



**UEM SUNRISE BERHAD**  
(830144-W)  
Incorporated In Malaysia

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

**THE FIGURES HAVE NOT BEEN AUDITED**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	Note 30/06/2017	30/06/2016	30/06/2017	30/06/2016
	RM'000	RM'000	RM'000	RM'000
1. (a) <b>Revenue</b>	<b>897,795</b>	<b>537,813</b>	<b>1,439,558</b>	<b>795,563</b>
(b) Cost of sales	<u>(673,325)</u>	<u>(379,608)</u>	<u>(1,045,949)</u>	<u>(560,149)</u>
(c) Gross profit	224,470	158,205	393,609	235,414
(d) Other income	10,359	11,534	24,403	21,430
(e) Expenses	(81,445)	(95,348)	(152,130)	(163,742)
(f) Finance costs	(24,189)	(20,630)	(46,943)	(41,894)
(g) Foreign exchange gain/(loss)	4,223	(291)	(7,304)	(797)
(h) Share of net results of associates	(981)	1,951	7,058	1,754
(i) Share of net results of joint ventures	6,905	17,856	10,385	27,127
(j) <b>Profit before income tax</b>	<b>139,342</b>	<b>73,277</b>	<b>229,078</b>	<b>79,292</b>
(k) Income tax	14 (44,260)	(18,685)	(72,150)	(21,702)
(l) <b>Profit for the period</b>	<b>95,082</b>	<b>54,592</b>	<b>156,928</b>	<b>57,590</b>
Attributable to:				
(m) Owners of the Parent	94,554	54,663	155,824	57,680
(n) Non-controlling Interests	528	(71)	1,104	(90)
Profit for the period	<u>95,082</u>	<u>54,592</u>	<u>156,928</u>	<u>57,590</u>
2. <b>Earnings per share based on 1 (m) above</b>	24			
(a) Basic earnings per share	2.08 sen	0.93 sen	3.43 sen	0.99 sen
(b) Diluted earnings per share	1.83 sen	0.81 sen	3.02 sen	0.87 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016 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 <b>30/06/2017</b> RM'000	Preceding year corresponding quarter <b>30/06/2016</b> RM'000	Six months to <b>30/06/2017</b> RM'000	Six months to <b>30/06/2016</b> RM'000
<b>Profit for the period</b>	95,082	54,592	156,928	57,590
Other comprehensive income/ (expense) to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	(16,726)	19,322	9,881	(5,960)
Transfer to profit or loss on disposal of an associate	-	-	(941)	-
Cash flow hedge	163	(4,624)	(4,058)	(4,624)
Total other comprehensive income/ (expense) for the period, net of tax	(16,563)	14,698	4,882	(10,584)
<b>Total comprehensive income for the period</b>	<b>78,519</b>	<b>69,290</b>	<b>161,810</b>	<b>47,006</b>
Attributable to:				
Owners of the Parent	77,953	69,371	160,656	47,092
Non-controlling Interests	566	(81)	1,154	(86)
<b>Total comprehensive income for the period</b>	<b>78,519</b>	<b>69,290</b>	<b>161,810</b>	<b>47,006</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 2016 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 <b>30/06/2017</b> RM'000	Preceding year corresponding quarter <b>30/06/2016</b> RM'000	Six months to <b>30/06/2017</b> RM'000	Six months to <b>30/06/2016</b> RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest expense	24,189	20,630	46,943	41,894
Provision for liquidated ascertained damages	15,417	-	27,468	-
Depreciation	5,800	6,439	11,646	12,937
Property, plant and equipment written off	-	53	-	54
Interest income	(7,561)	(8,238)	(13,604)	(15,169)
(Gain)/loss on foreign exchange				
- unrealised	(5,595)	9	4,939	10
- realised	1,372	282	2,365	787
Dividend distribution receivable from a subsidiary under liquidation	-	-	-	(783)
Dividend income from investment at fair value through profit or loss	-	(110)	-	(110)
Write back of allowance for impairment of receivables	(417)	(54)	(941)	(461)
Write back of inventories	(8)	(7)	(72)	(49)
Allowance for impairment of inventories	1,085	-	1,085	-
Gain on disposal of property, plant and equipment	-	-	-	(2)
Gain on disposal of an associate	-	-	(3,100)	-
Gain on disposal of available-for-sale investment	-	-	(2,400)	-

Other than the above, there was no provision for and write-off of receivables and no write-off of inventories, impairment/(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 end of current quarter 30/06/2017 RM'000	Audited As at preceding financial year end 31/12/2016 RM'000
<b>ASSETS</b>			
1. Non-current assets			
Property, plant and equipment		320,259	300,036
Investment properties		641,183	647,525
Land held for property development		3,823,313	4,019,581
Interests in associates		499,497	492,391
Interests in joint ventures		1,076,564	1,079,753
Amount due from a joint venture		244,727	235,652
Goodwill		621,409	621,409
Deferred tax assets		290,382	254,971
Long term receivables		44,249	43,491
		7,561,583	7,694,809
2. Current assets			
Property development costs		2,549,198	2,635,355
Inventories		611,033	585,244
Receivables		2,402,419	1,710,027
Amount due from joint ventures		103,780	98,755
Short term investments		8	8
Cash, bank balances and deposits		657,569	788,542
		6,324,007	5,817,931
3. Asset held for sale	8	-	11,230
<b>Total assets</b>		13,885,590	13,523,970



