



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
		30/9/2015	30/9/2014	30/9/2015	30/9/2014
		RM'000	RM'000	RM'000	RM'000
1. (a) Revenue		353,058	471,137	1,142,819	1,320,324
(b) Cost of sales		<u>(240,038)</u>	<u>(329,320)</u>	<u>(755,600)</u>	<u>(913,992)</u>
(c) Gross profit		113,020	141,817	387,219	406,332
(d) Other income		18,412	12,321	80,389	35,958
(e) Expenses		(88,685)	(80,260)	(263,400)	(241,049)
(f) Finance costs		(18,962)	(18,748)	(53,883)	(36,944)
(g) Share of net results of associates		2,680	2,118	790	7,629
(h) Share of net results of joint ventures		<u>21,629</u>	<u>31,273</u>	<u>67,327</u>	<u>88,050</u>
(i) Profit before income tax		48,094	88,521	218,442	259,976
(j) Income tax	13	<u>(360)</u>	<u>(17,114)</u>	<u>(33,678)</u>	<u>(52,537)</u>
(k) Profit for the period		<u>47,734</u>	<u>71,407</u>	<u>184,764</u>	<u>207,439</u>
Attributable to:					
(l) Owners of the Parent		47,742	71,496	184,791	207,543
(m) Non-controlling Interests		<u>(8)</u>	<u>(89)</u>	<u>(27)</u>	<u>(104)</u>
Profit for the period		<u>47,734</u>	<u>71,407</u>	<u>184,764</u>	<u>207,439</u>
2. Earnings per share based on 1 (l) above	23				
(a) Basic earnings per share		1.05 sen	1.58 sen	4.07 sen	4.57 sen
(b) Diluted earnings per share		1.00 sen	1.33 sen	3.95 sen	4.12 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2014 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 30/9/2015 RM'000	Preceding year corresponding quarter 30/9/2014 RM'000	Nine months to 30/9/2015 RM'000	Nine months to 30/9/2014 RM'000
Profit for the period	47,734	71,407	184,764	207,439
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences for foreign operations	53,288	(20,936)	61,107	(23,431)
Fair value changes	(1)	(67)	(1)	(66)
Share of other comprehensive income of associate	-	480	-	419
Total other comprehensive income/ (expense) for the period, net of tax	53,287	(20,523)	61,106	(23,078)
Total comprehensive income for the period	101,021	50,884	245,870	184,361
Attributable to:				
Owners of the Parent	101,030	50,973	245,900	184,465
Non-controlling Interests	(9)	(89)	(30)	(104)
Total comprehensive income for the period	101,021	50,884	245,870	184,361

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2014 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	Preceding year	Nine	Nine
	quarter	corresponding	months	months
	30/9/2015	30/9/2014	30/9/2015	30/9/2014
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after charging/(crediting):				
Dividend distribution receivable from a subsidiary under liquidation	-	-	(20,000)	-
Liquidated ascertained damages receivable from a contractor	-	-	(13,000)	-
Interest income	(8,963)	(8,662)	(30,950)	(28,230)
Dividend income from short term investment	-	(789)	(574)	(2,017)
Gain on disposal of property, plant and equipment	(13)	(4)	(125)	(127)
Gain arising from liquidation of an associate	-	-	(18)	-
Property, plant and equipment written off	-	-	90	-
Interest expense	18,962	18,748	53,883	36,944
Depreciation and amortization	5,363	5,733	18,219	17,367
Realised foreign exchange loss	6	-	83	-
Write-back of inventories	(26)	(11)	(124)	(26)

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



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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at end of current quarter 30/9/2015 RM'000	Audited As at preceding financial year end 31/12/2014 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	246,161	218,173
Investment properties	624,322	570,143
Land held for property development	2,374,999	2,631,999
Interests in associates	156,650	149,251
Interests in joint ventures	1,022,717	928,327
Amount due from a joint venture	66,529	62,536
Long term receivables	64,821	59,105
Goodwill	621,409	621,409
Non-current deposits	-	3
Deferred tax assets	215,916	170,009
	5,393,524	5,410,955
2. Current assets		
Property development costs	1,994,509	1,578,583
Inventories	504,799	176,622
Receivables	2,532,808	2,761,535
Amount due from joint ventures	307,211	240,284
Short term investments	7	202,635
Cash, bank balances and deposits	743,765	739,271
	6,083,099	5,698,930
Total assets	11,476,623	11,109,885

