



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Year ended	Year ended
	quarter	corresponding	Year ended	Year ended
Note	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
1. (a) Revenue	607,047	1,341,350	1,749,866	2,661,674
(b) Cost of sales	(469,105)	(922,395)	(1,224,705)	(1,836,387)
(c) Gross profit	137,942	418,955	525,161	825,287
(d) Other income	37,215	22,856	117,604	58,814
(e) Expenses	(86,288)	(122,504)	(349,688)	(363,553)
(f) Finance costs	(19,985)	(8,908)	(73,868)	(45,852)
(g) Share of net results of associates	11,021	23,848	11,811	31,477
(h) Share of net results of joint ventures	44,692	14,944	112,019	102,994
(i) Profit before income tax	124,597	349,191	343,039	609,167
(j) Income tax and zakat	(52,371)	(76,854)	(86,049)	(129,391)
(k) Profit for the period/year	72,226	272,337	256,990	479,776
Attributable to:				
(l) Owners of the Parent	72,421	272,384	257,212	479,927
(m) Non-controlling Interests	(195)	(47)	(222)	(151)
Profit for the period/year	72,226	272,337	256,990	479,776
2. Earnings per share based on 1 (l) above	23			
(a) Basic earnings per share	1.60 sen	6.00 sen	5.67 sen	10.58 sen
(b) Diluted earnings per share	1.46 sen	4.58 sen	5.54 sen	8.70 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 31/12/2015 RM'000	Preceding year corresponding quarter 31/12/2014 RM'000	Year ended 31/12/2015 RM'000	Year ended 31/12/2014 RM'000
Profit for the period/year	72,226	272,337	256,990	479,776
Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences for foreign operations	(15,558)	15,494	45,549	(7,937)
Gain/(loss) on fair value changes	-	66	(1)	-
Share of other comprehensive income/(expense) of associate	760	(67)	760	352
Total other comprehensive (expense)/ income for the period/year, net of tax	(14,798)	15,493	46,308	(7,585)
Total comprehensive income for the period/year	57,428	287,830	303,298	472,191
Attributable to:				
Owners of the Parent	57,606	287,877	303,506	472,342
Non-controlling Interests	(178)	(47)	(208)	(151)
Total comprehensive income for the period/year	57,428	287,830	303,298	472,191

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 quarter 31/12/2015 RM'000	Preceding year corresponding quarter 31/12/2014 RM'000	Year ended 31/12/2015 RM'000	Year ended 31/12/2014 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 contractors	(17,815)	-	(30,815)	-
Interest income	(12,098)	(10,165)	(43,048)	(38,394)
Dividend income from investment in unit trust	-	(2,300)	(574)	(4,317)
Gain on disposal of property, plant and equipment	(66)	-	(191)	(127)
Gain arising from liquidation of an associate	-	-	(18)	-
Gain on deemed disposal of a subsidiary	-	(45)	-	(45)
Loss arising from liquidation of a subsidiary	-	2	-	2
Property, plant and equipment written off	177	468	267	468
Investment properties written off	-	1,771	-	1,771
Interest expense	19,985	8,908	73,868	45,852
Depreciation	10,687	3,275	28,906	20,642
Foreign exchange loss	2,526	1,065	2,609	1,065
Impairment for receivables	1,335	8,663	1,335	8,663
Write down of inventories	165	-	165	-
Write back of inventories	(35)	(49)	(159)	(49)
Bad debts recovered	(916)	-	(916)	-

Other than the above, there was no gain or loss on derivatives and disposal of quoted investments, exceptional items and reversal of provisions for the costs of restructuring.



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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	As at current	As at preceding
	financial year end	financial year end
	31/12/2015	31/12/2014
	RM'000	RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	234,067	218,173
Investment properties	640,975	570,143
Land held for property development	3,269,275	2,631,999
Interests in associates	487,835	149,251
Interests in joint ventures	1,143,773	928,327
Amount due from a joint venture	67,353	62,536
Long term receivables	60,193	59,105
Goodwill	621,409	621,409
Non-current deposits	-	3
Deferred tax assets	221,044	170,009
	6,745,924	5,410,955
2. Current assets		
Property development costs	2,159,061	1,578,583
Inventories	403,099	176,622
Receivables	1,248,241	2,761,535
Amount due from joint ventures	239,635	240,284
Short term investments	7	202,635
Cash, bank balances and deposits	1,005,600	739,271
	5,055,643	5,698,930
Total assets	11,801,567	11,109,885



