



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Six	Six
	quarter	corresponding	months	months
Note	30/06/2022	30/06/2021	to 30/06/2022	to 30/06/2021
	RM'000	RM'000	RM'000	RM'000
1. (a) Revenue	365,000	249,142	781,451	501,835
(b) Cost of sales	(250,630)	(181,504)	(568,217)	(354,653)
(c) Gross profit	114,370	67,638	213,234	147,182
(d) Other income	17,483	7,713	30,893	16,734
(e) Expenses	(70,560)	(65,072)	(130,212)	(127,580)
(f) Finance costs	(35,615)	(35,725)	(70,551)	(71,929)
(g) Foreign exchange (loss)/gain	(3,534)	4,035	3,128	4,994
(h) Share of net results of associates	5,713	(6,835)	6,882	2,896
(i) Share of net results of joint ventures	4,378	1,480	14,640	447
(j) Profit/(loss) before income tax	32,235	(26,766)	68,014	(27,256)
(k) Income tax	14 (11,244)	19,385	(27,819)	15,932
(l) Profit/(loss) for the period	20,991	(7,381)	40,195	(11,324)
Attributable to:				
(m) Owners of the Parent	20,701	(7,367)	39,721	(11,686)
(n) Non-controlling Interests	290	(14)	474	362
Profit/(loss) for the period	20,991	(7,381)	40,195	(11,324)
2. Earning/(loss) per share based on 1(m) above	21 0.41 sen	(0.15)sen	0.79 sen	(0.23)sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021 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	Preceding year	Six	Six
	quarter	corresponding	months	months
	30/06/2022	30/06/2021	to	to
	RM'000	RM'000	30/06/2022	30/06/2021
			RM'000	RM'000
Profit/(loss) for the period	20,991	(7,381)	40,195	(11,324)
Other comprehensive (expense)/ income to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	(10,693)	(769)	9,336	18,107
Total other comprehensive (expense)/ income for the period, net of tax	(10,693)	(769)	9,336	18,107
Total comprehensive income/ (expense) for the period	10,298	(8,150)	49,531	6,783
Attributable to:				
Owners of the Parent	9,996	(8,131)	49,069	6,434
Non-controlling Interests	302	(19)	462	349
Total comprehensive income/ (expense) for the period	10,298	(8,150)	49,531	6,783

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this quarterly announcement.



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I(C). REMARKS TO CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year	Preceding year	Six	Six
	quarter	corresponding	months	months
Note	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before income tax is arrived at after charging/(crediting):				
Finance costs	35,615	35,725	70,551	71,929
Depreciation	13,272	15,053	26,835	28,031
Interest income	(5,338)	(4,369)	(10,195)	(8,382)
Loss/(gain) on foreign exchange:				
- unrealised	3,557	(4,050)	(3,056)	(5,023)
- realised	(23)	15	(72)	29
Dividend income from investment at fair value through profit or loss	(162)	(715)	(187)	(2,124)
Write back of impairment of receivables	-	(186)	(556)	(508)
Net allowance for doubtful debts	1,767	1,423	1,752	2,251
Loss on disposal of subsidiaries	11,(a) -	842	479	842

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 June 2021, UEM Land Berhad ("UEML"), a wholly-owned subsidiary of the Company, completed the Share Sale Agreement with KLK Land Sdn Bhd ("KLKL") for disposal of 50,000 ordinary shares and 180 million redeemable non-convertible noncumulative preference shares ("RPS") in Aura Muhibah Sdn Bhd ("AMSB") representing UEML's 20% equity in AMSB to KLKL for a total sale consideration of RM182.6 million with impact of loss on disposal RM0.8 million. A new shareholders agreement between UEML and KLKL was entered and consequently, AMSB ceased to be indirect subsidiary and has become an indirect associate of the Company.



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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at current financial year end 30/06/2022 RM'000	Audited As at preceding financial year end 31/12/2021 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	435,706	446,687
Investment properties	786,513	798,048
Right-of-use assets	3,247	7,684
Land held for property development	5,422,868	5,462,947
Interests in associates	831,217	850,358
Interests in joint ventures	876,508	893,338
Amounts due from joint ventures	163,534	165,309
Goodwill	621,409	621,409
Deferred tax assets	279,745	290,191
Long term receivables	399,239	293,116
	9,819,986	9,829,087
2. Current assets		
Property development costs	770,079	820,541
Inventories held for sale	276,309	396,920
Inventories under contract of sale	72,532	59,967
Receivables	537,356	479,518
Contract assets	518,839	425,839
Amounts due from associates	10,141	389
Amounts due from joint ventures	90,744	82,120
Short term investments	5,005	5,005
Cash, bank balances and deposits	934,835	853,027
	3,215,840	3,123,326
Total assets	13,035,826	12,952,413



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

	Note	Unaudited As at current financial year end 30/06/2022 RM'000	Audited As at preceding financial year end 31/12/2021 RM'000
EQUITY AND LIABILITIES			
3. Equity attributable to Owners of the Parent			
Share capital		4,960,276	4,960,276
Reserves			
Merger relief reserve		34,330	34,330
Other reserves		92,146	82,798
Retained profits		1,655,437	1,615,716
		6,742,189	6,693,120
4. Non-controlling Interests		103,393	102,931
Total equity		6,845,582	6,796,051
5. Non-current liabilities			
Borrowings	16	2,427,103	3,205,262
Lease liabilities		32	286
Payables		51,813	81,777
Contract liabilities		256,222	240,634
Deferred income		163,462	163,509
Provisions		68,279	68,279
Deferred tax liabilities		169,361	178,609
		3,136,272	3,938,356
6. Current liabilities			
Provisions		147,140	148,433
Payables		949,357	995,062
Contract liabilities		21,267	62,108
Borrowings	16	1,920,889	999,706
Lease liabilities		3,855	8,716
Tax payable		11,464	3,981
		3,053,972	2,218,006
Total liabilities		6,190,244	6,156,362
Total equity and liabilities		13,035,826	12,952,413
7. Net assets per share attributable to Owners of the Parent		RM 1.33	RM 1.32

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this quarterly announcement.



