



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine Months to	Nine Months to
Note	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
1. (a) Revenue	327,608	430,104	1,747,432	1,291,197
(b) Cost of sales	<u>(175,945)</u>	<u>(331,704)</u>	<u>(1,260,728)</u>	<u>(740,284)</u>
(c) Gross profit	151,663	98,400	486,704	550,913
(d) Other income	15,206	13,897	42,993	47,359
(e) Expenses	(84,575)	(73,502)	(248,591)	(198,325)
(f) Finance costs	(27,534)	(26,472)	(84,634)	(71,552)
(g) Foreign exchange (loss)/gain	(9,571)	5,273	(14,204)	2,139
(h) Share of net results of associates	(1,273)	(4,335)	(14,082)	(8,065)
(i) Share of net results of joint ventures	<u>5,534</u>	<u>13,765</u>	<u>10,308</u>	<u>23,681</u>
(j) Profit before income tax	49,450	27,026	178,494	346,150
(k) Income tax	14 <u>(22,410)</u>	<u>(5,559)</u>	<u>(80,909)</u>	<u>(85,382)</u>
(l) Profit for the period	<u>27,040</u>	<u>21,467</u>	<u>97,585</u>	<u>260,768</u>
Attributable to:				
(m) Owners of the Parent	27,098	21,173	97,556	260,252
(n) Non-controlling interests	<u>(58)</u>	<u>294</u>	<u>29</u>	<u>516</u>
Profit for the period	<u>27,040</u>	<u>21,467</u>	<u>97,585</u>	<u>260,768</u>
2. Earnings per share based on 1(m) above	22			
(a) Basic earnings per share	0.60 sen	0.47 sen	2.15 sen	5.56 sen
(b) Diluted earnings per share	0.53 sen	0.41 sen	1.89 sen	4.90 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/09/2019 RM'000	Preceding year corresponding quarter 30/09/2018 RM'000	Nine Months to 30/09/2019 RM'000	Nine Months to 30/09/2018 RM'000
Profit for the period	27,040	21,467	97,585	260,768
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	3,773	8,949	(4,158)	(39,570)
Transfer to profit or loss on settlement of cash flow hedge	-	-	(942)	-
Cash flow hedge	(4,480)	4,532	(2,175)	15,673
Total other comprehensive (expense)/ income for the period, net of tax	(707)	13,481	(7,275)	(23,897)
Total comprehensive income for the period	26,333	34,948	90,310	236,871
Attributable to:				
Owners of the Parent	26,346	34,629	90,240	236,252
Non-controlling Interests	(13)	319	70	619
Total comprehensive income for the period	26,333	34,948	90,310	236,871

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

I(C). REMARKS TO CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Nine	Nine
	quarter	corresponding	Months	Months
Note	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after charging/(crediting):				
Finance cost:				
- interest expense	27,534	26,472	83,692	71,552
- fair value on derivative liability	-	-	942	-
Impairment of interests in a joint venture (a)	-	-	37,320	9,534
Depreciation	11,953	6,378	34,492	19,809
Interest income	(9,559)	(12,252)	(27,831)	(30,721)
Loss/(gain) on foreign exchange:				
- unrealised	10,865	(4,642)	15,457	1,591
- realised	(1,294)	(631)	(1,253)	(3,730)
Dividend income from investment at fair value through profit or loss	-	-	(1,573)	(690)
Write back of allowance for impairment of receivables	(736)	(224)	(1,215)	(745)
Allowance for doubtful debts	307	92	358	466
Gain on disposal of investment properties	-	-	(2,048)	-

Other than the above, there was no write-off of inventories, write-back of impairment of assets, exceptional items and reversal of provisions for the costs of restructuring.

Note (a):

In May 2018, a major customer notified Malaysian Bio-XCell Sdn. Bhd. ("MBX") of its intention to cease business. This has resulted in material uncertainty surrounding MBX. The Group has continuously assessed the carrying value of its interests in MBX and recorded impairment losses of RM37,320,000 (2018: RM9,534,000) in the current period. The Group has not provided any guarantee for the loan entered by MBX. On 12 March 2019, MBX informed the Group that a receiver and manager was appointed by the Bank. On 18 July 2019, Kuala Lumpur High Court granted the order for MBX to be wound up pursuant to the creditors' liquidation. Since the end of the previous financial year, the interests in MBX have been classified as current asset. The carrying value after impairment of interests in MBX as at 30 September 2019 is RM13,793,000.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at end of current quarter 30/09/2019 RM'000	Audited As at preceding financial year end 31/12/2018 RM'000
ASSETS			
1. Non-current assets			
Property, plant and equipment		451,846	445,552
Investment properties		859,847	728,703
Right-of-use assets		31,187	-
Land held for property development		5,636,697	4,711,896
Interests in associates		485,942	500,635
Interests in joint ventures		1,038,195	1,006,986
Amounts due from joint ventures		157,720	257,149
Goodwill		621,409	621,409
Contract assets		2,984	10,168
Deferred tax assets		297,826	283,601
Long term receivables		173,383	113,434
		9,757,036	8,679,533
2. Current assets			
Interests in a joint venture		13,793	53,216
Property development costs		1,104,533	1,821,615
Inventories held for sale		588,031	695,271
Inventories under contract of sale*		775,955	607,412
Receivables		633,227	948,761
Contract assets		155,563	106,726
Amounts due from associates		8,901	1,537
Amounts due from joint ventures		35,062	79,144
Derivative asset	17	11,929	15,956
Short term investment		329	49,741
Cash, bank balances and deposits		713,521	1,078,601
		4,040,844	5,457,980
Total assets		13,797,880	14,137,513

* Included in the inventories under contract of sale is the en-bloc serviced apartment component of Aurora Melbourne Central in respect of the sale and purchase agreement signed with Scape Australia Management Pty Ltd on 22 November 2019.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

