



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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2024

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter 31/03/2024 RM'000	Preceding year corresponding quarter 31/03/2023 RM'000	Three months to 31/03/2024 RM'000	Three months to 31/03/2023 RM'000
1. (a) Revenue		224,956	240,778	224,956	240,778
(b) Cost of sales		(154,625)	(134,662)	(154,625)	(134,662)
(c) Gross profit		70,331	106,116	70,331	106,116
(d) Other income		20,220	13,041	20,220	13,041
(e) Expenses		(58,665)	(55,699)	(58,665)	(55,699)
(f) Finance costs		(39,316)	(34,036)	(39,316)	(34,036)
(g) Foreign exchange gain		70	3,169	70	3,169
(h) Share of net results of associates		5,261	(123)	5,261	(123)
(i) Share of net results of joint ventures		8,183	(4,281)	8,183	(4,281)
(j) Profit before income tax					
from continuing operations		6,084	28,187	6,084	28,187
(k) Profit/(loss) before income tax					
from discontinued operations		4,319	(570)	4,319	(570)
(l) Profit before income tax		10,403	27,617	10,403	27,617
(j) Profit before income tax					
from continuing operations		6,084	28,187	6,084	28,187
(m) Income tax	14	(1,114)	(11,845)	(1,114)	(11,845)
(n) Profit for the period from					
continuing operations		4,970	16,342	4,970	16,342
(o) Profit/(loss) for the period from					
discontinuing operations		4,319	(570)	4,319	(570)
(p) Profit for the period		9,289	15,772	9,289	15,772

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to this quarterly announcement.



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I(A). CONDENSED CONSOLIDATED INCOME STATEMENT (CONT'D)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year	Preceding year	Three	Three
		quarter	corresponding	months	months
		to	to	to	to
		31/03/2024	31/03/2023	31/03/2024	31/03/2023
		RM'000	RM'000	RM'000	RM'000
Attributable to:					
1. (q) Owners of the parent					
Profit for the period from continuing operations		4,706	15,812	4,706	15,812
Profit/(loss) for the period from discontinued operations		3,472	(458)	3,472	(458)
Profit for the period attributable to owners of the parent		8,178	15,354	8,178	15,354
(r) Non-controlling interests					
Profit for the period from continuing operations		264	530	264	530
Profit/(loss) for the period from discontinued operations		847	(112)	847	(112)
Profit for the period attributable to non-controlling interests		1,111	418	1,111	418
Profit for the period		9,289	15,772	9,289	15,772
2. Earning/(loss) per share based on					
1(q) above	21				
- Continuing operations		0.09 sen	0.31 sen	0.09 sen	0.31 sen
- Discontinued operations		0.07 sen	(0.01) sen	0.07 sen	(0.01) sen
		0.16 sen	0.30 sen	0.16 sen	0.30 sen

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/03/2024 RM'000	Preceding year corresponding quarter 31/03/2023 RM'000	Three months to 31/03/2024 RM'000	Three months to 31/03/2023 RM'000
Profit for the period	9,289	15,772	9,289	15,772
Other comprehensive expense to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences for foreign operations	(7,843)	(17,256)	(7,843)	(17,256)
Total other comprehensive expense for the period, net of tax	(7,843)	(17,256)	(7,843)	(17,256)
Total comprehensive income/ (expense) for the period	1,446	(1,484)	1,446	(1,484)
Attributable to:				
Owners of the parent	340	(1,942)	340	(1,942)
Non-controlling interests	1,106	458	1,106	458
Total comprehensive income/ (expense) for the period	1,446	(1,484)	1,446	(1,484)

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2023 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	Three	Three
	quarter	corresponding	months	months
	31/03/2024	31/03/2023	31/03/2024	31/03/2023
	RM'000	RM'000	RM'000	RM'000
Profit before income tax from continuing operations is arrived at after charging/ (crediting):				
Finance costs	39,316	34,036	39,316	34,036
Depreciation	11,531	12,752	11,531	12,752
Interest income	(11,957)	(8,392)	(11,957)	(8,392)
Loss/(gain) on foreign exchange:				
- unrealised	302	(3,171)	302	(3,171)
- realised	(372)	2	(372)	2
Dividend income from investment at fair value through profit or loss	(1,132)	34	(1,132)	34
Net allowance for doubtful debts	-	307	-	307

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.



