



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2023

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	Note 30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
1. (a) Revenue	363,955	365,000	604,733	781,451
(b) Cost of sales	(249,320)	(250,630)	(383,982)	(568,217)
(c) Gross profit	114,635	114,370	220,751	213,234
(d) Other income	15,094	17,483	28,135	30,893
(e) Expenses	(60,885)	(70,560)	(116,584)	(130,212)
(f) Finance costs	(44,271)	(35,615)	(78,307)	(70,551)
(g) Foreign exchange gain/(loss)	1,083	(3,534)	4,252	3,128
(h) Share of net results of associates	375	5,713	(318)	6,882
(i) Share of net results of joint ventures	18,916	4,378	14,635	14,640
(j) Profit before income tax	44,947	32,235	72,564	68,014
(k) Income tax expense	14 (17,057)	(11,244)	(28,902)	(27,819)
(l) Profit for the period	27,890	20,991	43,662	40,195
Attributable to:				
(m) Owners of the Parent	24,698	20,701	40,052	39,721
(n) Non-controlling Interests	3,192	290	3,610	474
Profit for the period	27,890	20,991	43,662	40,195
2. Earning per share based on				
1(m) above	21	0.49 sen	0.41 sen	0.79 sen
		0.79 sen		0.79 sen

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/06/2023 RM'000	30/06/2022 RM'000	30/06/2023 RM'000	30/06/2022 RM'000
Profit for the period	27,890	20,991	43,662	40,195
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	12,921	(10,693)	12,921	9,336
Total other comprehensive income/ (expense) for the period, net of tax	12,921	(10,693)	12,921	9,336
Total comprehensive income for the period	40,811	10,298	56,583	49,531
Attributable to:				
Owners of the Parent	37,188	9,996	52,960	49,069
Non-controlling Interests	3,623	302	3,623	462
Total comprehensive income for the period	40,811	10,298	56,583	49,531

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022 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	30/06/2023	30/06/2022	30/06/2023	30/06/2022
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after charging/(crediting):				
Finance costs	44,271	35,615	78,307	70,551
Depreciation	14,203	13,272	26,955	26,835
Interest income	(10,652)	(5,338)	(19,044)	(10,195)
(Gain)/loss on foreign exchange:				
- unrealised	(649)	3,557	(3,820)	(3,056)
- realised	(434)	(23)	(432)	(72)
Dividend income from investment at fair value through profit or loss	(1,408)	(162)	(1,374)	(187)
Write back of impairment of receivables	-	-	-	(556)
Net allowance for doubtful debts	524	1,767	831	1,752
Loss on disposal of subsidiaries (a)	-	-	-	479

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) 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").



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Registration No. 200801028815 (830144-W)
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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at current financial year end 30/06/2023 RM'000	Audited As at preceding financial year end 31/12/2022 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	395,975	407,260
Investment properties	784,653	780,014
Right-of-use assets	19,790	21,831
Land held for property development	5,169,187	5,158,456
Interests in associates	847,401	844,980
Interests in joint ventures	910,931	891,191
Amounts due from joint ventures	152,154	156,982
Goodwill	621,409	621,409
Deferred tax assets	264,047	283,003
Long term receivables	364,611	360,295
	9,530,158	9,525,421
2. Current assets		
Property development costs	995,768	978,702
Inventories held for sale	145,955	203,005
Inventories under contract of sale	76,647	102,096
Receivables	562,674	672,969
Contract assets	373,011	374,672
Amounts due from associates	612	612
Amounts due from joint ventures	102,515	103,473
Short term investments	5	45,005
Cash, bank balances and deposits	1,544,899	1,025,551
	3,802,086	3,506,085
Assets classified as held for sale	22,473	22,397
	3,824,559	3,528,482
Total assets	13,354,717	13,053,903



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

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

	Note	Unaudited As at current financial year end 30/06/2023 RM'000	Audited As at preceding financial year end 31/12/2022 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		91,248	78,340
Retained profits		1,711,015	1,696,255
		<u>6,796,869</u>	<u>6,769,201</u>
4. Non-controlling Interests		108,090	104,467
Total equity		<u>6,904,959</u>	<u>6,873,668</u>
5. Non-current liabilities			
Borrowings	16	2,885,069	2,360,637
Lease liabilities		16,532	18,414
Payables		47,147	45,976
Contract liabilities		242,146	239,678
Deferred income		193,880	162,839
Provisions		29,884	68,317
Deferred tax liabilities		149,459	163,395
		<u>3,564,117</u>	<u>3,059,256</u>
6. Current liabilities			
Provisions		151,279	104,003
Payables		867,135	937,938
Contract liabilities		69,718	105,041
Borrowings	16	1,769,958	1,954,611
Lease liabilities		3,729	3,617
Tax payable		23,822	15,769
		<u>2,885,641</u>	<u>3,120,979</u>
Total liabilities		<u>6,449,758</u>	<u>6,180,235</u>
Total equity and liabilities		<u>13,354,717</u>	<u>13,053,903</u>
7. Net assets per share attributable to Owners of the Parent			
		<u>RM 1.34</u>	<u>RM 1.34</u>