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

	Note	Unaudited As at end of current quarter 30/09/2019 RM'000	Audited As at preceding financial year end 31/12/2018 RM'000
EQUITY AND LIABILITIES			
3. 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		56,900	64,216
Retained profits		1,979,168	1,881,612
		7,180,674	7,090,434
4. Non-controlling Interests		480,392	363,722
Total equity		7,661,066	7,454,156
5. Non-current liabilities			
Borrowings	16	2,638,672	2,394,812
Lease liabilities		22,456	-
Payables		178,806	6,080
Contract liabilities		272,744	291,116
Deferred income		162,717	151,864
Provisions		67,047	85,862
Deferred tax liabilities		227,639	234,762
		3,570,081	3,164,496
6. Current liabilities			
Provisions		300,556	295,070
Payables		994,753	845,790
Contract liabilities		65,937	39,522
Borrowings	16	1,124,250	2,288,689
Lease liabilities		9,954	-
Derivative liability		-	910
Tax payable		71,283	48,880
		2,566,733	3,518,861
Total liabilities		6,136,814	6,683,357
Total equity and liabilities		13,797,880	14,137,513
7. Net assets per share attributable to Owners of the Parent			
		RM 1.58	RM 1.56

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD
 Registration No. 200801028815 (830144-W)
 Incorporated In Malaysia

III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months to 30/09/2019	Unaudited Nine months to 30/09/2018
Note	RM'000	RM'000
Operating Activities		
Cash receipts from customers	1,911,860	1,128,247
Cash receipts from related parties	13,354	17,205
Cash payments to contractors	(596,687)	(1,256,837)
Cash payments for land and development related costs	(58,337)	(95,451)
Cash payments to related parties	(6,378)	(829)
Cash payments to employees and for expenses	(368,610)	(237,511)
Cash generated from/(used in) operations	895,202	(445,176)
Net income tax paid	(39,981)	(43,225)
Interest received	14,300	20,827
Net cash generated from/(used in) operating activities	869,521	(467,574)
Investing Activities		
Dividend received from a joint venture	15,000	30,000
Proceeds from disposal of:		
- short term investment	49,867	125,000
Repayment from a joint venture	2,000	2,000
Deposit refund for development rights of a land	10,000	-
Purchase of property, plant and equipment	(27,519)	(38,034)
Advances to joint ventures	(6,077)	(100)
Business combination	(211,835)	-
Investment in land held for property development	(45,000)	(133,500)
Deposit paid for subscription of shares	-	(50,000)
Net cash used in investing activities	(213,564)	(64,634)



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

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

	Note	Unaudited Nine months to 30/09/2019 RM'000	Unaudited Nine months to 30/09/2018 RM'000
Financing Activities			
Drawdown of borrowings		752,692	1,056,525
Drawdown of Islamic Medium Term Notes		300,000	-
Repayment of borrowings		(1,658,281)	(439,979)
Repayment of Islamic Medium Term Notes		(300,000)	-
Repayment of lease liabilities		(3,177)	-
Dividend paid		-	(53,299)
Interest paid		(108,299)	(116,133)
Net cash (used in)/generated from financing activities		(1,017,065)	447,114
Effects of exchange rate changes		(4,142)	(7,950)
Net decrease in cash and cash equivalents		(365,250)	(93,044)
Cash and cash equivalents as at beginning of financial period		1,076,943	805,731
Cash and cash equivalents as at end of financial period	(a)	711,693	712,687
		Unaudited As at 30/09/2019 RM'000	Unaudited As at 30/09/2018 RM'000

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

Cash, bank balances and deposits			
Unrestricted		561,264	417,272
Restricted		152,257	298,298
		713,521	715,570
Bank overdrafts (included in short term borrowings)	16	(1,828)	(2,883)
Cash and cash equivalents		711,693	712,687

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

Note	← Attributable to Owners of the Parent →					Non-controlling Interests	Total Equity	
	← Non-distributable →			Distributable				
	Share Capital RM'000	Merger Relief Reserves RM'000	Cash Flow Hedge Reserves RM'000	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
Nine months to 30 September 2019								
(Unaudited)								
At 1 January 2019	5,110,276	34,330	15,046	49,170	1,881,612	7,090,434	363,722	7,454,156
Total comprehensive income for the period	-	-	(3,117)	(4,199)	97,556	90,240	70	90,310
Business combination	-	-	-	-	-	-	116,600	116,600
At 30 September 2019	<u>5,110,276</u>	<u>34,330</u>	<u>11,929</u>	<u>44,971</u>	<u>1,979,168</u>	<u>7,180,674</u>	<u>480,392</u>	<u>7,661,066</u>
Nine months to 30 September 2018								
(Unaudited)								
At 1 January 2018	5,110,276	34,330	(4,651)	112,733	1,649,543	6,902,231	363,127	7,265,358
Total comprehensive income for the period	-	-	15,673	(39,673)	260,252	236,252	619	236,871
Dividend paid	-	-	-	-	(53,299)	(53,299)	-	(53,299)
At 30 September 2018	<u>5,110,276</u>	<u>34,330</u>	<u>11,022</u>	<u>73,060</u>	<u>1,856,496</u>	<u>7,085,184</u>	<u>363,746</u>	<u>7,448,930</u>

The Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

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 also in compliance with IAS 34 : Interim Financial Reporting issued by the International Accounting Standard Board 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 financial year ended 31 December 2018, which have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Companies Act 2016.

2. Changes in accounting policies and methods of computation

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2018 except for the newly issued MFRS, interpretation and amendments to standards to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2019:

MFRS 16 : Leases

MFRS 3 : Business Combinations (Amendments to MFRS 3)

MFRS 9 : Prepayment Features with Negative Compensation (Amendments to MFRS 9)

MFRS 128 : Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

MFRS 119 : Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)

IC Interpretation 23 : Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015-2017 Cycle

The adoption of the above new standards and other pronouncements did not have any significant effects on the interim financial statements upon their initial application, other than as disclosed below:

Agenda Decision 4 ("AD4") : Over Time Transfer of Constructed Good

In March 2019, the International Financial Reporting Standard Interpretation Committee concluded that interest cost should not be capitalised for unsold units under construction for projects recognised under the percentage of completion method as unsold units do not meet the definition of qualifying assets.

On 20 March 2019, the Malaysian Accounting Standards Board allowed the affected entities to apply the changes in accounting policies to their financial statements in relation to AD4 beginning on or after 1 July 2020.

