



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
		31/03/2016	31/03/2015	31/03/2016	31/03/2015
		RM'000	RM'000	RM'000	RM'000
1. (a) Revenue		257,750	417,445	257,750	417,445
(b) Cost of sales		(180,541)	(274,189)	(180,541)	(274,189)
(c) Gross profit		77,209	143,256	77,209	143,256
(d) Other income		9,896	14,306	9,896	14,306
(e) Expenses		(68,900)	(95,299)	(68,900)	(95,299)
(f) Finance costs		(21,264)	(12,666)	(21,264)	(12,666)
(g) Share of net results of associates		(197)	(3,777)	(197)	(3,777)
(h) Share of net results of joint ventures		9,271	19,204	9,271	19,204
(i) Profit before income tax		6,015	65,024	6,015	65,024
(j) Income tax	13	(3,017)	(11,904)	(3,017)	(11,904)
(k) Profit for the period		2,998	53,120	2,998	53,120
Attributable to:					
(l) Owners of the Parent		3,017	53,137	3,017	53,137
(m) Non-controlling Interests		(19)	(17)	(19)	(17)
Profit for the period		2,998	53,120	2,998	53,120
2. Earnings per share based on 1 (l) above	23				
(a) Basic earnings per share		0.07 sen	1.17 sen	0.07 sen	1.17 sen
(b) Diluted earnings per share		0.06 sen	1.12 sen	0.06 sen	1.12 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to this quarterly announcement.



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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/03/2016 RM'000	Preceding year corresponding quarter 31/03/2015 RM'000	Three months to 31/03/2016 RM'000	Three months to 31/03/2015 RM'000
Profit for the period	2,998	53,120	2,998	53,120
Other comprehensive expense to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences for foreign operations	(25,282)	(16,410)	(25,282)	(16,410)
Total other comprehensive expense for the period, net of tax	(25,282)	(16,410)	(25,282)	(16,410)
Total comprehensive (expense)/ income for the period	(22,284)	36,710	(22,284)	36,710
Attributable to:				
Owners of the Parent	(22,279)	36,729	(22,279)	36,729
Non-controlling Interests	(5)	(19)	(5)	(19)
Total comprehensive (expense)/ income for the period	(22,284)	36,710	(22,284)	36,710

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to this quarterly announcement.



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I(C). REMARKS TO CONDENSED CONSOLIDATED INCOME STATEMENT:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after charging/(crediting):				
Dividend distribution receivable from a subsidiary under liquidation	(783)	-	(783)	-
Interest income	(6,931)	(11,745)	(6,931)	(11,745)
Gain on disposal of property, plant and equipment	(2)	-	(2)	-
Property, plant and equipment written off	1	56	1	56
Interest expense	21,264	12,666	21,264	12,666
Depreciation	6,498	5,409	6,498	5,409
Foreign exchange loss	506	-	506	-
Write back of allowance for impairment of receivables	(407)	-	(407)	-
Write back of inventories	(42)	(83)	(42)	(83)

Other than the above, there was no provision for and write-off of receivables and inventories, gain or loss on disposal of quoted and unquoted investments, impairment of assets, gain or loss on derivatives, exceptional items and reversal of provisions for the costs of restructuring.



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(830144-W)
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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Audited
	As at end of	As at preceding
	current quarter	financial year end
	31/03/2016	31/12/2015
	RM'000	RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	249,612	234,067
Investment properties	639,545	640,975
Land held for property development	3,299,170	3,269,275
Interests in associates	486,291	487,835
Interests in joint ventures	1,187,053	1,143,774
Amount due from a joint venture	74,024	72,697
Long term receivables	55,411	54,849
Goodwill	621,409	621,409
Deferred tax assets	224,849	221,044
	6,837,364	6,745,925
2. Current assets		
Property development costs	2,378,283	2,281,634
Inventories	407,647	403,099
Receivables	1,269,961	1,219,500
Amount due from joint ventures	209,757	239,635
Short term investments	7	7
Cash, bank balances and deposits	704,683	1,005,600
	4,970,338	5,149,475
Total assets	11,807,702	11,895,400



