



**UEM SUNRISE BERHAD**

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020**

**THE FIGURES HAVE NOT BEEN AUDITED**

**I(A). CONDENSED CONSOLIDATED INCOME STATEMENT**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year	Preceding year	Three	Three
		quarter	corresponding	months	months
		31/03/2020	31/03/2019	to	to
		RM'000	RM'000	31/03/2020	31/03/2019
				RM'000	RM'000
1. (a) <b>Revenue</b>		<b>195,854</b>	<b>419,256</b>	<b>195,854</b>	<b>419,256</b>
(b) Cost of sales		(122,087)	(294,905)	(122,087)	(294,905)
(c) Gross profit		73,767	124,351	73,767	124,351
(d) Other income		25,591	14,647	25,591	14,647
(e) Expenses		(59,352)	(57,742)	(59,352)	(57,742)
(f) Finance costs		(26,076)	(25,810)	(26,076)	(25,810)
(g) Foreign exchange loss		(18,414)	(6,373)	(18,414)	(6,373)
(h) Share of net results of associates		156	(7,271)	156	(7,271)
(i) Share of net results of joint ventures		(4,368)	430	(4,368)	430
(j) <b>(Loss)/profit before income tax</b>		<b>(8,696)</b>	<b>42,232</b>	<b>(8,696)</b>	<b>42,232</b>
(k) Income tax	14	(13,428)	(11,908)	(13,428)	(11,908)
(l) <b>(Loss)/profit for the period</b>		<b>(22,124)</b>	<b>30,324</b>	<b>(22,124)</b>	<b>30,324</b>
Attributable to:					
(m) Owners of the Parent		(21,937)	30,097	(21,937)	30,097
(n) Non-controlling Interests		(187)	227	(187)	227
(Loss)/profit for the period		(22,124)	30,324	(22,124)	30,324
2. <b>(Loss)/earnings per share based on 1(m) above</b>	21				
(a) Basic (loss)/earnings per share		(0.48)sen	0.66 sen	(0.48)sen	0.66 sen
(b) Diluted (loss)/earnings per share		(0.43)sen	0.58 sen	(0.43)sen	0.58 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this quarterly announcement.



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**I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	<b>31/03/2020</b>	<b>31/03/2019</b>	<b>31/03/2020</b>	<b>31/03/2019</b>
	RM'000	RM'000	RM'000	RM'000
<b>(Loss)/profit for the period</b>	(22,124)	30,324	(22,124)	30,324
Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	(74,965)	3,421	(74,965)	3,421
Cash flow hedge	-	(947)	-	(947)
Total other comprehensive (loss)/ income for the period, net of tax	(74,965)	2,474	(74,965)	2,474
<b>Total comprehensive (loss)/income for the period</b>	<b>(97,089)</b>	<b>32,798</b>	<b>(97,089)</b>	<b>32,798</b>
Attributable to:				
Owners of the Parent	(97,118)	32,552	(97,118)	32,552
Non-controlling Interests	29	246	29	246
<b>Total comprehensive (loss)/income for the period</b>	<b>(97,089)</b>	<b>32,798</b>	<b>(97,089)</b>	<b>32,798</b>

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this quarterly announcement.



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**I(C). REMARKS TO CONDENSED CONSOLIDATED INCOME STATEMENT**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	<b>31/03/2020</b>	<b>31/03/2019</b>	<b>31/03/2020</b>	<b>31/03/2019</b>
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before income tax is arrived at after charging/(crediting):				
Interest expense	26,076	25,810	26,076	25,810
Depreciation	12,500	10,908	12,500	10,908
Interest income	(16,702)	(8,230)	(16,702)	(8,230)
Loss on foreign exchange:				
- unrealised	15,445	5,989	15,445	5,989
- realised	2,969	384	2,969	384
Dividend income from investment at fair value through profit or loss	-	(774)	-	(774)
Write back of allowance for impairment of receivables	-	(135)	-	(135)
Allowance for doubtful debts	28	-	28	-
Gain on disposal of investment property	-	(2,013)	-	(2,013)

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**

	Unaudited As at current financial year end 31/03/2020 RM'000	Audited As at preceding financial year end 31/12/2019 RM'000
<b>ASSETS</b>		
1. Non-current assets		
Property, plant and equipment	452,288	456,056
Investment properties	834,165	845,611
Right-of-use assets	25,791	28,529
Land held for property development	5,693,378	5,618,794
Interests in associates	496,674	498,572
Interests in joint ventures	1,027,080	1,030,838
Amounts due from joint ventures	199,662	158,464
Goodwill	621,409	621,409
Contract assets	2,343	2,752
Deferred tax assets	289,338	282,926
Long term receivables	154,767	166,052
	9,796,895	9,710,003
2. Current assets		
Property development costs	913,226	877,385
Inventories held for sale	528,478	546,527
Inventories under contract of sale	345,351	408,304
Receivables	516,220	641,741
Contract assets	177,304	175,988
Amounts due from associates	14,009	14,938
Amounts due from joint ventures	40,847	38,265
Short term investments	329	329
Cash, bank balances and deposits	864,323	1,057,446
	3,400,087	3,760,923
Total assets	13,196,982	13,470,926



