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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

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	**30/09/2020**	**30/09/2019**	**30/09/2020**	**30/09/2019**
		RM'000	RM'000	RM'000	RM'000
1. (a) **Revenue**		**217,435**	**327,608**	**525,246**	**1,747,432**
(b) Cost of sales		(148,638)	(175,945)	(393,564)	(1,260,728)
(c) Gross profit		68,797	151,663	131,682	486,704
(d) Other income		19,360	15,206	59,869	42,993
(e) Expenses		(76,308)	(84,575)	(205,018)	(248,591)
(f) Finance costs		(32,150)	(27,534)	(87,010)	(84,634)
(g) Foreign exchange loss		(301)	(9,571)	(15,188)	(14,204)
(h) Share of net results of associates		1,974	(1,273)	2,147	(14,082)
(i) Share of net results of joint ventures		(3,318)	5,534	(16,923)	10,308
(j) **(Loss)/profit before income tax**		**(21,946)**	**49,450**	**(130,441)**	**178,494**
(k) Income tax	14	(7,196)	(22,410)	(14,523)	(80,909)
(l) **(Loss)/profit for the period**		**(29,142)**	**27,040**	**(144,964)**	**97,585**
Attributable to:					
(m) Owners of the Parent		(28,872)	27,098	(144,166)	97,556
(n) Non-controlling Interests		(270)	(58)	(798)	29
(Loss)/profit for the period		(29,142)	27,040	(144,964)	97,585
2. **(Loss)/earnings per share based on 1(m) above**	21				
(a) Basic (loss)/earnings per share		(0.64) sen	0.60 sen	(3.18) sen	2.15 sen
(b) Diluted (loss)/earnings per share		(0.57) sen	0.53 sen	(2.85) sen	1.89 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this quarterly announcement.

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/09/2020	**30/09/2019**	**30/09/2020**	**30/09/2019**
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit for the period	(29,142)	27,040	(144,964)	97,585
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	6,540	3,773	33,034	(4,158)
Transfer to profit or loss on settlement of cash flow hedge	-	-	-	(942)
Cash flow hedge	-	(4,480)	-	(2,175)
Total other comprehensive income/ (loss) for the period, net of tax	6,540	(707)	33,034	(7,275)
Total comprehensive (loss)/income for the period	**(22,602)**	**26,333**	**(111,930)**	**90,310**
Attributable to:				
Owners of the Parent	(22,343)	26,346	(111,382)	90,240
Non-controlling Interests	(259)	(13)	(548)	70
Total comprehensive (loss)/income for the period	**(22,602)**	**26,333**	**(111,930)**	**90,310**

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this quarterly announcement.

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I(C). REMARKS TO CONDENSED CONSOLIDATED INCOME STATEMENT

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	Note	**30/09/2020**	**30/09/2019**	**30/09/2020**	**30/09/2019**
		RM'000	RM'000	RM'000	RM'000
(Loss)/profit before income tax is arrived at after charging/(crediting):					
Finance cost:					
- interest expense		32,150	27,534	87,010	83,692
- fair value on derivative liability		-	-	-	942
Depreciation		12,487	11,953	39,463	34,492
Interest income		(6,698)	(9,559)	(28,659)	(27,831)
Loss/(gain) on foreign exchange:					
- unrealised		304	10,865	8,797	15,457
- realised		(3)	(1,294)	6,391	(1,253)
Dividend income from investment at fair value through profit or loss		(3,549)	-	(4,377)	(1,573)
Write back of allowance for impairment of receivables		(136)	(736)	(201)	(1,215)
Allowance for doubtful debts		492	307	1,538	358
Impairment of interests in a joint venture	(a)	-	-	-	37,320
Inventories written down		-	-	39,450	-
Gain on disposal of investment property		-	-	-	(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.

(a) In May 2018, a major customer notified Malaysian Bio-XCell Sdn. Bhd. ("MBX"), a joint venture of the Group, of its intention to cease business. This has resulted in material uncertainty surrounding 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. In the previous financial year, the Group recorded impairment losses of RM37,320,000 and the remaining carrying value after impairment of interests in MBX was RM13,793,000. The Group has not provided any guarantee for the loan entered by MBX.