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

	Unaudited As at current financial year end 31/12/2015 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	2,276,643	2,268,718
Reserves		
Share premium	2,829,546	2,044,955
Merger relief reserve	34,330	34,330
Other reserves	115,439	88,130
Retained profits	1,552,602	1,896,699
	6,808,560	6,332,832
4. Non-controlling Interests	360,345	485,753
Total equity	7,168,905	6,818,585
5. Non-current liabilities		
Borrowings	2,227,594	2,119,666
Payables	115,378	71,047
Deferred income	111,874	113,955
Provision	411,436	436,432
Deferred tax liabilities	204,058	204,041
	3,070,340	2,945,141
6. Current liabilities		
Provisions	362,674	373,072
Payables	656,825	584,748
Amount due to a joint venture	-	111
Borrowings	522,977	238,423
Tax payable	19,846	149,805
	1,562,322	1,346,159
Total liabilities	4,632,662	4,291,300
Total equity and liabilities	11,801,567	11,109,885
7. Net assets per share attributable to Owners of the Parent	RM 1.50	RM1.40

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

	Note	Unaudited Year ended 31/12/2015 RM'000	Audited Year ended 31/12/2014 RM'000
Operating Activities			
Cash receipts from customers		2,312,649	2,144,560
Receipts from related parties		782,156	2,142
Cash payments to contractors		(1,439,464)	(1,592,710)
Cash payments for land and development related costs		(179)	(12,768)
Cash payments to related parties		(2,968)	(7,583)
Cash payments to employees and for expenses		(496,277)	(454,954)
Cash generated from operations		1,155,917	78,687
Net income taxes and zakat paid		(288,468)	(209,372)
Interest received		19,358	27,623
Net cash generated from/(used in) operating activities		886,807	(103,062)
Investing Activities			
Dividend received from associates		3,900	8,050
Dividend received from joint ventures		6,500	-
Proceeds from disposal of			
- property, plant and equipment		191	130
- short term investments		353,630	230,915
Capital distribution from an associate under liquidation		18	-
Repayment from a joint venture		6,050	-
Purchase of property, plant and equipment		(21,148)	(43,058)
Acquisition of a subsidiary, net of cash and cash equivalent acquired		(29)	-
Advance to joint venture		(11,500)	(11,800)
Investment in associates		(331,820)	(35,300)
Investment in a joint venture		(78,000)	(135,102)
Investment in land held for property development		(862,289)	(283,490)
Investment in short term investments		(150,000)	(401,000)
Deposit paid for subscription of shares	14 (h)	(21,488)	-
Net cash used in investing activities		(1,105,985)	(670,655)



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

	Note	Unaudited Year ended 31/12/2015 RM'000	Audited Year ended 31/12/2014 RM'000
Financing Activities			
Drawdown of borrowings		347,837	279,985
Drawdown of Islamic Medium Term Notes		300,000	400,000
Subscription of shares by non-controlling shareholder in a subsidiary		324,800	35,300
Proceeds from employee share option scheme ("ESOS")		-	2
Repayment from joint ventures		30,845	-
Repayment from immediate holding company		30	-
Advance to joint ventures		(2,574)	(22,232)
Repayment of borrowings		(274,358)	(264,380)
Dividend paid		(136,123)	(181,497)
Interest paid		(113,141)	(94,871)
Net cash generated from financing activities		477,316	152,307
Transfer from non-current deposits		3	1,415
Effects of exchange rate changes		2,885	(3,083)
Net increase/(decrease) in Cash and Cash Equivalents		261,026	(623,078)
Cash and Cash Equivalents as at beginning of financial year		739,030	1,362,108
Cash and Cash Equivalents as at end of financial year	(a)	1,000,056	739,030
		Unaudited Year ended 31/12/2015 RM'000	Audited Year ended 31/12/2014 RM'000

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

Current cash, bank balances and deposits			
Unrestricted		787,962	262,508
Restricted		217,638	476,763
		1,005,600	739,271
Bank overdrafts (included in short term borrowings)		(5,544)	(241)
Cash and cash equivalents		1,000,056	739,030