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

	Unaudited As at end of current quarter 30/9/2015 RM'000	Audited As at preceding financial year end 31/12/2014 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	2,044,955
Merger relief reserve	34,330	34,330
Other reserves	157,399	88,130
Retained profits	1,945,367	1,896,699
	6,450,769	6,332,832
4. Non-controlling Interests	485,723	485,753
Total equity	6,936,492	6,818,585
5. Non-current liabilities		
Borrowings	2,152,529	2,119,666
Payables	85,843	71,047
Deferred income	113,943	113,955
Provision	436,432	436,432
Deferred tax liabilities	203,612	204,041
	2,992,359	2,945,141
6. Current liabilities		
Provisions	408,312	373,072
Payables	488,080	584,748
Amount due to a joint venture	-	111
Borrowings	626,571	238,423
Tax payable	24,809	149,805
	1,547,772	1,346,159
Total liabilities	4,540,131	4,291,300
Total equity and liabilities	11,476,623	11,109,885
7. Net assets per share attributable to Owners of the Parent	RM 1.42	RM 1.40

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2014 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 30/9/2015 RM'000	Unaudited Nine months to 30/9/2014 RM'000
Operating Activities		
Cash receipts from customers	1,463,023	1,576,313
Receipts from related parties	5,214	2,116
Cash payments to contractors	(1,237,502)	(1,215,937)
Cash payments for land and development related costs	(899)	(12,760)
Cash payments to related parties	(3,758)	(6,448)
Cash payments to employees and for expenses	(259,846)	(277,448)
Cash (used in)/generated from operations	(33,768)	65,836
Net income taxes paid	(234,499)	(180,592)
Interest received	14,269	15,730
Net cash used in operating activities	(253,998)	(99,026)
Investing Activities		
Dividend received from a joint venture	1,500	-
Proceeds from disposal of		
- property, plant and equipment	125	53
- short term investments	353,630	230,914
Capital distribution from an associate under liquidation	18	-
Repayment from a joint venture	6,050	-
Purchase of property, plant and equipment	(16,655)	(5,701)
Acquisition of a subsidiary, net of cash and cash equivalent acquired	(29)	-
Advance to joint venture	(11,500)	(5,750)
Investment in an associate	(5,850)	(35,300)
Investment in a joint venture	-	(20,000)
Investment in land held for property development	(58,371)	(350,760)
Investment in short term investments	(150,000)	(401,000)
Net cash generated from/(used in) investing activities	118,918	(587,544)



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

	Note	Unaudited Nine months to 30/9/2015 RM'000	Unaudited Nine months to 30/9/2014 RM'000
Financing Activities			
Drawdown of borrowings		180,796	226,111
Drawdown of Islamic Medium Term Notes		300,000	400,000
Subscription of shares by non-controlling shareholder in a subsidiary		-	35,300
Proceeds from employee share option scheme ("ESOS")		-	2
Repayment from joint ventures		27,548	1,175
Advance to joint ventures		(80,275)	(66,811)
Repayment of borrowings		(101,767)	(261,456)
Repayment to immediate holding company		(1,630)	-
Dividend paid		(136,123)	(181,497)
Interest paid		(62,194)	(49,985)
Net cash generated from financing activities		126,355	102,839
Transfer from non-current deposits		3	-
Effects of exchange rate changes		10,324	(6,482)
Net increase/(decrease) in Cash and Cash Equivalents		1,602	(590,213)
Cash and Cash Equivalents as at beginning of financial period		739,030	1,362,108
Cash and Cash Equivalents as at end of financial period	(a)	740,632	771,895
		Unaudited As at 30/9/2015 RM'000	Unaudited As at 30/9/2014 RM'000

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

Current cash, bank balances and deposits			
Unrestricted		426,626	353,431
Restricted		317,139	418,464
		743,765	771,895
Bank overdrafts (included in short term borrowings)		(3,133)	-
Cash and cash equivalents		740,632	771,895

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2014 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	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
Nine months to 30 September 2015 (Unaudited)								
At 1 January 2015	2,268,718	2,044,955	34,330	88,130	1,896,699	6,332,832	485,753	6,818,585
Total comprehensive income for the period	-	-	-	61,109	184,791	245,900	(30)	245,870
Share options granted under ESOS	-	-	-	8,160	-	8,160	-	8,160
Dividend paid	-	-	-	-	(136,123)	(136,123)	-	(136,123)
At 30 September 2015	<u>2,268,718</u>	<u>2,044,955</u>	<u>34,330</u>	<u>157,399</u>	<u>1,945,367</u>	<u>6,450,769</u>	<u>485,723</u>	<u>6,936,492</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



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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	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>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.