The Group is currently assessing on the impact of AD4 and is expected to complete the assessment in the current financial year.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

(cont'd)

MFRS 3 : Business Combinations (Amendments to MFRS 3)

MFRS 3: Business Combinations ("MFRS 3") establishes different accounting requirements for a business combination as opposed to the acquisition of an asset or a group of assets that does not constitute a business.

MFRS 3 stated that a business consists of inputs and processes applied to those inputs that have the ability to create outputs, although outputs are not necessarily required as an integrated set to qualify as a business. However, there is ambiguity in the interpretation and application of a business. Amendment to MFRS 3: Business Combinations ("revised MFRS 3") clarifies the definition of a business, with the objective of helping entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The revised MFRS 3 is effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted.

The amendments among others clarify the minimum requirements for a business, narrow the definitions of the business and introduce an optional fair value concentration test.

The Group opts for early adoption of revised MFRS 3 during the financial period. With the early adoption of revised MFRS 3, the acquisition of Mega Legacy (M) Sdn Bhd on 15 April 2019 is accounted as acquisition of assets.

MFRS 16 : Leases

(a) Change in accounting policies

Upon the adoption of MFRS 16, for all leases for which the Group as a lessee:

- (i) Recognises right-of-use ("ROU") assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
- (ii) Recognises depreciation of ROU assets and interest on lease liabilities in consolidated income statement; and
- (iii) Classification of the total amount of cash paid as financing activities in the statement of cash flows.

The Group adopted the following accounting policy choices and elected to apply the following practical expedients:

- (i) Fixed non-lease components embedded in the lease contract are not separated out from lease payments in measuring lease liabilities and are capitalised as ROU assets;
- (ii) Leases with a lease term of 12 months or shorter are exempted from recognition; and
- (iii) Leases for low-value assets, largely office equipment, are exempted from recognition.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

(cont'd)

(b) Impact of adoption of MFRS 16 (cont'd)

The Group assesses whether a contract is or contains a lease based on the definition of a lease and related guidance set out in MFRS 16.

Leases previously accounted for as operating leases

The Group recognised ROU assets and lease liabilities for leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Group has opted for the ROU assets to be carried at an amount equal to the lease liabilities.

In summary, the impact of adopting MFRS 16 to the opening balances in the consolidated statement of financial position as following:

Extract of consolidated statement of financial position as at 1 January 2019

	As previously reported RM'000	Impact of MFRS 16 adoption RM'000	After MFRS 16 adoption RM'000
Assets			
Non-current assets			
Right-of-use assets	-	39,326	39,326
Other non-current assets	8,679,533	-	8,679,533
	<u>8,679,533</u>		<u>8,718,859</u>
Current assets	5,457,980		5,457,980
Total assets	<u>14,137,513</u>		<u>14,176,839</u>
Total equity	<u>7,454,156</u>	-	<u>7,454,156</u>
Liabilities			
Non-current liabilities			
Lease liabilities	-	29,932	29,932
Other non-current liabilities	3,164,496	-	3,164,496
	<u>3,164,496</u>		<u>3,194,428</u>
Current liabilities			
Lease liabilities	-	9,394	9,394
Other current liabilities	3,518,861	-	3,518,861
	<u>3,518,861</u>		<u>3,528,255</u>
Total liabilities	<u>6,683,357</u>		<u>6,722,683</u>
Total equity and liabilities	<u>14,137,513</u>		<u>14,176,839</u>



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Audit report in respect of the 2018 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2018 is 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 30 September 2019 except for the issuance of Islamic Medium Term Notes ("IMTN") from its IMTN Programme as follows:

Date	Transaction	Amount (RM'Million)	Tenure	Rate (per annum)
22 Mar 2019	Issuance	300	5 years	4.75%
24 May 2019	Repayment	(100)	1 year	4.62%
28 Jun 2019	Repayment	(200)	5 years	4.72%

The proceeds from the IMTN are for UEMS' Shariah-compliant general corporate purposes.

8. Dividend

The Directors do not recommend the payment of any dividend for the current financial period ended 30 September 2019 (2018 : Nil).



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Subsequent to current quarter, two (2) indirect subsidiaries of the Company have signed sale and purchase agreements in relation to the sales of properties in Australia as disclosed in Note 15(g) and 15(h).

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 30 September 2019 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 30 September 2019 that have not been reflected in the condensed interim financial statements.

10. Operating segments

Operating segments information for the financial period ended 30 September 2019 is as follows:

	Property development		Property investment	Others	Eliminations	Consolidated
	In Malaysia	Outside Malaysia	and hotel operation			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	545,401	1,110,922	58,676	32,433	-	1,747,432
Inter-segment revenue	-	-	1,469	75,070	(76,539)	-
Total revenue	545,401	1,110,922	60,145	107,503	(76,539)	1,747,432
Results						
Segment results	98,876	238,036	4,381	(36,103)*	(38,288)	266,902
Finance costs	(60,650)	(9,990)	(24,856)	(27,426)	38,288	(84,634)
Share of results of associates	(8,433)	(1,916)	-	(3,733)	-	(14,082)
Share of results of joint ventures	17,700	-	(5,289)	(2,103)	-	10,308
Profit/(loss) before income tax	47,493	226,130	(25,764)	(69,365)	-	178,494
Income tax	(2,234)	(79,741)	(222)	1,288	-	(80,909)
Profit/(loss) for the period	45,259	146,389	(25,986)	(68,077)	-	97,585
Attributable to:						
Owners of the Parent	45,482	146,389	(25,986)	(68,329)	-	97,556
Non-controlling Interests	(223)	-	-	252	-	29
Profit/(loss) for the period	45,259	146,389	(25,986)	(68,077)	-	97,585
Assets						
Segment assets	9,958,208	1,571,221	1,035,754	222,871	(605,313)	12,182,741
Interests in:						
- associates	471,611	11,870	-	2,461	-	485,942
- joint ventures	926,016	-	112,549	13,423	-	1,051,988
Tax recoverable	73,722	-	735	2,752	-	77,209
Total assets	11,429,557	1,583,091	1,149,038	241,507	(605,313)	13,797,880
Liabilities						
Segment liabilities	5,142,171	604,319	764,677	159,677	(605,313)	6,065,531
Tax payable	9,153	62,101	-	29	-	71,283
Total liabilities	5,151,324	666,420	764,677	159,706	(605,313)	6,136,814