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 30/06/2023	Unaudited Six months to 30/06/2022
Note	RM'000	RM'000
Operating Activities		
Cash receipts from customers	818,365	573,069
Cash receipts from related parties	4,510	2,225
Cash payments to contractors	(379,840)	(313,615)
Cash payments for land and development related costs	(8,608)	(93,370)
Cash payments to related parties	(3,333)	(72)
Cash payments to employees and for expenses	(119,232)	(120,907)
Cash generated from operations	311,862	47,330
Net income tax paid	(26,827)	(8,183)
Interest received	9,660	6,890
Net cash generated from operating activities	294,695	46,037
Investing Activities		
Dividend received from joint ventures	1,000	31,000
Net proceeds from disposal of subsidiaries	-	356
Purchase of property, plant and equipment	(1)	(1,566)
Purchase of investment properties	(1,951)	(9,095)
Net repayment from joint ventures	5,425	3,000
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	(55,096)	(32,000)
Net redemption in short term investments	71,830	137
Net cash used in investing activities	21,207	(2,668)



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

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

	Unaudited Six months to 30/06/2023 RM'000	Unaudited Six months to 30/06/2022 RM'000
Financing Activities		
Drawdown of borrowings	522,077	543,170
Drawdown of Islamic Medium Term Notes and Islamic Commercial Papers	1,345,000	260,000
Repayment of borrowings	(1,518,230)	(507,862)
Repayment of Islamic Medium Term Notes	-	(150,000)
Repayment of lease liabilities	(1,855)	(15,762)
Dividend paid	(25,392)	-
Interest paid	(107,328)	(92,714)
Net cash generated from financing activities	214,272	36,832
Effects of exchange rate changes	14,586	1,456
Net increase in cash and cash equivalents	544,760	81,657
Cash and cash equivalents as at beginning of financial period	995,768	848,204
Cash and cash equivalents as at end of financial period	1,540,528	929,861

Unaudited As at 30/06/2023 RM'000	Unaudited As at 30/06/2022 RM'000
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(a) Cash and cash equivalents comprise of the following amounts:

Cash, bank balances and deposits		
Unrestricted	1,069,768	634,413
Restricted	475,131	300,422
	1,544,899	934,835
Bank overdrafts (included in short term borrowings)	(4,371)	(4,974)
Cash and cash equivalents	1,540,528	929,861

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	← Attributable to Owners of the Parent →						Total Equity RM'000
	← Non-distributable →			Distributable			
	Share Capital RM'000	Merger Relief Reserve RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interests RM'000	
Six months to 30 June 2023							
(Unaudited)							
At 1 January 2023	4,960,276	34,330	78,340	1,696,255	6,769,201	104,467	6,873,668
Total comprehensive income for the period	-	-	12,908	40,052	52,960	3,623	56,583
Dividend paid (Note 7)	-	-	-	(25,292)	(25,292)	-	(25,292)
At 30 June 2023	<u>4,960,276</u>	<u>34,330</u>	<u>91,248</u>	<u>1,711,015</u>	<u>6,796,869</u>	<u>108,090</u>	<u>6,904,959</u>
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>

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 2022 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 2022, 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 2022 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 2023:

Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Presentation of Financial Statements and MFRS Practice Statement 2: Disclosure of Accounting Policies

Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

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
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)	1 January 2024
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.



UEM SUNRISE BERHAD

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Audit report in respect of the 2022 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2022 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 15.1% (2022: 2.6%) 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 2023 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)
30 January 2023	Issuance	255	3 years	5.45%
7 March 2023	Issuance	165	3 years	5.39%
7 April 2023	Issuance	70	3 years	5.34%
12 April 2023	Repayment	(100)	1 year	3.55%
14 April 2023	Issuance	160	1 year	5.05%
14 April 2023	Issuance	80	2 years	5.25%
14 April 2023	Issuance	100	5 years	5.44%
19 April 2023	Issuance	115	1 year	5.00%
19 May 2023	Repayment	(500)	7 years	5.00%
9 June 2023	Repayment	(270)	3 years	4.00%
12 June 2023	Repayment	(150)	3 years	4.00%
19 June 2023	Issuance	120	3 years	5.30%
20 June 2023	Issuance	280	4 years	5.45%

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

7. Dividend

The final single tier dividend of 0.5 sen per share on 5,058,476,221 ordinary shares amounting to RM25,292,381 in respect of the financial year ended 31 December 2022 was paid on 22 May 2023.