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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at current financial year end 31/03/2024 RM'000	Audited As at preceding financial year end 31/12/2023 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	404,284	410,045
Investment properties	737,375	744,649
Right-of-use assets	17,384	17,723
Inventories - land held for property development	5,397,396	5,224,711
Interests in associates	848,783	839,177
Interests in joint ventures	878,241	870,981
Amounts due from joint ventures	182,506	184,800
Goodwill	621,409	621,409
Deferred tax assets	285,568	268,424
Long term receivables	247,097	240,855
	9,620,043	9,422,774
2. Current assets		
Inventories - property development costs	682,391	710,753
Contract cost assets	259,766	221,894
Inventories - completed properties and others	118,170	127,417
Inventories - land held for sales/assets under contract of sale	153,391	154,227
Receivables	535,580	528,882
Tax recoverables	103,356	121,946
Contract assets	332,966	330,423
Amounts due from associates	389	610
Amounts due from joint ventures	161,122	212,915
Short term investments	2,105	90,560
Cash, bank balances and deposits	1,003,007	1,001,572
	3,352,243	3,501,199
Assets classified as held for sale	50,458	49,561
Total assets	13,022,744	12,973,534



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

		Unaudited As at current financial year end 31/03/2024 RM'000	Audited As at preceding financial year end 31/12/2023 RM'000
	Note		
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		88,837	96,675
Retained profits		1,754,868	1,746,690
		6,838,311	6,837,971
4. Non-controlling interests		115,766	114,660
Total equity		6,954,077	6,952,631
5. Non-current liabilities			
Borrowings	16	3,625,619	3,164,259
Lease liabilities		14,110	14,608
Payables		109,040	23,952
Contract liabilities		304,180	210,081
Deferred income		243,584	243,652
Provisions		10,135	9,310
Deferred tax liabilities		121,490	120,028
		4,428,158	3,785,890
6. Current liabilities			
Provisions		155,937	145,013
Payables		800,759	942,266
Contract liabilities		58,989	66,503
Borrowings	16	580,685	1,015,672
Lease liabilities		4,205	3,970
Tax payable		39,934	61,589
		1,640,509	2,235,013
Total liabilities		6,068,667	6,020,903
Total equity and liabilities		13,022,744	12,973,534
7. Net assets per share attributable to owners of the parent		RM 1.35	RM 1.35

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to this quarterly announcement.



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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Three months to Note 31/03/2024 RM'000	Unaudited Three months to 31/03/2023 RM'000
Operating activities		
Cash receipts from customers	398,661	425,369
Cash receipts from related parties	56,909	4,033
Cash payments to contractors	(256,047)	(165,046)
Cash payments for land and development related costs	(151)	(2,833)
Cash payments to related parties	(102)	(2,316)
Cash payments to employees and for expenses	(67,015)	(42,976)
Cash generated from operations	132,255	216,231
Net income tax paid	(19,793)	(16,507)
Interest received	7,288	1,849
Net cash generated from operating activities	119,750	201,573
Investing activities		
Purchase of property, plant and equipment	(3)	-
Investment in land held for property development	(179,371)	(39,596)
Net investment of short term investments	93,183	(112,000)
Net cash used in investing activities	(86,191)	(151,596)