* Including one-off impairment loss of interests in MBX of RM37,320,000 during the period.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

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 financial year ended 31 December 2018 except as stated below:

- (a) On 15 April 2019, Sunrise Berhad, a wholly-owned subsidiary of the Company, completed the subscription of 500,001 new ordinary shares representing 50% + 1 share of the equity interest in Mega Legacy (M) Sdn Bhd ("MLM") for a cash consideration of RM256.1 million. Consequently, MLM has become an indirect subsidiary of the Company. The Group accounted the acquisition of MLM as an acquisition of assets following the early adoption of revised MFRS 3 as disclosed in Note 2.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Carrying value RM'000
Assets	
Land held for property development	678,879
Receivables	1,175
Cash and bank balances	106
	<hr/> 680,160
Liabilities	
Payables	<hr/> (446,960)
Net identifiable assets acquired	233,200
Add: Land cost adjustment	139,460
Less: Non-controlling Interest	<hr/> (116,600)
Purchase consideration	256,060
Consideration paid to-date (including 2018: RM 41,987,000)	<hr/> (253,822)
Accruals	<hr/> <hr/> 2,238

- (b) The Company on 16 August 2019 announced that Nusajaya Business Park Sdn Bhd ("NBP") and UEM Sunrise Pacific Sdn Bhd ("USP"), both indirect subsidiary companies of the Company, have been struck off from the register and dissolved following the publication of the notice of striking off pursuant to Section 551(3) of the Companies Act 2016 in the Gazette on 14 June 2019.

Accordingly, NBP and USP ceased to be subsidiaries of the Company.

- (c) On 19 August 2019, the returns by the Liquidator relating to the final meeting was lodged with the Companies Commission of Malaysia and Official Receiver for Preferred Resources Sdn Bhd and UEM Sunrise Ventures Sdn Bhd, the indirect subsidiaries (the "Subsidiary Companies") of the Company. Pursuant to Section 459(5) of the Companies Act 2016, the Subsidiary Companies will be dissolved on the expiration of three (3) months after the date of lodgement of the returns by the Liquidator and cease to be subsidiaries of the Company.

The dissolution of the Subsidiary Companies will not have any material effect on the earnings, gearing or net assets of the Company for the financial year ending 31 December 2019.

- (d) The Company on 8 October 2019 announced that Saga Centennial Sdn Bhd ("SCSB"), an indirect subsidiary of the Company has been struck off from the register and dissolved following the publication of the notice of striking off pursuant to Section 551(3) of the Companies Act 2016 gazetted on 17 June 2019.

Accordingly, SCSB ceased to be an indirect subsidiary of the Company.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Contingent liabilities

There are no changes in the contingent liabilities since the preceding financial year ended 31 December 2018 except as disclosed below:

(a) Income tax assessment

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 were 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 appeal by way of filing a notice of appeal ("Form Q") to the Special Commissioners of Income Tax ("SCIT"). The FC's decision resulted in the Form JA totalling RM73.8 million to become due and payable within 30 days, which was fully paid on 5 December 2016.

Subsequent to the FC's decision, on 25 and 26 October 2016, BND 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.

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 confirmed the receipt of BND's Form Q dated 20 March 2017. The IRB had 12 months from the date of receipt of Form Q to review and present it to the SCIT. The judicial review application was 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 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 14 and 15 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.

(b) The Company and its subsidiaries have been subjected to a non-specific investigative audit as of February 2018. To date, IRB audit investigation is still on-going.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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	30.1
Approved but not contracted for	387.2
Total	417.3

14. Income tax

	Current year quarter 30/09/2019	Preceding year corresponding quarter 30/09/2018	Nine Months to 30/09/2019	Nine Months to 30/09/2018
	RM'000	RM'000	RM'000	RM'000
Malaysian and foreign income tax				
- current tax	(22,340)	(5,221)	(100,697)	(84,654)
- over provision in prior periods	639	5,927	1,047	10,366
Deferred tax				
- relating to origination and reversal of temporary differences	(713)	(5,890)	22,162	(10,080)
- under provision in prior periods	4	(375)	(3,421)	(1,014)
Tax expense for the periods	(22,410)	(5,559)	(80,909)	(85,382)

The effective tax rate (excluding share of results of associates and joint ventures) for the current quarter is higher than the statutory tax rate due to non-deductible expenses.

The effective rate for the cumulative quarter is higher than the statutory tax rate due to higher tax rate in Australia and non-deductible expenses including impairment loss cushioned by the recognition of deferred tax assets of prior years tax losses.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

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 Pulau, Daerah Johor Bahru, Johor. The development of the residential enclave is currently on-going.
- b) A Facilities Maintenance and Management Agreement ("FMMA") 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. The FMMA covers a period of 30 years with a review of every 3 years.
- c) Three Shareholders' and Shares Subscription Agreements dated 11 June 2012 entered into 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 three separate joint venture companies i.e. Desaru South Course Residences Sdn Bhd ("DSCR"), Desaru North Course Residences Sdn Bhd ("DNCR") and Desaru South Course Land Sdn Bhd ("DSCL") (collectively referred to as "JV Cos") and regulate the relationship between the Company and the DDC Cos for the development of south course land, 304.6 acres, north course land, 370.3 acres and beach fronting land, 3.76 acres, by DSCR, DNCR and DSCL, respectively with an aggregate gross area of approximately 678.70 acres ("Desaru Land").

The issued and paid-up capital of the JV Cos is 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 JV Cos entered into three separate Sale and Purchase Agreements (collectively referred to as the "SPAs") with the respective DDC Cos for the proposed acquisition of the Desaru Land for a total consideration of RM485.3 million.

The purchase consideration for the south course land, north course land and beach fronting land was paid by the JV Cos to the relevant DDC Cos in stages. To-date, a total of RM194.1 million has been paid by the JV Cos to DDC Cos.