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

	Note	Unaudited As at end of current quarter 30/06/2017 RM'000	Audited As at preceding financial year end 31/12/2016 RM'000
<b>EQUITY AND LIABILITIES</b>			
4. Equity attributable to Owners of the Parent			
Share capital		5,110,276	2,276,643
Reserves			
Share premium		-	2,829,546
Merger relief reserves		34,330	34,330
Other reserves		152,950	152,020
Retained profits		1,695,081	1,539,257
		6,992,637	6,831,796
5. Non-controlling Interests		362,710	361,556
Total equity		7,355,347	7,193,352
6. Non-current liabilities			
Borrowings		2,635,048	2,404,224
Payables		60,705	95,923
Deferred income		111,482	111,547
Derivative liability	17	4,281	223
Provisions		930,254	930,222
Deferred tax liabilities		206,081	203,668
		3,947,851	3,745,807
7. Current liabilities			
Provisions		427,845	439,742
Payables		733,112	784,821
Borrowings		1,303,430	1,310,449
Tax payable		118,005	49,799
		2,582,392	2,584,811
Total liabilities		6,530,243	6,330,618
Total equity and liabilities		13,885,590	13,523,970
8. Net assets per share attributable to Owners of the Parent		<b>RM 1.54</b>	<b>RM1.51</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 2016 and the accompanying explanatory notes attached to this quarterly announcement.



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

	<b>Unaudited Six months to 30/06/2017 RM'000</b>	<b>Unaudited Six months to 30/06/2016 RM'000</b>
<b>Operating Activities</b>		
Cash receipts from customers	760,651	543,047
Cash receipts from related parties	5,445	3,577
Cash payments to contractors	(809,418)	(839,575)
Cash payments for land and development related costs	(66,161)	(826)
Cash payments for guaranteed land cost deposit	-	(15,000)
Cash payments to related parties	(644)	(450)
Cash payments to employees and for expenses	(155,084)	(191,785)
Cash used in operations	(265,211)	(501,012)
Net income taxes paid	(32,507)	(35,165)
Interest received	7,674	6,312
<b>Net cash used in operating activities</b>	<b>(290,044)</b>	<b>(529,865)</b>
<b>Investing Activities</b>		
Dividend received from a joint venture	15,000	65,000
Dividend received from an associate	-	900
Proceeds from disposal of		
- property, plant and equipment	-	3
- short term investments	-	85,110
Repayment from joint ventures	-	41
Advance from a related party	-	13,069
Proceeds from disposal of		
- an associate	13,389	-
- an available-for-sale investment	2,400	-
Purchase of property, plant and equipment	(10,755)	(10,199)
Purchase of investment property	(173)	-
Advance to a joint venture	(8,500)	(15,000)
Deposit paid for development rights of a land	(10,000)	-
Investment in joint ventures	-	(4,250)
Investment in land held for property development	-	(243,305)
Investment in short term investments	-	(285,000)
Deposit paid for subscription of shares	-	(8,047)
<b>Net cash generated from/(used in) investing activities</b>	<b>1,361</b>	<b>(401,678)</b>



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

	<b>Unaudited Six months to 30/06/2017 RM'000</b>	<b>Unaudited Six months to 30/06/2016 RM'000</b>
<b>Financing Activities</b>		
Drawdown of borrowings	250,021	303,580
Drawdown of Islamic Medium Term Notes and Islamic Commercial Papers	-	509,793
Repayment of borrowings	(21,933)	(105,397)
Repayment of Islamic Medium Term Notes	-	(100,000)
Repayment to immediate holding company	-	(3,542)
Dividend paid	-	(85,279)
Interest paid	(70,469)	(54,384)
<b>Net cash generated from financing activities</b>	<b>157,619</b>	<b>464,771</b>
Effects of exchange rate changes	(551)	(3,411)
<b>Net decrease in cash and cash equivalents</b>	<b>(131,615)</b>	<b>(470,183)</b>
Cash and cash equivalents as at beginning of financial period	788,542	1,000,056
<b>Cash and cash equivalents as at end of financial period</b>	<b>656,927</b>	<b>529,873</b>
	<b>Unaudited As at 30/06/2017 RM'000</b>	<b>Unaudited As at 30/06/2016 RM'000</b>

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

Current cash, bank balances and deposits		
Unrestricted	310,580	385,609
Restricted	346,989	144,264
	657,569	529,873
Bank overdrafts (included in short term borrowings)	(642)	-
<b>Cash and cash equivalents</b>	<b>656,927</b>	<b>529,873</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 2016 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 RM'000	Share Premium RM'000	Merger Relief Reserves RM'000	Cash Flow Hedge Reserves RM'000	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
<b>Six months to 30 June 2017 (Unaudited)</b>									
At 1 January 2017	2,276,643	2,829,546	34,330	(223)	152,243	1,539,257	6,831,796	361,556	7,193,352
Transfer from share premium (Note 1)	2,829,546	(2,829,546)	-	-	-	-	-	-	-
Transfer from capital redemption reserve (Note 1)	4,087	-	-	-	(4,087)	-	-	-	-
Total comprehensive income for the period	-	-	-	(4,058)	8,890	155,824	160,656	1,154	161,810
Share options granted under ESOS	-	-	-	-	185	-	185	-	185
At 30 June 2017	<u>5,110,276</u>	<u>-</u>	<u>34,330</u>	<u>(4,281)</u>	<u>157,231</u>	<u>1,695,081</u>	<u>6,992,637</u>	<u>362,710</u>	<u>7,355,347</u>

Note 1

With the Companies Act 2016 ("the New Act") coming 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 New Act, the Group may exercise its right to use the credit amounts being transferred from share premium and capital redemption reserve accounts within 24 months after the commencement of the New Act.