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

	Note	Unaudited Three months to 31/03/2024 RM'000	Unaudited Three months to 31/03/2023 RM'000
Financing activities			
Drawdown of borrowings		69,219	120,961
Drawdown of Islamic Medium Term Notes and Islamic Commercial Papers		500,000	420,000
Repayment of borrowings		(26,435)	(461,033)
Repayment of Islamic Medium Term Notes		(530,000)	-
Repayment of lease liabilities		(1,048)	(1,235)
Interest paid		(47,239)	(48,230)
Net cash used in financing activities		(35,503)	30,463
Effects of exchange rate changes		(3,793)	(5,993)
Net increase in cash and cash equivalents		(5,737)	74,447
Cash and cash equivalents as at beginning of period		763,314	995,768
Cash and cash equivalents as at end of period	(a)	757,577	1,070,215
		Unaudited Three months to 31/03/2024 RM'000	Unaudited Three months to 31/03/2023 RM'000

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

Cash, bank balances and deposits			
Unrestricted		594,466	756,745
Restricted		408,541	343,926
		1,003,007	1,100,671
Bank overdrafts (included in short term borrowings)	16	(12,971)	(5,043)
Deposit in bank balance with tenures of more than 3 months		(232,459)	(25,413)
Cash and cash equivalents		757,577	1,070,215

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to this quarterly announcement.



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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Attributable to Owners of the Parent						
	Non-distributable		Distributable				
	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	Total Equity RM'000
Three months to 31 March 2024 (Unaudited)							
At 1 January 2024	4,960,276	34,330	96,675	1,746,690	6,837,971	114,660	6,952,631
Total comprehensive income for the period	-	-	(7,838)	8,178	340	1,106	1,446
At 31 March 2024	<u>4,960,276</u>	<u>34,330</u>	<u>88,837</u>	<u>1,754,868</u>	<u>6,838,311</u>	<u>115,766</u>	<u>6,954,077</u>
Three months to 31 March 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 expense for the period	-	-	(17,296)	15,354	(1,942)	458	(1,484)
Dividend payable (Note 7)	-	-	-	(25,292)	(25,292)	-	(25,292)
At 31 March 2023	<u>4,960,276</u>	<u>34,330</u>	<u>61,044</u>	<u>1,686,317</u>	<u>6,741,967</u>	<u>104,925</u>	<u>6,846,892</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 2023 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 year ended 31 December 2023, 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 year ended 31 December 2023 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 2024:

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101: Non-current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

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 121: Lack of Exchangeability

1 January 2025

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.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Audit report in respect of the 2023 financial statements

The audit report on the Group's financial statements for the year ended 31 December 2023 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 years that have a material effect in the current period except for the estimates related to construction cost resulting in project cost savings of Nil% (2023: 27%) 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 period ended 31 March 2024 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)
14 February 2024	Issuance	200	5 years	4.50%
14 February 2024	Issuance	100	7 years	4.67%
14 February 2024	Issuance	200	10 years	4.84%
16 February 2024	Repayment	(230)	3 years	4.00%
22 March 2024	Repayment	(300)	5 years	4.75%

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

7. Dividend

For the financial year ended 31 December 2023, the Board of Directors has on 27 February 2024 declared a single-tier tax exempt dividend of 0.75 sen per share (2022: 0.5 sen) on 5,058,476,221 ordinary shares amounting to RM38.0 million paid on 24 May 2024. The entitlement date was 30 April 2024.

No interim dividend is declared for the current financial period of 31 March 2024.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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.

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 31 March 2024 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 31 March 2024 that have not been reflected in the condensed interim financial statements.

10. Operating segments

Operating segments information for the period ended 31 March 2024 is as follows:

