



UEM SUNRISE BHD
(830144-W)
Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter 30/09/2014 RM'000	Preceding year corresponding quarter 30/09/2013 RM'000 (Restated)	Nine months to 30/09/2014 RM'000	Nine months to 30/09/2013 RM'000 (Restated)
1. (a) Revenue		471,137	678,510	1,320,324	1,852,176
(b) Cost of sales		(329,320)	(418,809)	(913,992)	(1,062,603)
(c) Gross profit		141,817	259,701	406,332	789,573
(d) Other income		12,321	11,777	35,958	31,046
(e) Expenses		(80,260)	(75,970)	(241,049)	(222,929)
(f) Finance costs		(18,748)	(5,818)	(36,944)	(21,378)
(g) Share of net results of associates		2,118	10,339	7,629	16,034
(h) Share of net results of joint ventures		31,273	27,426	88,050	55,625
(i) Profit before income tax		88,521	227,455	259,976	647,971
(j) Income tax and zakat	13	(17,114)	(44,698)	(52,537)	(147,146)
(k) Profit for the period		71,407	182,757	207,439	500,825
Attributable to:					
(l) Owners of the Parent		71,496	182,767	207,543	501,185
(m) Non-controlling Interests		(89)	(10)	(104)	(360)
Profit for the period		71,407	182,757	207,439	500,825
2. Earnings per share based in 1 (1) above	25				
(a) Basic earnings per share		1.58 sen	4.20 sen	4.57 sen	11.49 sen
(b) Diluted earnings per share		1.33 sen	3.66 sen	4.12 sen	10.29 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this quarterly announcement.



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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	Note 30/09/2014 RM'000	30/09/2013 RM'000 (Restated)	30/09/2014 RM'000	30/09/2013 RM'000 (Restated)
Profit for the period	71,407	182,757	207,439	500,825
Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences for foreign operations	(20,936)	(713)	(23,431)	(4,351)
Fair value changes	(67)	-	(66)	4
Share of other comprehensive income of associates	480	-	419	(2)
Total other comprehensive expense for the period, net of tax	(20,523)	(713)	(23,078)	(4,349)
Total comprehensive income for the period	50,884	182,044	184,361	496,476
Attributable to:				
Owners of the Parent	50,973	182,054	184,465	496,836
Non-controlling Interests	(89)	(10)	(104)	(360)
Total comprehensive income for the period	50,884	182,044	184,361	496,476

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this quarterly announcement.



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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
Note	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(8,662)	(6,544)	(28,230)	(23,013)
Dividend income	(789)	(847)	(2,017)	(2,066)
Gain on disposal of property, plant and equipment	(4)	-	(127)	-
Interest expense	18,748	5,818	36,944	21,378
Depreciation and amortization	5,733	5,113	17,367	14,524
Write-back of impairment of receivables	-	(2,778)	-	(2,778)

Other than the above, there was no provision for and write-off of receivables and inventories, gain or loss on disposal of quoted and unquoted investments or properties, impairment of assets, foreign exchange gain or loss, gain or loss on derivatives, exceptional items, write down of inventories and reversal of any 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 30/09/2014 RM'000	Audited As at preceding financial year end 31/12/2013 RM'000
ASSETS			
1. Non-current assets			
Property, plant and equipment		186,897	189,947
Investment properties		565,271	555,623
Land held for property development		2,990,885	2,809,339
Interests in associates		167,847	126,190
Interests in joint ventures		790,998	691,409
Amount due from a joint venture		61,230	57,402
Goodwill		621,409	621,409
Non-current deposits		1,418	1,418
Deferred tax assets		141,161	134,461
		5,527,116	5,187,198
2. Current assets			
Property development costs		1,417,809	1,109,437
Inventories		148,109	105,856
Receivables		1,794,526	1,806,441
Amount due from joint ventures		277,537	209,937
Short term investments		200,996	28,491
Cash, bank balances and deposits		771,895	1,362,108
		4,610,872	4,622,270
 Total assets		10,137,988	9,809,468



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

	Note	Unaudited As at end of current quarter 30/09/2014 RM'000	Audited As at preceding financial year end 31/12/2013 RM'000
EQUITY AND LIABILITIES			
3. Equity attributable to Owners of the Parent			
Share capital		2,268,718	2,268,718
Reserves			
Share premium		2,044,955	2,044,953
Merger relief reserve		34,330	34,330
Other reserves		66,985	72,742
Retained profits		1,624,315	1,598,269
		6,039,303	6,019,012
4. Non-controlling Interests		485,800	450,604
Total equity		6,525,103	6,469,616
5. Non-current liabilities			
Borrowings		2,096,061	1,722,066
Deferred tax liabilities		265,459	262,242
		2,361,520	1,984,308
6. Current liabilities			
Provisions		414,725	450,818
Payables		599,286	622,892
Amount due to a joint venture		-	1,461
Borrowings		229,494	217,983
Tax payable		7,860	62,390
		1,251,365	1,355,544
Total liabilities		3,612,885	3,339,852
Total equity and liabilities		10,137,988	9,809,468
7. Net assets per share attributable to Owners of the Parent		RM 1.33	RM1.33

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this quarterly announcement.