There is no further impairment in period under review as full impairment has been made in prior year.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at end of current quarter 30/09/2020 RM'000	Audited As at preceding financial year end 31/12/2019 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	440,230	456,056
Investment properties	846,646	845,611
Right-of-use assets	20,557	28,529
Land held for property development	5,716,643	5,618,794
Interests in associates	498,325	498,572
Interests in joint ventures	1,018,407	1,030,838
Amounts due from joint ventures	190,540	158,464
Goodwill	621,409	621,409
Contract assets	1,644	2,752
Deferred tax assets	294,788	282,926
Financial asset at fair value through profit or loss	5,002	-
Long term receivables	157,073	166,052
	9,811,264	9,710,003
2. Current assets		
Property development costs	986,908	877,385
Inventories held for sale	498,191	546,527
Inventories under contract of sale	356,246	408,304
Receivables	535,373	641,741
Contract assets	190,546	175,988
Amounts due from associates	14,987	14,938
Amounts due from joint ventures	56,228	38,265
Short term investments	464,129	329
Cash, bank balances and deposits	1,044,510	1,057,446
	4,147,118	3,760,923
Total assets	13,958,382	13,470,926

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

	Note	Unaudited As at end of current quarter 30/09/2020	Audited As at preceding financial year end 31/12/2019
		RM'000	RM'000
EQUITY AND LIABILITIES			
3. Equity attributable to Owners of the Parent			
Share capital		4,960,276	5,110,276
Reserves			
Merger relief reserve		34,330	34,330
Other reserves		46,455	13,671
Retained profits		1,983,723	2,127,889
		7,024,784	7,286,166
4. Non-controlling Interests		467,784	468,332
Total equity		7,492,568	7,754,498
5. Non-current liabilities			
Borrowings	16	2,588,964	2,337,883
Lease liabilities		11,079	19,714
Payables		100,516	170,241
Contract liabilities		245,188	258,646
Deferred income		163,983	164,193
Provisions		68,318	68,404
Deferred tax liabilities		191,983	238,426
		3,370,031	3,257,507
6. Current liabilities			
Provisions		134,763	177,675
Payables		940,504	1,083,888
Contract liabilities		122,635	66,240
Borrowings	16	1,877,059	1,048,978
Lease liabilities		12,432	10,380
Tax payable		8,390	71,760
		3,095,783	2,458,921
Total liabilities		6,465,814	5,716,428
Total equity and liabilities		13,958,382	13,470,926
7. Net assets per share attributable to Owners of the Parent		**RM 1.55**	**RM 1.61**

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this quarterly announcement.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Nine months to 30/09/2020	Unaudited Nine months to 30/09/2019
	RM'000	RM'000
Operating Activities		
Cash receipts from customers	725,386	1,911,860
Cash receipts from related parties	2,046	13,354
Cash payments to contractors	(442,434)	(596,687)
Cash payments for land and development related costs	(177,464)	(58,337)
Cash payments to related parties	(9,438)	(6,378)
Cash payments to employees and for expenses	(259,652)	(368,610)
Cash (used in)/generated from operations	(161,556)	895,202
Net income tax paid	(139,177)	(39,981)
Interest received	8,568	14,300
Net cash (used in)/generated from operating activities	(292,165)	869,521
Investing Activities		
Dividend received from a joint venture	500	15,000
Repayment from a joint venture	4,500	2,000
Deposit refund for development rights of a land	-	10,000
Purchase of property, plant and equipment	(36,332)	(27,519)
Advances to joint ventures	(36,827)	(6,077)
Business combination	-	(211,835)
Investment in land held for property development	(27,308)	(45,000)
Investment in long term investment	(5,000)	-
Net (investment in)/redemption of short term investments	(460,000)	49,867
Net cash used in investing activities	(560,467)	(213,564)

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

	Note	Unaudited Nine months to 30/09/2020 RM'000	Unaudited Nine months to 30/09/2019 RM'000
Financing Activities			
Drawdown of borrowings		401,456	752,692
Drawdown of Islamic Medium Term Notes		1,205,000	300,000
Advance from a corporate shareholder		2,000	-
Redemption of Redeemable Convertible Preference Shares ("RCPS")		(150,000)	-
Repayment of borrowings		(323,641)	(1,658,281)
Repayment of Islamic Medium Term Notes		(150,000)	(300,000)
Repayment of loan from immediate holding company		(55,555)	-
Repayment of lease liabilities		(2,981)	(3,177)
Interest paid		(95,575)	(108,299)
Net cash generated from/(used in) financing activities		830,704	(1,017,065)
Effects of exchange rate changes		7,089	(4,142)
Net decrease in cash and cash equivalents		**(14,839)**	**(365,250)**
Cash and cash equivalents as at beginning of financial period		1,056,733	1,076,943
Cash and cash equivalents as at end of financial period	(a)	**1,041,894**	**711,693**

	Note	Unaudited As at 30/09/2020 RM'000	Unaudited As at 30/09/2019 RM'000
(a) Cash and cash equivalents comprise of the following amounts:			
Cash, bank balances and deposits			
Unrestricted		863,874	561,264
Restricted		180,636	152,257
		1,044,510	713,521
Bank overdrafts (included in short term borrowings)	16	(2,616)	(1,828)
Cash and cash equivalents		**1,041,894**	**711,693**