On 14 June 2019, the Company entered into a term sheet with Themed Attractions Resorts & Hotels Sdn Bhd ("TAR&H"), the penultimate holding company of DDC, where both parties undertake to:

- (i) Revise the existing Desaru Land size to 228 acres in the north course land ("Revised Land Area"), to be retained and developed by DNCR;
- (ii) Cancel all SPAs saved for the Revised Land Area SPA originally entered into between the Company, Desaru North Course Berhad (one of the DDC Cos) ("DNC") and DNCR, which will be amended to reflect relevant revised terms;
- (iii) Agree that the purchase price for the Revised Land Area is RM120.7 million. DNCR has already paid RM78.4 million to DNC under the original SPA. The shortfall of RM42.3 million is set-off from DNC's subscription of new redeemable preference shares to be allotted and issued by DNCR;



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

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)

c) (cont'd)

(iv) Agree for the Company to acquire assets owned by the TAR&H group in Puteri Harbour i.e. family entertainment centre, double storey open sided pergola, 13 strata parcels together with accessory parcels at Somerset ("PH Assets") for RM145.0 million ("Proposed Acquisition") to be satisfied as follows:

- (a) RM107.0 million to be set off against the refunds received by DSCR and DSCL under the original SPA and partly from the issuance of new redeemable preference shares by DNCR ("Proposed Settlement"); and
- (b) Remaining RM38.0 million to be settled in cash annually in equal installments over five (5) years starting from one (1) year after the execution of the definitive agreements of the Proposed Settlement and Proposed Acquisition;

On 30 August 2019, UEMS entered into several definitive agreements in relation to the Proposed Settlement. Amongst of which, was the Restructuring Agreement between UEMS and TAR&H to vary the original position of the joint venture arrangement, reduce the size of the Desaru Land and utilise the refunds paid for the Desaru Land to partly pay the Proposed Acquisition, rescission agreements to rescind the SPAs entered into by DSCR and DSCL for the south course land and beach fronting land, a supplemental agreement for the Revised Land Area by DNCR, and SPAs for the Proposed Acquisition with the TAR&H group ("Desaru Settlement Arrangement").

The beneficial ownership of the PH Assets has been transferred to UEM Sunrise Nusajaya Properties Sdn Bhd, UEMS' wholly-owned subsidiary on 1 September 2019. The Desaru Settlement Arrangement is deemed completed on the day that the final instalment for the Proposed Acquisition is paid.

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

- (i) Phase 1 Land is approximately 205 acres and is further subdivided into two plots identified as Plot A, an estimated area of 120 acres ("Plot A") and Plot B, an estimated area of 85 acres ("Plot B") (collectively "Phase 1 Land") to be held by Company A;
- (ii) Phase 2 Land is approximately 166 acres to be held by Company B ("Phase 2 Land"); and
- (iii) Phase 3 Land is approximately 148 acres to be held by Company C ("Phase 3 Land").

On 26 December 2012, UEM Land and Ascendas entered into the first Subscription Agreement ("SA") to regulate their initial share subscription into Company A now known as Nusajaya Tech Park Sdn Bhd ("NTPSB"). On even date, the parties also entered into a Shareholders' Agreement ("SHA") to govern the parties' relationship as shareholders of NTPSB. The parties will enter into a separate SA and SHA for Company B and Company C in due course collectively referred to as the "Companies". The equity ratio of the parties in the Companies is 60% : 40% (Ascendas : UEM Land) unless otherwise agreed.

Pursuant to the MA, UEM Land also agrees to:

- (i) Transfer Plot A to NTPSB; and
- (ii) Grant to Ascendas the options to:
 - Agree to NTPSB 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 ("Option Period").



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

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)

On 28 September 2018, UEM Land and Ascendas entered into the second SA to vary the MA where both parties agreed that, amongst others:

- (i) Phase 2 Land and Phase 3 Land will not be acquired and held by Company B and Company C, respectively and will instead be acquired and held by NTPSB;
- (ii) Company B and Company C will be deleted in its entirety from the MA; and
- (iii) Ascendas is entitled to exercise its option to acquire any plot of Phase 2 Land as well Phase 3 Land ("the Land") independently as long as it is within the Option Period. NTPSB shall be used as the vehicle to acquire the Land.

On even date, UEM Land and Ascendas together with Nusajaya Rise Sdn Bhd, the proprietor of Phase 2 Land also agreed to have Phase 2 Land subdivided into four (4) different plots i.e. Plot C, Plot D, Plot E and Plot F. The parties also agreed that if there is a need to further sub-divide Phase 3 Land into smaller plots, NTPSB will do so at its own cost subject to UEM Land and Ascendas' approval. As at 21 November 2019, NTPSB has yet to exercise its option to acquire any of the plot in Phase 2 Land.

- 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 Pulaui. Part of the land parcels is owned by Nusajaya Seaview Sdn Bhd ("NSSB") and Nusajaya Rise Sdn Bhd ("NRSB"), both indirect wholly-owned subsidiaries of the Company, measuring 136.29 acres (collectively known as "UEMS Lands") and thirty-six (36) land parcels is 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 ("MA") with both JVASB and LFC to record the agreed framework and parameters for the disposal of the JV Lands by NSSB, NRSB and LFC to JVASB.

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

On 15 February 2019, both parties agreed to extend the conditional period to 15 February 2020.

- f) The conditional Shareholders' Subscription Agreement ("SSA") 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") and Sale and Purchase Agreement ("SPA") 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. The SSA and SPA are both dated 13 April 2018.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

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)

f) (cont'd)

The Effective Date of the SSA was 2 April 2019, upon the fulfilment of relevant conditions precedent.

The Subscription Price was paid on a staggered basis with the first payment made upon the execution of the SSA while the final payment will be made within twelve (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:

- (a) RM236.5 million in cash where RM75.4 million was paid as at the SPA date and the remaining RM161.1 million to be paid within three (3) months from the receipt of State Consent for transfer with an automatic extension of nine (9) months at interest of 8% p.a.; and
- (b) 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 from the work schedule under the agreement with DBKL.

