

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2019.

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2019 RM'000	Preceding year corresponding quarter 30/6/2018 RM'000	Six months to 30/6/2019 RM'000	Six months to 30/6/2018 RM'000
1 (a) Revenue	595,418	546,134	1,111,294	1,006,924
(b) Cost of sales	(482,394)	(442,460)	(898,350)	(815,299)
(c) Gross profit	113,024	103,674	212,944	191,625
(d) Other income	6,261	11,649	15,111	21,101
(e) Expenses	(71,500)	(65,093)	(131,826)	(119,726)
(f) Finance costs	(6,101)	(7,078)	(13,213)	(14,281)
(g) Share of results of associates	5,072	4,577	9,776	11,518
(h) Profit before tax	46,756	47,729	92,792	90,237
(i) Income tax	(12,106)	(13,099)	(24,667)	(25,104)
(j) Profit for the period	34,650	34,630	68,125	65,133
Attributable to:				
(k) Owners of the parent	34,356	33,405	67,020	62,956
(l) Non-controlling interests	294	1,225	1,105	2,177
Profit for the period	34,650	34,630	68,125	65,133
2 Earnings per share based on 1(k) above (Note 26):				
Basic	4.13 sen	4.02 sen	8.06 sen	7.57 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018.

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
	RM'000	RM'000	RM'000	RM'000
Profit for the period	34,650	34,630	68,125	65,133
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations, representing total other comprehensive income/(loss) for the period, net of tax	<u>8,588</u>	<u>(767)</u>	<u>4,230</u>	<u>(7,821)</u>
Total comprehensive income for the period	<u>43,238</u>	<u>33,863</u>	<u>72,355</u>	<u>57,312</u>
Attributable to:				
Owners of the parent	42,866	32,630	71,240	55,200
Non-controlling interests	<u>372</u>	<u>1,233</u>	<u>1,115</u>	<u>2,112</u>
	<u>43,238</u>	<u>33,863</u>	<u>72,355</u>	<u>57,312</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 2018.

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/6/2019 RM'000	Preceding year corresponding quarter 30/6/2018 RM'000	Six months to 30/6/2019 RM'000	Six months to 30/6/2018 RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(1,104)	(2,045)	(3,145)	(4,010)
Accretion of interest on concession receivable	(4,585)	(4,632)	(9,104)	(9,288)
Dividend from short term investment	(318)	(689)	(752)	(1,727)
Loss on disposal of property, plant and equipment	13	-	8	-
Net foreign exchange loss/(gain)	957	(24)	1,398	(211)
Net (reversal)/provision of impairment on trade receivables	(50)	294	(50)	294
Interest expense	6,165	6,716	12,507	13,335
Depreciation and amortisation	18,924	16,267	38,487	32,924

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

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at end of current quarter	As at preceding financial year end
		30/6/2019	31/12/2018
		RM'000	RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	223,858	185,033
	Right-of-use assets	30,299	-
	Land held for property development	477	477
	Prepaid land lease payments	2,932	2,976
	Intangible assets	712,938	731,927
	Investment in associates	68,611	61,235
	Other investments	272	272
	Trade and other receivables	129,555	128,339
	Contract assets	11,291	20,088
	Deferred tax assets	16,619	12,963
		1,196,852	1,143,310
2	Current assets		
	Inventories	136,491	156,778
	Trade and other receivables	743,043	768,269
	Contract assets	267,524	179,758
	Tax recoverable	30,728	23,032
	Short term investments	4,698	107,178
	Cash, bank balances and deposits*	457,503	496,293
		1,639,987	1,731,308
3	Asset held for sale	3,073	3,073
	Total assets	2,839,912	2,877,691

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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
		30/6/2019	31/12/2018
		RM'000	RM'000
	EQUITY AND LIABILITIES		
4	Equity attributable to Owners of the Parent		
	Share capital	268,074	268,074
	Capital reserve	313,856	313,856
	Other reserves	4,352	(1,018)
	Retained earnings	921,887	921,397
		1,508,169	1,502,309
5	Non-controlling interests	14,424	14,459
	Total equity	1,522,593	1,516,768
6	Non-current liabilities		
	Retirement benefit obligations	3,516	3,516
	Defined benefit pension plan	1,050	1,759
	Provisions	2,270	1,872
	Borrowings	405,199	408,005
	Lease liabilities	21,665	-
	Trade and other payables	2,100	4,552
	Deferred tax liabilities	51,698	48,552
		487,498	468,256
7	Current liabilities		
	Retirement benefit obligations	940	940
	Provisions	1,620	1,620
	Borrowings	130,171	124,460
	Lease liabilities	8,942	-
	Trade and other payables	665,021	740,199
	Contract liabilities	1,016	14,368
	Income tax payable	22,111	11,080
		829,821	892,667
	Total liabilities	1,317,319	1,360,923
	Total equity and liabilities	2,839,912	2,877,691
8	Net assets per ordinary share attributable to Owners of the Parent (RM)	1.81	1.81

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018.

* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM35,631,763 (2018: RM20,419,681) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and Section 8A of the Housing Development Account (Control and Licensing) Sabah Act, 1978.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months to 30/6/2019 RM'000	Six months to 30/6/2018 RM'000
Cash flows from operating activities		
Cash receipts from customers	1,141,130	1,102,840
Cash payments to suppliers	(608,356)	(543,558)
Cash payments to employees and for expenses	(533,246)	(469,171)
Cash (used in)/generated from operations	(472)	90,111
Interest paid	(13,771)	(14,805)
Income tax paid	(21,317)	(22,367)
Net cash flows (used in)/generated from operating activities	(35,560)	52,939
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	183	44
Withdrawal from short term investments	103,285	166,400
Interest received	3,074	4,078
Dividend received from associate	2,400	2,400
Purchase of property, plant and equipment	(41,352)	(17,070)
Net cash flows generated from investing activities	67,590	155,852
Cash flows from financing activities		
Capital repayment to non-controlling interests of a subsidiary	(3,375)	-
Repayment of finance lease	(626)	(530)
Drawdown of borrowings	71,929	50,778
Repayment of borrowings	(70,887)	(68,322)
Repayment of lease creditors	(667)	-
Dividend paid to shareholders of the Company	(66,530)	(191,274)
Net placement of fixed deposits	(1,682)	(2,431)
Net cash flows used in financing activities	(71,838)	(211,779)
Net decrease in cash and cash equivalents	(39,808)	(2,988)
Net foreign exchange difference	(81)	(3,406)
Cash and cash equivalents as at beginning of financial period	462,845	488,798
Cash and cash equivalents as at end of financial period (a)	422,956	482,404
	As at 30/6/2019 RM'000	As at 30/6/2018 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	359,571	199,977
Fixed deposits with licensed banks	97,932	315,405
Cash, bank balances and deposits	457,503	515,382
Less: Fixed deposits on lien	(11,095)	(12,886)
Less: Fixed deposits pledged	(23,452)	(18,774)
Less: Cash and fixed deposit restricted in usage	-	(1,318)
	422,956	482,404

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018.

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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
Six months to 30 June 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	-	-	-	67,020	67,020	1,105	68,125
Other comprehensive income	-	-	4,220	-	4,220	10	4,230
Total comprehensive income for the period	-	-	4,220	67,020	71,240	1,115	72,355
Dividends paid to shareholders of the Company	-	-	-	(66,530)	(66,530)	-	(66,530)
Put options granted to non-controlling interests of a subsidiary	-	-	1,150	-	1,150	(1,150)	-
Balance as at 30 June 2019	<u>268,074</u>	<u>313,856</u>	<u>4,352</u>	<u>921,887</u>	<u>1,508,169</u>	<u>14,424</u>	<u>1,522,593</u>

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

	<div style="display: flex; justify-content: space-between; align-items: center;"> ← Attributable to owners of the parent → </div> <div style="display: flex; justify-content: space-between; align-items: center;"> ← Non-distributable → Distributable </div>						
	Share capital RM'000	Capital reserve RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Six months to 30 June 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	-	-	-	62,956	62,956	2,177	65,133
Other comprehensive loss	-	-	(7,756)	-	(7,756)	(65)	(7,821)
Total comprehensive (loss)/income for the period	-	-	(7,756)	62,956	55,200	2,112	57,312
Dividends paid to shareholders of the Company	-	-	-	(191,274)	(191,274)	-	(191,274)
Put options granted to non-controlling interests of a subsidiary	-	-	1,051	-	1,051	(1,051)	-
Balance as at 30 June 2018	<u>268,074</u>	<u>313,856</u>	<u>(19,508)</u>	<u>885,911</u>	<u>1,448,333</u>	<u>19,537</u>	<u>1,467,870</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 2018.

