

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

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
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
1 (a) Revenue	806,937	710,532	2,879,048	2,523,629
(b) Cost of sales	(733,754)	(615,482)	(2,540,115)	(2,192,154)
(c) Gross profit	73,183	95,050	338,933	331,475
(d) Other income	9,324	27,155	34,278	49,966
(e) Expenses	(79,957)	(79,993)	(294,536)	(280,430)
(f) Finance costs	(5,890)	(6,214)	(23,588)	(20,769)
(g) Share of results of associates	4,571	2,455	8,566	13,537
(h) Share of result of a joint venture	-	(6)	1	(6)
(i) Profit before tax	1,231	38,447	63,654	93,773
(j) Income tax	1,408	(16,647)	(32,400)	(47,349)
(k) Zakat	(1,157)	(773)	(1,160)	(773)
(l) Profit for the period	1,482	21,027	30,094	45,651
Attributable to:				
(m) Owners of the parent	2,346	21,021	30,844	45,879
(n) Non-controlling interests	(864)	6	(750)	(228)
Profit for the period	1,482	21,027	30,094	45,651
2 Earnings per share based on 1(m) above (Note 25):				
Basic	0.28 sen	2.53 sen	3.71 sen	5.52 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022.

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Twelve	Twelve
	quarter	corresponding	months to	months to
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Profit for the period	1,482	21,027	30,094	45,651
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	<u>7,183</u>	<u>(1,987)</u>	<u>41,078</u>	<u>23,182</u>
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>				
Remeasurement gain on Retirement Benefit Scheme	-	821	-	821
Remeasurement (loss)/gain on Defined Benefit Pension Scheme	<u>(18)</u>	<u>121</u>	<u>(18)</u>	<u>121</u>
	(18)	942	(18)	942
Other comprehensive income/(loss) for the period	<u>7,165</u>	<u>(1,045)</u>	<u>41,060</u>	<u>24,124</u>
Total comprehensive income for the period	<u>8,647</u>	<u>19,982</u>	<u>71,154</u>	<u>69,775</u>
Attributable to:				
Owners of the parent	9,502	20,321	71,898	70,003
Non-controlling interests	<u>(855)</u>	<u>(339)</u>	<u>(744)</u>	<u>(228)</u>
	<u>8,647</u>	<u>19,982</u>	<u>71,154</u>	<u>69,775</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 2022.

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2023 RM'000	Preceding year corresponding quarter 31/12/2022 RM'000	Twelve months to 31/12/2023 RM'000	Twelve months to 31/12/2022 RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(2,247)	(1,226)	(7,207)	(3,232)
Accretion of interest on concession receivable	(3,929)	(5,213)	(15,423)	(17,459)
Accretion of interest on loans and receivables	(1,294)	(665)	(5,175)	(2,658)
Dividend from short term investment	(290)	(512)	(330)	(733)
(Gain)/loss on disposal of property, plant and equipment	-	-	7	(113)
Net foreign exchange unrealised (gain)/loss	560	(125)	(131)	(914)
Net foreign exchange realised loss/(gain)	288	1,065	375	820
Net impairment/(reversal) of ECL on trade receivables	1,477	2,359	1,474	1,563
Receivable written off	-	315	82	1,025
Interest expense	5,555	5,473	22,513	19,380
Depreciation and amortisation	24,834	21,775	88,484	83,560
Loss on disposal of associate	-	251	-	251
Fair value of investment properties	(525)	(13,323)	(525)	(13,323)
Provision for impairment loss on inventories	-	12,762	-	12,762

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

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at end of current quarter 31/12/2023 RM'000	As at preceding financial year end 31/12/2022 RM'000
	ASSETS		
1	Non-current assets		
	Property, plant and equipment	151,585	146,355
	Investment properties	14,325	13,800
	Right-of-use assets	36,264	44,246
	Intangible assets	710,021	700,893
	Investment in associates	71,834	72,346
	Investment in a joint venture	117	116
	Other investments	232	232
	Trade and other receivables	100,612	107,366
	Contract related assets	32,035	73,656
	Deferred tax assets	24,434	12,513
		1,141,459	1,171,523
2	Current assets		
	Inventories	18,362	17,178
	Trade and other receivables	639,850	491,670
	Contract related assets	442,309	359,404
	Tax recoverable	30,937	32,184
	Short term investments	26,616	97,178
	Cash, bank balances and deposits	617,625	609,486
		1,775,699	1,607,100
	Asset of disposal group classified as held for sale	61,432	90,048
	Total assets	2,978,590	2,868,671

