UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

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

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	**INDIVIDUAL QUARTER**		**CUMULATIVE QUARTER**	
		Current year quarter	Preceding year corresponding quarter	Year Ended	Year Ended
		31/12/2018	**31/12/2017 (restated)**	**31/12/2018**	**31/12/2017 (restated)**
		RM'000	RM'000	RM'000	RM'000
1. (a) **Revenue**		**752,789**	**303,289**	**2,043,986**	**1,860,611**
(b) Cost of sales		(562,442)	(225,922)	(1,302,726)	(1,317,476)
(c) Gross profit		190,347	77,367	741,260	543,135
(d) Other income		16,255	11,540	63,614	49,791
(e) Expenses		(123,889)	(133,262)	(322,214)	(345,567)
(f) Finance costs		(29,414)	(19,661)	(100,966)	(91,146)
(g) Foreign exchange (loss)/gain		(8,844)	11,994	(6,705)	1,863
(h) Share of net results of associates		11,838	6,070	3,773	13,231
(i) Share of net results of joint ventures		13,941	2,774	37,622	22,832
(j) **Profit/(loss) before income tax and zakat**		**70,234**	**(43,178)**	**416,384**	**194,139**
(k) Income tax and zakat	14	(50,184)	(7,745)	(135,566)	(87,051)
(l) **Profit/(loss) for the period/year**		**20,050**	**(50,923)**	**280,818**	**107,088**
Attributable to:					
(m) Owners of the Parent		20,081	(50,949)	280,333	105,565
(n) Non-controlling interests		(31)	26	485	1,523
Profit/(loss) for the period/year		20,050	(50,923)	280,818	107,088
2. **Earnings/(loss) per share based on 1(m) above**	22				
(a) Basic earnings/(loss) per share		0.44 sen	(1.12) sen	6.00 sen	2.33 sen
(b) Diluted earnings/(loss) per share		0.39 sen	(0.99) sen	5.28 sen	2.05 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this quarterly announcement.

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Year Ended	Year Ended
	31/12/2018	**31/12/2017 (restated)**	**31/12/2018**	**31/12/2017 (restated)**
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the period/year	20,050	(50,923)	280,818	107,088
Other comprehensive (expense)/ income to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	(18,848)	(61,486)	(58,418)	(29,821)
Transfer to profit or loss on disposal of an associate	-	-	-	(941)
Fair value changes	-	(1)	-	(1)
Cash flow hedge	4,024	(1,349)	19,697	(4,428)
Total other comprehensive expense for the period/year, net of tax	(14,824)	(62,836)	(38,721)	(35,191)
Total comprehensive income/(loss) for the period/year	**5,226**	**(113,759)**	**242,097**	**71,897**
Attributable to:				
Owners of the Parent	5,250	(113,763)	241,502	70,326
Non-controlling Interests	(24)	4	595	1,571
Total comprehensive income/(loss) for the period/year	**5,226**	**(113,759)**	**242,097**	**71,897**

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this quarterly announcement.

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I(C). REMARKS TO CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Year Ended	Year Ended
	31/12/2018	**31/12/2017 (restated)**	**31/12/2018**	**31/12/2017 (restated)**
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest expense	29,414	19,661	100,966	91,146
Depreciation	7,173	7,418	26,982	25,227
Property, plant and equipment written off	-	431	-	431
Interest income	(10,953)	(7,447)	(41,674)	(30,421)
Loss/(gain) on foreign exchange				
- unrealised	14,949	(11,479)	16,540	(3,257)
- realised	(6,105)	(515)	(9,835)	1,394
(Reversal of)/provision for liquidated ascertained damages	(875)	(5,307)	(3,767)	22,161
Liquidated ascertained damages received and receivable from contractors	(1,196)	(14,074)	(6,274)	(18,368)
Dividend income from investment at fair value through profit or loss	(2,261)	(189)	(2,951)	(189)
Write back of allowance for impairment of receivables	(815)	(1,149)	(1,560)	(1,438)
Allowance for doubtful debts	6,495	3,408	6,961	1,278
Bad debts written off	331	-	331	-
Net allowance for impairment of inventories	17,842	1,471	27,558	2,484
Impairment of interest in a joint venture	673	-	10,207	-
Gain on disposal of an associate company	-	-	-	(3,100)
Fair value adjustment on long term receivables	470	1,870	470	1,870
Gain on disposal of an available-for-sale investment	-	-	-	(2,400)

Other than the above, there was no write-off of inventories, write back of impairment of assets, gain or loss on derivatives, exceptional items and reversal of provisions for the costs of restructuring.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at current financial year end 31/12/2018	Unaudited As at preceding financial year end 31/12/2017 (restated)
		RM'000	RM'000
ASSETS			
1. Non-current assets			
Property, plant and equipment		464,873	377,136
Investment properties		728,703	649,670
Land held for property development		4,744,727	4,419,471
Interests in associates		500,635	500,385
Interests in joint ventures		1,060,202	1,056,396
Amount due from joint ventures		257,149	245,581
Goodwill		621,409	621,409
Deferred tax assets		283,601	308,067
Long term receivables		84,909	83,594
		8,746,208	8,261,709
2. Current assets			
Property development costs and other assets		1,796,931	2,577,835
Inventories available for sale		695,271	609,690
Inventories under contract of sale		607,412	-
Receivables		1,044,023	1,151,875
Amount due from joint ventures		79,144	108,694
Amount due from associates		1,537	577
Derivative asset	17	15,956	-
Short term investment		49,741	125,197
Cash, bank balances and deposits		1,078,601	808,004
		5,368,616	5,381,872
Total assets		14,114,824	13,643,581

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

	Note	Unaudited As at current financial year end 31/12/2018	Unaudited As at preceding financial year end 31/12/2017 (restated)
		RM'000	RM'000
EQUITY AND LIABILITIES			
4. Equity attributable to Owners of the Parent			
Share capital		5,110,276	5,110,276
Reserves			
Merger relief reserves		34,330	34,330
Other reserves		64,216	108,082
Retained profits		1,881,612	1,649,543
		7,090,434	6,902,231
5. Non-controlling Interests		363,722	363,127
Total equity		7,454,156	7,265,358
6. Non-current liabilities			
Borrowings	16	2,394,812	2,734,228
Payables		39,340	63,528
Contract liabilities		291,116	292,047
Deferred income		151,864	152,111
Derivative liability		-	4,651
Provisions		75,994	75,994
Deferred tax liabilities		234,762	230,119
		3,187,888	3,552,678
7. Current liabilities			
Provisions		347,074	334,548
Payables		757,372	894,145
Contract liabilities		29,855	67,238
Borrowings	16	2,288,689	1,485,514
Tax payable		48,880	44,100
Derivative liability	17	910	-
		3,472,780	2,825,545
Total liabilities		6,660,668	6,378,223
Total equity and liabilities		14,114,824	13,643,581
8. Net assets per share attributable to Owners of the Parent		**RM 1.56**	**RM 1.52**

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this quarterly announcement.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Year Ended 31/12/2018	Audited Year Ended 31/12/2017
	RM'000	RM'000
Operating Activities		
Cash receipts from customers	2,141,834	2,057,001
Cash receipts from related parties	29,943	11,670
Cash receipts for refund of deposits	22,000	-
Cash payments to contractors	(1,558,194)	(1,726,885)
Cash payments for land and development related costs	(134,441)	(66,174)
Cash payments to related parties	(4,203)	(658)
Cash payments to employees and for expenses	(341,489)	(371,255)
Cash generated from/(used in) operations	155,450	(96,301)
Net income tax and zakat paid	(48,761)	(79,643)
Interest received	27,976	19,870
Net cash generated from/(used in) operating activities	134,665	(156,074)
Investing Activities		
Dividend received from a joint venture	50,000	50,000
Proceeds from disposal of		
- an associate	-	13,389
- an available-for-sale investment	-	2,400
Repayment from a joint venture	2,001	-
Purchase of property, plant and equipment	(60,711)	(81,734)
Purchase of investment property	-	(173)
Advances to joint ventures	(9,494)	(8,500)
Investment in an associate	-	(2,320)
Deposit paid for land acquisition	-	(10,000)
Deposit paid for development rights of a land	-	(10,000)
Investment in land held for property development	(133,500)	-
Net investment in short term investments	75,000	(125,000)
Deposit paid for subscription of shares	(50,000)	-
Net cash used in investing activities	(126,704)	(171,938)