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 2014 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 2014.

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 amendment to Financial Reporting Standards (“FRSs”) which are mandatory for annual financial periods beginning on or after 1 July 2014, as disclosed below:

	Effective for the financial period beginning on or after
Amendments to FRS 119 : Defined Benefit Plans (Employee Contributions)	1 July 2014
Amendments to FRSs 'Annual Improvements to FRSs 2010-2012 Cycle'	1 July 2014
Amendments to FRSs 'Annual Improvements to FRSs 2011-2013 Cycle'	1 July 2014

The adoption of the above amendment to FRSs does not have any significant impact to 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. 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 is required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018.

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 2014 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2014 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 2015 except as follows:-

In year 2012, the Company had issued Islamic Medium Term Notes ("IMTNs") pursuant to an Islamic Commercial Paper Programme ("ICP Programme") and Islamic Medium Term Notes Programme ("IMTN Programme") with a combined nominal value of RM2.0 billion and a sub-limit on the ICP Programme of RM500 million in nominal value. On 10 April 2015, the Company completed its fifth and sixth issuance of IMTNs from its IMTN Programme as follows:

	Amount (RM' Million)	Tenure (Years)	Profit rate (per annum)
1	150 (IMTN 5)	5	4.58%
2	150 (IMTN 6)	7	4.80%

The proceeds from the IMTNs will be utilized for the Group's Shariah-compliant general corporate purposes.

7. Dividend

The first and final single tier dividend of 3.0 sen per ordinary share of RM0.50 each amounting to RM136,123,081 in respect of the financial year ended 31 December 2014 was approved by the shareholders during the Annual General Meeting on 21 May 2015 and paid on 22 June 2015.

The Directors do not recommend the payment of any interim dividend for the current period ended 30 September 2015 (2014 : Nil).



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

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 2015 to the date of this announcement which would substantially affect the financial results of the Group for the nine months ended 30 September 2015 that have not been reflected in the condensed financial statements.

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 2014 except the following:

- (a) On 13 January 2015, UEM Land Berhad ("UEM Land"), a wholly-owned subsidiary of the Company, subscribed for 5,850,000 ordinary shares of RM1.00 each for a cash consideration of RM5,850,000 in Inneonusa Sdn. Bhd. ("INNEO"), resulting in INNEO becoming a 39% owned associate of the Group.
- (b) On 29 April 2015, the Company announced that the Joint Venture Agreement ("JVA") between the Company and Medini Security Services Sdn. Bhd. ("MSSSB"), a wholly-owned subsidiary of Iskandar Investment Berhad, has been rescinded.

Under the collaboration between the Company and MSSSB, Nusajaya Five O Sdn. Bhd. ("NFIVEO") which was 80% and 20% owned by the Company and MSSSB respectively, was formed to provide enhanced security service for Nusajaya.

Pursuant to the rescission and in accordance with the terms of the JVA, the Company acquired the remaining 20% equity interest in NFIVEO from MSSSB, represented by 60,000 ordinary shares of RM1.00 each for a cash consideration of RM60,000, and as a result NFIVEO became a wholly-owned subsidiary of the Company.

The excess of the cost of business combination over the fair value of the net liabilities acquired of RM375,311 has been recognised in the Income Statement. The Company intends for NFIVEO to continue providing the service of auxiliary policemen as approved by the Royal Malaysian Police for Nusajaya Projects.



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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)

- (c) On 4 August 2015, the Company announced the formation of two (2) wholly-owned Australian subsidiaries of UEM Sunrise (Australia) Sdn. Bhd. ("UEMSA") which in turn is a wholly-owned subsidiary of the Company as follows:

	Company	Paid-up Ordinary Share Capital *	Shareholder
1	UEM Sunrise (St Kilda Road Development) Pty. Ltd. (Development Company)	AUD 2	UEM Sunrise (Development) Pty. Ltd., a wholly-owned subsidiary of UEMSA
2	UEM Sunrise (St Kilda Road) Pty. Ltd. (Trustee Company)	AUD 2	UEM Sunrise (Land) Pty. Ltd., a wholly-owned subsidiary of UEMSA

