

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2024

THE FIGURES HAVE NOT BEEN AUDITED.

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2024	31/3/2023	31/3/2024	31/3/2023
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	677,577	631,776	677,577	631,776
(b) Cost of sales	(595,400)	(552,428)	(595,400)	(552,428)
(c) Gross profit	82,177	79,348	82,177	79,348
(d) Other income	8,497	6,693	8,497	6,693
(e) Expenses	(66,058)	(60,551)	(66,058)	(60,551)
(f) Finance costs	(6,704)	(5,418)	(6,704)	(5,418)
(g) Share of results of associates	1,657	2,361	1,657	2,361
(h) Share of results of a joint venture	-	1	-	1
(i) Profit before tax	19,569	22,434	19,569	22,434
(j) Income tax	(9,335)	(11,613)	(9,335)	(11,613)
(k) Profit for the period	10,234	10,821	10,234	10,821
Attributable to:				
(l) Owners of the parent	9,765	10,901	9,765	10,901
(m) Non-controlling interests	469	(80)	469	(80)
Profit for the period	10,234	10,821	10,234	10,821
2 Earnings per share based on 1(l) above (Note 25):				
Basic	1.17 sen	1.31 sen	1.17 sen	1.31 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2023.

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2024	31/3/2023	31/3/2024	31/3/2023
	RM'000	RM'000	RM'000	RM'000
Profit for the period	10,234	10,821	10,234	10,821
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations, representing total other comprehensive income	<u>5,714</u>	<u>10,266</u>	<u>5,714</u>	<u>10,266</u>
Total comprehensive income for the period	<u>15,948</u>	<u>21,087</u>	<u>15,948</u>	<u>21,087</u>
Attributable to:				
Owners of the parent	15,477	21,167	15,477	21,167
Non-controlling interests	<u>471</u>	<u>(80)</u>	<u>471</u>	<u>(80)</u>
	<u>15,948</u>	<u>21,087</u>	<u>15,948</u>	<u>21,087</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 2023.

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Remarks to Condensed Consolidated Income Statement:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/3/2024	31/3/2023	31/3/2024	31/3/2023
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after (crediting)/charging:				
Interest income	(1,528)	(1,080)	(1,528)	(1,080)
Accretion of interest on concession receivable	(3,588)	(3,828)	(3,588)	(3,828)
Accretion of interest on loans and receivables	(1,759)	(627)	(1,759)	(627)
Dividend from short term investment	(12)	(18)	(12)	(18)
(Gain)/loss on disposal of property, plant and equipment	(22)	7	(22)	7
Net foreign exchange unrealised (gain)/loss	(837)	333	(837)	333
Net foreign exchange realised (gain)/loss	(20)	136	(20)	136
Reversal of ECL on trade receivables	-	(3)	-	(3)
Interest expense	5,688	5,121	5,688	5,121
Depreciation and amortisation	21,476	19,890	21,476	19,890

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
		31/3/2024	31/12/2023
		RM'000	RM'000
ASSETS			
1	Non-current assets		
	Property, plant and equipment	148,278	151,848
	Investment properties	14,325	14,325
	Right-of-use assets	34,018	35,606
	Intangible assets	772,537	710,410
	Investment in associates	73,489	71,832
	Investment in a joint venture	117	117
	Other investments	232	232
	Trade and other receivables	100,349	92,536
	Contract related assets	29,576	32,136
	Deferred tax assets	25,570	23,110
		1,198,491	1,132,152
2	Current assets		
	Inventories	19,207	16,754
	Trade and other receivables	749,357	621,300
	Contract related assets	442,882	441,896
	Tax recoverable	40,529	38,341
	Short term investments	34,822	26,616
	Cash, bank balances and deposits	540,632	615,816
		1,827,429	1,760,723
	Asset of disposal group classified as held for sale	60,640	61,445
	Total assets	3,086,560	2,954,320