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

		<b>Unaudited As at current financial year end 31/03/2020 RM'000</b>	<b>Audited As at preceding financial year end 31/12/2019 RM'000</b>
	<b>Note</b>		
<b>EQUITY AND LIABILITIES</b>			
3. 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		(61,510)	13,671
Retained profits		2,105,952	2,127,889
		7,189,048	7,286,166
4. Non-controlling Interests		468,361	468,332
Total equity		7,657,409	7,754,498
5. Non-current liabilities			
Borrowings	16	2,409,672	2,337,883
Lease liabilities		17,234	19,714
Payables		173,510	170,241
Contract liabilities		253,580	258,646
Deferred income		164,091	164,193
Provisions		68,317	68,404
Deferred tax liabilities		192,255	238,426
		3,278,659	3,257,507
6. Current liabilities			
Provisions		150,901	177,675
Payables		962,705	1,083,888
Contract liabilities		59,134	66,240
Borrowings	16	966,048	1,048,978
Lease liabilities		10,426	10,380
Tax payable		111,700	71,760
		2,260,914	2,458,921
Total liabilities		5,539,573	5,716,428
Total equity and liabilities		13,196,982	13,470,926
7. Net assets per share attributable to Owners of the Parent		<b>RM 1.58</b>	<b>RM 1.61</b>

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this quarterly announcement.



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**III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Unaudited Three months to 31/03/2020 RM'000</b>	<b>Unaudited Three months to 31/03/2019 RM'000</b>
<b>Operating Activities</b>		
Cash receipts from customers	304,968	465,550
Cash receipts from related parties	37	3,103
Cash payments to contractors	(193,265)	(209,234)
Cash payments for land and development related costs	(29,370)	(23,428)
Cash payments to related parties	(37)	(4,650)
Cash payments to employees and for expenses	(142,839)	(109,218)
Cash (used in)/generated from operations	(60,506)	122,123
Net income tax paid	(19,745)	(20,553)
Interest received	3,101	2,507
<b>Net cash (used in)/generated from operating activities</b>	<b>(77,150)</b>	<b>104,077</b>
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(7,005)	(8,969)
Advances to joint ventures	(30,000)	(3,468)
Deposit paid for land acquisition	-	(4,500)
Net investment in short term investments	-	(300,000)
<b>Net cash used in investing activities</b>	<b>(37,005)</b>	<b>(316,937)</b>



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

	<b>Note</b>	<b>Unaudited Three months to 31/03/2020 RM'000</b>	<b>Unaudited Three months to 31/03/2019 RM'000</b>
<b>Financing Activities</b>			
Drawdown of borrowings		137,628	225,334
Drawdown of Islamic Medium Term Notes		-	300,000
Repayment of borrowings		(95,996)	(704,453)
Repayment of loan from immediate holding company		(55,554)	-
Repayment of lease liabilities		(1,067)	(1,141)
Interest paid		(14,402)	(13,961)
<b>Net cash used in financing activities</b>		<b>(29,391)</b>	<b>(194,221)</b>
Effects of exchange rate changes		(52,600)	(1,065)
<b>Net decrease in cash and cash equivalents</b>		<b>(196,146)</b>	<b>(408,146)</b>
Cash and cash equivalents as at beginning of financial period		1,056,733	1,076,943
<b>Cash and cash equivalents as at end of financial period</b>	<b>(a)</b>	<b>860,587</b>	<b>668,797</b>
		<b>Unaudited As at 31/03/2020 RM'000</b>	<b>Unaudited As at 31/03/2019 RM'000</b>

**(a) Cash and cash equivalents comprise of the following amounts:**

Cash, bank balances and deposits			
Unrestricted		655,913	411,255
Restricted		208,410	260,317
		864,323	671,572
Bank overdrafts (included in short term borrowings)	16	(3,736)	(2,775)
<b>Cash and cash equivalents</b>		<b>860,587</b>	<b>668,797</b>