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

		As at end of current quarter 31/12/2023 RM'000	As at preceding financial year end 31/12/2022 RM'000
	EQUITY AND LIABILITIES		
3	Equity attributable to Owners of the Parent		
	Share capital	268,074	268,074
	Capital reserve	313,856	313,856
	Other reserves	64,450	23,066
	Retained earnings	973,455	975,894
		1,619,835	1,580,890
4	Non-controlling interests	5,279	3,141
	Total equity	1,625,114	1,584,031
5	Non-current liabilities		
	Retirement benefit obligations	3,020	1,046
	Defined benefit pension plan	733	709
	Provisions	4,497	4,280
	Borrowings	317,307	331,639
	Lease liabilities	14,982	28,210
	Trade and other payables	16,241	10,776
	Deferred tax liabilities	42,843	47,128
		399,623	423,788
6	Current liabilities		
	Retirement benefit obligations	268	1,036
	Provisions	-	1,620
	Borrowings	172,601	127,111
	Lease liabilities	18,684	12,744
	Trade and other payables	706,550	665,385
	Contract liabilities	31,916	30,777
	Income tax payable	22,712	19,008
		952,731	857,681
	Liabilities of disposal group classified as held for sale	1,122	3,171
	Total liabilities	1,353,476	1,284,640
	Total equity and liabilities	2,978,590	2,868,671
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	1.95	1.90

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022.

* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM127,655 (2022: RM125,928) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and Section 8A of the Housing Development Account (Control and Licensing) Sabah Act, 1978.

III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Twelve months to 31/12/2023 RM'000	Twelve months to 31/12/2022 RM'000
Cash flows from operating activities		
Cash receipts from customers	2,958,456	2,689,352
Cash payments to suppliers	(1,456,659)	(1,178,018)
Cash payments to employees and for expenses	(1,484,149)	(1,362,648)
Cash generated from operations	17,648	148,686
Interest paid	(22,158)	(19,221)
Net Income tax and zakat paid	(45,385)	(25,147)
Net cash flows (used in)/generated from operating activities	(49,895)	104,318
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	87	50
Acquisition of shares in a joint venture	-	(122)
Proceeds from disposal of associate	-	38,174
Net withdrawal/(placement) from short term investments	66,111	(67,938)
Interest received	7,328	3,923
Dividend received from associates	9,080	4,800
Purchase of property, plant and equipment	(46,165)	(21,814)
Purchase of intangible assets	-	(2,310)
Net cash flows generated from/(used in) investing activities	36,441	(45,237)
Cash flows from financing activities		
Drawdown of borrowings	125,863	428,437
Repayment of borrowings	(96,463)	(408,614)
Repayment of lease liabilities	(11,639)	(7,251)
Dividend paid to shareholders of the Company	(33,265)	(24,949)
Dividend paid to non-controlling shareholders of subsidiaries	-	(150)
Issuance of shares to non-controlling interests in a subsidiary company	466	-
Capital repayment to non-controlling interests of a subsidiary	(3,600)	-
Net withdrawal/(placement) of pledged fixed deposits	2,470	(7,512)
Net cash flows used in financing activities	(16,168)	(20,039)
Net (decrease)/increase in cash and cash equivalents	(29,622)	39,042
Net foreign exchange difference	15,273	(489)
Cash and cash equivalents as at beginning of financial period	593,313	554,760
Cash and cash equivalents as at end of financial period (a)	578,964	593,313

	As at 31/12/2023 RM'000	As at 31/12/2022 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	425,767	478,242
Fixed deposits with licensed banks	191,858	131,244
Cash, bank balances and deposits	617,625	609,486
Add: Cash and cash equivalents of disposal group	12,046	35,840
Less: Cash, bank and fixed deposits pledged and on lien	(50,707)	(52,013)
	578,964	593,313

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022.

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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 2023							
Balance as at 1 January 2023	268,074	313,856	23,066	975,894	1,580,890	3,141	1,584,031
Profit for the period	-	-	-	30,844	30,844	(750)	30,094
Other comprehensive income	-	-	41,090	(18)	41,072	6	41,078
Total comprehensive income for the period	-	-	41,090	30,826	71,916	(744)	71,172
Acquisition of a subsidiary	-	-	294	-	294	6,482	6,776
Capital repayment to non-controlling interests of a subsidiary	-	-	-	-	-	(3,600)	(3,600)
Dividends payable to shareholders of the Company	-	-	-	(33,265)	(33,265)	-	(33,265)
Balance as at 31 December 2023	268,074	313,856	64,450	973,455	1,619,835	5,279	1,625,114

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

	← Attributable to owners of the parent →						
	←	Non-distributable	→	Distributable			
	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
Twelve months to 31 December 2022							
Balance as at 1 January 2022	268,074	313,856	(116)	954,022	1,535,836	3,519	1,539,355
Profit for the period	-	-	-	45,879	45,879	(228)	45,651
Other comprehensive income	-	-	23,182	942	24,124	-	24,124
Total comprehensive income for the period	-	-	23,182	46,821	70,003	(228)	69,775
Dividends paid to:							
- Shareholders of the Company	-	-	-	(24,949)	(24,949)	-	(24,949)
- Non-controlling shareholders of a subsidiary	-	-	-	-	-	(150)	(150)
Balance as at 31 December 2022	268,074	313,856	23,066	975,894	1,580,890	3,141	1,584,031

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 2022.