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

		As at end of current quarter	As at preceding financial year end
		31/3/2024	31/12/2023
		RM'000	RM'000
EQUITY AND LIABILITIES			
3	Equity attributable to Owners of the Parent		
	Share capital	268,074	268,074
	Capital reserve	313,856	313,856
	Other reserves	69,319	63,607
	Retained earnings	966,856	973,723
		<u>1,618,105</u>	<u>1,619,260</u>
4	Non-controlling interests	24,716	5,008
	Total equity	<u>1,642,821</u>	<u>1,624,268</u>
5	Non-current liabilities		
	Retirement benefit obligations	893	893
	Defined benefit pension plan	3,460	3,226
	Provisions	6,110	4,132
	Borrowings	314,373	314,344
	Lease liabilities	17,517	19,540
	Trade and other payables	16,241	6,548
	Deferred tax liabilities	42,166	41,043
		<u>400,760</u>	<u>389,726</u>
6	Current liabilities		
	Retirement benefit obligations	268	268
	Borrowings	214,298	175,519
	Lease liabilities	13,957	13,483
	Trade and other payables	747,459	689,107
	Contract liabilities	32,443	31,916
	Income tax payable	33,023	29,006
		<u>1,041,448</u>	<u>939,299</u>
	Liabilities of disposal group classified as held for sale	1,531	1,027
	Total liabilities	<u>1,443,739</u>	<u>1,330,052</u>
	Total equity and liabilities	<u>3,086,560</u>	<u>2,954,320</u>
7	Net assets per ordinary share attributable to Owners of the Parent (RM)	<u>1.95</u>	<u>1.95</u>

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2023.

* Cash, bank balances and deposits

Included in the cash, bank balances and deposits of the Group is an amount of RM127,768 (2023: RM127,655) 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

	Three months to 31/3/2024 RM'000	Three months to 31/3/2023 RM'000
Cash flows from operating activities		
Cash receipts from customers	696,950	573,613
Cash payments to suppliers	(348,777)	(346,998)
Cash payments to employees and for expenses	(386,172)	(342,553)
Cash used in operations	(37,999)	(115,938)
Interest paid	(3,129)	(2,173)
Net Income tax paid	(8,622)	(5,323)
Net cash flows used in operating activities	(49,750)	(123,434)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	16	12
Net cash outflows from acquisition of subsidiaries	(49,347)	-
Net (placement)/withdrawal from short term investments	(8,093)	48,983
Interest received	1,706	1,300
Dividend received from associates	-	400
Purchase of property, plant and equipment	(9,014)	(10,207)
Net cash flows (used in)/generated from investing activities	(64,732)	40,488
Cash flows from financing activities		
Drawdown of borrowings	70,000	62,786
Repayment of borrowings	(31,569)	(11,402)
Repayment of lease liabilities	(3,698)	(1,618)
Capital repayment to non-controlling interests of a subsidiary	-	(3,600)
Net (withdrawal)/placement of pledged fixed deposits	(1,616)	355
Net cash flows generated from financing activities	33,117	46,521
Net decrease in cash and cash equivalents	(81,365)	(36,425)
Net foreign exchange difference	3,248	3,480
Cash and cash equivalents as at beginning of financial period	577,337	593,313
Cash and cash equivalents as at end of financial period (a)	499,220	560,368
	As at 31/3/2024 RM'000	As at 31/3/2023 RM'000
(a) Cash and Cash Equivalents comprise the following amounts:		
Cash on hand and at banks	411,932	465,051
Fixed deposits with licensed banks	128,700	112,097
Cash, bank balances and deposits	540,632	577,148
Add: Cash and cash equivalents of disposal group	10,855	35,201
Less: Cash, bank and fixed deposits pledged and on lien	(52,267)	(51,981)
	499,220	560,368

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2023.

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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
Three months to 31 March 2024							
Balance as at 1 January 2024	268,074	313,856	63,607	973,723	1,619,260	5,008	1,624,268
Profit for the period	-	-	-	9,765	9,765	469	10,234
Other comprehensive income	-	-	5,712	-	5,712	2	5,714
Total comprehensive income for the period	-	-	5,712	9,765	15,477	471	15,948
Acquisition of subsidiaries	-	-	-	-	-	19,237	19,237
Dividends payable to shareholders of the Company	-	-	-	(16,632)	(16,632)	-	(16,632)
Balance as at 31 March 2024	268,074	313,856	69,319	966,856	1,618,105	24,716	1,642,821