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 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-distributable			Distributable				
	Share Capital RM'000	Merger Relief Reserve RM'000	Cash Flow Hedge Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
<b>Three months to 31 March 2020</b>								
<b>(Unaudited)</b>								
At 1 January 2020	5,110,276	34,330	-	13,671	2,127,889	7,286,166	468,332	7,754,498
Total comprehensive loss for the period	-	-	-	(75,181)	(21,937)	(97,118)	29	(97,089)
At 31 March 2020	<u>5,110,276</u>	<u>34,330</u>	<u>-</u>	<u>(61,510)</u>	<u>2,105,952</u>	<u>7,189,048</u>	<u>468,361</u>	<u>7,657,409</u>
<b>Three months to 31 March 2019</b>								
<b>(Unaudited)</b>								
At 1 January 2019	5,110,276	34,330	15,046	49,170	1,868,067	7,076,889	363,722	7,440,611
Total comprehensive income for the period	-	-	(947)	3,402	30,097	32,552	246	32,798
At 31 March 2019	<u>5,110,276</u>	<u>34,330</u>	<u>14,099</u>	<u>52,572</u>	<u>1,898,164</u>	<u>7,109,441</u>	<u>363,968</u>	<u>7,473,409</u>

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 2019 and the accompanying explanatory notes attached to this quarterly announcement.





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**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 Standards 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 2019, which have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Companies Act 2016.

**2. Changes in accounting policies and methods of computation**

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2019 except for the newly issued MFRS, interpretation and amendments to standards to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2020:

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform  
Amendments to MFRS 101 and MFRS 108: Definition of Material

The adoption of the above new standards and other pronouncements did not have any significant effects on the interim financial statements upon their initial applications.

**Standards issued but not yet effective**

The Group has not adopted the following standards and interpretation that have been issued but are not yet effective:

	<b>Effective for the financial periods beginning on or after</b>
Interpretation to MFRS 123: Borrowing cost relating to over time transfer of constructed good	1 July 2020
MFRS 17: Insurance Contracts	1 January 2021
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)	1 January 2022
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above new standards and other pronouncements will not have any significant effects on the interim financial statements, other than as disclosed below:

**Interpretation to MFRS 123: Borrowing Costs relating to over time transfer of constructed good  
(Agenda Decision 4 ("AD4"))**

In March 2019, the International Financial Reporting Standards Interpretations Committee concluded that interest cost should not be capitalised for assets created under the percentage-of-completion method i.e. receivables, contract assets and inventories as these assets do not meet the definition of qualifying assets.

In the current quarter, the Group has assessed the impact to the profits before income tax and the Group has not reflected any adjustments arising from AD4 impact assessment, as it is deemed immaterial. The Group will continue to assess its impact in the current financial year.



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**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**3. Audit report in respect of the 2019 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2019 is not qualified.

**4. Seasonal or cyclical factors**

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

**5. 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 except for the estimates related to construction cost resulting in project cost savings of 12.0% (2019: 6.9%) over cost of sales.

**6. 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 2020.

**7. Dividend**

The Directors do not recommend the payment of any dividend for the current financial period ended 31 March 2020 (2019: Nil).

**8. Unusual items due to their nature, size or incidence**

COVID-19 outbreak was first identified in Wuhan, China in December 2019 and it was declared a pandemic by the World Health Organisation in March 2020. There was a noticeable change in the public sentiment toward spending and travelling activities during this period. A nationwide Movement Control Order ("MCO") was subsequently enforced on 18 March 2020 to contain the spread of the virus. There is no major impact to the financial results in the current period, save for the effect of the shutdown in the last two weeks of the quarter. Our retail outlets and offices were closed and there were no sales and construction activities during this period.

**9. Material events subsequent to the end of the current financial period**

Subsequent to the period end, the MCO continued to be enforced until 10 June 2020 when the Recovery MCO was introduced to open up the economy. The prolonged shutdown has inevitably affected our operations and will impact the Group financially. No adjustments have been made to the condensed financial statements in the current quarter.

On 24 April 2020, the Company has redeemed a total of 123,340,418 redeemable convertible preference shares ("RCPS") out of the share capital account for a redemption sum of RM150.0 million at approximately RM1.22 for each RCPS following a redemption notice dated 17 April 2020 issued to UEM Group Berhad ("UEMG"), the immediate holding company of the Company.