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 2022.

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 2022.

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 2022 except for standards effective for financial periods beginning on or after 1 January 2023 below:

	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts ("MFRS 17") and amendments to MFRS 17	1 January 2023
Amendments to MFRS 108: Accounting policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112: Income Taxes	1 January 2023

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

3. Standards issued but not yet effective

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

	Effective for annual periods beginning on or after
Amendments to MFRS 16: Leases	1 January 2024
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

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

4. Audit report in respect of the 2022 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2022 was not qualified.

5. Seasonal or cyclical factors

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

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

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

7. Material changes in estimates used

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

8. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 31 December 2023.

9. Dividend

The amount of dividend paid by the Company since 31 December 2022 was as follows:

RM'000

In respect of the financial year ended 31 December 2022:

Single-tier interim dividend of 4.00 sen per ordinary share,
on 831,624,030 ordinary shares, paid on 18 May 2023

33,265

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

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

10. Operating Segments

Operating Segment information for the financial period ended 31 December 2023 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions				
	Property and						
	Healthcare	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	1,525,884	227,389	998,250	89,438	38,087	-	2,879,048
Inter-segment revenue	1,331	9,873	-	-	106,482	(117,686)	-
Total Revenue	<u>1,527,215</u>	<u>237,262</u>	<u>998,250</u>	<u>89,438</u>	<u>144,569</u>	<u>(117,686)</u>	<u>2,879,048</u>
Results							
EBITDA	95,056	10,006	78,223	2,972	68,570	(95,950)	158,877
Depreciation and amortisation	<u>(37,660)</u>	<u>(802)</u>	<u>(11,269)</u>	<u>(816)</u>	<u>(35,815)</u>	<u>(2,122)</u>	<u>(88,484)</u>
EBIT	57,396	9,204	66,954	2,156	32,755	(98,072)	70,393
Interest income	3,052	722	1,068	217	2,148	-	7,207
Interest expense	(6,139)	(3,483)	(5)	(191)	(16,013)	3,318	(22,513)
Share of results of associates	8,467	-	-	99	-	-	8,566
Share of result of a joint venture	-	-	-	1	-	-	1
Profit/(loss) before tax	62,776	6,443	68,017	2,282	18,890	(94,754)	63,654
Income tax	(10,207)	(193)	(14,033)	(708)	(10,975)	3,716	(32,400)
Zakat	<u>(157)</u>	<u>-</u>	<u>(842)</u>	<u>(25)</u>	<u>(136)</u>	<u>-</u>	<u>(1,160)</u>
Profit/(loss) for the period	<u>52,412</u>	<u>6,250</u>	<u>53,142</u>	<u>1,549</u>	<u>7,779</u>	<u>(91,038)</u>	<u>30,094</u>

Notes:

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

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

10. Operating Segments (cont'd)

Operating Segment information for the financial period ended 31 December 2022 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions			Elimination	Group
	Healthcare Support	Property and Facility Solutions	Infrastructure Services	Asset Consultancy	Others	RM'000	RM'000
Revenue							
External revenue	1,487,871	163,766	768,997	99,520	3,475	-	2,523,629
Inter-segment revenue	1,106	2,158	2,504	255	156,601	(162,624)	-
Total Revenue	1,488,977	165,924	771,501	99,775	160,076	(162,624)	2,523,629
Results							
EBITDA	101,004	9,752	63,687	2,111	106,314	(102,918)	179,950
Depreciation and amortisation	(33,784)	(1,087)	(11,622)	(978)	(33,946)	(2,143)	(83,560)
EBIT	67,220	8,665	52,065	1,133	72,368	(105,061)	96,390
Interest income	911	353	1,051	252	1,566	(901)	3,232
Interest expense	(3,304)	(3,371)	(31)	(37)	(13,538)	901	(19,380)
Share of results of associates	11,023	2,091	-	423	-	-	13,537
Share of results of joint ventures	-	-	-	(6)	-	-	(6)
Profit/(loss) before tax and zakat	75,850	7,738	53,085	1,765	60,396	(105,061)	93,773
Income tax	(14,404)	(5,116)	(14,445)	(493)	(9,043)	(3,848)	(47,349)
Zakat	(133)	-	(577)	(63)	-	-	(773)
Profit/(loss) for the period	61,313	2,622	38,063	1,209	51,353	(108,909)	45,651

