UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

		INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
		Current year quarter	Preceding year corresponding quarter	Three Months to	Three Months to
	Note	**31/03/2018**	**31/03/2017 (restated)**	**31/03/2018**	**31/03/2017 (restated)**
		RM'000	RM'000	RM'000	RM'000
1. (a) **Revenue**		**287,741**	**420,335**	**287,741**	**420,335**
(b) Cost of sales		(207,756)	(295,248)	(207,756)	(295,248)
(c) Gross profit		79,985	125,087	79,985	125,087
(d) Other income		17,501	13,894	17,501	13,894
(e) Expenses		(49,320)	(66,686)	(49,320)	(66,686)
(f) Finance costs		(22,403)	(22,754)	(22,403)	(22,754)
(g) Foreign exchange losses		(6,604)	(11,527)	(6,604)	(11,527)
(h) Share of net results of associates		614	(429)	614	(429)
(i) Share of net results of joint ventures		9,707	3,478	9,707	3,478
(j) **Profit before income tax**		**29,480**	**41,063**	**29,480**	**41,063**
(k) Income tax	14	(4,294)	(17,178)	(4,294)	(17,178)
(l) **Profit for the period**		**25,186**	**23,885**	**25,186**	**23,885**
Attributable to:					
(m) Owners of the Parent		25,287	23,309	25,287	23,309
(n) Non-controlling Interests		(101)	576	(101)	576
Profit for the period		25,186	23,885	25,186	23,885
2. **Earnings per share based on 1(m) above**	22				
(a) Basic earnings per share		0.56 sen	0.51 sen	0.56 sen	0.51 sen
(b) Diluted earnings per share		0.49 sen	0.45 sen	0.49 sen	0.45 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this quarterly announcement.

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three Months to	Three Months to
	31/03/2018	**31/03/2017 (restated)**	**31/03/2018**	**31/03/2017 (restated)**
	RM'000	RM'000	RM'000	RM'000
Profit for the period	25,186	23,885	25,186	23,885
Other comprehensive (expense)/ income to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	(33,242)	26,507	(33,242)	26,507
Transfer to profit or loss on disposal of an associate	-	(941)	-	(941)
Cash flow hedge	3,409	(4,221)	3,409	(4,221)
Total other comprehensive (expense)/ income for the period, net of tax	(29,833)	21,345	(29,833)	21,345
Total comprehensive (expense)/ income for the period	**(4,647)**	**45,230**	**(4,647)**	**45,230**
Attributable to:				
Owners of the Parent	(4,502)	44,642	(4,502)	44,642
Non-controlling Interests	(145)	588	(145)	588
Total comprehensive (expense)/ income for the period	**(4,647)**	**45,230**	**(4,647)**	**45,230**

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this quarterly announcement.

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I(C). REMARKS TO CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three Months to	Three Months to
	31/03/2018	**31/03/2017 (restated)**	**31/03/2018**	**31/03/2017 (restated)**
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest expense	22,403	22,754	22,403	22,754
Depreciation	6,718	5,846	6,718	5,846
Interest income	(8,800)	(6,043)	(8,800)	(6,043)
Losses on foreign exchange				
- unrealised	5,198	10,534	5,198	10,534
- realised	1,406	993	1,406	993
(Reversal of)/provision for liquidated ascertained damages	(3,527)	12,051	(3,527)	12,051
Dividend income from investment at fair value through profit or loss	(626)	-	(626)	-
Write back of allowance for impairment of receivables	(352)	(524)	(352)	(524)
Allowance for doubtful debts	227	-	227	-
Write back of inventories	(8)	(64)	(8)	(64)
Gain on disposal of associate	-	(3,100)	-	(3,100)
Gain on disposal of available-for-sale investment	-	(2,400)	-	(2,400)

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

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at current financial year end 31/03/2018	Unaudited As at preceding financial year end 31/12/2017 (restated)
		RM'000	RM'000
ASSETS			
1. Non-current assets			
Property, plant and equipment		377,912	377,136
Investment properties		645,601	649,670
Land held for property development		4,615,073	4,620,766
Interests in associates		500,441	500,385
Interests in joint ventures		1,066,287	1,056,396
Amount due from joint ventures		246,163	245,581
Goodwill		621,409	621,409
Deferred tax assets		306,881	307,265
Long term receivables		83,506	83,594
		8,463,273	8,462,202
2. Current assets			
Property development costs and contract assets		3,149,929	2,958,643
Inventories		563,682	609,690
Receivables		1,205,806	1,167,020
Amount due from joint ventures		112,417	109,271
Amount due from an associate		689	-
Short term investment		51,521	125,197
Cash, bank balances and deposits		827,506	808,004
		5,911,550	5,777,825
Total assets		14,374,823	14,240,027

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

	Note	Unaudited As at current financial year end 31/03/2018 RM'000	Unaudited As at preceding financial year end 31/12/2017 (restated) RM'000
EQUITY AND LIABILITIES			
4. Equity attributable to Owners of the Parent			
Share capital		5,110,276	5,110,276
Reserves			
Merger relief reserves		34,330	34,330
Other reserves		78,293	108,082
Retained profits		1,676,130	1,650,843
		6,899,029	6,903,531
5. Non-controlling Interests		362,982	363,127
Total equity		7,262,011	7,266,658
6. Non-current liabilities			
Borrowings	16	2,679,652	2,734,228
Payables		60,954	63,528
Contract liabilities		293,386	293,027
Deferred income		153,401	152,111
Derivative liabilities	17	1,242	4,651
Provisions		624,086	624,086
Deferred tax liabilities		229,779	230,119
		4,042,500	4,101,750
7. Current liabilities			
Provisions		337,290	362,713
Payables		983,590	894,145
Contract liabilities		39,107	85,147
Borrowings	16	1,697,026	1,485,514
Tax payable		13,299	44,100
		3,070,312	2,871,619
Total liabilities		7,112,812	6,973,369
Total equity and liabilities		14,374,823	14,240,027
8. Net assets per share attributable to Owners of the Parent		**RM 1.52**	**RM 1.52**

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this quarterly announcement.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Unaudited Three months 31/03/2018	Unaudited Three months 31/03/2017
		RM'000	RM'000
Operating Activities			
Cash receipts from customers		279,762	411,370
Cash receipts from related parties		7,444	705
Cash payments to contractors		(367,162)	(399,074)
Cash payments for land and development related costs		(37,964)	(41,035)
Cash payments to related parties		(741)	(1)
Cash payments to employees and for expenses		(70,985)	(72,870)
Cash used in operations		(189,646)	(100,905)
Net income tax paid		(34,872)	(20,487)
Interest received		5,480	3,261
Net cash used in operating activities		(219,038)	(118,131)
Investing Activities			
Proceeds from disposal of			
- property, plant and equipment		-	3
- short term investment		74,000	-
Proceeds from disposal of			
- associate		-	13,389
- available-for-sale investment		-	2,400
Purchase of property, plant and equipment		(3,503)	(12,505)
Purchase of investment property		-	(173)
Advance to a joint venture		-	(8,500)
Deposit paid for land acquisition		-	(10,000)
Net cash generated from/(used in) investing activities		70,497	(15,386)