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
Twelve months to 31 December 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 year	-	-	-	46,294	257,212	303,506	(208)	303,298
Issuance of RCPS	7,925	784,591	-	-	-	792,516	-	792,516
Subscription of shares by non-controlling shareholder in a subsidiary	-	-	-	-	-	-	324,800	324,800
ESOS								
- remeasurement	-	-	-	(11,655)	-	(11,655)	-	(11,655)
- expiry of vested employee share options	-	-	-	(7,330)	7,330	-	-	-
Redemption of RCPS #	-	-	-	-	(472,516)	(472,516)	(450,000)	(922,516)
Dividend paid	-	-	-	-	(136,123)	(136,123)	-	(136,123)
At 31 December 2015	<u>2,276,643</u>	<u>2,829,546</u>	<u>34,330</u>	<u>115,439</u>	<u>1,552,602</u>	<u>6,808,560</u>	<u>360,345</u>	<u>7,168,905</u>

On 30 October 2015, the RCPS of a subsidiary, which was held by the immediate holding company, UEM Group Berhad, and recorded as non-controlling interests, had been fully redeemed at a total redemption price of RM922.5 million. The total redemption price includes RM472.5 million cumulative dividend payment, compounded at 7.5% p.a. in accordance with the redemption terms.



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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
Twelve months to 31 December 2014 (Audited)								
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 year	-	-	-	(7,585)	479,927	472,342	(151)	472,191
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	-	-	-	22,973	-	22,973	-	22,973
Dividend paid	-	-	-	-	(181,497)	(181,497)	-	(181,497)
At 31 December 2014	<u>2,268,718</u>	<u>2,044,955</u>	<u>34,330</u>	<u>88,130</u>	<u>1,896,699</u>	<u>6,332,832</u>	<u>485,753</u>	<u>6,818,585</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 year.

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 year.

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 year ended 31 December 2015 except as follows:-

- (a) In 2012, the Company 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.

- (b) On 30 October 2015, the Company issued 792.5 million of Redeemable Convertible Preference Shares ("RCPS") of RM0.01 each at an issue price of RM1.00 each to its immediate holding company, UEM Group Berhad.

The proceeds from the issuance of RCPS were utilized for the redemption of 450.0 million RCPS of a subsidiary as detailed in Section IV above.



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

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 proposed a final dividend of 1.6 sen per share for the current financial year ended 31 December 2015 (2014 : 3.0 sen).

8. Operating Segments

Operating Segment information for the current financial year ended 31 December 2015 is as follows:

	Property sales		Property Investment	Others	Eliminations	Consolidated
	In Malaysia	Outside Malaysia				
Revenue						
External revenue	1,368,947	272,938	62,842	45,139	-	1,749,866
Inter-segment revenue	-	-	-	14,255	(14,255)	-
Total revenue	1,368,947	272,938	62,842	59,394	(14,255)	1,749,866
Results						
Segment results	308,490	(27,040)	13,195	(2,475)	907	293,077
Finance costs	(53,101)	(1,711)	(13,154)	(19,250)	13,348	(73,868)
Share of results of associates	10,041	(850)	-	2,620	-	11,811
Share of results of joint ventures	131,932	-	(1,572)	(18,341)	-	112,019
Profit/(loss) before taxation	397,362	(29,601)	(1,531)	(37,446)	14,255	343,039
Tax expense	(88,628)	13,337	(1,344)	(752)	-	(77,387)
Zakat	(8,662)	-	-	-	-	(8,662)
Profit/(loss) for the year	300,072	(16,264)	(2,875)	(38,198)	14,255	256,990
Attributable to:						
Owners of the parent	300,124	(16,264) #	(2,875)	(38,028)	14,255	257,212
Non-controlling interest	(52)	-	-	(170)	-	(222)
Profit/(loss) for the year	300,072	(16,264)	(2,875)	(38,198)	14,255	256,990

Losses mainly due to sales and marketing cost incurred for Aurora Melbourne Central and Conservatory projects.

9. Material events subsequent to the end of the current financial year

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 31 December 2015 to the date of this announcement which would substantially affect the financial results of the Group for the financial year ended 31 December 2015 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 year 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. NFIVEO will continue to provide the service of auxiliary policemen as approved by the Royal Malaysian Police for Nusajaya Projects.