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2019 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-distributable →				Distributable			
	Note	Share Capital	Merger Relief Reserve	Cash Flow Hedge Reserve	Other Reserves	Retained Profits	Total	Non-controlling Interests	Total Equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Nine months to 30 September 2020 (Unaudited)									
At 1 January 2020		5,110,276	34,330	-	13,671	2,127,889	7,286,166	468,332	7,754,498
Total comprehensive loss for the period		-	-	-	32,784	(144,166)	(111,382)	(548)	(111,930)
Redemption of RCPS	6	(150,000)	-	-	-	-	(150,000)	-	(150,000)
At 30 September 2020		4,960,276	34,330	-	46,455	1,983,723	7,024,784	467,784	7,492,568
Nine months to 30 September 2019 (Unaudited)									
At 1 January 2019		5,110,276	34,330	15,046	49,170	1,868,067	7,076,889	363,722	7,440,611
Total comprehensive income for the period		-	-	(3,117)	(4,199)	97,556	90,240	70	90,310
Business combination		-	-	-	-	-	-	105,673	105,673
At 30 September 2019		5,110,276	34,330	11,929	44,971	1,965,623	7,167,129	469,465	7,636,594

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 2019 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 also in compliance with IAS 34 : Interim Financial Reporting issued by the International Accounting Standards 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 2019, 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 condensed consolidated interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2019 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 2020:

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108: Definition of Material

The adoption of the above new standards and other pronouncements did not have any significant effects on the interim financial statements upon their initial applications.

Standards issued but not yet effective

The Group has not adopted the following standards and interpretation that have been issued but are not yet effective:

	Effective for the financial periods beginning on or after
Amendment to MFRS 16 Leases: COVID-19-Related Rent Concessions	1 June 2020
Interpretation to MFRS 123: Borrowing cost relating to over time transfer of constructed good	1 July 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)	1 January 2022
Onerous Contracts: Costs of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

Interpretation to MFRS 123: Borrowing Costs relating to over time transfer of constructed good (Agenda Decision 4 ("AD4"))

In March 2019, the International Financial Reporting Standards Interpretations Committee concluded that interest cost should not be capitalised for assets created under the percentage-of-completion method i.e. receivables, contract assets and inventories as these assets do not meet the definition of qualifying assets.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Interpretation to MFRS 123: Borrowing Costs relating to over time transfer of constructed good (Agenda Decision 4 ("AD4")) (cont'd)

In the current quarter and cumulative period, the Group has assessed the impact to the loss before income tax and the Group has not reflected any adjustments arising from AD4 impact assessment, as it is deemed immaterial. The Group will continue to assess its impact in the current financial year.

3. Audit report in respect of the 2019 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2019 is not qualified.

4. Seasonal or cyclical factors

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

5. Material changes in estimates used

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current period except for the estimates related to construction cost resulting in project cost savings of 6.0% (2019: 7.1%) over cost of sales.

6. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 30 September 2020 except as below:

Date	Transaction	Amount (RM'Million)	Tenure	Rate (per annum)
10 April 2020	Issuance	200	6 months	3.50%
10 April 2020	Repayment	(150)	5 years	4.58%
30 April 2020	Issuance	130	1 year	3.70%
18 May 2020	Issuance	105	1 year	3.70%
10 June 2020	Issuance	270	3 years	4.00%
12 June 2020	Issuance	150	3 years	4.00%
21 September 2020	Issuance	350	3 years	3.90%

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

On 24 April 2020, the Company has redeemed a total of 123,340,418 RCPS out of the share capital account for a redemption sum of RM150.0 million at approximately RM1.22 for each RCPS following a redemption notice dated 17 April 2020 issued to UEM Group Berhad ("UEMG"), the immediate holding company of the Company.

7. Dividend

The Directors do not recommend the payment of any dividend for the current financial period ended 30 September 2020 (2019: Nil).

8. Unusual items due to their nature, size or incidence

The COVID-19 outbreak was first identified in Wuhan, China in December 2019 and it was declared a pandemic by the World Health Organisation in March 2020. A nationwide Movement Control Order ("MCO") was subsequently enforced from 18 March 2020 to 9 June 2020 to contain the spread of the virus. During this period, our sales galleries, retail outlets and offices were closed and there were no sales and construction activities.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. Unusual items due to their nature, size or incidence (cont'd)

The Recovery Movement Control Order ("RMCO"), introduced on 10 June 2020, was effective till 31 August 2020. Restrictions on inter-state travelling and economic activities were relaxed. We managed to obtain approvals from the Ministry of International Trade and Industry to reconvene construction for certain projects. Conditional Movement Control Order ("CMCO") took place in Kuala Lumpur, Selangor and Putrajaya from 14 October to 9 November 2020. On 7 November, CMCO was declared across all states in Peninsular Malaysia except Perlis, Pahang and Kelantan from 9 November to 6 December. The pandemic has impacted the Malaysian economy and significantly curtailed business activities. As a result, our financial performance for the period under review is also impacted.