**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 RM'000	Share Premium RM'000	Merger Relief Reserves RM'000	Cash Flow Hedge Reserves RM'000	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
<b>Six months to 30 June 2016 (Unaudited)</b>									
At 1 January 2016	2,276,643	2,829,546	34,330	-	115,439	1,552,602	6,808,560	360,345	7,168,905
Total comprehensive income for the period	-	-	-	(4,624)	(5,964)	57,680	47,092	(86)	47,006
Share options granted under ESOS	-	-	-	-	1,882	-	1,882	-	1,882
Dividend paid	-	-	-	-	-	(85,279)	(85,279)	-	(85,279)
At 30 June 2016	<u>2,276,643</u>	<u>2,829,546</u>	<u>34,330</u>	<u>(4,624)</u>	<u>111,357</u>	<u>1,525,003</u>	<u>6,772,255</u>	<u>360,259</u>	<u>7,132,514</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 2016 and the accompanying explanatory notes attached to this quarterly announcement.



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

The notes to the condensed consolidated interim financial statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016.

**1. Accounting policies and methods of computation**

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), except for the adoption of the following amendments to Financial Reporting Standards (“FRSs”) which are mandatory for annual financial periods beginning on or after 1 January 2017, as disclosed below:

	Effective for the financial period beginning on or after
Amendments to FRSs 'Annual Improvements to FRSs 2014-2016 Cycle'	1 January 2017
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The adoption of the above amendments does not have any significant impact to the financial statements.

**Malaysian Financial Reporting Standards (MFRS Framework)**

On 19 November 2011, the Malaysian Accounting Standards Board (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 are allowed to defer adoption of the new MFRS Framework. The adoption will be mandatory for Transitioning Entities for annual periods beginning on or after 1 January 2018. The Group falls within the scope of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018.



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

**1. Accounting policies and methods of computation (cont'd)**

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

In presenting its first MFRS financial statements, the Group will be 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 opening retained earnings. The financial statements could be different if prepared under the MFRS Framework.

**2. Audit report in respect of the 2016 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2016 was not qualified.

**3. Seasonal or cyclical factors**

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

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

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

**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.

**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 30 June 2017 except as follows:-

During the financial year ended 31 December 2016, the Company has established the issuance of Islamic Medium Term Notes ("IMTNs") under the Islamic Medium Term Notes Programme ("IMTN Programme") and Islamic Commercial Papers ("ICPs") under the Islamic Commercial Paper Programme ("ICP Programme") with a combined aggregate limit of up to RM2.0 billion in nominal value and a sub-limit of RM500.0 million in nominal value for the ICP Programme.



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

**6. Debt and equity securities (cont'd)**

As of 30 June 2017, the Company has completed the repayment and issuance of ICPs from its IMTN and ICP Programme respectively as follows:

No	Date	Transaction	Amount (RM'million)	Tenure (Months)	Rate (per annum)
1	8 February 2017	Repayment	100 (ICPs)	6	
2	8 February 2017	Issuance	100 (ICPs)	3	4.35% - Discount
3	8 May 2017	Repayment	100 (ICPs)	3	
4	8 May 2017	Issuance	100 (ICPs)	3	4.30% - Discount

The net proceeds from the ICPs shall be utilized for the Group's Shariah-compliant general corporate purposes.

**7. Dividend**

The Directors do not recommend the payment of any interim dividend for the current period ended 30 June 2017 (2016 : Nil).

**8. Asset held for sale**

In prior year, the Group's investment in BIB Insurance Brokers Sdn Bhd has been reclassified as asset held for sale following the approval to dispose its entire 30% equity interest, comprising 450,000 ordinary shares of RM1.00 each, by the Board on 17 June 2016.

	<b>As at 31/12/2016</b>
Investment in associate:	RM'000
Unquoted shares at cost - in Malaysia	1,033
Share of post-acquisition reserves	10,197
	<hr style="border-top: 1px solid black;"/>
	11,230
Reserves relating to asset held for sale recognised directly in equity:	
- Foreign exchange translation reserves	1,182
- Available-for-sale reserves	(241)
	<hr style="border-top: 1px solid black;"/>
	941
	<hr style="border-top: 3px double black;"/>

On 14 February 2017, the disposal was completed with a cash consideration received amounting to RM13,388,678.

