



**UEM SUNRISE BHD**  
 (formerly known as UEM Land Holdings Berhad)  
 (830144-W)  
 Incorporated In Malaysia

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

**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
		31/03/2014	31/03/2013	31/03/2014	31/03/2013
		RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
1. (a) <b>Revenue</b>		<b>401,551</b>	<b>697,735</b>	<b>401,551</b>	<b>697,735</b>
(b) Cost of sales		(269,421)	(351,065)	(269,421)	(351,065)
(c) Gross profit		132,130	346,670	132,130	346,670
(d) Other income		10,325	8,812	10,325	8,812
(e) Expenses		(77,791)	(70,657)	(77,791)	(70,657)
(f) Finance costs		(11,699)	(9,549)	(11,699)	(9,549)
(g) Share of net results of associates		5,157	2,199	5,157	2,199
(h) Share of net results of joint ventures		22,107	6,198	22,107	6,198
(i) <b>Profit before income tax</b>		<b>80,229</b>	<b>283,673</b>	<b>80,229</b>	<b>283,673</b>
(j) Income tax	13	(18,714)	(72,872)	(18,714)	(72,872)
(k) <b>Profit for the period</b>		<b>61,515</b>	<b>210,801</b>	<b>61,515</b>	<b>210,801</b>
Attributable to:					
(l) Owners of the Parent		61,522	211,084	61,522	211,084
(m) Non-controlling Interests		(7)	(283)	(7)	(283)
Profit for the period		61,515	210,801	61,515	210,801
2. <b>Earnings per share based in 1.1(l)</b> <span style="float: right;">25</span>					
(a) Basic earnings per share		1.36 sen	4.88 sen	1.36 sen	4.88 sen
(b) Diluted earnings per share		1.26 sen	4.59 sen	1.26 sen	4.59 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this quarterly announcement.



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**I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
Note	<b>31/03/2014</b>	<b>31/03/2013</b>	<b>31/03/2014</b>	<b>31/03/2013</b>
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
<b>Profit for the period</b>	61,515	210,801	61,515	210,801
Other comprehensive (expense)/income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences for foreign operations	(13,327)	(9,258)	(13,327)	(9,258)
Fair value changes	-	3	-	3
Share of other comprehensive income of associates	(61)	(1)	(61)	(1)
Total other comprehensive expense for the period, net of tax	(13,388)	(9,256)	(13,388)	(9,256)
<b>Total comprehensive income for the period</b>	<b>48,127</b>	<b>201,545</b>	<b>48,127</b>	<b>201,545</b>
Attributable to:				
Owners of the Parent	48,134	201,828	48,134	201,828
Non-controlling Interests	(7)	(283)	(7)	(283)
<b>Total comprehensive income for the period</b>	<b>48,127</b>	<b>201,545</b>	<b>48,127</b>	<b>201,545</b>

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this quarterly announcement.



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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter	Preceding year corresponding quarter	Three months to	Three months to
<b>Note</b>	<b>31/03/2014</b>	<b>31/03/2013</b>	<b>31/03/2014</b>	<b>31/03/2013</b>
	RM'000	RM'000 (Restated)	RM'000	RM'000 (Restated)
Profit before income tax is arrived at after charging/(crediting):				
Interest income	(8,915)	(7,630)	(8,915)	(7,630)
Dividend income	(246)	(465)	(246)	(465)
Interest expense	11,699	9,549	11,699	9,549
Depreciation and amortization	5,961	4,564	5,961	4,564

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 or properties, impairment/(write-back of impairment) of assets, foreign exchange gain or loss, gain or loss on derivatives, exceptional items, write down of inventories and reversal of any provisions for the costs of restructuring.