The Directors do not recommend the payment of any dividend for the current financial period ended 30 June 2023 (2022: 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 year.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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 2023 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 30 June 2023 that have not been reflected in the condensed interim financial statements.

10. Operating segments

Operating segments information for the financial period ended 30 June 2023 is as follows:

	Property development		Property investment	Others	Eliminations	Consolidated
	In Malaysia	Outside Malaysia	and hotel operation			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	535,219	9,693	51,944	7,877	-	604,733
Inter-segment revenue	-	-	126	55,344	(55,470)	-
Total revenue	535,219	9,693	52,070	63,221	(55,470)	604,733
Results						
Segment results	163,506	(944)	7,762	(26,263)	(7,507)	136,554
Finance costs	(48,131)	(29)	(20,512)	(17,142)	7,507	(78,307)
Share of results of associates	(298)	(1,248)	-	1,228	-	(318)
Share of results of joint ventures	14,617	-	18	-	-	14,635
Profit/(loss) before income tax	129,694	(2,221)	(12,732)	(42,177)	-	72,564
Income tax (expense)/credit	(27,643)	(1,119)	4	(144)	-	(28,902)
Profit/(loss) for the period	102,051	(3,340)	(12,728)	(42,321)	-	43,662
Attributable to:						
Owners of the Parent	98,195	(3,340)	(12,728)	(42,075)	-	40,052
Non-controlling Interests	3,856	-	-	(246)	-	3,610
Profit/(loss) for the period	102,051	(3,340)	(12,728)	(42,321)	-	43,662
Assets						
Segment assets	10,123,660	625,006	941,764	750,861	(935,810)	11,505,481
Interests in:						
- associates	845,365	2,034	-	2	-	847,401
- joint ventures	829,856	-	81,075	-	-	910,931
Tax recoverable	86,402	1,391	330	2,781	-	90,904
Total assets	11,885,283	628,431	1,023,169	753,644	(935,810)	13,354,717
Liabilities						
Segment liabilities	5,393,103	26,305	845,417	1,096,921	(935,810)	6,425,936
Tax payable	23,660	150	-	12	-	23,822
Total liabilities	5,416,763	26,455	845,417	1,096,933	(935,810)	6,449,758

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 2022 except as disclosed below:

- (i) On 27 March 2023, UEM Sunrise (Subiaco East) Pty Ltd was incorporated and registered in Victoria, Australia as wholly-owned subsidiary of UEM Sunrise (Land) Pty Ltd, which in turn are indirect wholly-owned subsidiary of the Company with paid-up share capital of AUD2.00 divided into 2 Ordinary Shares.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

- (ii) On 27 March 2023, UEM Sunrise (Subiaco East) Unit Trust was established with UEM Sunrise (Subiaco East) 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 AUD10.00 divided into 10 Ordinary Units and governed by the law in force in the State of Victoria, Australia.

12. Contingent liabilities

There are no changes in the contingent liabilities since the preceding financial year ended 31 December 2022 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 Federal Court ("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 SCIT hearing which was initially fixed on 12 and 13 June 2023 was further postponed to 2 October 2023 and 3 October 2023.

BND's solicitors are of the view that BND has an arguable case 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.

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 ("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.



UEM SUNRISE BERHAD

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Contingent liabilities (cont'd)

(b) (Cont'd)

On 13 March 2023, High Court's dismissed UEM Land's leave application to commence judicial review on IRB's decision to charge UEM Land additional assessments. This indicates that the interim stay of the additional assessments for UEM Land is no longer applicable resulting in UEM Land having to pay the additional taxes and penalties within 30 days of the High Court's decision. UEM Land has filed a Notice of Appeal to the Court of Appeal ("COA") on 14 March 2023 and a Stay Application has been filed at the Court of Appeal on 23 March 2023. The first stay hearing before the COA was adjourned from 3 May 2023 in which the next case management date at COA has been fixed on 25 May 2023. The stay hearing before the COA has been fixed on 18 July 2023. On 18 July 2023, the COA dismissed UEM Land's Stay Application. However, the appeal proper is still pending before the COA and the next case management date before the COA is on 10 August 2023. IRB has allowed for the payments to be made via instalments over the next 36 months until 15 March 2026.