The financial impact arising from this disposal is as follows:	RM'000
Cash consideration	13,389
Carrying value	(11,230)
Realisation of other reserves to retained profits	941
Gain on disposal	<hr style="border-top: 1px solid black;"/>
	3,100
	<hr style="border-top: 3px double black;"/>



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

**9. Operating Segments**

Operating Segment information for the current financial period ended 30 June 2017 is as follows:

	Property development		Property		Eliminations RM'000	Consolidated RM'000
	In Malaysia RM'000	Outside Malaysia RM'000	Investment RM'000	Others RM'000		
<b>Revenue</b>						
External revenue	723,986	662,352	29,202	24,018	-	1,439,558
Inter-segment revenue	-	-	462	5,224	(5,686)	-
Total revenue	723,986	662,352	29,664	29,242	(5,686)	1,439,558
<b>Results</b>						
Segment results	91,971	158,636	3,059	16,311	(11,399)	258,578
Finance costs	(24,738)	(6,818)	(7,892)	(18,894)	11,399	(46,943)
Share of results of associates	7,533	-	-	(475)	-	7,058
Share of results of joint ventures	20,069	-	(1,301)	(8,383)	-	10,385
Profit/(loss) before income tax	94,835	151,818	(6,134)	(11,441)	-	229,078
Income tax and zakat	(17,186)	(53,680)	(65)	(1,219)	-	(72,150)
Profit/(loss) for the period	77,649	98,138	(6,199)	(12,660)	-	156,928
<b>Attributable to:</b>						
Owners of the parent	77,649	98,138	(6,199)	(13,764)	-	155,824
Non-controlling interests	-	-	-	1,104	-	1,104
Profit/(loss) for the period	77,649	98,138	(6,199)	(12,660)	-	156,928
<b>Assets</b>						
Segment assets	10,001,426	1,833,912	751,926	202,025	(651,863)	12,137,426
Interest in:						
- associates	493,962	-	-	5,535	-	499,497
- joint ventures	902,646	-	91,649	82,269	-	1,076,564
Income tax assets	167,443	133	1,533	2,994	-	172,103
Total assets	11,565,477	1,834,045	845,108	292,823	(651,863)	13,885,590
<b>Liabilities</b>						
Segment liabilities	5,227,134	1,127,913	598,197	110,857	(651,863)	6,412,238
Income tax liabilities	21,288	95,741	-	976	-	118,005
Total liabilities	5,248,422	1,223,654	598,197	111,833	(651,863)	6,530,243

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

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 30 June 2017 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 30 June 2017 that have not been reflected in the condensed financial statements.

**11. Changes in the composition of the Group**

There were no significant changes in the composition of the Group for the current period including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operation since the preceding year ended 31 December 2016 except for the the disposal of its entire 30% equity interest in BIB Insurance Brokers Sdn Bhd for a cash consideration of RM13,388,678 which was completed on 14 February 2017.

The financial impact arising from this disposal is explained in Note 8.

**12. Contingent liabilities**

There are no changes in the contingent liabilities since the preceding financial year ended 31 December 2016 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 which was held through its wholly-owned subsidiary, UEM Land Berhad, received a notice of additional assessment from the Inland Revenue Board ("IRB") for additional tax and penalty of RM50.9 million and RM22.9 million respectively in respect of the year of assessment 2006.

On 4 September 2012, the Kuala Lumpur High Court ("KLHC") had granted leave to BND for its judicial review application and ruled in favour of BND on the merit of the case. The KLHC declared that IRB had no legal basis to raise the additional assessment and allowed BND's appeal to quash and set aside the above notice of additional assessment. The IRB had filed an appeal to the Court of Appeal ("CoA") against the decision made.

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

**12. Contingent liabilities (cont'd)**

Income tax assessment (cont'd)

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 IRB and thus affirmed the decision of KLHC on both matters which ruled in favour of BND. IRB had on 18 June 2014 filed an application for leave to the Federal Court ("FC") to appeal against the decision of CoA. The FC on 26 January 2015 allowed the leave and 18 October 2016 was set for hearing of the case.

On 18 October 2016, the FC reversed the decisions of the CoA and the KLHC and ordered that BND should have appealed by way of filing a notice of appeal to the Special Commissioners of Income Tax. No reasons were provided by the FC in arriving at this conclusion. The FC's decision had resulted in the Form JA issued by the IRB dated 22 September 2011 totalling RM73.8 million to become due and payable within 30 days of which had been paid in full.

On 25 October 2016 and 26 October 2016, BND filed a notice of appeal (Form Q) and the notice was rejected by IRB on 25 October 2016 and 26 October 2016 respectively. On 10 November 2016, BND filed a notice for extension of time to make an appeal to the Special Commissioners of Income Tax (Form N) of which was rejected by the IRB on 8 February 2017, as well a judicial review application against the rejection of the Form Q on 17 January 2017. The judicial review application case management was heard on 7 February 2017 and 24 April 2017 had been set as the hearing date. The Company's solicitors are of the view that BND has a good case to commence judicial review proceedings via KLHC to contend that the IRB's rejection of the Form Q and Form N is without any legal basis.