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 2018.

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 2018.

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 2018 except for standards and IC interpretation effective for financial periods beginning on or after 1 January 2019 below:

- Amendments to MFRS 9: Prepayment Features with Negative Compensation
- MFRS 16: Leases
- Amendments to MFRS 128: Long Term Interests in Associates and Joint Ventures
- Annual Improvements to MFRS Standards 2015-2017 Cycle
- Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
- IC Interpretation 23: Uncertainty over Income Tax Treatments

The adoption of the above do not have any significant impact to the Group other than as discussed below.

MFRS 16: Leases

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees is also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group has adopted MFRS 16 using the modified retrospective method. Accordingly, the Group has not restated the comparative information. The Group has elected to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4. The Group therefore has not applied the standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IC Interpretation 4.

The Group has elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

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

2. Significant accounting policies (cont'd)

MFRS 16: Leases (cont'd)

The summary of the impact (increase/(decrease)) from MFRS 16 adoption on the statement of financial position as at 1 January 2019 is as follows:

	Note	RM'000
Assets		
Right-of-use assets	a	<u>32,024</u>
Liabilities		
Lease liabilities	b	<u>32,024</u>

- a) Recognition of right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments immediately before the date of initial application.
- b) Recognition of lease liability at the date of initial application, measured at the present value of remaining lease payments, discounted at the Group's weighted average incremental borrowing rate of 4.09%.

Reconciliation of lease liabilities recognised from operating lease obligations:

	RM'000
Operating lease obligations as at 31 December 2018	10,342
Reasonably certain extension options	26,273
Relief option for short term leases	(1,021)
Relief option for leases of low value assets	(712)
Gross liabilities at 1 January 2019	<u>34,882</u>
Effect from discounting	<u>(2,858)</u>
Lease liabilities due to initial application of MFRS 16	<u>32,024</u>

3. Standards issued but not yet effective

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

	Effective for annual periods beginning on or after
Amendments to MFRS 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
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 2018 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2018 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

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current period.

7. Material changes in estimates used

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

8. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 30 June 2019 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 2019, the Company completed the issuance of RM50.0 million in nominal value of Islamic Commercial Papers ("ICP") with a tenor 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 2018 and matured on 26 April 2019.

9. Dividend

The amount of dividend paid by the Company since 31 December 2018 was as follows:-

RM'000

In respect of the financial year ending 31 December 2018:

Single-tier second interim dividend of 8.00 sen per ordinary share,
on 831,624,030 ordinary shares, paid on 9 May 2019

66,530

The Board of directors has declared a single tier interim dividend of 6.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM49,897,442 in respect of the financial year ending 31 December 2019, to be paid on 31 October 2019. The entitlement date of the dividend payment is 10 October 2019.

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

10. Operating Segments

Operating Segment information for the current financial period ended 30 June 2019 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions				
	Healthcare Support	Property and Facility Solutions	Infrastructure Services	Asset Consultancy	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	548,331	83,368	389,389	64,550	25,656	-	1,111,294
Inter-segment revenue	2,199	7,073	7,210	1,101	88,046	(105,629)	-
Total Revenue	550,530	90,441	396,599	65,651	113,702	(105,629)	1,111,294
Results							
EBITDA	70,911	12,515	52,612	8,287	53,309	(66,769)	130,865
Depreciation and amortisation	(14,628)	(1,084)	(6,233)	(932)	(14,840)	(770)	(38,487)
EBIT	56,283	11,431	46,379	7,355	38,469	(67,539)	92,378
Interest income	1,466	8	434	267	926	44	3,145
Interest expense	(337)	(3,081)	(67)	(17)	(9,176)	171	(12,507)
Share of results of associates	6,708	2,789	-	279	-	-	9,776
Profit/(loss) before tax	64,120	11,147	46,746	7,884	30,219	(67,324)	92,792
Income tax	(12,372)	(2,279)	(11,343)	(2,328)	1,549	2,106	(24,667)
Profit/(loss) for the period	51,748	8,868	35,403	5,556	31,768	(65,218)	68,125

Notes:

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

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

10. Operating Segments (cont'd)

Operating Segment information for the financial period ended 30 June 2018 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions				
	Healthcare	Property and Facility	Infrastructure	Asset			
	Support	Solutions	Services	Consultancy	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	458,196	96,072	381,104	65,786	5,766	-	1,006,924
Inter-segment revenue	1,945	5,832	11,291	-	105,416	(124,484)	-
Total Revenue	460,141	101,904	392,395	65,786	111,182	(124,484)	1,006,924
Results							
EBITDA	54,642	15,285	54,728	16,847	68,865	(89,399)	120,968
Depreciation and amortisation	(13,042)	(345)	(6,506)	(742)	(10,549)	(1,740)	(32,924)
EBIT	41,600	14,940	48,222	16,105	58,316	(91,139)	88,044
Interest income	704	52	1,525	506	1,223	-	4,010
Interest expense	(255)	(3,614)	-	-	(9,464)	(2)	(13,335)
Share of results of associates	8,891	2,373	-	254	-	-	11,518
Profit/(loss) before tax	50,940	13,751	49,747	16,865	50,075	(91,141)	90,237
Income tax	(8,824)	(2,380)	(12,019)	(3,596)	1,451	264	(25,104)
Profit/(loss) for the period	42,116	11,371	37,728	13,269	51,526	(90,877)	65,133

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

11. Material events subsequent to the end of the current financial period

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature that have arisen since 30 June 2019 to the date of this announcement which would substantially affect the financial results of the Group for the six months ended 30 June 2019 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 6 March 2019, Faber Hotels Holdings Sdn. Bhd. ("FHH"), a wholly-owned subsidiary of the Company, had been placed under Member's Voluntary Winding-Up pursuant to Section 439(1)(b) of the Companies Act 2016. The winding up of FHH is not expected to have a material effect on the earnings, gearing or net assets of the Group.
- b) On 1 August 2019, Pengurusan LRT Sdn. Bhd. ("PLRT"), an indirect wholly-owned subsidiary of the Company, had been placed under Member's Voluntary Winding-Up pursuant to Section 439(1)(b) of the Companies Act 2016. The winding up of PLRT is not expected to have a material effect on the earnings, gearing or net assets of the Group.

13. Capital commitments

There are no material capital commitments except as disclosed below:

	As at 30/6/2019 RM'000	As at 31/12/2018 RM'000
Approved and contracted for	14,971	47,383
Approved but not contracted for	136,839	162,511

14. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/6/2019 RM'000	Preceding year corresponding quarter 30/6/2018 RM'000	Six months to 30/6/2019 RM'000	Six months to 30/6/2018 RM'000
Current income tax				
- Malaysian income tax	9,294	11,669	19,462	18,545
- Foreign tax	3,173	2,187	5,770	4,617
Under provision in prior years				
- Malaysian income tax	109	-	109	-
- Foreign tax	-	-	-	18
	12,576	13,856	25,341	23,180
Deferred tax				
- Relating to origination and reversal of temporary difference	(470)	(757)	(674)	1,924
Income tax expense	12,106	13,099	24,667	25,104

The Group's effective tax rate excluding share of results of associates for the current quarter was higher than the statutory tax rate of 24% mainly due to deferred tax assets not recognised for tax losses at certain subsidiaries.

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

15. Status of corporate proposals announced but not completed as at the date of this announcement

There is no corporate proposal announced but not completed as at the date of this announcement.

16. Borrowings and debt securities

Details of Group borrowings and debt securities as at 30 June 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	85,451	249,626	335,077	18,196	52,219	70,415
Foreign						
- Singapore Dollar	70,122	-	70,122	15,848	-	15,848
- Taiwan Dollar	-	-	-	43,908	-	43,908
TOTAL	155,573	249,626	405,199	77,952	52,219	130,171

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
<u>Borrowings</u>						
Domestic	88,776	249,625	338,401	9,570	52,190	61,760
Foreign						
- Singapore Dollar	69,604	-	69,604	31,460	-	31,460
- Taiwan Dollar	-	-	-	31,240	-	31,240
TOTAL	158,380	249,625	408,005	72,270	52,190	124,460

17. Derivatives

There are no outstanding derivatives as at 30 June 2019 (31 December 2018: RM Nil).

18. Fair value hierarchy

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

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

19. Material litigation

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

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

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)

19. 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.

On 15 March 2019 the arbitrator allowed EKICSB's claim in the arbitration commenced by EKICSB for the alleged outstanding payment under the Building Contract. The solicitors have advised RMSB to apply for a stay of execution of the said award pending disposal of the arbitration commenced by RMSB against EKICSB under the piling contract.