	Property development		Property investment			
	In Malaysia	Outside Malaysia	and hotel operation	Others	Eliminations	Consolidated
	RM'000	Note 1 RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	155,791	5,670	32,502	30,993	-	224,956
Inter-segment revenue	-	-	45	27,369	(27,414)	-
Total revenue	155,791	5,670	32,547	58,362	(27,414)	224,956
Results						
Segment results	34,181	(55)	16,232	(15,586)	(2,816)	31,956
Finance costs	(21,618)	(7)	(10,295)	(10,212)	2,816	(39,316)
Share of results of associates	5,261	4,319	-	-	-	9,580
Share of results of joint ventures	8,396	-	(213)	-	-	8,183
Profit/(loss) before income tax	26,220	4,257	5,724	(25,798)	-	10,403
Income tax credit/(expense)	706	(278)	-	(1,542)	-	(1,114)
Profit/(loss) for the period	26,926	3,979	5,724	(27,340)	-	9,289
Attributable to:						
Owners of the parent	26,662	3,979	5,724	(28,187)	-	8,178
Non-controlling interests	264	-	-	847	-	1,111
Profit/(loss) for the period	26,926	3,979	5,724	(27,340)	-	9,289
Assets						
Segment assets	10,205,196	606,060	961,076	416,232	(996,200)	11,192,364
Interests in:						
- associates	848,046	735	-	2	-	848,783
- joint ventures	807,747	-	70,494	-	-	878,241
Tax recoverable	100,276	-	296	2,784	-	103,356
Total assets	11,961,265	606,795	1,031,866	419,018	(996,200)	13,022,744
Liabilities						
Segment liabilities	5,033,303	13,664	853,047	1,124,919	(996,200)	6,028,733
Tax payable	38,778	1,156	-	-	-	39,934
Total liabilities	5,072,081	14,820	853,047	1,124,919	(996,200)	6,068,667



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. Changes in the composition of the Group

There were no significant changes in the composition of the Group up to the date of this announcement including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operation since the preceding year ended 31 December 2023 except as disclosed below:

- (i) In February 2024, UEM Sunrise (Canada) Sdn Bhd submitted its application to the Companies Commission of Malaysia ("CCM") to strike off its name from the register of CCM pursuant to Section 550 of the Companies Act 2016.
- (ii) On 25 August 2023, UEM Sunrise South Africa Proprietary Limited ("UEMSSA"), a wholly-owned subsidiary of UEM Sunrise Overseas Corporation Sdn Bhd ("UEMSOC"), which is an indirect subsidiary of the Company, entered a Sale of Shares and Claims Agreement ("SSCA") with Azishe Properties Proprietary Limited ("APPL") 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 118.4 million (equivalent to approximately RM29.5 million). The SSCA is still pending for completion.

12. Contingent liabilities

There are no changes in the contingent liabilities since the preceding year ended 31 December 2023 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 took place on 2 October 2023. Following this, the SCIT gave instructions for filing and written submissions. Parties had also attended a clarification proceeding on 12 January 2024 and 3 May 2024. Following the last clarification proceeding, the SCIT instructed parties to file additional written submission. The decision for the appeal is fixed on 28 June 2024. The original decision date on 10 May 2024 is vacated.

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.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Contingent liabilities (cont'd.)

- (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 ("HC") 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.

On 13 March 2023, HC 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 CoA 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 is still pending before the CoA and the next case management date before the CoA is on 5 February 2024. The hearing before the CoA has been fixed on 21 May 2024. 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 decision of the leave application has been fixed on 8 November 2023.

On 8 November 2023, the HC dismissed Symphony Hill's leave application to commence judicial review. Symphony Hills has filed a Notice of Appeal to the CoA on 22 November 2023 and a Stay Application has been filed at the HC on 8 December 2023. The HC granted an interim stay of the Notices pending the disposal of the Stay Application at the HC. A case management before the CoA has been fixed on 30 May 2024 and the stay hearing before the HC has been fixed on 27 June 2024.

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	3,151
Approved but not contracted for	43,277
Total	<u>46,428</u>



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14. Income tax

	Current year quarter 31/03/2024 RM'000	Preceding year corresponding quarter 31/03/2023 RM'000
Malaysian and foreign income tax		
- current tax	(17,991)	(11,875)
- over/(under)provision in prior period	210	(8)
Deferred tax		
- relating to origination and reversal of temporary differences	17,350	(134)
- (under)/overprovision in prior period	(683)	172
Income tax	<u>(1,114)</u>	<u>(11,845)</u>

The above is not included discontinued operations with regard to Roc-Union Group.

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

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, 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.



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

- 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. 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.