- (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

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

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

- (d) On 26 August 2015, 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.
- (e) On 30 November 2015, the Company entered into a Joint Venture Shareholders' Agreement with Edgenta Township Management Services Sdn Bhd ("ETMSSB"), a wholly-owned subsidiary of UEM Edgenta Berhad to establish and operate a joint venture company for the provision of township and property management services.

On 9 December 2015, ETMS Sdn Bhd ("ETMS"), was formed and the Company subscribed for 1,170,000 ordinary shares of RM1.00 each for a cash consideration of RM1,170,000, resulting in ETMS becoming a 30% owned associate of the Group.

On 10 December 2015, ETMS changed its name to UEM Sunrise Edgenta TMS Sdn Bhd.

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, 28 September 2015 and 10 December 2015. The Deputy Registrar has further fixed the next case management on 1 March 2016. 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. 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.

Potential compensation payable to Felcra settlers

A group of thirty eight (38) Felcra settlers ("the Plaintiffs") had collectively served an originating summons against Felcra Berhad ("Felcra"), District Land Administrator ("DLA") and the Johor State Government ("State Government") (collectively the "Defendants"). The Summons pertain to 198 acres of land previously owned by the State Government, developed by Felcra and subsequently alienated to BND, for the development of Nusajaya.

The Plaintiffs sought, inter-alia, for the Defendants to pay an additional total sum of RM54.0 million for the 198 acres and an acre of land to each Plaintiff.

On 12 January 2010, the High Court of Malaya made a decision against Felcra for breach of contract and dismissed the Plaintiffs' action against the DLA and State Government. However, the Plaintiffs had on 8 February 2010 filed a notice of appeal to the Court of Appeal to appeal against the decision of the High Court on the quantum against Felcra and the dismissal of the action against the DLA and the State Government. The Court of Appeal dismissed the appeal on 28 June 2011. The Plaintiffs further appealed to the Federal Court against the decision of the Court of Appeal and the appeal was allowed on 15 October 2012.

On 14 May 2013, the Federal Court decided in favour of the Plaintiffs where it stated, among others, that the Plaintiffs are entitled to approximately RM26.9 million with payments previously received by the Plaintiffs to be taken into account and deducted from this total amount.

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 payable to the Plaintiffs.

Pursuant to a letter dated 2 December 2015 from Johor State Legal Adviser, BND had on 14 December 2015 made a payment of RM15.95 million to the Plaintiffs as full and final settlement for the claim for and on behalf of the State Government and Pentadbir Tanah Daerah Johor Bahru.

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

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	37.5
Approved but not contracted for	359.9
Total	397.4

13. Income tax and zakat

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2015 RM'000	Preceding year corresponding quarter 31/12/2014 RM'000	Year ended 31/12/2015 RM'000	Year ended 31/12/2014 RM'000
Malaysian and foreign income tax				
- Current tax	(39,954)	(171,937)	(88,049)	(225,893)
- (Under)/over provision in prior years	(7,731)	14,283	(3,790)	12,204
Deferred tax				
- Relating to origination and reversal of temporary differences	18,024	79,615	26,474	91,112
- (Under)/over provision in prior years	(14,048)	10,741	(12,022)	2,742
Tax expense for the period/year	(43,709)	(67,298)	(77,387)	(119,835)
Zakat	(8,662)	(9,556)	(8,662)	(9,556)
	(52,371)	(76,854)	(86,049)	(129,391)

The effective tax rate (excluding share of results of associates and joint ventures) for the current quarter and current year is higher than the statutory tax rate due to under provision of current and deferred tax in prior years.



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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 Pulau, Daerah Johor Bahru, Johor Darul Ta’zim. The development of the residential enclave is currently on-going.
- b) A Facilities Maintenance and Management Agreement dated 13 April 2011 between Cahaya Jauhar Sdn Bhd, a 60% owned joint venture of UEM Land and State Secretary Johor (Incorporated) for the provision of management and maintenance services for Phase 1 of Kota Iskandar (“FMMA”). The FMMA covers a period of 30 years with a review of every 3 years.
- c) 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 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 sale of Plot A land was completed in the financial year ended 31 December 2013.

As at 18 February 2016, 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. On 30 December 2015, the SPAs have been completed following the issuance and allotment of redeemable preference shares of RM0.01 each by AMSB and SESB to UEM Land and KLKL and settlement of balance purchase consideration.