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

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature that have arisen since 31 December 2023 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 31 December 2023 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 29 September 2022, Edgenta Arabia Limited ("EAL"), a wholly-owned subsidiary of the Company, had entered into a Share Purchase Agreement and Shareholders Agreement with Mohammed Ibrahim Al-Subeaei and His Sons Investment Company for the investment in MEEM for Facilities Management Company ("MEEM"). The subscription of 60% equity interest in MEEM by EAL was completed on 21 March 2023 and MEEM became a subsidiary of EAL.
- b) On 13 April 2023, Edgenta International Investments L.L.C was incorporated in the United Arab Emirates as an indirect wholly-owned subsidiary of the Company via Edgenta (Singapore) Pte. Ltd.
- c) On 12 September 2023, Edgenta Academy Sdn. Bhd. was incorporated as a wholly-owned subsidiary of the Company.
- d) On 10 October 2023, Edgenta Facilities Management L.L.C and Edgenta Technical Services L.L.C were incorporated in Dubai as an indirect wholly-owned subsidiaries of the Company via Edgenta International Investment L.L.C.

The above changes in the Group's composition have no material financial impact to the Group for the current period ended 31 December 2023.

13. Capital commitments

There are no material capital commitments except as disclosed below:

	As at 31/12/2023 RM'000	As at 31/12/2022 RM'000
Approved and contracted for	1,951	23,493
Approved but not contracted for	79,348	92,813

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

14. Income tax

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Current income tax				
- Malaysian income tax	5,213	5,103	21,050	18,097
- Foreign tax	9,269	7,615	28,601	22,310
- Capital gain tax		3,612	-	3,612 ^(a)
(Over)/Underprovision in prior years				
- Malaysian income tax	(1,737)	1,429	(1,196)	7,345 ^(b)
- Foreign tax	(56)	(184)	7	1,257
	<u>12,689</u>	<u>17,575</u>	<u>48,462</u>	<u>52,621</u>
Deferred tax				
- Relating to origination and reversal of temporary difference	<u>(14,097)</u>	<u>(928)</u>	<u>(16,062)</u>	<u>(5,272)</u>
Income tax (benefit)/ expense	<u>(1,408)</u>	<u>16,647</u>	<u>32,400</u>	<u>47,349</u>

^(a) Relates to capital gain tax paid to tax authority upon disposal of an associate in India.

^(b) Included in underprovision in prior years is an amount of RM5.3 million recorded resulted from out-of-court settlement reached with Director General of Inland Revenue Board of Malaysia ("DGIR").

The Group's effective tax rate excluding share of results of associates for the current period was higher than the statutory tax rate of 24% mainly due to the following reasons:

- Deferred tax assets not recognised for tax losses in certain subsidiaries.
- Non-deductible expenses from certain subsidiaries that are capital in nature.

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

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

16. Borrowings and debt securities

Details of Group borrowings and debt securities as at 31 December 2023 are as follows:

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Borrowings</u>						
Domestic	67,307	250,000	317,307	44,753	85,000	129,753
Foreign						
- Singapore Dollar	-	-	-	-	-	-
- Taiwan Dollar	-	-	-	42,848	-	42,848
TOTAL	<u>67,307</u>	<u>250,000</u>	<u>317,307</u>	<u>87,601</u>	<u>85,000</u>	<u>172,601</u>

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

16. Borrowings and debt securities (Contd.)

Details of Group borrowings and debt securities as at 31 December 2022 are as follows:

	Long term borrowings			Short term borrowings		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
<u>Borrowings</u>						
Domestic	81,639	250,000	331,639	25,379	52,000	77,379
Foreign						
- Singapore Dollar	-	-	-	-	-	-
- Taiwan Dollar	-	-	-	49,732	-	49,732
TOTAL	81,639	250,000	331,639	75,111	52,000	127,111

17. Derivatives

There are no outstanding derivatives as at 31 December 2023 (31 December 2022: 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")

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

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

For the Piling Contract, RMSB initiated arbitration on 24 August 2018 and sought a stay of execution for the Award during the arbitration proceeding.

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

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

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

The arbitration concluded on 26 May 2023. The notes of proceedings was recently finalized, and the arbitrator instructed Parties to submit written submissions by 15 March 2024.

