UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018.

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
			31/12/2018	31/12/2017	31/12/2018	31/12/2017
			RM'000	**RM'000**	**RM'000**	**RM'000**
1	(a)	**Revenue**	**647,354**	**672,312**	**2,182,605**	**2,120,766**
	(b)	Cost of sales	(512,919)	(522,051)	(1,777,138)	(1,718,792)
	(c)	Gross profit	134,435	150,261	405,467	401,974
	(d)	Other income	23,978	31,952	54,880	70,148
	(e)	Expenses	(70,131)	(96,966)	(250,218)	(270,328)
	(f)	Finance costs	(6,724)	(16,765)	(28,433)	(48,525)
	(g)	Share of results of associates	1,329	7,127	16,520	19,653
	(h)	Share of results of joint ventures	-	(182)	-	-
	(i)	**Profit before tax**	**82,887**	**75,427**	**198,216**	**172,922**
	(j)	Income tax	(10,948)	(19,799)	(43,197)	(46,159)
	(k)	Zakat	(2,850)	(1,556)	(2,850)	(1,636)
	(l)	**Profit for the period from continuing operations**	**69,089**	**54,072**	**152,169**	**125,127**
	(m)	Discontinued operations				
		- Results from operating activities	-	(4,148)	-	34,724
		- Gain on disposal of subsidiary	-	274,909	-	274,909
		Profit for the period/year from discontinued operations	**-**	**270,761**	**-**	**309,633**
	(n)	**Profit for the period**	**69,089**	**324,833**	**152,169**	**434,760**
		Attributable to:				
	(o)	Owners of the parent				
		- continuing operations	67,727	54,596	148,238	124,613
		- discontinued operation	-	270,215	-	293,574
			67,727	324,811	148,238	418,187
	(p)	Non-controlling interests	1,362	22	3,931	16,573
		Profit for the period	**69,089**	**324,833**	**152,169**	**434,760**
2		**Earnings per share based on 1(o) above (Note 25):**				
		Basic				
		- from continuing operations	8.14 sen	6.57 sen	17.83 sen	14.99 sen
		- from discontinued operation	Nil sen	32.49 sen	Nil sen	35.30 sen
			8.14 sen	39.06 sen	17.83 sen	50.29 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017.

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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
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit for the period	69,089	324,833	152,169	434,760
Continuing operations				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations, representing total other comprehensive income/(loss) from continuing operations	2,232	(32,843)	(775)	(34,545)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:				
Remeasurement gain on Retirement Benefit Scheme	105	58	105	58
Remeasurement loss on Defined Benefit Pension Scheme	-	(160)	-	(160)
Tax impact on remeasurement loss	-	(14)	-	(14)
	105	(116)	105	(116)
Total other comprehensive income/(loss) from continuing operations	2,337	(32,959)	(670)	(34,661)
Discontinued operation				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	-	(14,405)	-	(12,531)
Tax impact on translation of foreign operations	-	3,309	-	2,781
Cummulative exchange differences reclassified to profit and loss	-	(30,720)	-	(30,720)
Net gain on hedge of net investment	-	(9,745)	-	(14,250)
Tax impact on hedge of net investment	-	2,761	-	3,989
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:				
Remeasurement loss on Retirement Benefit Scheme	-	(863)	-	(863)
Tax impact on remeasurement loss	-	164	-	164
Total other comprehensive loss from discontinued operation	-	(49,499)	-	(51,430)
Total other comprehensive income/(loss) for the period, net of tax	2,337	(82,458)	(670)	(86,091)
Total comprehensive income for the period	71,426	242,375	151,499	348,669

I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total comprehensive income for the period	71,426	242,375	151,499	348,669
Attributable to:				
Owners of the parent				
- continuing operations	70,219	21,747	147,719	90,198
- discontinued operation	-	228,812	-	251,131
	70,219	250,559	147,719	341,329
Non-controlling interests	1,207	(8,184)	3,780	7,340
	71,426	242,375	151,499	348,669

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017.

Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax from continuing operations is arrived at after (crediting)/charging:				
Interest income	(2,857)	(1,889)	(8,852)	(11,226)
Accretion of interest on concession receivable	(4,638)	(4,593)	(18,697)	(18,830)
Dividend from short term investment	257	(487)	(1,855)	(787)
Loss/(gain) on disposal of property, plant and equipment	3	374	8	(113)
Net foreign exchange (gain)/loss	117	(8,449)	(212)	(8,034)
Net provision/(reversal) of impairment on trade receivables	6,687	(1,061)	6,281	(4,140)
Fair value loss on derivatives	-	2,563	-	4,459
Interest expense	5,223	9,317	25,860	36,751
Depreciation and amortisation	17,524	18,760	67,342	64,704

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

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at end of current quarter	As at preceding financial year end	As at beginning of preceding financial year
		31/12/2018	31/12/2017	1/1/2017
		RM'000	**RM'000**	**RM'000**
	ASSETS			
1	Non-current assets			
	Property, plant and equipment	198,688	193,447	227,769
	Land held for property development	477	477	1,115
	Prepaid land lease payments	2,976	3,063	3,150
	Intangible assets	719,748	734,411	964,528
	Investment in joint ventures	-	-	2,393
	Investment in associates	59,909	51,283	32,753
	Other investments	272	272	272
	Trade and other receivables	140,172	141,736	141,685
	Deferred tax assets	12,311	14,523	51,573
		1,134,553	1,139,212	1,425,238
2	Current assets			
	Property development costs	-	-	128,307
	Inventories	156,777	168,701	36,533
	Trade and other receivables	987,694	994,555	1,256,385
	Short term investments	107,178	183,425	42,375
	Derivative financial instruments	-	-	491
	Cash, bank balances and deposits*	495,394	520,082	640,010
		1,747,043	1,866,763	2,104,101
3	Asset held for sale	3,073	-	-
	Total assets	**2,884,669**	**3,005,975**	**3,529,339**