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**II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	Unaudited As at end of current quarter 31/03/2014 RM'000	Audited As at preceding financial year end 31/12/2013 RM'000
<b>ASSETS</b>			
1. Non-current assets			
Property, plant and equipment		190,032	189,947
Investment properties		559,175	555,623
Land held for property development		2,829,289	2,809,339
Interests in associates		166,237	126,190
Interests in joint ventures		715,576	691,409
Amount due from a joint venture		58,606	57,402
Goodwill		621,409	621,409
Non-current deposits		1,418	1,418
Deferred tax assets		133,118	134,461
		5,274,860	5,187,198
2. Current assets			
Property development costs		1,132,888	1,109,437
Inventories		148,933	105,856
Receivables		1,884,764	1,806,441
Amount due from joint ventures		250,884	209,937
Short term investments		150,073	28,491
Cash, bank balances and deposits		1,092,712	1,362,108
		4,660,254	4,622,270
 Total assets		9,935,114	9,809,468



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

	Note	Unaudited As at end of current quarter 31/03/2014 RM'000	Audited As at preceding financial year end 31/12/2013 RM'000
<b>EQUITY AND LIABILITIES</b>			
3. Equity attributable to Owners of the Parent			
Share capital		2,268,718	2,268,718
Reserves			
Share premium		2,044,955	2,044,953
Merger relief reserve		34,330	34,330
Other reserves		64,115	72,742
Retained profits		1,659,791	1,598,269
		6,071,909	6,019,012
4. Non-controlling Interests		485,897	450,604
Total equity		6,557,806	6,469,616
5. Non-current liabilities			
Borrowings		1,628,428	1,722,066
Deferred tax liabilities		264,841	262,242
		1,893,269	1,984,308
6. Current liabilities			
Provisions		438,643	450,818
Payables		651,865	622,892
Amount due to a joint venture		1,082	1,461
Borrowings		361,416	217,983
Tax payable		31,033	62,390
		1,484,039	1,355,544
Total liabilities		3,377,308	3,339,852
Total equity and liabilities		9,935,114	9,809,468
7. Net assets per share attributable to Owners of the Parent		<b>RM 1.34</b>	<b>RM1.33</b>

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this quarterly announcement.



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**III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Unaudited Three months to</b>	<b>Unaudited Three months to</b>
<b>Note</b>	<b>31/03/2014</b>	<b>31/03/2013</b>
	RM'000	RM'000 (Restated)
<b>Operating Activities</b>		
Cash receipts from customers	494,077	415,537
Receipts from related parties	238	228
Cash payments to contractors	(365,328)	(297,896)
Cash payments for land and development related costs	(99,880)	(211)
Cash payments to related parties	-	(12,480)
Cash payments to employees and for expenses	(78,002)	(49,477)
Cash (used in)/ generated from operations	(48,895)	55,701
Net income taxes paid	(64,153)	(29,054)
Interest received	6,997	3,403
<b>Net cash (used in)/generated from operating activities</b>	<b>(106,051)</b>	<b>30,050</b>
<b>Investing Activities</b>		
Dividend received from associates	-	1,350
Proceeds from disposal of		
- property, plant & equipment	41	2
- short term investments	79,777	145,010
Purchase of property, plant and equipment	(2,098)	(4,418)
Advance to joint venture and associates	-	(9,700)
Subscription of shares by non-controlling shareholder in a subsidiary	35,300	-
Investment in associates	(35,300)	-
Investment in land held for property development	(16,974)	(9,239)
Investment in short term investments	(201,000)	(35,000)
<b>Net cash (used in)/generated from investing activities</b>	<b>(140,254)</b>	<b>88,005</b>



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

	<b>Unaudited Three months to</b>	<b>Unaudited Three months to</b>
<b>Note</b>	<b>31/03/2014</b>	<b>31/03/2013</b>
	RM'000	RM'000 (Restated)
<b>Financing Activities</b>		
Drawdown of borrowings	54,990	59,582
Proceeds from employee share option scheme ("ESOS")	2	529
Receipt of government grant	-	22,000
Repayment from joint ventures and associates	708	-
Advance to joint ventures and associates	(40,611)	-
Repayment of borrowings	(33,418)	(50,346)
Redemption of RCPS	-	(408,689)
Interest paid	(8,151)	(10,394)
<b>Net cash used in financing activities</b>	<b>(26,480)</b>	<b>(387,318)</b>
Effects of exchange rate changes	1,152	(448)
<b>Net change in Cash and Cash Equivalents</b>	<b>(271,633)</b>	<b>(269,711)</b>
Cash and Cash Equivalents as at beginning of financial period	1,362,108	1,041,427
<b>Cash and Cash Equivalents as at end of financial period</b>	<b>1,090,475</b>	<b>771,716</b>