On 28 March 2023, Symphony Hills' case management for the leave for judicial review application held which fixed the hearing date on 18 September 2023. Interim Stay of the Notices has been granted until the disposal of the leave application.

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.

13. Capital commitments

There are no material capital commitments in relation to the Group's capital expenditure in respect of purchase of property, plant and equipment and investment property except as disclosed below:

	RM'000
Approved and contracted for	66,203
Approved but not contracted for	20,968
Total	<u>87,171</u>

14. Income tax

	Current year quarter 30/06/2023 RM'000	Preceding year corresponding quarter 30/06/2022 RM'000	Current year quarter 30/06/2023 RM'000	Preceding year corresponding quarter 30/06/2022 RM'000
Malaysian and foreign income tax				
- current tax	(15,126)	(12,000)	(27,001)	(25,569)
- over/(under)provision in prior periods	2,755	(2,149)	2,747	(1,640)
Deferred tax				
- relating to origination and reversal of temporary differences	(4,631)	(4,720)	(4,765)	(9,583)
- (under)/overprovision in prior periods	(55)	7,625	117	8,973
Tax expense for the period	<u>(17,057)</u>	<u>(11,244)</u>	<u>(28,902)</u>	<u>(27,819)</u>

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.



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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

- a) 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 Darul 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 every 3 years.
- c) The 2 sets of Sale and Purchase agreements dated 15 December 2022 for the sale of 4 blocks of agriculture lands and 1 block of land plus building measuring approximately 67.7 acres in the Mukim of Tanjung Kupang, District of Johor Bahru, Johor ("Plot B Lands") for a total consideration of RM85.6 million ("Plot B Price") ("Plot B SPA") and 4 blocks of agriculture lands measuring approximately 166.8 acres in the Mukim of Pulai, District of Johor Bahru, Johor ("Phase 2 Lands") for a total consideration of RM203.6 million ("Phase 2 Lands Price") ("Phase 2 Lands SPA") between Nusajaya Rise Sdn Bhd ("NRSB") and Nusajaya Tech Park Sdn Bhd ("NTPSB"). Both Plot B Lands and Phase 2 Lands add up to a total consideration of RM289.2 million with a total land acreage of 234.5 acres.

50% of the Plot B Price was paid on 22 December 2022. The remaining 50% will be paid within 5 months of the Plot B SPA date or 1 month from the SPA's unconditional date, whichever later. Plot B SPA has a conditional period of 4 months.

For the Phase 2 Lands SPA, it is conditional upon the approvals of the Estate Land Board, the Economic Planning Unit and the relevant authorities' approval as per Section 433B of the 1965 National Land Code. The conditional period is 15 months from the SPA date. A deposit of 15% of the Phase 2 Lands Price or RM30.5 million was paid on 22 December 2022. The balance 85% is spread over 3 years where the first tranche (40% or RM81.4 million) will be paid within 21 days from the unconditional date, while the next 25% or RM50.9 million and 20% or RM40.7 million will be paid within 1 year and 2 years of the first tranche payment, respectively.

On 14 April 2023, the parties mutually agreed to extend the conditional period for Plot B SPA to 15 June 2023 where the eventual unconditional date for the Plot B SPA was 8 June 2023. On 28 June 2023 upon the full payment of the Plot B Price, the Plot B SPA was completed.

As of 11 August 2023, the conditions precedent under the Phase 2 Lands SPA are still pending.



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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

- d) The definitive agreements comprising 2 sets of Sale and Purchase Agreements ("SPA") 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") 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"). The first SPA was for the sale of 38 non-Bumiputera plots ("SPA 1"). The second SPA was for the sale of 34 Bumiputera plots ("SPA 2"). The parties also entered into Limited Power of Attorneys, Deed of Mutual Covenants and Deed of Revocation including a Management Agreement with Infinity Park Management Sdn Bhd.

SPA 1 became unconditional on 17 December 2021. For SPA 2, the conditional period for the release of the Industrial Plots' Bumiputera status ("Bumiputera Release") was extended for another 12 months to 30 December 2022. Under SPA 2, 33 out of 34 Industrial Plots have obtained approvals for Bumiputera Release; 19 Industrial Plots became unconditional on 3 March 2022, 1 plot became unconditional on 22 August 2022, and a further 13 Industrial Plots became unconditional on 8 November 2022.