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

		As at end of current quarter	As at preceding financial year end	As at beginning of preceding financial year
		31/12/2018	31/12/2017	1/1/2017
		RM'000	**RM'000**	**RM'000**
	EQUITY AND LIABILITIES			
4	Equity attributable to Owners of the Parent			
	Share capital	268,074	268,074	207,906
	Share premium	-	-	60,168
	Capital reserve	313,856	313,856	313,856
	Other reserves	(1,185)	(12,803)	78,149
	Retained earnings	921,401	1,014,229	708,785
		1,502,146	1,583,356	1,368,864
5	Non-controlling interests	17,653	18,476	168,929
	Total equity	1,519,799	1,601,832	1,537,793
6	Non-current liabilities			
	Retirement benefit obligations	3,516	3,700	3,857
	Defined benefit pension plan	1,759	1,904	6,541
	Provisions	2,011	1,395	17,272
	Borrowings	408,005	442,539	761,122
	Trade and other payables	12,494	51,272	30,333
	Derivative financial instruments	-	-	5,530
	Deferred tax liabilities	51,464	49,008	51,581
		479,249	549,818	876,236
7	Current liabilities			
	Retirement benefit obligations	940	430	261
	Provisions	1,621	1,784	17,585
	Borrowings	124,461	117,222	228,577
	Trade and other payables	742,652	720,275	831,862
	Derivative financial instruments	-	-	1,409
	Income tax payable	15,947	14,614	35,616
		885,621	854,325	1,115,310
	Total liabilities	1,364,870	1,404,143	1,991,546
	Total equity and liabilities	**2,884,669**	**3,005,975**	**3,529,339**
8	**Net assets per ordinary share attributable to Owners of the Parent (RM)**	**1.81**	**1.90**	**1.65**

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017.

* <u>Cash, bank balances and deposits</u>

Included in the cash, bank balances and deposits of the Group is an amount of RM20,336,970 (2017: RM13,898,872) 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

	Twelve months to 31/12/2018 RM'000	Twelve months to 31/12/2017 RM'000
Cash flows from operating activities		
Cash receipts from customers	2,299,853	2,084,880
Cash payments to suppliers	(1,086,656)	(943,427)
Cash payments to employees and for expenses	(931,046)	(950,721)
Cash generated from operations	282,151	190,732
Interest paid	(26,878)	(35,895)
Income tax paid	(45,955)	(59,988)
Cash flow from discontinued operation	-	56,665
Net cash flow generated from operating activities	**209,318**	**151,514**
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	4,957	375
Proceeds from disposal of a subsidiary, net of cash disposed	-	404,997
Investment in associates	-	(21)
Joint venture equalisation settlement	-	(1,590)
Placement of short term investments	(99,100)	(194,178)
Withdrawal from short term investments	177,813	53,963
Interest received	7,864	6,607
Dividend received from associate	6,400	2,400
Settlement of remaining consideration for the acquisition of subsidiaries	-	(19,110)
Payment of deferred consideration	-	(3,400)
Purchase of property, plant and equipment	(54,358)	(105,497)
Cash flow from discontinued operation	-	(5,581)
Net cash flow generated from investing activities	**43,576**	**138,965**
Cash flows from financing activities		
Proceeds from issuance of ordinary shares to non-controlling interests	-	15,814
Repayment of finance lease	(1,111)	(986)
Drawdown of borrowings	53,650	337,389
Repayment of borrowings	(85,725)	(552,211)
Dividend paid to shareholders of the Company	(241,174)	(124,744)
Dividend paid to non-controlling shareholders of subsidiaries	(2,460)	(1,408)
Net (placement)/withdrawal of fixed deposits	(1,383)	66,676
Cash flow from discontinued operation	-	(36,304)
Net cash flow used in financing activities	**(278,203)**	**(295,774)**
Net decrease in cash and cash equivalents	**(25,309)**	**(5,295)**
Net foreign exchange difference	(831)	(18,068)
Cash and cash equivalents as at beginning of financial period	488,798	512,161
Cash and cash equivalents as at end of financial period (a)	**462,658**	**488,798**

	As at 31/12/2018 RM'000	As at 31/12/2017 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	239,069	200,091
Fixed deposits with licensed banks	256,325	309,131
Fixed deposits with other financial institutions	-	10,860
Cash, bank balances and deposits	495,394	520,082
Less: Fixed deposits on lien	(11,079)	(14,804)
Less: Fixed deposits pledged	(21,657)	(15,547)
Less: Cash and fixed deposit restricted in usage	-	(933)
	462,658	**488,798**

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017.

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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**
Twelve months to 31 December 2018							
Balance as at 1 January 2018	268,074	313,856	(12,803)	1,014,229	1,583,356	18,476	1,601,832
Profit for the period	-	-	-	148,238	148,238	3,931	152,169
Other comprehensive loss	-	-	(624)	105	(519)	(151)	(670)
Total comprehensive (loss)/income for the period	-	-	(624)	148,343	147,719	3,780	151,499
Dividends to:							
- shareholders of the Company	-	-	-	(241,171)	(241,171)	-	(241,171)
- non-controlling shareholders of a subsidiary	-	-	-	-	-	(2,460)	(2,460)
Put options granted to non-controlling interests of a subsidiary	-	-	12,242	-	12,242	(2,143)	10,099
Balance as at 31 December 2018	268,074	313,856	(1,185)	921,401	1,502,146	17,653	1,519,799

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

	Attributable to owners of the parent							
	Non-distributable				Distributable			
	Share capital RM'000	Share premium RM'000	Merger relief reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Twelve months to 31 December 2017								
Balance as at 1 January 2017	207,906	60,168	313,856	78,149	708,785	1,368,864	168,929	1,537,793
Profit for the year	-	-	-	-	418,187	418,187	16,573	434,760
Other comprehensive loss	-	-	-	(76,317)	(541)	(76,858)	(9,233)	(86,091)
Total comprehensive (loss)/income for the year	-	-	-	(76,317)	417,646	341,329	7,340	348,669
Transfer to share capital (Note A)	60,168	(60,168)	-	-	-	-	-	-
Dividends paid to:								
- shareholders of the Company	-	-	-	-	(124,744)	(124,744)	-	(124,744)
- non-controlling shareholders of a subsidiary	-	-	-	-	-	-	(28,973)	(28,973)
Put options granted to non-controlling interests of a subsidiary	-	-	-	(14,635)	-	(14,635)	(23,645)	(38,280)
Disposal of a subsidiary	-	-	-	-	-	-	(108,447)	(108,447)
Dilution of interest in a subsidiary	-	-	-	-	12,542	12,542	3,272	15,814
Balance as at 31 December 2017	268,074	-	313,856	(12,803)	1,014,229	1,583,356	18,476	1,601,832

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 2017.