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 30 September 2020 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 30 September 2020 that have not been reflected in the condensed interim financial statements except as below:

On 29 October 2020, all the outstanding 669,175,335 RCPS with value of RM833,664,295 matured and were automatically converted into 521,040,184 new ordinary shares at the conversion price of RM1.60 per RCPS for one (1) ordinary share. Upon issuance and allotment of the new ordinary shares on 30 October 2020, the issued share capital is RM4,960,276,589 comprising 5,058,476,221 ordinary shares.

10. Operating segments

Operating segments information for the financial period ended 30 September 2020 is as follows:

	Property development		Property investment			
	In Malaysia	Outside Malaysia	and hotel operation	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	364,553	83,721	48,321	28,651	-	525,246
Inter-segment revenue	-	-	651	76,712	(77,363)	-
Total revenue	364,553	83,721	48,972	105,363	(77,363)	525,246
Results						
Segment results	(8,082) ^	29,220 *	(9,915)	(10,280)	(29,598)	(28,655)
Finance costs	(51,120)	(9,102)	(26,221)	(30,165)	29,598	(87,010)
Share of results of associates	3,568	(988)	-	(433)	-	2,147
Share of results of joint ventures	(9,436)	-	(7,487)	-	-	(16,923)
(Loss)/profit before income tax	(65,070)	19,130	(43,623)	(40,878)	-	(130,441)
Income tax	2,082	(15,884)	13	(734)	-	(14,523)
(Loss)/profit for the period	(62,988)	3,246	(43,610)	(41,612)	-	(144,964)
Attributable to:						
Owners of the Parent	(61,864)	3,246	(43,610)	(41,938)	-	(144,166)
Non-controlling Interests	(1,124)	-	-	326	-	(798)
(Loss)/profit for the period	(62,988)	3,246	(43,610)	(41,612)	-	(144,964)
Assets						
Segment assets	10,090,952	900,900	1,028,088	1,003,837	(671,533)	12,352,244
Interests in:						
- associates	490,306	6,848	-	1,171	-	498,325
- joint ventures	913,683	-	104,724	-	-	1,018,407
Tax recoverable	87,349	-	345	1,712	-	89,406
Total assets	11,582,290	907,748	1,133,157	1,006,720	(671,533)	13,958,382
Liabilities						
Segment liabilities	4,982,781	95,010	789,412	1,261,754	(671,533)	6,457,424
Tax payable	8,006	-	-	384	-	8,390
Total liabilities	4,990,787	95,010	789,412	1,262,138	(671,533)	6,465,814

^Inclusive of costs of inventories written down of RM39,450,000.

*Inclusive of foreign exchange losses of RM15,389,000.

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 2019 except as disclosed below:

(i) On 2 April 2020, UEM Sunrise (Collingwood) Pty Ltd and UEM Sunrise (Collingwood Development) Pty Ltd were incorporated and registered in Victoria, Australia as wholly-owned subsidiaries of UEM Sunrise (Land) Pty Ltd and UEM Sunrise (Developments) Pty Ltd respectively, which in turn are indirect wholly-owned subsidiaries of the Company, each with paid-up share capital of AUD4.00 divided into 2 Ordinary Shares.

(ii) On 16 April 2020, UEM Sunrise (Collingwood) Unit Trust was established with UEM Sunrise (Collingwood) Pty Ltd as the trustee of the unit holder, UEM Sunrise (Land) Pty Ltd, both indirect wholly-owned subsidiaries of the Company, with paid-up share capital of AUD100.00 divided into 10 Ordinary Units and governed by the law in force in the State of Victoria, Australia.

(iii) On 16 October 2020, the Company announced that it has received notifications that Canada Sunrise Developments (Richmond) Ltd and UEM Sunrise (Canada) Development Ltd, both indirect wholly-owned subsidiaries of the Company were dissolved on 15 October 2020 by way of voluntary dissolution under the Business Corporations Act and accordingly, ceased to be indirect wholly-owned subsidiaries of the Company.

12. Contingent liabilities

There are no changes in the contingent liabilities since the preceding financial year ended 31 December 2019 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.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Contingent liabilities (cont'd)

(a) 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 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.

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	3.9
Approved but not contracted for	403.6
Total	407.5

14. Income tax

	Current year quarter **30/09/2020**	Preceding year corresponding quarter **30/09/2019**	Nine months to **30/09/2020**	Nine months to **30/09/2019**
	RM'000	RM'000	RM'000	RM'000
Malaysian and foreign income tax				
- current tax	(2,498)	(22,340)	(15,711)	(100,697)
- overprovision in prior periods	-	639	379	1,047
Deferred tax				
- relating to origination and reversal of temporary differences	(5,377)	(713)	3,721	22,162
- over/(under) provision in prior periods	679	4	(2,912)	(3,421)
Tax expense for the periods	(7,196)	(22,410)	(14,523)	(80,909)

The effective tax rates (excluding share of results of associates and joint ventures) for the current quarter and cumulative period are higher than the statutory tax rate due to unrecognised tax losses for certain loss-making entities and non-deductible expenses. The higher tax rate in the cumulative period is further exaberated by non-deductible foreign exchange losses.