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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 30/06/2022	Unaudited Six months to 30/06/2021
Note	RM'000	RM'000
Operating Activities		
Cash receipts from customers	573,069	439,468
Cash receipts from related parties	2,225	99
Cash payments to contractors	(313,615)	(294,710)
Cash payments for land and development related costs	(93,370)	(39,565)
Cash payments to related parties	(72)	(12,239)
Cash payments to employees and for expenses	(120,907)	(110,265)
Cash generated from/(used in) operations	47,330	(17,212)
Net income tax paid	(8,183)	(26,245)
Interest received	6,890	1,016
Net cash generated from/(used in) operating activities	46,037	(42,441)
Investing Activities		
Dividend received from joint ventures	31,000	1,000
Net proceeds from disposal of subsidiaries	356	148,026
Purchase of property, plant and equipment	(1,566)	(7,764)
Purchase of investment properties	(9,095)	(4,398)
Net repayment from/(advances to) joint ventures	3,000	(1,000)
Redemption of Redeemable Non-convertible Non-cumulative Preference Shares from an associate	6,400	-
Investment in a joint venture	(900)	-
Investment in land held for property development	(32,000)	(198,918)
Net redemption in short term investments	137	65,029
Net cash (used in)/generated from investing activities	(2,668)	1,975



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

	Note	Unaudited Six months to 30/06/2022 RM'000	Unaudited Six months to 30/06/2021 RM'000
Financing Activities			
Drawdown of borrowings		543,170	74,822
Drawdown of Islamic Medium Term Notes and Islamic Commercial Papers		260,000	700,000
Repayment of borrowings		(507,862)	(161,257)
Repayment of Islamic Medium Term Notes		(150,000)	(435,000)
Repayment of lease liabilities		(15,762)	(1,250)
Interest paid		(92,714)	(87,195)
Net cash generated from financing activities		36,832	90,120
Effects of exchange rate changes		1,456	17,019
Net increase in cash and cash equivalents		81,657	66,673
Cash and cash equivalents as at beginning of financial period		848,204	1,080,732
Cash and cash equivalents as at end of financial period	(a)	929,861	1,147,405
		Unaudited As at 30/06/2022 RM'000	Unaudited As at 30/06/2021 RM'000

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

Cash, bank balances and deposits			
Unrestricted		634,413	879,961
Restricted		300,422	267,444
		934,835	1,147,405
Bank overdrafts (included in short term borrowings)	16	(4,974)	-
Cash and cash equivalents		929,861	1,147,405

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to this quarterly announcement.



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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	← Attributable to Owners of the Parent →					Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Merger Relief Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000		
Six months to 30 June 2022							
(Unaudited)							
At 1 January 2022	4,960,276	34,330	82,798	1,615,716	6,693,120	102,931	6,796,051
Total comprehensive income for the period	-	-	9,348	39,721	49,069	462	49,531
At 30 June 2022	<u>4,960,276</u>	<u>34,330</u>	<u>92,146</u>	<u>1,655,437</u>	<u>6,742,189</u>	<u>103,393</u>	<u>6,845,582</u>
Six months to 30 June 2021							
(Unaudited)							
At 1 January 2021	4,960,276	34,330	78,238	1,828,763	6,901,607	468,974	7,370,581
Total comprehensive income for the period	-	-	18,120	(11,686)	6,434	349	6,783
Partial disposal of a subsidiary	-	-	-	-	-	(366,971)	(366,971)
At 30 June 2021	<u>4,960,276</u>	<u>34,330</u>	<u>96,358</u>	<u>1,817,077</u>	<u>6,908,041</u>	<u>102,352</u>	<u>7,010,393</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 2021 and the accompanying explanatory notes attached to this quarterly announcement.



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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 2021, 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 2021 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 2022:

Amendment to MFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021

Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)

Property, Plant and Equipment: Proceeds before Intended Use

(Amendments to MFRS 116 Property, Plant and Equipment)

Onerous Contracts: Costs of Fulfilling a Contract

(Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)

Annual Improvements to MFRS Standards 2018-2020

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 interpretations that have been issued but are not yet effective:

	Effective for the financial periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101)	1 January 2023
Initial Application of MFRS 17 and MFRS 9: Comparative information (Amendments to MFRS 17 Insurance Contracts)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

The adoption of the above new standards and other pronouncements will not have any significant effects on the interim financial statements.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Audit report in respect of the 2021 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2021 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 2.6% (2021: 1.0%) 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 June 2022 except for the issuance of Islamic Medium Term Notes ("IMTN") and Islamic Commercial Papers ("ICP") from its IMTN Programme as follows:

Date	Transaction	Amount (RM'Million)	Tenure	Rate (per annum)
15 February 2022	Issuance	40	3 years	4.60%
15 February 2022	Issuance	10	9 months	3.30%
8 April 2022	Repayment	(150)	7 years	4.80%
12 April 2022	Issuance	100	1 year	3.55%
12 April 2022	Issuance	110	3 years	4.79%

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

7. Dividend

The Directors do not recommend the payment of any dividend for the current financial period ended 30 June 2022 (2021: Nil).