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

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

	Unaudited As at end of current quarter 31/03/2016 RM'000	Audited As at preceding financial year end 31/12/2015 RM'000
EQUITY AND LIABILITIES		
3. Equity attributable to Owners of the Parent		
Share capital	2,276,643	2,276,643
Reserves		
Share premium	2,829,546	2,829,546
Merger relief reserves	34,330	34,330
Other reserves	91,084	115,439
Retained profits	1,555,619	1,552,602
	6,787,222	6,808,560
4. Non-controlling Interests	360,340	360,345
Total equity	7,147,562	7,168,905
5. Non-current liabilities		
Borrowings	2,294,265	2,227,594
Payables	68,101	66,143
Deferred income	111,788	111,874
Provision	411,436	411,436
Deferred tax liabilities	204,582	204,058
	3,090,172	3,021,105
6. Current liabilities		
Provisions	461,878	456,506
Payables	564,413	706,062
Borrowings	526,499	522,976
Tax payable	17,178	19,846
	1,569,968	1,705,390
Total liabilities	4,660,140	4,726,495
Total equity and liabilities	11,807,702	11,895,400
7. Net assets per share attributable to Owners of the Parent	RM 1.50	RM1.50

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Three months to 31/03/2016 RM'000	Unaudited Three months to 31/03/2015 RM'000
Operating Activities		
Cash receipts from customers	262,771	403,859
Receipts from related parties	884	791
Cash payments to contractors	(435,863)	(375,919)
Cash payments for land and development related costs	(314)	(465)
Cash payments to related parties	(4,053)	-
Cash payments to employees and for expenses	(97,336)	(102,988)
Cash used in operations	(273,911)	(74,722)
Net income taxes paid	(21,347)	(191,230)
Interest received	3,092	3,787
Net cash used in operating activities	(292,166)	(262,165)
Investing Activities		
Proceeds from disposal of		
- property, plant and equipment	3	-
- short term investments	-	203,050
Repayment from a joint venture	-	6,050
Purchase of property, plant and equipment	(3,440)	(1,972)
Advance to a joint venture	-	(1,450)
Investment in an associate	-	(5,850)
Investment in a joint venture	(250)	-
Investment in land held for property development	(27,870)	(11,374)
Net cash (used in)/generated from investing activities	(31,557)	188,454



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

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

	Unaudited Three months to 31/03/2016 RM'000	Unaudited Three months to 31/03/2015 RM'000
Financing Activities		
Drawdown of borrowings	198,833	65,243
Repayment of borrowings	(52,150)	(23,935)
Repayment of Islamic Medium Term Notes	(100,000)	-
Interest paid	(10,390)	(8,679)
Net cash generated from financing activities	36,293	32,629
Effects of exchange rate changes	(10,793)	(3,278)
Net decrease in cash and cash equivalents	(298,223)	(44,360)
Cash and cash equivalents as at beginning of financial period	1,000,056	739,030
Cash and cash equivalents as at end of financial period	701,833	694,670

	Unaudited As at 31/03/2016 RM'000	Unaudited As at 31/03/2015 RM'000
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(a) Cash and cash equivalents comprise the following amounts:

Current cash, bank balances and deposits		
Unrestricted	575,841	257,887
Restricted	128,842	436,783
	704,683	694,670
Bank overdrafts (included in short term borrowings)	(2,850)	-
Cash and cash equivalents	701,833	694,670

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	← Attributable to Owners of the Parent →					Non-controlling Interests	Total Equity	
	← Non-distributable →			Distributable				
	Share Capital RM'000	Share Premium RM'000	Merger Relief Reserves RM'000	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
Three months to 31 March 2016 (Unaudited)								
At 1 January 2016	2,276,643	2,829,546	34,330	115,439	1,552,602	6,808,560	360,345	7,168,905
Total comprehensive income for the period	-	-	-	(25,296)	3,017	(22,279)	(5)	(22,284)
Share options granted under ESOS	-	-	-	941	-	941	-	941
At 31 March 2016	<u>2,276,643</u>	<u>2,829,546</u>	<u>34,330</u>	<u>91,084</u>	<u>1,555,619</u>	<u>6,787,222</u>	<u>360,340</u>	<u>7,147,562</u>



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (CONT'D)

