



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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

**THE FIGURES HAVE NOT BEEN AUDITED**

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
		31/3/2017	31/3/2016	31/3/2017	31/3/2016
		RM'000	RM'000	RM'000	RM'000
1. (a) <b>Revenue</b>		<b>541,763</b>	<b>257,750</b>	<b>541,763</b>	<b>257,750</b>
(b) Cost of sales		(372,624)	(180,541)	(372,624)	(180,541)
(c) Gross profit		169,139	77,209	169,139	77,209
(d) Other income		14,044	9,896	14,044	9,896
(e) Expenses		(70,685)	(68,394)	(70,685)	(68,394)
(f) Finance costs		(22,754)	(21,264)	(22,754)	(21,264)
(g) Foreign exchange loss		(11,527)	(506)	(11,527)	(506)
(h) Share of net results of associates		8,039	(197)	8,039	(197)
(i) Share of net results of joint ventures		3,480	9,271	3,480	9,271
(j) <b>Profit before income tax</b>		<b>89,736</b>	<b>6,015</b>	<b>89,736</b>	<b>6,015</b>
(k) Income tax and zakat	14	(27,890)	(3,017)	(27,890)	(3,017)
(l) <b>Profit for the period</b>		<b>61,846</b>	<b>2,998</b>	<b>61,846</b>	<b>2,998</b>
Attributable to:					
(m) Owners of the Parent		61,270	3,017	61,270	3,017
(n) Non-controlling Interests		576	(19)	576	(19)
Profit for the period		61,846	2,998	61,846	2,998
2. <b>Earnings per share based on 1 (m) above</b>	24				
(a) Basic earnings per share		1.35 sen	0.07 sen	1.35 sen	0.07 sen
(b) Diluted earnings per share		1.19 sen	0.06 sen	1.19 sen	0.06 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.



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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter <b>31/3/2017</b> RM'000	Preceding year corresponding quarter <b>31/3/2016</b> RM'000	Three months to <b>31/3/2017</b> RM'000	Three months to <b>31/3/2016</b> RM'000
<b>Profit for the period</b>	61,846	2,998	61,846	2,998
Other comprehensive income/ (expense) to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	26,607	(25,282)	26,607	(25,282)
Transfer to profit or loss on disposal of an associate	(941)	-	(941)	-
Cash flow hedge	(4,221)	-	(4,221)	-
Total other comprehensive income/ (expense) for the period, net of tax	21,445	(25,282)	21,445	(25,282)
<b>Total comprehensive income/(expense) for the period</b>	<b>83,291</b>	<b>(22,284)</b>	<b>83,291</b>	<b>(22,284)</b>
Attributable to:				
Owners of the Parent	82,703	(22,279)	82,703	(22,279)
Non-controlling Interests	588	(5)	588	(5)
<b>Total comprehensive income/(expense) for the period</b>	<b>83,291</b>	<b>(22,284)</b>	<b>83,291</b>	<b>(22,284)</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.



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

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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter <b>31/3/2017</b> RM'000	Preceding year corresponding quarter <b>31/3/2016</b> RM'000	Three months to <b>31/3/2017</b> RM'000	Three months to <b>31/3/2016</b> RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest expense	22,754	21,264	22,754	21,264
Provision for liquidated ascertained damages	12,051	-	12,051	-
Depreciation	5,846	6,498	5,846	6,498
Property, plant and equipment written off	-	1	-	1
Interest income	(6,043)	(6,931)	(6,043)	(6,931)
Loss on foreign exchange				
- unrealised	10,534	1	10,534	1
- realised	993	505	993	505
Dividend distribution receivable from a subsidiary under liquidation	-	(783)	-	(783)
Write back of allowance for impairment of receivables	(524)	(407)	(524)	(407)
Write back of inventories	(64)	(42)	(64)	(42)
Gain on disposal of property, plant and equipment	-	(2)	-	(2)
Gain arising from disposal of an associate	(3,100)	-	(3,100)	-
Gain arising from disposal of available-for-sale investment	(2,400)	-	(2,400)	-