In addition, the following Australian unit trust company was established on 18 August 2015:

	Trust Company	Paid-up Ordinary units *	Unit Holder
1	UEM Sunrise (St Kilda Road) Unit Trust (Land owning entity)	AUD 10	UEM Sunrise (Land) Pty. Ltd., a wholly-owned subsidiary of UEMSA

* AUD1.00 each

- (d) Optixlab Sdn. Bhd., an associate of the Company, which was held through its wholly-owned subsidiary, UEM Land, completed its dissolution via Members' Voluntary Liquidation pursuant to Section 272 (5) of the Companies Act, 1965 on 26 August 2015.

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 2014 except as disclosed below:

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 IRB had no legal basis to raise the additional assessment. Following the decision by the High Court, 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 IRB and thus agreed with the decision of the High Court which ruled in favour of BND. 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.

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

11. Contingent liabilities (Cont'd)

Income tax assessment (Cont'd)

On 26 January 2015, the Federal Court heard the oral submission of both parties in respect to the IRB's application for leave and unanimously decided to allow IRB's application. Subsequently, the Federal Court has called for case management on 30 April 2015 and the Court Registrar instructed IRB to enclose the grounds of judgment, together with the Court of Appeal's sealed order as part of IRB's record of appeal. Case management was fixed before Deputy Registrar of Federal Court on 14 July 2015 and 28 September 2015. The Deputy Registrar has further fixed the next case management on 10 December 2015. Upon conclusion of the case management, the Federal Court will set a date for hearing on the merit of the case with respect to the interpretation of Section 22(2)(a) of the Income Tax Act, 1967. The potential liability for this matter is RM73.8 million. Our solicitors are of the view that BND has an arguable case to contend as there is no legal and factual basis for the notice of additional assessment nor is there legal or factual basis for IRB to impose the penalty.

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	40.7
Approved but not contracted for	363.0
Total	403.7

13. Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2015 RM'000	Preceding year corresponding quarter 30/9/2014 RM'000	Nine months to 30/9/2015 RM'000	Nine months to 30/9/2014 RM'000
Malaysian and foreign income tax				
- Current tax	(5,031)	(25,375)	(48,095)	(53,956)
- (Under)/over provision in prior years	(1,199)	5,005	3,941	(2,079)
- Over provision in prior quarter	5,000	-	-	-
Deferred tax	870	3,256	10,476	3,498
Tax expense for the period	(360)	(17,114)	(33,678)	(52,537)

The effective tax rate (excluding share of results of associates and joint ventures) for the current quarter is lower than the statutory tax rate mainly due to over provision of current tax in the prior quarter arising from non taxable dividend distribution from a subsidiary under liquidation. Consequently, the effective tax rate for the 9 months period to-date is also lower than the statutory tax rate.



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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

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 Pulai, Daerah Johor Bahru, Johor Darul Ta’zim. The development of the residential enclave is currently on-going.
- b) A Facilities Maintenance and Management Agreement dated 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) 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 Land”).

The Desaru Land 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 Land 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 Land 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.

- d) 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 (“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;



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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)

d) (cont'd)

(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 transactions are subject to various regulatory approvals and condition precedents, 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 land for industrial use.

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

As at 19 November 2015, the matters pertaining to the purchase of Plot B land, Phase 2 Lands and Phase 3 Land are still outstanding.

e) 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



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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)

e) (cont'd)

- (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 Land 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.

The SPAs entered by SESB and AMSB have become unconditional upon fulfillment of its conditions precedent on 29 December 2014 and 6 October 2015 respectively.

- f) 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.

On 13 January 2015, UEM Land subscribed for 5,850,000 ordinary shares of RM1.00 each for a cash consideration of RM5,850,000 in Inneonusa Sdn. Bhd. ("INNEO"), resulting in INNEO became a 39% owned associate of the Group as disclosed in Note 10 (a).

- g) On 30 June 2015, UEM Land (together with its wholly-owned subsidiary, BND, as the registered owner of the Land), entered into a sales and purchase agreement with its intermediate holding company, UEM Group Berhad ("UEMG") for the disposal of Imperia Building erected on a parcel of land identified as Geran 509609, Lot No. 194439, Mukim of Pulai, District of Johor Bahru, State of Johor to UEMG ("Imperia SPA") for a total consideration of RM137.8 million, inclusive of goods and services tax of RM7.8 million.