On the Effective Date, both parties agreed to vary the payment terms of the SSA and SPA via the execution of the supplemental agreement ("SA") to the SSA and SPA. The Subscription Price was revised to RM256.1 million while the purchase consideration is now RM447.0 million. The revised payment terms are as follows:

- (a) Subscription Price under the SA to the SSA:
 - (i) First payment of RM41.3 million paid on SSA date;
 - (ii) Second payment of RM161.0 million to be paid within twelve (12) months from the SSA date or six (6) months from Effective Date whichever later; and
 - (iii) Final payment of RM53.7 million to be paid within (thirty) 30 days from the Effective Date.
- (b) Purchase consideration under the SA to the SPA:
 - (i) First payment of RM75.4 million paid to DBKL on SPA date;
 - (ii) Cash balance of 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.;
 - (iii) Additional land value in cash of RM30.6 million to be paid within twelve (12) months from the date of the SA to the SPA; and
 - (iv) Balance of RM179.9 million in kind as per the above (no change).

The second payment of the Subscription Price was made on 15 April 2019 concurrently with SB's subscription of 500,001 new ordinary shares representing 50% + 1 share of the equity interest in MLM, where upon subscription, MLM becomes the Company's indirect subsidiary. On even date, MLM utilised the partly-paid Subscription Price towards the cash balance of the purchase consideration.

On 30 April 2019, the Company paid off RM34.7 million due to MLM's contractors partly utilised from the final payment of the Subscription Price. The remaining is utilised towards late interest payment for the settlement of the cash balance, MLM's working capital and shareholders' advance.

As at 21 November 2019, the payments of the SPA (b)(iii) and (iv) are still pending.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

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)

- g) The Contract of Sale between UEM Sunrise (St Kilda Road) Pty Ltd acting as a trustee on behalf of UEM Sunrise (St Kilda Road) Unit Trust and ACME Co. No 4 Pty Ltd (“Purchaser”), a trustee for Recap V Management No. 5 Trust, for the divestment of a site and building located at 412 St Kilda Road in Melbourne, Australia, with a net lettable area of approximately 16,258 square meters, 174 car park bays plus all improvements and fixtures for a cash consideration of AUD107.1 million or RM304.1 million (“Price Consideration”) at the exchange rate of AUD1.00 to RM2.84 on 12 November 2019.

Deposit of AUD5.4 million (RM15.3 million) or 5% of the Price Consideration is payable within five (5) business days of the contract’s execution date while the balance AUD101.7 million (RM288.8 million) or 95% of the Price Consideration is to be settled by 20 December 2019 subject to the Purchaser securing a written approval from the Foreign Investment Review Board that the authority has no objection to the divestment. The contract is deemed completed on the settlement date of the balance Price Consideration.

As at 21 November 2019, the contract has yet to be completed.

- h) The Contract of Sale between UEM Sunrise (La Trobe Street) Pty Ltd and Scape Australia Management Pty Ltd (“Purchaser”) for the sale of 252 units of serviced apartment forming part of Aurora Melbourne Central together with 10 car park lots and part of the ground floor retail area measuring a gross floor area of 14,924 square meters at 224-252 La Trobe Street, Melbourne, Australia for a cash consideration of AUD125.0 million (RM354.6 million) (“Purchase Price”) at the exchange rate of AUD1.00 to RM2.837 on 22 November 2019.

The first deposit of AUD6.2 million (RM17.7 million) or 5% of the Purchase Price was paid on the same date, while the second deposit of the same amount will be paid on 20 December 2019. The balance AUD112.5 million (RM319.2 million) or 90% of the Purchase Price will be settled in 2Q 2020.



UEM SUNRISE BERHAD
 Registration No. 200801028815 (830144-W)
 Incorporated In Malaysia

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
<u>As at 30 September 2019</u>						
<i>Domestic</i>						
- Loan from immediate holding company	-	-	-	75,756	-	75,756
- Islamic Medium Term Notes	-	2,450,000	2,450,000	-	150,000	150,000
- Term loan and Commodity Murabahah Finance	188,672	-	188,672	7	100,000	100,007
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	-	-	-	361,659	361,659
- Revolving credits	-	-	-	7,000	428,000	435,000
- Bank overdrafts	-	-	-	-	1,828	1,828
TOTAL	188,672	2,450,000	2,638,672	82,763	1,041,487	1,124,250

As at 30 September 2018

<i>Domestic</i>						
- Loan from immediate holding company	-	-	-	75,084	-	75,084
- Islamic Medium Term Notes	-	1,600,000	1,600,000	-	1,000,000	1,000,000
- Term loan	179,643	-	179,643	-	-	-
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	232,617	232,617	-	523,618	523,618
- Revolving credits	-	-	-	7,000	504,000	511,000
- Bank overdrafts	-	-	-	-	2,883	2,883
<i>Non Domestic</i>						
- Term loan (denominated in Australian Dollar)	-	-	-	299,521	-	299,521
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	-	-	371,731	-	371,731
TOTAL	179,643	1,832,617	2,012,260	753,336	2,030,501	2,783,837

Since 30 September 2018, the Group drew AUD77 million and repaid AUD423 million of Term Loan and Commodity Murabahah Finance for property development projects in Australia. In the domestic segment, the Group repaid RM1.65 billion via RM1.0 billion drawdown of Islamic Medium Term Notes, RM471 million of Revolving Credit and RM213 million of term loans.



UEM SUNRISE BERHAD
 Registration No. 200801028815 (830144-W)
 Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. Derivative asset

	Contract/ Notional Value	Fair Value
	RM'000	RM'000
Details of outstanding derivatives as at 30 September 2019 are as follows:		
Derivative asset - Islamic currency swap-i contract - 1 year	78,005	11,929

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

During the current financial period, the Company fully settled its profit rate swap-i contract in relation to CMF of AUD150 million. Correspondingly, its balance of hedging reserve of RM942,000 was recycled to profit or loss in the same period. The Company also partially settled its currency swap-i contract upon repayment of CMF amounting AUD27.5 million.