	← Attributable to Owners of the Parent →					Non-controlling Interests #	Total Equity	
	← Non-distributable →		Distributable					
	Share Capital RM'000	Share Premium RM'000	Merger Relief Reserves RM'000	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
Three months to 31 March 2015 (Unaudited)								
At 1 January 2015	2,268,718	2,044,955	34,330	88,130	1,896,699	6,332,832	485,753	6,818,585
Total comprehensive income for the period	-	-	-	(16,408)	53,137	36,729	(19)	36,710
Share options granted under ESOS	-	-	-	4,079	-	4,079	-	4,079
At 31 March 2015	<u>2,268,718</u>	<u>2,044,955</u>	<u>34,330</u>	<u>75,801</u>	<u>1,949,836</u>	<u>6,373,640</u>	<u>485,734</u>	<u>6,859,374</u>

Included in the non-controlling interests is the Redeemable Convertible Preference Share ("RCPS") of a subsidiary amounting to RM450 million, which is held by the immediate holding company, UEM Group Berhad. The RCPS had been fully redeemed in Quarter 4, 2015.

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 2015 and the accompanying explanatory notes attached to this quarterly announcement.



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The notes to the condensed consolidated interim financial statements should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015.

1. Accounting policies and methods of computation

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), except for the adoption of the following amendments to Financial Reporting Standards (“FRSs”) which are mandatory for annual financial periods beginning on or after 1 January 2016, as disclosed below:

	Effective for the financial period beginning on or after
Amendments to FRSs 'Annual Improvements to FRSs 2012-2014 Cycle'	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 : Investment Entities : Applying the Consolidation Exception	1 January 2016
Amendments to FRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 101 : Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 : Equity Method in Separate Financial Statements	1 January 2016

The adoption of the above amendment to FRSs does not have any significant impact to the Group.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework has been applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for the Construction of Real Estate, including its parent, significant investor and venturer (herein called ‘Transitioning Entities’).

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. The adoption will be mandatory for Transitioning Entities for annual periods beginning on or after 1 January 2018.

The Group falls within the scope of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018.



UEM SUNRISE BERHAD

(830144-W)

Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

1. Accounting policies and methods of computation (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)

In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. The financial statements could be different if prepared under the MFRS Framework.

2. Audit report in respect of the 2015 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2015 was not qualified.

3. Seasonal or cyclical factors

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

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

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current period.

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.

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 31 March 2016 except for the repayment of RM100.0 million of Islamic Medium Term Notes issued in 2013.

7. Dividend

On 23 May 2016, the shareholders of the Company approved the payment of a first and final single tier dividend of 1.6 sen on 4,537,436,037 ordinary shares of RM0.50 each, amounting to RM72,598,977 for the financial year ended 31 December 2015 at the Annual General Meeting of the Company. The book closure and payment dates in respect of the dividend are 31 May 2016 and 21 June 2016 respectively.

The Company will also pay a single tier dividend of 1.6 sen on 792,515,753 redeemable convertible preferences shares of RM0.01 each, amounting to RM12,680,252 for the financial year ended 31 December 2015.

The Directors do not recommend the payment of any interim dividend for the current period ended 31 March 2016 (2015 : Nil).



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(830144-W)
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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

8. Operating Segments

Operating Segment information for the current financial period ended 31 March 2016 is as follows:

	Property development		Property	Others	Eliminations	Consolidated
	In Malaysia	Outside Malaysia	Investment			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	175,039	56,449	14,298	11,964	-	257,750
Inter-segment revenue	-	-	366	2,290	(2,656)	-
Total revenue	175,039	56,449	14,664	14,254	(2,656)	257,750
Results						
Segment results	10,562	7,305	1,259	3,678	(4,599)	18,205
Finance costs	(15,013)	(7)	(3,138)	(7,447)	4,341	(21,264)
Share of results of associates	370	-	-	(567)	-	(197)
Share of results of joint ventures	11,118	-	56	(1,903)	-	9,271
Profit/(loss) before income tax	7,037	7,298	(1,823)	(6,239)	(258)	6,015
Income tax	(2,904)	689	(64)	(738)	-	(3,017)
Profit/(loss) for the period	4,133	7,987	(1,887)	(6,977)	(258)	2,998
Attributable to:						
Owners of the parent	4,132	7,987	(1,887)	(6,957)	(258)	3,017
Non-controlling interest	1	-	-	(20)	-	(19)
Profit/(loss) for the period	4,133	7,987	(1,887)	(6,977)	(258)	2,998

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 31 March 2016 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 31 March 2016 that have not been reflected in the condensed financial statements.