	<b>Unaudited As at 31/03/2014</b>	<b>Unaudited As at 31/03/2013</b>
	RM'000	RM'000 (Restated)

**(a) Cash and Cash Equivalents comprise the following amounts:**

Current cash, bank balances and deposits		
Unrestricted	743,454	286,301
Restricted	349,258	490,309
	1,092,712	776,610
Bank overdrafts (included in short term borrowings)	(2,237)	(4,894)
<b>Cash and cash equivalents</b>	<b>1,090,475</b>	<b>771,716</b>

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this quarterly announcement.



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**IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY**

	← Attributable to Owners of the Parent →						Non-controlling Interests #	Total Equity	
	← Non-distributable →			Distributable					
	Share Capital RM'000	Share Premium RM'000	Merger Relief Reserves RM'000	Equity Component of RCPS RM'000	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
<b>Three months to 31 March 2014 (Unaudited)</b>									
At 1 January 2014	2,268,718	2,044,953	34,330	-	72,742	1,598,269	6,019,012	450,604	6,469,616
Total comprehensive income for the period	-	-	-	-	(13,388)	61,522	48,134	(7)	48,127
Subscription of shares by non-controlling shareholder in a subsidiary	-	-	-	-	-	-	-	35,300	35,300
ESOS									
- issuance of new shares	*	2	-	-	-	-	2	-	2
- share option granted	-	-	-	-	4,761	-	4,761	-	4,761
At 31 March 2014	<u>2,268,718</u>	<u>2,044,955</u>	<u>34,330</u>	<u>-</u>	<u>64,115</u>	<u>1,659,791</u>	<u>6,071,909</u>	<u>485,897</u>	<u>6,557,806</u>

\* The amount for issuance of new shares is RM500.

# Included in the non-controlling interests is the Redeemable Convertible Preference Share of a subsidiary amounting to RM450 million, which is held by the immediate holding company, UEM Group Berhad





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**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	Equity Component of RCPS RM'000	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
<b>Three months to 31 March 2013 (Unaudited)</b>									
At 1 January 2013 (restated)	2,165,558	1,907,488	34,330	119,068	51,370	1,038,154	5,315,968	450,636	5,766,604
Total comprehensive income for the period	-	-	-	-	(9,256)	211,084	201,828	(283)	201,545
Conversion of RCPS to ordinary shares	795	3,389	-	(1,055)	-	-	3,129	-	3,129
Redemption of RCPS	-	-	-	(118,013)	4,087	113,926	-	-	-
ESOS									
- issuance of new shares	119	410	-	-	-	-	529	-	529
- share option granted	-	-	-	-	4,030	-	4,030	-	4,030
- transferred from share based payment reserve upon exercise	-	36	-	-	(36)	-	-	-	-
At 31 March 2013 (restated)	<u>2,166,472</u>	<u>1,911,323</u>	<u>34,330</u>	<u>-</u>	<u>50,195</u>	<u>1,363,164</u>	<u>5,525,484</u>	<u>450,353</u>	<u>5,975,837</u>

# Included in the non-controlling interests is the Redeemable Convertible Preference Share of a subsidiary amounting to RM450 million, which is held by the immediate holding company, UEM Group Berhad

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 2013 and the accompanying explanatory notes attached to this quarterly announcement.



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**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 2013.

**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 new/revised/amendment to Financial Reporting Standards (“FRSs”) and interpretation which are applicable to the Group with effect from 1 January 2014 as disclosed below:

	Effective for the financial period beginning on or after
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12, and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014

The adoption of the above new/revised/amendment to FRSs and interpretation does not have any significant impact to the Group.

**Restatement of comparatives**

In Quarter 4, 2013, the Group had reclassified certain entities previously accounted for as subsidiaries to joint ventures. As the reclassification is required to be accounted for on a retrospective basis, the preceding year comparatives have been restated to be consistent with current period presentation. The restatement does not have any impact to earnings per share and net tangible asset of 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 (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called ‘Transitioning Entities’).