On 13 December 2022, the parties agreed to extend the conditional period for the Bumiputera Release of the final plot i.e. PTD 206371, to 30 June 2023. However, since the Bumiputera release has yet to be secured, the parties agreed to further extend the conditional period to 30 August 2023.

As of 11 August 2023, the Bumiputera Release for the final Industrial Plot is still pending.

- e) The 3 sale and purchase agreements ("SPA") with Tapah Land Development Sdn Bhd, an indirect subsidiary of Sunsuria Berhad, to dispose of 17 parcels of leasehold agriculture lands measuring a total of approximately 1,776.6 acres in Mukim Batang Padang and Mukim Bidor in the District of Batang Padang, State of Perak ("Lands") for a total consideration of RM75.5 million. The disposal is anticipated to be completed towards the end of 2023.

As of 11 August 2023, the SPA is pending completion.

- f) The SPA with Kwasa Properties Sdn Bhd, a wholly-owned subsidiary of the Employees Provident Fund Board, to purchase a parcel of freehold land at PT 67 held under H.S.(D) 175392 in Seksyen 40, Bandar Petaling Jaya, Selangor measuring approximately 9.05 acres for a purchase price of RM155.0 million ("Proposed Acquisition"). The Proposed Acquisition is expected to be completed in the first half of 2024.

As of 11 August 2023, the SPA is pending completion.



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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

- g) The Contract of Sale (“Contract”) with Evolution MIT Services Pty Ltd, a trustee for the GS Collingwood Property Trust I (“Evolution”), for the sale of 1.33 acres of land at 21-53 Hoddle Street, Collingwood Vic 3066 in Melbourne, Australia (“Property”) for a purchase price of AUD45.1 million or RM143.3 million (based on the exchange rate published by Bank Negara Malaysia dated 20 June 2023 at 5.00pm where AUD1.00 was RM3.1505) (“Proposed Sale”), and the Fund Through Agreement (“FTA”) with Evolution and UEM Sunrise (Collingwood) Pty Ltd to facilitate the development of the Property for a Build to Rent (“BTR”) development where Evolution appoints UEM Sunrise (Collingwood Development) Pty Ltd (“UEMS Collingwood”) to undertake the construction and development of the Property for a total payment of AUD232.2 million plus GST or RM731.5 million (“Total Payment”) (“Proposed BTR Development”).

The Proposed Sale and Proposed BTR Development are collectively referred to as the “Proposals”. The total estimated transaction value for the Proposals is AUD277.3 million or RM873.7 million.

The Contract is expected to be completed upon the settlement of the purchase price tentatively in the first half of 2025. Construction works for the project is expected to commence in November 2024 with a target to complete separable portion 1 and 2 on 31 March 2027 and 30 June 2027, respectively.

As of 11 August 2023, the Contract is pending completion. As for the Proposed BTR Development, the parties are currently working on the relevant development plans.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. Borrowings and debt securities

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>As at 30 June 2023</u>						
- Islamic Medium Term Notes	-	2,880,159	2,880,159	-	1,250,334	1,250,334
- Term loan and Commodity Murabahah Finance	-	4,910	4,910	35,893	-	35,893
- Revolving credits	-	-	-	319,360	160,000	479,360
- Bank overdrafts	-	-	-	4,371	-	4,371
TOTAL	-	2,885,069	2,885,069	359,624	1,410,334	1,769,958

As at 30 June 2022

- 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

Since 30 June 2022, the Group drew borrowings of RM3.24 billion including RM1.76 billion of Islamic Medium Term Notes ("IMTN") and Islamic Commercial Papers ("ICP"), RM1.31 billion of revolving credits and RM176 million of term loans and structured commodity. The Group also repaid borrowings of RM2.93 billion comprising RM1.34 billion of IMTN and ICP, RM1.33 billion of revolving credits and RM264 million of structured commodity and term loans.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

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 2022, 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, High Court and COA on UEML's and High Court on SHSB'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 before the Court of Appeal on 28 April 2022, 13 September 2022 and 6 December 2022.

On 20 January 2023, the Court of Appeal found that there were no merits to the appeal and affirmed the High Court's decision. The Court of Appeal also ordered Impressive Circuit to pay costs of RM50,000 to each set of solicitors in the appeal.

On 17 February 2023, Impressive Circuit filed an application to the Federal Court for leave to appeal against the Court of Appeal's decision. UEM Land is opposing Impressive Circuit's application. The Hearing for Impressive Circuit's Leave application is scheduled on 27 June 2023. The parties are currently in the process of filing the necessary cause papers and written submissions in the Federal Court.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

18. Material litigation (cont'd)

b) (cont'd)

On 20 June 2023, the Federal Court vacated the Hearing for Impressive Circuit's Leave application that was originally scheduled on 27 June 2023.