10. Changes in the composition of the Group

There were no significant changes in the composition of the Group for the current period including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operation as at the date of this announcement since the preceding year ended 31 December 2015 except the following:

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

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

On 16 February 2016, UEM Land Berhad ("UEM Land"), a wholly-owned subsidiary of the Company, entered into a Joint Venture cum Shareholders' Agreement ("JVSA") with Leisure Farm Corporation Sdn Bhd, a wholly-owned subsidiary of Mulpha International Berhad ("MIB") and JV Axis Sdn Bhd ("JVASB"), a wholly-owned subsidiary of MIB, to jointly develop thirty-eight (38) parcels of freehold lands in Gerbang Nusajaya and near Leisure Farm Resort.

On 17 March 2016, UEM Land subscribed for 250,000 ordinary shares of RM1.00 each for a cash consideration of RM250,000 in JVASB, which is the intended joint venture company under the JVSA, resulting in JVASB becoming a 50% owned joint venture company of the Group.

11. Contingent liabilities

There are no changes in the contingent liabilities as at the date of this announcement since the preceding financial year ended 31 December 2015.

12. Capital commitments

There are no material capital commitments in relation to the Group's capital expenditure except as disclosed below:

	RM'Mil
Approved and contracted for	60.5
Approved but not contracted for	472.3
Total	532.8

13. Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/03/2016 RM'000	Preceding year corresponding quarter 31/03/2015 RM'000	Three months to 31/03/2016 RM'000	Three months to 31/03/2015 RM'000
Malaysian and foreign income tax				
- Current tax	(12,745)	(18,403)	(12,745)	(18,403)
- Over provision in prior years	5,405	265	5,405	265
Deferred tax				
- Relating to origination and reversal of temporary differences	7,661	6,234	7,661	6,234
- Under provision in prior years	(3,338)	-	(3,338)	-
Tax expense for the period	(3,017)	(11,904)	(3,017)	(11,904)

The effective tax rate (excluding share of results of associates and joint ventures) is higher than the statutory tax rate mainly due to unrecognised tax losses and non allowable expenses for tax purposes.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

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

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

- a) A development agreement and a supplemental development agreement dated 19 December 2007 and 4 November 2010, respectively, between UEM Land, Bandar Nusajaya Development Sdn Bhd (“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 Darul Ta’zim. The development of the residential enclave is currently on-going.
- b) A Facilities Maintenance and Management Agreement dated 13 April 2011 between Cahaya Jauhar Sdn Bhd, a 60% owned joint venture of UEM Land and State Secretary Johor (Incorporated) for the provision of management and maintenance services for Phase 1 of Kota Iskandar (“FMMA”). The FMMA covers a period of 30 years with a review of every 3 years.
- c) 3 Shareholders’ and Shares Subscription Agreements dated 11 June 2012 were entered by the Company and wholly-owned subsidiaries of Desaru Development Holdings One Sdn Bhd (a subsidiary of Desaru Development Corporation Sdn Bhd) (“DDC Cos”) (collectively referred to as the “SSAs”) to establish the shareholding structure of 3 separate Development Companies (“Dev Cos”) and to regulate the relationship amongst the Company and the DDC Cos for the development of land parcels acquired by the Dev Cos with an aggregate gross area of approximately 678.70 acres (“Desaru Land”).

The issued and paid-up capital of the Dev Cos will be held by the Company and the respective DDC Cos in the proportion of 51% and 49%, respectively.

Concurrent with the execution of the SSAs, the respective Dev Cos entered into 3 separate Sale and Purchase Agreements (collectively referred to as the “SPAs”) with the respective DDC Cos for the proposed acquisitions of the Desaru Land for a total consideration of RM485.3 million.

The SSAs and the SPAs are not subject to any condition precedents. On 18 June 2012, 10% of the purchase consideration for each of the Desaru Land was paid by the Dev Cos to the relevant DDC Cos. The balance 90% is paid on a staggered basis up until 11 December 2017 as per the payment schedule in the SPAs.