8. 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.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 June 2022 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 30 June 2022 that have not been reflected in the condensed interim financial statements.

10. Operating segments

Operating segments information for the financial period ended 30 June 2022 is as follows:

	Property development		Property investment and hotel operation	Others	Eliminations	Consolidated
	In Malaysia	Outside Malaysia				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	707,143	19,332	41,359	13,617	-	781,451
Inter-segment revenue	-	-	365	45,904	(46,269)	-
Total revenue	707,143	19,332	41,724	59,521	(46,269)	781,451
Results						
Segment results	126,666	(1,845)	4,361	2,422	(14,561)	117,043
Finance costs	(48,420)	(45)	(19,677)	(16,970)	14,561	(70,551)
Share of results of associates	5,452	(568)	-	1,998	-	6,882
Share of results of joint ventures	16,791	-	(2,151)	-	-	14,640
Profit/(loss) before income tax	100,489	(2,458)	(17,467)	(12,550)	-	68,014
Income tax	(22,357)	1,569	(538)	(6,493)	-	(27,819)
Profit/(loss) for the period	78,132	(889)	(18,005)	(19,043)	-	40,195
Attributable to:						
Owners of the Parent	77,544	(889)	(18,005)	(18,929)	-	39,721
Non-controlling Interests	588	-	-	(114)	-	474
Profit/(loss) for the period	78,132	(889)	(18,005)	(19,043)	-	40,195
Assets						
Segment assets	10,206,161	652,903	959,830	317,452	(899,761)	11,236,585
Interests in:						
- associates	824,808	6,409	-	-	-	831,217
- joint ventures	797,180	-	79,328	-	-	876,508
Tax recoverable	81,770	7,850	330	1,566	-	91,516
Total assets	11,909,919	667,162	1,039,488	319,018	(899,761)	13,035,826
Liabilities						
Segment liabilities	5,327,890	24,870	847,790	877,991	(899,761)	6,178,780
Tax payable	11,246	58	42	118	-	11,464
Total liabilities	5,339,136	24,928	847,832	878,109	(899,761)	6,190,244

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 2021 except as below:



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Changes in the composition of the Group (cont'd)

(cont'd)

On 18 March 2022, Sunrise Berhad, a wholly-owned subsidiary of the Company, completed the Share Sale and Purchase Agreement ("SSPA") with SCM Property Management Sdn Bhd ("Purchaser") for the disposal of 100% equity in SCM Property Services Sdn Bhd ("SCM") for a total sale consideration of RM1.7 million. Consequently, SCM ceased to be an indirect subsidiary of the Company ("SCM disposal").

(a) The impact to profit or loss arising from the SCM disposal is as follows:

	RM'000
Proceeds from disposal	1,700
Carrying value of 100% interest in SCM	(2,179)
Loss on disposal of SCM	<u>(479)</u>

(b) Details of the cash inflow arising from the SCM disposal as follows:

	RM'000
Proceeds from disposal	1,700
Less: Deposit received in the prior year	(51)
Less: Cash and balances in SCM disposed	(1,293)
Net proceeds from SCM disposal	<u>356</u>

(c) The impact of SCM Disposal to the consolidated statement of financial position is as follows:

	RM'000
Assets	
Property, plant and equipment	121
Receivables	1,930
Cash and bank balances	<u>1,293</u>
	3,344
Liability	
Payables	1,165
Net identifiable assets of SCM	<u>2,179</u>
Net assets deconsolidated	<u>2,179</u>



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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 2021 except as disclosed below:

Income tax assessment

- (a) On 3 October 2011, Bandar Nusajaya Development Sdn Bhd ("BND") received a notice of additional assessment ("Form JA") from the Inland Revenue Board ("IRB") for additional tax and penalty amounting to RM73.8 million for the year of assessment 2006.

On 4 September 2012, the High Court ("HC") ruled in favour of BND that the IRB had no legal basis to raise the additional assessment.

On 20 May 2014, the Court of Appeal ("CoA") agreed with the decision of the HC which ruled in favour of BND.

On 18 October 2016, the FC reversed the decisions of CoA and HC 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.

The IRB had confirmed the receipt of BND's Form Q dated 20 March 2017, and served the Form Q to the SCIT vide a letter dated 14 March 2018.

The hearing which was initially fixed on 14 and 15 September 2021 was vacated. The SCIT has fixed the matter for hearing on 29 and 30 August 2022.

BND's solicitors are of the view that BND has an arguable case to argue that the IRB has no legal or factual basis to issue the notice of additional assessment and to impose the penalty.

- (b) On 3 May 2021, UEM Land Berhad ("UEM Land") and Symphony Hills Sdn Bhd ("Symphony Hills") received notices of additional assessment from the IRB dated 30 April 2021, for additional taxes with penalties amounting to RM82.2 million ("Notices").