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



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

**II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited As at end of current quarter 31/3/2017 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		306,879	300,036
Investment properties		651,667	647,525
Land held for property development		3,797,373	4,019,581
Interests in associates		502,411	492,391
Interests in joint ventures		1,083,966	1,079,753
Amount due from a joint venture		244,422	235,652
Goodwill		621,409	621,409
Deferred tax assets		267,732	254,971
Long term receivables		43,837	43,491
		7,519,696	7,694,809
2. Current assets			
Property development costs		2,856,901	2,635,355
Inventories		633,534	585,244
Receivables		1,869,142	1,710,027
Amount due from joint ventures		102,005	98,755
Short term investments		8	8
Cash, bank balances and deposits		769,661	788,542
		6,231,251	5,817,931
3. Asset held for sale	8	-	11,230
<b>Total assets</b>		<b>13,750,947</b>	<b>13,523,970</b>



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

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

	Note	Unaudited As at end of current quarter 31/3/2017 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		168,822	152,020
Retained profits		1,600,527	1,539,257
		6,913,955	6,831,796
5. Non-controlling Interests		362,144	361,556
Total equity		7,276,099	7,193,352
6. Non-current liabilities			
Borrowings		2,548,429	2,404,224
Payables		59,621	95,923
Deferred income		111,547	111,547
Derivative liability	17	4,444	223
Provision		930,254	930,222
Deferred tax liabilities		199,727	203,668
		3,854,022	3,745,807
7. Current liabilities			
Provisions		476,293	439,742
Payables		770,479	784,821
Borrowings		1,304,334	1,310,449
Tax payable		69,720	49,799
		2,620,826	2,584,811
Total liabilities		6,474,848	6,330,618
Total equity and liabilities		13,750,947	13,523,970
8. Net assets per share attributable to Owners of the Parent		<b>RM 1.52</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.



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

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

	<b>Three months to 31/3/2017 RM'000</b>	<b>Three months to 31/3/2016 RM'000</b>
<b>Operating Activities</b>		
Cash receipts from customers	411,370	262,771
Cash receipts from related parties	705	884
Cash payments to contractors	(399,074)	(435,863)
Cash payments for land and development related costs	(41,035)	(314)
Cash payments to related parties	(1)	(4,053)
Cash payments to employees and for expenses	(72,870)	(97,336)
Cash used in operations	(100,905)	(273,911)
Net income taxes paid	(20,487)	(21,347)
Interest received	3,261	3,092
<b>Net cash used in operating activities</b>	<b>(118,131)</b>	<b>(292,166)</b>
<b>Investing Activities</b>		
Proceeds from disposal of		
- property, plant and equipment	3	3
Proceeds from disposal of an associate	13,389	-
Proceeds from disposal of an available-for-sale investment	2,400	-
Purchase of property, plant and equipment	(12,505)	(3,440)
Purchase of investment property	(173)	-
Advance to a joint venture	(8,500)	-
Deposit paid for development rights of a land	(10,000)	-
Investment in a joint venture	-	(250)
Investment in land held for property development	-	(27,870)
<b>Net cash used in investing activities</b>	<b>(15,386)</b>	<b>(31,557)</b>



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

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

	Note	Three months to 31/3/2017 RM'000	Three months to 31/3/2016 RM'000
<b>Financing Activities</b>			
Drawdown of Commodity Murabahah Finance		135,404	198,833
Repayment of term loans		(9,502)	(52,150)
Repayment of Islamic Medium Term Notes		-	(100,000)
Interest paid		(14,494)	(10,390)
<b>Net cash generated from financing activities</b>		<b>111,408</b>	<b>36,293</b>
Effects of exchange rate changes		3,228	(10,793)
<b>Net decrease in cash and cash equivalents</b>		<b>(18,881)</b>	<b>(298,223)</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>	(a)	<b>769,661</b>	<b>701,833</b>
		<b>Unaudited As at 31/3/2017 RM'000</b>	<b>Unaudited As at 31/3/2016 RM'000</b>

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

Current cash, bank balances and deposits			
Unrestricted		384,968	575,841
Restricted		384,693	128,842
		769,661	704,683
Bank overdrafts (included in short term borrowings)		-	(2,850)
<b>Cash and cash equivalents</b>		<b>769,661</b>	<b>701,833</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.