- d) A Master Agreement (“MA”) dated 23 October 2012 between UEM Land and Ascendas Land (Malaysia) Sdn Bhd (“Ascendas”) was entered to undertake the development of an integrated tech park over approximately 519 acres of land in Gerbang Nusajaya (“Land”), Nusajaya, Johor Darul Ta’zim (“Proposed Development”) broken down as follows:
 - (i) Phase 1 Land measuring approximately 205 acres and further broken down into two plots identified as Plot A with an estimated area of 120 acres (“Plot A”) and Plot B with an estimated area of 85 acres (“Plot B”) (collectively “Phase 1 Land”) to be held by Company A;



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(830144-W)
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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

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

d) (cont'd)

(ii) Phase 2 Land measuring approximately 166 acres to be held by Company B ("Phase 2 Land");
and

(iii) Phase 3 Land measuring approximately 148 acres to be held by Company C ("Phase 3 Land").

UEM Land and Ascendas shall enter into Subscription Agreements ("SA") to regulate their initial share subscription into Company A, Company B and Company C (all of which are special purpose companies that have been or are to be established by UEM Land and are to be collectively referred to as the "Companies") and Shareholders' Agreement ("SHA") to govern the parties' relationship as shareholders of the Companies. The equity ratio of the parties in the Companies shall be 60% : 40% (Ascendas : UEM Land) unless otherwise agreed.

Pursuant to the MA, UEM Land also agrees to:

(i) Cause the transfer of Plot A to Company A; and

(ii) Grant to Ascendas the options to:

- Agree to Company A completing the purchase of Plot B; and

- Purchase the Phase 2 Land and Phase 3 Land via Company B and Company C respectively.

The options are exercisable within nine (9) years from the date of the MA. The options shall automatically lapse if not exercised within the option period.

The sale of Plot A land was completed in the financial year ended 31 December 2013.

As at 23 May 2016, the purchase of Plot B land, Phase 2 Land and Phase 3 Land are still outstanding.

e) On 1 December 2015, Sunrise Berhad ("SB"), a wholly-owned subsidiary of the Company, entered into a conditional Subscription and Shareholders' Agreement ("SSA") with WCT Land Sdn Bhd ("WCTL"), a wholly-owned subsidiary of WCT Holdings Berhad and Jubilant Courtyard Sdn Bhd ("JCSB"), a wholly-owned subsidiary of WCTL whereby SB and WCTL will be cooperating and work together through JCSB as the special purpose incorporated joint venture company to develop the lands held by JCSB.

Pursuant to the SSA, SB shall subscribe for 1,000,000 new ordinary shares of RM1.00 each in JCSB ("Shares") representing 50% of the enlarged issued and paid up share capital of JCSB for a total subscription consideration of RM214.9 million and the subscription of Shares by SB will result in a dilution of WCTL's equity interest in JCSB from 100% to 50%.



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

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

e) cont'd

The SSA is subject to certain conditions precedent. A deposit of RM21.5 million equivalent to 10% of the total subscription consideration was paid by SB on 1 December 2015, the remaining 90% of the total subscription consideration will be payable within three months from the unconditional date of the SSA.

As at 23 May 2016, the conditions precedent of the SSA are still pending fulfillment by the respective parties of the agreement.

f) On 16 February 2016, a wholly-owned subsidiary of the Company, UEM Land entered into a Joint Venture cum Shareholders' Agreement with Leisure Farm Corporation Sdn Bhd ("LFC"), a wholly-owned subsidiary of Mulpha International Berhad ("MIB") and JV Axis Sdn Bhd ("JVASB") a wholly-owned subsidiary of MIB, the intended joint venture company for the proposed collaboration between UEM Land and LFC ("JVA").

Both UEM Land and LFC wish to work together as strategic joint development partners to jointly develop thirty-eight (38) parcels of freehold lands (located in Gerbang Nusajaya and near the Leisure Farm Resort) within Mukim Pulai, District of Johor Bahru, Johor. Part of the land parcels are owned by Nusajaya Seaview Sdn Bhd ("NSSB") and Nusajaya Rise Sdn Bhd ("NRSB"), both are indirect wholly-owned subsidiaries of the Company measuring 98.24 acres and 41.89 acres respectively or collectively as UEMS Lands whilst the balance of thirty-six (36) land parcels owned by LFC with a total of 91.22 acres ("LFC Lands"). (Both UEMS Lands and LFC Lands are collectively referred as "JV Lands").