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

	←——— Attributable to owners of the parent ———→			→——— Distributable	Total	Non-controlling interests	Total equity
	Share capital RM'000	Non-distributable Capital reserve RM'000	Other reserves RM'000				
Three months to 31 March 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	-	-	-	10,901	10,901	(80)	10,821
Other comprehensive income	-	-	10,266	-	10,266	-	10,266
Total comprehensive income for the period	-	-	10,266	10,901	21,167	(80)	21,087
Acquisition of a subsidiary	-	-	250	-	250	5,361	5,611
Capital repayment to non-controlling interests of a subsidiary	-	-	-	-	-	(3,600)	(3,600)
Dividends payable to shareholders of the Company	-	-	-	(33,264)	(33,264)	-	(33,264)
Balance as at 31 March 2023	268,074	313,856	33,582	953,531	1,569,043	4,822	1,573,865

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 2023.

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 2023.

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 2023.

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 2023 except for standards effective for financial periods beginning on or after 1 January 2024 below:

	Effective for annual periods beginning on or after
Amendments to MFRS 101: Presentation of Financial Statement - Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 7: Financial instruments - Disclosures and MFRS 107 Cash Flow Statement - Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 16: Leases - Lease Liability in a Sale and Leaseback	1 January 2024

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 121: The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	1 January 2025
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 2023 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2023 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 March 2024.

9. Dividend

For the financial year ended 31 December 2023, 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 paid on 17 May 2024. The entitlement date is 25 April 2024.

No interim dividend is declared for the current financial period of 31 March 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 March 2024 is as follows:

	Asset Management		Infrastructure Solutions				Group
	Healthcare Solutions	Property and Facility Solutions	Infrastructure Services	Asset Consultancy	Others	Elimination	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	391,405	75,452	191,886	18,153	681	-	677,577
Inter-segment revenue	338	191	-	454	26,219	(27,202)	-
Total Revenue	391,743	75,643	191,886	18,607	26,900	(27,202)	677,577
Results							
EBITDA	26,614	1,715	11,662	(101)	17,682	(14,024)	43,548
Depreciation and amortisation	(7,275)	(405)	(4,168)	(85)	(9,013)	(530)	(21,476)
EBIT	19,339	1,310	7,494	(186)	8,669	(14,554)	22,072
Interest income	759	5	301	145	875	(557)	1,528
Interest expense	(1,642)	(726)	-	(20)	(4,178)	878	(5,688)
Share of results of associates	1,669	-	-	(12)	-	-	1,657
Profit/(loss) before tax	20,125	589	7,795	(73)	5,366	(14,234)	19,569
Income tax	(4,411)	(669)	(1,954)	(226)	(3,033)	958	(9,335)
Profit/(loss) for the period	15,714	(80)	5,841	(298)	2,333	(13,276)	10,234

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 March 2023 is as follows:

By operating segment

	Asset Management		Infrastructure Solutions			Elimination	Group
	Healthcare Solutions	Property and Facility Solutions*	Infrastructure Services	Asset Consultancy	Others*		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue							
External revenue	346,459	44,060	221,565	19,608	84	-	631,776
Inter-segment revenue	315	1,979	-	-	25,377	(27,671)	-
Total Revenue	346,774	46,039	221,565	19,608	25,461	(27,671)	631,776
Results							
EBITDA	20,142	1,276	23,341	(515)	10,893	(11,134)	44,003
Depreciation and amortisation	(7,908)	(215)	(2,776)	(216)	(8,245)	(530)	(19,890)
EBIT	12,234	1,061	20,565	(731)	2,648	(11,665)	24,113
Interest income	285	118	157	38	482	-	1,080
Interest expense	(998)	(1,017)	-	(97)	(3,814)	805	(5,121)
Share of results of associates	2,275	-	-	86	-	-	2,361
Share of results of joint ventures	-	-	-	1	-	-	1
Profit/(loss) before tax	13,796	162	20,722	(703)	(684)	(10,859)	22,434
Income tax	(4,038)	(580)	(5,630)	(172)	(2,095)	902	(11,613)
Profit/(loss) for the period	9,758	(418)	15,092	(875)	(2,779)	(9,957)	10,821

Notes:

* The Group has changed the composition of its operating and reportable segment following internal reorganization within Edgenta Arabia Limited ("EAL") Group. Accordingly, the Group has restated the previously reported segment information for the three months ended 31 March 2023 and as at 31 December 2023.