In addition to the judicial review, the Company's solicitors filed a written representation directly to the Special Commissioners of Income Tax ("SCIT") requesting for approval to file the Form Q. The SCIT granted their approval via their Deciding Order dated 3 March 2017 for the Company to file the Form Q. The Company filed the Form Q on 20 March 2017. The IRB via their letter dated 21 March 2017 informed that they will within 30 days from 20 March 2017 present the Form Q to their Dispute Resolution Department for their consideration. If the IRB cannot reach a decision internally on the issue, the Form Q will then be presented to SCIT on or before 19 January 2018. With this, the judicial review (which was lodged at the High Court concurrently) had been withdrawn. Upon receipt of the court date from the SCIT, the Company's solicitors can then proceed to present the merits of the case to the SCIT of which the Company's solicitors are of the view that BND has a strong case to argue that IRB has no legal or factual basis to issue the notice of additional assessment nor there is legal or factual basis for 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:

	<b>RM'Mil</b>
Approved and contracted for	87.9
Approved but not contracted for	393.7
Total	481.6



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

**14. Income tax**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/06/2017 RM'000	Preceding year corresponding quarter 30/06/2016 RM'000	Six months to 30/06/2017 RM'000	Six months to 30/06/2016 RM'000
Malaysian and foreign income tax				
- Current tax	(61,660)	(29,052)	(101,757)	(41,797)
- Over/(under) provision in prior years	672	14	(2,936)	5,419
Deferred tax				
- Relating to origination and reversal of temporary differences	14,440	10,924	30,264	18,585
- Over/(under) provision in prior years	2,288	(571)	2,279	(3,909)
Tax expense for the period	<u>(44,260)</u>	<u>(18,685)</u>	<u>(72,150)</u>	<u>(21,702)</u>

The effective tax rate (excluding share of results of associates and joint ventures) is higher than the statutory tax rate mainly due to withholding tax on foreign source of income, higher tax rates at Canada and Australia, unrecognised deferred tax asset and non-deductible expenses.

**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"), Bandar Nusajaya Development Sdn Bhd ("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 Darul Ta'zim. The development of the residential enclave is currently on-going.
- b) A Facilities Maintenance and Management Agreement 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 ("FMMA"). The FMMA covers a period of 30 years with a review of every 3 years.
- c) 3 Shareholders' and Shares Subscription Agreements dated 11 June 2012 were entered 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 3 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 will be 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 3 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.



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

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

- d) A Master Agreement (“MA”) dated 23 October 2012 between UEM Land and Ascendas Land (Malaysia) Sdn Bhd (“Ascendas”) was entered to undertake the development of an integrated tech park over approximately 519 acres of land in Gerbang Nusajaya (“Land”), Iskandar Puteri, Johor Darul Ta’zim (“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”).

UEM Land and Ascendas shall enter into Subscription Agreements (“SA”) to regulate their initial share subscription into Company A, Company B and Company C (all of which are special purpose companies that have been or are to be established by UEM Land and are to be collectively referred to as the “Companies”) and Shareholders’ Agreement (“SHA”) to govern the parties’ relationship as shareholders of the Companies. The equity ratio of the parties in the Companies shall be 60% : 40% (Ascendas : UEM Land) unless otherwise agreed.

Pursuant to the MA, UEM Land also agrees to:

- (i) Cause the transfer of Plot A to Company A; and
- (ii) Grant to Ascendas the options to:
  - Agree to Company A 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. The options shall automatically lapse if not exercised within the option period.

The sale of Plot A land was completed in the financial year ended 31 December 2013.

As at 17 August 2017, the purchase of Plot B land, Phase 2 Land and Phase 3 Land are still outstanding.

- 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 or collectively as UEMS Lands whilst the balance of thirty-six (36) land parcels owned by LFC with a total of 65.48 acres (“LFC Lands”). (Both UEMS Lands and LFC Lands are collectively referred as “JV Lands”).



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

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

e) (cont'd)

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

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

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

As at 17 August 2017, the conditions precedent of the Master Agreement are still pending fulfillment by the respective landowners.

f) A Joint Venture Agreement ("JVA") dated 22 February 2016 between UEM Land and SUTL Marina Holdings Pte Ltd to establish a joint venture company with a 40% : 60% (UEM Land : SUTL) equity share to co-operate in incorporating, financing and operating a joint venture company in Malaysia for the purpose of carrying out 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 in Malaysia.

The JVA is conditional upon certain conditions precedent to be fulfilled.

As at 17 August 2017, the conditions precedent of the JVA are still outstanding.

g) A Joint Land Development Agreement ("JLDA") dated 27 May 2016 between Sunrise Quality Sdn Bhd ("SQSB"), an indirect wholly-owned subsidiary of the Company with Telekom Malaysia Berhad ("TM") 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. Pursuant to the JLDA, TM agrees to grant SQSB the sole and exclusive rights to develop the Said Lands into a Project. In return, SQSB agrees to pay TM a guaranteed land cost ("GLC") of RM150.0 million and TM is also entitled to 5% of the agreed gross development value of the Project.

The JLDA is subject to certain conditions precedent. 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.