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. The Phase 2 Lands SPA became unconditional on 28 November 2023.

As of 20 May 2024, NRSB has collected first tranche payment, pending the remaining purchase balance as per agreement terms.

- 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, as the Bumiputera release has not yet been secured, the parties agreed to further extend the conditional period to 30 August 2023. Subsequently, the conditional period was extended for another 6 months to 29 February 2024 as agreed upon by the parties pending Bumiputera release. Further extension was made by another 3 months until 31 May 2024.

The SPA 2 was fully unconditional on 13 March 2024 following the approval of the Bumiputera release for the final plot under SPA 2, namely PTD 206371 or plot 64.



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

- 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.

As of 20 May 2024, the SPA has not been completed.

- f) The SPA between Sunrise Innovations Sdn Bhd and Kwasa Properties Sdn Bhd, a wholly-owned subsidiary of the Employees Provident Fund Board for the acquisition of 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 on 6 June 2023. ("Proposed Acquisition).

A deposit of 10% of the total purchase price was paid on 6 June 2023, while the remaining 90% will be payable within 3 months from the SPA's unconditional date. The SPA became unconditional on 5 December 2023.

The Proposed Acquisition has been completed on 4 March 2024 in accordance with the terms and conditions of the SPA.

- 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 consideration of AUD45.1 million or approximately RM143.3 million ("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 approximately 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 approximately RM873.7 million.

The Contract is expected to be completed upon the settlement of the purchase consideration 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 20 May 2024, the Contract has not been completed and on track against the stipulated schedule, while working on the Proposed BTR Development plans.



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

- h) The 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 Azishe Properties Proprietary Limited ("Azishe") 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 118.4 million (equivalent to approximately RM29.5 million) ("Purchase Consideration") on 28 August 2023 ("Proposed Divestment").

10% or Rand 11.8 million (approximately RM2.9 million) of the consideration is paid by way of a non-refundable deposit to the attorneys on behalf of UEMSSA within 5 business days from the SSCA date. The balance 90% of Rand 106.6 million (approximately RM26.6 million) will be paid by way of bank guarantee within 60 business days from the SSCA date ("Guarantee Date").

On the closing date, which is 3 days from the Guarantee Date, UEMSSA will deliver the original share certificates, completed instrument of transfer of the SSCA, Board of Directors' resolutions approving the Proposed Divestment and written resignations of Roc-Union's Directors amongst others, to the Azishe on the closing date. The attorneys will release the Purchase Consideration to the UEMSSA on the next business day after it receives the full Purchase Consideration from the Azishe.

Pursuant to the First Addendum dated 28 November 2023, the parties have mutually agreed to a variation terms of the SSCA by entering into a Second Addendum dated 11 March 2024. According to the new terms, the remaining of the Purchase Consideration will be paid in accordance to a structured payment plan, with the final deadline for completion extended to 31 December 2024.

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

- i) The Sale and Purchase Agreement ("SPA") and Development Rights Agreement ("DRA") between Mega Legacy (M) Sdn Berhad ("MLSB") and Pembinaan Kery Sdn Bhd ("PKSB") dated 11 September 2023. The SPA is for the proposed sale of part of the land in Kiara Bay measuring 4.01 acres ("Land") for a total consideration of RM85.0 million ("Land Purchase Price") ("Proposed SPA"). The disposal is anticipated to be completed in 2024.

The DRA is where PKSB gave irrevocable and exclusive rights to MLSB to develop the Land, market and sell the completed property units developed on the Land at a development rights of (a) RM93.5 million; or (b) the aggregate of Land Purchase Price plus PKSB's entitlement to the project profit, which is 20% of the project profit, whichever higher ("Proposed DRA").

The proposed SPA and Proposed DRA are collectively referred to as the New Proposals.