The Notices issued to UEM Land raised for the amount of RM8.5 million was for the years of assessment from 2013 to 2015 in relation to the removal of Bumiputera quota and low cost requirements for selected developments in Iskandar Puteri, while the Notices issued to Symphony Hills raised for the amount of RM73.7 million was for the reversal of tax losses utilisation for the years of assessment from 2006 to 2017.

After taking into account the advice from both the Company's tax consultant and solicitors, the Company believes that there are reasonable grounds to appeal and contest the basis of the assessments.

On 24 May 2021 and 25 May 2021, Symphony Hills and UEM Land were both granted an interim stay of the Notices by the Kuala Lumpur High Court including the enforcement of the Notices until the hearing of the application to intervene by the IRB and until the disposal of the leave application, respectively.

The hearing for the intervenor's application case is fixed on 22 November 2022 for UEM Land's, whilst Symphony Hills's case is fixed on 5 September 2022.

The Company will continue to take all necessary actions to protect its interest and will make further announcements when there are material developments on this matter.



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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	452.9
Approved but not contracted for	29.6
Total	482.5

14. Income tax

	Current year quarter 30/06/2022 RM'000	Preceding year corresponding quarter 30/06/2021 RM'000	Six months to 30/06/2022 RM'000	Six months to 30/06/2021 RM'000
Malaysian and foreign income tax				
- current tax	(12,000)	(6,828)	(25,569)	(14,581)
- underprovision in prior periods	(2,149)	(61)	(1,640)	(61)
Deferred tax				
- relating to origination and reversal of temporary differences	(4,720)	26,026	(9,583)	27,176
- overprovision in prior periods	7,625	248	8,973	3,398
Tax (expense)/income for the period	(11,244)	19,385	(27,819)	15,932

The effective tax rate (excluding share of results of associates and joint ventures) for the current quarter is higher than statutory tax rate due to non-deductible expenses and unrecognised tax losses for certain loss-making entities, cushioned by recognition of deferred tax assets. The lower effective tax rate for preceding year corresponding quarter and cumulative period was a result of deferred tax assets recognition on prior years' tax losses.



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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) The 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) The 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) The 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 the original company B and C, respectively as stipulated under the SA. Any reference to these companies were deleted from the MA.

The Option Period has lapsed on 22 October 2021. As at the expiry of the Option Period, only Plot A (120 acres) of phase 1 was acquired by NTPSB. Plot B (remaining phase 1 land), phase 2 and phase 3 were not acquired. Pursuant to the lapse, the escrow agent is obliged to release an option fee totalling approximately RM13.6 million (excluding Plot A fee) and all accrued interest to UEM Land. Both parties have been discussing the potential sale of the remaining plots to NTPSB as means to encourage a positive growth trajectory for NTPSB's future plans. The intentions of both parties were formalised in a letter acknowledged by Ascendas on 18 July 2022. Further disclosures will be announced accordingly upon the execution of the definitive agreements, if any.

As at 19 August 2022, the definitive agreements have yet to be signed.

- d) The definitive agreements comprising 2 sets of Sale and Purchase Agreements ("SPA"); the first SPA for the sale of 38 non-Bumiputera plots ("SPA 1") while the second SPA was for the sale of 34 Bumiputera plots ("SPA 2"), Limited Power of Attorneys, Deed of Mutual Covenants and Deed of Revocation between UEM Land and Nusajaya Heights Sdn Bhd with the subsidiaries of AME Elite Consortium Berhad ("AME") i.e. Pentagon Land Sdn Bhd ("Pentagon") and Greenhill SILC Sdn Bhd ("Greenhill") (collectively defined as the "Purchasers") including a Management Agreement with Infinity Park Management Sdn Bhd, for the sale of 72 freehold vacant industrial plots in phase 3 of the Southern Industrial Logistics Clusters ("SiLC") measuring approximately 169.8 acres ("Industrial Plots") for a total consideration of RM434.3 million on 30 December 2020 ("Proposed Sale").



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

d) (cont'd)

Both SPA 1 and SPA 2 need to fulfil the same conditions precedent i.e. the Purchasers' Board and shareholders' approvals and the Economic Planning Unit's ("EPU") consent. SPA 2 has an additional obligation relating to the release of the Bumiputera status of the Industrial Plots ("CP 3").

The payment terms collectively for both SPA:

- (i) Earnest deposit of 2% or RM8.7 million paid upon the signing of the definitive agreements;
- (ii) Balance deposit of 8% or RM34.8 million to be paid within 10 business days of the respective SPA's unconditional date; and
- (iii) Balance total consideration of 90% or RM390.8 million to be paid as follows:
 - RM210.1 million in 3 tranches over 36 months from the unconditional date of SPA 1;
 - RM180.7 million within 36 months from the unconditional date of SPA 2.

SPA 1 became unconditional on 17 December 2021. For SPA 2, 19 out of 34 Industrial Plots have obtained approvals for the release of their Bumiputera status. The sale of the 19 Industrial Plots became unconditional on 3 March 2022. The fulfillment of CP3 for the remaining 15 Industrial Plots is still pending. All parties have agreed to extend the conditional period for CP3 for another 12 months extending the conditional period for SPA 2 to 30 December 2022.

As at 19 August 2022, the fulfillment of CP3 for the remaining 15 Industrial Plots is still pending.