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

**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	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
<b>Three months to 31 March 2017 (Unaudited)</b>								
At 1 January 2017	2,276,643	2,829,546	34,330	152,020	1,539,257	6,831,796	361,556	7,193,352
Adjustments for effects of Companies Act 2016 (Note 1)	2,833,633	(2,829,546)	-	(4,087)	-	-	-	-
Total comprehensive income for the period	-	-	-	21,433	61,270	82,703	588	83,291
ESOS - remeasurement	-	-	-	(544)	-	(544)	-	(544)
At 31 March 2017	<u>5,110,276</u>	<u>-</u>	<u>34,330</u>	<u>168,822</u>	<u>1,600,527</u>	<u>6,913,955</u>	<u>362,144</u>	<u>7,276,099</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.





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

**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	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
<b>Three months to 31 March 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 expense for the period	-	-	-	(25,296)	3,017	(22,279)	(5)	(22,284)
Share options granted under ESOS	-	-	-	941	-	941	-	941
At 31 March 2016	<u>2,276,643</u>	<u>2,829,546</u>	<u>34,330</u>	<u>91,084</u>	<u>1,555,619</u>	<u>6,787,222</u>	<u>360,340</u>	<u>7,147,562</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.



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

**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
FRS 107: Disclosures Initiatives	1 January 2017
FRS 112: Recognition of Deferred Tax 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.



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

**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 31 March 2017 except as follows:-



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

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

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

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.

For the current financial period ended 31 March 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	3.80% - Discount
2	8 February 2017	Issuance	100 (ICPs)	3	4.35% - Discount

The proceeds from the IMTNs and ICPs will 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 31 March 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 RM'000</b>
Investment in associate:	
Unquoted shares at cost - in Malaysia	1,033
Share of post-acquisition reserves	10,197
	11,230
 Reserves relating to asset held for sale recognised directly in equity:	
- Foreign exchange translation reserves	1,182
- Available-for-sale reserves	(241)
	941



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

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

**8. Asset held for sale (cont'd)**

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

	<b>Three months to 31/3/2017 RM'000</b>
The financial impact arising from this disposal is as follows:	
Cash consideration	13,389
Carrying value	(11,230)
Realisation of other reserves to retained earnings	941
Gain on disposal	3,100

**9. Operating Segments**

Operating Segment information for the current financial period ended 31 March 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	398,657	117,311	14,237	11,558	-	541,763
Inter-segment revenue	-	-	231	2,478	(2,709)	-
Total revenue	398,657	117,311	14,468	14,036	(2,709)	541,763
<b>Results</b>						
Segment results	70,503	27,798	1,163	6,785	(5,278)	100,971
Finance costs	(11,161)	(4,257)	(3,792)	(8,822)	5,278	(22,754)
Share of results of associates	8,185	-	-	(146)	-	8,039
Share of results of joint ventures	7,858	-	(810)	(3,568)	-	3,480
Profit/(loss) before income tax	75,385	23,541	(3,439)	(5,751)	-	89,736
Income tax and zakat	(18,618)	(8,591)	(65)	(616)	-	(27,890)
Profit/(loss) for the period	56,767	14,950	(3,504)	(6,367)	-	61,846
<b>Attributable to:</b>						
Owners of the parent	56,767	14,950	(3,504)	(6,943)	-	61,270
Non-controlling interests	-	-	-	576	-	576
Profit/(loss) for the period	56,767	14,950	(3,504)	(6,367)	-	61,846

**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 31 March 2017 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 31 March 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"), a major 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 are 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 has 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 has been paid in full.

On 25 October 2016 and 26 October 2016, BND filed in 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) for 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 has 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. Given the positive outcome from SCIT granting the Company to file the Form Q, the judicial review to submit the Form Q will be 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	69.8
Approved but not contracted for	397.7
Total	467.5



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

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

**14. Income tax**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/3/2017 RM'000	Preceding year corresponding quarter 31/3/2016 RM'000	Three months to 31/3/2017 RM'000	Three months to 31/3/2016 RM'000
Malaysian and foreign income tax				
- Current tax	(40,097)	(12,745)	(40,097)	(12,745)
- (Under)/over provision in prior years	(3,608)	5,405	(3,608)	5,405
Deferred tax				
- Relating to origination and reversal of temporary differences	15,824	7,661	15,824	7,661
- Under provision in prior years	(9)	(3,338)	(9)	(3,338)
Tax expense for the period	<u>(27,890)</u>	<u>(3,017)</u>	<u>(27,890)</u>	<u>(3,017)</u>

The effective tax rate (excluding share of results of associates and joint ventures) is higher than the statutory tax rate mainly due to higher Australian tax rates, unrecognised deferred tax asset in respect of foreign exchange loss and under provision of prior years current tax.

