

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2022 RM'000	Preceding year corresponding quarter 31/12/2021 RM'000	Twelve months to 31/12/2022 RM'000	Twelve months to 31/12/2021 RM'000
1 (a) Revenue	710,532	698,397	2,523,629	2,292,422
(b) Cost of sales	(615,482)	(613,663)	(2,192,155)	(1,982,088)
(c) Gross profit	95,050	84,734	331,474	310,334
(d) Other income	27,155	12,849	49,966	36,019
(e) Expenses	(79,993)	(69,924)	(280,430)	(271,042)
(f) Finance costs	(6,214)	(4,935)	(20,769)	(20,901)
(g) Share of results of associates	2,455	10,547	13,538	24,159
(h) Share of result of a joint venture	(6)	-	(6)	-
(i) Profit before tax	38,447	33,271	93,773	78,569
(j) Income tax	(16,647)	(12,318)	(47,349)	(34,502)
(k) Zakat	(773)	(707)	(773)	(707)
(l) Profit after tax	21,027	20,246	45,651	43,360
Attributable to:				
(m) Owners of the parent	21,021	20,031	45,879	42,003
(n) Non-controlling interests	6	215	(228)	1,357
Profit after tax	21,027	20,246	45,651	43,360
2 Earnings per share based on 1(m) above (Note 26):				
Basic	2.53 sen	2.41 sen	5.52 sen	5.05 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021.

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current year quarter 31/12/2022 RM'000	Preceding year corresponding quarter 31/12/2021 RM'000	Twelve months to 31/12/2022 RM'000	Twelve months to 31/12/2021 RM'000
Profit after tax	21,027	20,246	45,651	43,360
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	(1,987)	692	22,804	12,889
Exchange differences reclassified to profit or loss	-	3,679	-	3,679
	<u>(1,987)</u>	<u>4,371</u>	<u>22,804</u>	<u>16,568</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Remeasurement gain on Retirement Benefit Scheme	821	-	821	-
Remeasurement gain/(loss) on Defined Benefit Pension Scheme	121	(127)	121	(127)
	<u>942</u>	<u>(127)</u>	<u>942</u>	<u>(127)</u>
Other comprehensive (loss)/income for the period	<u>(1,045)</u>	<u>4,244</u>	<u>23,746</u>	<u>16,441</u>
Total comprehensive income for the period	<u>19,982</u>	<u>24,490</u>	<u>69,397</u>	<u>59,801</u>
Attributable to:				
Owners of the parent	19,976	24,321	69,625	58,379
Non-controlling interests	6	169	(228)	1,422
	<u>19,982</u>	<u>24,490</u>	<u>69,397</u>	<u>59,801</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 2021.

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(1,446)	(1,331)	(3,452)	(4,437)
Accretion of interest on concession receivable	(4,336)	(4,601)	(17,459)	(18,883)
Dividend from short term investment	(592)	(168)	(813)	(656)
(Gain)/loss on disposal of property, plant and equipment	-	178	(113)	283
Net foreign exchange loss/(gain)	941	3,681	(93)	3,892
Net impairment of ECL on trade receivables	2,359	1,980	1,563	1,994
Receivables written off	315	8	1,025	8
Interest expense	5,327	5,086	19,234	19,916
Depreciation and amortisation	20,503	29,049	82,288	87,252
Loss on disposal of an associate	252	-	252	-
Fair value gain on investment properties	(13,323)	-	(13,323)	-
Inventories written off	-	-	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	As at preceding financial year end
	31/12/2022	31/12/2021
	RM'000	RM'000
ASSETS		
1 Non-current assets		
Property, plant and equipment	146,355	166,502
Investment properties	13,800	-
Right-of-use assets	44,246	37,281
Land held for property development	-	477
Intangible assets	700,893	699,204
Investment in associates	72,346	102,922
Investment in joint venture	116	-
Other investments	232	232
Trade and other receivables	107,366	113,477
Contract related assets	71,877	77,694
Deferred tax assets	10,930	8,141
	1,168,161	1,205,930
2 Current assets		
Inventories	17,178	66,772
Trade and other receivables	525,921	586,918
Contract related assets	366,540	311,646
Tax recoverable	32,185	55,103
Short term investments	97,178	28,310
Cash, bank balances and deposits	609,486	600,391
	1,648,488	1,649,140
Assets of disposal group classified as held for sale	90,048	-
Total assets	2,906,697	2,855,070

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

	As at end of current quarter 31/12/2022 RM'000	As at preceding financial year end 31/12/2021 RM'000
EQUITY AND LIABILITIES		
3	Equity attributable to Owners of the Parent	
	268,074	268,074
	313,856	313,856
	22,688	(116)
	975,894	954,022
	1,580,512	1,535,836
4	3,141	3,519
	1,583,653	1,539,355
5	Non-current liabilities	
	1,046	2,140
	708	1,003
	4,281	3,441
	328,245	58,095
	28,328	25,020
	10,775	10,765
	45,545	47,392
	418,928	147,856
6	Current liabilities	
	1,036	550
	1,678	1,620
	130,505	385,426
	12,626	8,599
	705,314	727,740
	30,777	30,312
	19,009	13,612
	900,945	1,167,859
	Liabilities of disposal group classified as held for sale	
	3,171	-
	1,323,044	1,315,715
	2,906,697	2,855,070
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	
	1.90	1.85

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021.

* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM125,928 (2021: RM26,579,348) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and Section 8A of the Housing Development Account (Control and Licensing) Sabah Act, 1978.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Twelve months to 31/12/2022 RM'000	Twelve months to 31/12/2021 RM'000
Cash flows from operating activities		
Cash receipts from customers	2,689,355	2,351,932
Cash payments to suppliers	(1,178,018)	(1,021,364)
Cash payments to employees and for expenses	(1,362,554)	(1,232,806)
Cash generated from operations	148,783	97,762
Interest paid	(19,221)	(19,036)
Net income tax and zakat refund/(paid)	(25,147)	(34,129)
Net cash flows generated from operating activities	104,415	44,597
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	50	121
Acquisition of shares in a joint venture	(122)	-
Proceeds from disposal of investment in an associate	38,174	-
Acquisition of non-controlling interests in subsidiary companies	-	(27,561)
Final distribution to shareholders upon disposal of a subsidiary company	-	152
Net placements of short term investments	(68,032)	(15,747)
Interest received	3,923	4,514
Dividend received from associates	4,800	6,418
Payment of deferred consideration	-	(2,910)
Purchase of property, plant and equipment	(24,124)	(42,679)
Net cash flows used in investing activities	(45,331)	(77,692)
Cash flows from financing activities		
Draw down of borrowings	428,437	82,197
Repayment of borrowings	(408,614)	(126,182)
Repayment of lease liabilities	(7,251)	(7,278)
Issuance of shares to non-controlling shareholders of a subsidiary	-	306
Dividend paid to shareholders of the Company	(24,949)	-
Dividend paid to non-controlling shareholders of subsidiaries	(150)	(1,965)
Net placement of pledged fixed deposits	(7,512)	(5,014)
Net cash flows used in financing activities	(20,039)	(57,936)
Net increase/(decrease) in cash and cash equivalents	39,045	(91,031)
Net foreign exchange difference	(490)	6,985
Cash and cash equivalents as at beginning of financial period	554,760	638,806
Cash and cash equivalents as at end of financial period (a)	593,315	554,760

	As at 31/12/2022 RM'000	As at 31/12/2021 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	478,242	398,649
Fixed deposits with licensed banks	131,244	201,742
Cash, bank balances and deposits	609,486	600,391
Add: Cash and cash equivalents of disposal group	35,841	-
Less: Cash, bank and fixed deposits pledged and on lien	(52,012)	(45,631)
	593,315	554,760

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	← Attributable to owners of the parent →				Total	Non-controlling interests	Total equity
	← Non-distributable →		Distributable				
	Share capital	Capital reserve	Other reserves	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Twelve months to 31 December 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	-	-	22,804	942	23,746	-	23,746
Total comprehensive income for the period	-	-	22,804	46,821	69,625	(228)	69,397
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	<u>268,074</u>	<u>313,856</u>	<u>22,688</u>	<u>975,894</u>	<u>1,580,512</u>	<u>3,141</u>	<u>1,583,653</u>

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

	← Attributable to owners of the parent →			Total	Non-controlling interests	Total equity	
	Share capital	Non-distributable Capital reserve	Other reserves				Distributable Retained earnings
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Twelve months to 31 December 2021							
Balance as at 1 January 2021	268,074	313,856	(16,340)	935,082	1,500,672	8,590	1,509,262
Profit for the period	-	-	-	42,003	42,003	1,357	43,360
Other comprehensive income	-	-	16,503	(127)	16,376	65	16,441
Total comprehensive income for the period	-	-	16,503	41,876	58,379	1,422	59,801
Acquisition of non-controlling interest	-	-	-	(22,936)	(22,936)	(4,625)	(27,561)
Issuance of shares to non-controlling interest	-	-	-	-	-	306	306
Liquidation of a subsidiary	-	-	(279)	-	(279)	(209)	(488)
Dividends paid to:							
- Non-controlling shareholders of shareholders of the subsidiaries	-	-	-	-	-	(1,965)	(1,965)
Balance as at 31 December 2021	<u>268,074</u>	<u>313,856</u>	<u>(116)</u>	<u>954,022</u>	<u>1,535,836</u>	<u>3,519</u>	<u>1,539,355</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 2021.

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 2021.

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 2021.

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 2021 except:

(a) Adoption of MFRS 140: Investment Properties and MFRS 13: Fair Value Measurement (for non-financial instrument) due to the transfer of land held for development to investment properties during the financial year ended 31 December 2022. The adoption of MFRS 140 and MFRS 13 (for non-financial instrument) did not have any significant impact to the Group's result other than recognition of fair value gain of RM13.3 million upon the transfer.

(b) Standards effective for financial periods beginning on or after 1 January 2022 below:

	Effective for annual periods beginning on or after
Amendments to MFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 Business Combinations: Reference to conceptual framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment: Property, plant and equipment - proceeds before intended use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous contracts - cost of fulfilling a contract	1 January 2022

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 17 Insurance Contracts	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
Amendments to MFRS 16: Leases	1 January 2024
Amendments to MFRS 101: Classification of liabilities as current or non-current	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 2021 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2021 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 2022.