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### V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### 10. Operating segments

Operating segments information for the financial period ended 31 March 2020 is as follows:

	Property development		Property investment			
	In Malaysia	Outside Malaysia	and hotel operation	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External revenue	122,433	40,637	21,997	10,787	-	195,854
Inter-segment revenue	-	-	342	21,303	(21,645)	-
Total revenue	122,433	40,637	22,339	32,090	(21,645)	195,854
<b>Results</b>						
Segment results	15,141	11,504*	2,074	4,492	(11,619)	21,592
Finance costs	(17,561)	(4,481)	(9,627)	(6,026)	11,619	(26,076)
Share of results of associates	831	(359)	-	(316)	-	156
Share of results of joint ventures	(3,655)	-	(713)	-	-	(4,368)
(Loss)/profit before income tax	(5,244)	6,664	(8,266)	(1,850)	-	(8,696)
Income tax	(2,288)	(10,710)	(4)	(426)	-	(13,428)
Loss for the period	(7,532)	(4,046)	(8,270)	(2,276)	-	(22,124)
<b>Attributable to:</b>						
Owners of the Parent	(7,173)	(4,046)	(8,270)	(2,448)	-	(21,937)
Non-controlling Interests	(359)	-	-	172	-	(187)
Loss for the period	(7,532)	(4,046)	(8,270)	(2,276)	-	(22,124)
<b>Assets</b>						
Segment assets	10,119,056	927,793	1,016,612	204,735	(685,938)	11,582,258
Interests in:						
- associates	487,568	7,798	-	1,308	-	496,674
- joint ventures	916,159	-	110,921	-	-	1,027,080
Tax recoverable	89,443	-	318	1,209	-	90,970
Total assets	11,612,226	935,591	1,127,851	207,252	(685,938)	13,196,982
<b>Liabilities</b>						
Segment liabilities	5,115,150	41,067	763,562	194,032	(685,938)	5,427,873
Tax payable	6,652	104,736	6	306	-	111,700
Total liabilities	5,121,802	145,803	763,568	194,338	(685,938)	5,539,573

\*Inclusive of foreign exchange losses of RM17,274,000.

#### 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 financial year ended 31 December 2019 except as disclosed below:

- On 2 April 2020, UEM Sunrise (Collingwood) Pty Ltd and UEM Sunrise (Collingwood Development) Pty Ltd were incorporated and registered in Victoria, Australia as wholly-owned subsidiaries of UEM Sunrise (Land) Pty Ltd and UEM Sunrise (Developments) Pty Ltd respectively, which in turn are indirect wholly-owned subsidiaries of the Company, each with paid-up share capital of AUD4.00 divided into 2 Ordinary Shares.
- On 16 April 2020, UEM Sunrise (Collingwood) Unit Trust was established with UEM Sunrise (Collingwood) Pty Ltd as the trustee of the unit holder, UEM Sunrise (Land) Pty Ltd, both indirect wholly-owned subsidiaries of the Company, with paid-up share capital of AUD100.00 divided into 10 Ordinary Units and governed by the law in force in the State of Victoria, Australia.



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**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**12. Contingent liabilities**

There are no changes in the contingent liabilities since the preceding financial year ended 31 December 2019 except as disclosed below:

(a) 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 were 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 appeal by way of filing a notice of appeal ("Form Q") to the Special Commissioners of Income Tax ("SCIT"). The FC's decision resulted in the Form JA totalling RM73.8 million to become due and payable within 30 days, which was fully paid on 5 December 2016.

Subsequent to the FC's decision, on 25 and 26 October 2016, BND 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 confirmed the receipt of BND's Form Q dated 20 March 2017. The IRB had 12 months from the date of receipt of Form Q to review and present it to the SCIT. The judicial review application was 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 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.

- (b) The Company and its subsidiaries have been subjected to a non-specific investigative audit as of February 2018. To date, IRB audit investigation is still on-going.



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**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**13. Capital commitments**

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

	<b>RM'Mil</b>
Approved and contracted for	20.5
Approved but not contracted for	416.6
Total	<u>437.1</u>

**14. Income tax**

	Current year quarter 31/03/2020	Preceding year corresponding quarter 31/03/2019	Three months to 31/03/2020	Three months to 31/03/2019
	RM'000	RM'000	RM'000	RM'000
Malaysian and foreign income tax				
- current tax	(5,384)	(23,106)	(5,384)	(23,106)
- over/(under) provision in prior periods	379	(1,094)	379	(1,094)
Deferred tax				
- relating to origination and reversal of temporary differences	(6,913)	11,447	(6,913)	11,447
- (under)/over provision in prior periods	(1,510)	845	(1,510)	845
Tax expense for the periods	<u>(13,428)</u>	<u>(11,908)</u>	<u>(13,428)</u>	<u>(11,908)</u>

The effective tax rate (excluding share of results of associates and joint ventures) for the current quarter is higher than the statutory tax rate due to non-deductible expenses particularly from unrealised foreign exchange losses and unrecognised tax losses.