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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months to	Unaudited Nine months to
Note	30/09/2014	30/09/2013
	RM'000	RM'000 (Restated)
Operating Activities		
Cash receipts from customers	1,576,313	1,457,818
Receipts from related parties	2,116	1,220
Cash payments to contractors	(1,215,937)	(898,531)
Cash payments for land and development related costs	(12,760)	(19,832)
Cash payments to related parties	(6,448)	(25,716)
Cash payments to employees and for expenses	(277,448)	(189,711)
Cash generated from operations	65,836	325,248
Net income taxes and zakat paid	(180,592)	(81,916)
Interest received	15,730	9,158
Net cash (used in)/generated from operating activities	(99,026)	252,490
Investing Activities		
Dividend received from associates	-	9,100
Proceeds from disposal of		
- property, plant and equipment	53	2
- investment property	-	12,417
- short term investments	230,914	290,547
Purchase of property, plant and equipment	(5,701)	(10,102)
Advance to joint venture	(5,750)	(15,170)
Investment in associate	(35,300)	-
Investment in joint venture	(20,000)	-
Investment in land held for property development	(350,760)	(37,344)
Investment in short term investments	(401,000)	(165,300)
Net cash (used in)/generated from investing activities	(587,544)	84,150



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

	Unaudited Nine months to	Unaudited Nine months to
Note	30/09/2014	30/09/2013
	RM'000	RM'000 (Restated)
Financing Activities		
Drawdown of borrowings	226,111	217,526
Drawdown of Islamic Medium Term Notes	400,000	-
Subscription of shares by non-controlling shareholder in a subsidiary	35,300	-
Proceeds from employee share option scheme ("ESOS")	2	45,455
Receipt of government grant	-	25,000
Repayment from joint venture	1,175	-
Advance to joint ventures and associates	(66,811)	(28,358)
Repayment of borrowings	(261,456)	(218,742)
Redemption of RCPS	-	(408,689)
Dividend paid	(181,497)	(132,952)
Interest paid	(49,985)	(47,150)
Net cash generated from/(used in) financing activities	102,839	(547,910)
Effects of exchange rate changes	(6,482)	(232)
Net change in Cash and Cash Equivalents	(590,213)	(211,502)
Cash and Cash Equivalents as at beginning of financial period	1,362,108	1,041,427
Cash and Cash Equivalents as at end of financial period	771,895	829,925

	Unaudited As at 30/09/2014	Unaudited As at 30/09/2013
	RM'000	RM'000 (Restated)

(a) Cash and Cash Equivalents comprise the following amounts:

Current cash, bank balances and deposits		
Unrestricted	353,431	510,772
Restricted	418,464	320,268
	771,895	831,040
Bank overdrafts (included in short term borrowings)	-	(1,115)
Cash and cash equivalents	771,895	829,925

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013 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	Equity Component of RCPS RM'000	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
Nine months to 30 September 2014 (Unaudited)									
At 1 January 2014	2,268,718	2,044,953	34,330	-	72,742	1,598,269	6,019,012	450,604	6,469,616
Total comprehensive income for the period	-	-	-	-	(23,078)	207,543	184,465	(104)	184,361
Subscription of shares by non-controlling shareholder in a subsidiary	-	-	-	-	-	-	-	35,300	35,300
ESOS									
- issuance of new shares	*	2	-	-	-	-	2	-	2
- share option granted	-	-	-	-	17,321	-	17,321	-	17,321
Dividend paid	-	-	-	-	-	(181,497)	(181,497)	-	(181,497)
At 30 September 2014	<u>2,268,718</u>	<u>2,044,955</u>	<u>34,330</u>	<u>-</u>	<u>66,985</u>	<u>1,624,315</u>	<u>6,039,303</u>	<u>485,800</u>	<u>6,525,103</u>

* The amount for issuance of new shares is RM500.