III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Note	Unaudited Year Ended 31/12/2018 RM'000	Audited Year Ended 31/12/2017 RM'000
Financing Activities			
Drawdown of borrowings		1,098,371	594,611
Drawdown of Islamic Medium Term Notes ("IMTN")		800,000	700,000
Repayment of borrowings		(563,100)	(51,174)
Repayment of IMTN and Islamic Commercial Papers		(800,000)	(699,604)
Dividend paid		(53,299)	-
Interest paid		(194,783)	(177,155)
Net cash generated from financing activities		287,189	366,678
Effects of exchange rate changes		(23,938)	(21,477)
Net increase in cash and cash equivalents		**271,212**	**17,189**
Cash and cash equivalents as at beginning of financial year		805,731	788,542
Cash and cash equivalents as at end of financial year	(a)	**1,076,943**	**805,731**

	Note	Unaudited As at 31/12/2018 RM'000	Audited As at 31/12/2017 RM'000
(a) Cash and cash equivalents comprise of the following amounts:			
Cash, bank balances and deposits			
Unrestricted		357,567	403,103
Restricted		721,034	404,901
		1,078,601	808,004
Bank overdrafts (included in short term borrowings)	16	(1,658)	(2,273)
Cash and cash equivalents		**1,076,943**	**805,731**

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this quarterly announcement.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Attributable to Owners of the Parent							Non-controlling Interests	Total Equity
		Non-distributable				Distributable			
	Share Capital	Share Premium	Merger Relief Reserves	Cash Flow Hedge Reserves	Other Reserves	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial year ended 31 December 2018 (Unaudited)									
At 1 January 2018 (as previously reported)	5,110,276	-	34,330	(4,651)	105,830	1,823,248	7,069,033	363,127	7,432,160
Effect of first-time MFRS adoption	-	-	-	-	6,903	(173,705)	(166,802)	-	(166,802)
At 1 January 2018 (restated)	5,110,276	-	34,330	(4,651)	112,733	1,649,543	6,902,231	363,127	7,265,358
Total comprehensive income for the year	-	-	-	19,697	(58,528)	280,333	241,502	595	242,097
ESOS expiry of vested employee share options	-	-	-	-	(5,035)	5,035	-	-	-
Dividend paid	-	-	-	-	-	(53,299)	(53,299)	-	(53,299)
At 31 December 2018	5,110,276	-	34,330	15,046	49,170	1,881,612	7,090,434	363,722	7,454,156

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

	Attributable to Owners of the Parent							Non-controlling Interests	Total Equity
		Non-distributable				Distributable			
	Share Capital	Share Premium	Merger Relief Reserves	Cash Flow Hedge Reserves	Other Reserves	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial year ended 31 December 2017 (Unaudited and Restated)									
At 1 January 2017 (as previously reported)	2,276,643	2,829,546	34,330	(223)	152,243	1,539,257	6,831,796	361,556	7,193,352
Effect of first-time MFRS adoption	-	-	-	-	26	815	841	-	841
At 1 January 2017 (restated)	2,276,643	2,829,546	34,330	(223)	152,269	1,540,072	6,832,637	361,556	7,194,193
Adjustments for effects of Companies Act 2016 (Note 1)	2,833,633	(2,829,546)	-	-	(4,087)	-	-	-	-
Total comprehensive income for the year	-	-	-	(4,428)	(30,811)	105,565	70,326	1,571	71,897
ESOS									
- remeasurement	-	-	-	-	(732)	-	(732)	-	(732)
- expiry of vested employee share options	-	-	-	-	(3,906)	3,906	-	-	-
At 31 December 2017 (restated)	5,110,276	-	34,330	(4,651)	112,733	1,649,543	6,902,231	363,127	7,265,358

Note 1

In compliance with the Companies Act 2016 ("CA 2016") which came into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the CA 2016, the Group may exercise its right to use the credit amounts being transferred from share premium and capital redemption reserve accounts within 24 months upon the commencement of the CA 2016.

The Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this quarterly announcement.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard 134 : Interim Financial Reporting and also in compliance with IAS 34 : Interim Financial Reporting issued by the International Accounting Standard Board and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The notes to the condensed consolidated interim financial statements should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2017, which have been prepared in accordance with the Financial Reporting Standards ("FRS") and the Companies Act 2016.

Since the previous annual audited financial statements as at 31 December 2017 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB"). This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. The effects on the adoption of MFRS framework are described in Note 2 below.

2. Changes in accounting policies and methods of computation

The significant accounting policies, method of computation and basis of consolidation applied in the condensed consolidated interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2017, except for the adoption of MFRS framework effective for the financial period beginning on 1 January 2018.

Malaysian Financial Reporting Standards ("MFRS") Framework

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS framework.

The MFRS framework has been applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 : Agriculture and IC Interpretation 15 : Agreements for the Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS framework. The adoption is mandatory for Transitioning Entities for annual periods beginning on or after 1 January 2018. The Group falls within the scope of Transitioning Entities and has opted to defer adoption of the new MFRS framework. Accordingly, the Group is required to prepare financial statements using the MFRS framework in its first MFRS financial statements for the financial year ended 31 December 2018.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Changes in Accounting policies and methods of computation (cont'd)

Malaysian Financial Reporting Standards ("MFRS") Framework (cont'd)

In presenting its first MFRS financial statements for the financial year ended 31 December 2018, the Group is required to restate the comparative financial statements to amounts reflecting the application of MFRS framework. The majority of the adjustments required on transition will be made, retrospectively, against the opening retained profits. The consolidated financial statements for the financial year ended 31 December 2016 and 2017 are different under the MFRS framework.

These condensed consolidated interim financial statements are part of the period covered by the Group's first MFRS annual financial statements for the financial year ended 31 December 2018 and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied. Comparative figures, where applicable, have been restated as result of transition to MFRS framework.

The effects on the adoption of MFRS framework are as follows:

<u>MFRS 9 : Financial Instruments ("MFRS 9")</u>

MFRS 9 introduces amongst others, a single forward looking "expected loss" impairment model requires entities to recognise loss allowance in anticipation of future losses rather than based on incurred basis.

The Group has assessed the impact of the adoption of MFRS 9 and concluded that the adoption does not have any significant impact to the financial performance or position of the Group.

<u>MFRS 15 : Revenue from Contracts with Customers ("MFRS 15")</u>

MFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. MFRS 15 supersedes the revenue recognition guidance including MFRS 118 : Revenue, MFRS 111 : Construction Contracts and the related interpretations.

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

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Changes in Accounting policies and methods of computation (cont'd)

Malaysian Financial Reporting Standards ("MFRS") Framework (cont'd)

MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd)

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer in substance obtains control of the asset.

The Group recognises revenue over time using the input method, which is based on the the level of completion in proportion of cost incurred to date against the expected total construction costs.

The Group adopts the new standards using the full retrospective method. The affected areas upon the application of the new standards are as follows:

(i) Property development activities in Australia

Under the previous FRS, the Group recognised property development revenue from property development activities in Australia over time based on the enforceability of the sales contract with the customers. Under the current MFRS 15, the property development revenue from Australia is recognised upon settlement, being the date at which control is transferred to customers.

(ii) Sale of land

Under the previous FRS, the Group recognised revenue from land sale upon the completion of condition precedents as stipulated in the sale and purchase agreement with the customers. Under the current MFRS 15, revenue is recognised when control is substantially transferred.

(iii) Multiple promises from the sale of development properties

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. Under the previous FRS, the Group accounted for the bundled sales as one deliverable and recognises revenue over time. Under the current MFRS 15, revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. The sale of development properties and the multiple promises are separate deliverables of bundled sales. The transaction price will be allocated to each performance obligation based on the standalone selling prices. If these are not directly observable, they are estimated based on expected cost plus margin.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Changes in Accounting policies and methods of computation (cont'd)

Malaysian Financial Reporting Standards ("MFRS") Framework (cont'd)

MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd)

(iv) Cost incurred in fulfilling a contract

Under the previous FRS, the Group expensed off sales commissions and free legal fees as these costs do not qualify for recognition as an asset under any of the other accounting standards. However, the sales commissions and free legal fees relate directly to contracts and are expected to be recovered in future for the services to be provided. Accordingly, under the current MFRS 15, these costs are eligible for capitalisation and recognised as other assets. These costs is expensed to the cost of sales and net of revenue respectively using the percentage of completion method.