During the twelve months prior to this New Proposals, the Company has also dealt with the same party and/or persons connected with the party in the New Proposals on 19 May 2023. The SPA between Nusajaya Heights Sdn Bhd ("NHSB") and Sun Sakura Sdn Bhd measuring 66.1 acres for a total consideration of RM86.4 million ("Iskandar Land 1") and SPA between NHSB and Phoenix Legacy Sdn Bhd measuring 2.7 acres for a total consideration of RM2.1 million ("Iskandar Land 2"). Both lands located in Iskandar Puteri. Iskandar Land 1 and Iskandar Land 2 anticipated to be completed within 6 months and 9 months respectively upon fulfilled the conditions precedents from the SPA date.

The conditions precedent of the Proposed SPA have been fulfilled on 19 February 2024 and the Proposed SPA has been completed on 1 March 2024 upon receiving the full payment.

As of 20 May 2024, the Proposed DRA, Iskandar Land 1 and Iskandar Land 2 are pending for completion.



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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 31 March 2024</u>						
Islamic Medium Term Notes and Islamic Commercial Papers	-	3,594,100	3,594,100	-	414,930	414,930
Term loan and Commodity Murabahah Finance	31,519	-	31,519	34,584	-	34,584
Revolving credits	-	-	-	102,000	16,200	118,200
Bank overdrafts	-	-	-	12,971	-	12,971
TOTAL	31,519	3,594,100	3,625,619	149,555	431,130	580,685

As at 31 March 2023

Islamic Medium Term Notes and Islamic Commercial Papers	-	2,233,818	2,233,818	-	1,999,953	1,999,953
Term loan and Commodity Murabahah Finance	-	-	-	44,932	-	44,932
Revolving credits	-	-	-	76,240	39,000	115,240
Bank overdrafts	-	-	-	4,681	362	5,043
TOTAL	-	2,233,818	2,233,818	125,853	2,039,315	2,165,168

Since March 2023, the Group drew borrowings of RM2.6 billion including RM1.8 billion of Islamic Medium Term Notes ("IMTN") and Islamic Commercial Papers ("ICP"), RM692 million of revolving credits and RM177 million of term loans and structured commodity. The Group also repaid borrowings of RM2.8 billion comprising RM2.0 billion of IMTN and ICP, RM722 million of revolving credits and RM116 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 year ended 31 December 2023, 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) 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 High 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.



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18. Material litigation (cont'd.)

b) (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.

UEML had filed the cause papers for the application for leave from court to continue with the arbitration proceedings on 31 October 2023. The registrar has fixed a hearing before the Judge on 4 March 2024 to hear UEML's leave application. By an Order dated 4 March 2024, UEML's leave application to proceed with the counterclaim in the arbitration proceedings was allowed since there was no objection from the solicitors for Ireka's Liquidator.

In accordance with the direction from the Arbitrator, UEML had served its Written Submissions on 4 April 2024. The next step is for the Arbitrator to declare closure of the arbitration proceedings and once the arbitration proceedings are closed, then the Tribunal will need to deliver the decision within 3 months therefrom.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

	Current quarter 31/03/2024 RM'000	Immediate preceding quarter 31/12/2023 RM'000	Variance RM'000/(%)
Revenue	224,956	421,973	(197,017) (-47%)
Operating profit	31,956	97,370	(65,414) (-67%)
Share of net results of JV and associates	17,763	(3,670)	21,433 (>100%)
Profit before interest and tax	49,719	93,700	(43,981) (-47%)
Finance costs	(39,316)	(40,719)	1,403 (3%)
Profit before income tax	10,403	52,981	(42,578) (-80%)
Income tax and zakat	(1,114)	(21,676)	20,562 (95%)
Profit for the period	9,289	31,305	(22,016) (-70%)
Non-controlling interests	(1,111)	(3,967)	2,856 (72%)
Profit attributable to owners of the parent	8,178	27,338	(19,160) (-70%)