Included in the non-controlling interests is the Redeemable Convertible Preference Share of a subsidiary amounting to RM450 million, which is held by the immediate holding company, UEM Group Berhad



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

	← Attributable to Owners of the Parent →						Non-controlling Interests #	Total Equity	
	← Non-distributable →			Distributable					
	Share Capital RM'000	Share Premium RM'000	Merger Relief Reserves RM'000	Equity Component of RCPS RM'000	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
Nine months to 30 September 2013 (Unaudited)									
At 1 January 2013 (restated)	2,165,558	1,907,488	34,330	119,068	51,370	1,038,154	5,315,968	450,636	5,766,604
Total comprehensive income for the period	-	-	-	-	(4,349)	501,185	496,836	(360)	496,476
Conversion of RCPS to ordinary shares	795	3,910	-	(1,055)	-	-	3,650	-	3,650
Redemption of RCPS	-	-	-	(118,013)	4,087	113,926	-	-	-
ESOS									
- issuance of new shares	9,951	35,504	-	-	-	-	45,455	-	45,455
- share option granted	-	-	-	-	12,089	-	12,089	-	12,089
- transferred from share based payment reserve upon exercise	-	2,985	-	-	(2,985)	-	-	-	-
Dividend	-	-	-	-	-	(132,952)	(132,952)	-	(132,952)
At 30 September 2013 (restated)	<u>2,176,304</u>	<u>1,949,887</u>	<u>34,330</u>	<u>-</u>	<u>60,212</u>	<u>1,520,313</u>	<u>5,741,046</u>	<u>450,276</u>	<u>6,191,322</u>

Included in the non-controlling interests is the Redeemable Convertible Preference Share of a subsidiary amounting to RM450 million, which is held by the immediate holding company, UEM Group Berhad

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 2013 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 2013.

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 new/revised/amendment to Financial Reporting Standards (“FRSs”) and interpretation which are applicable to the Group with effect from 1 January 2014 as disclosed below:

	Effective for the financial period beginning on or after
Amendments to FRS 132 : Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136 : Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139 : Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127 : Investment Entities	1 January 2014
IC Interpretation 21: Levies	1 January 2014

The adoption of the above new/revised/amendment to FRSs and interpretation does not have any significant impact to the Group.

Restatement of comparatives

In Quarter 4, 2013, the Group had reclassified certain entities previously accounted for as subsidiaries to joint ventures. As the reclassification is required to be accounted for on a retrospective basis, the preceding year comparatives have been restated to be consistent with current period presentation. The restatement does not have any impact to earnings per share and net tangible asset of the Group.

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 (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called ‘Transitioning Entities’).

Transitioning Entities are allowed to defer adoption of the new MFRS Framework for an additional five years. Consequently, adoption of the MFRS Framework by Transitioning Entities are mandatory for annual periods beginning on or after 1 January 2017.

The Group falls within the scope of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group is required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017.

In presenting its first MFRS financial statements, the Group is required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made retrospectively, against opening retained profits. The financial statements could be different if prepared under the MFRS Framework.



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

2. Audit report in respect of the 2013 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2013 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 September 2014 except for the issuance of 1,000 units of new ordinary shares pursuant to Employee Share Option Scheme at an exercise price of RM2.23.

7. Dividend

The first and final single tier dividend of 4.0 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2013 was approved by the shareholders during the Annual General Meeting on 24 April 2014 and paid on 20 June 2014.

The Directors do not recommend the payment of any interim dividend for the current period ended 30 September 2014 (2013 : Nil).

8. Operating Segments

There was no disclosure and presentation of segment information as the Group's activities are mainly involved in property development and related activities.

9. 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 September 2014 to the date of this announcement which would substantially affect the financial results of the Group for the nine months ended 30 September 2014 that have not been reflected in the condensed financial statements.



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

10. 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 as at the date of this announcement since the preceding year ended 31 December 2013 except as stated below:

- (a) On 28 January 2014, UEM Land Berhad ("UEM Land"), a wholly-owned subsidiary of the Company, acquired two (2) ordinary shares of RM1.00 each in Aura Muhibah Sdn Bhd ("AMSB") representing 100% of the total issued and paid-up share capital of AMSB for a cash consideration of RM2.00 only, resulting in AMSB becoming an indirect wholly-owned subsidiary of the Company. Subsequently on 5 March 2014, UEM Land subscribed for 149,998 units of ordinary shares and 52,800,000 units of Redeemable Preference Shares ("RPS") in AMSB representing 60% of total issued and paid up capital of AMSB for RM149,998 and RM52,800,000 respectively.

On the same date, UEM Land subscribed for 100,000 units of ordinary shares and 35,200,000 units of Redeemable Preference Shares ("RPS") in Scope Energy Sdn Bhd ("SESB") representing 40% of total issued and paid up capital of SESB for RM100,000 and RM35,200,000 respectively. Refer Note 14 (g) for further details.