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

	Note	Unaudited Three months 31/03/2018 RM'000	Unaudited Three months 31/03/2017 RM'000
Financing Activities			
Drawdown of borrowings		196,084	135,404
Repayment of borrowings		-	(9,502)
Interest paid		(12,820)	(14,494)
Net cash generated from financing activities		183,264	111,408
Effects of exchange rate changes		(14,348)	3,228
Net increase/(decrease) in cash and cash equivalents		**20,375**	**(18,881)**
Cash and cash equivalents as at beginning of financial period		805,731	788,542
Cash and cash equivalents as at end of financial period	(a)	**826,106**	**769,661**

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

	Note	Unaudited As at 31/03/2018 RM'000	Unaudited As at 31/03/2017 RM'000
Current cash, bank balances and deposits			
Unrestricted		434,179	384,968
Restricted		393,327	384,693
		827,506	769,661
Bank overdrafts (included in short term borrowings)	16	(1,400)	-
Cash and cash equivalents		**826,106**	**769,661**

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 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	Share Premium	Merger Relief Reserves	Cash Flow Hedge Reserves	Other Reserves	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Three months to 31 March 2018 (Unaudited)									
At 1 January 2018 (as previously reported)	5,110,276	-	34,330	(4,651)	105,830	1,823,248	7,069,033	363,127	7,432,160
Effect of first-time MFRS adoption	-	-	-	-	6,903	(172,405)	(165,502)	-	(165,502)
At 1 January 2018 (restated)	5,110,276	-	34,330	(4,651)	112,733	1,650,843	6,903,531	363,127	7,266,658
Total comprehensive income for the period	-	-	-	3,409	(33,198)	25,287	(4,502)	(145)	(4,647)
At 31 March 2018	5,110,276	-	34,330	(1,242)	79,535	1,676,130	6,899,029	362,982	7,262,011

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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	Share Premium	Merger Relief Reserves	Cash Flow Hedge Reserves	Other Reserves	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Three months to 31 March 2017 (Unaudited and Restated)									
At 1 January 2017 (as previously reported)	2,276,643	2,829,546	34,330	(223)	152,243	1,539,257	6,831,796	361,556	7,193,352
Effect of first-time MFRS adoption	-	-	-	-	25	819	844	-	844
At 1 January 2017 (restated)	2,276,643	2,829,546	34,330	(223)	152,268	1,540,076	6,832,640	361,556	7,194,196
Adjustments for effects of Companies Act 2016 (Note 1)	2,833,633	(2,829,546)	-	-	(4,087)	-	-	-	-
Total comprehensive income for the period	-	-	-	(4,221)	25,554	23,309	44,642	588	45,230
ESOS									
- remeasurement	-	-	-	-	(544)	-	(544)	-	(544)
At 31 March 2017 (restated)	5,110,276	-	34,330	(4,444)	173,191	1,563,385	6,876,738	362,144	7,238,882

Note 1

With the Companies Act 2016 ("the New Act") coming into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium and capital redemption reserve accounts within 24 months after the commencement of the New Act.

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 2017 and the accompanying explanatory notes attached to this quarterly announcement.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard 134 : Interim Financial Reporting and with IAS 34 : Interim Financial Reporting and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The notes to the condensed consolidated interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2017, which have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the Companies Act 2016.

Since the previous annual audited financial statements as at 31 December 2017 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board (“MASB”). This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. The effects on the adoption of MFRS framework are described in Note 2 below.

2. Changes in Accounting policies and methods of computation

The significant accounting policies, method of computation and basis of consolidation applied in the consolidated condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2017, except for the adoption of MFRS framework effective for the financial period beginning on 1 January 2018.

Malaysian Financial Reporting Standards ("MFRS") Framework

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS framework.

The MFRS framework has been applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 : Agriculture and IC Interpretation 15 : Agreements for the Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS framework. The adoption is 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.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Changes in Accounting policies and methods of computation (cont'd)

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

In presenting its first MFRS financial statements for the year ending 31 December 2018, 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 consolidated financial years ended 31 December 2016 and 2017 are different under the MFRS framework.

These consolidated condensed interim financial statements are part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2018 and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied. Comparative figures, where applicable, have been restated as result of transition to MFRS framework.

The effects on the adoption of MFRS framework are as follows:

<u>MFRS 9 : Financial Instruments ("MFRS 9")</u>

MFRS 9 introduce amongst others, a single forward looking "expected loss" impairment model which require entities to recognise loss allowance in anticipation of future losses rather than based on incurred basis.

The Group has assessed the impact of the adoption of MFRS 9 and concluded that the adoption does not have any significant impact to the financial performance or position of the Group.

<u>MFRS 15 : Revenue from Contracts with Customers ("MFRS 15")</u>

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 supersede the revenue recognition guidance including MFRS 118 : Revenue, MFRS 111 : Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Changes in Accounting policies and methods of computation (cont'd)

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

MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd)

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer in substance obtains control of the asset.

The Group recognises revenue over time using the input method, which is based on the the level of completion in proportion of cost incurred to date against the expected total construction costs.

The Group adopts the new standards on the required effective date using the full retrospective method. The affected areas upon the application of the new standards are as follows:

(i) Property development activities in Australia

Under the previous FRS, the Group recognised property development revenue from property development activities in Australia over time based on the enforceability of the sales contract with the customers. Under the current MFRS 15, the property development revenue from Australia is recognised upon settlement, being the date at which control is transferred to customers.

(ii) Sale of land

Under the previous FRS, the Group recognised revenue from land sale upon the completion of condition precedents as stipulated in the sale and purchase agreement with the customers. Under the current MFRS 15, revenue is recognised when control is substantively transferred.

(iii) Multiple promises from the sale of development properties

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. Under the previous FRS, the Group accounted for the bundled sales as one deliverable and recognises revenue over time. Under the current MFRS 15, revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. The sale of development properties and the multiple promises are separate deliverables of bundled sales. The transaction price will be allocated to each performance obligation based on the standalone selling prices. If these are not directly observable, they are estimated based on expected cost plus margin.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Changes in Accounting policies and methods of computation (cont'd)

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

MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd)

(iv) Cost incurred in fulfilling a contract

Under the previous FRS, the Group expensed off sales commissions and free legal fees as these costs do not qualify for recognition as an asset under any of the other accounting standards. However, the sales commissions and free legal fees relate directly to contracts and are expected to be recovered through future fees for the services to be provided. Accordingly, under the current MFRS 15, these costs are eligible for capitalisation and recognised as property development costs and contract assets respectively.