(v) Recognition of provision for foreseeable losses for low cost/affordable housing and public infrastructure

Under the previous FRS, the Group recognised upfront the provision for foreseeable losses for anticipated losses to be incurred on the development of involuntary low cost housing as required by approving authorities. The application of the above is in accordance to FRSIC Consensus 17: Development of Affordable Housing ("FRSIC 17") issued by Malaysian Institute of Accountants ("MIA").

As for the public infrastructure, under the previous FRS, the Group recognised the costs as and when it is incurred.

On 7 March 2018, MIA has withdrawn FRSIC 17 and stated that FRSIC 17 is no longer relevant for the adoption of MFRS framework. The Group is of the view that the expected costs for infrastructure attributable to a project should be accrued progressively as and when the inventories are constructed. The same treatment would apply for the cost incurred in excess of the net realisable value of the low cost/affordable houses which is to be included in the measurement of premium housing progressively as it relates to the obligation to the local government authorities. Accordingly, the initial full provision for foreseeable losses recognised based on the previous FRS is no longer applicable.

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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Changes in Accounting policies and methods of computation (cont'd)

Malaysian Financial Reporting Standards ("MFRS") Framework (cont'd)

MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd)

The impact to income statement and total comprehensive income for comparative interim periods and of equity at 31 December 2017 reported under FRS to those reported under MFRS are provided below:

(i) Impact on the condensed consolidated statement of financial position as at 31 December 2017:

	Under FRS RM'000	Adoption to MFRS RM'000	Transitioning to MFRS * RM'000	Under MFRS RM'000
ASSETS				
Non-current assets				
Land held for property development	3,256,118	(533,230)	1,696,583	4,419,471
Interests in joint ventures	1,052,977	3,419	-	1,056,396
Deferred tax assets	292,909	15,158	-	308,067
Long term receivables	42,855	-	40,739	83,594
Other non-current assets	2,394,181	-	-	2,394,181
	7,039,040			8,261,709
Current assets				
Property development costs and other assets	3,065,732	1,208,686	(1,696,583)	2,577,835
Receivables	2,640,463	(1,488,588)	-	1,151,875
Other current assets	1,652,162	-	-	1,652,162
	7,358,357			5,381,872
Total assets	14,397,397			13,643,581
EQUITY AND LIABILITIES				
Equity				
Other reserves	101,179	6,903	-	108,082
Retained profits	1,823,248	(173,705)	-	1,649,543
Other equity	5,507,733	-	-	5,507,733
Total equity	7,432,160			7,265,358
Non-current liabilities				
Deferred income	111,372	-	40,739	152,111
Provisions	911,220	(835,226)	-	75,994
Deferred tax liabilities	270,631	(40,512)	-	230,119
Contract liabilities	-	292,047	-	292,047
Other non-current liabilities	2,802,407	-	-	2,802,407
	4,095,630			3,552,678
Current liabilities				
Provisions	405,101	(70,553)	-	334,548
Payables	888,590	5,555	-	894,145
Contract liabilities	-	67,238	-	67,238
Tax payable	90,402	(46,302)	-	44,100
Other current liabilities	1,485,514	-	-	1,485,514
	2,869,607			2,825,545
Total liabilities	6,965,237			6,378,223
Total equity and liabilities	14,397,397			13,643,581

Impact on net assets per share attributable to Owners of Parent **RM (0.04)**

* During the transition upon MFRS adoption, the Group has reviewed certain classification of its assets and liabilities for a fair presentation.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Changes in Accounting policies and methods of computation (cont'd)

Malaysian Financial Reporting Standards ("MFRS") Framework (cont'd)

MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd)

(ii) Impact on the condensed consolidated income statement for the quarter ended 31 December 2017:

	Under FRS RM'000	Adoption to MFRS RM'000	Under MFRS RM'000
Revenue	**748,118**	**(444,829)**	**303,289**
Cost of sales	(533,665)	307,743	(225,922)
Gross profit	214,453		77,367
Other income	25,614	(14,074)	11,540
Expenses	(152,174)	18,912	(133,262)
Finance costs	(19,661)	-	(19,661)
Foreign exchange gain	11,994	-	11,994
Share of results of associates	373	5,697	6,070
Share of results of joint ventures	1,867	907	2,774
Profit/(loss) before income tax and zakat	**82,466**		**(43,178)**
Income tax and zakat	(44,781)	37,036	(7,745)
Profit/(loss) for the period	**37,685**	**(88,608)**	**(50,923)**
Profit/(loss) attributable to Owners of the Parent	37,659	(88,608)	(50,949)

The revenue and loss for the period are restated mainly due to unwinding of the recognition of Australian projects' contribution, previously recognised based on percentage of completion with revenue of RM393 million and deferment on the recognition of a land sale with the unwinding in revenue of RM55 million.

(iii) Impact on the condensed consolidated statement of comprehensive income for the quarter ended 31 December 2017:

	Under FRS RM'000	Adoption to MFRS RM'000	Under MFRS RM'000
Profit/(loss) for the period	37,685	(88,608)	(50,923)
Other comprehensive expense, comprises of:			
Foreign currency translation differences of foreign operations	(68,108)	6,622	(61,486)
Others	(1,350)	-	(1,350)
Total comprehensive expense	(31,773)		(113,759)
Total comprehensive expense attributable to Owners of the Parent	(31,777)	(81,986)	(113,763)

(iv) The impact on basic and diluted loss per share for the quarter ended 31 December 2017 is as follows:

Basic loss per share	(1.95)	sen
Diluted loss per share	(1.72)	sen

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Changes in Accounting policies and methods of computation (cont'd)

Malaysian Financial Reporting Standards ("MFRS") Framework (cont'd)

MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd)

(v) Impact on the condensed consolidated income statement for the financial year ended 31 December 2017:

	Under FRS RM'000	**Adoption to MFRS RM'000**	**Under MFRS RM'000**
Revenue	**2,903,442**	**(1,042,831)**	**1,860,611**
Cost of sales	(2,082,730)	765,254	(1,317,476)
Gross profit	820,712		543,135
Other income	68,159	(18,368)	49,791
Expenses	(387,945)	42,378	(345,567)
Finance costs	(91,146)	-	(91,146)
Foreign exchange gain	1,863	-	1,863
Share of results of associates	5,834	7,397	13,231
Share of results of joint ventures	21,176	1,656	22,832
Profit before income tax and zakat	**438,653**		**194,139**
Income tax and zakat	(157,045)	69,994	(87,051)
Profit for the year	**281,608**	**(174,520)**	**107,088**
Profit attributable to Owners of the Parent	280,085	(174,520)	105,565

The revenue and profit for the year are restated mainly due to unwinding of the recognition of Australian projects' contribution, previously recognised based on percentage of completion with revenue of RM964 million and deferment on the recognition of land sales with the unwinding in revenue of RM66 million.

(vi) Impact on the condensed consolidated statement of comprehensive income for the financial year ended 31 December 2017:

	Under FRS RM'000	**Adoption to MFRS RM'000**	**Under MFRS RM'000**
Profit for the year	281,608	(174,520)	107,088
Other comprehensive expense, comprises of:			
Foreign currency translation differences of foreign operations	(36,698)	6,877	(29,821)
Others	(5,370)	-	(5,370)
Total comprehensive income	239,540		71,897
Total comprehensive income attributable to Owners of the Parent	237,969	(167,643)	70,326

(vii) There is no material impact on the consolidated statement of cash flows for the financial year ended 31 December 2017. The impact on basic and diluted EPS is as follows:

Basic earnings per share	(3.85) sen
Diluted earnings per share	(3.38) sen

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Audit report in respect of the 2017 financial statements

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

4. Seasonal or cyclical factors

The Group's operations are not subject to any significant seasonal or cyclical factors.

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

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

6. Material changes in estimates used

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

7. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year ended 31 December 2018 except for the issuance and repayment of Islamic Medium Term Notes ("IMTN") from its IMTN Programme as follows:

Date	Transaction	Amount (RM'Million)	Tenure	Rate (per annum)
23 May 2018	Issuance	100	366 days	4.62%
31 Oct 2018	Issuance	350	3 years	4.85%
31 Oct 2018	Issuance	100	5 years	4.98%
31 Oct 2018	Issuance	250	7 years	5.15%
9 Aug 2018	Repayment	100	366 days	4.47%
13 Dec 2018	Repayment	700	5 years	4.60%

The proceeds from the IMTN were utilised for refinancing its existing structured commodity Islamic financing and to redeem the outstanding IMTN.

8. Dividend

The final single tier dividend of 1.0 sen per share on 4,537,436,037 ordinary shares amounting to RM45,374,360 in respect of the financial year ended 31 December 2017 was approved by the shareholders during the Annual General Meeting on 31 May 2018 and was paid on 27 June 2018.