- (b) On 7 February 2014, the Company announced that Interior Design One Sdn Bhd, a dormant subsidiary of Sunrise Berhad, which in turn is a wholly-owned subsidiary of the Company has been struck-off pursuant to Section 308(4) of the Companies Act, 1965.
- (c) On 20 March 2014, the Company acquired two (2) ordinary shares of RM1.00 each in UEM Sunrise (Canada) Sdn Bhd ("UEMS Canada") for a cash consideration of RM2.00 resulting in UEMS Canada becoming a wholly-owned subsidiary of the Company. The intended principal activity of UEMS Canada is investment holding.
- (d) On 28 March 2014, UEMS Canada acquired one (1) Common Share, representing the entire issued share capital of UEM Sunrise (Canada) Development Ltd ("UEMSCD"), at a consideration of CAD1.00 equivalent to RM2.965 resulting in UEMSCD becoming a wholly-owned subsidiary of UEMS Canada.

UEMSCD was incorporated in British Columbia, Canada on 30 December 2013 as a private limited company under the provisions of British Columbia Business Corporations Act. The principal activity of UEMSCD is real estate acquisition and development. UEMSCD has a wholly-owned subsidiary namely UEM Sunrise (Canada) Alderbridge Ltd ("UEMSCA").

UEMSCA was incorporated in British Columbia, Canada on 30 December 2013 as a private limited company under the provisions of British Columbia Business Corporations Act with one (1) Common Share of CAD1.00 issued in the name of UEMSCD. The principal activity of UEMSCA is real estate acquisition and development.

- (e) On 21 October 2014, the Company acquired two (2) ordinary shares of RM1.00 each in UEM Sunrise Management Services Sdn Bhd ("UEMSMS") for a cash consideration of RM2.00 resulting in UEMSMS becoming a wholly-owned subsidiary of the Company. The intended principal activity of UEMSMS is investment holding. UEMSMS has also on 21 October 2014 acquired two (2) ordinary shares of RM1.00 each in UEM Sunrise Project Services Sdn Bhd ("UEMSPS") for a cash consideration of RM2.00, resulting in UEMSPS becoming an indirect wholly-owned subsidiary of the Company. The intended principal activity of UEMSPS is to carry on the business of project management for property development.
- (f) On 3 November 2014, the Company acquired four (4) ordinary shares of RM0.50 each in UEM Sunrise Properties Sdn Bhd ("UEMSP") for a cash consideration of RM2.00 resulting in UEMSP becoming a wholly-owned subsidiary of the Company. The intended principal activity of UEMSP is to carry on the business of investment holding, property development and general trading.



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

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

- (g) On 10 November 2014, UEMSMS, a wholly-owned subsidiary of the Company acquired two (2) ordinary shares of RM1.00 each in UEM Sunrise Nusajaya Property Services Sdn Bhd ("USNPS") for a cash consideration of RM2.00 resulting in USNPS becoming an indirect wholly-owned subsidiary of the Company. The intended principal activity of USNPS is provision of property management services.
- (h) On 10 November 2014, UEMSP, a wholly-owned subsidiary of the Company acquired two (2) ordinary shares of RM1.00 each in the following companies for a cash consideration of RM2.00 only each, resulting in these companies becoming indirect wholly-owned subsidiaries of the Company.

Company	Principal Activity
UEM Sunrise Nusajaya Properties Sdn Bhd	Property Investment
Nusajaya DCS Sdn Bhd	Provision of cooling plant facility services
Opera Retreat Sdn Bhd	Property Investment

11. Contingent liabilities

There are no changes in the contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2013 except as disclosed below:

(a) Income tax assessment

On 3 October 2011, Bandar Nusajaya Development Sdn. Bhd. ("BND"), an indirect subsidiary of the Company, received a notice of additional assessment from 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 had allowed BND's judicial review application to quash and set aside the additional tax assessment. The High Court ruled in favour of BND and declared that the IRB had no legal basis to raise the additional assessment. Following the decision by the High Court, the IRB had filed an appeal to the Court of Appeal against the decision made.

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

The Federal Court has fixed the matter for case management on 10 November 2014 and directed parties to file written submission by 12 January 2015. The Federal Court has further fixed the Hearing on 26 January 2015.

(b) Potential compensation payable to the previous land owners

There are a total of fifty (50) cases referred to High Court involving claims against the State Government for additional compensation by the previous landowners of lands acquired for the Second Malaysian Crossing Project.