In the first quarter of 2024, the Group's revenue decrease by 47% as compared to immediate preceding quarter. The Group recognised non-strategic land sales and pocket land sales of RM48 million in current quarter as compared to immediate preceding quarter of RM150 million. Both, sales of non-strategic land and pocket land contributed to 21% and 36% of the total revenue in the current quarter and the immediate preceding quarter, respectively. For property development, the revenue contribution accounted for 63% of total revenue as compared to 58% in the immediate preceding quarter. The contribution was largely supported by ongoing projects such as Residensi Allevia in Mont'Kiara and KAIA Heights in Seri Kembangan for Central region, as well as Senadi Hills and Aspira Gardens in Iskandar Puteri for Southern region. In the preceding quarter, contributions were partially from the completion of Residensi Astrea in Mont'Kiara for Central region and ongoing project of Aspira ParkHomes in Iskandar Puteri for Southern region.

The Group recorded lower gross profit margin of 31% as compared to the immediate preceding quarter of 40% mainly due to lower land sale revenue in the current quarter. This decline in gross profit margins corresponded with a decrease in operating profit margin, which fell from 23% to 14% compared to the immediate preceding quarter. Despite a higher contribution from the share of results of joint ventures and associates, the Group recorded a lower profit after tax and non-controlling interest of RM8 million, compared to the immediate preceding quarter of RM27 million.

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

	Current year quarter 31/03/2024 RM'000	Preceding year corresponding quarter 31/03/2023 RM'000	Variance RM'000/(%)	
Revenue	224,956	240,778	(15,822)	(-7%)
Operating profit	31,956	66,627	(34,671)	(-52%)
Share of net results of JV and associates	17,763	(4,974)	22,737	(>100%)
Profit before interest and tax	49,719	61,653	(11,934)	(-19%)
Finance costs	(39,316)	(34,036)	(5,280)	(-16%)
Profit before tax	10,403	27,617	(17,214)	(-62%)
Income tax	(1,114)	(11,845)	10,731	(91%)
Profit for the period/year	9,289	15,772	(6,483)	(-41%)
Non-controlling interests	(1,111)	(418)	(693)	(>-100%)
Profit attributable to owners of the parent	8,178	15,354	(7,176)	(-47%)

The Group's revenue for the current quarter decrease by 7% compared to corresponding quarter in 2023. The revenue contribution in current quarter was mainly supported by sales of non-strategic land and pocket land amounted to RM48 million as compared to corresponding quarter at RM6 million. The prior year's corresponding quarter revenue was largely driven by property development constituting 86% of total revenue, whereas in current quarter it comprised only 63%. This shift was due to the progression of projects namely Residensi Astrea and Residensi AVA in the Central region, and Aspira ParkHomes in the Southern region, which contributed significantly in the corresponding quarter of the prior year. In current quarter, the property development revenue is mainly supported by progression of projects namely Residensi Allevia and KAIA Heights in the Central region, and Senadi Hills in the Southern region.

The Group's gross profit margin decreased to 31% in the current quarter, drop from 44% in the corresponding quarter of the prior year, primarily due to the absence of project cost savings recognition. In the corresponding quarter of prior year, the Group had recognised 27% of project cost savings over the cost of sales. Consequently, the operating profit margin also decreased to 14% in the current quarter, compared to 28% in the corresponding quarter of the prior year. Operating expenses increased by 5% in the current quarter compared to the corresponding quarter of the prior year, partly due to selling and distribution activities on promotional activities to boost sales for ongoing projects such as The MINH, The Connaught One and Residensi ZIG in Central region.

The Group recorded a lower profit after tax and non-controlling interest of RM8 million in the current quarter, compared to RM15 million in the corresponding quarter of the prior year. This decline was primarily attributed to reduced gross profit in the current quarter, partially mitigated by a positive contribution from the share of results of joint ventures and associates.