Transitioning Entities are allowed to defer adoption of the new MFRS Framework for an additional three years. Consequently, adoption of the MFRS Framework by Transitioning Entities are mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the scope of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group is required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015.

In presenting its first MFRS financial statements, the Group is 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.



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

**2. Audit report in respect of the 2013 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2013 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 2014 except for the issuance of 1,000 units of new ordinary shares pursuant to Employee Share Option Scheme at an exercise price of RM2.23.

**7. Dividend**

The first and final single tier dividend of 4.0 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 December 2013 was approved by the shareholders during the Annual General Meeting on 24 April 2014. The dividend will be paid on 20 June 2014 to shareholders on the Register of Members and Record of Depositors at the close of business on 30 May 2014.

The Directors do not recommend the payment of any interim dividend for the current period ended 31 March 2014 (2013 : Nil).

**8. Operating Segments**

There was no disclosure and presentation of segment information as the Group's activities are mainly involved in property development and related activities.

**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 2014 to the date of this announcement which would substantially affect the financial results of the Group for the three months ended 31 March 2014 that have not been reflected in the condensed financial statements.



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

**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 2013 except as stated below:

- (a) On 28 January 2014, UEM Land Berhad ("UEM Land"), a wholly-owned subsidiary of the Company, acquired two (2) ordinary shares of RM1.00 each in Aura Muhibah Sdn Bhd ("AMSB") representing 100% of the total issued and paid-up share capital of AMSB for a cash consideration of RM2.00 only, resulting in AMSB becoming an indirect wholly-owned subsidiary of the Company. Subsequently on 5 March 2014, UEM Land subscribed for 149,998 units of ordinary shares and 52,800,000 units of Redeemable Preference Shares ("RPS") in AMSB representing 60% of total issued and paid up capital of AMSB for RM149,998 and RM52,800,000 respectively.

On the same date, UEM Land subscribed for 100,000 units of ordinary shares and 35,200,000 units of Redeemable Preference Shares ("RPS") in Scope Energy Sdn Bhd ("SESB") representing 40% of total issued and paid up capital of SESB for RM100,000 and RM35,200,000 respectively. Refer Note 14 (i) for further details.

- (b) On 7 February 2014, the Company announced that Interior Design One Sdn Bhd, a dormant subsidiary of Sunrise Berhad, which in turn is a wholly-owned subsidiary of the Company has been struck-off pursuant to Section 308(4) of the Companies Act, 1965.
- (c) On 20 March 2014, the Company acquired two (2) ordinary shares of RM1.00 each in UEM Sunrise (Canada) Sdn Bhd ("UEMS Canada") for a cash consideration of RM2.00 resulting in UEMS Canada becoming a wholly-owned subsidiary of the Company. The intended principal activity of UEMS Canada is investment holding.
- (d) On 28 March 2014, UEMS Canada acquired one (1) Common Share, representing the entire issued share capital of UEM Sunrise (Canada) Development Ltd ("UEMSCD"), at a consideration of CAD1.00 equivalent to RM2.965 resulting in UEMSCD becoming a wholly-owned subsidiary of UEMS Canada.

UEMSCD was incorporated in British Columbia, Canada on 30 December 2013 as a private limited company under the provisions of British Columbia Business Corporations Act. The principal activity of UEMSCD is real estate acquisition and development. UEMSCD has a wholly-owned subsidiary namely UEM Sunrise (Canada) Alderbridge Ltd ("UEMSCA").

UEMSCA was incorporated in British Columbia, Canada on 30 December 2013 as a private limited company under the provisions of British Columbia Business Corporations Act with one (1) Common Share of CAD1.00 issued in the name of UEMSCD. The principal activity of UEMSCA is real estate acquisition and development.

**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 2013 except as disclosed below:

Income tax assessment

On 3 October 2011, Bandar Nusajaya Development Sdn. Bhd. ("BND"), an indirect subsidiary of the Company, received a notice of additional assessment from Inland Revenue Board ("IRB") for additional tax and penalty of RM50.9 million and RM22.9 million respectively in respect of year assessment 2006.