- e) The three Sale and Purchase Agreements ("SPAs") between Sunrise Mersing Sdn Bhd and Lagenda Mersing Sdn Bhd for the disposal of 3 parcels of freehold agriculture land held under HS(D) 2249 PTD 10944 (92.7 acres), HS(D) 2251 PTD 10946 (120.7 acres) and HS(D) 2252 PTD 10947 (217.7 acres) measuring 431.1 acres in total in Mukim Mersing, District of Mersing, Johor for a total consideration of RM45.1 million on 2 July 2021. The SPA became unconditional on 28 April 2022.

As at 19 August 2022, the SPAs are pending full settlement of the total consideration.

- f) The Sale and Purchase Agreement between Lucky Bright Star Sdn Bhd ("LBSSB") with Nipponkey Sdn Bhd ("NSB" or the "Vendor") for the acquisition of a parcel of freehold land at Lot 228, Jalan Sultan Yahya Petra (formerly known as Jalan Semarak), held under Geran 23908 Lot 228, Seksyen 87A, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur ("Lot 228 SPA") measuring approximately 6.39 acres ("Land") for a total purchase price of RM384.0 million ("Purchase Price") to be satisfied in cash of RM235.8 million and in-kind of RM148.2 million on 4 August 2022 ("Lot 228 SPA") ("Proposed Acquisition").

The in-kind consideration is via the execution of 16 Disposal and Land Transfer Agreements ("DLTAs") between NSB (or the "Purchaser") with Nusajaya Rise Sdn Bhd ("NRSB") and Symphony Hills Sdn Bhd ("SHSB"), the registered landowners for land parcels totalling a net area of 107.82 acres in the Mukim of Tanjung Kupang, District of Johor Bahru, Johor ("Gerbang Nusajaya Lands"), simultaneously with the execution of Lot 228 SPA. 19.21 acres of the Gerbang Nusajaya Lands registered under SHSB are Bumiputera ("Bumi") lands .



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

f) (cont'd)

- (i) Deposit of RM38.4 million was paid to Nipponkey's stakeholders on Lot 228 SPA date and will only be released to Nipponkey on the unconditional date.
- (ii) Tranche II Payment of RM153.6 million is to be paid within 30 days from the unconditional date, where:
 - RM40.5 million is in cash; and
 - RM113.1 million is in-kind via the delivery of NRSB and SHSB's land titles to Nipponkey's solicitor.
- (iii) Tranche III Payment of 192.0 million (the balance of the Purchase Price) is to be paid on or before the expiry of the completion period, where:
 - RM156.9 million is in cash; and
 - RM35.1 million is in-kind via the delivery of SHSB's Bumiputera land titles to Nipponkey's solicitor.

The conditional period for Lot 228 SPA is 6 months plus an extension of 3 months (as mutually agreed by the parties) from Lot 228 SPA date. The conditions precedent are :

- (i) Completion of the Land's soil investigation;
- (ii) Settlement of development charges of RM24.9 million and ISF contribution of RM667,000 to Dewan Bandaraya Kuala Lumpur;
- (iii) Issuance of release and disclaimer letters from Nipponkey's consultants;
- (iv) Receipt of certified documents relating to the Proposed Acquisition by LBSSB; and
- (v) NRSB DLTA and SHSB DLTA becoming unconditional.

The conditional period for the Gerbang Nusajaya Lands DLTAs is 6 months from the DLTAs date. The conditional period for the SHSB Bumi DLTAs is 15 months from the date of the said DLTAs. The conditions precedent of the Gerbang Nusajaya Lands DLTAs are:

- (i) Economic Planning Units's approval;
- (ii) Estate Land Board's approval (where applicable);
- (iii) Johor State Secretary Office's approval for the release of Bumiputera restriction;
- (iv) Removal of restrictions in interest on the SHSB's land titles; and
- (iv) Revocation of existing power of attorney granted by SHSB to NRSB in January 2013.

The Proposed Acquisition is to be completed within 15 months (or extended mutually) from Lot 228 SPA date ("Completion Period"). It is seen as completed on the day that the land titles to the Land, as well as the NRSB and SHSB's lands (except for the SHSB's Bumiputera lands) are presented and registered in favour of the Purchaser and Nipponkey, respectively, and that the cash payment under Tranche III payment has been made. The in-kind payment under the the SHSB Bumi lands' DLTAs becomes a debt due and owing by LBSSB. If SHSB is unable to transfer the Bumi lands to Nipponkey, LBSSB will settle the payment in cash upon the expiry of the Completion Period (or extended period).

As at 19 August 2022, all conditions precedent under both Lot 228 SPA and Gerbang Nusajaya Lands DLTAs have yet to be fulfilled.



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

- g) Sale of Shares and Claims Agreement ("SSCA") between UEM Sunrise South Africa Proprietary Limited ("UEMSSA"), a wholly-owned subsidiary of UEM Sunrise Overseas Corporation Sdn Bhd ("UEMSOC"), and Olive Investment Trust ("OIT") for the divestment of UEMSSA's entire equity interest of 80.4% in Roc-Union Proprietary Limited ("Roc-Union") at a total consideration of Rand 142.6 million (equivalent to approximately RM38 million) on 19 August 2022 ("Proposed Divestment").