After hearing the 50 cases, the High Court maintained the amount of compensation awarded by the District Land Administrator ("DLA") in 15 cases, and increased the amount of compensation in the remaining 35 cases. The parties involved however, made further appeals to the Court of Appeal for higher compensation. However, the Court of Appeal ordered that all land acquisition appeals to be transferred to the Federal Court.

Of these 50 cases:

- (i) 1 has been heard and dismissed by the Court of Appeal;
- (ii) 4 have been heard and dismissed by the Federal Court;
- (iii) 2 have accepted out-of-court settlements proposed by the State Legal Advisor Johor;
- (iv) 4 have withdrawn the case against DLA;
- (v) 2 have been heard and granted additional compensation amounting to RM19.5 million by the Federal Court; and
- (vi) 1 has withdrawn its appeal to the Court of Appeal.



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

11. Contingent liabilities (cont'd)

(b) Potential compensation payable to the previous land owners (cont'd)

The remaining thirty six (36) cases, which the plaintiffs are seeking compensation with a total amount of RM68.3 million, are pending hearing at the Federal Court.

BND, is not directly involved in these litigations but by virtue of the Novation Agreement, is responsible for the additional land cost of land alienated to it, which includes the amounts claimed by the previous landowners.

The State Legal Adviser Johor had on 27 October 2014 confirmed that the matter has been resolved.

12. Capital commitments

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

	RM'Mil
Approved and contracted for	3.2
Approved but not contracted for	19.3
Total	22.5

13. Income tax and zakat

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/09/2014 RM'000	Preceding year corresponding quarter 30/09/2013 RM'000 (Restated)	Nine months to 30/09/2014 RM'000	Nine months to 30/09/2013 RM'000 (Restated)
Malaysian & foreign income tax				
- Current tax	(25,375)	(14,429)	(53,956)	(102,659)
- Over/(under) provision in prior years	5,005	(7,376)	(2,079)	(7,213)
Deferred tax	3,256	(15,559)	3,498	(29,940)
Tax expense for the period	(17,114)	(37,364)	(52,537)	(139,812)
Zakat	-	(7,334)	-	(7,334)
	(17,114)	(44,698)	(52,537)	(147,146)

The Group's effective tax rate (excluding share of net results of associates and joint ventures) for the current quarter is higher than the statutory tax rate mainly due to higher foreign tax mitigated by over provision for current tax in prior year. For the nine months period to-date, the Group's effective tax rate is higher than the statutory tax rate mainly due to higher foreign tax.

14. 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 dated 16 June 2005 ("HHDSB Development Agreement") between Nusajaya Greens Sdn Bhd ("NGSB") and Horizon Hills Development Sdn Bhd ("HHDSB"), a 50:50 joint venture company between UEM Land and Gamuda Berhad, for the development of 1,228 acres of land in Nusajaya into a mixed development and 18-hole golf course, clubhouse and facilities together with the appropriate primary and secondary infrastructure, and other types of complementary developments, which was announced on 16 June 2005 by UEM World Berhad (now known as Global Converge Sdn Bhd). As part of the HHDSB Development Agreement, the said land will be acquired by HHDSB for the development known as Horizon Hills, which is currently ongoing. As at 19 November 2014, the whole development land have been purchased and paid for by HHDSB.
- b) 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.



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

14. Status of corporate proposals announced but not completed as at the date of this announcement (con't)

- c) 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 every 3 years.
- d) On 11 June 2012, the Company entered into 3 Shareholders' and Shares Subscription Agreements with 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 to be acquired by the Dev Cos with an aggregate gross area of approximately 678.70 acres ("Desaru Lands").

The Desaru Lands will be developed into a high-end residential resort development surrounding two golf courses in Desaru, Johor Darul Ta'zim and a beach club to cater to the residents of the high-end residential resort development.

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 had 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 Lands for a total consideration of RM485.3 million.

The SSAs and the SPAs are not subject to any condition precedents. On 18 June 2012, 10% of the purchase consideration for each of the Desaru Lands was paid by the Dev Cos to the relevant DDC Cos. The balance 90% will be paid on a staggered basis up until 11 December 2017 as per the payment schedule in the SPAs.

- e) On 23 October 2012, UEM Land entered into a Master Agreement ("MA") with Ascendas Land (Malaysia) Sdn Bhd ("Ascendas") to undertake the development of an integrated tech park over approximately 519 acres of land in Gerbang Nusajaya ("Lands"), Nusajaya, Johor Darul Ta'zim ("Proposed Development") broken down as follows:
- (i) Phase 1 Lands 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 Lands") to be held by Company A;
- (ii) Phase 2 Lands measuring approximately 166 acres to be held by Company B ("Phase 2 Lands"); and
- (iii) Phase 3 Lands measuring approximately 148 acres to be held by Company C ("Phase 3 Lands").