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 2017.

1. First time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements, for the period ended 31 December 2018, 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. For the periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

These condensed consolidated interim financial statements are part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2018. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

The transition from FRS to MFRS has not had a material impact on the financial statements of the Group.

2. Significant accounting policies and application of MFRS

The audited financial statements of the Group for the year ended 31 December 2017 were prepared in accordance with FRS. 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 2017 except as discussed below:

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

<u>Acquisition before date of transition</u>
The Group has elected to apply for MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

(i) the classification of former business combinations under FRS is maintained;
(ii) there is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
(iii) the carrying amount of goodwill recognised under FRS is not adjusted.

(b) Revenue from contracts with customers

MFRS 15 Revenue from Contracts with Customers establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 differs from previous revenue recognition guidance including FRS 118 Revenue, FRS 111 Construction Contracts and the related interpretations under FRS.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has assessed the effects of applying the standard on the financial statements and concluded that the adoption of the Standard has had no material impact on the financial statements of the Group.

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

2. Significant accounting policies and application of MFRS (cont'd.)

(c) Financial instruments

MFRS 9 introduces new requirements with impacts mainly relating to classification and measurement of financial instruments, impairment assessment based on the expected credit loss model and hedge accounting.

<u>Classification and measurement</u>
MFRS 9 establishes three primary measurement categories for financial assets: Amortised cost, Fair Value Through Profit or Loss ("FVTPL") and Fair Value Through Other Comprehensive Income ("FVOCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset.

Financial assets will be measured at amortised cost if the assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows which represent solely payments of principal and interest. Financial assets will be measured at FVOCI if the assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual cash flows represent solely payments of principal and interest. Financial assets which are neither held at amortised cost nor at FVOCI will be measured at FVTPL.

Investments in equity instruments are always measured at FVTPL with an irrevocable option at inception to present changes in FVOCI (provided the instrument is not held for trading). A debt instrument such as loans, advances and financing and investment securities are measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For financial liabilities, the standard is similar to most of the FRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than profit or loss, unless this creates an accounting mismatch.

The changes in classification above have had no material impact on the Group's financial position or performance.

<u>Impairment</u>
MFRS 9 introduces expected credit losses ("ECL") model on impairment that replaces the incurred loss impairment model as used in FRS 139. The ECL model requires impairment to be recognised on initial recognition including expected future credit losses whilst the incurred loss impairment model only requires recognition of credit losses incurred as at reporting date. The impairment requirements apply to financial assets measured at amortised cost and FVOCI, lease receivables and certain loan commitments as well as financial guarantee contracts, which include loans, advances and financing and investment securities.

Allowance for impairment are made based on a three-stage approach which reflects the change in credit quality of the financial instrument since initial recognition.

The Group has applied the simplified approach and record lifetime expected losses on all trade receivables. The Group has concluded based on its assessment that the impact from the initial application of this standard is not material.

<u>Hedge accounting</u>
Under MFRS 9, the general hedge accounting requirements have been simplified for hedge effectiveness testing and permit hedge accounting to be applied to a greater variety of hedging instruments and risks. The adoption of this standard has had no material impact to the Group's financial statements in this regard.

3. Audit report in respect of the 2017 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2017 was not qualified.

4. 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)

5. 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 year.

6. 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 year.

7. 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 year ended 31 December 2018 except as follows:-

In 2017, the Company had established the Islamic Commercial Papers ("ICPs") and Islamic Medium Term Notes ("IMTNs") 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 in nominal value for the ICP Programme under the Shariah Principle of Murabahah via a Tawarruq Arrangement.

On 26 April 2018, the Company completed the issuance of RM50.0 million in nominal value of Islamic Commercial Papers ("ICP") with a tenure of 12 months under the 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 2017 and matured on 26 April 2018.

8. Dividend

The amount of dividend paid by the Company since 31 December 2017 was as follows:-

	RM'000
<u>In respect of the financial year ended 31 December 2017:</u>	
Single-tier special dividend of 18.00 sen per ordinary share,	
on 831,624,030 ordinary shares, paid on 18 April 2018	149,692
Single-tier second interim dividend of 5.00 sen per ordinary share,	
on 831,624,030 ordinary shares, paid on 17 May 2018	41,582
<u>In respect of the financial year ending 31 December 2018:</u>	
Single-tier interim dividend of 6.00 sen per ordinary share,	
on 831,624,030 ordinary shares, paid on 31 October 2018	49,897

The Board of Directors has declared a single-tier second interim dividend of 8.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM66,529,922 in respect of the financial year ended 31 December 2018, to be paid on 9 May 2019. The entitlement date is 18 April 2019.