Pursuant to the execution of the Imperia SPA, UEMG and UEM Land will also execute a tenancy agreement upon the delivery of the vacant possession of Imperia Building by UEM Land to UEMG, or such other date as may be mutually agreed by UEM Land and UEMG.



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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)

g) (cont'd)

The disposal is subject to certain condition precedents being satisfied within a period of 3 months from the date of the Imperia SPA or such longer period as may be mutually agreed by UEM Land and UEMG.

On 30 October 2015, the Imperia SPA has become unconditional upon fulfillment of its condition precedents.

On 1 November 2015, the tenancy period has commenced following the delivery of vacant possession of Imperia Building.

15. Borrowings and debt securities

Details of Group borrowings and debt securities as at 30 September 2015 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	-	-	-	75,554	-	75,554
- Islamic Medium Term Notes	-	2,026,426	2,026,426	-	200,000	200,000
- Term loan	123,103	-	123,103	16,773	50,000	66,773
- Revolving credits	3,000	-	3,000	7,000	109,050	116,050
- Bank overdrafts	-	-	-	-	3,133	3,133
Foreign						
- Term loan (denominated in Canada Dollar)	-	-	-	165,061	-	165,061
TOTAL	126,103	2,026,426	2,152,529	264,388	362,183	626,571

16. Derivatives

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

17. 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.



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

18. Breakdown of realised and unrealised profits or losses

	As at end of current quarter 30/9/2015	As at preceding financial year end 31/12/2014
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,474,824	1,513,973
- Unrealised	152,211	142,114
	1,627,035	1,656,087
Total share of retained profits from associates:		
- Realised	97,250	97,818
- Unrealised	2,372	1,014
Total share of retained profits from joint ventures:		
- Realised	377,823	311,708
- Unrealised	8,068	6,856
	2,112,548	2,073,483
Less : Consolidation adjustments	(167,181)	(176,784)
Total group retained profits as per consolidated statement of financial position	1,945,367	1,896,699

19. Material litigation

Since the preceding financial year ended 31 December 2014, 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; 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.



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

19. Material litigation (cont'd)

- 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. (cont'd)

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").

On 5 November 2014, the High Court has dismissed the Rakyat Holdings' application for Stay of Execution and further directed that the private caveat entered by Rakyat Holdings to be removed and Aurora Tower is not to dispose of the land pending completion of the Rakyat Holdings' appeal to the Court of Appeal. The private caveat has been removed as per land search conducted on 5 January 2015.

On 18 June 2015, the Court of Appeal granted an adjournment to 3 August 2015 and further adjourned the matter for a final date on 17 September 2015 for parties to explore possible settlement.

On 18 September 2015, the Court of Appeal had affirmed the decision of the High Court made on 28 August 2014 which dismissed Rakyat Holdings' Claim against Aurora Tower. The Court of Appeal ordered Aurora Tower to refund the sum of RM50 million to Rakyat Holdings as stipulated in the Sale and Purchase Agreement dated 14 January 2008 with an interest of 5% per annum from the date of the High Court decision. Aurora Tower has duly refunded the said sum together with the requisite interest to Rakyat Holdings on 25 September 2015.

On 16 October 2015, Aurora Tower's solicitors were served with Rakyat Holdings' application to the Federal Court for leave to appeal against the decision of the Court of Appeal.

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

	Current quarter 30/9/2015 RM'000	Immediate preceding quarter 30/6/2015 RM'000
Revenue	353,058	372,316
Profit from operations	42,747	99,198
Finance cost	(18,962)	(22,255)
Share of results of associates and joint ventures	24,309	28,381
Profit before income tax	48,094	105,324

The Group recorded lower revenue in the current quarter as compared to the immediate preceding quarter mainly due to lower property development contribution from Quintet Phase 2 in Canada which is nearing completion and slower progress of Teega project in Nusajaya due to machine related issue which subsequently has been rectified.

The lower profit before income tax in the current quarter as compared to the immediate preceding quarter mainly due to lower revenue and one off recognition of other income from dividend distribution receivable from a subsidiary under creditors' voluntary liquidation and liquidated ascertained damages receivable from a contractor in the immediate preceding quarter.