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
- (ii) Grant to Ascendas the options to:
- Agree to Company A completing the purchase of Plot B; and
 - Purchase the Phase 2 Lands and Phase 3 Lands 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 transactions are subject to various regulatory approvals and conditions precedent, including but not limited to the approval for the transfer of the lands into the companies, the planning approvals and the approval for the conversion of the lands for industrial use.

The sale of Plot A land was completed in the last financial year.

As at 19 November 2014, the matters pertaining to the purchase of Plot B land, Phase 2 Lands and Phase 3 Lands are still outstanding.



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

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

- f) On 4 December 2012, the Company announced that UEM Land, had signed a Joint Venture Agreement (“JVA”) with Fastrack Autosports Pte Ltd (“FAPL”) to jointly develop a Motorsports City over approximately 270 acres of land in Gerbang Nusajaya, Nusajaya, Johor Darul Ta’zim (“Land”) (“Proposed Development”).

FAPL and UEM Land will purchase and jointly develop the Land which forms part of the Gerbang Nusajaya development in Nusajaya, through the participation of FAPL in the special purpose company established by UEM Land called Crimson Carnival Sdn Bhd (“CCSB”). On 18 February 2013, CCSB changed its name to Fastrack Iskandar Sdn Bhd (“FasTrack”).

FasTrack is presently a wholly-owned subsidiary of UEM Land. Within 14 business days from the unconditional date of the JVA, UEM Land and FAPL will subscribe to FasTrack’s shares in accordance to the agreed proportion of 30 : 70 (UEM Land : FAPL).

FasTrack entered into a Sale and Purchase Agreement (“SPA”) on 4 December 2012 to purchase the Land from Nusajaya Rise Sdn Bhd, a wholly-owned subsidiary of UEM Land, for a total consideration of RM223.5 million to be satisfied within 3 months from the unconditional date of the agreements.

The JVA and SPA are conditional upon, amongst others, the receipt of the relevant authorities’ approval, the issuance, transfer and registration of the title for the Land and the satisfactory results of due diligence performed on FasTrack. On 1 October 2014, the parties to the agreements have mutually agreed to extend the period for the fulfillment of the condition precedents of both the JVA and SPA until 31 December 2014. As at 19 November 2014, the conditions precedent to the JVA and SPA are still outstanding.

- g) On 7 February 2014, UEM Land and KLK Land Sdn Bhd (“KLKL”), a wholly-owned subsidiary of Kuala Lumpur Kepong Berhad (“KLK”) entered into 2 separate shareholders’ agreements (“SHA”) to give effect to the Proposed Joint Development of the following:

- (i) proposed development of various parcels of freehold land measuring an aggregate of approximately 2,500 acres situated in Mukim Senai, District of Kulai Jaya, State of Johor (“Fraser Land”), into a proposed mixed residential, commercial and industrial development (“Proposed Fraser Land Development”); and
- (ii) proposed development of various parcels of freehold land measuring an aggregate of approximately 500 acres situated in Mukim Tanjung Kupang, District of Johor Bahru, State of Johor (“Gerbang Land”), into a proposed mixed development (“Proposed Gerbang Land Development”).

The Proposed Fraser Land Development will be undertaken by Aura Muhibah Sdn Bhd (“AMSB”), a company which UEM Land hold 60% of the interest and the remaining 40% is held by KLKL while the Proposed Gerbang Land Development will be undertaken by Scope Energy Sdn Bhd (“SESB”), a company which UEM Land hold 40% of the interest and the remaining 60% is held by KLKL.

Concurrent with the execution of the SHAs, AMSB and SESB entered into 2 separate sale and purchase agreements (“SPA”) for the acquisition of the Lands which will form part of the Proposed Development.

- (i) AMSB entered into a sale and purchase agreement with KLK to acquire the Fraser Land, free from encumbrances, for a purchase consideration of RM871.2 million; and
- (ii) SESB entered into a sale and purchase agreement with Nusajaya Rise Sdn Bhd, Finwares Sdn Bhd and Symphony Hills Sdn Bhd, all of which are wholly-owned subsidiaries of UEM Land to acquire the Gerbang Land, free from encumbrances, for a purchase consideration of RM871.2 million.

As at 19 November 2014, the conditions precedent to the SPAs are still outstanding.