18. Fair value hierarchy

There were no transfers between any level of the fair value hierarchy 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 2018, there is no change in material litigation as at the date of this announcement except as disclosed below:

- a) Decision by the Federal Court in respect of BND's additional assessment raised by IRB for additional tax and penalty, as disclosed in Note 12(a).
- b) On 25 July 2017, UEM Land was served with the Claim filed by the Plaintiffs in relation to shares held in Setia Haruman Sdn Bhd ("Setia Haruman" or "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 9th Defendants do jointly and/or severally purchase the 750,000 ordinary shares of Setia Haruman owned or held by Impressive Circuit Sdn Bhd ("Impressive Circuit") defined 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 ("Datuk Kasi"), the First Plaintiff in the suit, as a party in the Claim. The remaining Plaintiff in the suit, Impressive Circuit, successfully added two other Defendants in the suit namely Menara Embun Sdn Bhd and Modern Eden Sdn Bhd.



UEM SUNRISE BERHAD
Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19. Material litigation (cont'd)

b) (cont'd)

On 23 May 2018, Datuk Kasi and the 2nd to 6th Defendants have respectively filed their appeal to the Court of Appeal against the High Court's ("HC") decision on 25 April 2018. Datuk Kasi is appealing against the HC's decision in allowing the 7th to 9th Defendants Striking Out and Misjoinder application, striking Datuk Kasi out as a party ("Datuk Kasi's Appeals"). The 2nd to 6th Defendants appealed against the dismissal of their application to strike themselves out as parties to the action by the HC ("2nd to 6th Defendants' Appeals"). On 18 September 2019, Datuk Kasi's Appeals were withdrawn, whereas the 2nd to 6th Defendants' Appeals were dismissed by the Court of Appeal. A hearing date has been fixed on 3 December 2019 in respect of 2 interlocutory applications filed by the Plaintiff at the High Court.

UEM Land denies allegations made by the Plaintiffs and is vigorously defending the Claim. 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.

- (c) On 18 April 2019, UEM Land Berhad ("UEML") was served with a Notice of Arbitration ("NOA") dated 17 April 2019 filed by Ireka Engineering & Construction Sdn Bhd ("IECSB") in relation to disputes arising from the Agreement and Conditions of PAM Contract 2006 (With Quantities) ("Agreement") together with a Letter of Award dated 15 June 2012 ("LOA") for the construction of Imperia in Puteri Harbour, Iskandar Puteri, Johor ("Project") seeking a declaration sum of RM29,250,266.79 as the total amount of the final account. The LOA is to be read together with the Agreement (collectively referred to as the "Contract").

IECSB was appointed by UEML as the main contractor for the construction of the Project under the Contract at a sum of RM268.6 million. Its scope covers the:

- a. Overall main works;
- b. 'Stesen Suis Utama' and 'Pencawang Pembahagian Utama'; and
- c. Construction of mock-up units.

IECSB has raised certain claims with respect to the performance of the obligations in the Contract and seeks inter alia, a declaration that RM29,250,266.79 be the total and final amount of the final account or any other amount assessed by the Arbitral Tribunal.

UEML's position is that IECSB's claims are without merits and UEML will vigorously defend its position accordingly.

The Asian International Arbitration Centre has appointed Mr. Wayne Martin as the arbitrator on behalf of both parties. It has been agreed by both parties that IECSB to file its Statement of Claim within 45 days from 21 October 2019, and UEML to file its Statement of Defence and Counterclaim within 45 days from the receipt of the Statement of Claim. Subsequently, IECSB to file its Statement of Reply and Defence to Counterclaim within 30 days from the receipt of the Defence and Counterclaim, and UEML to file its Statement of Reply to Defence to Counterclaim within 30 days from the receipt of the Statement of Reply and Defence to Counterclaim.

The Group believes that the NOA and potential arbitration proceedings are not expected to have material financial and operational impact on the Group for the financial year ending 31 December 2019.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

	Current quarter 30/09/2019 RM'000	Immediate preceding quarter 30/06/2019 RM'000	Variance RM'000/(%)
Revenue	327,608	1,000,568	(672,960) (-67%)
Operating profit	72,723	119,296	(46,573) (-39%)
Share of net results	4,261	(1,194)	5,455 (>100%)
Profit before interest and tax	76,984	118,102	(41,118) (-35%)
Finance costs	(27,534)	(31,290)	3,756 (12%)
Profit before income tax	49,450	86,812	(37,362) (-43%)
Income tax	(22,410)	(46,591)	24,181 (52%)
Profit for the period	27,040	40,221	(13,181) (-33%)
Non-controlling interests	58	140	(82) (-59%)
Profit attributable to Owners of the Parent	27,098	40,361	(13,263) (-33%)

The Group recorded lower revenue in the current quarter largely due to lower settlement of its international projects, Aurora Melbourne Central and Conservatory, where the project contributed revenue to the Group of RM131 million in the current quarter as compared to RM759 million in the immediate preceding quarter. Profit after tax decreased in line with lower revenue, cushioned by gain from projects' development savings in the current quarter as well as the absence of RM37 million impairment loss of interests in MBX in the immediate preceding quarter.

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

	Current year quarter 30/09/2019 RM'000	Preceding year corresponding quarter 30/09/2018 RM'000	Variance RM'000/(%)	Nine Months to 30/09/2019 RM'000	Nine Months to 30/09/2018 RM'000	Variance RM'000/(%)
Revenue	327,608	430,104	(102,496) (-24%)	1,747,432	1,291,197	456,235 (35%)
Operating profit	72,723	44,068	28,655 (65%)	266,902	402,086	(135,184) (-34%)
Share of net results	4,261	9,430	(5,169) (-55%)	(3,774)	15,616	(19,390) (>-100%)
Profit before interest and tax	76,984	53,498	23,486 (44%)	263,128	417,702	(154,574) (-37%)
Finance costs	(27,534)	(26,472)	(1,062) (-4%)	(84,634)	(71,552)	(13,082) (-18%)
Profit before income tax	49,450	27,026	22,424 (83%)	178,494	346,150	(167,656) (-48%)
Income tax	(22,410)	(5,559)	(16,851) (>-100%)	(80,909)	(85,382)	4,473 (5%)
Profit for the period	27,040	21,467	5,573 (26%)	97,585	260,768	(163,183) (-63%)
Non-controlling interests	58	(294)	352 (>100%)	(29)	(516)	487 (94%)
Profit attributable to Owners of the Parent	27,098	21,173	5,925 (28%)	97,556	260,252	(162,696) (-63%)



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The Group recorded lower revenue in the current quarter as compared to preceding year's corresponding quarter largely due to lower settlement of Aurora Melbourne Central and Conservatory and lower sale of completed units. The lower contribution from international segment was cushioned with higher construction progress of domestic projects such as Residensi Astrea and Eugenia-Serene Heights in Central, and Aspira ParkHomes and 68^o Avenue in Southern, as well as Iskandar Puteri land sale of RM22 million during the current quarter.