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 March 2024 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 31 March 2024 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 11 January 2024, Operon Consulting Sdn Bhd, an indirect 70% subsidiary of the Company, has been placed under Members' Voluntary Winding-Up pursuant to Section 439(1)(b) of the Companies Act 2016.
- b) On 31 January 2024, UEMS Services Pte. Ltd. was incorporated in Singapore as an indirect wholly-owned subsidiary of the Company via UEMS Solutions Pte. Ltd..
- c) On 7 February 2024, Kaizen Owner Association Management Services L.L.C ("KOA") and Kaizen AMS Property Supervision L.L.C. ("KAMS") became 60% subsidiaries of Edgenta International Investments L.L.C ("EII"), an indirect wholly-owned subsidiary of the Company. The acquisition of the 60% equity interest in KOA and KAMS was completed pursuant to the Sale and Purchase Agreement and Shareholders' Agreement entered into between EII and NW Kaizen Holding Limited on 2 December 2023.

13. Capital commitments

There are no material capital commitments except as disclosed below:

	As at 31/3/2024 RM'000	As at 31/12/2023 RM'000
Approved and contracted for	7,214	16,374
Approved but not contracted for	91,890	99,104

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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	Three months to	Three months to
	31/3/2024	31/3/2023	31/3/2024	31/3/2023
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Malaysian income tax	2,837	6,391	2,837	6,391
- Foreign tax	7,112	5,988	7,112	5,988
Underprovision in prior years				
- Malaysian income tax	2	13	2	13
	<u>9,951</u>	<u>12,392</u>	<u>9,951</u>	<u>12,392</u>
Deferred tax				
- Relating to origination and reversal of temporary difference	(616)	(779)	(616)	(779)
Income tax expense	<u>9,335</u>	<u>11,613</u>	<u>9,335</u>	<u>11,613</u>

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

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

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

16. Borrowings and debt securities

Details of Group borrowings and debt securities as at 31 March 2024 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	64,373	250,000	314,373	86,078	85,000	171,078
Foreign						
- Singapore Dollar	-	-	-	-	-	-
- Taiwan Dollar	-	-	-	43,220	-	43,220
TOTAL	<u>64,373</u>	<u>250,000</u>	<u>314,373</u>	<u>129,298</u>	<u>85,000</u>	<u>214,298</u>

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	64,344	250,000	314,344	47,716	85,000	132,716
Foreign						
- Singapore Dollar	-	-	-	-	-	-
- Taiwan Dollar	-	-	-	42,803	-	42,803
TOTAL	<u>64,344</u>	<u>250,000</u>	<u>314,344</u>	<u>90,519</u>	<u>85,000</u>	<u>175,519</u>

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

17. Derivatives

There are no outstanding derivatives as at 31 March 2024 (31 December 2023: RM Nil).

18. Fair value hierarchy

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

19. Material litigation

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

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

RMSB appointed EKICSB as the main contractor for 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 5 July 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.

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

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 31/3/2024 RM'000	Immediate preceding quarter 31/12/2023 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Asset Management				
- Healthcare Solutions	391,405	406,000	(14,595)	(3.6)
- Property and Facility Solutions	75,452	79,796	(4,344)	(5.4)
Infrastructure Solutions				
- Infrastructure Services	191,886	301,534	(109,648)	(36.4)
- Asset Consultancy	18,153	19,607	(1,454)	(7.4)
Others	681	-	681	>100%
	677,577	806,937	(129,361)	(16.0)

Profit/(Loss) Before Tax:

Asset Management				
- Healthcare Solutions	20,125	13,960	6,165	44.2
- Property and Facility Solutions	589	(4,233)	4,822	>100%
Infrastructure Solutions				
- Infrastructure Services	7,795	17,146	(9,351)	(54.5)
- Asset Consultancy	(73)	831	(904)	>(100.0)
Others/Elimination	(8,867)	(26,473)	17,606	>100%
	19,569	1,231	18,339	>100.0