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

9. Operating Segments

Operating Segment information for the current financial year ended 31 December 2018 is as follows:

By operating segment

	Consultancy	Healthcare Services	Infra Services	Property and Facility Solutions	Property Development	Others	Elimination	Group
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue								
External revenue	114,109	984,583	881,967	189,423	12,523	-	-	**2,182,605**
Inter-segment revenue	2,657	5,107	31,037	13,772	-	241,075	(293,648)	**-**
Total Revenue	116,766	989,690	913,004	203,195	12,523	241,075	(293,648)	**2,182,605**
Results								
EBITDA	11,697	121,100	115,982	18,768	(2,926)	191,803	(190,378)	**266,046**
Depreciation and amortisation	(1,537)	(25,963)	(12,427)	(2,719)	(152)	(21,065)	(3,479)	**(67,342)**
EBIT	10,160	95,137	103,555	16,049	(3,078)	170,738	(193,857)	**198,704**
Interest income	773	1,943	2,749	731	601	2,055	-	**8,852**
Interest expense	-	(589)	-	(6,814)	-	(35,199)	16,742	**(25,860)**
Share of results of associates	268	8,939	-	7,313	-	-	-	**16,520**
Profit/(loss) before tax	11,201	105,430	106,304	17,279	(2,477)	137,594	(177,115)	**198,216**
Income tax	(3,200)	(18,424)	(22,373)	(869)	40	3,018	(1,389)	**(43,197)**
Zakat	(272)	(742)	(1,797)	(39)	-	-	-	**(2,850)**
Profit/(loss) for the period	7,729	86,264	82,134	16,371	(2,437)	140,612	(178,504)	**152,169**

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

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

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

Operating Segment information for the financial year ended 31 December 2017 is as follows:

By operating segment

	Continuing Operations								Discontinued Operation	
	Consultancy	Healthcare Services	Infra Services	Property and Facility Solutions	Property Development	Others	Elimination	Total	Consultancy	Group
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue										
External revenue	180,935	912,346	862,273	159,079	6,133	-	-	**2,120,766**	1,320,293	**3,441,059**
Inter-segment revenue	8,779	605	36,763	15,008	-	136,058	(197,213)	**-**	-	**-**
Total Revenue	189,714	912,951	899,036	174,087	6,133	136,058	(197,213)	**2,120,766**	1,320,293	**3,441,059**
Results										
EBITDA	33,220	107,799	117,312	19,135	(3,430)	56,900	(87,438)	**243,498**	90,403	**333,901**
Depreciation and amortisation	(1,422)	(23,787)	(12,551)	(1,632)	(795)	(21,038)	(3,479)	**(64,704)**	(22,125)	**(86,829)**
EBIT	31,798	84,012	104,761	17,503	(4,225)	35,862	(90,917)	**178,794**	68,278	**247,072**
Interest income	682	1,749	1,043	407	780	6,762	(197)	**11,226**	3,655	**14,881**
Interest expense	(3)	(380)	(9)	(7,910)	-	(100,213)	71,764	**(36,751)**	(6,480)	**(43,231)**
Share of results of associates	715	13,046	-	5,892	-	-	-	**19,653**	-	**19,653**
Share of results of joint ventures	-	-	-	-	-	-	-	**-**	2,972	**2,972**
Profit/(loss) before tax	33,192	98,427	105,795	15,892	(3,445)	(57,589)	(19,350)	**172,922**	68,425	**241,347**
Income tax	(8,401)	(16,685)	(23,339)	(4,561)	(474)	3,274	4,027	**(46,159)**	(33,701)	**(79,860)**
Zakat	(443)	(994)	-	(199)	-	-	-	**(1,636)**	-	**(1,636)**
Profit/(loss) for the period	24,348	80,748	82,456	11,132	(3,919)	(54,315)	(15,323)	**125,127**	34,724	**159,851**

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

10. Material events subsequent to the end of the current financial year

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 2018 to the date of this announcement which would substantially affect the financial results of the Group for the twelve months ended 31 December 2018 that have not been reflected in the condensed financial statements.

11. Changes in the composition of the Group

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

a) Restructuring of UEMS Pte Ltd as a direct 97.46% subsidiary of Edgenta (Singapore) Pte Ltd ("Edgenta Singapore"), a wholly-owned subsidiary of the Company, on 10 August 2018 via the transfer of shares by way of distribution-in-specie from Asia Integrated Facility Solutions Pte Ltd ("AIFS"), a wholly-owned subsidiary of Edgenta Singapore.

b) Dissolution of AIFS and Asia Facility Solutions Pte Ltd ("AFS"), a subsidiary of AIFS by way of members' voluntary liquidation. Both AIFS and AFS ceased to be the subsidiaries of the Company on 27 December 2018.

c) On 1 November 2018, International Business Link Inc, a wholly-owned subsidiary of Opus Group Berhad, which in turn is a wholly-owned subsidiary of the Company, had been struck off from the British Virgin Islands' Registry of Corporate Affairs.

12. Capital commitments

There are no material capital commitments except as disclosed below:

	As at 31/12/2018 RM'000	As at 31/12/2017 RM'000
Approved and contracted for	45,945	75,302
Approved but not contracted for	163,104	44,177

13. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/2018 RM'000	Preceding year corresponding quarter 31/12/2017 RM'000	Twelve months to 31/12/2018 RM'000	Twelve months to 31/12/2017 RM'000
Current income tax				
- Malaysian income tax	7,644	20,271	33,419	43,131
- Foreign tax	2,446	4,078	9,283	10,828
(Over)/under provision in prior years				
- Malaysian income tax	(5,128)	(1,040)	(5,625)	(3,542)
- Foreign tax	128	(1,479)	146	(1,294)
	5,090	21,830	37,223	49,123
Deferred tax				
- Relating to origination and reversal of temporary difference	5,953	(1,948)	6,069	(2,881)
- Under provision in prior years	(95)	(83)	(95)	(83)
	5,858	(2,031)	5,974	(2,964)
Income tax expense	**10,948**	**19,799**	**43,197**	**46,159**

The Group's effective tax rate excluding share of results of associates for the current quarter was 13.4%, lower than the statutory tax rate of 24% mainly due to over provision for prior year. The Group's effective tax rate for the current year was approximate to the statutory tax rate.

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

14. 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.