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**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 Pulau, 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) A Master Agreement dated 23 October 2012 between UEM Land and Ascendas Land (Malaysia) Sdn Bhd ("Ascendas") ("MA") to undertake the development of an integrated tech park over approximately 519 acres of land in Gerbang Nusajaya ("Land"), Iskandar Puteri, Johor ("Proposed Development") comprising the following:
  - (i) Phase 1 Land is 205 acres and is further subdivided into two plots identified as Plot A, an estimated area of 120 acres ("Plot A") and Plot B, an estimated area of 85 acres ("Plot B") (collectively "Phase 1 Land") to be held by Company A;
  - (ii) Phase 2 Land is 166 acres to be held by Company B ("Phase 2 Land"); and
  - (iii) Phase 3 Land is 148 acres to be held by Company C ("Phase 3 Land").

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). UEM Land also agreed to transfer Plot A to NTPSB and grant options to NTPSB, Company B and Company C to acquire Plot B, Phase 2 Land and Phase 3 Land within nine (9) years from the MA date ("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 ("NRSB"), the proprietor of Phase 2 Land also agreed to divide Phase 2 Land 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 12 June 2020, NTPSB has yet to exercise its option to acquire any of the plot in Phase 2 Land.



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

- d) 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 Gerbang Leisure Park Sdn Bhd ("GLP") the intended joint venture company for the proposed collaboration ("JVA") where the parties agreed to work together to jointly develop thirty-eight (38) parcels of freehold lands within Mukim Pulau; two parcels owned by UEM Land's indirect wholly-owned subsidiaries, Nusajaya Seaview Sdn Bhd ("NSSB") and NRSB measuring 136.3 acres while thirty-six (36) parcels measuring 65.5 acres are owned by LFC.

On the same day, NSSB and NRSB entered into a Master Agreement ("MA") with GLP and LFC to record the agreed framework and parameters for the disposal of the JV lands by NSSB, NRSB and LFC to GLP. The conditional period has been extended for a number of times, the latest to 15 February 2021. As at 12 June 2020, the fulfillment of the conditions precedent is still pending.

- e) 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 were both dated 13 April 2018.

The Effective Date of the SSA was 2 April 2019.

On the Effective Date, both parties agreed to vary the payment terms of the SSA and SPA via the execution of the supplemental agreement ("SA") to the SSA and SPA. The Subscription Price was revised to RM256.1 million, which was duly paid in, while the purchase consideration revised to RM447.0 million. The revised payment terms for purchase consideration under the SA to the SPA are as follows:

- (i) First payment of RM75.4 million paid to DBKL on SPA date;
- (ii) Second payment of RM161.1 million paid on 15 April 2019;
- (iii) Additional land value in cash of RM30.6 million to be paid within twelve (12) months from the date of the SA to the SPA; and
- (iv) Balance of RM179.9 million in kind.

As at 12 June 2020, the balance payments of items (iii) and (iv) are still pending.

- f) The Contract of Sale between UEM Sunrise (La Trobe Street) Pty Ltd ("UEMS La Trobe") and Scape Australia Management Pty Ltd ("Purchaser") for the sale of 252 units of serviced apartment forming part of Aurora Melbourne Central together with 10 car park lots and part of the ground floor retail area measuring a gross floor area of 14,924 square meters at 224-252 La Trobe Street, Melbourne, Australia for a cash consideration of AUD125.0 million (RM354.6 million) ("Purchase Price") at the exchange rate of AUD1.00 to RM2.837 on 22 November 2019.

The first deposit of AUD6.2 million (RM17.7 million) or 5% of the Purchase Price was paid on the same date, while the second deposit of the same amount was paid on 20 December 2019.

On 30 April 2020, UEMS La Trobe entered into a Deed of Variation with Scape to vary the Contract of Sale. The balance Purchase Price is now paid in the following manner:

- (i) 10% or AUD12.5 million to be paid on 30 May 2020; and
- (ii) 80% or AUD100.0 million to be paid on 30 October 2020.

The first deposit and second deposit, as well as the additional amount of AUD12.5 million received on 1 June 2020, totals up to AUD25.0 million are non-refundable.

The contract will be completed once full settlement is received in October 2020.





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**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
<b><u>As at 31 March 2020</u></b>						
<i>Domestic</i>						
- Islamic Medium Term Notes	-	2,250,000	2,250,000	-	350,000	350,000
- Term loan and Commodity Murabahah Finance	159,672	-	159,672	54,762	-	54,762
- Revolving credits	-	-	-	213,550	274,000	487,550
- Structured commodity	-	-	-	-	70,000	70,000
- Bank overdrafts	-	-	-	3,010	726	3,736
<b>TOTAL</b>	<b>159,672</b>	<b>2,250,000</b>	<b>2,409,672</b>	<b>271,322</b>	<b>694,726</b>	<b>966,048</b>