As at 17 August 2017, the conditions precedent of the JLDA are still pending fulfillment by the respective parties of the agreement.

h) An agreement which became effective on 13 March 2017 between UEM Sunrise (Canada) Alderbridge Ltd ("Nominee") and 1107782 B.C Ltd ("Purchaser") for the disposal by the Nominee of three (3) parcels of land within Section 5, Block 4 North, Range 6 West, New Westminster District ("Subject Property") for a total consideration of CAD\$113,000,000 (RM371,355,629) ("Proposed Disposal"). The agreement became unconditional on 12 April 2017 with target completion tentatively in the third quarter of 2017.



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

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

h) (cont'd)

On 9 August 2017, the Nominee entered into an addendum to the original agreement together with the Purchaser and UEM Sunrise (Canada) Development Ltd, the holding company of the Nominee (“Beneficial Owner”) (under the addendum, Nominee and Beneficial Owner are collectively referred to as the “Vendor”) to revise the following:

The 2<sup>nd</sup> Deposit paid on 13 April 2017 to the agent in trust for the Vendor amounting to CAD\$5,000,000 shall be released directly to the Vendor upon the execution of the addendum. The Vendor is free to deal with the 2<sup>nd</sup> Deposit as it sees fit. If the Proposed Disposal is not completed due to the default of the Vendor, the Vendor shall repay the 2<sup>nd</sup> Deposit to the Purchaser.

The Completion Date (as defined in our announcement dated 13 March 2017 as 15 August 2017) is revised to 18 September 2017, or such other time as the parties mutually agree in writing (“Revised Completion Date”). In agreeing to the Purchaser’s request to extend the agreement, the parties introduced a 3<sup>rd</sup> Deposit amounting to CAD\$5,000,000 to be paid by the Purchaser to the agent in trust for the Vendor which has been received.

The Purchaser further exercised its option under the original agreement to acquire the outstanding share of the Nominee for CAD\$1.00 and all of the Beneficial Owner’s interest in the Subject Property for an amount equivalent to the total consideration less the CAD\$1.00. The exercise is expected to be completed on the Revised Completion Date where the Nominee shall cease to be a subsidiary of the Company.

**16. Borrowings and debt securities**

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
<b><u>As at 30 June 2017</u></b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Domestic						
- Loan from immediate holding company	-	-	-	75,058	-	75,058
- Islamic Medium Term Notes	-	1,900,105	1,900,105	-	600,000	600,000
- Islamic Commercial Papers	-	-	-	-	99,344	99,344
- Term loan	141,459	-	141,459	56,000	101,105	157,105
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	593,484	593,484	-	-	-
- Revolving credits	-	-	-	11,000	360,281	371,281
- Bank overdrafts	-	-	-	-	642	642
<b>TOTAL</b>	<b>141,459</b>	<b>2,493,589</b>	<b>2,635,048</b>	<b>142,058</b>	<b>1,161,372</b>	<b>1,303,430</b>
<b><u>As at 30 June 2016</u></b>						
Domestic						
- Loan from immediate holding company	-	-	-	78,194	-	78,194
- Islamic Medium Term Notes	-	2,517,179	2,517,179	-	100,000	100,000
- Islamic Commercial Papers	-	-	-	-	9,840	9,840
- Term loan	70,000	-	70,000	72,701	100,092	172,793
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	198,009	198,009	-	-	-
- Revolving credits	-	-	-	10,000	213,000	223,000
<b>TOTAL</b>	<b>70,000</b>	<b>2,715,188</b>	<b>2,785,188</b>	<b>160,895</b>	<b>422,932</b>	<b>583,827</b>



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

**16. Borrowings and debt securities (cont'd)**

Since the corresponding period in the immediate preceding year, the Group draws RM395 million (AUD115 million) of Commodity Murabahah Finance (denominated in Australia Dollar) for on-going property development projects in Australia.

**17. Derivative**

Details of outstanding derivative as at 30 June 2017 is as follows:

	<b>Contract/ Notional Value RM'000</b>	<b>Fair Value RM'000</b>
Profit rate swap-i contract - 1 year to 3 years	428,627	(4,281)

UEM Sunrise (Australia) Sdn Bhd, a wholly-owned subsidiary of the Company entered into a profit rate swap-i contract to hedge the profit rate risk arising from the profit margin repayment on Commodity Murabahah Financing-i Facility amounting to AUD150 million. The profit rate swap-i is designated as a cash flow hedge and applies 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. Breakdown of realised and unrealised profits or losses**

	<b>As at end of current quarter 30/06/2017 RM'000</b>	<b>As at preceding financial year end 31/12/2016 RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	1,256,229	1,091,446
- Unrealised	163,683	157,542
	1,419,912	1,248,988
Total share of retained profits from associates:		
- Realised	129,862	122,960
- Unrealised	2,415	2,259
Total share of retained profits from joint ventures:		
- Realised	488,411	479,621
- Unrealised	13,761	12,166
	2,054,361	1,865,994
Less : Consolidation adjustments	(359,280)	(326,737)
Total Group retained profits as per consolidated statement of financial position	1,695,081	1,539,257



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

### **20. Material litigation**

Since the preceding financial year ended 31 December 2016, 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;
- b) Notice of Civil Claim ("NOCC") filed at the Vancouver Registry of the Supreme Court of British Columbia, Canada by Magnum Projects Ltd ("Magnum") against UEM Sunrise (Canada) Development Ltd ("USCDL") and UEM Sunrise (Canada) Alderbridge Ltd ("USCAL").