The Group recorded higher profit for the quarter largely due to projects' development savings and higher margin from land disposal in Iskandar Puteri albeit the lower revenue in the current quarter.

The Group recorded higher revenue for the cumulative period as compared to the preceding year's corresponding period due to higher settlement of its international projects, Aurora Melbourne Central and Conservatory, where the project contributed revenue to the Group of RM1,111 million in the current period as compared to RM196 million in the preceding period. In prior year's corresponding period, the Group recorded higher land sale revenue of RM402 million.

The Group recorded lower profit for the cumulative period largely due to contribution from land sales in preceding year's corresponding period which carries a significantly higher margin, cushioned by the partial settlement income of Aurora Melbourne Central and Conservatory projects.

22. Earnings per share

	Current year quarter 30/09/2019 RM'000	Preceding year corresponding quarter 30/09/2018 RM'000	Nine Months to 30/09/2019 RM'000	Nine Months to 30/09/2018 RM'000
a) Basic earnings per share				
Profit for the period attributable to Owners of the Parent	27,098	21,173	97,556	260,252
Less: Dividend paid for RCPS	-	-	-	(7,925)
Profit for the period attributable to Owners of the Parent (net of dividend paid for RCPS)	<u>27,098</u>	<u>21,173</u>	<u>97,556</u>	<u>252,327</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,537,436</u>	<u>4,537,436</u>	<u>4,537,436</u>	<u>4,537,436</u>
Basic earnings per share	<u>0.60 sen</u>	<u>0.47 sen</u>	<u>2.15 sen</u>	<u>5.56 sen</u>
b) Diluted earnings per share				
Profit for the period attributable to Owners of the Parent (net of dividend paid for RCPS)	<u>27,098</u>	<u>21,173</u>	<u>97,556</u>	<u>252,327</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,537,436</u>	<u>4,537,436</u>	<u>4,537,436</u>	<u>4,537,436</u>
Effects of dilution from RCPS ('000)	<u>617,077</u>	<u>617,077</u>	<u>617,077</u>	<u>617,077</u>
Diluted weighted average number of ordinary shares in issue ('000)	<u>5,154,513</u>	<u>5,154,513</u>	<u>5,154,513</u>	<u>5,154,513</u>
Diluted earnings per share	<u>0.53 sen</u>	<u>0.41 sen</u>	<u>1.89 sen</u>	<u>4.90 sen</u>



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

23. Prospects for the current financial year

The Malaysian economy registered a growth of 4.4%¹ in 3Q 2019. The property sector recorded 160,172 transactions worth RM68.3 billion in 1H 2019, an increase by 6.9% in volume and 0.8% in value compared to 1H 2018 mainly supported by residential properties. The sector is expected to remain resilient in 2H 2019 underpinned by strong GDP growth with government-driven initiatives supporting the residential sector to improve home ownership and curtail overhang situation².

The Group launched RM383.3 million mid-market landed residences to-date. In the southern region, the Group launched Aspira ParkHomes Phase 1 & 2 in January and June with encouraging take-ups of 77% and 57%, respectively and intends to further launch mid-market landed residences in Aspira Gardens and Senadi Hills in 4Q 2019 totalling GDV of RM115.0 million. In the central region, particularly in Serene Heights Bangi, more mid-market landed residences with a total GDV of RM123.6 million were launched.

The Group's latest integrated township development near Kepong, Kiara Bay Kuala Lumpur, was unveiled in October. Its first development, Residensi AVA, two tower 41-storeys residential apartments comprising 870 units sized from 813 to 1,285 square feet, was launched on 23 November with a GDV of RM656.0 million.

In Australia, the Group successfully secured a settlement rate³ of 76% for the handover of Aurora Melbourne Central's final separable portion ("SP"). Commanding a total GDV of AUD241.2 million, SP5's residences were handed over to the buyers progressively from 16 September. SP3 and SP4, a total GDV of AUD393.0 million, were fully settled by 30 October. The Group has also effectively fully settled the development's loan facilities on 29 October. For Conservatory, the Group achieved 85% in settlement rate³ and fully settled the development loan facilities on 5 March.

On 12 November, the Group announced the divestment of the Mayfair site on St Kilda Road to ACME Co. No 4 Pty Ltd for AUD107.1 million. The Group targets to complete this transaction before year end. On 22 November, the Group further announced an en-bloc sale of a 252-units serviced apartment component of Aurora Melbourne Central to Scape Australia Management Pty Ltd for AUD125.0 million. The transaction is expected to be completed in 2Q 2020.

The Group continues to consolidate margins through smart spending and project cost savings in addition to its strategy to divest non-strategic assets. Its property sales and unbilled sales as at end of September 2019 are RM720.0 million and RM2.4 billion, respectively.

Source:

¹ BNM Quarterly Bulletin – Q3 2019.

² NAPIC's Press Release dated 23 September 2019 on the Malaysian Property Market for the first half of 2019.

³ Full payment of purchase price and handover calculated as at 13 November 2019.

⁴ Take-up is as at 11 November 2019 and refers to sales including bookings.

⁵ GDV is Gross Development Value.

24. Profit forecast

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

Kuala Lumpur
26 November 2019

By Order of the Board

LIEW IRENE (MAICSA 7022609)
WONG LEE LOO (MAICSA 7001219)
Joint Company Secretaries