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

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

On 23 March 2012, EPB initiated legal action against HBT for RM22,527,038.18 pertaining to construction works for a new road project and pavement works in Negeri Sembilan. The amount comprised RM16,117,148.72 for certified but unpaid work and RM6,409,889.46 for uncertified work.

EPB initially succeeded in recovering the certified work, but HBT's appeal to the Court of Appeal on 13 May 2013 reversed this outcome. HBT later proposed a settlement to EPB, agreeing to a payment of RM4,000,000.00, documented as a "Consent Order" on 2 April 2015.

Following a series of legal proceedings, HBT was ordered to pay EPB RM17,472,961.82 ("Assessed Damages") along with interest and costs. Despite subsequent attempts to challenge this decision, the Court of Appeal ultimately dismissed HBT's appeal on 21 May 2020.

EPB initiated winding-up proceedings against HBT on 9 July 2021, aiming to recover the total amount owed. HBT's attempts to challenge this through various legal motions were largely unsuccessful, culminating in the Court's decision to allow EPB's intervention in HBT's Judicial Management Application on 10 March 2022.

Amidst the continuous legal proceedings including appeals and applications, HBT's appeal was ultimately struck off by the Court of Appeal on 9 May 2023.

These events collectively have led to HBT being wound-up on 20 October 2022. EPB has submitted proof of debt documents for the sum of RM28,147,630.41 to establish its claim as an unsecured creditor before the creditors meeting at a date to be determined by the liquidator.

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

19. Material litigation (Contd.)

c) Ahmad Zaki Sdn Bhd (“AZSB”) vs Edgenta PROPEL Berhad (“EPB”)

By way of a Letter of Award dated 5 August 2016, AZSB appointed EPB as a sub-contractor to carry out and complete the works in respect of the “Projek Mass Rapid Transit Laluan 2: Sungai Buloh-Serdang-Putrajaya (SSP) Package V202: Construction and Completion of Viaduct Guideway and other associated works from Persiaran Dagang to Jinjang, Subcontract: Protection & Relocation of Utilities (Relocation of Telecommunication Works) for the contract sum of RM87,000,000.00 (“Contract”).

On 15 April 2021, EPB received a Writ and Statement of Claim dated 12 April 2021 from AZSB. AZSB claims that EPB has breached the terms of the Contract, mainly on grounds that due to EPB’s delay, EPB failed to meet the completion date. Therefore, AZSB had to engage third parties to complete some of the works under the Contract. AZSB is therefore seeking reliefs amounting to RM30,882,307.58 from EPB. This consist largely of claims for Liquidated Ascertained Damages (“LAD”) for the alleged delays caused by EPB.

EPB strongly denies the claims and has engaged solicitor to represent and defend the suit. The basis of EPB’s defence is that various events that contributed to the delay and these were not within the control and responsibility of EPB (“Delay Events”). Furthermore, extension of time applications was made by EPB, notifying AZSB of the Delay Events. These were unreasonably rejected by AZSB, hence causing the completion date to be “at large” (there is no enforceable date for completion, and EPB only has an implied obligation to complete the works within a reasonable time). EPB also contends that it had no knowledge on the engagement of third parties to carry out the omitted scope of works. The omissions were made wrongly and unlawfully by AZSB.

EPB filed its defence and counter claim on 25 May 2021 against AZSB for RM10,597,351.90 on the basis that AZSB has breached the Sub-Contract. EPB contends that AZSB failed, neglected and/or refused to make full payment for Payment Certificates and under certified EPB’s claims for work done. AZSB also failed to certify the Progress Claims that were duly submitted to AZSB for works done by EPB in accordance with the Sub-Contract.

On 12 July 2022, both AZSB and EPB has reached a settlement and recorded consent judgment before the judge on 27 July 2022. The terms of the Consent Judgment provide, amongst others, that AZSB will pay EPB the sum of RM10,199,224.52 by way of ten (10) monthly installments from 30 November 2022 to 31 August 2023 and the sum of RM361,476.88 on or by 30 September 2023. All of AZSB’s claims against EPB in the Civil Suit are also withdrawn without liberty to file afresh. On 2 August 2022, a sealed copy of the consent judgement has been issued by Court.

On 30 November 2022, AZSB has defaulted on making its 1st installment payment as per Consent Judgment. On 1 December 2022, following UEM Edgenta Berhad’s Board decision, a letter of demand has been issued to AZSB demanding AZSB to pay EPB the full sum of RM11,050,362.40 plus interest of 5% per annum from 1 December 2022 until the date of final realization within 5 days from 1 December 2022 (“Letter of Demand”). If AZSB failed to do so, EPB will commence winding-up proceedings against AZSB.