The arbitration between RMSB and EKICSB under the piling contract has been 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 RMSB received an Originating Summons and an Affidavit in Support by EKICSB's solicitor being the enforcement application filed by EKICSB at the Kuala Lumpur High Court wherein EKICSB is seeking for an order from the court for the award of RM5,104,567.02 ("Award") to be paid by RMSB ("Enforcement Application"). Pursuant thereto RMSB has properly filed an application to the Kuala Lumpur High Court on 17 June 2019 to set aside the Award on the basis that the Award has been given in contradiction with the relevant principles of laws of Malaysia, in conflict with the public policy of Malaysia and not in line with the principle of natural justice ("Setting Aside Application").

For the piling dispute, the matter has been fixed for hearings on 25, 26 and 27 June 2019 which were later postponed on dates to be fixed. EKICSB's application to enforce the award and the Setting Aside Application have been fixed for hearing on 29 August 2019.

On 6 August 2019 RMSB has properly filed an Affidavit in Reply at the Kuala Lumpur High Court in reply to EKICSB's Affidavits in Support dated 21 May 2019 and 28 May 2019 wherein EKICSB is seeking an order from the court to challenge the arbitrator's decision in not giving his consent to their request to refer the question on limitation period during arbitration proceeding for the Building Contract to be decided by the court.

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.

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) (cont'd)

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.

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 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. HBT's assessment of damages against JKR was concluded on 25 April 2019 and the Court had directed for the parties therein to file their respective written submissions by 27 June 2019. The next case management is scheduled on 27 June 2019.

On 7 March 2019, HBT's appeal to the Court of Appeal was heard and the Court of Appeal allowed HBT's appeal on condition that HBT pays the sum of RM10,000,000 into Court or a stakeholder account within 14 days. The SAR's assessment of damages would then be set aside and a fresh assessment of damages is to be conducted by a High Court Judge. In the event HBT fails to pay the sum of RM10,000,000 into Court or a stakeholder account within 14 days, the SAR's assessment of damages will remain valid. At the lapse of the 14 days, HBT failed to deposit the sum of RM10,000,000 into Court or a stakeholder account.

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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) (cont'd)

HBT had on 21 March 2019 filed a motion in the Court of Appeal for a stay of execution of the Order dated 7 March 2019 and another motion in the Federal Court for leave to appeal against the Court of Appeal's decision dated 7 March 2019 to the Federal Court. The Court of Appeal has scheduled HBT's motion for stay of execution on 25 July 2019. HBT's motion for leave to appeal to the Federal Court is scheduled for hearing on 1 July 2019 but then rescheduled to 10 Sept 2019 pending the grounds of judgment by the Court of Appeal.

20. Contingent liabilities

Other than as disclosed in Note 19 above, there are no other significant contingent liabilities as at the date of this announcement.

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

	Current quarter 30/6/2019 RM'000	Immediate preceding quarter 31/3/2019 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Asset Management				
- Healthcare Support	277,421	270,910	6,511	2.4
- Property and Facility Solutions	45,689	37,679	8,010	21.3
Infrastructure Solutions				
- Infrastructure Services	217,128	172,261	44,867	26.0
- Asset Consultancy	29,553	34,997	(5,444)	(15.6)
Others	25,627	29	25,598	>100.0
	595,418	515,876	79,542	15.4

Profit Before Tax:

Asset Management				
- Healthcare Support	29,646	34,474	(4,828)	(14.0)
- Property and Facility Solutions	3,995	7,152	(3,157)	(44.1)
Infrastructure Solutions				
- Infrastructure Services	26,771	19,975	6,796	34.0
- Asset Consultancy	6,621	1,263	5,358	>100.0
Others/Elimination	(20,277)	(16,828)	(3,449)	(20.5)
	46,756	46,036	720	1.6

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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 revenue for the current quarter of RM595.4 million was RM79.5 million or 15.4% higher than the immediate preceding quarter's RM515.9 million, as explained below:

- Asset Management
Revenue from Asset Management Segment is higher by RM14.5 million, mainly contributed by a 21.3% increase in revenue from Property and Facility Solutions ("PFS") division due to new project secured during the period. The Healthcare Support ("HS") division also noted an increase of revenue by 2.4% mainly due to increased revenue from Singapore and Taiwan operations.
- Infrastructure Solutions
Infrastructure Solutions Segment also noted higher revenue by RM39.4 million, mainly contributed by a 26.0% revenue increase in Infrastructure Services ("IS") division due to more work done for expressways during the period. This is mitigated by a 15.6% revenue reduction from Asset Consultancy ("AC") division due to lower consultancy work done.
- Others
Property Development ("PD") division recorded higher revenue from more property units sold.