- h) On 1 July 2014, UEM Land entered into a Joint Venture and Shareholders Agreement with Intelsec Sdn. Bhd, a wholly-owned subsidiary of Telekom Malaysia Berhad and Iskandar Innovations Sdn. Bhd., a wholly-owned subsidiary of Iskandar Investment Berhad for the collaboration in a joint venture company which will carry on the business of a managed services operating company to provide smart building services and smart city services. The agreed proportion of the shareholding are 51% by Intelsec Sdn. Bhd., 39% by UEM Land and the remaining 10% by Iskandar Innovations Sdn. Bhd.



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

15. Borrowings and debt securities

Details of Group borrowings and debt securities as at 30 September 2014 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	-	-	-	75,191	-	75,191
- Islamic Medium Term Notes	-	1,921,540	1,921,540	-	-	-
- Term loan	117,842	-	117,842	47,253	-	47,253
- Revolving credits	-	-	-	7,000	100,050	107,050
- Bank overdrafts	1,000	-	1,000	-	-	-
Oversea						
- Term loan (denominated in Canada Dollar)	55,679	-	55,679	-	-	-
TOTAL	174,521	1,921,540	2,096,061	129,444	100,050	229,494

16. Derivatives

There are no derivatives as at the date of this announcement.

17. Fair value hierarchy

There were no transfers between any levels 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.

18. Breakdown of realised and unrealised profits or losses

	As at end of current quarter 30/09/2014	As at preceding financial year end 31/12/2013
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,298,076	1,360,117
- Unrealised	46,661	53,358
	1,344,737	1,413,475
Total share of retained profits from associates:		
- Realised	73,531	65,909
- Unrealised	1,453	1,446
Total share of retained profits from joint ventures:		
- Realised	295,827	213,111
- Unrealised	5,873	2,459
	1,721,421	1,696,400
Less : Consolidation adjustments	(97,106)	(98,131)
Total group retained profits as per consolidated statement of financial position	1,624,315	1,598,269

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

19. Material litigation

Since the preceding financial year ended 31 December 2013, there is no change in material litigation as at the date of this announcement except as disclosed below:

- a) Decision by the Court of Appeal in favour of BND in respect of additional assessment by IRB for additional tax and penalty, as disclosed in Note 11 (a); and
- b) Rakyat Holdings Sdn. Bhd. ("Rakyat Holdings") against Aurora Tower @KLCC Sdn. Bhd. ("Aurora Tower") under Writ of Summons and Statement of Claim in High Court Suit No. 22 NCVC-297-04/2013.

On 12 April 2013, Aurora Tower, a wholly-owned subsidiary of Sunrise Berhad which in turn is a wholly-owned subsidiary of the Company was served with the Claim filed by Rakyat Holdings. The Claim alleges breach of an agreement dated 14 January 2008 between Rakyat Holdings and Aurora Tower, for the sale of land held under Geran 4733, Lot 149, Seksyen 0058, Bandar Kuala Lumpur ("Land"). The principal relief sought in the Claim is an order for Aurora Tower to re-deliver ownership, title and vacant possession of the Land to Rakyat Holdings and general damages.

The trial was held on 7 July 2014 to 10 July 2014. The High Court at Kuala Lumpur had on 28 August 2014 dismissed Rakyat Holdings' Claim against Aurora Tower and awarded costs of RM75,000 to be paid to Aurora Tower. Following this, Rakyat Holdings had filed an appeal to the Court of Appeal against the decision on 29 August 2014 ("Appeal"). The Appeal is fixed for Case Management on 9 December 2014.

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

	Current quarter 30/09/2014 RM'000	Immediate preceding quarter 30/06/2014 RM'000
Revenue	471,137	447,636
Profit from operations	73,878	62,699
Finance cost	(18,748)	(6,497)
Share of results of associates and joint ventures	33,391	35,024
Profit before income tax	<u>88,521</u>	<u>91,226</u>

The Group recorded higher revenue in the current quarter as compared to the immediate preceding quarter. This is mainly due to higher contribution from land sales following call option exercised by Horizon Hills Development Sdn. Bhd..

Higher profit from operations which is in line with the revenue recognition from land sales as above was offset by higher finance cost incurred due to the uncapitalised Sukuk interest.

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

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

	Current year quarter 30/09/2014 RM'000	Preceding year corresponding quarter 30/09/2013 RM'000 (Restated)	Nine months to 30/09/2014 RM'000	Nine months to 30/09/2013 RM'000 (Restated)
Revenue	471,137	678,510	1,320,324	1,852,176
Profit from operations	73,878	195,508	201,241	597,690
Finance cost	(18,748)	(5,818)	(36,944)	(21,378)
Share of results of associates and joint ventures	33,391	37,765	95,679	71,659
Profit before income tax	<u>88,521</u>	<u>227,455</u>	<u>259,976</u>	<u>647,971</u>

The Group recorded lower revenue in current quarter as compared to preceding year corresponding quarter primarily due to strategic and Puteri Harbour land sales in preceding year corresponding quarter of RM288 million. Excluding these land sales, the property development revenue increased by RM42 million.