9. Dividend

The Board of Directors has declared single-tier interim dividend of 4.00 sen per ordinary share, on 831,624,030 ordinary shares, amounting to RM33,264,961 in respect of the financial year ended 31 December 2022, to be paid on 18 May 2023. The entitlement date is 20 April 2023.

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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 2022 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions		Others	Elimination	Group
	Healthcare Support	Property and Facility Solutions	Infrastructure Services	Asset Consultancy			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	1,487,871	164,024	768,997	99,520	3,217	-	2,523,629
Inter-segment revenue	1,106	2,158	42	255	196,030	(199,591)	-
Total Revenue	1,488,977	166,182	769,039	99,775	199,247	(199,591)	2,523,629
Results							
EBITDA	99,983	9,256	63,324	2,106	159,353	(155,711)	178,311
Depreciation and amortisation	(33,176)	(834)	(11,263)	(968)	(33,852)	(2,195)	(82,288)
EBIT	66,807	8,422	52,061	1,138	125,501	(157,906)	96,023
Interest income	1,259	535	1,051	220	2,946	(2,559)	3,452
Interest expense	(3,240)	(3,320)	(24)	-	(15,195)	2,545	(19,234)
Share of results of associates	11,026	2,090	-	422	-	-	13,538
Share of results of a joint venture	-	-	-	(6)	-	-	(6)
Profit/(loss) before tax	75,852	7,727	53,088	1,774	113,252	(157,920)	93,773
Income tax	(14,406)	(5,117)	(14,447)	(503)	(9,042)	(3,834)	(47,349)
Zakat	(135)	-	(577)	(61)	-	-	(773)
Profit/(loss) for the period	61,311	2,610	38,064	1,210	104,210	(161,754)	45,651

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 2021 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions		Others	Elimination	Group
	Healthcare Support	Property and Facility Solutions	Infrastructure Services	Asset Consultancy			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	1,432,534	162,974	594,405	82,475	20,034	-	2,292,422
Inter-segment revenue	2,536	7,935	1,234	269	189,906	(201,880)	-
Total Revenue	1,435,070	170,909	595,639	82,744	209,940	(201,880)	2,292,422
Results							
EBITDA	115,899	17,300	40,688	(18,887)	108,901	(106,759)	157,142
Depreciation and amortisation	(38,155)	(1,043)	(11,804)	(1,346)	(32,355)	(2,549)	(87,252)
EBIT	77,744	16,257	28,884	(20,233)	76,546	(109,308)	69,890
Interest income	771	960	1,812	426	468	-	4,437
Interest expense	(1,880)	(3,265)	(30)	(17)	(16,320)	1,596	(19,916)
Share of results of associates	16,671	7,079	-	409	-	-	24,159
Profit/(loss) before tax	93,307	21,031	30,665	(19,416)	60,694	(107,712)	78,569
Income tax	(15,858)	(3,161)	(12,712)	(1,415)	2,917	(4,273)	(34,502)
Zakat	-	-	(623)	(84)	-	-	(707)
Profit/(loss) for the period	77,449	17,870	17,330	(20,915)	63,611	(111,985)	43,360

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 2022 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 31 December 2022 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 17 January 2022, Pengurusan LRT Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, which was under Members' Voluntary Liquidation, has dissolved and ceased to be a subsidiary of the Company.
- b) On 22 April 2022, Opus Consultants (Sarawak) Sdn Bhd ("OCS"), an indirect wholly-owned subsidiary of the Company via Opus International (M) Berhad ("OIMB"), has issued 175,000 new ordinary shares. Pursuant to the Shareholders Agreement between OIMB and PPES Consults Sdn. Bhd. ("PPES"), 47,500 and 127,500 new ordinary shares were allotted to OIMB and PPES respectively.

As a result, OIMB's equity interest in OCS was diluted to 49% and OCS became a joint-venture company to OIMB.

- c) On 31 July 2022, Edgenta Arabia Limited was incorporated in the Kingdom of Saudi Arabia as a wholly-owned subsidiary of the Company.
- d) On 14 September 2022, KFM Projects Sdn Bhd ("KFM Projects"), 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.
- e) On 8 November 2022, Edgenta Facilities Sdn Bhd ("EFSB"), a wholly-owned subsidiary of the Company, had entered into a Share Purchase Agreement with Apollo Sindoori Hotels Limited for the disposal of its entire 51% equity interest held in Faber Sindoori Management Services Private Limited ("Faber Sindoori"). On 17 November 2022, the 51% equity interest in Faber Sindoori was transferred to ASHL and accordingly, Faber Sindoori ceased to be an associate of EFSB on even date. The proposed disposal was completed on 28 December 2022.

Other than disposal of Faber Sindoori described in Note 12(e), the above changes in the Group's composition have no material financial impact to the Group for the current period ended 31 December 2022.