On 4 September 2012, the Kuala Lumpur High Court had allowed BND's judicial review application to quash and set aside the additional tax assessment. The High Court ruled in favour of BND and declared that the IRB had no legal basis to raise the additional assessment. Following the decision by the High Court, the IRB has filed an appeal to the Court of Appeal against the decision made.

The Company wishes to inform that the Court of Appeal, having heard and considered the submissions by both parties on 19 and 20 May 2014, has unanimously decided in favour of BND. Consequent thereto, IRB appeal was dismissed with costs of RM30,000.00.

The IRB has 30 days from the date of decision to file an application for leave to the Federal Court.



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

**12. Capital commitments**

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

	<b>RM'Mil</b>
Approved and contracted for	11.1
Approved but not contracted for	22.9
<b>Total</b>	<b>34.0</b>

**13. Income tax**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter <b>31/03/2014</b> RM'000	Preceding year corresponding quarter <b>31/03/2013</b> RM'000 (Restated)	Three months to <b>31/03/2014</b> RM'000	Three months to <b>31/03/2013</b> RM'000 (Restated)
Malaysian & foreign income tax				
- Current tax	(13,057)	(66,489)	(13,057)	(66,489)
- Under provision in prior years	(1,715)	-	(1,715)	-
Deferred tax	(3,942)	(6,383)	(3,942)	(6,383)
<b>Tax expense for the period</b>	<b>(18,714)</b>	<b>(72,872)</b>	<b>(18,714)</b>	<b>(72,872)</b>

The Group's effective tax rate (excluding share of net results of associates and joint ventures) is higher than the statutory tax rate due to unrecognised tax losses, under provision of current tax in prior years and non allowable expenses for tax purposes.

**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 dated 16 June 2005 ("HHDSB Development Agreement") between Nusajaya Greens Sdn Bhd ("NGSB") and Horizon Hills Development Sdn Bhd ("HHDSB"), a 50:50 joint venture company between UEM Land and Gamuda Berhad, for the development of approximately 1,227 acres of land in Nusajaya into a mixed development and 18-hole golf course, clubhouse and facilities together with the appropriate primary and secondary infrastructure, and other types of complementary developments, which was announced on 16 June 2005 by UEM World Berhad (now known as Global Converge Sdn Bhd). As part of the HHDSB Development Agreement, the said land will be acquired by HHDSB for the development known as Horizon Hills, which is currently ongoing. As at 19 May 2014, 1,050 acres out of the total of 1,227 acres have been purchased and paid for by HHDSB.
- b) 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 Pulau, Daerah Johor Bahru, Johor Darul Ta'zim.
- c) 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 every 3 years.
- d) A Shareholders' Agreement dated 9 June 2011 between the Company and Iskandar Harta Holdings Sdn Bhd ("IHH"), a wholly-owned subsidiary of Iskandar Investment Berhad ("IIB") for the development of 2 parcels of land measuring an aggregate of approximately 35 acres held under H. S. (D) 478904, PTD 170657 ("Lot A3A") and H. S. (D) 478905, PTD 170658 ("Lot A3B"), both situated in Mukim of Pulau, Johor Darul Ta'zim into a mixed development predominantly in the retail segment ("Retail Mall"). The Retail Mall is to be developed by Nusajaya Lifestyle Sdn Bhd ("NLSB"), held by the Company and IHH in the proportion of 55% and 45% respectively.

On the same date, NLSB had entered into the Agreements to Lease with IHH, being the registered owner of Lot A3A and Lot A3B, for the 99-year lease of Lot A3A and Lot A3B for an aggregate consideration of RM100.0 million.

The Agreement to Lease for Lot A3B was completed on 8 March 2012 while the Agreement to Lease for Lot A3A was completed on 10 March 2014.



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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 (con't)**

- e) On 11 June 2012, the Company entered into 3 Shareholders' and Shares Subscription Agreements with 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 to be acquired by the Dev Cos with an aggregate gross area of approximately 678.70 acres ("Desaru Lands").

The Desaru Lands will be developed into a high-end residential resort development surrounding two golf courses in Desaru, Johor Darul Ta'zim and a beach club to cater to the residents of the high-end residential resort development.

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 had 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 Lands 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 Lands was paid by the Dev Cos to the relevant DDC Cos. The balance 90% will be paid on a staggered basis up until 11 December 2017 as per the payment schedule in the SPAs.