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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2015 RM'000	Preceding year corresponding quarter 30/9/2014 RM'000	Nine months to 30/9/2015 RM'000	Nine months to 30/9/2014 RM'000
Revenue	353,058	471,137	1,142,819	1,320,324
Profit from operations	42,747	73,878	204,208	201,241
Finance cost	(18,962)	(18,748)	(53,883)	(36,944)
Share of results of associates and joint ventures	24,309	33,391	68,117	95,679
Profit before income tax	48,094	88,521	218,442	259,976

The Group recorded lower revenue in the current and cumulative quarter as compared to the preceding year's corresponding quarter and period primarily due to lower development revenue resulting from the completion of Summer Suites and various phases in Southern region, lower construction progress of Quintet Phase 2 in the current period as the project is nearing completion and slower sales in Southern region. Teega and Arcoris however have started to become the major contributors to the Group's earnings.

The Group recorded lower profit from operations in the current quarter as compared to preceding year's corresponding quarter is in line with lower property development revenue recorded. For 9 months period to-date, the Group recorded higher profit from operations as compared to preceding year mainly due to the recognition of dividend distribution from a subsidiary under creditors' voluntary liquidation and liquidated ascertained damages from a contractor.

Profit before income tax for the current and cumulative quarter is lower against preceding year's corresponding periods due to higher finance cost and lower contribution from associates and joint ventures.



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

22. Economic profit (“EP”) statement

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2015 RM'000	Preceding year corresponding quarter 30/9/2014 RM'000	Nine months to 30/9/2015 RM'000	Nine months to 30/9/2014 RM'000
<u>Net operating profit after tax (“NOPAT”) computation:</u>				
Earnings before interest and tax (“EBIT”)	24,335	61,557	123,819	165,283
Adjusted tax	(6,084)	(15,389)	(30,955)	(41,321)
NOPAT	18,251	46,168	92,864	123,962
<u>Economic charge computation:</u>				
Average invested capital (Note 1)	7,989,673	7,489,789	7,989,673	7,489,789
Weighted average cost of capital (“WACC”) (%) (Note 2)	9.62%	11.40%	9.62%	11.40%
Economic charge	(192,152)	(213,459)	(576,455)	(640,377)
Economic loss	(173,901)	(167,291)	(483,591)	(516,415)

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 mainly due to lower earnings as explained in Note 21 above. For 9 months period to-date, the Group recorded lower economic loss as compared to preceding year mainly due to lower WACC.

Note 1:

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

Note 2:

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



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

23. Earnings per share (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/9/2015 RM'000	Preceding year corresponding quarter 30/9/2014 RM'000	Nine months to 30/9/2015 RM'000	Nine months to 30/9/2014 RM'000
a) Basic earnings per share				
Profit for the period attributable to Owners of the Parent	47,742	71,496	184,791	207,543
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>1.05 sen</u>	<u>1.58 sen</u>	<u>4.07 sen</u>	<u>4.57 sen</u>
b) Diluted earnings per share				
Profit for the period attributable to Owners of the Parent	47,742	71,496	184,791	207,543
Profits of subsidiaries attributable to non-controlling interests arising from dilutive impact of convertible securities issued by a subsidiary	<u>(2,478)</u>	<u>(11,356)</u>	<u>(5,530)</u>	<u>(20,624)</u>
Diluted profit attributable to Owners of the Parent	<u>45,264</u>	<u>60,140</u>	<u>179,261</u>	<u>186,919</u>
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>
Diluted earnings per share	<u>1.00 sen</u>	<u>1.33 sen</u>	<u>3.95 sen</u>	<u>4.12 sen</u>



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

24. Prospects for the current financial year

The Group's performance for the current financial year will be impacted by the general economic conditions and weak property market sentiment.

Sales for the Group's international projects and projects in the Central region have matched and, in some cases, exceeded expectations. The ongoing concern on Iskandar Malaysia however have affected the demand for the Group's projects in the Southern region.

Discussions with potential investors for the sale of developed land parcels in Puteri Harbour and Southern Industrial & Logistics Clusters are taking longer than expected and is now only likely to be concluded in the next financial year.

As it stands, the Group's unrecognised revenue as at 30 September 2015 has increased to RM4.1 billion from RM2.8 billion on 30 September 2014 and this will continue to contribute towards the Group's revenue and earnings for the year.

25. Profit forecast

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

By Order of the Board

SHARIFAH SHAFIQA SALIM (LS No. 0008928)

LIEW IRENE (MAICSA 7022609)

Joint Company Secretaries

Kuala Lumpur
26 November 2015