10% or Rand 14.3 million (approximately RM3.8 million) of the consideration is paid to the attorneys on behalf of UEMSSA within 7 business days from the SSCA date. It will be released to UEMSSA on the closing date, i.e. 3 business days after the date of the conditions precedent are fulfilled. The balance 90% of Rand 128.3 million (approximately RM36.8 million) will also be paid on the closing date.

The conditions precedent are to be fulfilled within 30 days of the SSCA date. It includes the delivery of both parties' resolutions including UEMSOC's board members', authorising the Proposed Divestment and the conclusion of a share sales agreement of the remaining equity interest of 19.6% in Roc-Union between OIT and the other shareholder. UEMSSA will deliver the original share certificates, amongst others, to OIT on the closing date.

Upon the completion of the Proposed Divestment, UEMSOC will cease operations in Durban, South Africa.

As at 19 August 2022, the conditions precedent under the SSCA are still pending.



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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
<u>As at 30 June 2022</u>						
- Islamic Medium Term Notes and Islamic Commercial Papers	-	2,380,032	2,380,032	-	1,330,000	1,330,000
- Term loan and Commodity Murabahah Finance	47,071	-	47,071	81,035	-	81,035
- Revolving credits	-	-	-	375,880	129,000	504,880
- Bank overdrafts	-	-	-	4,685	289	4,974
TOTAL	47,071	2,380,032	2,427,103	461,600	1,459,289	1,920,889
<u>As at 30 June 2021</u>						
- Islamic Medium Term Notes	-	3,020,000	3,020,000	-	500,000	500,000
- Term loan and Commodity Murabahah Finance	125,132	-	125,132	77,132	-	77,132
- Revolving credits	-	-	-	375,400	169,000	544,400
TOTAL	125,132	3,020,000	3,145,132	452,532	669,000	1,121,532

Since 30 June 2021, the Group drew borrowings of RM1.7 billion including RM700 million of Islamic Medium Term Notes ("IMTN") and Islamic Commercial Papers ("ICP"), RM774 million of revolving credits and RM179 million of term loans and structured commodity. The Group also repaid borrowings of RM1.6 billion comprising RM500 million of IMTN and ICP, RM814 million of revolving credits and RM254 million of structured commodity and term loans.



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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 2021, 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 and High Court on SHSB's and UEM's additional assessment raised by IRB for additional tax and penalty, as disclosed in Note 12.
- b) On 25 July 2017, UEM Land was served with the Claim filed by the Plaintiffs in relation to shares held in Setia Haruman 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.

On 25 June 2021, the High Court Judge, dismissed the Plaintiff's claim against all the Defendants and ordered the Plaintiff to pay costs in the sum of RM100,000 to each of the main parties in this suit ("High Court's Decision").

On 14 July 2021, the Plaintiff filed an appeal against the High Court's Decision.

The appeal was heard in part during the hearing on 28 April 2022. The hearing will resume on 13 September 2022.

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.



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18. Material litigation (cont'd)

- c) By way of a Notice of Arbitration ("NOA") dated 17 April 2019, Ireka commenced arbitration proceedings against UEM Land for certain disputes arising from the Letter of Award dated 15 June 2012 ("LOA") for the construction of Imperia in Puteri Harbour, Iskandar Puteri, Johor ("Project"). The Asian International Arbitration Centre has appointed Mr. Wayne Martin from Australia as the arbitrator in this matter.

Based on the Statement of Claim dated 27 December 2019, Ireka is seeking inter-alia, 372 days of extension of time or alternatively for time at large declaration, RM20,395,000 for loss and expense, RM29,250,000 for the amount allegedly due to Ireka 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 Amended Statement of Defence and Amended Counterclaim dated 6 July 2020, UEM Land disputed liability on all of Ireka's claims and sought counterclaims amounting to a total sum of RM34,374,000. The breakdown of UEM Land's counterclaims are as follows:

- a. LAD in the sum of RM27,288,000 being damages for delay in completion;
- b. Costs for defects rectification in the sum of RM2,791,000;
- c. Back charges and losses and expenses payable amounting to RM3,152,000;
- d. All direct payment made by UEM Land to Ireka's sub-contractor amounting to RM1,143,000.

The list of issues to be addressed by the expert and list of non-contentious facts were filed on 18 May 2021. Witness statements were exchanged on 25 October 2021. Procedural hearing was fixed on 11 November 2021 for the purpose of, amongst others, setting timeline to exchange rebuttal witness statements and expert reports. The parties have exchanged the expert reports in reply on 14 February 2022. The parties exchanged their respective rebuttal factual witness statements by 7 March 2022. The parties' respective experts held a without prejudice meeting on 7 March 2022 and delivered a joint expert report thereafter by 7 April 2022.

The hearing of the matter was commenced on 23 May 2022 and concluded on 2 June 2022. The parties to file and serve written submissions within 2 months from the date of receipt of the notes of proceeding. The notes of proceeding were finalised and submitted to the tribunal on 29 July 2022 and the deadline to file the written submissions is on 29 September 2022.