13. Capital commitments

There are no material capital commitments except as disclosed below:

	As at 31/12/2022	As at 31/12/2021
	RM'000	RM'000
Approved and contracted for	5,841	10,794
Approved but not contracted for	69,112	82,347

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
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	5,103	3,511	18,097	13,407
- Foreign tax	7,615	6,097	22,310	18,605
- Capital gain tax	3,612	-	3,612 ^(a)	-
Under/(over) provision in prior years				
- Malaysian income tax	1,429	(1,496)	7,345 ^(b)	(1,340)
- Foreign tax	(184)	(121)	1,257	(121)
	<u>17,575</u>	<u>7,991</u>	<u>52,621</u>	<u>30,551</u>
Deferred tax				
- Relating to origination and reversal of temporary difference	(2,026)	528	(6,370)	152
- Under provision in prior years	1,098	3,799	1,098	3,799
	<u>(928)</u>	<u>4,327</u>	<u>(5,272)</u>	<u>3,951</u>
Income tax expense	<u>16,647</u>	<u>12,318</u>	<u>47,349</u>	<u>34,502</u>

^(a) Relates to capital gain tax paid to tax authority upon disposal of an associate in India as disclosed in Note 12(e).

^(b) Included in underprovision in prior years is an amount of RM5.3 million recorded resulted from out-of-court settlement reached with DGIR as further disclosed in Note 20.

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 any other corporate proposal announced but not completed as at the date of this announcement, except for the following:

- a) On 29 September 2022, the Company had announced that Edgenta Arabia Limited ("EAL"), a wholly-owned subsidiary of the Company, entered into a Share Purchase Agreement and Shareholders Agreement with Mohammed Ibrahim Al-Subeaei and His Sons Investment Company for the proposed investment in MEEM for Facilities Management Company, through a 60% equity interest buy-in by EAL ("Proposed Investment"). The Proposed Investment is expected to be completed by Q1 2023.

16. Borrowings and debt securities

Details of Group borrowings and debt securities as at 31 December 2022 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	78,245	250,000	328,245	28,773	52,000	80,773
Foreign						
- Singapore Dollar	-	-	-	-	-	-
- Taiwan Dollar	-	-	-	49,732	-	49,732
TOTAL	<u>78,245</u>	<u>250,000</u>	<u>328,245</u>	<u>78,505</u>	<u>52,000</u>	<u>130,505</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 2021 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	58,095	-	58,095	13,294	304,184	317,478
Foreign						
- Singapore Dollar	-	-	-	-	-	-
- Taiwan Dollar	-	-	-	67,948	-	67,948
TOTAL	58,095	-	58,095	81,242	304,184	385,426

17. Derivatives

There are no outstanding derivatives as at 31 December 2022 (31 December 2021: RM Nil).

18. Fair value hierarchy

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

19. Material litigation

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

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

RMSB appointed EKICSB as the main contractor for the piling and building works for Phase 3, mixed development of 191 units of 3 storey houses at Lot H.S.(D) 107003, PT 21706, Jalan Kepong, Mukim Batu, Daerah & Wilayah Persekutuan, Kuala Lumpur ("Project") under two separate contracts i.e. Piling Contract (Letter of Award dated 3 October 2007 for original contract sum of RM5,808,790.34) and Building Contract (Letter of Award dated 29 April 2008 for original contract sum of RM50,195,455.70).

With regards to the Building Contract, on 2 December 2016, EKICSB had served a Notice to Arbitrate against RMSB claiming RM4,018,030.02. On 15 March 2019 the arbitrator allowed EKICSB's claim in the sum of RM5,104,567.02 together with interest and cost ("Award").

With regards to the Piling Contract, RMSB commenced an arbitration proceeding on 24 August 2018 and applied for a stay of execution of the said Award pending disposal of the arbitration proceeding as commenced by them.

On 8 May 2019, EKICSB filed an enforcement application at Kuala Lumpur High Court to enforce the Award, which on 1 November 2019 was allowed by the Court. The judge requested for both parties to reach an agreement regarding the Award. It was agreed that RMSB will release 50% of the Award to EKICSB and the remaining 50% to be deposited into a stakeholder's account pending conclusion of the Piling Contract arbitration. The 50% payment was made to EKICSB on 31 December 2019.

Meanwhile, EKICSB alleged that RMSB's Piling Contract arbitration is time barred and sought declaration from the High Court on the same, which RMSB opposed and causes the Piling Contract arbitration to be put on hold. On 11 September 2020, the Court decided that RMSB's claim is not time-barred and therefore the Piling Contract Arbitration will continue.

On 8 October 2020, EKICSB appealed against the High Court's decision to the Court of Appeal, which was dismissed on 25 April 2022. On the same date EKICSB further appeals to the Court of Appeal's decision to the Federal Court, which was dismissed on 12 January 2023.

Concurrently, the arbitrator decided to resume the arbitration proceeding and fixed the series of hearings from 15 July 2022 to 26 May 2023.

RMSB's solicitors believe RMSB has a good chance to succeed in its' arbitration based on the expert opinion by the independent engineers who supported the claim.