On 27 June 2023, the Federal Court re-scheduled the Hearing for Impressive Circuit's Leave application on 15 August 2023. Parties are in the process of filing additional written submissions in the Federal Court.

On 15 August 2023, the Federal Court has dismissed with cost Impressive Circuit Sdn Bhd's ("Impressive Circuit") application for leave to appeal against the decision of the Court of Appeal.

The Federal Court's decision today brings these proceedings to an end as Impressive Circuit has no further avenue of appeal.

- 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.

On 8 August 2022, Ireka has been placed under Judicial Management and pursuant to Section 410(c) of the Companies Act 2016, Ireka's solicitors will not be able to act for Ireka in this arbitration unless leave has been granted by the Court. By an Order dated 17 December 2022, the Arbitrator has temporarily suspended the arbitration proceedings until 9 December 2022 or such earlier time as the Judicial Manager of Ireka might advise. Following the order for suspension, all further steps with regard to the proceedings including the direction to file written submissions are now suspended.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

18. Material litigation (cont'd)

c) (cont'd)

On 25 January 2023, Ireka's solicitors have discharged themselves from acting for Ireka. Following from the discharge, Ireka's solicitors added the Interim Judicial Manager to address the Tribunal. There is no response or update from the Interim Judicial Manager till to-date. Based on the file search conducted, Ireka's judicial management proceedings were discontinued on 9 January 2023 which put the judicial management of Ireka to an end. UEM Land's solicitors have notified the Tribunal that the judicial management of Ireka has ended and therefore the suspension of the arbitral proceedings shall be lifted. The Tribunal has directed for a procedural hearing to be held on 9 May 2023 to provide further directions.

The Tribunal has directed UEM Land to file the closing submission for its counterclaims by 9 July 2023. However, Ireka has been wound up on May 2023. The arbitration proceedings would have to be stayed and leave from the Court are required if UEM Land continue with the proceedings against Ireka as provided under Section 451(2) of the Companies Act 2016. The counterclaims will be time-barred if UEM Land discontinue the proceedings. UEM Land have instructed the solicitors to proceed to seek leave from the Court to continue the proceedings against Ireka.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

	Current quarter 30/06/2023 RM'000	Immediate preceding quarter 30/03/2023 RM'000	Variance RM'000/(%)
Revenue	363,955	240,778	123,177 (51%)
Operating profit	69,927	66,627	3,300 (5%)
Share of net results of JV and associates	19,291	(4,974)	24,265 (>100%)
Profit before interest and tax	89,218	61,653	27,565 (45%)
Finance costs	(44,271)	(34,036)	(10,235) (-30%)
Profit before income tax	44,947	27,617	17,330 (63%)
Income tax	(17,057)	(11,845)	(5,212) (-44%)
Profit for the period	27,890	15,772	12,118 (77%)
Non-controlling interests	(3,192)	(418)	(2,774) (->100%)
Profit attributable to Owners of the Parent	24,698	15,354	9,344 (61%)

The Group's revenue for the current quarter was higher by 51% as compared to the immediate preceding quarter. The total revenue for the current quarter was mainly contributed by property development which represented 69% of the total revenue, followed by land sales of 22% and property investment of 9%. The main property development contributors for the current quarter are largely from ongoing projects such as Residensi AVA in Kiara Bay, Serene Heights in Semenyih and Residensi Allevia in Mont'Kiara, all in the Central region. In the Southern region, in Iskandar Puteri, contributions were mainly from Senadi Hills, Aspira Gardens and Aspira LakeHomes. The Group's completed property; Estuari Gardens in Puteri Harbour, which as of 30 June 2023 was fully taken-up, have also been contributing positively to the current quarter's total revenue. The Group also recognised RM69 million revenue from the sale of non-strategic lands in Tapah, Perak signed in August 2020 and the Plot B Lands (refer to note 15(c) above) signed in December 2022 in Iskandar Puteri.