On 6 December 2022, AZSB has failed in making the payment to EPB as per the Letter of Demand. On 7 December 2022, EPB has issued a S466 notice to AZSB which AZSB has stated that they received it on 9 December 2022. On 30 December 2022, no payment has been made by AZSB to EPB. On 3 January 2023, EPB has filed a winding-up petition against AZSB in the High Court of Kuala Lumpur.

On 27 January 2023, EPB’s winding-up petition against AZSB was withdrawn with liberty to start afresh. Pursuant to AZSB’s request, EPB is willing to grant AZSB indulgence in respect of payment of the full sum. AZSB shall pay the sum of RM11,050,362.40 by way of eleven (11) monthly installments from 31 March 2023 to 31 January 2024, together with interest from the original date of payment stated in the Consent Judgment. In the event AZSB fails, neglects and/or defaults in making any of the installment payments together with interest, EPB shall be entitled to take such steps as may be necessary against AZSB, to enforce or execute the Consent Judgment.

AZSB has paid the 11th and final instalment on 7 February 2024, and is due to pay the interest by 29 February 2024.

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

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

	Current quarter 31/12/2023 RM'000	Immediate preceding quarter 30/9/2023 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Asset Management				
- Healthcare Support	406,000	363,288	42,712	11.8
- Property and Facility Solutions	67,107	60,848	6,259	10.3
Infrastructure Solutions				
- Infrastructure Services	301,534	262,434	39,100	14.9
- Asset Consultancy	19,607	25,881	(6,274)	(24.2)
Others	12,689	8,624	4,065	47.1
	806,937	721,075	85,862	11.9

Profit/(Loss) Before Tax:

Asset Management				
- Healthcare Support	13,960	13,344	616	4.6
- Property and Facility Solutions	7	3,745	(3,738)	(99.8)
Infrastructure Solutions				
- Infrastructure Services	17,146	14,909	2,237	15.0
- Asset Consultancy	831	504	327	64.9
Others/Elimination	(30,713)	(14,522)	(16,191)	>100.0
	1,231	17,980	(16,749)	(93.2)

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

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

The Group's revenue for the current quarter of RM806.9 million was RM85.9 million higher than the immediate preceding quarter's revenue of RM721.1 million. The analysis are as follows:

- Asset Management
The revenue for Asset Management has increased by RM49.0 million, driven by improvement in both Healthcare Support ("HS") and Property and Facility Solutions ("PFS"). The increase in HS revenue can be attributed to the commencement of newly secured contracts as well as increase in work orders in the current quarter, while the rise in PFS revenue is a result of an uptick in ongoing projects during the current quarter.
- Infrastructure Solutions
The Infrastructure Solutions segment has experienced a revenue boost of RM32.8 million, primarily driven by the improvement of revenue generated by Infrastructure Services ("IS") division. The increase was partially offset by decreased revenue from Asset Consultancy ("AC") division. The increase in revenue for IS is primarily the result of ongoing pavement works from previous quarters, while the decrease in revenue for AC is mainly due to lower ongoing consultancy works during the period.
- Others
The revenue in this segment includes revenue from the newly acquired subsidiary based in the Kingdom of Saudi Arabia and property inventory sale. The increase in revenue, in comparison to the previous quarter, is a result of higher revenue generated from the new foreign subsidiary, due to higher ongoing contracts in the current quarter.

The Group's pre-tax profit ("PBT") for the current quarter, amounting to RM1.2 million, marks about 93% decrease compared to the RM18.0 million PBT achieved in the preceding quarter. This decline is explained below:

- Asset Management
The Asset Management's PBT recorded decrease of RM3.1 million, contributed by the decrease in both HS and PFS, mainly due to margin compression.
- Infrastructure Solutions
PBT for Infrastructure Solutions increased by RM2.6 million, caused by higher PBT generated by both IS and AC. The increase is mainly contributed by higher ongoing works in IS division.

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

21. Analysis of the performance for the current quarter and year-to-date

	Current quarter	Preceding year corresponding quarter	Variance	Variance	Twelve months to	Twelve months to	Variance	Variance
	31/12/2023	31/12/2022			31/12/2023	31/12/2022		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
<u>Revenue:</u>								
Asset Management:								
- Healthcare Support	406,000	407,933	(1,933)	(0.5)	1,525,884	1,487,871	38,013	2.6
- Property and Facility Solutions	67,107	55,412	11,695	21.1	227,389	163,766	63,623	38.9
Infrastructure Solutions:								
- Infrastructure Services	301,534	224,343	77,191	34.4	998,250	768,997	229,253	29.8
- Asset Consultancy	19,607	21,598	(1,991)	(9.2)	89,438	99,520	(10,082)	(10.1)
Others	12,689	1,246	11,443	>100.0	38,087	3,475	34,612	>100.0
	806,937	710,532	96,405	13.6	2,879,048	2,523,629	355,419	14.1