**As at 31 March 2019**

<i>Domestic</i>						
- Loan from immediate holding company	-	-	-	75,069	-	75,069
- Islamic Medium Term Notes	-	2,600,000	2,600,000	-	300,000	300,000
- Term loan and Commodity Murabahah Finance	90,124	-	90,124	90,000	-	90,000
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	-	-	-	592,272	592,272
- Revolving credits	-	-	-	7,000	348,000	355,000
- Bank overdrafts	-	-	-	-	2,775	2,775
<i>Non Domestic</i>						
- Term loan (denominated in Australian Dollar)	-	-	-	380,958	-	380,958
<b>TOTAL</b>	<b>90,124</b>	<b>2,600,000</b>	<b>2,690,124</b>	<b>553,027</b>	<b>1,243,047</b>	<b>1,796,074</b>

Since 31 March 2019, the Group drew AUD12 million and repaid AUD349 million of Term Loan and Commodity Murabahah Finance for property development projects in Australia. In the domestic segment, the Group repaid RM1 billion and drew RM539 million of Revolving Credits and RM340 million of term loan and structured commodity.





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**17. Fair value hierarchy**

There were no transfers between any level of the fair value hierarchy 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.

**18. Material litigation**

Since the preceding financial year ended 31 December 2019, 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 assessment raised by IRB for additional tax and penalty, as disclosed in Note 12(a).
- b) On 25 July 2017, UEM Land was served with the Claim filed by the Plaintiffs in relation to shares held in Setia Haruman Sdn Bhd ("Setia Haruman" or "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 9th Defendants do jointly and/or severally purchase the 750,000 ordinary shares of Setia Haruman owned or held by Impressive Circuit Sdn Bhd ("Impressive Circuit") defined 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, Impressive Circuit, successfully added two other Defendants in the suit namely Menara Embun Sdn Bhd and Modern Eden Sdn Bhd.

On 23 May 2018, Datuk Kasi and the 2nd to 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 to 9th Defendants Striking Out and Misjoinder application, striking Datuk Kasi out as a party ("Datuk Kasi's Appeals"). The 2nd to 6th Defendants appealed against the dismissal of their application to strike themselves out as parties to the action by the HC ("2nd to 6th Defendants' Appeals"). On 18 September 2019, Datuk Kasi's Appeals were withdrawn, whereas the 2nd to 6th Defendants' Appeals were dismissed by the Court of Appeal.

On 28 May 2019, the Plaintiff has filed a motion in the Court of Appeal, seeking for an extension of time to serve a notice of appeal against the 7th to 12th Defendants. The motion is now fixed for hearing on 12 October 2020. Further, on 3 December 2019, the Court allowed the Plaintiff's application to cross-examine deponents of various affidavits filed by the Defendants. The matter is now fixed for hearing (cross-examination of deponents) from 8 September 2020 to 10 September 2020.

UEM Land denies allegations made by the Plaintiffs and is vigorously defending the Claim. Based on the foregoing, 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.



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**18. Material litigation (cont'd)**

- (c) On 18 April 2019, UEM Land was served with a Notice of Arbitration (“NOA”) dated 17 April 2019 filed by Ireka Engineering & Construction Sdn Bhd (“IECSB”) in relation to disputes arising from the Agreement and Conditions of PAM Contract 2006 (With Quantities) (“Agreement”) together with a Letter of Award dated 15 June 2012 (“LOA”) for the construction of Imperia in Puteri Harbour, Iskandar Puteri, Johor (“Project”) seeking a declaration sum of RM29,250,000 as the total amount of the final account. The LOA is to be read together with the Agreement (collectively referred to as the “Contract”).

IECSB was appointed by UEM Land as the main contractor for the construction of the Project under the Contract at a sum of RM268.6 million. Its scope covers the:

- a. Overall main works;
- b. ‘Stesen Suis Utama’ and ‘Pencawang Pembahagian Utama’; and
- c. Construction of mock-up units.

IECSB has raised certain claims with respect to the performance of the obligations in the Contract and seeks inter alia, a declaration that RM29,250,000 be the total and final amount of the final account or any other amount assessed by the Arbitral Tribunal.

UEM Land’s position is that IECSB’s claims are without merits and UEM Land will vigorously defend its position accordingly.

The Asian International Arbitration Centre has appointed Mr. Wayne Martin as the arbitrator on behalf of both parties. It has been agreed by both parties that IECSB to file its Statement of Claim within 45 days from 21 October 2019, and UEM Land to file its Statement of Defence and Counterclaim within 45 days from the receipt of the Statement of Claim. Subsequently, IECSB to file its Statement of Reply and Defence to Counterclaim within 30 days from the receipt of the Defence and Counterclaim, and UEM Land to file its Statement of Reply to Defence to Counterclaim within 30 days from the receipt of the Statement of Reply and Defence to Counterclaim.