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

19. Material litigation (Contd.)

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 sued HBT for the payments of RM22,527,038.18 in respect of works done by EPB for HBT for the construction of a new road from Seremban-Port Dickson Highway to FR5 (Exit 5) and pavement works from Pasir Panjang to Linggi, Negeri Sembilan. The payments of RM22,527,038.18 consisted of RM16,117,148.72 as certified and unpaid (“Certified Work”), and RM6,409,889.46 as uncertified and unpaid.

EPB’s claim to recover the Certified Work was granted but was later reversed by the Court of Appeal on 13 May 2013 upon an appeal by HBT. Accordingly, HBT proceeded to serve a third-party notice to JKR (its employer) on 4 March 2014 who failed to pay HBT for the same project. On 26 February 2015, HBT proposed a settlement with EPB for a payment of RM4,000,000.00 but subject to conclusion of third party proceeding against JKR and allowed for RM17,472,961.82 (the Certified Work plus cost and interest) to be subjected to assessment of damages. The payment for RM4,000,000.00 was agreed and recorded as a “Consent Order” on 2 April 2015.

The assessment of damages application was filed on 13 August 2015 and on 29 August 2017, the court decided that HBT shall pay EPB RM17,472,961.82 (“Assessed Damages”) with interest of 5% per annum calculated from 2 April 2015 until full realisation and costs of RM15,000.00.

On 22 November 2017, HBT again filed an application to set aside the decision on the Assessed Damages to High Court but was dismissed by the court on 15 March 2018 with cost of RM5,000.00. Thereafter, HBT appealed to the Court of Appeal on 5 April 2018 (“Setting Aside of Appeal”) which was heard on 7 March 2019, where the Court of Appeal allowed HBT’s appeal on a condition that HBT pays the sum of RM10,000,000.00 to the court or a stakeholder’s account within 14 days. HBT failed to deposit the required sum within the 14 days to the court or a stakeholder’s account.

Separately in a different proceeding, HBT’s assessment of damages against JKR was concluded in the high court on 27 September 2019. It was decided that the assessment of damages and delivered its decision on the amount to be approximately RM10,000,000.00. JKR had paid this amount to HBT.

On 21 March 2019, HBT filed a motion in the Court of Appeal for a stay of execution and filed another motion in the Federal Court for leave to appeal to Federal Court on the Appeal Order. During the hearing on 21 May 2020, HBT’s motion for leave to appeal to the Federal Court was dismissed with cost of RM30,000.00. In this regard, the Assessed Damages of RM17,472,961.82 in addition to the Consent Order of RM4,000,000.00 shall be payable by HBT to EPB, both amounting RM21,472,961.82.

EPB initiated winding up actions against HBT on 9 July 2021 to recover the total amount of RM21,472,961.82 plus cost and interest (“Recovery Amount”). The proceeding however was postponed pending the conclusion of the Judicial Management Application filed by HBT on 29 September 2021. EPB in response filed an Intervener Application on 13 October 2021, and HBT further filed Preliminary Objection Application to oppose EPB’s Intervener Application on 3 November 2021.

HBT also filed a Stay Application to the Winding Up Petition on 1 October 2021, which was later dismissed by Court on 8 December 2021.

On 10 March 2022, the Court decided to allow EPB to intervene in HBT Judicial Management Application and dismissed HBT Preliminary Objection Application. During the Judicial Management Application hearing on 8 June 2022, the Court dismissed the application and therefore the winding-up proceeding will resume. HBT subsequently filed an appeal to the dismissal of its Judicial Management Application which fixed the case management on 30 March 2023

HBT also filed a stay of winding-up proceeding due to the appeal, which was dismissed by Court on 26 September 2022 with cost RM6,000 to be paid to EPB, and subsequently on 20 October 2022 the Court ordered HBT to be wind up.

EPB had also filed a striking out application on 18 October 2022 to HBT’s Judicial Management appeal at Court of Appeal on grounds of late filing out of time, the hearing fixed on 27 March 2023.

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

19. Material litigation (Cont'd)

c) Magna Meditech Sdn Bhd ("MMSB") vs Edgenta Mediserve Sdn Bhd ("EMS")

By way of a Letter of Acceptance dated 8 November 2019, EMS and MMSB entered a contract described as the "Provision of Comprehensive Maintenance Services for Radiology, Radiotherapy, Imaging and Ultrasound Equipment at Northern Region Hospitals under the Ministry of Health Malaysia (MOH) for Edgenta Mediserve Sdn Bhd with a contract value of RM53,665,958.88 ("Contract").

On 18 May 2020, EMS served a Notice of Rescission of the Contract on MMSB ("Notice"). Since then, the parties had attempted to resolve the issues surrounding the Notice of Rescission via several communications and a dispute resolution committee as provided under the Contract but failed to reach any amicable solution.

Eventually on 30 March 2021, EMS was served with a Writ and a Statement of Claim ("Claim") both dated 25 March 2021. Amongst others, MMSB claims that EMS has breached the Contract by, prematurely and unlawfully terminating the Contract by way of the Notice of Rescission and seeks reinstatement of the Contract for a new term of 3 years with an extension of a further 2 years or damages amounting to RM22,023,999.53. EMS filed the defence to MMSB's claims on 3 May 2021.