(v) Recognition of provision for foreseeable losses for low cost housing

Under the previous FRS, the Group recognised upfront the provision for foreseeable losses for anticipated losses to be incurred on the development of involuntary low cost housing as required by approving authorities. The application of the above is in accordance to FRSIC Consensus 17 : Development of Affordable Housing ("FRSIC 17") issued by Malaysian Institute of Accountants ("MIA").

MFRS 15 requires the accounting to be done on a contract basis. Pursuant to the clarification on the use to FRSIC 17 on 7 March 2018, it stated that FRSIC 17 is no longer relevant upon the adoption of MFRS framework. Pending further clarification from MIA, the Group is of the view that the recognition of foreseeable losses is still required due to existence of contractual obligations to build low cost housing.

The Group has substantially completed its assessment on the adoption of MFRS 15, except for impact of provision for foreseeable losses for low cost housing pursuant to the clarification issued by MIA on 7 March 2018. The Group expects to fully comply with the requirements of the MFRS framework for the financial year ending 31 December 2018.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Changes in Accounting policies and methods of computation (cont'd)

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

MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd)

The impact to income statement and total comprehensive income for comparative interim period and of equity at the date of transition and at 31 December 2017 reported under FRS to those reported under MFRS are provided below:

(i) Impact on the condensed consolidated statement of financial position as at 1 January 2017 (date of transition):

	Under FRS RM'000	Adoption to MFRS RM'000	Transitioning to MFRS * RM'000	Under MFRS RM'000
ASSETS				
Non-current assets				
Land held for property development	4,019,581	-	1,113,303	5,132,884
Interests in associates	492,391	(7,397)	-	484,994
Interests in joint ventures	1,079,753	1,763	-	1,081,516
Deferred tax assets	254,971	(15,583)	-	239,388
Long term receivables	43,491	-	40,739	84,230
Other non-current assets	1,804,622	-	-	1,804,622
	7,694,809			8,827,634
Current assets				
Property development costs and contract assets	2,635,355	514,260	(1,113,303)	2,036,312
Receivables	1,710,027	(474,894)	-	1,235,133
Other current assets	1,483,779	-	-	1,483,779
	5,829,161			4,755,224
Total assets	13,523,970			13,582,858
EQUITY AND LIABILITIES				
Equity				
Other reserves	152,020	25	-	152,045
Retained profits	1,539,257	819	-	1,540,076
Other equity	5,502,075	-	-	5,502,075
Total equity	7,193,352			7,194,196
Non-current liabilities				
Deferred income	111,547	-	40,739	152,286
Provisions	930,222	(303,564)	-	626,658
Deferred tax liabilities	203,668	-	-	203,668
Contract liabilities	-	313,419	-	313,419
Other non-current liabilities	2,500,370	-	-	2,500,370
	3,745,807			3,796,401
Current liabilities				
Provisions	439,742	(50,473)	-	389,269
Contract liabilities	-	95,941	-	95,941
Tax payable	49,799	(38,018)	-	11,781
Other current liabilities	2,095,270	-	-	2,095,270
	2,584,811			2,592,261
Total liabilities	6,330,618			6,388,662
Total equity and liabilities	13,523,970			13,582,858

Impact on net assets per share attributable to Owners of Parent **RM - ****

** Not material.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Changes in Accounting policies and methods of computation (cont'd)

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

MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd)

(ii) Impact on the condensed consolidated statement of financial position as at 31 December 2017:

	Under FRS RM'000	Adoption to MFRS RM'000	Transitioning to MFRS * RM'000	Under MFRS RM'000
ASSETS				
Non-current assets				
Land held for property development	3,256,118	13,873	1,350,775	4,620,766
Interests in joint ventures	1,052,977	3,419	-	1,056,396
Deferred tax assets	292,909	14,356	-	307,265
Long term receivables	42,855	-	40,739	83,594
Other non-current assets	2,394,181	-	-	2,394,181
	7,039,040			8,462,202
Current assets				
Property development costs and contract assets	3,065,732	1,243,686	(1,350,775)	2,958,643
Receivables	2,640,463	(1,473,443)	-	1,167,020
Other current assets	1,652,162	-	-	1,652,162
	7,358,357			5,777,825
Total assets	14,397,397			14,240,027
EQUITY AND LIABILITIES				
Equity				
Other reserves	101,179	6,903	-	108,082
Retained profits	1,823,248	(172,405)	-	1,650,843
Other equity	5,507,733	-	-	5,507,733
Total equity	7,432,160			7,266,658
Non-current liabilities				
Deferred income	111,372	-	40,739	152,111
Provisions	911,220	(287,134)	-	624,086
Deferred tax liabilities	270,631	(40,512)	-	230,119
Contract liabilities	-	293,027	-	293,027
Other non-current liabilities	2,802,407	-	-	2,802,407
	4,095,630			4,101,750
Current liabilities				
Provisions	405,101	(42,388)	-	362,713
Payables	888,590	5,555	-	894,145
Contract liabilities	-	85,147	-	85,147
Tax payable	90,402	(46,302)	-	44,100
Other current liabilities	1,485,514	-	-	1,485,514
	2,869,607			2,871,619
Total liabilities	6,965,237			6,973,369
Total equity and liabilities	14,397,397			14,240,027

* In transitioning to MFRS, the Group has reviewed certain classifications of its assets and liabilities for fairer presentations.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Changes in Accounting policies and methods of computation (cont'd)

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

MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd)

Impact on net assets per share attributable to Owners of Parent	**RM**	**(0.04)**

(iii) Impact on the condensed consolidated income statement for the 3 months period ended 31 March 2017:

	Under FRS RM'000	Adoption to MFRS RM'000	Under MFRS RM'000
Revenue	**541,763**	**(121,428)**	**420,335**
Cost of sales	(372,624)	77,376	(295,248)
Gross profit	169,139		125,087
Other income	14,044	(150)	13,894
Expenses	(70,685)	3,999	(66,686)
Finance costs	(22,754)	-	(22,754)
Foreign exchange loss	(11,527)	-	(11,527)
Share of results of associates	8,039	(8,468)	(429)
Share of results of joint ventures	3,480	(2)	3,478
Profit before income tax	**89,736**		**41,063**
Income tax	(27,890)	10,712	(17,178)
Profit for the period	**61,846**		**23,885**
Profit attributable to Owners of the Parent	61,270	(37,961)	23,309

(iv) Impact on the condensed consolidated statement of comprehensive income for the 3 months period ended 31 March 2017:

	Under FRS RM'000	Adoption to MFRS RM'000	Under MFRS RM'000
Profit for the period	61,846	(37,961)	23,885
Other comprehensive income, comprises of:			
Foreign currency translation differences of foreign operations	26,607	(100)	26,507
Others	(5,162)	-	(5,162)
Total comprehensive income	83,291		45,230
Total comprehensive income attributable to Owners of the Parent	82,703	(38,061)	44,642

(v) There is no material impact on the consolidated statement of cash flows for the 3 months period ended 31 March 2017. The impact on basic and diluted EPS is, as follows:

Basic earnings per share	(0.84)	sen
Diluted earnings per share	(0.74)	sen

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Audit report in respect of the 2017 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2017 was not qualified.