Based on the Statement of Claim dated 27 December 2019, IECSB is seeking inter-alia, RM20,395,000 for loss and expense, RM29,250,000 for the amount due and owing to IECSB pursuant to the Statement of Final Account or alternatively any other amount assessed by the Arbitral Tribunal, interest on all sums directed to be paid from such date as the Tribunal deems fit and costs.

Based on the Statement of Defence and Counterclaim dated 2 March 2020, UEM Land denied and disputed liability on IECSB’s claims and sought counterclaims amounting to total sum of RM31,757,000 for amongst others, Liquidated Ascertained Damages for delay in the completion of the works and defects rectification cost and back-charges.

UEM Land has filed an application dated 15 June 2020 to amend its Defence and Counterclaim to include further counterclaim for back-charges. Pending the disposal of UEM Land’s application, the time for the filing of IECSB’s Reply and Defence to Counterclaim is suspended until further order. The hearing dates for this matter have yet to be fixed.

The Group believes that the NOA and potential arbitration proceedings are not expected to have material financial and operational impact on the Group for the financial year ending 31 December 2020.



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### 19. Comparison between the current quarter and the immediate preceding quarter

	Current quarter 31/03/2020 RM'000	Immediate preceding quarter 31/12/2019 RM'000	Variance RM'000/(%)
Revenue	195,854	1,162,029	(966,175) (-83%)
Operating profit	21,592	204,103	(182,511) (-89%)
Share of net results of JV and associates	(4,212)	24,098	(28,310) (>-100%)
Profit before interest and tax	17,380	228,201	(210,821) (-92%)
Finance costs	(26,076)	(22,167)	(3,909) (-18%)
(Loss)/profit before income tax	(8,696)	206,034	(214,730) (>-100%)
Income tax	(13,428)	(80,949)	67,521 (83%)
(Loss)/profit for the period	(22,124)	125,085	(147,209) (>-100%)
Non-controlling interests	187	1,160	(973) (-84%)
(Loss)/profit attributable to Owners of the Parent	(21,937)	126,245	(148,182) (>-100%)

In the preceding quarter, the Group recognised higher revenue from the settlement of its international projects and divestment of the St Kilda Road site, contributing revenue of RM526 million and RM305 million respectively. The Group recorded loss after tax in the current quarter as compared to the immediate preceding quarter in line with lower revenue, coupled with unfavourable results from associates and joint ventures and unrealised foreign exchange losses.

### 20. Detailed analysis of the performance for the current quarter

	Current year quarter 31/03/2020 RM'000	Preceding year corresponding quarter 31/03/2019 RM'000	Variance RM'000/(%)	Three months to 31/03/2020 RM'000	Three months to 31/03/2019 RM'000	Variance RM'000/(%)
Revenue	195,854	419,256	(223,402) (-53%)	195,854	419,256	(223,402) (-53%)
Operating profit	21,592	74,883	(53,291) (-71%)	21,592	74,883	(53,291) (-71%)
Share of net results of JV and associates	(4,212)	(6,841)	2,629 (38%)	(4,212)	(6,841)	2,629 (38%)
Profit before interest and tax	17,380	68,042	(50,662) (-74%)	17,380	68,042	(50,662) (-74%)
Finance costs	(26,076)	(25,810)	(266) (-1%)	(26,076)	(25,810)	(266) (-1%)
(Loss)/profit before income tax	(8,696)	42,232	(50,928) (>-100%)	(8,696)	42,232	(50,928) (>-100%)
Income tax	(13,428)	(11,908)	(1,520) (-13%)	(13,428)	(11,908)	(1,520) (-13%)
(Loss)/profit for the period	(22,124)	30,324	(52,448) (>-100%)	(22,124)	30,324	(52,448) (>-100%)
Non-controlling interests	187	(227)	414 (>100%)	187	(227)	414 (>100%)
(Loss)/profit attributable to Owners of the Parent	(21,937)	30,097	(52,034) (>-100%)	(21,937)	30,097	(52,034) (>-100%)



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#### 20. Detailed analysis of the performance for the current quarter (cont'd)

The Group recorded lower revenue in the current quarter as compared to preceding year's corresponding quarter largely due to lower revenue from Conservatory. In the domestic segment, lower revenue is recorded in the current quarter following the completion of Sefina, Almas and Serimbun in the previous financial year, cushioned by progression of Solaris Parq, Aspira ParkHomes and 68<sup>0</sup> Avenue. The COVID-19 pandemic also affected sales and progress completion in the month of March 2020, resulting in a lower revenue in the current quarter.

The Group recorded loss after tax in the current quarter as a result of lower revenue and the impact of foreign exchange losses due to weakening Australian Dollar and South African Rand from 2.87 to 2.59 and from 0.29 to 0.25, respectively.