On 29 December 2022, MMSB has discontinued its suit against EMS without the liberty to file afresh and with no costs pursuant to settlement agreement between EMS and MMSB.

d) 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.

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

20. Contingent liabilities

Other than disclosed in Note 19 (c) and (d), other contingent liabilities are as follows:

(a) UEM Edgenta and Inland Revenue Board of Malaysia

On 30 April 2021, the Director General of Inland Revenue Board of Malaysia ("DGIR") had served UEM Edgenta Berhad ("UEM Edgenta" or "the Company"), with additional tax assessments for the years of assessment ("YAs") 2015 to 2018 for additional income taxes of RM18,697,845.29 ("2021 Notice").

The abovementioned additional income tax was imposed by DGIR mainly pursuant to the dispute on the status of UEM Edgenta as a Management Service Company and shall be taxed as an Investment Holding Company under Section 60FA of the Income Tax Act, 1967.

The Company filed in an appeal to the Special Commissioner of Income Tax (SCIT) on 25 May 2021. The next Mention is postponed pending disposal of the Company's judicial review application in Court.

Concurrently the Company also applied for judicial review to quash the decision of the DGIR to raise the additional tax assessments on 27 May 2021. On 6 July 2021, the High Court allowed UEM Edgenta's application for leave to commence judicial review proceedings against the Inland Revenue Board of Malaysia ("IRB") and granted a Stay against any proceedings or enforcement actions to recover the taxes and penalties purportedly payable under the notices of assessment, and any other proceedings and actions, until the disposal of the judicial review.

On 20 July 2021, the IRB filed a notice of appeal against the High Court's decision (for grant of leave).

Subsequently on 18 August 2021, IRB filed in an application to the High Court for stay of the substantive proceedings, pending the disposal of the IRB's appeal to the Court of Appeal (against the decision of the High Court to grant leave). The High Court denied the application on 20 October 2021. The IRB then applied to the Court of Appeal for a stay. The Court of Appeal allowed IRB's application for stay on 28 January 2022, therefore the judicial review will only commence upon disposal of IRB's appeal.

On 15 December 2022, the Company recorded settlement agreement with the DGIR before the Special Commissioner of Income Tax ("SCIT"). SCIT issued Deciding Order upon the recording of the settlement agreement.

The settlement agreement entailed the agreement between UEM Edgenta and DGIR on the Company's treatment of its taxable income for YA2015 to YA2018. Consequently, DGIR agreed to revise the additional taxes payable and penalty for YA2015 to YA2018 from RM18.7 million to RM6.9 million and allow the losses surrendered by the Company to EPB for YA2016 to YA2018 for deduction by EPB.

The settlement agreement also states that the Company shall withdraw its appeal to SCIT in relation to 2021 Notices and the DGIR shall revise and/or discharge the assessments for YA2015 to YA2018.

(b) Edgenta PROPEL Berhad and Inland Revenue Board of Malaysia

On 29 June 2021, the DGIR had served Edgenta PROPEL Berhad ("EPB"), a wholly-owned subsidiary of UEM Edgenta, with additional tax assessment for the year of assessment 2016 to 2018 amounting to RM9,387,158.88 ("2021 EPB Notices").

The 2021 EPB Notices are consequent to the DGIR's view that EPB ought not to have deducted the adjusted losses surrendered to it by UEM Edgenta, flowing from the DGIR's position that UEM Edgenta is not a management services company as described in Note 20(a).

EPB filed in an appeal against the 2021 EPB Notices raised by DGIR to the Special Commissioner of Income Tax (SCIT) on 26 July 2021. The next case mention date is postponed pending disposal of the Company's judicial review application in Court.

Concurrently, EPB on 23 July 2021 made an application to the High Court for leave to commence judicial review proceedings against the IRB and request for stay against any proceedings or enforcement actions to recover the taxes and penalties purportedly payable under the notices of assessment, and any other proceedings and actions, until the disposal of the judicial review. On 14 February 2022, the High Court allowed EPB's application for leave and granted stay as applied. The Court fixed 15 December 2022 for the substantive hearing date.

On 15 December 2022, EPB recorded settlement agreement with the DGIR before the Special Commissioner of Income Tax ("SCIT"). SCIT issued Deciding Order upon the recording of the settlement agreement. As the losses surrendered by UEM Edgenta to EPB is now allowed, DGIR shall discharge the notices of additional assessment for YA2016 to YA2018 and EPB shall withdraw its appeal to SCIT in relation to 2021 EPB Notices.