4. Seasonal or cyclical factors

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

5. 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.

6. 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.

7. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 31 March 2018.

8. Dividend

The Directors do not recommend the payment of any interim dividend for the current financial period ended 31 March 2018 (2017 : Nil).

At the forthcoming Annual General Meeting, the Directors are proposing for a final single tier dividend payable of 1.0 sen per share on 4,537,436,037 ordinary shares amounting to RM45,374,360 in respect of the financial year ended 31 December 2017 for shareholders' approval. The book closure and payment dates in respect of the dividend are 6 June 2018 and 27 June 2018 respectively.

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 31 March 2018 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 31 March 2018, save for the business cessation of a major customer of a joint venture entity ("JVE"), whereby the JVE has entered into a build, lease and transfer agreement with the customer to build a manufacturing plant in Iskandar Puteri. The JVE is currently evaluating various recourse and mitigation plan to minimize its losses. The Group is not providing any financial or other guarantee in respect to the funding of the project and is currently assessing the potential impairment of its investment in the JVE.

UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. Operating Segments

Operating Segment information for the current financial period ended 31 March 2018 is as follows:

	Property development In Malaysia RM'000	Property development Outside Malaysia RM'000	Property Investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	262,638	-	15,952	9,151	-	287,741
Inter-segment revenue	-	-	246	2,276	(2,522)	-
Total revenue	262,638	-	16,198	11,427	(2,522)	287,741
Results						
Segment results	43,900	1,894	(785)	(937)	(2,510)	41,562
Finance costs	(13,486)	(5)	(4,184)	(7,238)	2,510	(22,403)
Share of results of associates	3,339	(2,488)	-	(237)	-	614
Share of results of joint ventures	13,210	-	(554)	(2,949)	-	9,707
Profit/(loss) before income tax	46,963	(599)	(5,523)	(11,361)	-	29,480
Income tax	(6,150)	2,106	-	(250)	-	(4,294)
Profit/(loss) for the period	40,813	1,507	(5,523)	(11,611)	-	25,186
Attributable to:						
Owners of the Parent	40,813	1,507	(5,523)	(11,510)	-	25,287
Non-controlling Interests	-	-	-	(101)	-	(101)
Profit/(loss) for the period	40,813	1,507	(5,523)	(11,611)	-	25,186
Assets						
Segment assets	10,398,837	1,910,183	796,182	195,434	(659,547)	12,641,089
Interests in:						
- associates	475,538	17,669	-	7,234	-	500,441
- joint ventures	905,091	-	89,617	71,579	-	1,066,287
Tax recoverable	162,359	7	1,674	2,966	-	167,006
Total assets	11,941,825	1,927,859	887,473	277,213	(659,547)	14,374,823
Liabilities						
Segment liabilities	5,260,765	1,673,818	658,845	165,632	(659,547)	7,099,513
Tax payable	11,105	-	-	2,194	-	13,299
Total liabilities	5,271,870	1,673,818	658,845	167,826	(659,547)	7,112,812

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Changes in the composition of the Group

There were no significant changes in the composition of the Group up to the date of this announcement including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operation since the preceding year ended 31 December 2017 except as stated below:

(a) On 22 February 2018, the Company formalised the incorporation of UEM Sunrise (Aurora Melbourne Central Property Management) Pty Ltd and UEM Sunrise (Conservatory Melbourne Property Management) Pty Ltd, two (2) wholly-owned subsidiaries of UEM Sunrise (Developments) Pty Ltd, which in turn are indirect wholly-owned subsidiaries of the Company, with paid-up share capital of AUD2.00 each and registered in Victoria, Australia respectively.

(b) On 4 April 2018, the Company received a copy of the Sealed Order dated 17 November 2017 which was filed with the High Court of Malaya on 15 December 2017 from the Liquidators of Projek Usahasama Transit Ringan Automatik Sdn Bhd (“PUTRA”), an indirect wholly-owned subsidiary of the Company which was wound up on 26 April 2002. Pursuant to the Sealed Order, PUTRA was dissolved on 17 November 2017. Accordingly, PUTRA ceased to be an indirect subsidiary of the Company.

(c) On 5 April 2018, the Company received a notification that 0757422 B.C. Ltd., an indirect wholly-owned subsidiary company of the Company was dissolved on 20 March 2018 under Section 422 of the British Columbia Business Corporations Act.

12. Contingent liabilities

There are no changes in the contingent liabilities since the preceding financial year ended 31 December 2017 except as disclosed below:

<u>Income tax assessment</u>

On 3 October 2011, Bandar Nusajaya Development Sdn. Bhd. (“BND”), an indirect wholly-owned subsidiary of the Company, received a notice of additional assessment (“Form JA”) from the Inland Revenue Board ("IRB") for additional tax and penalty of RM50.9 million and RM22.9 million respectively, totalling to RM73.8 million in respect of the year of assessment 2006.

On 4 September 2012, the Kuala Lumpur High Court ("KLHC") ruled in favour of BND and declared that the IRB had no legal basis to raise the additional assessment. Following the decision held by KLHC, the IRB had filed an appeal to the Court of Appeal ("CoA") against the decision made.

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

On 18 October 2016, the FC reversed the decisions of CoA and KLHC and ordered that BND should have appealed by way of filing a notice of appeal (“Form Q”) to the Special Commissioners of Income Tax (“SCIT”). The FC’s decision has resulted in the Form JA totalling RM73.8 million to become due and payable, which was fully paid on 5 December 2016.

Subsequent to the FC’s decision, on 25 and 26 October 2016, BND has filed the Form Q to the IRB. The Form Q was rejected by the IRB on 25 and 26 October 2016 respectively. On 10 November 2016, BND filed a notice for extension of time to file the Form Q (“Form N”) which was rejected by the IRB on 8 February 2017.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Contingent liabilities (cont'd)

Income tax assessment (cont'd)

A judicial review application against the rejection of Form Q was filed on 17 January 2017. In addition to the judicial review, BND filed a written representation directly to the SCIT requesting the approval to file the Form Q. The SCIT granted their approval on 3 March 2017. Vide a letter dated 21 March 2017, the IRB has confirmed the receipt of BND's Form Q dated 20 March 2017. The IRB has 12 months from the date of receipt of Form Q to review and present it to the SCIT. The judicial review application has been withdrawn on 17 May 2017 given that the IRB did not appeal against the decision of the SCIT.

Vide a letter dated 14 March 2018, the IRB has served the Form Q to the SCIT. Case management was fixed before the SCIT on 18 May 2018. Further to the case management, the SCIT fixed this matter for hearing on 14th September 2021 and 15th September 2021. Upon the hearing of this case, BND's solicitors can then proceed to present the merits of the case to the SCIT. BND's solicitors are of the view that BND has a strong case to argue that the IRB has no legal or factual basis to issue the notice of additional assessment nor there is legal or factual basis for the IRB to impose the penalty.