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. 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) A Master Agreement dated 23 October 2012 between UEM Land and Ascendas Land (Malaysia) Sdn Bhd ("Ascendas") ("MA") to undertake the development of an integrated tech park over approximately 519 acres of land in Gerbang Nusajaya, divided into phase 1 comprising 205 acres, phase 2 of 166 acres and phase 3 of 148 acres ("Land"), Iskandar Puteri, Johor and on 26 December 2012, a Subscription Agreement between UEM Land and Ascendas ("SA") to regulate the share subscription of joint venture company, Nusajaya Tech Park Sdn Bhd ("NTPSB"), UEM Land 40% : Ascendas 60% and Shareholders' Agreement to govern the parties' relationship as shareholders. The Land must be acquired within nine (9) years from the MA date ("Option Period").

   On 28 September 2018, UEM Land and Ascendas entered into a second SA to vary the MA where both parties agreed that, amongst others, NTPSB will acquire phase 2 and 3 lands within the Option Period, instead of company B and C, respectively. Any reference to these companies will be deleted from the MA. As at 18 November 2020, NTPSB has yet to exercise its option.

d) 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 Gerbang Leisure Park Sdn Bhd ("GLP") the joint venture company for the proposed collaboration ("JVA") where the parties agreed to jointly develop 38 parcels of freehold lands within Mukim Pulai; 2 parcels owned by UEM Land's indirect wholly-owned subsidiaries, Nusajaya Seaview Sdn Bhd and Nusajaya Rise Sdn Bhd measuring 136.3 acres and 36 parcels measuring 65.5 acres owned by LFC and a Master Agreement to record the agreed framework and parameters for the land disposal to GLP.

   The conditional period was mutually extended to 15 February 2021. As at 18 November 2020, the fulfillment of the conditions precedent is 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)

e) 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 10 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 were both dated 13 April 2018.

The SSA became effective on 2 April 2019 ("Effective Date").

On the Effective Date, both parties varied the payment terms of the SSA and SPA via the execution of a supplemental agreement ("SA") to the SSA and SPA. The Subscription Price was revised to RM256.1 million, which was duly paid, while the purchase consideration revised to RM447.0 million. The revised payment terms for the purchase consideration under the SA to the SPA are as follows:

(i) First payment of RM75.4 million paid to DBKL on SPA date;
(ii) Second payment of RM161.1 million paid on 15 April 2019;
(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.

On 2 July 2020, DBKL agreed to the extension for payment of item (iii) up to 31 December 2020.

As at 18 November 2020, the balance payments of items (iii) and (iv) are still pending.

f) The Contract of Sale between UEM Sunrise (La Trobe Street) Pty Ltd ("UEMS La Trobe") 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 being 5% of the Purchase Price was paid on the same date, while the second deposit, another 5% of the Purchase Price was paid on 20 December 2019 ("Deposits"); both totalling AUD12.5 million.

On 30 April 2020, UEMS La Trobe entered into a Deed of Variation with Scape to vary the Contract of Sale. The balance Purchase Price is now paid in the following manner:

(i) 10% or AUD12.5 million to be paid on 30 May 2020; and
(ii) 80% or AUD100.0 million to be paid on 30 October 2020.

The Deposits and the AUD12.5 million received on 1 June 2020, amounting to AUD25.0 million are non-refundable.

On 30 October 2020, Scape paid the balance 80% Purchase Price. The contract is deemed completed upon full settlement.

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 (Collingwood) Pty Ltd and Jowett Properties Pty Ltd for the acquisition of 5,390 square meters (1.33 acres) freehold site at 21-53 Hoddle Street, Collingwood in Melbourne, Australia for a purchase consideration of AUD43.0 million ("Purchase Price") on 18 June 2020.

A deposit of AUD6.45 million representing 15% of the Purchase Price was paid on the same date, while the balance Purchase Price of AUD36.55 million is expected to be paid upon settlement tentatively on 31 March 2021, subject to both parties securing relevant special conditions provisions in the contract including the approval of the Foreign Investment Review Board for the purchase of the site by UEMS Collingwood, the approval of which, was granted on 22 October 2020.

The contract will be completed upon full settlement.

As at 18 November 2020, the contract has yet to be completed.

h) The Share Sale Agreement with KLK Land Sdn Bhd ("KLKL") and Aura Muhibah Sdn Bhd ("AMSB") for the disposal of 50,000 ordinary shares and 180 million redeemable non-convertible non-cumulative preference shares ("RPS") in AMSB representing UEM Land's 20% equity in AMSB to KLKL ("SSA") for a total purchase consideration of RM182.6 million on 23 October 2020 ("Proposed Disposal").