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 RM677.6 million was RM129.4 million lower than the immediate preceding quarter's revenue of RM806.9 million. This is in-line with the seasonality trend for the business divisions, consistent to prior years. The analysis are as follows:

- Asset Management
Revenue from Asset Management Segment dropped by RM18.9 million mainly due to lower revenue generated by both divisions.
- Infrastructure Solutions
Infrastructure Solutions segment recorded lower revenue by RM111.1 million, which was due to lesser maintenance work performed for expressways by Infrastructure Services ("IS") division. In addition, lower revenue was generated by Asset Consultancy ("AC") due to lesser consultancy works performed in the current quarter as compared to immediate preceding quarter. In-line with the seasonality trend of the Infrastructure solutions business, typically Q1 will be a weaker quarter as compare to Q4.

The Group's profit before tax ("PBT") for the current quarter of RM19.6 million improved by RM18.4 million compared to the immediate preceding quarter's PBT of RM1.2 million, contributed by the below:

- Asset Management
Asset management's PBT recorded an increase of RM11.0 million, mainly driven by the margin improvement for certain ongoing contracts in Healthcare Solutions ("HS") and Property and Facility Solutions ("PFS").
- Infrastructure Solutions
PBT for Infrastructure Solutions deteriorated by RM10.2 million, which is mainly contributed by lower revenue for both divisions.

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

21. Analysis of the performance for the current quarter

	Current quarter 31/3/2024 RM'000	Preceding year corresponding quarter 31/3/2023 RM'000	Variance RM'000	Variance %
<u>Revenue:</u>				
Asset Management:				
- Healthcare Solutions	391,405	346,459	44,946	13.0
- Property and Facility Solutions	75,452	44,060	31,392	71.2
Infrastructure Solutions:				
- Infrastructure Services	191,886	221,565	(29,680)	(13.4)
- Asset Consultancy	18,153	19,608	(1,455)	(7.4)
Others	681	84	597	>100.0
	677,577	631,776	45,801	7.2

Profit/(Loss) Before Tax:

Asset Management:				
- Healthcare Solutions	20,125	13,796	6,329	45.9
- Property and Facility Solutions	589	162	428	>100.0
Infrastructure Solutions:				
- Infrastructure Services	7,795	20,722	(12,926)	(62.4)
- Asset Consultancy	(73)	(703)	630	(89.6)
Others/Elimination	(8,867)	(11,543)	2,676	23.2
	19,569	22,434	(2,864)	(12.8)

The Group's revenue for the current quarter of RM677.6 million was higher by RM45.8 million as compared to RM631.8 million in the corresponding quarter last year.

- **Asset Management**
Revenue from Asset Management increased by RM76.3 million, contributed by higher revenue generated by both HS and PFS. Higher revenue for HS mainly contributed by higher ongoing contracts in Singapore and Taiwan, whilst higher revenue in PFS contributed by the revenue contributed by the newly acquired subsidiary located in Kingdom of Saudi Arabia and Dubai.
- **Infrastructure Solutions**
Revenue from Infrastructure Solutions decreased by RM31.1 million mainly due to one-off high flow over works in IS division in Q1 2023.

The Group recorded PBT for the current quarter of RM19.6 million, a decrease of RM2.9 million as compared to RM22.4 million profit before tax in the corresponding quarter last year.

- **Asset Management**
The result of Asset Management segment shows an increase of RM6.8 million, mainly due to higher revenue generated in Q1 2024.
- **Infrastructure Solutions**
Infrastructure Solutions' results deteriorated by RM12.3 million, mainly contributed by lower revenue generated by IS in the current quarter.

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

22. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31/3/2024	Preceding year corresponding quarter 31/3/2023	Three months to 31/3/2024	Three months to 31/3/2023
	RM'000	RM'000	RM'000	RM'000
<u>Net operating profit after tax computation:</u>				
Earnings before interest and tax ("EBIT")	22,072	24,113	22,072	24,113
Adjusted tax	(5,297)	(5,787)	(5,297)	(5,787)
Net operating profit after tax	16,774	18,326	16,774	18,326
<u>Economic charge computation:</u>				
Average invested capital	1,298,589	1,362,974	1,298,589	1,362,974
Weighted average cost of capital ("WACC")	6.1%	6.0%	6.1%	6.0%
Economic charge	19,803	20,445	19,803	20,445
Economic loss	(3,029)	(2,119)	(3,029)	(2,119)

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.