On 27 June 2018, the Company also paid a single tier dividend of 1.0 sen per share on 792,515,753 redeemable convertible preference shares ("RCPS") amounting to RM7,925,157 in respect of the financial year ended 31 December 2017 in accordance with the terms of the RCPS.

The Directors do not recommend the payment of any dividend for the current financial year ended 31 December 2018 (2017 : Nil).

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 31 December to the date of this announcement which would substantially affect the financial results of the Group for the financial year ended 31 December 2018 that have not been reflected in the condensed financial statements.

10. Operating segments

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

	Property development		Property			
	In Malaysia RM'000	Outside Malaysia RM'000	investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	1,273,999	661,840	69,003	39,144	-	2,043,986
Inter-segment revenue	-	-	1,513	10,455	(11,968)	-
Total revenue	1,273,999	661,840	70,516	49,599	(11,968)	2,043,986
Results						
Segment results	267,710	123,529	(15,148)	158,060	(58,196)	475,955
Finance costs	(73,383)	(12,263)	(18,816)	(35,913)	39,409	(100,966)
Share of results of associates	7,827	(2,788)	-	(1,266)	-	3,773
Share of results of joint ventures	50,542	-	(1,790)	(11,130)	-	37,622
Profit/(loss) before income tax and zakat	252,696	108,478	(35,754)	109,751	(18,787)	416,384
Income tax and zakat	(93,784)	(39,364)	(45)	(2,373)	-	(135,566)
Profit/(loss) for the year	158,912	69,114	(35,799)	107,378	(18,787)	280,818
Attributable to:						
Owners of the Parent	158,912	69,114	(35,799)	106,893	(18,787)	280,333
Non-controlling Interests	-	-	-	485	-	485
Profit/(loss) for the year	158,912	69,114	(35,799)	107,378	(18,787)	280,818
Assets						
Segment assets	9,504,169	2,418,381	899,860	307,511	(693,166)	12,436,755
Interests in:						
- associates	482,209	12,220	-	6,206	-	500,635
- joint ventures	892,554	-	114,232	53,416	-	1,060,202
Tax recoverable	113,094	8	1,629	2,501	-	117,232
Total assets	10,992,026	2,430,609	1,015,721	369,634	(693,166)	14,114,824
Liabilities						
Segment liabilities	4,379,538	2,070,871	711,082	143,463	(693,166)	6,611,788
Tax payable	25,021	23,625	-	234	-	48,880
Total liabilities	4,404,559	2,094,496	711,082	143,697	(693,166)	6,660,668

11. Changes in the composition of the Group

There were no significant changes in the composition of the Group up to the date of this announcement including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operation since the preceding year ended 31 December 2017 except as stated below:

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Changes in the composition of the Group (cont'd)

(a) On 22 February 2018, the Company formalised the incorporation of UEM Sunrise (Aurora Melbourne Central Property Management) Pty Ltd and UEM Sunrise (Conservatory Melbourne Property Management) Pty Ltd, two (2) wholly-owned subsidiaries of UEM Sunrise (Developments) Pty Ltd, which in turn are indirect wholly-owned subsidiaries of the Company, with paid-up share capital of AUD2.00 each and registered in Victoria, Australia respectively.

(b) On 4 April 2018, the Company received a copy of the Sealed Order dated 17 November 2017 which was filed with the High Court of Malaya on 15 December 2017 from the Liquidators of Projek Usahasama Transit Ringan Automatik Sdn Bhd ("PUTRA"), an indirect wholly-owned subsidiary of the Company which was wound up on 26 April 2002. Pursuant to the Sealed Order, PUTRA was dissolved on 17 November 2017. Accordingly, PUTRA ceased to be an indirect subsidiary of the Company.

(c) On 5 April 2018, the Company received a notification that 0757422 B.C. Ltd., an indirect wholly-owned subsidiary company of the Company was dissolved on 20 March 2018 under Section 422 of the British Columbia Business Corporations Act.

(d) On 1 June 2018, UEM Sunrise Properties Sdn Bhd ("UEMS Properties"), a wholly-owned subsidiary of the Company, subscribed 200,000 ordinary shares in UEM Sunrise WOTSO Malaysia Sdn Bhd ("USWM") for a cash consideration of RM200,000, resulting in USWM becoming an indirect 50% owned joint venture of the Company.

(e) On 29 October 2018, the Company embarked on the winding up of 2 indirect wholly-owned subsidiaries, namely Nusajaya Business Park Sdn Bhd and UEM Sunrise Pacific Sdn Bhd via applications to the Companies Commission of Malaysia ("CCM") to strike off their names from the register of CCM pursuant to Section 550 of the Companies Act 2016.

(f) On 8 January 2019, the Company's indirect wholly-owned subsidiary, namely Saga Centennial Sdn Bhd submitted its application to the CCM to strike off its name from the register of CCM pursuant to Section 550 of the Companies Act 2016.

12. Contingent liabilities

There are no changes in the contingent liabilities since the preceding financial year ended 31 December 2017 except as disclosed below:

Income tax assessment

On 3 October 2011, Bandar Nusajaya Development Sdn. Bhd. ("BND"), an indirect wholly-owned subsidiary of the Company, received a notice of additional assessment ("Form JA") from the Inland Revenue Board ("IRB") for additional tax and penalty of RM50.9 million and RM22.9 million respectively, totalling to RM73.8 million in respect of the year of assessment 2006.

On 4 September 2012, the Kuala Lumpur High Court ("KLHC") ruled in favour of BND and declared that the IRB had no legal basis to raise the additional assessment. Following the decision held by KLHC, the IRB had filed an appeal to the Court of Appeal ("CoA") against the decision made.

The CoA, having heard and considered the submissions by both parties on 19 and 20 May 2014, unanimously decided that there are no merits in the appeal by the IRB and thus agreed with the decision of KLHC which ruled in favour of BND. The IRB had on 18 June 2014 filed an application for leave to the Federal Court ("FC") to appeal against the decision of CoA.

On 18 October 2016, the FC reversed the decisions of CoA and KLHC and ordered that BND should have appealed by way of filing a notice of appeal ("Form Q") to the Special Commissioners of Income Tax ("SCIT"). The FC's decision has resulted in the Form JA totalling RM73.8 million to become due and payable, which was fully paid on 5 December 2016.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Contingent liabilities (cont'd)

Income tax assessment (cont'd)

Subsequent to the FC's decision, on 25 and 26 October 2016, BND has filed the Form Q to the IRB. The Form Q was rejected by the IRB on 25 and 26 October 2016 respectively. On 10 November 2016, BND filed a notice for extension of time to file the Form Q ("Form N") which was rejected by the IRB on 8 February 2017.

A judicial review application against the rejection of Form Q was filed on 17 January 2017. In addition to the judicial review, BND filed a written representation directly to the SCIT requesting the approval to file the Form Q. The SCIT granted their approval on 3 March 2017. Vide a letter dated 21 March 2017, the IRB has confirmed the receipt of BND's Form Q dated 20 March 2017. The IRB has 12 months from the date of receipt of Form Q to review and present it to the SCIT. The judicial review application has been withdrawn on 17 May 2017 given that the IRB did not appeal against the decision of the SCIT.

Vide a letter dated 14 March 2018, the IRB has served the Form Q to the SCIT. Case management was fixed before the SCIT on 18 May 2018. Further to the case management, the SCIT fixed this matter for hearing on 14 and 15 September 2021. Upon the hearing of this case, BND's solicitors can then proceed to present the merits of the case to the SCIT. BND's solicitors are of the view that BND has a strong case to argue that the IRB has no legal or factual basis to issue the notice of additional assessment nor there is legal or factual basis for the IRB to impose the penalty.