The Group registered slightly lower gross profit margin of 31% for the current quarter compared to the immediate preceding quarter of 44%. This was mainly due to the higher recognition of project cost savings in the immediate preceding quarter. Regardless of the lower gross profit margin, the current quarter's higher revenue resulted in a higher operating profit and subsequently, a higher profit after tax of RM28 million in comparison to the immediate preceding quarter of RM16 million. In addition to the improved revenue performance, the current quarter was also contributed by favourable share of results from joint ventures and associates, amongst others. The Group's share of results was mainly from joint ventures projects such as Nusajaya Tech Park and Horizon Hills in Iskandar Puteri as well as Forest Heights in Seremban.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
20. Detailed analysis of the performance for the current quarter

	Current year quarter 30/06/2023 RM'000	Preceding year corresponding quarter 30/06/2022 RM'000	Variance RM'000/(%)	Six months to 30/06/2023 RM'000	Six months to 30/06/2022 RM'000	Variance RM'000/(%)
Revenue	363,955	365,000	(1,045) (-1%)	604,733	781,451	(176,718) (-23%)
Operating profit	69,927	57,759	12,168 (21%)	136,554	117,043	19,511 (17%)
Share of net results of JV and associates	19,291	10,091	9,200 (91%)	14,317	21,522	(7,205) (-33%)
Profit before interest and tax	89,218	67,850	21,368 (31%)	150,871	138,565	12,306 (9%)
Finance costs	(44,271)	(35,615)	(8,656) (-24%)	(78,307)	(70,551)	(7,756) (-11%)
Profit before tax	44,947	32,235	12,712 (39%)	72,564	68,014	4,550 (7%)
Income tax	(17,057)	(11,244)	(5,813) (-52%)	(28,902)	(27,819)	(1,083) (-4%)
Profit for the period	27,890	20,991	6,899 (33%)	43,662	40,195	3,467 (9%)
Non-controlling interests	(3,192)	(290)	(2,902) (>-100%)	(3,610)	(474)	(3,136) (>-100%)
Profit attributable to Owners of the Parent	24,698	20,701	3,997 (19%)	40,052	39,721	331 (1%)

The Group's revenue for the current quarter was recorded slightly lower as compared to the corresponding quarter in 2022 which was mainly from property development revenue contribution of Residensi Solaris Parq in Mont'Kiara which was at the advanced stage of progress completion, Serene Heights, Residensi Astrea in Mont'Kiara, Estuari Gardens and Aspira ParkHomes. Revenue contribution in the current quarter was mainly supported by projects and land sales listed in note 19 above.

The Group's gross profit margin were intact at 31% for both quarters under review. The Group's operating profit margins in the current quarter improved at 19% compared to the prior year's corresponding quarter of 16% contributed by lower operating expenses. Its operating expenses was lower by 14% in the current quarter compared to the corresponding quarter, as a result of a lower headcount and fair value gain adjustment from investment in unquoted shares, as compared to the same quarter in 2022. These facilitated the improvements of the Group's operating profit margin in the current quarter.

The Group subsequently recorded a higher profit after tax and non-controlling interests of RM25 million in the current quarter, compared to the prior year's corresponding quarter of RM21 million. This was partly contributed by higher share of results of its joint ventures and associates for the current quarter.

As for the first half of 2023, the Group's revenue was recorded at RM605 million compared to prior year's corresponding period of RM781 million, a reduction of 23%. This was partly due to the sale recognition of the 19 industrial plots in SiLC (refer to note 15(d) above for further information) and the sale of non-strategic lands that collectively contributed 30% or RM194 million of the Group's total revenue in prior period. In the current period, land sales contributed RM69 million towards the Group's total revenue. 81% of the total property development revenue for the first of this period was contributed by projects from the Central region mainly from Residensi AVA, Residensi Allevia and Serene Heights. 17% was from Southern mainly from Aspira ParkHomes, Senadi Hills and Aspira Square. The remaining 2% was from Aurora Melbourne Central in Australia. In contrast to the first half of 2022, 56% was contributed by the Central region projects, 40% from Southern and 4% from Australia.

Despite the lower revenue recorded in current period, the Group recognised higher operating profits contributed by cost savings from completed project, lower operating expenses, as a result of a lower headcount and fair value gain adjustment from investment in unquoted shares, as compared to prior year's corresponding period. Subsequently, the Group recorded profit after tax of RM44 million as compared to RM40 million in prior year's corresponding period.

The Group has launched a total gross development value ("GDV") of approximately RM2.7 billion as at 30 June 2023.



