevated levels of COVID-19 cases.

As Edgenta navigates the financial and operational challenges from the pandemic, the Company's management remains focused on delivering projects secured in the healthcare and infrastructure sectors, which it predominantly operates in. Additionally, the Company is currently undertaking a strategic review of its business units and corporate structure as part of its proactive measure to drive synergistic cost savings and efficiency gains across business functions.

Prospects by Segment

i. Asset Management

In 2020, the Healthcare Support division reported higher year-on-year revenue growth supported by key contract wins from both Commercial and Concession support divisions despite an ongoing pandemic. However, overall margins and profits for the division softened on higher direct costs incurred by the Healthcare Support business owing to higher direct cost arising from the ongoing pandemic, in addition to the expiry of higher margin commercial contracts in 2019.

Moving forward, the healthcare support division will focus on managing cost escalations through operational excellence initiatives and optimising contracts to derive cost efficiencies, as well accelerate adjacent revenue streams beyond the traditional hospital offerings through its digital healthcare and COVID-19 business solutions.

As for the Property and Facility Solutions division, the pandemic provided an ancillary revenue stream in the form of sanitisation and disinfection services for existing clients. Although revenue accretive, sanitisation service is highly commoditised sub-sector with low margins. Moving forward, the division will look to secure more projects in high-value commercial as well as industrial-based buildings in its portfolio of assets under management.

ii. Infrastructure Solutions

The Infrastructure Services and Asset management division had a challenging 2020 both operationally and financially. The restriction of nationwide movement, MCO 1.0 from March to May 2020 followed by a continued extension of a variation of movement control orders had drastically affected interstate travel and traffic volume. This has consequently resulted in budgetary constraints for our key clients and asset owners leading to deferred high-value infrastructure projects and work done for expressways over the period. The pandemic has also led to the delay and cancellation in several key government projects in the infrastructure space.

We foresee some challenges flowing through into 2021, as the operating environment gradually recovers under a new normal. The Infrastructure Services and Asset Consultancy division will continue to deliver on existing work in hand, as well as undertake operational excellence initiatives to protect the divisions' profit margins. Additionally, the division will move into higher value add solutions through its full pavement lifecycle projects, increased productization of technology solutions and build on existing pipeline of projects for long-term growth opportunities in both Indonesia and East Malaysia.

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

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

iii. Property Development

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

25. Profit forecast

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

26. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Profit attributable to Owners of the Parent	48,228	97,487	13,458	181,782
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
Basic earnings per share	5.80 sen	11.72 sen	1.62 sen	21.86 sen

Kuala Lumpur
 25 February 2021

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