The Group recorded lower revenue in the 9 months period to 30 September 2014 mainly due to land sales in Puteri Harbour to Liberty Bridge Sdn. Bhd. and Southern Marina Development Sdn. Bhd. together with strategic land sales of RM724 million in 2013. Excluding these land sales, the property development revenue increased by RM139 million in 2014.

The lower profit before tax in the current quarter and 9 months period-to-date were in line with lower revenue from land sales and higher finance cost as mentioned in Note 20 above.

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

22. Economic profit (“EP”) statement

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/09/2014 RM'000	Preceding year corresponding quarter 30/09/2013 RM'000 (Restated)	Nine months to 30/09/2014 RM'000	Nine months to 30/09/2013 RM'000 (Restated)
<u>Net operating profit after tax (“NOPAT”) computation:</u>				
Earnings before interest and tax (“EBIT”)	61,557	183,731	165,283	566,642
Adjusted tax	(15,389)	(45,933)	(41,321)	(141,661)
NOPAT	46,168	137,798	123,962	424,981
<u>Economic charge computation:</u>				
Average invested capital (Note 1)	7,489,789	6,830,580	7,489,789	6,830,580
Weighted average cost of capital (“WACC”) (%) (Note 2)	11.4%	13.2%	11.4%	13.2%
Economic charge	(213,459)	(225,409)	(640,377)	(676,227)
Economic loss	(167,291)	(87,611)	(516,415)	(251,246)

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 higher economic loss in the current quarter and current year-to-date as compared to preceding year corresponding periods mainly due to lower earnings as explained in Note 21 above.

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 debts and equity taking into account the market capitalisation as at end of the period.

23. Prospects for the current financial year

Property sales of the Group have increased from RM439 million in the first half of the year to RM641 million for 9 months period to-date largely contributed by projects in Klang Valley and Cyberjaya. The near-term prospects of Nusajaya remains challenging especially for the high-rise residential segment due to concerns of potential oversupply. This prompted the Group to make the strategic decision to defer the launches of several high-end high rise projects originally planned for the current year and focus more on new landed residential development projects as well as affordable homes.

The Group's unrecognized revenue remains strong at RM2.8 billion as at 30 September 2014. On-going projects such as East Ledang, Nusa Bayu, Nusa Idaman, Teega, Imperial in Johor, Arcoris, Residensi 22, Summer Suites, Symphony Hills in Central Region and Quintet in Vancouver are the main revenue contributors for the current financial year. The Group's land transactions with KLK Land Sdn. Bhd. and Motorsports City are scheduled for completion by year end.

The Group's maiden project in Melbourne, Aurora Melbourne Central was launched in October 2014 after obtaining its planning permit. Aurora Melbourne Central is a A\$757 million development comprising 941 residential apartments, 208 serviced apartments, retail and car park. It is centrally located at La Trobe Street, connected to Melbourne Central, a major transport hub and prominent shopping center. It has since, received bookings in excess of 95% for its residential units. The Group is expected to convert a substantial part of these bookings into sales by year end. This will contribute towards the Group's sales target for the year.

The Group is optimistic of a stronger financial performance in the last quarter of the financial year.



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

24. Profit forecast

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

25. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/09/2014 RM'000	Preceding year corresponding quarter 30/09/2013 RM'000	Nine months to 30/09/2014 RM'000	Nine months to 30/09/2013 RM'000
a) Basic earnings per share				
Profit for the period attributable to Owners of the Parent (net of dividend for MCRPS)	71,496	182,767	207,543	498,629
Weighted average number of ordinary shares in issue ('000)	4,537,436	4,349,172	4,537,436	4,338,183
Basic earnings per share	1.58 sen	4.20 sen	4.57 sen	11.49 sen
b) Diluted earnings per share				
Profit for the period attributable to Owners of the Parent (net of dividend for MCRPS)	71,496	182,767	207,543	498,629
Profits of subsidiaries attributable to non-controlling interests arising from dilutive impact of convertible securities issued by a subsidiary	(11,356)	(20,618)	(20,624)	(43,370)
Diluted profit attributable to Owners of the Parent	60,140	162,149	186,919	455,259
Weighted average number of ordinary shares in issue ('000)	4,537,436	4,434,290	4,537,436	4,424,206
Diluted earnings per share	1.33 sen	3.66 sen	4.12 sen	10.29 sen

By Order of the Board

Kuala Lumpur
26 November 2014

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