13. Capital commitments

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

	RM'Mil
Approved and contracted for	29.0
Approved but not contracted for	395.1
Total	424.1

14. Income tax

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	Current year quarter **31/03/2018**	Preceding year corresponding quarter **31/03/2017 (restated)**	Three Months to **31/03/2018**	Three Months to **31/03/2017 (restated)**
	RM'000	RM'000	RM'000	RM'000
Malaysian and foreign income tax				
- Current tax	(5,725)	(40,097)	(5,725)	(40,097)
- Over/(under) provision in prior years	2,415	(3,608)	2,415	(3,608)
Deferred tax				
- Relating to origination and reversal of temporary differences	(723)	26,536	(723)	26,536
- Under provision in prior years	(261)	(9)	(261)	(9)
Tax expense for the period	(4,294)	(17,178)	(4,294)	(17,178)

For the current quarter, the effective tax rate (excluding share of results of associates and joint ventures) is lower than the statutory tax rate mainly due to over provision in prior year offset by non-deductible expenses.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. Status of corporate proposals announced but not completed as at the date of this announcement

All corporate proposals announced are completed as at the date of this announcement except for the following:

a) A development agreement and a supplemental development agreement dated 19 December 2007 and 4 November 2010, respectively, between UEM Land Berhad ("UEM Land"), BND and Haute Property Sdn Bhd ("HPSB") for the development of a high end residential enclave over 111 acres held under H.S.(D) 453895, PTD 154910, Mukim Pulai, Daerah Johor Bahru, Johor Darul Ta'zim. The development of the residential enclave is currently on-going.

b) A Facilities Maintenance and Management Agreement dated 10 March 2011 between Cahaya Jauhar Sdn Bhd, a 60% owned joint venture of UEM Land and 40% owned by State Government of Johor via Permodalan Takzim Sdn Bhd for the provision of management and maintenance services for Phase 1 of Kota Iskandar ("FMMA"). The FMMA covers a period of 30 years with a review of every 3 years.

c) 3 Shareholders' and Shares Subscription Agreements dated 11 June 2012 were entered by the Company and wholly-owned subsidiaries of Desaru Development Holdings One Sdn Bhd (a subsidiary of Desaru Development Corporation Sdn Bhd) ("DDC Cos") (collectively referred to as the "SSAs") to establish the shareholding structure of 3 separate Development Companies ("Dev Cos") and to regulate the relationship amongst the Company and the DDC Cos for the development of land parcels acquired by the Dev Cos with an aggregate gross area of approximately 678.70 acres ("Desaru Land").

   The issued and paid-up capital of the Dev Cos will be held by the Company and the respective DDC Cos in the proportion of 51% and 49%, respectively.

   Concurrent with the execution of the SSAs, the respective Dev Cos entered into 3 separate Sale and Purchase Agreements (collectively referred to as the "SPAs") with the respective DDC Cos for the proposed acquisitions of the Desaru Land for a total consideration of RM485.3 million.

   On 18 June 2012, 10% of the purchase consideration for each of the Desaru Land was paid by the Dev Cos to the relevant DDC Cos. The balance 90% is to be paid on a staggered basis depending on the completion of several development components to be completed by the DDC Cos. As at 16 May 2018, the SPAs are still outstanding.

d) A Master Agreement ("MA") dated 23 October 2012 between UEM Land and Ascendas Land (Malaysia) Sdn Bhd ("Ascendas") was entered to undertake the development of an integrated tech park over approximately 519 acres of land in Gerbang Nusajaya ("Land"), Iskandar Puteri, Johor Darul Ta'zim ("Proposed Development") broken down as follows:

   (i) Phase 1 Land measuring approximately 205 acres and further broken down into two plots identified as Plot A with an estimated area of 120 acres ("Plot A") and Plot B with an estimated area of 85 acres ("Plot B") (collectively "Phase 1 Land") to be held by Company A;

   (ii) Phase 2 Land measuring approximately 166 acres to be held by Company B ("Phase 2 Land"); and

   (iii) Phase 3 Land measuring approximately 148 acres to be held by Company C ("Phase 3 Land").

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

d) (cont'd)

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 16 May 2018, the purchase of Plot B land, Phase 2 Land and Phase 3 Land are still outstanding.

e) A Joint Venture cum Shareholders' Agreements dated 16 February 2016 between a wholly-owned subsidiary of the Company, UEM Land with Leisure Farm Corporation Sdn Bhd ("LFC"), a wholly-owned subsidiary of Mulpha International Berhad ("MIB") and JV Axis Sdn Bhd ("JVASB") a wholly-owned subsidiary of MIB, the intended joint venture company for the proposed collaboration between UEM Land and LFC ("JVA").

Both UEM Land and LFC wish to work together as strategic joint development partners to jointly develop thirty-eight (38) parcels of freehold lands (located in Gerbang Nusajaya and near the Leisure Farm Resort) within Mukim Pulai, District of Johor Bahru, Johor. Part of the land parcels are owned by Nusajaya Seaview Sdn Bhd ("NSSB") and Nusajaya Rise Sdn Bhd ("NRSB"), both are indirect wholly-owned subsidiaries of the Company measuring a total of 136.29 acres (collectively known as "UEMS Lands") whilst the balance of thirty-six (36) land parcels are owned by LFC with a total of 65.48 acres ("LFC Lands"). (Both UEMS Lands and LFC Lands are collectively referred as "JV Lands").

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

e) (cont'd)

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

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

Both parties have agreed to extend the conditions precedent period from 16 February 2018 to 15 February 2019.

As at 16 May 2018, the conditions precedent of the Master Agreement are still pending fulfillment by the respective landowners.

f) A Joint Venture Agreement ("JVA") dated 22 February 2016 between UEM Land and ONE15 Marina Holdings Pte Ltd (formerly known as SUTL Marina Holdings Pte Ltd) ("ONE15") to establish Sarandra Malaysia Sdn Bhd ("SMSB"), a joint venture company with a 40% : 60% (UEM Land : ONE15) equity share to co-operate in incorporating, financing and operating the following businesses:

(i) developing (1) the portion of the Public Marina which has yet to be developed (2) the Private Marina and (3) the Mega Yacht Marina and operating the Public Marina, the Private Marina and the Mega Yacht Marina;

(ii) developing and operating the Private Yacht Club via the Private Yacht Club Corporation; and

(iii) operating the sports centre in Puteri Harbour.

all in Puteri Harbour, Iskandar Puteri in Malaysia.

On 11 July and 10 October 2017, both UEM Land and ONE15 have further increased their investment in SMSB to 5,801,000 ordinary shares at a ratio of 40:60 respectively.

The JVA is subject to conditions precedent and as at 16 May 2018, the conditions precedent of the JVA are still outstanding.