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

	Current quarter 30/06/2022 RM'000	Immediate preceding quarter 31/03/2022 RM'000	Variance RM'000/(%)
Revenue	365,000	416,451	(51,451) (-12%)
Operating profit	57,759	59,284	(1,525) (-3%)
Share of net results of JV and associates	10,091	11,431	(1,340) (-12%)
Profit before interest and tax	67,850	70,715	(2,865) (-4%)
Finance costs	(35,615)	(34,936)	(679) (-2%)
Profit before income tax	32,235	35,779	(3,544) (-10%)
Income tax	(11,244)	(16,575)	5,331 (32%)
Profit for the period	20,991	19,204	1,787 (9%)
Non-controlling interests	(290)	(184)	(106) (-58%)
Profit attributable to Owners of the Parent	20,701	19,020	1,681 (9%)

The Group recorded lower revenue in the current quarter due to lower land sales i.e. Mersing and Iskandar Puteri amounting RM51 million as compared to the sale of 19 industrial plots in phase 3 of the Southern Industrial and Logistics Clusters ("SiLC") amounting to RM127 million as well as divestment of non-strategic lands in Seputeh and 68⁰ Avenue recognised in immediate preceding quarter. The revenue from land sales above contributed to 14% and 38% of the total revenue in the current quarter and the immediate preceding quarter, respectively.

Property development revenue was largely attributable to ongoing projects such as Residensi Solaris Parq and Serene Heights in Semenyih in the Central region, and Aspira ParkHomes in the Southern region. The contribution was also from the inventories' monetisation of Estuari Gardens, Aspira LakeHomes and Teega, all in Southern. The gross profit margin is higher in the current quarter due to the divestment of 431 acres of land in Mersing, Johor and a parcel of land in Iskandar Puteri, while the sale of the 19 industrial plots in SiLC in the immediate preceding quarter was recorded with minimal margins. In line with the higher gross profit margins, the Group recognised higher operating profit margins of 16% compared to 14% in the immediate preceding quarter. The Group's share of results was mainly from our joint ventures in Nusajaya Tech Park and Horizon Hills in Iskandar Puteri.



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20. Detailed analysis of the performance for the current quarter

	Current year quarter 30/06/2022 RM'000	Preceding year corresponding quarter 30/06/2021 RM'000	Variance RM'000/(%)	Six months to 30/06/2022 RM'000	Six months to 30/06/2021 RM'000	Variance RM'000/(%)
Revenue	365,000	249,142	115,858 (47%)	781,451	501,835	279,616 (56%)
Operating profit	57,759	14,314	43,445 (>100%)	117,043	41,330	75,713 (>100%)
Share of net results of JV and associates	10,091	(5,355)	15,446 (>100%)	21,522	3,343	18,179 (>100%)
Profit before interest and tax	67,850	8,959	58,891 (>100%)	138,565	44,673	93,892 (>100%)
Finance costs	(35,615)	(35,725)	110 (0%)	(70,551)	(71,929)	1,378 (2%)
Profit/(loss) before tax	32,235	(26,766)	59,001 (>100%)	68,014	(27,256)	95,270 (>100%)
Income tax	(11,244)	19,385	(30,629) (>-100%)	(27,819)	15,932	(43,751) (>-100%)
Profit/(loss) for the period	20,991	(7,381)	28,372 (>100%)	40,195	(11,324)	51,519 (>100%)
Non-controlling interests	(290)	14	(304) (>-100%)	(474)	(362)	(112) (-31%)
Profit/(loss) attributable to Owners of the Parent	20,701	(7,367)	28,068 (>100%)	39,721	(11,686)	51,407 (>100%)

The Group's revenue for the current quarter was higher by 47% as compared to the corresponding quarter in 2021 mainly due to the sale of non-strategic lands in Mersing and Iskandar Puteri. The current quarter also witnessed higher property development revenue of local projects that are in the advanced stage of their development cycles, namely Residensi Astrea in Mont' Kiara, KAIA Heights in Seri Kembangan and Senadi Hills in Iskandar Puteri, as well as mature projects including Residensi Solaris Parq in Dutamas, Serene Heights and Aspira ParkHomes in Gerbang Nusajaya. In addition, the sale of inventories mainly Estuari Gardens, Aspira LakeHomes and Teega in the Southern region has also contributed to the increase in property development revenue.

The Group's normalised gross profit margins were intact at 26% for both quarters under review. The Group's operating profit margins in the current quarter also improved substantially at 16% in the current quarter as compared to the prior year's corresponding quarter of 6%. As a result, the Group recorded a profit of RM21 million in the current quarter as compared to a loss after tax of RM7 million in prior year's corresponding quarter due to unfavourable share of results from joint ventures and associates, amongst others.

As for the first half of 2022, the Group's revenue was recorded at RM781 million compared to prior year's corresponding period of RM502 million. This was partly due to the sale recognition of the 19 industrial plots in SiLC and the sale of non-strategic lands that contributed 30% of the Group's total revenue. Property development revenue contributions were from projects such as Residensi Solaris Parq, Serene Heights and Residensi AVA in the Central region and Aspira ParkHomes, Senadi Hills and Estuari Gardens in the Southern region.

Operating profits recognised in the current period were in tandem with the higher revenue, as compared to prior year's corresponding period. The Group recorded profit after tax of RM40 million as compared to a loss after tax of RM12 million in prior year's corresponding period following the higher contribution from other income and favourable share of results from joint ventures and associates, amongst others.