15. Borrowings and debt securities

Details of Group borrowings and debt securities as at 31 December 2018 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
Borrowings						
Domestic	338,401	-	338,401	61,760	-	61,760
Foreign						
- Singapore Dollar	69,604	-	69,604	31,461	-	31,461
- Taiwan Dollar	-	-	-	31,240	-	31,240
TOTAL	**408,005**	**-**	**408,005**	**124,461**	**-**	**124,461**

Details of Group borrowings and debt securities as at 31 December 2017 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
Borrowings						
Domestic	341,600	-	341,600	60,573	-	60,573
Foreign						
- Singapore Dollar	100,939	-	100,939	28,155	-	28,155
- Taiwan Dollar	-	-	-	28,494	-	28,494
TOTAL	**442,539**	**-**	**442,539**	**117,222**	**-**	**117,222**

16. Derivatives

There are no outstanding derivatives as at 31 December 2018 (31 December 2017: RM Nil).

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17. Fair value hierarchy

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

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

18. **Material litigation**

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

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

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

In the case management fixed on 28 February 2017, EKICSB filed its application to stay this proceeding pending conclusion of its arbitration claim against RMSB (note that on 2 December 2016, EKICSB served a Notice to Arbitrate against RMSB for RM4,018,030.02 being the amount which EKICSB failed to claim in the Construction Industry Payment and Adjudication Act (CIPAA) proceeding initiated by them against RMSB earlier on 2 February 2016. RMSB replied to the Notice to Arbitrate on 20 December 2016 requesting for the consolidation of the disputes arising from the Piling and Building Contract to be heard before a single arbitrator. However, this proposal was rejected by EKICSB vide their letter dated 22 December 2016). After exchanges of written submissions between the parties, EKICSB's application for stay was heard on 21 April 2017 whereby the Court gave its view that it has no discretion to grant an order to direct the dispute under this proceeding to be consolidated under Section 10(2) of the Arbitration Act 2005 with the ongoing arbitration claim initiated by EKICSB. The Court informed RMSB that it may file an application to the Court for a declaration that the disputes to be consolidated and be heard by a single and same arbitrator. On 8 June 2017, RMSB filed an application for a declaration to consolidate and hear the disputes by a single and same arbitrator. The Court fixed the case management of this application on 13 July 2017. On 13 July 2017, EKICSB filed its affidavit in reply. The court directed RMSB to file the affidavit in reply by 25 July 2017.

The matter was fixed for case management on 7 August 2017 and hearing for the application was fixed on 15 August 2017. On 15 August 2017, the court allowed RMSB's application to transfer this application for declaration proceeding from the Shah Alam High Court (where it was filed due to e-filing system migration downtime at KL High Court then) to KL High Court. The case and the relevant files in relation thereto were transferred from the Shah Alam High Court to the Kuala Lumpur High Court on 11 September 2017. The case was then fixed for Case Management on 20 September 2017 at the Kuala Lumpur High Court and later postponed to 9 October 2017 wherein on the said date the Registrar of the High Court informed the parties that the case is pending consent from the Judge to transfer to the Construction Court. Vide a letter dated 12 October 2017, RMSB had been informed that the case has been transferred to the Construction Court and was fixed for Case Management on 20 October 2017. In the Case Management of 20 October 2017, the Court fixed the hearing of this case on 12 December 2017. The parties were directed to file their written submissions by 6 December 2017.

On 12 December 2017 the Court granted an order for RMSB to issue a letter to Pertubuhan Akitek Malaysia ("PAM") to inform PAM to appoint the same and single arbitrator currently hearing the arbitration claim initiated by EKICSB to also hear the dispute under this proceeding as applied by RMSB and that EKICSB will leave it to PAM to decide on the said appointment. RMSB's solicitor had properly issued the said letter to PAM on 15 December 2017 and a preliminary meeting with PAM was fixed on 11 January 2018 to obtain further directions from the Arbitrator. In the meeting of 11 January 2018, the Arbitrator informed the parties that he has no discretion to consolidate both disputes under the building and piling contract but will hear the matters separately. Further thereto, the Arbitrator issued a letter dated 20 January 2018 confirming his appointment as arbitrator for the piling dispute as well and fixed a preliminary meeting on 25 April 2018 for further directions. On 25 April 2018, the Arbitrator had rescheduled the hearing of this Arbitration to 5, 6, 7, 20, 21 & 22 June and 18, 19 & 20 July 2018.

The hearing dates on 5, 6, 7, 20, 21 & 22 June and 18 July 2018 were later vacated and the hearings were resumed on 19 & 20 July 2018 with RMSB's witnesses' testimonies and were concluded accordingly. The Arbitrator gave further directions, as follows:

i) the parties are to finalise the notes of proceedings by 24 August 2018;
ii) the parties are to submit their written submissions by 28 September 2018;
iii) the parties are to submit their replies by 29 October 2018; and
iv) the Decision date will be fixed thereafter.

However as at 29 August 2018, EKICSB's solicitor has not prepared the draft for RMSB's solicitor's perusal and has written to the Arbitrator to request for an extension. Vide a letter dated 3 September 2018, the Arbitrator has given further revised directions as follows:

i) Common notes of proceedings to be distributed by 12 Sept 2018;
ii) Simultaneous submissions of written submissions by the parties on 12 Oct 2018;
iii) Simultaneous replies to written submissions by 12 Nov 2018.

Filing of the written submissions was later postponed to 5 November 2018 and thereafter to 12 November 2018. For RMSB's counterclaim, EKICSB has filed their Statement of Defence on 8 October 2018. RMSB was originally required to file the Reply to the Statement of Defence by 22 October 2018, however this date was later postponed to 30 October 2018 and was filed accordingly on the said date. The parties were also directed to file Bundle of Documents by 12 November 2018 and the same was filed accordingly.