10% of the purchase consideration totalling RM18.3 million was paid upon the SSA's execution. Parties have 4 months, or extended as mutually agreed by both parties, to obtain the approval of the Economic Planning Unit for the Proposed Disposal ("EPU Approval"), and 7 business days from the unconditional date or EPU Approval date, to settle the 90% balance payment of RM164.4 million. The SSA will be completed on the day of full settlement of the purchase consideration ("SSA Completion").

UEM Land also entered into a new shareholders agreement ("SHA") with KLKL and AMSB to replace the original SHA between all parties dated 7 February 2014. The original SHA will cease to have any further effect and will be immediately substituted with the new SHA upon the completion of the SSA.

The new SHA also allows UEM Land and KLKL to grant call and put options, respectively to each other in relation to the treatment of UEM Land's remaining 40% equity in AMSB ("Option Shares"). The option commences on the first day of the 25th month from the SSA Completion date up till the last day of the 60th month ("Option Exercise Period"). The option price will be based on AMSB's adjusted Net Tangible Assets at the point of exercising the option. If the Option Shares are not exercised within the Option Exercise Period, upon the expiry of the said period, both UEM Land and KLKL will resort to the standard transfer of shares provision in the SHA.

As at 18 November 2020, the SSA has yet to be completed.

i) The Board of Directors of UEM Sunrise Berhad ("UEMS") received a letter on 2 October 2020 from UEM Group Berhad ("UEMG"), UEMS' major shareholder, proposing a merger between UEMS and Eco World Development Group Berhad ("Eco World") into an enlarged group via an exchange of shares and warrants, with the subsequent delisting of Eco World from Bursa Malaysia Securities Berhad. UEMS was to revert to UEMG on its decision on the proposed merger by 30 October 2020.

On 28 October 2020, the Board requested for more time to decide on whether to proceed with negotiations on the proposed merger. This is in view of the size and complexity of the proposal. The Board will revert with a decision by 2 January 2021.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. Borrowings and debt securities

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 September 2020						
Domestic						
- Islamic Medium Term Notes	-	2,470,000	2,470,000	-	1,185,000	1,185,000
- Term loan and Commodity Murabahah Finance	118,964	-	118,964	70,403	-	70,403
- Revolving credits	-	-	-	350,040	214,000	564,040
- Structured commodity	-	-	-	-	55,000	55,000
- Bank overdrafts	-	-	-	-	2,616	2,616
TOTAL	**118,964**	**2,470,000**	**2,588,964**	**420,443**	**1,456,616**	**1,877,059**
As at 30 September 2019						
Domestic						
- 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**

Since 30 September 2019, the Group repaid AUD127.5 million of Commodity Murabahah Finance for property development projects in Australia and RM778 million for the domestic segment. The Group also drew borrowings of RM1.8 billion comprising RM1.2 billion of Islamic Medium Term Notes, RM395 million of Revolving Credits and RM244 million of term loans and structured commodity.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. 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.

18. Material litigation

Since the preceding financial year ended 31 December 2019, 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 Impresive Circuit Sdn Bhd ("Impresive 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, Impresive Circuit, successfully added two other Defendants in the suit namely Menara Embun Sdn Bhd and Modern Eden Sdn Bhd.

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.

On 28 May 2019, the Plaintiff has filed a motion in the Court of Appeal, seeking for an extension of time to serve a notice of appeal against the 7th to 12th Defendants. The motion has been withdrawn on 12 October 2020. Further, on 3 December 2019, the Court allowed the Plaintiff's application to cross-examine deponents of various affidavits filed by the Defendants. The matter is now fixed for hearing (cross-examination of deponents) from 17 March to 19 March 2021.

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.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

18. Material litigation (cont'd)

(c) On 18 April 2019, UEM Land 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 RM29,250,000 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 UEM Land 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 RM29,250,000 be the total and final amount of the final account or any other amount assessed by the Arbitral Tribunal.

UEM Land's position is that IECSB's claims are without merits and UEM Land 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 was agreed by both parties that IECSB to file its Statement of Claim within 45 days from 21 October 2019, and UEM Land 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 UEM Land 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.

Based on the Statement of Claim dated 27 December 2019, IECSB is seeking inter-alia, RM20,395,000 for loss and expense, RM29,250,000 for the amount due and owing to IECSB pursuant to the Statement of Final Account or alternatively any other amount assessed by the Arbitral Tribunal, interest on all sums directed to be paid from such date as the Tribunal deems fit and costs.