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21. Earning/(loss) per share

	Current year quarter 30/06/2022 RM'000	Preceding year corresponding quarter 30/06/2021 RM'000	Six months to 30/06/2022 RM'000	Six months to 30/06/2021 RM'000
Profit/(loss) for the period attributable to Owners of the Parent	20,701	(7,367)	39,721	(11,686)
Weighted average number of ordinary shares in issue ('000)	5,058,476	5,058,476	5,058,476	5,058,476
Earning/(loss) per share	0.41 sen	(0.15) sen	0.79 sen	(0.23) sen

22. Prospects for the current financial year

The Malaysian economy registered a strong growth of 8.9% in the second quarter of 2022 (1Q 2022: 5.0%) underpinned by the continued recovery in the labour market, policy support and normalising of economic activity as the country moved towards endemicity and reopened international borders. Headline inflation increased to 2.8% during the quarter (1Q 2022: 2.2%). Domestic growth is to expand for the remainder of the year underpinned by firm domestic demand. Global growth continues to recover, supported by the reopening of the economy and stronger labour markets. The military conflict in Ukraine is expected to dampen the global recovery pace. Commodity prices have risen, reflecting the disruption in production and trade due to war and sanctions by Western countries on Russia, leading to higher global inflation, which would exacerbate cost pressures on firms while negatively impacting consumer sentiments and spending. On 6 July 2022, Bank Negara's Monetary Policy Committee increased the OPR by 25 basis points to 2.25%.

The Triage initiatives undertaken since late last year have aided in improving the group's financial performance. This is anticipated to continue throughout the remaining year. Recent headwinds in the sector however have compelled us to make challenging decisions with regard to our current financial position and selected commercial assets. Priorities are given to property development activities and new product pipelines to generate healthy revenue stream whilst selected infrastructure projects continue to be given focus in line with the group's role as a township master developer. Selected non-core businesses have been divested with some pending completion. This included the divestment of our non-strategic lands in Mersing last year and part of our land in Tapah, Perak in 2020.

The rise of construction materials' prices remains a challenge. Bulk purchase of materials, bundling of service contracts and strategic vendor partnerships, are some of the initiatives in place to mitigate this challenge. In addition, our tender processes are being refined for better efficiency and efficacy. In relation to the OPR, the gradual increase in interest rates may have an impact on buying and investing sentiment. However, most of our buyers are currently owner occupiers as opposed to speculative buyers and the property demand for these market segments is more inelastic compared to demand from speculative buyers where the target audience is more price-sensitive. Besides, interest rates are cyclical in nature and generally loan tenures are more long term in nature. Our products are also competitively priced to meet market demand and our planned pipeline will serve the targeted market segment.



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

In terms of sales, we are rewarding our buyers with unique value propositions embedding sustainability features within each development and offering reasonable pricing. We have also launched our festive campaigns to boost sales starting with the 'Chinese New Year's Happy Duo Duo', followed by the 'Ini Baru Raya' campaign and now the 'Inspiring Malaysia' campaign. We also partnered up with Affin Bank in the 'Home Step Fast/i' campaign offering financial solutions for fresh graduates, young homebuyers and investors allowing them to pay low monthly repayments for the first five years upon project completion amongst others.

Our focus in 2022 is in the Central and Southern regions. Half of our GDV target for the year centred in the Klang Valley featuring amongst others, the upcoming launch of Block D of KAIA Heights and a new high-rise residential development known as MK 31 in Mont'Kiara; in addition to new phases of Serene Heights. Unfortunately, the recent implementation of the Housing Integrated Management System (HIMS) by the Ministry of Housing and Local Government has affected the industry, causing some delays in the approval processes. This has affected regulatory approvals for the development of our land in Taman Connaught, Cheras. The project is now likely to be launched in early 2023.

In the Southern region, we will introduce new phases of Senadi Hills and Aspira Heights. Internationally, our plans to launch a new development in Collingwood, Melbourne remain; slated in the fourth quarter this year. For the completed projects in Melbourne, Australia, we have settled 9 units in Conservatory this year valued at RM18.2 million and will continue to pursue full settlement of the remaining inventories in both Aurora Melbourne Central and Conservatory by the end of 2022.

In reinforcing our future pipeline, we acquired a 6.4-acre land in Jalan Sultan Yahya Petra (formerly known as Jalan Semarak) in Kuala Lumpur in August 2022, with plans to develop an integrated mixed development to be launched in 2024 at a prudent total estimated GDV of RM1.5 billion. The transaction includes an in-kind settlement of the purchase price via the disposal of 107.8 acres of land in Gerbang Nusajaya, Iskandar. We consider this as part of our divestment strategy.

The Group remains financially sound given the gross and net gearings of 0.64x and 0.51x, respectively and cash balances of RM935 million as at 30 June 2022. Unbilled sales of RM2.3 billion as at 30 June 2022 will be substantially recognised over the next 18 to 36 months depending on projects' progress completion. We maintain our sales and GDV targets of RM1.5 billion and RM3.3 billion, respectively for 2022.

Note:

1 Bank Negara Malaysia (BNM) Quarterly Bulletin (2nd Quarter) issued on 12 August 2022.

2 Monetary Policy Statement dated 6 July 2022, Overnight Policy Rate – OPR.

3 Triage is a period of reformation and fundamentals, a crucial part of our three-prong strategy, alongside Stabilise (reorganisation and transformation of our people, process and portfolio) and Sustain (income diversification for sustained revenue). It includes addressing Group's losses, streamlining core capabilities and creating products that deliver value.

23. Profit forecast

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

Kuala Lumpur
24 August 2022

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