13. Capital commitments

There are no material capital commitments in relation to the Group's capital expenditure except as disclosed below:

	RM'Mil
Approved and contracted for	25.2
Approved but not contracted for	372.0
Total	397.2

14. Income tax and zakat

	Current year quarter **31/12/2018** RM'000	Preceding year corresponding quarter **31/12/2017 (restated)** RM'000	Year Ended **31/12/2018** RM'000	Year Ended **31/12/2017 (restated)** RM'000
Malaysian and foreign income tax				
- Current tax	(45,417)	(6,337)	(130,071)	(157,741)
- (Under)/over provision in prior periods/year	(3,311)	544	7,055	(313)
Deferred tax				
- Relating to origination and reversal of temporary differences	3,754	829	(6,326)	71,505
- (Under)/over provision in prior periods/year	-	(37)	(1,014)	2,242
Tax expense for the periods/year	(44,974)	(5,001)	(130,356)	(84,307)
Zakat	(5,210)	(2,744)	(5,210)	(2,744)
	(50,184)	(7,745)	(135,566)	(87,051)

The effective tax rate (excluding share of results of associates and joint ventures) is higher than the statutory tax rate mainly due to non-deductible expenses, higher tax rate at Australia and unrecognised deferred tax assets.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

All corporate proposals announced are completed as at the date of this announcement except for the following:

a) A development agreement and a supplemental development agreement dated 19 December 2007 and 4 November 2010, respectively, between UEM Land Berhad ("UEM Land"), BND and Haute Property Sdn Bhd ("HPSB") for the development of a high end residential enclave over 111 acres held under H.S.(D) 453895, PTD 154910, Mukim Pulai, Daerah Johor Bahru, Johor. The development of the residential enclave is currently on-going.

b) A Facilities Maintenance and Management Agreement ("FMMA") dated 10 March 2011 between Cahaya Jauhar Sdn Bhd, a 60% owned joint venture of UEM Land and 40% owned by State Government of Johor via Permodalan Takzim Sdn Bhd for the provision of management and maintenance services for Phase 1 of Kota Iskandar. The FMMA covers a period of 30 years with a review of every 3 years.

c) Three Shareholders' and Shares Subscription Agreements dated 11 June 2012 entered into by the Company and wholly-owned subsidiaries of Desaru Development Holdings One Sdn Bhd (a subsidiary of Desaru Development Corporation Sdn Bhd) ("DDC Cos") (collectively referred to as the "SSAs") to establish the shareholding structure of three separate Development Companies ("Dev Cos") and to regulate the relationship amongst the Company and the DDC Cos for the development of land parcels acquired by the Dev Cos with an aggregate gross area of approximately 678.70 acres ("Desaru Land").

The issued and paid-up capital of the Dev Cos is held by the Company and the respective DDC Cos in the proportion of 51% and 49%, respectively.

Concurrent with the execution of the SSAs, the respective Dev Cos entered into three separate Sale and Purchase Agreements (collectively referred to as the "SPAs") with the respective DDC Cos for the proposed acquisitions of the Desaru Land for a total consideration of RM485.3 million.

On 18 June 2012, 10% of the purchase consideration for each of the Desaru Land was paid by the Dev Cos to the relevant DDC Cos. The balance 90% is to be paid on a staggered basis depending on the completion of several development components to be completed by the DDC Cos. As at 20 February 2019, the SPAs are still outstanding.

d) A Master Agreement dated 23 October 2012 between UEM Land and Ascendas Land (Malaysia) Sdn Bhd ("Ascendas") ("MA") was entered to undertake the development of an integrated tech park over approximately 519 acres of land in Gerbang Nusajaya ("Land"), Iskandar Puteri, Johor ("Proposed Development") broken down as follows:

(i) Phase 1 Land measuring approximately 205 acres and further broken down into two plots identified as Plot A with an estimated area of 120 acres ("Plot A") and Plot B with an estimated area of 85 acres ("Plot B") (collectively "Phase 1 Land") to be held by Company A;

(ii) Phase 2 Land measuring approximately 166 acres to be held by Company B ("Phase 2 Land"); and

(iii) Phase 3 Land measuring approximately 148 acres to be held by Company C ("Phase 3 Land").

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. Status of corporate proposals announced but not completed as at the date of this announcement (cont'd)

d) (cont'd)

On 26 December 2012, UEM Land and Ascendas entered into the first Subscription Agreement ("SA") to regulate their initial share subscription into Company A now known as Nusajaya Tech Park Sdn Bhd ("NTPSB"). On even date, the parties also entered into a Shareholders' Agreement ("SHA") to govern the parties' relationship as shareholders of NTPSB. The parties will enter into a separate SA and SHA for Company B and Company C in due course collectively referred to as the "Companies". The equity ratio of the parties in the Companies is 60% : 40% (Ascendas : UEM Land) unless otherwise agreed.

Pursuant to the MA, UEM Land also agrees to:
(i) Transfer Plot A to NTPSB; and
(ii) Grant to Ascendas the options to:
- Agree to NTPSB completing the purchase of Plot B; and
- Purchase the Phase 2 Land and Phase 3 Land via Company B and Company C respectively.

The options are exercisable within nine (9) years from the date of the MA ("Option Period").

On 28 September 2018, UEM Land and Ascendas entered into the second SA to vary the MA where both parties agreed that, amongst others:

(i) Phase 2 Land and Phase 3 Land will not be acquired and held by Company B and Company C, respectively and will instead be acquired and held by NTPSB;
(ii) Company B and Company C will be deleted in its entirety from the MA; and
(iii) Ascendas is entitled to exercise its option to acquire any plot of Phase 2 Land as well Phase 3 Land ("the Land") independently as long as it is within the Option Period. NTPSB shall be used as the vehicle to acquire the Land.

On even date, UEM Land and Ascendas together with Nusajaya Rise Sdn Bhd, the proprietor of Phase 2 Land also agreed that Phase 2 Land be subdivided into four (4) different plots i.e. Plot C, Plot D, Plot E and Plot F. The parties also agreed that if there is a need to further sub-divide Phase 3 Land into smaller plots, NTPSB will do so at its own cost subject to UEM Land and Ascendas' approval. As at 20 February 2019, NTSPB has yet to exercise its option to acquire any of the plot in Phase 2 Land.

e) A Joint Venture cum Shareholders' Agreements dated 16 February 2016 between a wholly-owned subsidiary of the Company, UEM Land with Leisure Farm Corporation Sdn Bhd ("LFC"), a wholly-owned subsidiary of Mulpha International Berhad ("MIB") and JV Axis Sdn Bhd ("JVASB") a wholly-owned subsidiary of MIB, the intended joint venture company for the proposed collaboration between UEM Land and LFC ("JVA").

Both UEM Land and LFC wish to work together as strategic joint development partners to jointly develop thirty-eight (38) parcels of freehold lands (located in Gerbang Nusajaya and near the Leisure Farm Resort) within Mukim Pulai, District of Johor Bahru, Johor. Part of the land parcels are owned by Nusajaya Seaview Sdn Bhd ("NSSB") and Nusajaya Rise Sdn Bhd ("NRSB"), both are indirect wholly-owned subsidiaries of the Company measuring a total of 136.29 acres (collectively known as "UEMS Lands") whilst the balance of thirty-six (36) land parcels are owned by LFC with a total of 65.48 acres ("LFC Lands"). (Both UEMS Lands and LFC Lands are collectively referred as "JV Lands").

On the same day, NSSB and NRSB entered into a Master Agreement ("MA") with both JVASB and LFC to record the agreed framework and parameters for the disposal of the JV Lands by NSSB, NRSB and LFC to JVASB.

15. Status of corporate proposals announced but not completed as at the date of this announcement (cont'd)

e) (cont'd)

The MA is conditional upon certain conditions precedent and to be fulfilled by the respective landowners within twenty-four (24) months from the date of the MA.

On 15 June 2016, JVASB changed its name to Gerbang Leisure Park Sdn Bhd.

On 7 May 2018, both parties have agreed to extend the conditions precedent period from 16 February 2018 to 15 February 2019.

On 15 February 2019, both parties agreed to extend the conditional period to 15 February 2020. As at 20 February 2019, the conditions precedent of the MA are still pending.

f) A Joint Venture Agreement dated 22 February 2016 between UEM Land and ONE15 Marina Holdings Pte Ltd (formerly known as SUTL Marina Holdings Pte Ltd) ("ONE15") ("JVA") to establish Sarandra Malaysia Sdn Bhd ("SMSB"), a joint venture company with a 40% : 60% (UEM Land : ONE15) equity share to co-operate in incorporating, financing and operating the following businesses:

(i) developing (1) the portion of the Public Marina which has yet to be developed (2) the Private Marina and (3) the Mega Yacht Marina and operating the Public Marina, the Private Marina and the Mega Yacht Marina;

(ii) developing and operating the Private Yacht Club via the Private Yacht Club Corporation; and

(iii) operating the sports centre in Puteri Harbour.

all in Puteri Harbour, Iskandar Puteri, Johor in Malaysia.

On 11 July and 10 October 2017, both UEM Land and ONE15 have further increased their investment in SMSB to 5,801,000 ordinary shares at a ratio of 40:60 respectively.