The Group has seen a remarkable 38% increase in sales performance in current quarter, totaling RM233 million, up from RM168 million in the corresponding quarter. The increase in sales was primarily driven by projects in Central region, such as The MINH in Mont'Kiara, The Connaught One in Taman Connaught, Residensi ZIG in Kiara Bay and KAIA Heights in Seri Kembangan, collectively contributed approximately RM111 million. In the Southern region, the Senadi Hills project contributed RM70 million to the Group's total sales.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

21. Earning/(loss) per share

	Current year quarter 31/03/2024 RM'000	Preceding year corresponding quarter 31/03/2023 RM'000	Three months to 31/03/2024 RM'000	Three months to 31/03/2023 RM'000
Profit for the period attributable to owners of the parent from:				
-Continuing operations	4,706	15,812	4,706	15,812
-Discontinuing operations	3,472	(458)	3,472	(458)
	<u>8,178</u>	<u>15,354</u>	<u>8,178</u>	<u>15,354</u>
Weighted average number of ordinary shares in issue ('000)	<u>5,058,476</u>	<u>5,058,476</u>	<u>5,058,476</u>	<u>5,058,476</u>
Earning/(loss) per share				
-Continuing operations	0.09 sen	0.31 sen	0.09 sen	0.31 sen
-Discontinuing operations	0.07 sen	(0.01) sen	0.07 sen	(0.01) sen
	<u>0.16 sen</u>	<u>0.30 sen</u>	<u>0.16 sen</u>	<u>0.30 sen</u>

22. Prospects for the current year

Malaysia's economy remained robust in the first quarter of 2024 in line with the higher GDP growth of 4.2%¹ as compared to the preceding quarter's GDP growth of 2.9% mainly driven by stronger private consumptions, higher household spending and a positive turnaround in exports. Headline inflation rate moderated to 1.7% in the first quarter of 2024 in response to water and utility rate adjustments, while core inflation rate trimmed to 1.8% as a result of easing food and beverages sector¹. Nevertheless, the inflation developments are anticipated to remain moderate resulting from stable demand conditions and contained cost pressures².

Property developers are adopting a wait-and-see approach in the first half of 2024, while observing the market response largely due to anticipated increases in property prices stemming from hikes in building material costs. According to the Property Industry Survey for 2H24 and Market Outlook for 2024 by The Real Estate and Housing Developers Association (REHDA), construction costs are expected to increase by 15% in the first half of 2024. Nevertheless, developers remain confident and optimistic for solid market recovery in the second half of 2024³.

The Company continues to deliver on its strategic priorities in line with the three-phase strategic turnaround plan and the newly introduced the "Transformation Plan", namely "U2030" with clear strategies and execution plans towards becoming a "balanced real estate player". This includes a stringent focus on ensuring launch discipline for the year 2024 with a target Launched GDV of RM0.8 billion and achieving a Sales Target of RM1.0 billion.

Our target launch pipeline comprises highly sought-after residential and commercial developments in Iskandar Malaysia, Johor, leveraging its strategic location between Johor city center and Singapore. Our new projects that are earmarked to be launched in the coming quarters include the Happy+ NEST and CLUB Editions; the Aspira Hills series, the Estuari series and the first commercial project, DiReka Square in Laman DiReka. Whilst in the Central region, we aim to accelerate the sales momentum of Symphony Hills and Serene Heights developments with new phases to be launched in the year under review.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

In addition, the recently announced Johor-Singapore Economic Zone (JS-SEZ) and upcoming potential major railway infrastructure projects in the Southern region, especially on the Autonomous Rapid Transit (ART) and Kuala Lumpur-Singapore High Speed Rail (HSR) projects are catalytic and act as crucial drivers in propelling the growth of industrial developments in Iskandar Malaysia.

The Company remains financially sound given our gross and net gearing of 0.62 times and 0.47 times, respectively, and cash balances of RM1.0 billion as of 31 March 2024. The Company's unbilled sales stood at RM2.6 billion as of 31 March 2024, which will be substantially recognised over the next 18 to 36 months.

Note:

1. Bank Negara Malaysia's Economic and Financial Developments in Malaysia in the First Quarter of 2024.

2 Bank Negara Malaysia's Monetary Policy Statement published on 9 May 2024.

3 The Star, Property prices to rise significantly in 1H24, published on 15 March 2024.

23. Profit forecast

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

Kuala Lumpur
28 May 2024

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