#### 21. (Loss)/earnings per share

	Current year quarter 31/03/2020 RM'000	Preceding year corresponding quarter 31/03/2019 RM'000	Three months to 31/03/2020 RM'000	Three months to 31/03/2019 RM'000
a) Basic (loss)/earnings per share				
(Loss)/profit for the period attributable to Owners of the Parent	(21,937)	30,097	(21,937)	30,097
Weighted average number of ordinary shares in issue ('000)	4,537,436	4,537,436	4,537,436	4,537,436
Basic (loss)/earnings per share	(0.48) sen	0.66 sen	(0.48) sen	0.66 sen
b) Diluted (loss)/earnings per share				
(Loss)/profit for the period attributable to Owners of the Parent	(21,937)	30,097	(21,937)	30,097
Weighted average number of ordinary shares in issue ('000)	4,537,436	4,537,436	4,537,436	4,537,436
Effect of dilution from RCPS ('000)	617,077	617,077	617,077	617,077
Weighted average number of ordinary shares in issue ('000)	5,154,513	5,154,513	5,154,513	5,154,513
Diluted (loss)/earnings per share	(0.43) sen	0.58 sen	(0.43) sen	0.58 sen

#### 22. Prospects for the current financial year

Bank Negara Malaysia projected the Malaysian economy to move between -0.2% and 0.5% for 2020. The International Monetary Fund expects global growth to contract by 3% for 2020. These projections are in view of the COVID-19 pandemic, trade tensions and volatile oil prices, which have significantly weakened global growth prospects. Both institutions are projecting a recovery in 2021 as countries introduce monetary and fiscal measures to mitigate its impact on their economies.

COVID-19 is impacting the economy with most sectors severely affected including property. Post recovery situation is unclear at this juncture and we foresee a challenging 2020 with sales likely impacted including our efforts to monetise our non-strategic lands. Our retail properties are also affected as tenants struggle to pay rental following the lower traffic pursuant to the Movement Control Order (MCO) imposed by the government. The MCO also affected construction progress as works were halted during the period.



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**22. Prospects for the current financial year (cont'd)**

We remain cautious in our launches for 2020 and will focus mainly on residential developments, in addition to focusing on the sale of our inventories. In Central region, we will launch two new phases of double storey homes at Serene Heights Bangi, totalling close to RM80 million GDV while in Mont'Kiara, we will introduce Allevia, two towers of residential development with a GDV of RM542 million. Interest for our products in Mont'Kiara has always been generally positive. We anticipate that Allevia can repeat the success of past products in a timely manner. In Southern region, in particular Iskandar Puteri, we target to launch Senadi Hills, a new mid-market residential development with a total GDV of RM399 million near Horizon Hills and the Iskandar Coastal Highway. Comprising double storey terrace homes, affordable homes Rumah Mampu Biaya Johor and a small commercial development Senadi Square, we target for Senadi Hills to repeat the success of Serimbun and the Aspira themed homes. We will also launch a new phase of Aspira ParkHomes in Gerbang Nusajaya.

For Australia, we expect to receive the balance consideration of AUD100 million on 30 October 2020 from Scape Australia Management Pty Ltd for the disposal of the service apartment, car park and retail space in Aurora Melbourne Central, following the signing of the variation to the contract on 30 April 2020. We have already received the first part payment amounting to AUD25 million, which is non-refundable. We also still own Aurora Melbourne Central's retail assets worth AUD32 million which we have decided to retain for now.

As at the end of March 2020, our net and gross gearing are 0.35x and 0.47x, respectively and our cash balance is RM864.3 million. There is sufficient headroom for us to raise funds should any opportunities avail itself during this period.

Our unbilled sales as at end of March 2020 is RM1.8 billion. This will be substantially recognised over the next two financial years as most of the ongoing projects are still at the early stage of construction. The current low interest rate regime coupled with the incentives under the Short Term Economic Recovery Plan unveiled by the Prime Minister on 5 June 2020 should augur well for the property market ahead.

We will be prudent in our spending and conserve cash where appropriate to ensure liquidity to sustain the Group during this uncertain time. We remain focused in growing our top-line going forward.

Source:

1 Bank Negara Malaysia reports, April 2020.

2 International Monetary Fund, World Economic Outlook April 2020: The Great Lockdown, 6 April 2020.

3 Gross Development Value (GDV) - Estimated numbers subject to actual launch.

**23. Profit forecast**

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

**Kuala Lumpur**  
**19 June 2020**

**By Order of the Board**

**LIEW IRENE (SSM PC No. 201908001893) (MAICSA 7022609)**  
**WONG LEE LOO (SSM PC No. 201908001993) (MAICSA 7001219)**  
Joint Company Secretaries