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

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

	Current quarter 31/12/2022 RM'000	Immediate preceding quarter 30/9/2022 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Asset Management				
- Healthcare Support	407,933	362,907	45,026	12.4
- Property and Facility Solutions	55,412	43,822	11,590	26.4
Infrastructure Solutions				
- Infrastructure Services	224,343	212,295	12,048	5.7
- Asset Consultancy	21,598	26,201	(4,603)	(17.6)
Others	1,246	987	259	26.2
	710,532	646,212	64,320	10.0

Profit/(Loss) Before Tax:

Asset Management				
- Healthcare Support	23,632	620	23,012	>100.0
- Property and Facility Solutions	2,310	1,365	945	69.2
Infrastructure Solutions				
- Infrastructure Services	16,604	21,598	(4,994)	(23.1)
- Asset Consultancy	(537)	1,053	(1,590)	>100.0
Others/Elimination	(3,562)	(9,514)	5,952	62.6
	38,447	15,122	23,325	>100.0

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 RM710.5 million was RM64.3 million higher than the immediate preceding quarter's revenue of RM646.2 million. The detailed analysis are as follows:

- Asset Management
Revenue from Asset Management Segment increased by RM56.6 million, contributed by the increase in Property and Facilities Solutions ("PFS") division and Healthcare Support ("HS") by RM45.0 million and RM11.6 million, respectively. The increase in Asset Management segment is due to higher ongoing contracts in the current quarter.
- Infrastructure Solutions
Infrastructure Solutions segment recorded higher revenue by RM7.5 million, contributed by the increase in Infrastructure Services ("IS") division of RM12.0 million, mitigated by the decrease in Asset Consultancy ("AC") of RM4.6 million. The increase in IS division mainly due to higher pavement work order and other billable works, whereas the decrease in AC is due to lesser consultancy works performed during the period.
- Others
The revenue generated from sale of a property inventory.

The Group recorded PBT for the current quarter of RM38.5 million, an increase of RM23.3 million as compared to RM15.1 million profit before tax recorded in the immediate preceding quarter, contributed by:

- Asset Management
The result of Asset Management segment increased by RM24.0 million, mainly contributed by HS with the increase of RM23.0 million while PBT of PFS showed a marginal increase by RM1.0 million. The increase in HS is in line with the increase revenue and also one-off provision of impairment on inventories amounted to RM12.7 million recognised in previous quarter.
- Infrastructure Solutions
Infrastructure Solutions' overall PBT decreased to RM16.1 million, a decrease of RM6.6 million comparing to immediate preceding quarter. This was contributed by a one-off reversal of impairment on trade receivables recognised in previous quarter and impairment of receivables recognised in the current quarter.

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

22. Detailed analysis of the performance for the current quarter

	Current quarter 31/12/2022 RM'000	Preceding year corresponding quarter 31/12/2021 RM'000	Variance RM'000	Variance %	Twelve months to 31/12/2022 RM'000	Twelve months to 31/12/2021 RM'000	Variance RM'000	Variance %
Revenue:								
Asset Management:								
- Healthcare Support	407,933	428,001	(20,068)	(4.7)	1,487,871	1,432,534	55,337	3.9
- Property and Facility Solutions	55,412	48,149	7,263	15.1	164,024	162,974	1,050	0.6
Infrastructure Solutions:								
- Infrastructure Services	224,343	194,383	29,960	15.4	768,997	594,405	174,592	29.4
- Asset Consultancy	21,598	23,950	(2,352)	(9.8)	99,520	82,475	17,045	20.7
Others	1,246	3,914	(2,668)	(68.2)	3,217	20,034	(16,817)	(83.9)
	710,532	698,397	12,135	1.7	2,523,629	2,292,422	231,207	10.1
Profit/(Loss) Before Tax:								
Asset Management:								
- Healthcare Support	23,632	28,115	(4,483)	(15.9)	75,852	93,307	(17,455)	(18.7)
- Property and Facility Solutions	2,310	11,403	(9,093)	(79.7)	7,727	21,031	(13,304)	(63.3)
Infrastructure Solutions:								
- Infrastructure Services	16,604	10,248	6,356	62.0	53,088	30,665	22,423	73.1
- Asset Consultancy	(537)	(5,070)	4,533	89.4	1,774	(19,416)	21,190	>100.0
Others/Elimination	(3,562)	(11,425)	7,863	68.8	(44,668)	(47,018)	2,350	5.0
	38,447	33,271	5,176	15.6	93,773	78,569	15,204	19.4

The Group's revenue for the current quarter of RM710.5 million was higher by RM12.1 million as compared to RM698.4 million in the corresponding quarter last year. For year-to-date, the Group recorded revenue of RM2.5 billion which is 10.1% higher than RM2.3 billion recorded for the same period last year as detailed below:

- **Asset Management**
The revenue from Asset Management increased by RM56.4 million, mainly contributed by the increase in HS division resulted the contracts secured in Malaysia, Taiwan, and Singapore for HS. The revenue generated for PFS division is consistent with prior year.
- **Infrastructure Solutions**
Revenue from Infrastructure Solutions increased by RM191.6 million mainly due to higher maintenance works performed for expressways by IS and higher consultancy works performed by AC following the lifting of movement control order by the Government in the current financial year. Last year, the divisions were largely impacted by various forms of movement control orders.