The Group's profit before tax ("PBT") for the current quarter of RM46.8 million was 1.6% higher than the immediate preceding quarter's RM46.0 million, as explained below:

- Asset Management
Asset Management's PBT reduced by RM8.0 million from lower results by both PFS and HS divisions. HS division recorded lower PBT by 14.0% despite increased revenue due to lower margin from of newer commercial projects resulting from intense competition. Likewise, PFS division registered lower PBT due to increased costs in its facilities and township management operations.
- Infrastructure Solutions
Conversely, Infrastructure Solutions recorded higher PBT for the period by RM12.2 million mainly contributed by IS division which recorded better PBT by RM6.8 million, in line with the higher revenue recognised. AC division's results also improved by RM5.3 million, despite lower revenue due to better margin for on-going projects.
- Others
PBT lower due to higher expenses, despite better results by PD division.

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

	Current year quarter	Preceding year corresponding quarter	Variance	Variance	Six months to	Six months to	Variance	Variance
	30/6/2019	30/6/2018			30/6/2019	30/6/2018		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
<u>Revenue:</u>								
Asset Management:								
- Healthcare Support	277,421	230,618	46,803	20.3	548,331	458,196	90,135	19.7
- Property and Facility Solutions	45,689	52,259	(6,570)	(12.6)	83,368	96,072	(12,704)	(13.2)
Infrastructure Solutions:								
- Infrastructure Services	217,128	229,036	(11,908)	(5.2)	389,389	381,104	8,285	2.2
- Asset Consultancy	29,553	30,353	(800)	(2.6)	64,550	65,786	(1,236)	(1.9)
Others	25,627	3,868	21,759	>100.0	25,656	5,766	19,890	>100.0
	595,418	546,134	49,284	9.0	1,111,294	1,006,924	104,370	10.4

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

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

	Current year quarter	Preceding year corresponding quarter	Variance	Variance	Six months to	Six months to	Variance	Variance
	30/6/2019	30/6/2018			30/6/2019	30/6/2018		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
<u>Profit Before Tax:</u>								
Asset Management:								
- Healthcare Support	29,646	22,047	7,599	34.5	64,120	50,940	13,180	25.9
- Property and Facility Solutions	3,995	6,798	(2,803)	(41.2)	11,147	13,751	(2,604)	(18.9)
Infrastructure Solutions:								
- Infrastructure Services	26,771	28,795	(2,024)	(7.0)	46,746	49,747	(3,001)	(6.0)
- Asset Consultancy	6,621	8,779	(2,158)	(24.6)	7,884	16,865	(8,981)	(53.3)
Others/Elimination	(20,277)	(18,690)	(1,587)	(8.5)	(37,105)	(41,066)	3,961	9.6
	46,756	47,729	(973)	(2.0)	92,792	90,237	2,555	2.8

The Group's revenue for the current quarter of RM595.4 million was higher by RM49.3 million as compared to RM546.1 million in the corresponding quarter last year. The Group recorded RM1,111.3 million for the six-month period, which is RM104.4 million or 10.4% higher as compared to RM1,006.9 million in the corresponding period last year, as explained below:

- **Asset Management**
Revenue from Asset Management grew higher compared to prior year corresponding period, increasing by RM77.4 million driven by a 19.7% increase in revenue from HS division, primarily from new contracts secured across all regions. This is offset by 13.2% reduction of revenue from PFS division, mainly due to facilities and township management projects completed during the period.
- **Infrastructure Solutions**
Revenue from Infrastructure Solutions also improved, showing an increase of RM7.0 million from higher volume of work done for expressways by IS division, mitigated slightly by lower revenue from AC division due to completion of projects.
- **Others**
PD division recorded a surge in revenue from higher number of property units sold.

The Group's PBT for the current quarter of RM46.8 million decreased slightly by RM1.0 million as compared to RM47.7 million in the corresponding quarter last year. Nevertheless, the Group recorded higher PBT of RM92.8 million for the six-month period, an increase of RM2.6 million from the corresponding period last year, as explained below:

- **Asset Management**
Asset Management recorded improved results with RM10.6 million increase compared to prior period, contributed by HS division on the back of increased revenue.
- **Infrastructure Solutions**
Infrastructure Solutions posted lower results by RM12.0 million mainly contributed by lower margins from current projects in AC division and due to increased operational costs in IS division.
- **Others**
PBT improved from lower interest expenses and better results by PD division from the higher revenue recorded.