- 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.

h) On 1 December 2015, Sunrise Berhad ("SB"), a wholly-owned subsidiary of the Company, entered into a conditional Subscription and Shareholders' Agreement ("SSA") with WCT Land Sdn Bhd ("WCTL"), a wholly-owned subsidiary of WCT Holdings Berhad and Jubilant Courtyard Sdn Bhd ("JCSB"), a wholly-owned subsidiary of WCTL whereby SB and WCTL will be cooperating and work together through JCSB as the special purpose incorporated joint venture company to develop the lands held by JCSB.

Pursuant to the SSA, SB shall subscribe for 1,000,000 new ordinary shares of RM1.00 each in JCSB ("Shares") representing 50% of the enlarged issued and paid up share capital of JCSB for a total subscription consideration of RM214.9 million and the subscription of Shares by SB will result in a dilution of WCTL's equity interest in JCSB from 100% to 50%.

The SSA is subject to certain conditions precedent. A deposit of RM21.5 million equivalent to 10% of the total subscription consideration was paid by SB on 1 December 2015, the remaining 90% of the total subscription consideration will be payable within three months from the unconditional date of the SSA.

i) On 16 February 2016, a wholly-owned subsidiary of the Company, UEM Land entered into a joint venture cum shareholders' agreement with Leisure Farm Corporation Sdn Bhd ("LFC"), a wholly-owned subsidiary of Mulpha International Berhad ("MIB") and JV Axis Sdn Bhd ("JVASB"), the intended joint venture company for the proposed collaboration between UEM Land and LFC ("JVA").

Both UEM Land and LFC wish to work together as strategic joint development partners to jointly develop thirty-eight (38) parcels of freehold lands (located in Gerbang Nusajaya and near the Leisure Farm Resort) within Mukim Pulai, District of Johor Bahru, Johor. Part of the land parcels are owned by Nusajaya Seaview Sdn Bhd ("NSSB") and Nusajaya Rise Sdn Bhd ("NRSB"), both are indirect wholly-owned subsidiaries of the Company measuring 98.24 acres and 41.89 acres respectively or collectively as UEMS Lands whilst the balance of thirty-six (36) land parcels owned by LFC with a total of 91.22 acres ("LFC Lands"). (Both UEMS Lands and LFC Lands are collectively referred as "JV Lands").

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

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



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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 31 December 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	-	-	-	74,912	-	74,912
- Islamic Medium Term Notes	-	2,003,611	2,003,611	-	200,000	200,000
- Term loan	114,103	106,880	220,983	22,995	100,976	123,971
- Revolving credits	3,000	-	3,000	7,000	111,550	118,550
- Bank overdrafts	-	-	-	-	5,544	5,544
TOTAL	117,103	2,110,491	2,227,594	104,907	418,070	522,977

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 year and the comparative year. 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 current financial year end 31/12/2015	As at preceding financial year end 31/12/2014
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,044,475	1,513,973
- Unrealised	159,135	142,114
	1,203,610	1,656,087
Total share of retained profits from associates:		
- Realised	108,292	97,818
- Unrealised	2,351	1,014
Total share of retained profits from joint ventures:		
- Realised	422,747	311,708
- Unrealised	7,836	6,856
	1,744,836	2,073,483
Less : Consolidation adjustments	(192,234)	(176,784)
Total group retained profits as per consolidated statement of financial position	1,552,602	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. The leave to appeal is fixed for hearing at Federal Court on 24 February 2016.

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

	Current quarter 31/12/2015 RM'000	Immediate preceding quarter 30/09/2015 RM'000
Revenue	607,047	353,058
Profit from operations	88,869	42,747
Finance cost	(19,985)	(18,962)
Share of results of associates and joint ventures	55,713	24,309
Profit before income tax	124,597	48,094

The Group recorded higher revenue and profit from operations in the current quarter as compared to the immediate preceding quarter mainly due to higher property development contribution from Aurora Melbourne Central, Imperia office sale and Signature Selection campaign. The Group also has recognised additional liquidated ascertained damages income from contractors.

The contribution from associates and joint ventures is also higher in the current quarter particularly from Horizon Hills Development Sdn Bhd, a joint venture with Gamuda Berhad resulting in an increase by 159% of profit before income tax.