- f) On 23 October 2012, UEM Land entered into a Master Agreement ("MA") with Ascendas Land (Malaysia) Sdn Bhd ("Ascendas") to undertake the development of an integrated tech park over approximately 519 acres of land in Gerbang Nusajaya ("Lands"), Nusajaya, Johor Darul Ta' zim, Malaysia ("Proposed Development") broken down as follows:

- (i) Phase 1 Lands 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 Lands") to be held by Company A;

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

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

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  
(ii) Grant to Ascendas the options to:  
- Agree to Company A completing the purchase of Plot B; and  
- Purchase the Phase 2 Lands and Phase 3 Lands 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 transactions are subject to various regulatory approvals and conditions precedent, including but not limited to the approval for the transfer of the lands into the companies, the planning approvals and the approval for the conversion of the lands for industrial use.

The sale of Plot A land was completed in the last financial year.

As at 19 May 2014, the matters pertaining to the purchase of Plot B land, Phase 2 Lands and Phase 3 Lands are still outstanding.



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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)**

- g) On 4 December 2012, the Company announced that UEM Land, had signed a Joint Venture Agreement (“JVA”) with Fastrack Autosports Pte Ltd (“FAPL”) to jointly develop a Motorsports City over approximately 270 acres of land in Gerbang Nusajaya, Nusajaya, Johor Darul Ta’zim (“Land”) (“Proposed Development”).

FAPL and UEM Land will purchase and jointly develop the Land which forms part of the Gerbang Nusajaya development in Nusajaya, through the participation of FAPL in the special purpose company established by UEM Land called Crimson Carnival Sdn Bhd (“CCSB”). On 18 February 2013, CCSB changed its name to Fastrack Iskandar Sdn Bhd (“FasTrack”).

FasTrack is presently a wholly-owned subsidiary of UEM Land. Within 14 business days from the unconditional date of the JVA, UEM Land and FAPL will subscribe to FasTrack’s shares in accordance to the agreed proportion of 30 : 70 (UEM Land : FAPL).

FasTrack entered into a Sale and Purchase Agreement (“SPA”) on 4 December 2012 to purchase the Land from Nusajaya Rise Sdn Bhd, a wholly-owned subsidiary of UEM Land, for a total consideration of RM223.5 million to be satisfied within 3 months from the unconditional date of the agreements.

The JVA and SPA are conditional upon, amongst others, the receipt of the relevant authorities’ approval, the issuance, transfer and registration of the title for the Land and the satisfactory results of due diligence performed on FasTrack. As at 19 May 2014, the conditions precedent to the JVA and SPA are still outstanding.

- h) On 22 April 2013, the Company announced that its wholly-owned subsidiaries, UEM Land and BND had entered into a Sale and Purchase Agreement (“SPA”) with Southern Marina Development Sdn Bhd for the disposal of approximately 12.518 acres of land in Puteri Harbour, Nusajaya, Johor Darul Ta’zim for a total cash consideration of approximately RM182.0 million.

The SPA is unconditional subject to the following:

- The approval from the Economic Planning Unit
- Issuance of converted new land titles free from encumbrances

The SPA became unconditional on 22 August 2013. The agreement is expected to be completed on 31 May 2014 upon receipt of the full balance purchase price from the purchaser.

- i) On 7 February 2014, UEM Land and KLK Land Sdn Bhd (“KLKL”), a wholly-owned subsidiary of Kuala Lumpur Kepong Berhad (“KLK”) entered into 2 separate shareholders’ agreements (“SHA”) to give effect to the Proposed Joint Development of the following:

- (i) proposed development of various parcels of freehold land measuring an aggregate of approximately 2,500 acres situated in Mukim Senai, District of Kulai Jaya, State of Johor (“Fraser Land”), into a proposed mixed residential, commercial and industrial development (“Proposed Fraser Land Development”); and
- (ii) proposed development of various parcels of freehold land measuring an aggregate of approximately 500 acres situated in Mukim Tanjung Kupang, District of Johor Bahru, State of Johor (“Gerbang Land”), into a proposed mixed development (“Proposed Gerbang Land Development”).