Economic loss in the current quarter has increased to RM3.0 million as compared to economic loss for the preceding year corresponding quarter of RM2.1 million mainly contributed by the lower EBIT and economic charge.

23. Prospects for the financial year

Overall Prospects

The Malaysian economy grew by 3.7% in 2023 despite facing challenges such as weak external demand, disruptions in commodity production, and a higher cost of living. Looking ahead, the Malaysian economy is projected to grow between 4.0% and 5.0% in 2024, supported by continued expansion in domestic demand and improvements in external demand. However, ongoing geopolitical conflicts could dampen these prospects by weakening expected global growth and increasing pressure on commodity production. IMF estimated that the global economy to continue growing at a modest pace at 3.2% in 2024 and 2025, similar pace as in 2023.

Due to global inflationary pressures and rising operational costs, the company's profit was moderated in 2023. Looking ahead, while challenges persist, the company remains cautiously optimistic about the outlook for 2024. Our primary objective is to achieve sustainable profitability as we navigate the macroeconomic landscape and the fast-changing dynamics in our industry and operating markets. We will focus on optimizing and rationalizing resources at all levels, streamlining our operating model, and preparing the organization towards sustainable growth. Additionally, we will continue to explore opportunities to expand and diversify our revenue streams that provide quality margins, driving better returns to our stakeholders.

i. **Asset Management**

Escalating operational costs continue to be a challenge for the Asset Management division, particularly in manpower expenses. Despite this, Healthcare Solutions (HS) remains committed to maintaining its core position in healthcare support services, as evidenced by recent contract wins in providing hospital support services to various hospitals in Singapore. The division will continue to focus on expanding its private healthcare business, Integrated Facilities Management (IFM), and services in adjacent sectors. This strategy aims to broaden the clientele base and venture into sectors providing attractive margin profile. To strengthen competitiveness and optimize costs, HS will intensify efforts in integrating technology, deploying robotics and mechanized equipment, adopting IoT, and implementing automated work order management to enhance productivity.

Similarly, Property and Facility Solutions (PFS) is experiencing margin compression due to rising costs and increasing competition. In response, PFS is engaged in initiatives to optimize costs and operational efficiency whilst actively promoting Smart Building solutions by leveraging Asseto and its partners' technological capabilities. The newly acquired subsidiaries in the Kingdom of Saudi Arabia and the UAE have begun contributing to the Group's financially. The post-merger integration strategy is being executed in its earnest in the Middle East to capture new market opportunities as a coherent integrated group.

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

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

Prospects by Segment

ii. **Infrastructure Solutions**

In Q1 FY2024, the Infrastructure Services (IS) division maintained its position as the Group's second-largest revenue contributor. Following the major state road contracts secured in 2023, the division will continue to focus on delivering exceptional services to reinforce its market leadership. Key focus areas include Indonesia and Pan Malaysia, with an emphasis on diversifying services to create new revenue streams and deploying innovative sustainable pavement products through the new Recycled Asphalt Pavement (RAP) plant, whilst supporting ESG agenda.

For the Asset Consultancy (AC) division, the introduction of OPUS Consultants' Sustainable Solutions in September 2023 has established AC as a comprehensive provider of Energy & Sustainability Solution (EES) services. With RM200 million allocated to the Sustainable Zero-Capex Programme, the division is set to intensify its efforts in promoting EES services. This initiative will focus on strengthening the Group's presence in Peninsular Malaysia and Sarawak, capitalizing on its existing strategic partnership with the Sarawak Economic Development Corporation (SEDC).

24. Profit forecast

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

25. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2024 RM'000	Preceding year corresponding quarter 31/3/2023 RM'000	Three months to 31/3/2024 RM'000	Three months to 31/3/2023 RM'000
Profit attributable to Owners of the Parent	9,765	10,901	9,765	10,901
Weighted average number of ordinary shares in issue ('000)	831,624	831,624	831,624	831,624
Basic earnings per share	1.17 sen	1.31 sen	1.17 sen	1.31 sen

Kuala Lumpur
29 May 2024

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