Profit/(Loss) Before Tax:

Asset Management:								
- Healthcare Support	13,960	23,632	(9,672)	(40.9)	62,776	75,850	(13,074)	(17.2)
- Property and Facility Solutions	7	2,310	(2,303)	(99.7)	6,443	7,738	(1,295)	(16.7)
Infrastructure Solutions:								
- Infrastructure Services	17,146	16,604	542	3.3	68,017	53,085	14,932	28.1
- Asset Consultancy	831	(537)	1,368	>(100.0)	2,282	1,765	517	29.3
Others/Elimination	(30,713)	(3,562)	(27,151)	>(100.0)	(75,864)	(44,665)	(31,199)	(69.9)
	1,231	38,447	(37,216)	(96.8)	63,654	93,773	(30,119)	(32.1)

The Group's revenue for the current quarter of RM806.9 million was higher by RM96.4 million as compared to RM710.5 million in the corresponding quarter last year. For year-to-date, the Group recorded revenue of RM2.9 billion which is 14.1% higher than RM2.5 billion recorded for the same period last year as analysed below:

- **Asset Management**
Revenue from Asset Management increased by RM101.6 million, contributed by higher revenue generated by both HS and PFS due to higher ongoing contracts.
- **Infrastructure Solutions**
Revenue from Infrastructure Solutions increased by RM219.2 million mainly due to higher pavement works performed for expressways by IS. The improvement in this segment is mitigated by lower revenue generated by AC due to lesser consultancy works performed during the year.
- **Others**
The revenue generated includes both the sales of property inventories and revenue from a recently acquired subsidiary located in the Kingdom of Saudi Arabia. The increase in revenue, in comparison to the previous year, primarily stems from the revenue generated by the new overseas subsidiary, in which the acquisition was completed in the first quarter of 2023.

In the current quarter, the Group recorded a PBT of RM1.3 million, showing a decrease of RM37.2 million compared to the PBT of RM38.4 million recorded in the corresponding quarter of the previous year. For year-to-date, the Group's PBT amounted to RM63.7 million, showing a decrease of RM30.1 million from the RM93.8 million recorded in the same period last year. The decrease is explained below:

- **Asset Management**
The result of Asset Management segment shows a net decrease of RM14.4 million contributed by the decrease of PBT by both HS and PFS, which both caused by margin compression.
- **Infrastructure Solutions**
Infrastructure Solutions posted better results of RM70.3 million, an increase of RM15.5 million comparing to the same period last year. The increase mainly contributed by higher revenue generated by IS and one-off impairment receivable recorded by AC in the previous year.

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

22. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/2023 RM'000	Preceding year corresponding quarter 31/12/2022 RM'000	Twelve months to 31/12/2023 RM'000	Twelve months to 31/12/2022 RM'000
<u>Net operating profit after tax computation:</u>				
Earnings before interest and tax ("EBIT")	(31)	40,247	70,393	96,390
Adjusted tax	7	(9,659)	(16,894)	(23,134)
Net operating profit after tax	(24)	30,588	53,499	73,256
<u>Economic charge computation:</u>				
Average invested capital	1,319,379	1,235,460	1,319,379	1,235,460
Weighted average cost of capital ("WACC")	6.4%	6.5%	6.4%	6.5%
Economic charge	21,110	20,076	84,440	80,305
Economic loss	(21,134)	10,512	(30,941)	(7,049)

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 2023 against the corresponding quarter last year

Economic loss ("EL") of RM21.1 million deteriorated by RM31.6 million as compared to the preceding year corresponding quarter's EP of RM10.5 million mainly due to reduction in the earnings before interest and tax recorded.

(b) Performance of the current period ended 31 December 2023 against last year:

EL of RM30.5 million was lower by RM23.9 million as compared to the last year's EL of RM7.0 million mainly due to lower earnings before interest and tax recorded.

23. Prospects for the financial year

Overall Prospects

Notwithstanding the challenging macroeconomic and geopolitical conditions, emerging market and developing economies have outperformed advanced economies. Malaysia's economy remained resilient, is expecting a GDP growth of close to 4% for the year 2023. Looking forward to 2024, the Central Bank of Malaysia forecasts continued optimism with a projected GDP growth ranging between 4% to 5%. The buoyancy in Malaysia's economic performance is expected to be driven by robust domestic demand, effectively counterbalancing the challenges posed by moderate global growth. Potential further upside can be derived from the implementation of measures outlined in the new National Energy Transition Roadmap ("NETR") and the New Industrial Master Plan 2030 ("NIMP 2030").