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

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

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

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

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

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

Edgenta PROPEL, a wholly-owned subsidiary of the Company, filed a Writ of Summons and Statement of Claims against HBT on 23 March 2012 for the payments of RM16,117,148.72 (unpaid certified amount by HBT) and RM6,409,889.46 (unpaid uncertified amount by HBT) in respect of works done by Edgenta PROPEL for HBT for the construction of a new road from Seremban-Port Dickson Highway to FR5 (Exit 5) and pavement works from Pasir Panjang to Linggi, Negeri Sembilan. On 2 April 2015 the Parties agreed to record a consent judgment, among others, for HBT to pay Edgenta PROPEL the amount of RM4,000,000 for the works done and that the amount of RM17,472,961.82 will be subject to assessment of damages.

The assessment of damages proceedings fixed on 7 and 8 March 2017 were later postponed to 20 April 2017 for case management due to the demise of Edgenta PROPEL's witness pursuant to a traffic accident.

In the Case Management dated 20 April 2017, Edgenta PROPEL's solicitors informed the Court of the demise of its witness and the replacement witness was identified. This case was fixed for decision on 29 August 2017 whereby it was decided that HBT shall pay Edgenta PROPEL RM17,472,961.82 with interest of 5% per annum calculated from 2 April 2015 until full realisation and costs of RM15,000.00. A Sealed Order was obtained on 19 September 2017. On 8 November 2017, Edgenta PROPEL's solicitors had issued a Notice Pursuant to Sections 465(1)(e) and 466(1)(a) of the Companies Act 2016 to demand for the payment of RM23,761,840.41(being the amount due and payable from the decision dated 29 August 2017 and interest calculated up to 8 November 2017) for HBT to pay the said amount within twenty-one (21) days from the date of receipt of the said notice failing which Edgenta PROPEL may initiate winding up proceedings against HBT accordingly.

On 22 November 2017, HBT filed a Notice of Application together with an Affidavit in Support to set aside the assessment of damages judgment. On 19 December 2017, Edgenta PROPEL filed its Affidavit in Reply to the aforesaid Affidavit in Support. The court directed for HBT to file its reply to Edgenta PROPEL's Affidavit in Reply by 28 December 2017. A further case management was fixed on 4 January 2018 wherein the Court directed HBT to file an Affidavit in Reply (by their previous solicitor) within 2 weeks and fixed the hearing on 12 February 2018. On that date, the parties submitted their respective written submissions to the Court and the Court scheduled the matter for Clarification/Decision on 15 March 2018. HBT's solicitors informed the Court that they are in the midst of negotiating a settlement with JKR and hope that JKR will make some payments to them to enable them to settle the matter with Edgenta PROPEL. The Court informed the parties to try and settle this matter before the Clarification/Decision date fixed on 15 March 2018.

On 15 March 2018, the Court delivered its decision wherein HBT's application to set aside the decision of the Assessment of Damages Proceeding dated 29 August 2017 was dismissed with cost of RM5,000 to be made payable to Edgenta PROPEL. HBT later filed a Notice of Appeal to the Court of Appeal on 5 April 2018 and the appeal has been fixed for Case Management on 25 June 2018. In the Case Management, the Court of Appeal scheduled the matter for a further Case Management on 1 August 2018 pending the grounds of judgment from the High Court. On 1 August 2018, the Court of Appeal fixed a further Case Management date on 19 September 2018 as the grounds of judgment was not ready from the High Court. The Court of Appeal will only proceed to fix a hearing date upon receipt of the grounds of judgment from the High Court.

Meanwhile on 4 July 2018, Edgenta PROPEL via its solicitor has issued a Notice under S.465 of the Companies Act 2016 demanding for the payment of RM24,339,100.39 as at 4 July 2018 due and payable from HBT to be made within 21 days from the date of the notice.

HBT's solicitor issued a letter dated 9 July 2018 which was received by Edgenta PROPEL's solicitor on 12 July 2018, requesting for the winding up action to be put in abeyance pending the conclusion of their application in the Court of Appeal. Pursuant to the advice received from Edgenta PROPEL's solicitors on 13 July 2018 and further internal discussions thereafter, Edgenta PROPEL's Management has via its solicitor on 24 July 2018 counter proposed to HBT for payment of all or part of the RM4,000,000.00 undisputed figure pursuant to the Consent Order dated 2 April 2015 if HBT wishes for the winding up proceeding to be put in abeyance. 3 August 2018 was the deadline given to HBT to respond but Edgenta PROPEL's solicitor only received a letter from HBT's solicitor on 16 August 2018 proposing for a meeting to be fixed between the parties to discuss a possible settlement.

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

18. Material litigation (cont'd)

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

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

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

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

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

On 14 December 2018, Edgenta PROPEL has filed an intervener application in in the Kuala Lumpur High Court to be made as an intervener in the JKR's assessment proceeding against HBT ("Intervener Proceeding").

The Intervener Proceeding was later fixed for Case Management on 17 December 2018 and in that Case Management, the High Court had fixed the hearing date for this matter on 15 January 2019.

On the hearing date of 15 January 2019, the High Court dismissed Edgenta PROPEL's application to intervene in the assessment of damages proceedings as it takes the view that Edgenta PROPEL does not have a legal interest in the proceedings as it had already secured a judgment from another court. In this regard, the High Court takes the view that it is a better approach for Edgenta PROPEL to proceed to wind up HBT instead and for a liquidator to be appointed to manage the assets and liability of HBT including the assessment of damages proceedings between HBT and JKR.

The High Court however had allowed Edgenta PROPEL's solicitors to sit in during the assessment proceedings as a "Friend of the Court" in the event it could assist the High Court in any way. HBT's solicitors further agreed to adduce both the Consent Judgment dated 2 April 2015 and the assessment of damages certificate dated 29 August 2017 in the assessment of damages proceedings between HBT and JKR.

The High Court further exercised its discretion and ordered for each party to bear its own costs as Edgenta PROPEL had also not been paid pursuant to the Consent Judgment obtained.

19. Contingent liabilities

Other than as disclosed in Note 18 above, there are no other significant contingent liabilities as at the date of this announcement.