The Proposed Fraser Land Development will be undertaken by Aura Muhibah Sdn Bhd (“AMSB”), a company which UEM Land hold 60% of the interest and the remaining 40% is held by KLKL while the Proposed Gerbang Land Development will be undertaken by Scope Energy Sdn Bhd (“SESB”), a company which UEM Land hold 40% of the interest and the remaining 60% is held by KLKL.

Concurrent with the execution of the SHAs, AMSB and SESB entered into 2 separate sale and purchase agreements (“SPA”) for the acquisition of the Lands which will form part of the Proposed Development.

- (i) AMSB entered into a sale and purchase agreement with KLK to acquire the Fraser Land, free from encumbrances, for a purchase consideration of RM871.2 million; and
- (ii) SESB entered into a sale and purchase agreement with Nusajaya Rise Sdn Bhd, Finwares Sdn Bhd and Symphony Hills Sdn Bhd, all of which are wholly-owned subsidiaries of UEM Land to acquire the Gerbang Land, free from encumbrances, for a purchase consideration of RM871.2 million.

As at 19 May 2014, the conditions precedent to the SPAs are still outstanding.



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

**15. Borrowings and debt securities**

Details of Group borrowings and debt securities as at 31 March 2014 are as follows:

	Long term borrowings			Short term borrowings		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Domestic						
- Loan from immediate holding company	-	-	-	75,635	-	75,635
- Islamic Medium Term Notes	-	1,516,510	1,516,510	-	-	-
- Term loan	103,023	-	103,023	226,936	-	226,936
- Revolving credits	-	-	-	7,000	48,800	55,800
- Bank overdrafts	9,703	-	9,703	-	2,237	2,237
- Bank overdrafts (reclassification to short term)	(808)	-	(808)	808	-	808
<b>TOTAL</b>	<b>111,918</b>	<b>1,516,510</b>	<b>1,628,428</b>	<b>310,379</b>	<b>51,037</b>	<b>361,416</b>

**16. Derivatives**

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

**17. Fair value hierarchy**

There were no transfers between any levels 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.

**18. Breakdown of realised and unrealised profits or losses**

	As at end of current quarter 31/03/2014 RM'000	As at preceding financial year end 31/12/2013 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,397,877	1,360,117
- Unrealised	50,108	53,358
	1,447,985	1,413,475
Total share of retained profits from associates:		
- Realised	71,066	65,909
- Unrealised	1,446	1,446
Total share of retained profits from joint ventures:		
- Realised	233,263	213,111
- Unrealised	3,128	2,459
	1,756,888	1,696,400
Less : Consolidation adjustments	(97,097)	(98,131)
Total group retained profits as per consolidated statement of financial position	1,659,791	1,598,269





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

**19. Material litigation**

Since the preceding financial year ended 31 December 2013, there is no change in material litigation as at the date of this announcement except for the decision by the Court of Appeal in favour of BND in respect of additional assessment by IRB for additional tax and penalty, as disclosed in Note 11.

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

	Current quarter <b>31/03/2014</b> RM'000	Immediate preceding quarter <b>31/12/2013</b> RM'000
Revenue	401,551	573,113
Profit/(loss) from operations	64,664	(9,601)
Finance cost	(11,699)	(8,009)
Share of results of associates and joint ventures	27,264	55,904
Profit before income tax	80,229	38,294

The Group reported a lower revenue in the current quarter due to lower property development and no completed land sale in the current quarter.

Profit before tax however is higher than the immediate preceding quarter due to overall review of project cost estimates undertaken in the immediate preceding quarter.

**21. Detailed analysis of the performance for the current quarter**

	Current year quarter <b>31/03/2014</b> RM'000	Preceding year corresponding quarter <b>31/03/2013</b> RM'000 (Restated)	Three months to <b>31/03/2014</b> RM'000	Three months to <b>31/03/2013</b> RM'000 (Restated)
Revenue	401,551	697,735	401,551	697,735
Profit from operations	64,664	284,825	64,664	284,825
Finance cost	(11,699)	(9,549)	(11,699)	(9,549)
Share of results of associates and joint ventures	27,264	8,397	27,264	8,397
Profit before income tax	80,229	283,673	80,229	283,673

The Group recorded lower revenue for the current quarter as compared to preceding year corresponding quarter primarily due to sale of the land in Puteri Harbour to Liberty Bridge Sdn Bhd for RM400 million in Quarter 1, 2013. Excluding the land sale, the property development revenue has increased from RM268 million to RM373 million.