On 4 November 2016, the Company received notification that USCDL and USCAL (collectively referred as "Defendants"), both of which are indirect wholly-owned subsidiaries of the Company, had been served with the NOCC dated 26 October 2016 filed at the Vancouver Registry of the Supreme Court of British Columbia, Canada by Magnum.

The NOCC alleges breach of an Agency Agreement ("AA") dated 27 March 2015 whereby Magnum had been appointed as the sole and exclusive agent for the purpose of selling market residential, non-market residential and strata office strata lots that were to be developed on certain lands and premises located in Canada at:

- (i) 7960 Alderbridge Way, Richmond, British Columbia,
- (ii) 5333 No. 3 Road, Richmond, British Columbia, and
- (iii) 5411/5491 No. 3 Road, Richmond, British Columbia.

The principal relief sought in the NOCC is a declaration that the Defendants are jointly and severally liable to Magnum for damages on the basis of anticipatory breach, a declaration that the Defendants jointly and severally breached one or more of the terms of the AA and are liable to Magnum for damages as a result, and damages in the amount of at least CAD15,139,284.33.

On 12 April 2017, Magnum discontinued the NOCC against USCDL and USCAL.

- c) On 25 July 2017, UEM Land, a wholly-owned subsidiary of the Company, 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 Impressive Circuit at such price and on such terms as shall be determined by the Honourable Court.

UEM Land denies allegations made by the Plaintiffs and will be vigorously defending the Claim and is seeking advice from its solicitors to that end.

Based on the foregoing, we believe at this juncture that the Claim has no material financial and operational impact on the Company.



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

**21. Comparison between the current quarter and the immediate preceding quarter**

	Current quarter <b>30/06/2017</b> RM'000	Immediate preceding quarter <b>31/03/2017</b> RM'000	<b>Variance</b> RM'000/(%)
Revenue	897,795	541,763	356,032 (66%)
Operating profit	157,607	100,971	56,636 (56%)
Share of net results	5,924	11,519	(5,595) (-49%)
Profit before interest and tax	163,531	112,490	51,041 (45%)
Finance costs	(24,189)	(22,754)	(1,435) (-6%)
Profit before income tax	139,342	89,736	49,606 (55%)
Income tax	(44,260)	(27,890)	(16,370) (-59%)
Profit after tax	95,082	61,846	33,236 (54%)
Non-controlling interest	(528)	(576)	48 (8%)
Profit attributable to Owners of the Parent	94,554	61,270	33,284 (54%)

The Group recorded higher revenue in the current quarter as compared to the immediate preceding quarter mainly contributed from sale of Alderbridge land amounting to CAD113 million (RM371 million). However, the Group recorded lower revenue from property development in the current quarter following the completion of Teega in the preceding quarter while maintaining the strong progress for Aurora, Conservatory and Residensi 22.

The Group recorded higher profit before income tax on the back of RM115 million profit arising from sale of Alderbridge land. However, the higher profit from land sales was partially offset by lower gross profit contribution from property development in line with lower property development revenue and gain from completed projects' revised cost estimates recognised in the immediate preceding quarter and share of lower profit from joint ventures and associates.

**22. Detailed analysis of the performance for the current quarter and period**

	Current year quarter <b>30/06/2017</b> RM'000	Preceding year corresponding quarter <b>30/06/2016</b> RM'000	<b>Variance</b> RM'000/(%)	Six months to <b>30/06/2017</b> RM'000	Six months to <b>30/06/2016</b> RM'000	<b>Variance</b> RM'000/(%)
Revenue	897,795	537,813	359,982 (67%)	1,439,558	795,563	643,995 (81%)
Operating profit	157,607	74,100	83,507 (113%)	258,578	92,305	166,273 (180%)
Share of net results	5,924	19,807	(13,883) (-70%)	17,443	28,881	(11,438) (-40%)
Profit before interest and tax	163,531	93,907	69,624 (74%)	276,021	121,186	154,835 (128%)
Finance costs	(24,189)	(20,630)	(3,559) (-17%)	(46,943)	(41,894)	(5,049) (-12%)
Profit before income tax	139,342	73,277	66,065 (90%)	229,078	79,292	149,786 (189%)
Income tax	(44,260)	(18,685)	(25,575) (-137%)	(72,150)	(21,702)	(50,448) (-232%)
Profit after tax	95,082	54,592	40,490 (74%)	156,928	57,590	99,338 (172%)
Non-controlling interest	(528)	71	(599) (-844%)	(1,104)	90	(1,194) (-1327%)
Profit attributable to Owners of the Parent	94,554	54,663	39,891 (73%)	155,824	57,680	98,144 (170%)



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

**22. Detailed analysis of the performance for the current quarter and period (cont'd)**

The Group recorded higher revenue mainly due to higher property development revenue from the progress made by Aurora, Conservatory, Residensi 22 and sales from other completed properties pursuant to the Group's inventory monetisation initiatives. The higher revenue is also attributable to sale of Alderbridge land for CAD113 million (RM371 million).

In line with the higher revenue, the profit before tax also has increased by 90% and 189% against the preceding year's corresponding quarter and cumulative quarter respectively. Contribution from property development for cumulative period increased by 40% contributed by higher revenue and gain from completed projects' revised cost estimates recognised in the immediate preceding quarter.