**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, 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 Pulau, 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 13 April 2011 between Cahaya Jauhar Sdn Bhd, a 60% owned joint venture of UEM Land and State Secretary Johor (Incorporated) 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.





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

**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)**

c) (cont'd)

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.

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”), Nusajaya, 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 11 May 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”).



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

**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)

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").

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 11 May 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 11 May 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").



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

**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)**

g) (cont'd)

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 11 May 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 ("UEMS Alderbridge") and 1107782 B.C Ltd for the disposal by UEMS Alderbridge of three (3) parcels of land within Section 5, Block 4 North, Range 6 West, New Westminster District for a total consideration of CAD\$113,000,000 (equivalent to RM372,572,300 based on an exchange rate of RM3.30 to CAD1.00 on 10 March 2017). The agreement became unconditional on 12 April 2017 with target completion tentatively in the third quarter of 2017.

**16. Borrowings and debt securities**

Details of Group borrowings and debt securities as at 31 March 2017 are as follows:

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Domestic						
- Loan from immediate holding company	-	-	-	75,682	-	75,682
- Islamic Medium Term Notes	-	1,907,789	1,907,789	600,768	-	600,768
- Islamic Commercial Papers	-	-	-	-	99,351	99,351
- Term loan	151,745	-	151,745	56,000	101,069	157,069
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	488,895	488,895	-	-	-
- Revolving credits	-	-	-	11,000	360,464	371,464
<b>TOTAL</b>	<b>151,745</b>	<b>2,396,684</b>	<b>2,548,429</b>	<b>743,450</b>	<b>560,884</b>	<b>1,304,334</b>



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

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

**17. Derivative**

Details of outstanding derivative as at 31 March 2017 is as follows:

	<b>Contract/ Notional Value</b>	<b>Fair Value</b>
	RM'000	RM'000
Profit rate swap-i contract		
- 1 year to 3 years	354,027	(4,444)

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 AUD150 million Commodity Murabahah Financing-i Facility. 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 31/3/2017</b>	<b>As at preceding financial year end 31/12/2016</b>
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,132,944	1,091,446
- Unrealised	164,338	157,542
	1,297,282	1,248,988
Total share of retained profits from associates:		
- Realised	130,843	122,960
- Unrealised	2,415	2,259
	1,925,807	1,865,994
Total share of retained profits from joint ventures:		
- Realised	481,441	479,621
- Unrealised	13,826	12,166
	(325,280)	(326,737)
Less : Consolidation adjustments		
Total group retained profits as per consolidated statement of financial position	1,600,527	1,539,257



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

**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 discontinue the NOCC against USCDL and USCAL.

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

	Current quarter <b>31/3/2017</b> RM'000	Immediate preceding quarter <b>31/12/2016</b> RM'000
Revenue	541,763	624,662
Profit from operations	100,971	57,393
Finance cost	(22,754)	(13,826)
Share of results of associates and joint ventures	11,519	39,211
Profit before income tax	89,736	82,778



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

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

**21. Comparison between the current quarter and the immediate preceding quarter (cont'd)**

The Group recorded lower revenue in the current quarter as compared to the immediate preceding quarter mainly due to lower property development contribution arising from Verdi and Teega which were completed in December 2016 and January 2017 respectively. The Group also completed sales of a piece of land in Iskandar Puteri for RM14.0 million in the current quarter.

Despite lower revenue from property development for the quarter, the Group recorded higher profit before income tax on the back of the profit from land sales and revision of estimated costs for completed projects during the current quarter. However, the higher profit from operations was partially offset by lower contribution from associates and joint ventures.