On the same day, NSSB and NRSB have entered into a Master Agreement with both JVASB and LFC ("Master Agreement") to record the agreed framework and parameters for the disposal of the JV Lands by NSSB, NRSB and LFC to JVASB.

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

As at 23 May 2016, the conditions precedent of the Master Agreement are still pending fulfillment by the respective landowners of the agreement.

g) On 22 February 2016, UEM Land entered into a Joint Venture Agreement ("JVA") with SUTL Marina Holdings Pte Ltd to establish a joint venture company with a 40% : 60% (UEM Land : SUTL) equity share to co-operate in incorporating, financing and operating a joint venture company in Malaysia for the purpose of carrying out the following businesses:

(i) developing (1) the portion of the Public Marina which has yet to be developed (2) the Private Marina and (3) the Mega Yacht Marina and operating the Public Marina, the Private Marina and the Mega Yacht Marina;



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

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

g) cont'd

(ii) developing and operating the Private Yacht Club via the Private Yacht Club Corporation; and

(iii) operating the sports centre in Puteri Harbour.

all in Puteri Harbour, Iskandar Puteri in Malaysia.

The JVA is conditional upon certain conditions precedent and to be fulfilled within 12 months from the date of the JVA or such other extended period as may be mutually agreed by the parties.

As at 23 May 2016, the conditions precedent of the JVA are still outstanding.

15. Borrowings and debt securities

Details of Group borrowings and debt securities as at 31 March 2016 are as follows:

	Long term borrowings			Short term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Domestic						
- Loan from immediate holding company	-	-	-	77,712	-	77,712
- Islamic Medium Term Notes	-	2,027,899	2,027,899	-	100,000	100,000
- Term loan	111,103	152,263	263,366	25,845	100,092	125,937
- Revolving credits	3,000	-	3,000	7,000	213,000	220,000
- Bank overdrafts	-	-	-	-	2,850	2,850
TOTAL	114,103	2,180,162	2,294,265	110,557	415,942	526,499

16. Derivatives

There are no derivatives as at the date of this announcement.

17. Fair value hierarchy

There were no transfers between any level of the fair value hierarchy took place 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.



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

18. Breakdown of realised and unrealised profits or losses

	As at end of current quarter 31/03/2016	As at preceding financial year end 31/12/2015
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,028,189	1,044,475
- Unrealised	168,550	159,135
	1,196,739	1,203,610
Total share of retained profits from associates:		
- Realised	108,420	108,292
- Unrealised	2,026	2,351
Total share of retained profits from joint ventures:		
- Realised	428,939	422,747
- Unrealised	10,915	7,836
	1,747,039	1,744,836
Less : Consolidation adjustments	(191,420)	(192,234)
Total group retained profits as per consolidated statement of financial position	1,555,619	1,552,602

19. Material litigation

Since the preceding financial year ended 31 December 2015, there is no change in material litigation as at the date of this announcement except as disclosed below:

Rakyat Holdings Sdn. Bhd. ("Rakyat Holdings") against Aurora Tower @KLCC Sdn. Bhd. ("Aurora Tower") under Writ of Summons and Statement of Claim in High Court Suit No. 22 NCVC-297-04/2013.

On 12 April 2013, Aurora Tower, a wholly-owned subsidiary of Sunrise Berhad which in turn is a wholly-owned subsidiary of the Company was served with the Claim filed by Rakyat Holdings. The Claim alleges breach of an agreement dated 14 January 2008 between Rakyat Holdings and Aurora Tower, for the sale of land held under Geran 4733, Lot 149, Seksyen 0058, Bandar Kuala Lumpur ("Land"). The principal relief sought in the Claim is an order for Aurora Tower to re-deliver ownership, title and vacant possession of the Land to Rakyat Holdings and general damages.