In the Statement of Defence and Counterclaim dated 2 March 2020, UEM Land denied and disputed liability on IECSB's claims and sought counterclaims amounting to total sum of RM31,757,000 for amongst others, Liquidated Ascertained Damages for delay in the completion of the works and defects rectification cost and back-charges.

UEM Land filed an application dated 15 June 2020 to amend its Defence and Counterclaim to include further counterclaim for back-charges to amount of RM34,374,000 and the application was allowed by the Tribunal. The Reply to Defence and Defence to Counterclaim was filed by IECSB on 8 July 2020. UEM Land filed its Reply to the Defence to Counterclaim on 17 August 2020. The hearing dates for this matter are fixed to be from 17 May to 28 May 2021.

The Group believes, based on legal advice, 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 2020.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

	Current quarter **30/09/2020** RM'000	Immediate preceding quarter **30/06/2020** RM'000	**Variance** RM'000/(%)
Revenue	217,435	111,957	105,478 (94%)
Operating profit/(loss)	11,548	(61,795)	73,343 (>100%)
Share of net results of JV and associates	(1,344)	(9,220)	7,876 (85%)
Profit/(loss) before interest and tax	10,204	(71,015)	81,219 (>100%)
Finance costs	(32,150)	(28,784)	(3,366) (-12%)
Loss before income tax	(21,946)	(99,799)	77,853 (78%)
Income tax	(7,196)	6,101	(13,297) (>-100%)
Loss for the period	(29,142)	(93,698)	64,556 (69%)
Non-controlling interests	270	341	(71) (-21%)
Loss attributable to Owners of the Parent	(28,872)	(93,357)	64,485 (69%)

The Group recognised higher revenue in current quarter with higher sales and construction activities during RMCO period where restrictions on economic activities were relaxed. The Group recorded lower loss for the period, in line with higher revenue, absence of costs of inventories written down and lower unfavourable share of results from joint ventures and associates.

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

	Current year quarter **30/09/2020** RM'000	Preceding year corresponding quarter **30/09/2019** RM'000	**Variance** RM'000/(%)	Nine months to **30/09/2020** RM'000	Nine months to **30/09/2019** RM'000	**Variance** RM'000/(%)
Revenue	217,435	327,608	(110,173) (-34%)	525,246	1,747,432	(1,222,186) (-70%)
Operating profit/(loss)	11,548	72,723	(61,175) (-84%)	(28,655)	266,902	(295,557) (>-100%)
Share of net results of JV and associates	(1,344)	4,261	(5,605) (>-100%)	(14,776)	(3,774)	(11,002) (>-100%)
Profit/(loss) before interest and tax	10,204	76,984	(66,780) (-87%)	(43,431)	263,128	(306,559) (>-100%)
Finance costs	(32,150)	(27,534)	(4,616) (-17%)	(87,010)	(84,634)	(2,376) (-3%)
(Loss)/profit before income tax	(21,946)	49,450	(71,396) (>-100%)	(130,441)	178,494	(308,935) (>-100%)
Income tax	(7,196)	(22,410)	15,214 (68%)	(14,523)	(80,909)	66,386 (82%)
(Loss)/profit for the period	(29,142)	27,040	(56,182) (>-100%)	(144,964)	97,585	(242,549) (>-100%)
Non-controlling interests	270	58	212 (>100%)	798	(29)	827 (>100%)
(Loss)/profit attributable to Owners of the Parent	(28,872)	27,098	(55,970) (>-100%)	(144,166)	97,556	(241,722) (>-100%)

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

For the current quarter and cumulative period, the Group recorded 34% and 70% reduction in revenue respectively, largely due to lower contribution from international projects, for which partial settlement of Aurora Melbourne Central and Conservatory contributed RM13 million in the current quarter and RM84 million in the current cumulative period as compared to RM131 million and RM1.1 billion in prior year's corresponding quarter and cumulative period respectively. The Group also recorded lower revenue in domestic segment due to lower sales and slower progress completion during the MCO and CMCO periods, and the completion of Sefina, Serimbun and Almas in the prior year, offset by contributions from Solaris Parq, Aspira ParkHomes, 68º Avenue and Kiara Kasih.

The Group recorded loss after tax in the current quarter and cumulative period due to significantly lower revenue mentioned above and unfavourable share of results of joint ventures and associates. For the cumulative period, the losses are compounded by costs of inventories written down and foreign exchange losses recognised in the previous quarters.