UEM SUNRISE BERHAD

Registration No. 200801028815 (830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

21. Earning per share

	Current year quarter 30/06/2023 RM'000	Preceding year corresponding quarter 30/06/2022 RM'000	Six months to 30/06/2023 RM'000	Six months to 30/06/2022 RM'000
Profit for the period attributable to Owners of the Parent	24,698	20,701	40,052	39,721
Weighted average number of ordinary shares in issue ('000)	5,058,476	5,058,476	5,058,476	5,058,476
Earning per share	0.49 sen	0.41 sen	0.79 sen	0.79 sen

22. Prospects for the current financial year

Following a strong performance in the first quarter of the year, the Malaysian economy has shown signs of growth albeit at a more moderate pace in recent months as exports were weighed down by slower external demand. Growth for the remaining quarters of the year will continue to be driven by resilient domestic demand¹ which assisted in sustaining the labour market and increasing consumer expenditure². Headline inflation declined to 2.4% in June 2023 (May: 2.8%)³. The Malaysian labour market continued to improve in May 2023, with the number of employed persons increasing by 2.4% year-on-year² while Bank Negara Malaysia has also decided to maintain the OPR at 3.0%¹. However, global financial sentiments were weighed down by concerns over the global growth outlook due to the weaker-than-expected economic recovery in China. This was further compounded by slower economic activity in Europe and weak corporate earnings³. Global growth is projected at 3.0% in both 2023 and 2024⁴.

For the current financial year, we will continue to focus on our three-phase strategic turnaround plan: **Triage**, **Stabilise** and **Sustain**. The actions executed under **Triage** thus far have started to bear fruit, enabling us to achieve our full year launch and sales targets of RM2.5 billion and RM1.5 billion, respectively within the first half of 2023. The signing of the agreements with Greystar Real Estate Partners, LLC ("Greystar") on 21 June 2023 to develop our first 'Build-to-Rent' ("BTR") project in the inner-Melbourne suburb of Collingwood and the acquisition of the 1.22-acre land in Subiaco East in Perth, Australia with plans to develop residential development on 15 August, also represent major milestones for us.

The RM2.7 billion launched GDV thus far in 2023, consists of The MINH in Mont'Kiara, The Connaught One in Cheras, Senadi Hills in Iskandar Puteri and the BTR arrangement with Greystar mentioned above. In addition, we are also targeting to introduce a new high-rise residential development in Kiara Bay, Kepong in September this year following the success of the fully taken up Residensi AVA. Residensi ZIG will be offering 1,126 residential units sized between 450 to 1,198 square feet and is a Happy+ product branded under the Rise series. It is expected to have an estimated GDV of RM646 million. In the Southern region, we also have plans to launch several new phases of selected existing developments mainly in Gerbang Nusajaya and Senadi Hills.

We shall continue with our initiative to reduce our inventories held for sale and current receivables, which has decreased by 28% and 16% respectively in comparison to 31 December 2022 and to off-load non-strategic lands and divest non-core assets. For the first half of 2023, we completed the sale of 623 acres of lands in Tapah, Perak for RM29.9 million as well as the sale of 68 acres of lands in Nusajaya Tech Park, Gerbang Nusajaya to Nusajaya Tech Park Sdn Bhd, our joint venture company with CapitaLand Group Pte. Ltd, for a consideration of RM85.6 million.



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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

We remain committed to our sustainability agenda. As we progress towards complying with Bursa Malaysia's Sustainability Reporting Framework and the Taskforce on Climate-Related Financial Disclosures, we have identified five sustainability-related material matters as key performance indicators and targets for 2023. These targets revolve around Customer Management, Health and Safety, and Employee Management. We have also developed Guiding Principles to operationalise our UEM Sunrise Sustainability Blueprint 1.0. The Guiding Principles are key to formulating our own Sustainable Development Design Guidelines, which will be used as reference when integrating sustainability elements into our design decisions. We also produced a UEM Sunrise Design Playbook which brings focus on our DfMA i.e. Design for Manufacturing and Assembly during the design and planning stages of our developments. Simultaneously, we plan to introduce prefabricated components for our residential developments in the near future.

The Group remains financially sound given our gross and net gearing of 0.68x and 0.46x, respectively and cash balances of RM1.5 billion as of 30 June 2023. Unbilled sales of RM2.7 billion as of 30 June 2023 will be substantially recognised over the next 18 to 48 months.

Note:

¹ Bank Negara Malaysia, Monetary Policy Statement dated 6 July 2023.

² Malaysian Economic Statistics Review Vol. 7/2023 by the Ministry of Economy, Department of Statistics Malaysia dated 27 July 2023.

³ Bank Negara Malaysia's Monthly Highlights – June 2023 (Ref. No.:07/23/06) dated 31 July 2023.

⁴ World Economic Outlook Update by the International Monetary Fund dated July 2023.

23. Profit forecast

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

Kuala Lumpur
18 August 2023

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