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

g) A Joint Land Development Agreement ("JLDA") dated 27 May 2016 between Sunrise Quality Sdn Bhd ("SQSB"), an indirect wholly-owned subsidiary of the Company with Telekom Malaysia Berhad ("TM") for the development of Lot 461 and Lot 493, Section 19, Bandar Kuala Lumpur, District of Kuala Lumpur measuring approximately 1.69 acres ("Said Lands") into a high rise mixed development project ("Project").

TM is the registered and beneficial owner of the Said Lands. Pursuant to the JLDA, TM agrees to grant SQSB the sole and exclusive rights to develop the Said Lands into a Project. In return, SQSB agrees to pay TM a guaranteed land cost ("GLC") of RM150.0 million and TM is also entitled to 5% of the agreed gross development value of the Project.

The JLDA is subject to certain conditions precedent to be fulfilled within two (2) years from the JLDA execution date. A deposit of RM15.0 million equivalent to 10% of the total GLC was paid by SQSB on 28 May 2016 whilst the remaining 90% of the total GLC will be payable in accordance to the payment schedule set out in the JLDA.

As at 16 May 2018, the conditions precedent of the JLDA are still pending fulfillment by the respective parties of the agreement.

(h) A Sale and Purchase Agreement (“SPA”) dated 30 October 2017 between Bandar Nusajaya Development Sdn Bhd (“BND”) and Country View Resources Sdn Bhd (“CVRSB”) for the disposal of 163.92 acres of land identified as PTD 71080, Mukim Pulai, Iskandar Puteri, Johor Bahru by BND for a total consideration of RM310.0 million (“Proposed Disposal”), the payment terms of which are:

(i) RM6.2 million – 2% of the total consideration upon the execution of the SPA;
(ii) RM24.8 million – 8% of the total consideration within two (2) months from the SPA date; and
(iii) RM279.0 million – 90% of the total consideration within eight (8) months from the SPA date or within one (1) month from the unconditional date of the SPA, whichever later.

The conditions precedent are to be fulfilled within six (6) months from the SPA date with an automatic extension of one (1) month. The SPA became unconditional on 24 April 2018.

The Proposed Disposal is expected to be completed in the third quarter of 2018.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

i) A Sale and Purchase Agreement ("SPA") dated 20 December 2017 between Nusajaya Greens Sdn Bhd ("NGSB"), an indirect wholly-owned subsidiary of the Company and KII Morris Sdn Bhd ("KMRSB"), an indirect wholly-owned subsidiary of Kimlun Corporation Berhad for the disposal of 28.995 acres of land identified as PTD 166915, Mukim Pulai, Iskandar Puteri, Johor Bahru by NGSB for a total consideration of RM82.1 million ("Proposed Disposal"), the payment terms of which are:

(i) RM8.2 million – 10% of the purchase consideration upon the execution of the SPA; and
(ii) RM73.9 million – 90% of the purchase consideration within ninety (90) days from the unconditional date of the SPA.

The only condition precedent is the approval of the Economic Planning Unit to be sought by KMRSB on the Proposed Disposal which is to be fulfilled within six (6) months from the SPA date with an automatic extension of three (3) months.

The Proposed Disposal is expected to be completed in the third quarter of 2018.

As at 16 May 2018, the condition precedent of the SPA is still pending.

j) A Joint Venture Agreement ("JVA") dated 28 February 2018 between UEM Sunrise Properties Sdn Bhd ("UEMS Properties") and WOTSO S.E.A. Pty Ltd ("WOTSOSEA"), a wholly-owned subsidiary of WOTSO Workspace Pty Ltd ("WOTSO") which in turn is a subsidiary of Blackwall Limited Company, an Australian publicly listed real estate company based in Sydney. The purpose of the JVA is to explore leasing opportunities and identify potential commercial and/or retail developments for co-working spaces and manage the leasing operations of the co-working space and serviced office suites.

Both UEMS Properties and WOTSO will subscribe to a total of 400,000 ordinary shares of the joint venture company ("JVCo") after seven days from the unconditional date at an issue price of RM1.00 per ordinary share at equity holding of 50% each.

The JVA is conditional upon the following conditions precedent to be fulfilled within 60 days of the JVA date:

(i) Approvals from each UEMS Properties and WOTSO's respective Boards and shareholders in relation to any required transaction (where required);

(ii) Parties obtaining approvals from authorites or regulatory bodies to enter into the JVA; and

(iii) Parties agreeing to the form and substance of the Licensing Agreement to be entered into between the JVCo and WOTSO for the use of the WOTSO's license, operations, systems and other related

Both parties have agreed to extend the conditions precedent period from 30 April 2018 to 29 May 2018. As at 16 May 2018, the conditions precedent of the JVA are still pending.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

k) The conditional Shareholders' Subscription Agreement between Sunrise Berhad ("SB"), Mega Legacy Equity Sdn Bhd ("MLE") and Mega Legacy (M) Sdn Bhd ("MLM") for a total subscription price of RM279.3 million ("Subscription Price") ("SSA") and Sale and Purchase Agreement between MLM and Datuk Bandar Kuala Lumpur ("DBKL") for the acquisition of ten parcels of 99-year leasehold land measuring approximately 72.73 acres in Mukim Batu, Wilayah Persekutuan from DBKL for a purchase consideration of RM416.4 million ("SPA"). The SSA and SPA are both dated 13 April 2018.

SB will subscribe to 500,001 ordinary shares in MLM at the Subscription Price within 14 days from the date that all conditions precedent are met ("Effective Date"), subject to the fulfillment of the conditions precedent to be fulfilled within six (6) months from the SSA date or such other period mutually agreed by SB, MLE and MLM. The conditions precedent are:

(i) Due diligence exercise on MLM and Bonus Focus (M) Sdn Bhd (as its shares will be pledged as security for MLE's obligation to construct two interchanges connecting to the lands from the MRR2);

(ii) Due diligence on lands; and

(iii) MLE procuring release letters from previously appointed contractors discharging MLM from any obligation arising from the appointment.

The Subscription Price will be paid on a staggered basis with the first payment paid upon execution of the SSA while the final payment will be made within 12 months from the date of the SSA or six (6) months from the Effective Date, whichever is later.

The purchase consideration will be paid in cash and in kind as follows:

(i) RM236.5 million in cash where RM75.4 million was paid as at the SPA date and remaining RM161.1 million to be paid within three (3) months from receipt of state consent for transfer with an automatic extension of nine (9) months at interest of 8% p.a.; and

(ii) RM179.9 million in kind via the completion and handover of a marching field and Jabatan Penguatkuasaan Dewan Bandaraya Kuala Lumpur complex, as well as a multilevel car park to be constructed at Kepong Metropolitan Park, within thirty-six (36) months as for the work schedule under the agreement with DBKL.