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

23. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2019	30/6/2018	30/6/2019	30/6/2018
	RM'000	RM'000	RM'000	RM'000
<u>Net operating profit after tax computation:</u>				
Earnings before interest and tax	46,745	47,823	92,378	88,044
Adjusted tax	(11,219)	(11,478)	(22,171)	(21,131)
Net operating profit after tax	35,526	36,345	70,207	66,913
<u>Economic charge computation:</u>				
Average invested capital	1,502,168	1,605,552	1,502,168	1,605,552
Weighted average cost of capital ("WACC")	7.4%	8.2%	7.4%	8.2%
Economic charge	27,790	32,914	55,580	65,828
Economic profit/(loss)	7,736	3,431	14,627	1,085

The EP statement is as prescribed under the Government Linked Companies transformation program and is disclosed on a voluntary basis. EP measures the value created by a business during a single period reflecting how much return a business makes over its cost of capital.

(a) Performance of the current quarter ended 30 June 2019 against the corresponding quarter last year:

EP of RM7.7 million increased by RM4.3 million as compared to the preceding year corresponding period of RM3.4 million mainly due to reduction in economic charge for the period resulting from lower WACC.

(b) Performance of the current period ended 30 June 2019 against last year:

EP of RM14.6 million is higher by RM13.5 million as compared to the preceding year corresponding quarter of RM1.1 million due to higher earnings before interest and tax recorded for the current quarter, coupled by the lower economic charge.

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

24. Prospects for the financial year

Overall Prospects

In the first half of 2019, revenue for UEM Edgenta Berhad ("UEMEd" or the "Company") continued on a growth trajectory of 10.4% growth on a year-on-year basis. Against a challenging backdrop for the infrastructure sector, profit before tax ("PBT") and profit after tax ("PAT") for the period grew at 2.8% and 4.6%, compared to the same period in the preceding year.

For the remaining period of 2019, UEMEd is cautiously optimistic of its prospects on the back of external headwinds; namely the US-China trade war, moderation in global demand for commodities and geopolitical risks, exacerbated by domestic fiscal issues. The Company is continuing to focus on operational excellence under its Continuous Improvement framework as well as roll-out technology and innovation initiatives to improve efficiency and deliver cost savings.

The Board will be vigilant and continue to monitor the development of national economic policies, such as the Budget 2020, and assess opportunities as well as challenges that may arise.

Prospects by Segment

i. Asset Management

The Asset Management segment delivered significant growth the Company during the period, on the back of the Healthcare Support division recording a strong performance. Revenue and PBT for the period grew by 19.7% and 25.9% on a year-on-year basis, respectively. This is attributable to new contracts secured and/or which commenced during the period in Malaysia as well as well regionally.

Moving forward, the Healthcare Support as well as the Property and Facility Solutions divisions will continue to focus on securing more business in both Singapore and Malaysia, as well as optimising the margins of new contracts through operational excellence and technology.

ii. Infrastructure Solutions

The first half of 2019 was challenging for the Infrastructure Services and Consultancy divisions operating in the infrastructure sector. In particular, the Infrastructure Services division generated a modest revenue growth of 2.2%; on the back of higher volume of work done for expressways; however, PBT growth was muted on the back of increased operational costs.

For the remainder of the year, the Infrastructure Services division will focus on securing new contracts with efficiency-based elements in the expressway maintenance business. As for the Consultancy business, it will continue to deliver its services for the newly-secured Sarawak's Coastal Road Network and Second Trunk Roads project.

25. Profit forecast

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

UEM EDGENTA BERHAD
(5067-M)
Incorporated in Malaysia

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

26. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/6/2019 RM'000	30/6/2018 RM'000	30/6/2019 RM'000	30/6/2018 RM'000
Profit attributable to Owners of the Parent	34,356	33,405	67,020	62,956
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
Basic earnings per share	4.13 sen	4.02 sen	8.06 sen	7.57 sen

Kuala Lumpur
27 August 2019

By Order of the Board
Chiew Siew Yuen (MAICSA 7063781)
Company Secretary