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

19. Material litigation (cont'd)

Rakyat Holdings Sdn. Bhd. ("Rakyat Holdings") against Aurora Tower @KLCC Sdn. Bhd. ("Aurora Tower") under Writ of Summons and Statement of Claim in High Court Suit No. 22 NCVC-297-04/2013. (cont'd)

The trial was held on 7 July 2014 to 10 July 2014. The High Court at Kuala Lumpur had on 28 August 2014 dismissed Rakyat Holdings' Claim against Aurora Tower and awarded costs of RM75,000 to be paid to Aurora Tower. Following this, Rakyat Holdings had filed an appeal to the Court of Appeal against the decision on 29 August 2014 ("Appeal").

On 5 November 2014, the High Court has dismissed the Rakyat Holdings' application for Stay of Execution and further directed that the private caveat entered by Rakyat Holdings to be removed and Aurora Tower is not to dispose of the land pending completion of the Rakyat Holdings' appeal to the Court of Appeal. The private caveat has been removed as per land search conducted on 5 January 2015.

On 18 June 2015, the Court of Appeal granted an adjournment to 3 August 2015 and further adjourned the matter for a final date on 17 September 2015 for parties to explore possible settlement.

On 18 September 2015, the Court of Appeal had affirmed the decision of the High Court made on 28 August 2014 which dismissed Rakyat Holdings' Claim against Aurora Tower. The Court of Appeal ordered Aurora Tower to refund the sum of RM50 million to Rakyat Holdings as stipulated in the Sale and Purchase Agreement dated 14 January 2008 with an interest of 5% per annum from the date of the High Court decision. Aurora Tower has duly refunded the said sum together with the requisite interest to Rakyat Holdings on 25 September 2015.

On 16 October 2015, Aurora Tower's solicitors were served with Rakyat Holdings' application to the Federal Court for leave to appeal against the decision of the Court of Appeal. The leave application was called for hearing on 24 February 2016 and the Federal Court dismissed the leave application made by Rakyat Holdings with costs.

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

	Current quarter 31/03/2016 RM'000	Immediate preceding quarter 31/12/2015 RM'000
Revenue	257,750	607,047
Profit from operations	18,205	88,869
Finance cost	(21,264)	(19,985)
Share of results of associates and joint ventures	9,074	55,713
Profit before income tax	6,015	124,597



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

20. Comparison between the current quarter and the immediate preceding quarter (cont'd)

The Group recorded lower revenue in the current quarter as compared to the immediate preceding quarter mainly due to lower revenue contribution from property development activities, primarily as a result of the slower work progress for Arcoris and Aurora Melbourne Central. Further, the preceding quarter's revenue was also boosted by the Signature Selection campaign and the recognition of the sales of an office building to UEM Group Berhad.

The lower profit from operations is in line with the lower revenue. In addition, the preceding quarter's results included other income in the form of liquidated ascertained damages arising from delays caused by contractors.

The results from associates and joint ventures were also lower due to the revision of project cost estimates from Horizon Hills Development Sdn Bhd in the previous quarter. The Group also enjoyed a higher share of profits in the previous quarter as a result of land sales made by Setia Haruman Sdn Bhd.

21. Detailed analysis of the performance for the current quarter

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/03/2016 RM'000	Preceding year corresponding quarter 31/03/2015 RM'000	Three months to 31/03/2016 RM'000	Three months to 31/03/2015 RM'000
Revenue	257,750	417,445	257,750	417,445
Profit from operations	18,205	62,263	18,205	62,263
Finance cost	(21,264)	(12,666)	(21,264)	(12,666)
Share of results of associates and joint ventures	9,074	15,427	9,074	15,427
Profit before income tax	6,015	65,024	6,015	65,024

The Group recorded lower revenue and profit from operations in the current quarter as compared to the preceding year's corresponding quarter mainly due to reduction in property development sales in the Southern region. Furthermore, in the preceding year, the Group recorded a higher revenue contribution from the higher construction progress for 2 key projects, Teega and Summer Suites.

The lower profit before income tax in the current quarter is mainly attributable to lower profit from operations, higher finance cost due to increase in borrowings and lower capitalisation of interest following the completion of projects. At the same time, contribution from associates and joint ventures was also lower in the current quarter.