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

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

	Current quarter	Immediate preceding quarter	Variance	Variance
	31/12/2018	30/9/2018		
	RM'000	**RM'000**	**RM'000**	**%**
Revenue:				
Consultancy	26,169	22,154	4,015	18.1
Healthcare Services	275,273	251,114	24,159	9.6
Infra Services	283,984	216,879	67,105	30.9
Property and Facility Solutions	55,768	37,583	18,185	48.4
Property Development	6,160	597	5,563	>100.0
	647,354	**528,327**	**119,027**	**22.5**
Profit Before Tax:				
Consultancy	(6,842)	1,178	(8,020)	>(100.0)
Healthcare Services	33,277	21,213	12,064	56.9
Infra Services	35,228	21,329	13,899	65.2
Property and Facility Solutions	1,447	2,082	(635)	(30.5)
Property Development	1,147	(991)	2,138	>(100.0)
Others/Elimination	18,630	(19,719)	38,349	>(100.0)
	82,887	**25,092**	**57,795**	**>100.0**

The Group's revenue for the current quarter of RM647.4 million was RM119.0 million or 22.5% higher than the immediate preceding quarter's RM528.3 million due to the following:

- Infra Services ("IS") Division recorded higher revenue by RM67.1 million mainly due to higher volume of work done towards the year-end for pavement and civil works for expressways.
- Healthcare Services ("HS") Division recorded higher revenue by RM24.2 million mainly due to contributions from more works done for healthcare-concession business in Malaysia, as well as projects on-going in Singapore and Taiwan.
- Property Development ("PD") Division recorded higher sales of property units.
- Property and Facility Solutions ("PFS") Division recorded higher revenue by RM18.2 million mainly from more work done for asset management project, as well as a new energy performance contracting project which commenced during the current quarter.
- Consultancy Division recorded higher revenue by RM4.0 million mainly due to more consultancy work done for projects in West Malaysia.

The Group recorded profit before tax ("PBT") of RM82.9 million for the current quarter which is higher by RM57.8 million compared to RM25.1 million in the immediate preceding quarter due to the following:

- IS Division recorded higher PBT by RM13.9 million in line with higher revenue.
- HS Division recorded higher PBT by RM12.1 million riding on higher revenue, offset by lower share of results from associates.
- However, PFS Division recorded lower PBT due to one-off provisions made for receivables during the period.
- Consultancy Division also recorded lower PBT by RM8.0 million despite the increase in revenue mainly due to margin compression of on-going projects, along with increasing operating costs.

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

21. **Detailed analysis of the performance for the current quarter and year**

	Current year quarter	Preceding year corresponding quarter	Variance	Variance	Twelve months to	Twelve months to	Variance	Variance
	31/12/2018	31/12/2017			31/12/2018	31/12/2017		
	RM'000	**RM'000**	**RM'000**	**%**	**RM'000**	**RM'000**	**RM'000**	**%**
Revenue:								
Continuing operations:								
Consultancy	26,169	78,353	(52,184)	(66.6)	114,109	180,935	(66,826)	(36.9)
Healthcare Services	275,273	239,358	35,915	15.0	984,583	912,346	72,237	7.9
Infra Services	283,984	307,233	(23,249)	(7.6)	881,967	862,273	19,694	2.3
Property and Facility Solutions	55,768	47,660	8,108	17.0	189,423	159,079	30,344	19.1
Property Development	6,160	(292)	6,452	>(100.0)	12,523	6,133	6,390	>100.0
	647,354	672,312	(24,958)	(3.7)	2,182,605	2,120,766	61,839	2.9
Discontinued operation:								
Consultancy	-	238,186	(238,186)	(100.0)	-	1,320,293	(1,320,293)	(100.0)
	647,354	**910,498**	**(263,144)**	**(28.9)**	**2,182,605**	**3,441,059**	**(1,258,454)**	**(36.6)**
Profit Before Tax:								
Continuing operations:								
Consultancy	(6,842)	19,499	(26,341)	>(100.0)	11,201	33,192	(21,991)	(66.3)
Healthcare Services	33,277	26,142	7,135	27.3	105,430	98,427	7,003	7.1
Infra Services	35,228	44,322	(9,094)	(20.5)	106,304	105,795	509	0.5
Property and Facility Solutions	1,447	213	1,234	>100.0	17,279	15,892	1,387	8.7
Property Development	1,147	(3,804)	4,951	>(100.0)	(2,477)	(3,445)	968	(28.1)
Others/Elimination	18,630	(10,945)	29,575	>(100.0)	(39,521)	(76,939)	37,418	(48.6)
	82,887	**75,427**	**7,460**	**9.9**	**198,216**	**172,922**	**25,294**	**14.6**
Discontinued operation:								
Consultancy	-	5,363	(5,363)	(100.0)	-	68,425	(68,425)	(100.0)
	82,887	**80,790**	**2,097**	**2.6**	**198,216**	**241,347**	**(43,131)**	**(17.9)**

Continuing operations

The Group's revenue for the current quarter of RM647.4 million was lower by RM25.0 million as compared to RM672.3 million in the corresponding quarter last year. The Group recorded revenue of RM2,182.6 million for the year, which is RM61.8 million higher as compared to RM2,120.8 million last year mainly due to the following:

- HS Division recorded higher revenue by RM72.2 million, mainly due to new contracts secured in Taiwan and Singapore.
- PFS Division recorded higher revenue by RM30.3 million, mainly due to new contracts secured for facilities management and township management projects, as well as contribution from new energy performance contracting projects.
- IS Division registered higher revenue by RM19.7 million mainly due to higher civil and pavement works done for expressways.
- Higher sales of property units from the PD Division contributed the increase in revenue of RM6.4 million.
- However, Consultancy Division recorded lower revenue by RM66.8 million, mainly due to lower consultancy works done in the current period after the completion of LRT extension project in prior year.