The lower profit before tax in the current quarter is in line with the lower revenue recorded.



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

**22. Economic profit (“EP”) statement**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter <b>31/03/2014</b> RM'000	Preceding year corresponding quarter <b>31/03/2013</b> RM'000 (Restated)	Three months to <b>31/03/2014</b> RM'000	Three months to <b>31/03/2013</b> RM'000 (Restated)
<u>Net operating profit after tax (“NOPAT”) computation:</u>				
Earnings before interest and tax (“EBIT”)	54,339	276,013	54,339	276,013
Adjusted tax	(13,585)	(69,003)	(13,585)	(69,003)
<b>NOPAT</b>	<b>40,754</b>	<b>207,010</b>	<b>40,754</b>	<b>207,010</b>
<u>Economic charge computation:</u>				
Average invested capital (Note 1)	7,027,142	6,785,852	7,027,142	6,785,852
Weighted average cost of capital (“WACC”) (%) (Note 2)	14.1%	12.7%	14.1%	12.7%
<b>Economic charge</b>	<b>(247,707)</b>	<b>(215,451)</b>	<b>(247,707)</b>	<b>(215,451)</b>
<b>Economic loss</b>	<b>(206,953)</b>	<b>(8,441)</b>	<b>(206,953)</b>	<b>(8,441)</b>

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 higher economic loss in the current quarter compared to preceding year corresponding quarter mainly due to lower earnings as explained in Note 21 above.

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 debts and equity taking into account the market capitalisation as at end of the period.

**23. Prospects for the current financial year**

The property market was challenging for the quarter under review. However, the Board remains confident of the Group's prospects for the current financial year. The Group's on-going projects have a total unrecognized revenue of RM3.2 billion as at 31 March 2014. These projects include our on-going landed developments such as East Ledang, Nusa Bayu, Nusa Idaman, Symphony Hills as well as our highrise projects such as Arcoris, Teega, Quintet, Imperia and Summer Suites. They are expected to contribute positively to the current year's financial performance. The Group's land transactions with KKK Land Sdn Bhd and Motorsports City are also expected to be completed this year.

The Group is planning to launch several landed residential developments this year. They include D'Estuary in Nusajaya, Sinaran Hills in Kajang and Serene Heights in Bangi which are expected to be well received by the market.



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

**24. Profit forecast**

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

**25. Earnings per share (“EPS”)**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter <b>31/03/2014</b> RM'000	Preceding year corresponding quarter <b>31/03/2013</b> RM'000	Three months to <b>31/03/2014</b> RM'000	Three months to <b>31/03/2013</b> RM'000
a) Basic earnings per share				
Profit for the period attributable to Owners of the Parent	61,522	211,084	61,522	211,084
Weighted average number of ordinary shares in issue ('000)	4,537,436	4,329,562	4,537,436	4,329,562
Basic earnings per share	<u>1.36 sen</u>	<u>4.88 sen</u>	<u>1.36 sen</u>	<u>4.88 sen</u>
b) Diluted earnings per share				
Profit for the period attributable to Owners of the Parent	61,522	211,084	61,522	211,084
Profits of subsidiaries attributable to non-controlling interests arising from dilutive impact of convertible securities issued by a subsidiary	(4,146)	(8,646)	(4,146)	(8,646)
Diluted profit attributable to Owners of the Parent	<u>57,376</u>	<u>202,438</u>	<u>57,376</u>	<u>202,438</u>
Weighted average number of ordinary shares in issue ('000)	4,537,436	4,414,679	4,537,436	4,414,679
Diluted earnings per share	<u>1.26 sen</u>	<u>4.59 sen</u>	<u>1.26 sen</u>	<u>4.59 sen</u>

**By Order of the Board**

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

**Kuala Lumpur**  
**26 May 2014**