As at 16 May 2018, the conditions precedent of the SSA are still pending.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. Borrowings and debt securities

	Long term borrowings			Short term borrowings		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
As at 31 March 2018						
Domestic						
- Loan from immediate holding company	-	-	-	75,051	-	75,051
- Islamic Medium Term Notes	-	1,800,000	1,800,000	-	800,000	800,000
- Term loan	109,988	-	109,988	56,000	100,000	156,000
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	629,200	629,200	-	132,310	132,310
- Revolving credits	-	-	-	11,000	370,000	381,000
- Bank overdrafts	-	-	-	-	1,400	1,400
Non Domestic						
- Term loan (denominated in Australian Dollar)	140,464	-	140,464	-	-	-
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	-	-	151,265	-	151,265
TOTAL	**250,452**	**2,429,200**	**2,679,652**	**293,316**	**1,403,710**	**1,697,026**
As at 31 March 2017						
Domestic						
- Loan from immediate holding company	-	-	-	75,682	-	75,682
- Islamic Medium Term Notes	-	1,907,789	1,907,789	-	600,768	600,768
- Islamic Commercial Papers	-	-	-	-	99,351	99,351
- Term loan	151,745	-	151,745	56,000	101,069	157,069
- Revolving credits	-	-	-	11,000	360,464	371,464
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	488,895	488,895	-	-	-
TOTAL	**151,745**	**2,396,684**	**2,548,429**	**142,682**	**1,161,652**	**1,304,334**

Since 31 March 2017, the Group draws RM564 million (AUD201 million) of Term Loan and Commodity Murabahah Finance (denominated in Australia Dollar) for on-going property development projects in Australia. In the Domestic segment, the Group repays RM42 million in the same period.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. Derivative liabilities

Details of outstanding derivative as at 31 March 2018 are as follows:

	Contract/ Notional Value RM'000	Fair Value RM'000
Profit rate swap-i contract - 1 year to 3 years	460,390	(2,218)
Islamic currency swap-i contract - 1 year to 3 years	168,810	976
	629,200	(1,242)

UEM Sunrise (Australia) Sdn Bhd, a wholly-owned subsidiary of the Company entered into two contracts, namely Profit rate swap-i and Islamic currency swap-i to hedge its profit rate and foreign currency risk arising from the profit margin and principal repayment on Commodity Murabahah Finance amounting to AUD150 million and AUD55 million respectively. The contracts are designated as a cash flow hedge and applies the hedge accounting policy.

18. Fair value hierarchy

There were no transfers between any level of the fair value hierarchy took place during the current period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

19. Material litigation

Since the preceding financial year ended 31 December 2017, there is no change in material litigation as at the date of this announcement except as disclosed below.

a) Decision by the Federal Court in respect of BND's additional asssessment raised by IRB for additional tax and penalty, as disclosed in Note 12.

b) On 25 July 2017, UEM Land was served with the Claim filed by the Plaintiffs in relation to shares held in Setia Haruman ("the 1st Defendant"). UEM Land is cited as the 9th Defendant in the Claim.

The Claim seeks, amongst others, for:

(i) a declaration that the 2nd to 9th Defendants respectively had managed and conducted the affairs of the 1st Defendant and/or exercised their powers oppressively and/or disregarded and/or acted in a manner unfairly prejudicial to the interest of the Plaintiffs as members of Setia Haruman pursuant to Section 346 of the Companies Act 2016; and

(ii) an order that the 2nd to the 9th Defendants do jointly and/or severally purchase the 750,000 ordinary shares of Setia Haruman owned or held by Impresive Circuit at such price and on such terms as shall be determined by the Honourable Court.

On 25 April 2018, UEM Land had successfully applied to strike out Datuk Kasi A/L K.L. Palaniappan, the First Plaintiff in the suit, as a party in the Claim. The remaining Plaintiff in the suit, Impresive Circuit Sdn Bhd, successfully added two other Defendants in the suit namely Menara Embun Sdn Bhd and Modern Eden Sdn Bhd.

UEM Land denies allegations made by the Plaintiffs and will be vigorously defending the Claim and is seeking advice from its solicitors to that end. Based on the foregoing, at this juncture, the Claim has no material financial and operational impact to the Group and the Company. The Company's solicitor is of the view that UEM Land has a reasonably good chance of success in defending the Plaintiffs' case against UEM Land.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

	Current quarter **31/03/2018**	Immediate preceding quarter **31/12/2017 (restated)**	**Variance**	
	RM'000	RM'000	RM'000/(%)	
Revenue	287,741	308,080	(20,339)	(-7%)
Operating profit/(loss)	41,562	(30,193)	71,755	(238%)
Share of net results	10,321	8,844	1,477	(17%)
Profit before interest and tax	51,883	(21,349)	73,232	(343%)
Finance costs	(22,403)	(19,661)	(2,742)	(-14%)
Profit/(loss) before income tax	29,480	(41,010)	70,490	(172%)
Income tax	(4,294)	(8,564)	4,270	(50%)
Profit/(loss) for the period	25,186	(49,574)	74,760	(151%)
Non-controlling interests	101	(26)	127	(488%)
Profit/(loss) attributtable to Owners of the Parent	25,287	(49,600)	74,887	(151%)

For the current quarter, the Group recorded lower revenue as compared to the immediate preceding quarter mainly due to the completion of Residensi 22 whilst in the current quarter, the successful new launches of Solaris Parq, Serimbun and Kiara Kasih are still at the initial stage of development. Nonetheless, the impact of this project development progress cycle to a certain extent is cushioned with the completion of a land sale in the current quarter.

The Group's operating profit improved as compared to the immediate preceding quarter mainly due to lower operational expenditure particularly marketing and promotional expenses incurred for new launches, Mayfair and Solaris Parq and aggressive campaign on inventory monetisation in the immediate preceding quarter.

The immediate preceding quarter results are restated with the adoption of MFRS whereby the revenue is restated from RM748.1 million to RM308.08 million and profit for the period from RM37.6 million to loss for the period of RM49.6 million mainly due to the unwinding of Australia project revenue of RM393 million and profit contribution after tax of RM64.0 million and unwinding of revenue for land sale of RM55.0 million and profit contribution after tax of RM23.0 million.

21. Detailed analysis of the performance for the current quarter

	Current year quarter **31/03/2018**	Preceding year corresponding quarter **31/03/2017 (restated)**	**Variance**		Three Months to **31/03/2018**	Three Months to **31/03/2017 (restated)**	**Variance**	
	RM'000	RM'000	RM'000/(%)		RM'000	RM'000	RM'000/(%)	
Revenue	287,741	420,335	(132,594)	(-32%)	287,741	420,335	(132,594)	(-32%)
Operating profit	41,562	60,768	(19,206)	(-32%)	41,562	60,768	(19,206)	(-32%)
Share of net results	10,321	3,049	7,272	(239%)	10,321	3,049	7,272	(239%)
Profit before interest and tax	51,883	63,817	(11,934)	(-19%)	51,883	63,817	(11,934)	(-19%)
Finance costs	(22,403)	(22,754)	351	(2%)	(22,403)	(22,754)	351	(2%)
Profit before income tax	29,480	41,063	(11,583)	(-28%)	29,480	41,063	(11,583)	(-28%)
Income tax	(4,294)	(17,178)	12,884	(75%)	(4,294)	(17,178)	12,884	(75%)
Profit for the period	25,186	23,885	1,301	(5%)	25,186	23,885	1,301	(5%)
Non-controlling interests	101	(576)	677	(118%)	101	(576)	677	(118%)
Profit attributable to Owners of the Parent	25,287	23,309	1,978	(8%)	25,287	23,309	1,978	(8%)

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

21. Detailed analysis of the performance for the current quarter (cont'd)

The Group recorded lower revenue as compared to the preceding quarter's corresponding period mainly due to the completion of Teega, Arcoris and Residensi 22 in the prior year whilst in the current quarter, the successful new launches of Solaris Parq, Serimbun and Kiara Kasih are still at the initial stage of development. Nonetheless, the impact of this project development progress cycle to a certain extent is cushioned with the completion of a land sale in the current quarter and good construction progress from Almas, Sefina and Estuari projects.