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

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

The Group's current quarter PBT of RM82.9 million was higher by RM7.5 million as compared to RM75.4 million in the corresponding quarter last year. The Group also recorded higher PBT of RM198.2 million for the year end, with an increase of RM25.3 million compared to RM172.9 million last year mainly due to:

- HS Division contributed RM7.0 million increase in PBT from increased revenue. The increase was offset by lower share of results from associate during the year.
- PFS Division improved its PBT year-on-year by RM1.4 million mainly riding on increased revenue.
- IS Division recorded higher PBT by RM0.5 million from the increase in revenue offset by costs incurred for the commencement of the Pavement Research Centre.
- Lower interest expenses of RM11.3 million mainly from the settlement of Commodity Murabahah Term Financing-i and Murabahah Term Facility A.
- However, Consultancy Division recorded lower PBT by RM22.0 million due to lower revenue, mitigated by provisions made for doubtful debts in prior year as well as current year income received from short term investments.

Discontinued operation

The disposal of the Group's entire 61.2% equity interest in Opus International Consultants Limited has been completed on 4 December 2017.

22. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
	RM'000	RM'000	RM'000	RM'000
Net operating profit after tax computation:				
Earnings before interest and tax	83,924	82,062	198,704	247,072
Adjusted tax	(20,142)	(19,695)	(47,689)	(59,297)
Net operating profit after tax	**63,782**	**62,367**	**151,015**	**187,775**
Economic charge computation:				
Average invested capital	1,597,287	1,741,647	1,597,287	1,741,647
Weighted average cost of capital ("WACC")	8.3%	8.0%	8.3%	8.0%
Economic charge	**33,144**	**34,833**	**132,575**	**139,332**
Economic profit	**30,638**	**27,534**	**18,440**	**48,443**

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 2018 against the corresponding quarter last year:

EP of RM30.6 million is higher by RM3.1 million as compared to the preceding year corresponding quarter's EP of RM27.5 million mainly due to higher earnings before interest and tax recorded.

(b) Performance of the current year ended 31 December 2018 against last year:

EP of RM18.4 million is lower by RM30.0 million as compared to the last year's EP of RM48.4 million mainly due to lower earnings before interest and tax recorded.

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

23. Prospects for the next financial year

Overall Prospects

For the full financial year ended 31 December 2018, UEM Edgenta Berhad ("UEMEd" or the "Company") recorded growth of 14.6% its profit before tax ("PBT") to RM198.2 million as compared to the same period in 2017. This is on the back of improvements in efficiency and lower financing costs as well as a growth in revenue of 2.9% to RM2,182.6 million.

In 2019, building on its solid financial performance in 2018, UEM Edgenta will continue to focus on operational improvement programmes, training and technology/innovation. The Company remains optimistic of its prospects in the infrastructure and healthcare sectors, in which it predominantly operates. These factors will set the foundation for further growth and consistent cash flow generation for UEM Edgenta in 2019.

Prospects by Segment

i. Consultancy

The Consultancy Division, which contributed 5% and 6% to overall revenue and PBT of UEMEd for the financial year ended 31 December 2018, will continue to focus on delivering its existing projects in hand.

Notwithstanding the challenging environment, UEMEd remains optimistic on the prospects of the infrastructure sector in 2019, on the back of the Government's commitment towards implementing the Pan Borneo Highway, Klang Valley Double Track and Sarawak Coastal Road Network projects, as well as significant funding set aside in the federal and state government budgets of Sabah and Sarawak for development and infrastructure projects such as roads, bridges, railways and public transportation.

ii. Healthcare Services

The Company ended the financial year ended 31 December 2018 with growth in both revenue and PBT of 7.9% and 7.1% respectively in its Healthcare Services Division, as compared to the same period in 2017.

Amid increased competition, particularly in UEMEd's overseas commercial operations in Singapore and Taiwan, the Company will focus on protecting its market share, expand its value chain offerings and expand profit margins. This will be made possible via use of technology and mechanisation, cross-selling and sharing of best practices between its concession and commercial businesses. In Malaysia, the Government's 7.8% year-on-year increase in the budget allocation for public healthcare spending to RM28.7 billion in 2019 will augur well for its concession business.

iii. Infra Services

For the financial year ended 31 December 2018, revenue and PBT levels were similar as compared to the previous financial year. The Company incurred costs for the commencement of UEMEd's Pavement Research Centre ("PRC"), an investment which is part of the Company's strategy to service the entire lifecycle value chain for its Infra Services business.

The ongoing roll-out of Performance-Based Contracting ("PBC") which will continue into 2019, sets in motion UEMEd's revamped service delivery model to drive efficiency and innovation. This strategy will strengthen UEMEd's position and track record in the expressway and road maintenance industry for both local and international opportunities.

iv. Property and Facility Solutions

The Property and Facility Solutions Division recorded revenue and PBT growth of 15.5% and 14.3% for the financial year ended 31 December 2018, as compared to the same period in 2017. This is on the back of new contracts secured during the year, notably in the space of energy performance contracting.

In 2019, the Company is focused on maintaining the growth trajectory as it differentiates its service offerings, with a focus on customers' asset enhancement via technology applications and platforms which also improve UEMEd's own efficiency and profitability.

24. Profit forecast

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

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	Twelve months to	Twelve months to
	31/12/2018 RM'000	**31/12/2017** RM'000	**31/12/2018** RM'000	**31/12/2017** RM'000
Profit attributable to Owners of the Parent:				
- from continuing operations	67,727	54,596	148,238	124,613
- from discontinued operation	-	270,215	-	293,574
Total profit attributable to Owners of the Parent	67,727	324,811	148,238	418,187
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
Basic earnings per share for:				
- Profit from continuing operations	8.14 sen	6.57 sen	17.83 sen	14.99 sen
- Profit from discontinued operation	Nil sen	32.49 sen	Nil sen	35.30 sen
- Profit for the period	**8.14 sen**	**39.06 sen**	**17.83 sen**	**50.29 sen**

By Order of the Board

Kuala Lumpur **Chiew Siew Yuen (MAICSA 7063781)**

25 February 2019 **Company Secretary**