The Group's profit before tax ("PBT") for the current quarter of RM38.5 million shows 15.6% increase to the preceding year corresponding quarter's PBT of RM33.3 million. The Group's PBT for the year-to-date of RM93.8 million was RM15.2 million higher than RM78.6 million recorded in the same period last year as detailed below:

- **Asset Management**
The result of Asset Management segment show a total decrease of RM30.8 million, contributed by lower PBT generated by both divisions. This is mainly due to one-off provision of impairment on inventories recorded by HS of RM12.7 million and higher operation costs incurred for both divisions.
- **Infrastructure Solutions**
PBT for Infrastructure Solutions results increased by RM43.6 million, resulted from the increase of PBT for AC and IS division by RM22.4 million and RM21.2 million, respectively. The increase is due to higher revenue generated by both divisions.

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

23. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/12/2022 RM'000	Preceding year corresponding quarter 31/12/2021 RM'000	Twelve months to 31/12/2022 RM'000	Twelve months to 31/12/2021 RM'000
<u>Net operating profit after tax computation:</u>				
Earnings before interest and tax	39,883	26,480	96,023	69,890
Adjusted tax	(9,572)	(2,851)	(23,045)	(6,327)
Net operating profit after tax	30,311	23,629	72,978	63,563
<u>Economic charge computation:</u>				
Average invested capital	1,235,460	1,262,689	1,235,460	1,262,689
Weighted average cost of capital ("WACC")	6.5%	6.2%	6.5%	6.2%
Economic charge	20,076	19,572	80,305	78,287
Economic profit/(loss)	10,235	4,057	(7,327)	(14,724)

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 2022 against the corresponding quarter last year:

EP of RM10.2 million has improved by RM6.2 million as compared to the last year's EP of RM4.1 million mainly due to higher earnings before interest and tax recorded.

(b) Performance of the current period ended 31 December 2022 against last year:

Economic loss ("EL") of RM7.3 million improved by RM7.4 million as compared to the preceding year corresponding quarter's EL of RM14.7 million mainly due to improvement in the earnings before interest and tax recorded.

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

24. Prospects for the financial year

Overall Prospects

The reopening of borders on 1 April 2022 has benefited the Group, particularly the Infrastructure Solutions division which saw double digit growth year-on-year in terms of revenue and profit before tax for the financial year 2022.

From the overall economy perspective, some moderation in growth is expected in 2023 across all the major markets we are operating in, amid the persistent global economy fragility caused by supply chain shocks, inflationary pressure and geopolitical tensions. Cautiously optimistic outlook is expected to continue into the second half of the year on the back of gradual recovery impact from the China reopening, some stability provided by the policy support and easing inflationary pressure.

Amidst the prevailing market uncertainties, the Company is closely monitoring the local, regional and global economic conditions to deploy resources effectively. Notwithstanding the external volatility, the Company's diversification strategy in providing integrated facilities management services to the high growth markets, namely Middle East and to the adjacent high margin sectors, namely semiconductor and hospitality in the region help to buffer the impact from the downside risks. The embedded IOT technology and sustainability solutions in the services is repositioning the Company as an international tech-enabled Integrated Facilities Management services provider. The portfolio repositioning strategy will be executed through multi-pronged approach, leveraging on inorganic growth opportunities and collaborative partnerships with the Company's strategic partners, supported by the Company's strong financial position.

i. Asset Management

Healthcare Support Services ("HSS") remained the biggest contributor to the Group's revenue in 2022, delivering ~60% of the total revenue. The services and clientele profile are shifting towards higher value services for the Malaysian segment while Singapore and Taiwan are showing good progress in providing facilities management services to diversifying clientele in adjacent sectors such as hospitality and semiconductor sectors.

Moving forward, HSS will continue to use technology, such as robotic equipment and automated work order management, to improve service delivery and preserve margin on the back of heightened market competitiveness and inflationary pressure on labour, energy, and material costs. Demand for integrated healthcare solutions are anticipated to remain strong. With HSS experience and existing technological solutions, this business segment is poised to capture opportunities in high growth areas like KSA and the Gulf Cooperation Countries ("GCC") region as well as growing a bigger market position in other adjacent sectors in Singapore and Taiwan.

Property and Facility Solutions ("PFS") is strengthening its position in the region through digitally and sustainability-driven Integrated Facilities Management services, enabled by the Company's inhouse digital end-to-end, interoperable asset management platform, Asseto. With PFS' expertise, complemented by its partners' capabilities, this business segment is in a good position to contribute to customers' digital and ESG agenda by offering its sustainability and smart building solutions, especially in the key high growth markets.

ii. Infrastructure Solutions

The division saw an increase in maintenance works for expressways and consultancy work for the year 2022 as traffic volume and infrastructure activities picked up. In 2023, Pan Malaysia expansion continues to be the key strategy and the division is strengthening its position in Indonesia and intensifying its penetration efforts into other ASEAN markets.

Infrastructure Services ("IS") will also continue to step up its efforts in preserving its current market share through improvement in delivery competency and sustainability solutions. Pan Borneo is the key focus for Asset Consultancy ("AC"). The establishment of its headquarter in Sarawak will further strengthen AC's market presence and its long term commitment towards supporting the state of Sarawak's aspiration to become a high-income state by 2030.

25. 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)

26. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Profit attributable to Owners of the Parent	21,021	20,031	45,879	42,003
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
Basic earnings per share	2.53 sen	2.41 sen	5.52 sen	5.05 sen

Kuala Lumpur
28 February 2023

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