Against this backdrop, one focal point for the Company's growth strategy in 2024 is the emphasis on technology and sustainability solutions, addressing the evolving demands of its customers for integrated services and seamless customer experience through technology- and efficiency-driven solutions. Specifically, the Company, through OPUS Consultants, will play a pivotal role in spearheading energy and sustainability solutions in Malaysia. With a commitment of RM200 million Sustainable Zero-Capex Programme to be deployed in Peninsular Malaysia and Sarawak, the Company is aligned with the NETR objectives and Budget 2024 infrastructure projects, fostering sustainable growth and delivering value to stakeholders.

With its strong orderbook, it is pivotal for the Company to effectively execute the contracts in hand with consistent quality and efficiency across all business segments and geographies. Automation, mechanization, cost structure optimization and business structure rationalization are the ongoing efforts committed by the Company to ensure efficiency and profitability.

Diversification strategy for the matured markets, namely Singapore and Taiwan, continues beyond healthcare support services. Capitalizing on the strong reputation and track record in both markets, active pursuit of opportunities in manufacturing and hospitality sectors will be further strengthened to broaden the Group's revenue streams.

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

23. Prospects for the financial year (Contd.)

Overall Prospects (Contd.)

For the high growth market in Middle East, the Company has further solidified its presence through the acquisitions of MEEM in the Kingdom of Saudi Arabia and Kaizen Group in the UAE. Through the integration and consolidation with the Company's existing operations in the local markets, it will leverage its technology and sustainability capabilities as well as its strategic partnerships to deliver asset management and smart city solutions, aligning with the region's emerging vast opportunities.

With the execution and growth strategies catered for the respective markets, the Company is committed to delivering sustainable value to its stakeholders.

i. Asset Management

Building on the strong momentum achieved in FY2023 for being the highest revenue contributor to the Group, Healthcare Support Services ("HSS") will continue to diversify its clientele in commercial, private healthcare sectors in Malaysia and make further inroads into the adjacent sectors in Singapore and Taiwan, especially in hospitality sector which saw early success in securing premium clients. HSS continues to strengthen its competitiveness through integration of technology, including deployment of robotics and mechanized equipment, IOT adoption and automated work order management to enhance productivity. Further optimization of its cost and delivery model will be achieved through disciplined management of expenses, leveraging bulk purchasing, negotiating with suppliers for optimal pricing, and implementing efficient inventory management. Positioned strategically, HSS is capitalizing on opportunities in high-growth regions, namely KSA and the Gulf Cooperation Countries while solidifying its market position in adjacent sectors in Singapore and Taiwan.

Property and Facility Solutions ("PFS") experienced a significant increase in sustainability and technology solutions contracts in 2023. PFS is set to go beyond traditional services, prioritizing quality, performance, and overall customer experience. The division is actively integrating Smart Building solutions, leveraging Aseto and partners' technological capabilities to enhance the inhouse tech ecosystem. Emphasizing innovation, PFS's commitment to data analytics and real-time monitoring aligns with ESG principles, reinforcing support for clients' sustainability agendas. Concurrently, PFS remains engaged in initiatives to optimize cost and operational efficiency, ensuring a comprehensive approach to meeting evolving client and market needs.

ii. Infrastructure Solutions

In FY2023, the Infrastructure Services ("IS") division became the Group's second-largest revenue contributor, driven by maintenance projects for expressways and state roads. With recent contract wins, the division focuses on delivering exceptional services, strengthening market leadership through high-quality execution, and fostering collaborations with local state alliances. The primary focus areas remain in Indonesia and Pan Malaysia, aiming to also diversify services and deploy its innovative sustainable pavement products to support ESG agendas.

For the Asset Consultancy ("AC") division, having optimized and mobilized resources in East Malaysia, is set for a significant transformation. The unveiling of OPUS Consultants' Sustainable Solutions in September 2023 positions AC as an end-to-end Energy & Sustainability Solution ("EES") services provider. With RM200 million allocated for the Sustainable Zero-Capex Programme, the division aims to champion EES services in the Group's strong foothold in Peninsular Malaysia and in Sarawak through existing strategic partnership with the Sarawak Economic Development Corporation.

24. Profit forecast

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

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

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
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Profit attributable to Owners of the Parent	2,346	21,021	30,844	45,879
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
Basic earnings per share	0.28 sen	2.53 sen	3.71 sen	5.52 sen

Kuala Lumpur
28 February 2024

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