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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 year

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2015 RM'000	Preceding year corresponding quarter 31/12/2014 RM'000	Year ended 31/12/2015 RM'000	Year ended 31/12/2014 RM'000
Revenue	607,047	1,341,350	1,749,866	2,661,674
Profit from operations	88,869	319,307	293,077	520,548
Finance cost	(19,985)	(8,908)	(73,868)	(45,852)
Share of results of associates and joint ventures	55,713	38,792	123,830	134,471
Profit before income tax	124,597	349,191	343,039	609,167

The Group recorded lower revenue in the current quarter and year as compared to the preceding year's corresponding periods due to reduction in land sale revenue. In the last quarter of 2014, the Group has recognised Gerbang land sales to FASTrack Iskandar Sdn. Bhd and Scope Energy Sdn. Bhd. for RM248.3 million and RM522.7 million respectively.

Consequently, profit from operations in the current quarter and current year of the Group as compared to preceding year's corresponding periods are significantly lower.



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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 31/12/2015 RM'000	Preceding year corresponding quarter 31/12/2014 RM'000	Year ended 31/12/2015 RM'000	Year ended 31/12/2014 RM'000
<u>Net operating profit after tax (“NOPAT”) computation:</u>				
Earnings before interest and tax (“EBIT”)	51,654	303,729	175,473	469,012
Adjusted tax	(12,914)	(75,932)	(43,868)	(117,253)
NOPAT	38,740	227,797	131,605	351,759
<u>Economic charge computation:</u>				
Average invested capital (Note 1)	7,713,908	7,390,491	7,713,908	7,390,491
Weighted average cost of capital (“WACC”) (%) (Note 2)	9.15%	11.04%	9.15%	11.04%
Economic charge	(176,456)	(203,978)	(705,823)	(815,910)
Economic (loss)/profit	(137,716)	23,819	(574,218)	(464,151)

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 year-to-date 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 debt and equity taking into account the market capitalisation as at end of the year.



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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 31/12/2015 RM'000	Preceding year corresponding quarter 31/12/2014 RM'000	Year ended 31/12/2015 RM'000	Year ended 31/12/2014 RM'000
a) Basic earnings per share				
Profit for the period/year attributable to Owners of the Parent	72,421	272,384	257,212	479,927
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>1.60 sen</u>	<u>6.00 sen</u>	<u>5.67 sen</u>	<u>10.58 sen</u>
b) Diluted earnings per share				
Profit for the period/year attributable to Owners of the Parent	72,421	272,384	257,212	479,927
Profits of subsidiaries attributable to non-controlling interests arising from dilutive impact of convertible securities issued by a subsidiary	<u>-</u>	<u>(64,743)</u>	<u>-</u>	<u>(85,367)</u>
Diluted profit attributable to Owners of the Parent	<u>72,421</u>	<u>207,641</u>	<u>257,212</u>	<u>394,560</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,970,342</u>	<u>4,537,436</u>	<u>4,646,552</u>	<u>4,537,436</u>
Diluted earnings per share	<u>1.46 sen</u>	<u>4.58 sen</u>	<u>5.54 sen</u>	<u>8.70 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 outlook for the Malaysian property industry in 2016 is expected to remain challenging in light of the current economic uncertainties, tighter mortgage lending from banks and poor consumer sentiments due to rising cost of living, weaker Ringgit Malaysia, continued subsidy rationalization and slower wage growth.

Notwithstanding the foregoing, the Group is confident that it will be able to deliver satisfactory performance in 2016 on the back of the existing unrecognized revenue of RM4.7 billion from on-going projects that will continue to contribute towards the Group's revenue and earnings.

Locally, the Group will increase its focus on the affordable and mid-market segments with the planned launch of Denai Nusantara (a high rise affordable homes development in line with the Rumah Mampu Milik Johor policy), Melia Residences (a mid-market landed residential development) both in the southern region and new phases in Serene Heights in the central region in 2016. The Group will also continue to actively pursue sales from its existing projects.

Internationally, the Group's two projects in Australia i.e. Aurora Melbourne Central and Conservatory have both been well received and the sales contribution from these international projects have helped to cushion the impact of the slowdown in the local property market. The Group is now targeting to launch its third project in Melbourne on St. Kilda Road.

Moving forward, the Group will continue to look for opportunities to expand its geographical presence to other locations in Malaysia, particularly the Klang Valley such as the recently announced joint venture with WCT Land to develop 608-acres of land in Serendah, Selangor.

25. Profit forecast

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

By Order of the Board

Kuala Lumpur
25 February 2016

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