On 29 June 2018, both parties have agreed to extend the conditions precedent period to 31 December 2018.

The JVA became unconditional on 21 December 2018. As at 20 February 2019, both parties are continuing with their respective obligations as per the JVA.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. Status of corporate proposals announced but not completed as at the date of this announcement (cont'd)

g) A Joint Land Development Agreement dated 27 May 2016 between Sunrise Quality Sdn Bhd ("SQSB"), an indirect wholly-owned subsidiary of the Company with Telekom Malaysia Berhad ("TM") ("JLDA") for the development of Lot 461 and Lot 493, Section 19, Bandar Kuala Lumpur, District of Kuala Lumpur measuring approximately 1.69 acres ("Said Lands") into a high rise mixed development project ("Project").

TM is the registered and beneficial owner of the Said Lands. Under the JLDA, TM agrees to grant SQSB the sole and exclusive rights to develop the Said Lands into the Project. In return, SQSB agrees to pay TM a guaranteed land cost ("GLC") of RM150.0 million. TM is also entitled to 5% of the agreed gross development value of the Project.

The JLDA is subject to certain conditions precedent to be fulfilled within two (2) years from the JLDA execution date. A deposit of RM15.0 million equivalent to 10% of the total GLC was paid by SQSB on 28 May 2016 whilst the remaining 90% of the total GLC will be payable in accordance to the payment schedule set out in the JLDA.

On 24 August 2018, both parties mutually agreed to rescind the JLDA on the non-fulfillment of the conditions precedent under the JLDA. The deposit was refunded on 26 September 2018.

(h) A Sale and Purchase Agreement dated 30 October 2017 between Bandar Nusajaya Development Sdn Bhd ("BND") and Country View Resources Sdn Bhd ("CVRSB") ("SPA") for the disposal of 163.92 acres of land identified as HS(D) 309469, PTD 71080, Mukim Pulai, District of Johor Bahru, State of Johor by BND for a total consideration of RM310.0 million ("Proposed Disposal").

On 26 June 2018, BND entered into a Supplemental Agreement with CVRSB to amend and vary the SPA. Both parties agreed that the Balance Purchase Consideration of RM279.0 million will be paid by the Purchaser to the Vendor as follows:

(i) RM62.0 million to be paid on or before 29th June 2018; and
(ii) RM217.0 million (“Final Payment”) to be paid within eight (8) months from the SPA date (“Completion Period”), with an automatic extension of the Completion Period for another five (5) months (“Extended Completion Period”) subject to late payment interest on the unpaid Balance Purchase Consideration.

Both parties also agreed that vacant possession of the land is to be delivered to CVRSB on an 'as is where is’ basis on 29 June 2018 and if the SPA is terminated, CVRSB shall re-deliver vacant possession of the land to BND. BND will vacate the tenant, Saratoga Greens Sdn Bhd (“Tenant”), from the land by the end of the Extended Completion Period, otherwise, CVRSB shall be entitled to suspend and withhold the payment of the Final Payment from the expiry of the Extended Completion Period until the Tenant has vacated the land and no interest on the Final Payment will be charged from the expiry of the Extended

BND has successfully vacated the Tenant from the land on 8 October 2018.

On 27 November 2018, the Group has completed the Proposed Disposal upon the collection of remaining unpaid Balance Purchase Consideration.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. Status of corporate proposals announced but not completed as at the date of this announcement (cont'd)

i) A Sale and Purchase Agreement ("SPA") dated 20 December 2017 between Nusajaya Greens Sdn Bhd ("NGSB"), an indirect wholly-owned subsidiary of the Company and KII Morris Sdn Bhd ("KMRSB"), an indirect wholly-owned subsidiary of Kimlun Corporation Berhad for the disposal of 28.995 acres of land identified as PTD 166915, Mukim Pulai, Iskandar Puteri, Johor by NGSB for a total consideration of RM82.1 million ("Proposed Disposal"), the payment terms of which are:

(i) RM8.2 million – 10% of the purchase consideration upon the execution of the SPA; and
(ii) RM73.9 million – 90% of the purchase consideration within ninety (90) days from the unconditional date of the SPA. ("Balance Purchase Price").

Approval from the Economic Planning Unit ("EPU") is the only condition precedent of the SPA, to be fulfilled within six (6) months from the SPA date with an automatic extension of three (3) months which fall on 19 September 2018.

On 14 September 2018, KMRSB requested an extension of two (2) months from the last date of the automatic extension period to 19 November 2018 to fulfill the condition precedent. NGSB agreed to extend the conditional period to 15 November 2018.

On 12 November 2018, NGSB agreed to KMRSB's request to further extend the conditional period to 30 November 2018, followed by another request on 27 November 2018 to extend it to 31 December 2018. The SPA became unconditional on 19 December 2018 upon obtaining the EPU's approval ("Approval Date").

On 26 December 2018, both parties entered into a supplemental SPA agreeing that vacant possession for the land is deemed delivered on 26 December 2018 and that the Balance Purchase Price shall be paid as follows:

(i) RM41,491,746 to be paid to NGSB on or before 26 December 2018 which was duly paid; and
(ii) RM32,395,932 to be paid to NGSB within 90 days from the Approval Date ("Completion Period") or within 30 days from the expiry of the Completion Period.

As at 20 February 2019, the completion of the SPA is still pending.

j) A Joint Venture Agreement dated 28 February 2018 between UEM Sunrise Properties Sdn Bhd ("UEMS Properties") and WOTSO S.E.A. Pty Ltd ("WOTSOSEA") ("JVA"), a wholly-owned subsidiary of WOTSO Workspace Pty Ltd ("WOTSO") which in turn is a subsidiary of Blackwall Limited Company, an Australian public listed real estate company based in Sydney. The purpose of the JVA is to explore leasing opportunities and identify potential commercial and/or retail developments for co-working spaces and manage the leasing operations of the co-working space and serviced office suites.

Both UEMS Properties and WOTSO will subscribe to a total of 400,000 ordinary shares of the joint venture company ("JVCo") after seven days from the unconditional date at an issue price of RM1.00 per ordinary share at equity holding of 50% each.

The JVA is conditional upon the following conditions precedent to be fulfilled within 60 days of the JVA

(i) Approvals from UEMS Properties and WOTSO's respective boards and shareholders in relation to any required transaction (where required);

(ii) Parties obtaining approvals from authorites or regulatory bodies to enter into the JVA; and

(iii) Parties agreeing to the form and substance of the Licensing Agreement to be entered into between the JVCo and WOTSO for the use of the WOTSO's license, operations, systems and other related intellectual property rights.

The JVA became unconditional on 22 May 2018. On 1 June 2018, both parties incorporated UEM Sunrise WOTSO Malaysia Sdn Bhd as disclosed in Note 11(d).

15. Status of corporate proposals announced but not completed as at the date of this announcement (cont'd)

k) The conditional Shareholders' Subscription Agreement ("SSA") between Sunrise Berhad ("SB"), Mega Legacy Equity Sdn Bhd ("MLE") and Mega Legacy (M) Sdn Bhd ("MLM") for a total subscription price of RM279.3 million ("Subscription Price") and Sale and Purchase Agreement ("SPA") between MLM and Datuk Bandar Kuala Lumpur ("DBKL") for the acquisition of ten parcels of 99-year leasehold land measuring approximately 72.73 acres in Mukim Batu, Wilayah Persekutuan from DBKL for a purchase consideration of RM416.4 million. The SSA and SPA are both dated 13 April 2018.

SB will subscribe to 500,001 ordinary shares in MLM at the Subscription Price within 14 days from the date that all conditions precedent are met ("Effective Date"), subject to the fulfillment of the conditions precedent to be fulfilled within six (6) months from the SSA date or such other period mutually agreed by SB, MLE and MLM. The conditions precedent are:

(i) Due diligence exercise on MLM and Bonus Focus (M) Sdn Bhd (as its shares will be pledged as security for MLE's obligation to construct two interchanges connecting to the lands from the MRR2);

(ii) Due diligence on lands; and

(iii) MLE procuring release letters from previously appointed contractors discharging MLM from any obligation arising from the appointment.

The Subscription Price will be paid on a staggered basis with the first payment was made upon execution of the SSA while the final payment will be made within 12 months from the date of the SSA or six (6) months from the Effective Date, whichever is later.