The Group recorded slightly higher profit for the period as compared to the preceding quarter's corresponding period due to higher net contribution from associates and joint ventures, albeit a lower operating profit driven by lower revenue.

The preceding quarter's corresponding period is restated with the adoption of MFRS. Details of the restatement are disclosed in Note 2.

22. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	Current year quarter **31/03/2018**	Preceding year corresponding quarter **31/03/2017 (restated)**	Three Months to **31/03/2018**	Three Months to **31/03/2017 (restated)**
	RM'000	RM'000	RM'000	RM'000
a) Basic earnings per share				
Profit for the period attributable to Owners of the Parent	25,287	23,309	25,287	23,309
Weighted average number of ordinary shares in issue (‘000)	4,537,436	4,537,436	4,537,436	4,537,436
Basic earnings per share	0.56 sen	0.51 sen	0.56 sen	0.51 sen
b) Diluted earnings per share				
Profit for the period attributable to Owners of the Parent	25,287	23,309	25,287	23,309
Weighted average number of ordinary shares in issue (‘000)	5,159,974	5,159,974	5,159,974	5,159,974
Diluted earnings per share	0.49 sen	0.45 sen	0.49 sen	0.45 sen

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

23. Prospects for the current financial year

The growth momentum for the Malaysian economy is expected to continue in 2018 following the growth of 5.9% in 2017 albeit at a moderated pace. Real Gross Domestic Product growth for 2018 is expected to grow by 5.5% driven by domestic demand reinforced by strong external factor whilst inflation is expected to be at 3.0%[1].

Based on Property Market Report 2017, the market share of residential properties transacted in the RM500,001 to RM1 million per unit price range grew from 5.1% in 2010 to 13.1% in 2017. The value of residential property transactions increased by 4.4% year-on-year from RM65.6 billion in 2016 to RM68.5 billion in 2017, despite the decline in volume of 4.1% to 194,684 from 203,064 over the same period. Loan approval rates improved in 1Q 2018 at 43% (1Q 2017: 40%) whilst total amount of loans approved grew by 2.9% year-on-year as at 1Q 2018[2]. Against this backdrop, the domestic property market continue to be challenging with buyers' continued cautiousness, in addition to the recent Bank Negara's interest rate hike by 0.25%. Nonetheless, the medium to longer term prospects remain positive with encouraging demand for properties in strategic locations with the right pricing points and value proposition.

In meeting the market's expectations, the Group recently launched landed mid-market and affordable residential products in both the Southern and Central regions. Serimbun near Bukit Indah in Iskandar Puteri was launched in February 2018. Comprising 215 units of double storey terrace houses with built up area from 1,993 to 2,117 square feet priced from RM630,000 per unit, sales including bookings as at to-date is 73%. In March 2018, the Group in collaboration with the Ministry of Federal Territories launched Kondominium Kiara Kasih, the Group's first Rumah Wilayah Persekutuan ("RUMAWIP") in Segambut, Kuala Lumpur. The 40-storey tower features 719 residences with built up area of 850 square feet each priced at RM300,000 per unit. Sales to-date including bookings is 39%. The Group is positive that both Serimbun and Kondominium Kiara Kasih will achieve commendable take-up.

With regards to the Group's efforts to increase presence in the Central region, the Group had in April 2018 entered into a conditional Shareholders' Subscription Agreement with Mega Legacy Equity Sdn Bhd for the subscription of 50% + 1 ordinary shares in Mega Legacy (M) Sdn Bhd ("MLM") at a subscription price of RM279.3 million. MLM had acquired 72.7 acres of lands in Kepong, Kuala Lumpur at a purchase consideration of RM416.4 million. The Group plans to undertake a mixed commercial development on the land mainly service apartments followed by commercial offering and amenities with a vision to create an integrated township. The first launch will be a mid-market product targeted in 2019.

The Group continues to aggressively monetise inventories in both the Southern and Central regions and is optimistic that the contribution from the Australian projects, land divestments and inventories monetisation initiatives will contribute positively to the Group's 2018 profitability and cashflow position. In February 2018, the Group launched "A New Year, A New Home" Campaign which encapsulate various value proposition namely, Easy Entry, Easy Plan, Easy Move and Easy Privileges to create awareness of the Group's product proposition and further push sales and monetise inventories. In 1Q 2018, it secured sales of RM354.1 million in line with its trajectory to achieve the sales target of RM1.2 billion. The Group remains prudent in its sales and Gross Development Value ("GDV") targets of RM1.2 billion and RM1.0 billion respectively for 2018 and ready to activate further launches depending on market condition. The Group's unbilled sales remains healthy at RM4.8 billion as at 31 March 2018.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

23. Prospects for the current financial year (cont'd)

The Group has also entered into few non-strategic land divestments in 2017 which are expected to be completed in 2018. The divestment of land in Iskandar Puteri measuring approximately 163.92 acres to Country View Berhad for a total consideration of RM310.0 million is expected to be completed in 3Q 2018, whilst the disposal of 28.995 acres of land to Kimlun Corporation Berhad of RM82.1 million is expected to be completed in 2Q/3Q 2018. The Group continues to identify non-strategic lands for divestment purposes.

Consistent with the adoption of the new accounting standards, MFRS 15 effective 1 January 2018, the Group is no longer recognising revenue for its international projects based on progress completion and instead recognise upon settlement. In view of the strong construction progress from both Aurora Melbourne Central and Conservatory in Melbourne, Australia, the Group expects both projects to be completed and handed over in 3Q 2018 and 4Q 2018, respectively. The initial component of Aurora Melbourne Central to be delivered is the first separable parcels comprising 32 levels, a GDV of AUD$87.0 million. Conservatory with GDV of AUD$320.0 million is expected to be completed and handed over towards the end of 2018. Similarly, proceeds from land divestment will only be recognised upon transfer of control from the Group to the respective purchasers.

Source:

[1] *Malaysian Institute of Economic Research dated 17 April 2018.*
[2] *Property Market Report 2017 by NAPIC dated 17 April 2018.*

24. Profit forecast

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

Kuala Lumpur
22 May 2018

By Order of the Board

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