21. (Loss)/earnings per share

	Current year quarter **30/09/2020** RM'000	Preceding year corresponding quarter **30/09/2019** RM'000	Nine months to **30/09/2020** RM'000	Nine months to **30/09/2019** RM'000
a) Basic (loss)/earnings per share				
(Loss)/profit for the period attributable to Owners of the Parent	(28,872)	27,098	(144,166)	97,556
Weighted average number of ordinary shares in issue (‘000)	4,537,436	4,537,436	4,537,436	4,537,436
Basic (loss)/earnings per share	(0.64) sen	0.60 sen	(3.18) sen	2.15 sen
b) Diluted (loss)/earnings per share				
(Loss)/profit for the period attributable to Owners of the Parent	(28,872)	27,098	(144,166)	97,556
Weighted average number of ordinary shares in issue (‘000)	4,537,436	4,537,436	4,537,436	4,537,436
Effect of dilution from RCPS (‘000)	521,040	617,077	521,040	617,077
Weighted average number of ordinary shares in issue (‘000)	5,058,476	5,154,513	5,058,476	5,154,513
Diluted (loss)/earnings per share	(0.57) sen	0.53 sen	(2.85) sen	1.89 sen

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

22. Prospects for the current financial year

The Malaysian economy contracted by 2.7% in the third quarter of 2020, an improvement compared to last quarter (2Q 2020: -17%) in line with the recovery across most economic sectors. Bank Negara Malaysia however maintained its earlier forecast of between -3.5% and -5.5% for 2020 due to the weak external demand conditions and strict containment measures following the COVID-19 pandemic. IMF projects a global growth of -4.4%. The country is currently facing the third wave of the pandemic. Breaking the chain of infection remains a priority albeit challenging as the pandemic continues to affect various sectors and weaken growth prospects, including property.

We are cautious in our launches and only bring to market, products that have demand. To-date, we have launched RM250 million worth of properties. In the Southern region, we launched Senadi Hills and Aspira ParkHomes, both residential developments and Senadi Square (commercial) totalling a GDV of RM166 million. In Central, we launched Frischia and Verna, both in Serene Heights Bangi, totalling a GDV of RM84 million. We will also be launching high-rise Residensi Allevia in Mont'Kiara and a new phase in Serene Heights Bangi totalling a GDV of RM595 million; whereas in Southern, we will launch two more new phases in Senadi Hills comprising residential and affordable shop offices totalling a GDV of RM100 million. Aside from the new launches, we are also focused on reducing inventories which currently stand at RM498 million.

The Happy Chase campaign launched on 25 July in conjunction with the 2020 Home Ownership Campaign have revived interests and bookings. This resulted in a total secured sale plus commitment of approximately RM700 million to-date, with Residensi AVA in Kiara Bay, having the highest bookings followed by Estuari Gardens in Puteri Harbour and Serene Heights Bangi.

The lifting of the recent lockdown in Melbourne after more than 100 days is viewed positively as we can proceed to complete the settlement of Aurora Melbourne Central ("Aurora") and Conservatory. We have settled 98% of Aurora and 91% of Conservatory to-date. The disposal of the en-bloc service apartment plus retail and car park components in Aurora to Scape Australia Management Pty Ltd at AUD125 million was completed with full settlement on 30 October 2020.

Recently, the Group entered into Heads of Agreements with subsidiaries of AME Elite Consortium Berhad ("AME") for the disposal of 72 freehold industrial plots in Iskandar Puteri's Southern Industrial Logistics Cluster ("SiLC") for RM434 million. Progress on the definitive agreements for SiLC phase 3 is proceeding on schedule. Our wholly-owned subsidiary UEM Land Berhad ("UEML") also entered into agreements with KLK Land Sdn Bhd ("KLKL"), a wholly-owned subsidiary of Kuala Lumpur Kepong Berhad, for the disposal of UEML's 20% equity in Aura Muhibah Sdn Bhd to KLKL for RM183 million. Full settlement is expected in the first quarter of 2021.

The Group's net and gross gearings are 0.42x and 0.64x, respectively with cash balances of RM1.5 billion as at the end of September 2020. Unbilled sales as at the end of the period is RM1.7 billion and will be recognised over the next 12 to 18 months depending on projects' progress completion. Successful completion of these transactions with AME and KLKL will further strengthen the Group's financial position. The Group is currently conducting a review on all its assets for possible impairment in view of the impact the COVID-19 pandemic may have on their valuations. This exercise will be completed before this financial year end. Impairments on the assets, if any, will not affect the Group's cashflow position.

The recent conditional Movement Control Order imposed may hamper the current positive sales momentum in the near term. We remain cautious on the outlook and maintain our sales (including land sales) and GDV targets of RM1 billion each, for 2020.

1 *Bank Negara Malaysia Quarterly Bulletin,3Q 2020,13 November 2020.*
2 *International Monetary Fund '("IMF"), World Economic Outlook: A Long and Difficult Ascent, October 2020.*
3 *GDV is Gross Development Value, mostly estimated numbers subject to actual launch.*

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

23. Profit forecast

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

Kuala Lumpur
24 November 2020

By Order of the Board

LIEW IRENE (SSM PC No. 201908001893) (MAICSA 7022609)
WONG LEE LOO (SSM PC No. 201908001993) (MAICSA 7001219)
Joint Company Secretaries