The purchase consideration will be paid in cash and in kind as follows:

(a) RM236.5 million in cash where RM75.4 million was paid as at the SPA date and remaining RM161.1 million to be paid within three (3) months from receipt of State Consent for transfer with an automatic extension of nine (9) months at interest of 8% p.a.; and

(b) RM179.9 million in kind via the completion and handover of a marching field and Jabatan Penguatkuasaan Dewan Bandaraya Kuala Lumpur complex, as well as a multilevel car park to be constructed at Kepong Metropolitan Park, within thirty-six (36) months from the work schedule under the agreement with DBKL.

On 12 October 2018, both parties agreed to extend the conditions precedent period from 13 October 2018 to 12 April 2019.

As at 20 February 2019, condition precedent as disclosed in Note k(iii) is still pending.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. Borrowings and debt securities

	Long term borrowings			Short term borrowings		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
As at 31 December 2018						
Domestic						
- Loan from immediate holding company	-	-	-	74,405	-	74,405
- Islamic Medium Term Notes	-	2,300,000	2,300,000	-	300,000	300,000
- Term loan	94,812	-	94,812	90,000	-	90,000
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	-	-	-	739,858	739,858
- Revolving credits	-	-	-	7,000	363,000	370,000
- Bank overdrafts	-	-	-	-	1,658	1,658
Non Domestic						
- Term loan (denominated in Australian Dollar)	-	-	-	322,356	-	322,356
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	-	-	390,412	-	390,412
TOTAL	**94,812**	**2,300,000**	**2,394,812**	**884,173**	**1,404,516**	**2,288,689**
As at 31 December 2017						
Domestic						
- Loan from immediate holding company	-	-	-	75,065	-	75,065
- Islamic Medium Term Notes	-	1,800,000	1,800,000	-	800,000	800,000
- Term loan	110,073	-	110,073	56,000	100,000	156,000
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	719,665	719,665	-	71,176	71,176
- Revolving credits	-	-	-	11,000	370,000	381,000
- Bank overdrafts	-	-	-	-	2,273	2,273
Non Domestic						
- Term loan (denominated in Australian Dollar)	12,680	-	12,680	-	-	-
- Commodity Murabahah Finance (denominated in Australian Dollar)	91,810	-	91,810	-	-	-
TOTAL	**214,563**	**2,519,665**	**2,734,228**	**142,065**	**1,343,449**	**1,485,514**

For the financial year, the Group draws AUD294 million and repaid AUD83 million of Term Loan and Commodity Murabahah Finance for on-going property development projects in Australia. In the Domestic segment, the Group repaid RM1,114 million via RM800 million drawdown of Islamic Medium Term Notes, RM143 million of Revolving Credit, and RM79 million of Term Loan in the same period.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. Derivative asset/(liability)

Details of outstanding derivatives as at 31 December 2018 are as follows:	**Contract/ Notional Value** RM'000	**Fair Value** RM'000
Derivative asset - Islamic currency swap-i contract - 1 year	160,749	15,956
Derivative liability - Profit rate swap-i contract - 1 year	438,405	(910)

UEM Sunrise (Australia) Sdn Bhd, a wholly-owned subsidiary of the Company entered into two contracts, namely Islamic currency swap-i and profit rate swap-i to hedge its foreign currency risk and profit rate arising from the principal repayment and profit margin on Commodity Murabahah Finance amounting to AUD55 million and AUD150 million respectively. Both contracts are designated as cash flow hedges and apply the hedge accounting policy.

18. Fair value hierarchy

There were no transfers between any level of the fair value hierarchy took place during the current 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

Since the preceding financial year ended 31 December 2017, there is no change in material litigation as at the date of this announcement except as disclosed below:

a) Decision by the Federal Court in respect of BND's additional asssessment raised by IRB for additional tax and penalty, as disclosed in Note 12.

b) On 25 July 2017, UEM Land was served with the Claim filed by the Plaintiffs in relation to shares held in Setia Haruman ("the 1st Defendant"). UEM Land is cited as the 9th Defendant in the Claim.

The Claim seeks, amongst others, for:

(i) a declaration that the 2nd to 9th Defendants respectively had managed and conducted the affairs of the 1st Defendant and/or exercised their powers oppressively and/or disregarded and/or acted in a manner unfairly prejudicial to the interest of the Plaintiffs as members of Setia Haruman pursuant to Section 346 of the Companies Act 2016; and

(ii) an order that the 2nd to the 9th Defendants do jointly and/or severally purchase the 750,000 ordinary shares of Setia Haruman owned or held by Impresive Circuit at such price and on such terms as shall be determined by the Honourable Court.

On 25 April 2018, UEM Land had successfully applied to strike out Datuk Kasi A/L K.L. Palaniappan ("Datuk Kasi"), the First Plaintiff in the suit, as a party in the Claim. The remaining Plaintiff in the suit, Impresive Circuit Sdn Bhd, successfully added two other Defendants in the suit namely Menara Embun Sdn Bhd and Modern Eden Sdn Bhd.

On 20 June 2018, Datuk Kasi and the 2nd – 6th Defendants have respectively filed their appeal to the Court of Appeal against the High Court's ("HC") decision on 25 April 2018. Datuk Kasi is appealing against the HC's decision in allowing the 7th-9th Defendants Striking Out and Misjoinder application, striking Datuk Kasi out as a party. The 2nd – 6th Defendants are appealing against the dismissal of their application to strike themselves out as parties to the action by the HC.

UEM Land denies allegations made by the Plaintiffs and will be vigorously defending the Claim. At this juncture, the Claim has no material financial and operational impact to the Group and the Company. The Company's solicitor is of the view that UEM Land has a reasonably good chance of success in defending the Plaintiffs' case against UEM Land.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

20. Comparison between the current quarter and the immediate preceding quarter

	Current quarter **31/12/2018** RM'000	Immediate preceding quarter **30/09/2018** RM'000	**Variance** RM'000/(%)	
Revenue	752,789	430,104	322,685	(75%)
Operating profit	73,869	44,068	29,801	(68%)
Share of net results	25,779	9,430	16,349	(173%)
Profit before interest and tax and zakat	99,648	53,498	46,150	(86%)
Finance costs	(29,414)	(26,472)	(2,942)	(-11%)
Profit before income tax and zakat	70,234	27,026	43,208	(160%)
Income tax and zakat	(50,184)	(5,559)	(44,625)	(-803%)
Profit for the period	20,050	21,467	(1,417)	(-7%)
Non-controlling Interests	31	(294)	325	(111%)
Profit attributtable to Owners of the Parent	20,081	21,173	(1,092)	(-5%)

The Group recorded higher revenue in the current quarter largely due to the partial settlement of 1st separable portion of Conservatory and the continuation of 2nd separable portion settlement of Aurora Melbourne Central where both projects contributed RM466 million in the quarter as compared to RM196 million in the immediate preceding quarter. In the immediate preceding quarter, the 1st separable portion of Aurora Melbourne Central was partially settled. The Group also recognised land sale to Kimlun amounting to RM86 million in the current quarter.

The Group recorded higher profit before income tax for the quarter in line with higher revenue and favourable results from associates and joint ventures.

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

	Current year quarter **31/12/2018** RM'000	Preceding year corresponding quarter **31/12/2017 (restated)** RM'000	**Variance** RM'000/(%)		Year Ended **31/12/2018** RM'000	Year Ended **31/12/2017 (restated)** RM'000	**Variance** RM'000/(%)	
Revenue	752,789	303,289	449,500	(148%)	2,043,986	1,860,611	183,375	(10%)
Operating profit/(loss)	73,869	(32,361)	106,230	(328%)	475,955	249,222	226,733	(91%)
Share of net results	25,779	8,844	16,935	(191%)	41,395	36,063	5,332	(15%)
Profit/(loss) before interest and tax & zakat	99,648	(23,517)	123,165	(524%)	517,350	285,285	232,065	(81%)
Finance costs	(29,414)	(19,661)	(9,753)	(-50%)	(100,966)	(91,146)	(9,820)	(-11%)
Profit/(loss) before income tax & zakat	70,234	(43,178)	113,412	(263%)	416,384	194,139	222,245	(114%)
Income tax & zakat	(50,184)	(7,745)	(42,439)	(-548%)	(135,566)	(87,051)	(48,515)	(-56%)
Profit/(loss) for the period/year	20,050	(50,923)	70,973	(139%)	280,818	107,088	173,730	(162%)
Non-controlling interests	31	(26)	57	(219%)	(485)	(1,523)	1,038	(68%)
Profit/(loss) attributtable to Owners of the Parent	20,081	(50,949)	71,030	(139%)	280,333	105,565	174,768	(166%)

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The Group recorded higher revenue in the current quarter as compared to preceding year's corresponding quarter largely due to the partial settlement of Conservatory and Aurora Melbourne Central. In the current quarter, the Group also completed Kimlun land disposal. The contribution from international revenue cushioned the impact of lower revenue from the domestic projects derived from Residensi Astrea, Kiara Kasih and Solaris Parq in Central as well as Serimbun and Aspira Park Homes in Southern that are still at early stages of its development cycle.