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

22. Economic profit (“EP”) statement

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/03/2016 RM'000	Preceding year corresponding quarter 31/03/2015 RM'000	Three months to 31/03/2016 RM'000	Three months to 31/03/2015 RM'000
<u>Net operating profit after tax (“NOPAT”) computation:</u>				
Earnings before interest and tax (“EBIT”)	8,309	47,957	8,309	47,957
Adjusted tax	(1,994)	(11,989)	(1,994)	(11,989)
NOPAT	6,315	35,968	6,315	35,968
<u>Economic charge computation:</u>				
Average invested capital (Note 1)	7,793,072	7,816,581	7,793,072	7,816,581
Weighted average cost of capital (“WACC”) (%) (Note 2)	9.05%	10.70%	9.05%	10.70%
Economic charge	(176,318)	(209,094)	(176,318)	(209,094)
Economic loss	(170,003)	(173,126)	(170,003)	(173,126)

The EP statement is as prescribed under the GLC Transformation program, and is disclosed on a voluntary basis. EP measures the value created by a business during a single period reflecting how much return a business makes over its cost of capital.

The Group recorded lower economic loss in the current quarter as compared to preceding year corresponding quarter mainly due to lower WACC.

Note 1:

Average invested capital consists of average operating working capital, average net property, plant and equipment and average net other operating assets.

Note 2:

WACC is calculated as weighted average cost of debt and equity taking into account the market capitalisation as at end of the period.



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

23. Earnings per share (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/03/2016 RM'000	Preceding year corresponding quarter 31/03/2015 RM'000	Three months to 31/03/2016 RM'000	Three months to 31/03/2015 RM'000
a) Basic earnings per share				
Profit for the period attributable to Owners of the Parent	3,017	53,137	3,017	53,137
Weighted average number of ordinary shares in issue ('000)	<u>4,537,436</u>	<u>4,537,436</u>	<u>4,537,436</u>	<u>4,537,436</u>
Basic earnings per share	<u>0.07 sen</u>	<u>1.17 sen</u>	<u>0.07 sen</u>	<u>1.17 sen</u>
b) Diluted earnings per share				
Profit for the period attributable to Owners of the Parent	3,017	53,137	3,017	53,137
Profits of subsidiaries attributable to non-controlling interests arising from dilutive impact of convertible securities issued by a subsidiary	<u>-</u>	<u>(2,187)</u>	<u>-</u>	<u>(2,187)</u>
Diluted profit attributable to Owners of the Parent	<u>3,017</u>	<u>50,950</u>	<u>3,017</u>	<u>50,950</u>
Weighted average number of ordinary shares in issue ('000)	<u>5,169,616</u>	<u>4,537,436</u>	<u>5,169,616</u>	<u>4,537,436</u>
Diluted earnings per share	<u>0.06 sen</u>	<u>1.12 sen</u>	<u>0.06 sen</u>	<u>1.12 sen</u>



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONT'D)

24. Prospects for the current financial year

The outlook for the Malaysian property industry in 2016 is expected to remain challenging and is not likely to recover in the short term.

In line with the current market environment, the Group has broadened its offering of affordable and mid-market homes with the launch of two new projects in the Southern region namely Denai Nusantara (a high rise affordable homes development in line with the Rumah Mampu Milik Johor policy) on 29 January 2016 and Melia Residences (a mid-market landed residential development) on 23 April 2016. The Group also plans to launch Camellia, the next phase of its Serene Heights project in the Central region.

The existing unrecognized revenue of RM4.7 billion from on-going projects will continue to support the Group's revenue and earnings.

In addition, the Group also plans to commence sales of the final phase of industrial lots in Southern Industrial & Logistics Clusters during the year and barring any unforeseen circumstances, the Group is expected to deliver a satisfactory set of results for the current financial year.

Moving forward, the Group will continue to identify opportunities to expand its geographical presence to other locations in Malaysia, particularly in the Klang Valley which will provide greater flexibility to roll out new products in line with market demand and support the Group's long term growth aspirations.

25. Profit forecast

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

By Order of the Board

Kuala Lumpur
27 May 2016

SHARIFAH SHAFIQA SALIM (LS No. 0008928)
LIEW IRENE (MAICSA 7022609)
Joint Company Secretaries