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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter <b>31/3/2017</b> RM'000	Preceding year corresponding quarter <b>31/3/2016</b> RM'000	Three months to <b>31/3/2017</b> RM'000	Three months to <b>31/3/2016</b> RM'000
Revenue	541,763	257,750	541,763	257,750
Profit from operations	100,971	18,205	100,971	18,205
Finance cost	(22,754)	(21,264)	(22,754)	(21,264)
Share of results of associates and joint ventures	11,519	9,074	11,519	9,074
Profit before income tax	89,736	6,015	89,736	6,015

The Group recorded higher revenue in the current quarter as compared to the preceding year's corresponding quarter mainly due to revenue contribution derived from the progress made by Residensi 22, Aurora, Conservatory and completion of Teega. The Group also completed sales of a piece of land in Iskandar Puteri during the current quarter. Profit before income tax is higher than the corresponding period in tandem with higher revenue from property development and the revision of estimated cost for completed projects.



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

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

**23. Economic profit (“EP”) statement**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter <b>31/3/2017</b> RM'000	Preceding year corresponding quarter <b>31/3/2016</b> RM'000	Three months to <b>31/3/2017</b> RM'000	Three months to <b>31/3/2016</b> RM'000
<u>Net operating profit after tax (“NOPAT”) computation:</u>				
Earnings before interest and tax (“EBIT”)	86,927	8,309	86,927	8,309
Adjusted tax	(20,862)	(1,994)	(20,862)	(1,994)
<b>NOPAT</b>	<b>66,065</b>	<b>6,315</b>	<b>66,065</b>	<b>6,315</b>
<u>Economic charge computation:</u>				
Average invested capital (Note 1)	8,978,405	7,793,072	8,978,405	7,793,072
Weighted average cost of capital (“WACC”) (%) (Note 2)	8.25%	9.05%	8.25%	9.05%
<b>Economic charge</b>	<b>(185,180)</b>	<b>(176,318)</b>	<b>(185,180)</b>	<b>(176,318)</b>
<b>Economic loss</b>	<b>(119,115)</b>	<b>(170,003)</b>	<b>(119,115)</b>	<b>(170,003)</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 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.



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

**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>31/3/2017</b> RM'000	Preceding year corresponding quarter <b>31/3/2016</b> RM'000	Three months to <b>31/3/2017</b> RM'000	Three months to <b>31/3/2016</b> RM'000
a) Basic earnings per share				
Profit for the period attributable to Owners of the Parent	61,270	3,017	61,270	3,017
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>1.35 sen</u>	<u>0.07 sen</u>	<u>1.35 sen</u>	<u>0.07 sen</u>
b) Diluted earnings per share				
Profit for the period attributable to Owners of the Parent	61,270	3,017	61,270	3,017
Weighted average number of ordinary shares in issue ('000)	<u>5,159,974</u>	<u>5,169,616</u>	<u>5,159,974</u>	<u>5,169,616</u>
Diluted earnings per share	<u>1.19 sen</u>	<u>0.06 sen</u>	<u>1.19 sen</u>	<u>0.06 sen</u>





**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**

Domestically, overall property outlook is expected to be relatively subdued, trending at a flat to slight sales growth. It appears that overall market has bottomed last year and we are seeing encouraging signs via growth in loans for purchase of residential properties in the first 3 months of 2017. Based on the data from Bank Negara Malaysia, residential loans applied and approved for purchase of residential properties grew by just under 20% YoY in 1Q2017; where growth could be driven mainly by higher supply of affordable homes in the market. The Group maintains its focus of launching more mid-range landed homes where demand from genuine homebuyers for such products is still relatively strong in good and upcoming locations. To cater to this middle segment market, the Group plans to launch Dahlia@Serene Heights Bangi in 1H2017 and Serimbun (Southern Region) in 2H2017. To further capitalise on our core strength in luxury high rise development, the Group also plans to launch the much anticipated Solaris Parq Residences in Solaris Dutamas some time in 2H2017.

On the international front, the Group has entered into an agreement to dispose of its Alderbridge land in Canada for CAD113.0 million. Profit before tax from this disposal is expected to be RM115 million. Following the successful sales of the first two projects – Aurora Melbourne Central and Conservatory in Melbourne, Australia, the Group intends to launch a third luxury apartment project in Melbourne at 412 St Kilda Road.

The construction progress from existing unrecognised revenue of RM3.7 billion driven mainly from Aurora Melbourne Central, Conservatory and Residensi 22 Mont'Kiara will contribute positively to the Group's earnings in the future.

**26. Profit forecast**

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

**Kuala Lumpur**  
**17 May 2017**

**By Order of the Board**

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