In line with higher revenue, lower operating expenditure as well as favourable share of associates and joint ventures, the Group recorded higher profit before tax in the current quarter as opposed to a loss in the preceding year's corresponding quarter. Operating loss recorded in the preceding year's corresponding quarter was also affected by higher operational expenditure including the marketing and promotional expenses incurred for new launches, Mayfair and Solaris Parq in that quarter.

The Group recorded higher revenue for the current financial year as compared to preceding year due to the partial settlement of Aurora Melbourne Central and Conservatory in the second half of 2018. Lower revenue from domestic projects was recorded due to the completion of Teega, Arcoris, Bayu Angkasa and Residensi 22 in the prior year. In addition, the Group successful launch of Residensi Astrea, Kiara Kasih and Solaris Parq in Central as well as Serimbun and Aspira Park Homes in Southern are still at early stages of development cycle. However, the impact of lower domestic revenue cushioned with the contribution from international projects as well as land disposals.

The Group recorded higher net profit in the current financial year in tandem with higher revenue, gain from property development cost savings, lower operating expenses and higher margin from land disposed in Iskandar Puteri.

22. Earnings/(loss) per share

	Current year quarter **31/12/2018** RM'000	Preceding year corresponding quarter **31/12/2017 (restated)** RM'000	Year Ended **31/12/2018** RM'000	Year Ended **31/12/2017 (restated)** RM'000
a) Basic earnings/(loss) per share				
Profit/(loss) for the period/year attributable to Owners of the Parent	20,081	(50,949)	280,333	105,565
Less: Dividend paid for RCPS	-	-	(7,925)	-
Profit/(loss) for the period/year attributable to Owners of the Parent (net of dividend paid for RCPS)	20,081	(50,949)	272,408	105,565
Weighted average number of ordinary shares in issue ('000)	4,537,436	4,537,436	4,537,436	4,537,436
Basic earnings/(loss) per share	0.44 sen	(1.12) sen	6.00 sen	2.33 sen

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

22. Earnings/(loss) per share (cont'd)

	Current year quarter **31/12/2018** RM'000	Preceding year corresponding quarter **31/12/2017 (restated)** RM'000	Year Ended **31/12/2018** RM'000	Year Ended **31/12/2017 (restated)** RM'000
b) Diluted earnings/(loss) per share				
Profit/(loss) for the period/year attributable to Owners of the Parent (net of dividend paid for RCPS)	20,081	(50,949)	272,408	105,565
Weighted average number of ordinary shares in issue ('000)	4,537,436	4,537,436	4,537,436	4,537,436
Effects of dilution from RCPS ('000)	617,077	622,538	617,077	622,538
Diluted weighted average number of ordinary shares in issue ('000)	5,154,513	5,159,974	5,154,513	5,159,974
Diluted earnings/(loss) per share	0.39 sen	(0.99) sen	5.28 sen	2.05 sen

23. Prospects for the next financial year

The Malaysian economy grew by 4.7% in 4Q 2018 (3Q 2018: 4.4%) supported by continued expansion in domestic demand, and a positive growth in net exports. For 2019, the Malaysian economy is expected to continue to expand at a steady pace with private expenditure continuing to be the main driver amidst weaker global demand[1]. In respect of the property sector, the Group views the outlook to remain challenging but offerings with unique value proposition and within strategic locations in combination with attractive pricing packages, should continue to encourage demand and create sales.

The Group exceeded its sales target by 19% year-on-year ("YoY") as at end 2018, with total sales of RM1.43 billion and revenue of RM2.0 billion, a growth of 10% YoY.

During the year, the Group successfully launched five new projects with GDV of RM907.9 million. In Mont'Kiara, Residensi Astrea, a high-rise residential development comprising 240 units with GDV of RM323.0 million was launched in October 2018 achieving a take-up of 52% whilst Kondominium Kiara Kasih, 719 units of affordable homes, with GDV of RM215.7 million launched in March 2018 achieved a take-up of 91%. The Group also launched Eugenia, Serene Heights Bangi's latest phase, GDV of RM62.5 million with take-up of 57% to-date.

In the Southern region, Serimbun, a mid-market landed residential development was launched in February 2018 with GDV of RM139.0 million, achieving an encouraging take-up of 78%. The Group also launched its first commercial development in Iskandar Puteri, 68° Avenue with GDV of RM167.7 million. Comprising 136 units of two to three-storey shop offices, the development attracted considerable interest with a take-up of 61%.

In addition to the successful launches, the Group's emphasis on inventory monetisation has proven to be effective with RM433.3 million sales derived from completed properties driven by smart marketing, re-pricing strategy as well as sundry offers, that further enhanced the properties' value proposition.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

On the international front, Aurora Melbourne Central's first separable portion i.e. SP3, was completed and progressively handed over beginning in 3Q 2018. As at 15 February 2019, 201 units were handed over against 207 completed units (AUD115.1 million GDV), i.e. a settlement rate of over 97%. The remaining SP4 (AUD277.6 million GDV) and SP5 (AUD121.1 million GDV) are targeted for completion in 2Q and 4Q 2019 respectively whilst the en-bloc sale of serviced apartments to Ascendas Australia Hotel Trust (AUD120.0 million GDV), is expected to be completed in 3Q 2019.

Conservatory's separable portions, SP1 and SP2 were completed for settlement on 14 December 2018 and 30 January 2019, respectively. As at 15 February 2019, of the 421 completed units (GDV of AUD298.5 million), a total of 289 units of both SP1 and SP2 were successfully handed over to the purchasers, reflecting a settlement rate of 68%. The Group has thus attained the required settlement proceeds to repay the entire project financing loan for Conservatory.

In 2019, the Group plans to launch projects with GDV of RM1.2 billion focusing on mid-market mainly reasonably sized pocket launches in mature locations. It started the year with the launch of Aspira Park Homes in Gerbang Nusajaya on 19 January 2019. The development with GDV of RM101.8 million comprising 162 units mid-market double storey terrace homes achieved considerable interest with over 60% bookings as at to-date. In Kuala Lumpur, a sizeable project is planned for development in Kepong with the initial launch of two residential towers, targeted before the end of 2019. The Group also intends to launch subsequent phases of a proven residential development, Serene Heights Bangi.

At the same time, the Group continues to actively pursue opportunities in new business sectors, and in December 2018 unveiled Hyatt House Kuala Lumpur Mont'Kiara. Located in Arcoris Mont'Kiara, the 298 residentially inspired extended stay hotel with restaurant and state-of-the-art facilities is the first in South East Asia. In Puteri Harbour, the construction of the private marina, One Degree 15 Puteri Harbour Marina and clubhouse is expected to commence towards the end of 1Q 2019.

Asset divestment remains one of the Group's key strategies. In line with the Group's land portfolio rebalancing strategy, land disposal totalling RM457.4 million was undertaken in Iskandar Puteri. More recently another pocket land also in Iskandar Puteri, has been slated for disposal for RM24.8 million, which the Group expects to complete in 2Q 2019. The Group plans to continue with its asset divestment plan in 2019 and has earmarked several non-strategic assets for divestment amounting to RM300.0 million.

The Group takes cognisance of the soft property market in the year ahead and will exercise prudence in facing the challenging environment. It remains pragmatic in its targets for 2019, despite exceeding sales target of RM1.2 billion and achieving RM1.43 billion in 2018. The Group's sales target for 2019 remains at RM1.2 billion whilst its GDV launches target is RM1.2 billion. Nonetheless, the Group is ready to activate further launches for 2019 depending on market conditions and opportunities. Its unbilled sales remain healthy at RM4.4 billion as at end of 2018.

Source:
[1] *BNM Quarterly Bulletin, 4Q 2018.*
** take up rate inclusive of bookings*

24. Profit forecast

The Group did not issue any profit forecast or profit guarantee in respect of current year.

Kuala Lumpur
26 February 2019

By Order of the Board

LIEW IRENE (MAICSA 7022609)
WONG LEE LOO (MAICSA 7001219)
Joint Company Secretaries