**23. Economic profit ("EP") statement**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter <b>30/06/2017</b> RM'000	Preceding year corresponding quarter <b>30/06/2016</b> RM'000	Six months to <b>30/06/2017</b> RM'000	Six months to <b>30/06/2016</b> RM'000
<u>Net operating profit after tax ("NOPAT") computation:</u>				
Earnings before interest and tax ("EBIT")	147,248	62,566	234,175	70,875
Adjusted tax	(35,340)	(15,016)	(56,202)	(17,010)
<b>NOPAT</b>	<b>111,908</b>	<b>47,550</b>	<b>177,973</b>	<b>53,865</b>
<u>Economic charge computation:</u>				
Average invested capital (Note 1)	8,689,298	8,156,219	8,689,298	8,156,219
Weighted average cost of capital ("WACC") (%) (Note 2)	7.92%	8.50%	7.92%	8.50%
<b>Economic charge</b>	<b>(172,048)</b>	<b>(173,320)</b>	<b>(344,096)</b>	<b>(346,639)</b>
<b>Economic loss</b>	<b>(60,140)</b>	<b>(125,770)</b>	<b>(166,123)</b>	<b>(292,774)</b>

The EP statement is as prescribed under the GLC Transformation program, and is disclosed on a voluntary basis. EP measures the value created by a business during a single period reflecting how much return a business makes over its cost of capital.

The Group recorded lower economic loss in the current quarter and period mainly due to higher profit as explained in note 22 above and lower WACC.

Note 1:

Average invested capital consists of average operating working capital, average net property, plant and equipment and average net other operating assets.

Note 2:

WACC is calculated as weighted average cost of debt and equity taking into account the market capitalisation as at end of the period.



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

**24. Earnings per share ("EPS")**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter <b>30/06/2017</b> RM'000	Preceding year corresponding quarter <b>30/06/2016</b> RM'000	Six months to <b>30/06/2017</b> RM'000	Six months to <b>30/06/2016</b> RM'000
a) Basic earnings per share				
Profit for the period attributable to Owners of the Parent	94,554	41,983 (Note 1)	155,824	45,000 (Note 1)
Weighted average number of ordinary shares in issue ('000)	<u>4,537,436</u>	<u>4,537,436</u>	<u>4,537,436</u>	<u>4,537,436</u>
Basic earnings per share	<u>2.08 sen</u>	<u>0.93 sen</u>	<u>3.43 sen</u>	<u>0.99 sen</u>
b) Diluted earnings per share				
Profit for the period attributable to Owners of the Parent	94,554	41,983 (Note 1)	155,824	45,000 (Note 1)
Weighted average number of ordinary shares in issue ('000)	<u>5,159,974</u>	<u>5,159,974</u>	<u>5,159,974</u>	<u>5,159,974</u>
Diluted earnings per share	<u>1.83 sen</u>	<u>0.81 sen</u>	<u>3.02 sen</u>	<u>0.87 sen</u>

Note 1:

In preceding year's corresponding quarter and six months period, the profit for the period attributable to Owners of the Parent calculated for both Basic and Diluted earnings per share are net of dividend of RM12,680,252 for Redeemable Convertible Preferences Shares in respect of financial year ended 31 December 2015.



**UEM SUNRISE BERHAD**  
(830144-W)  
Incorporated In Malaysia

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

**25. Prospects for the current financial year**

The overall domestic property market is consolidating with products within the affordable and mid-segment price range expected to attain favourable demand especially in key selected locations.

In response to the shift in demand, the Group launched Dahlia @Serene Heights Bangi in the Central Region in mid July 2017. Solaris Parq Residences in Solaris Dutamas, which has seen an encouraging registration of interest, is expected to be launched in October 2017. Meanwhile, the launch of Serimbun near Bukit Indah in Iskandar Puteri, Southern Region is tentatively scheduled for end 2017. The Group is also taking proactive steps to promote sales of inventory through aggressive sales campaign namely, "EASY Own Plan" campaign which was recently launched.

The construction of the Group's ventures in Australia, Aurora Melbourne Central as well as the Conservatory are progressing well. The Group is targeting to complete the first deck of Aurora Melbourne Central towards the end of 2018 with the remaining decks as well as Conservatory in 2019. The Group also recently launched its third Australian project, the ultra-luxurious residential development known as Mayfair located at 412 St Kilda Road, commanding a Gross Development Value of approximately RM1.1 billion.

The Group is optimistic that these new launches coupled with products already launched in the market and the on-going sales campaign will enable the Group to achieve its sales target of RM1.2 billion for the current financial year.

Overall, the financial performance of the Group for the rest of the financial year is expected to continue the positive momentum generated from the first half of the year; underpinned by the existing unrecognised revenue of RM3.3 billion and the expected completion of several land sales transactions in the remaining months.

**26. Profit forecast**

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

**Kuala Lumpur**  
**23 August 2017**

**By Order of the Board**

**SHARIFAH SHAFIQA SALIM (LS No. 0008928)**  
**LIEW IRENE (MAICSA 7022609)**  
Joint Company Secretaries