



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	Note 30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RM'000	RM'000	RM'000	RM'000
1. (a) Revenue	421,254	353,058	1,216,817	1,142,819
(b) Cost of sales	(302,606)	(240,038)	(862,755)	(755,600)
(c) Gross profit	118,648	113,020	354,062	387,219
(d) Other income	14,689	18,412	36,119	80,389
(e) Expenses	(65,175)	(88,685)	(229,714)	(263,400)
(f) Finance costs	(20,272)	(18,962)	(62,166)	(53,883)
(g) Share of net results of associates	858	2,680	2,612	790
(h) Share of net results of joint ventures	6,830	21,629	33,957	67,327
(i) Profit before income tax	55,578	48,094	134,870	218,442
(j) Income tax	(18,050)	(360)	(39,752)	(33,678)
(k) Profit for the period	37,528	47,734	95,118	184,764
Attributable to:				
(l) Owners of the Parent	36,333	47,742	94,013	184,791
(m) Non-controlling Interests	1,195	(8)	1,105	(27)
Profit for the period	37,528	47,734	95,118	184,764
2. Earnings per share based on 1 (l) above	24			
(a) Basic earnings per share	0.80 sen	1.05 sen	1.79 sen	4.07 sen
(b) Diluted earnings per share	0.70 sen	1.00 sen	1.58 sen	3.95 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 30/09/2016 RM'000	Preceding year corresponding quarter 30/09/2015 RM'000	Nine months to 30/09/2016 RM'000	Nine months to 30/09/2015 RM'000
Profit for the period	37,528	47,734	95,118	184,764
Other comprehensive income/ (expense) to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences for foreign operations	7,322	53,288	1,362	61,107
Fair value changes	1	(1)	1	(1)
Cash flow hedge	(1,362)	-	(5,986)	-
Total other comprehensive income/ (expense) for the period, net of tax	5,961	53,287	(4,623)	61,106
Total comprehensive income for the period	43,489	101,021	90,495	245,870
Attributable to:				
Owners of the Parent	42,319	101,030	89,411	245,900
Non-controlling Interests	1,170	(9)	1,084	(30)
Total comprehensive income for the period	43,489	101,021	90,495	245,870

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	Nine months to	Nine months to
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest expense	20,272	18,962	62,166	53,883
Provision for liquidated ascertained damages	25,433	2,163	28,768	6,699
Depreciation	6,468	5,363	19,405	18,219
Allowance for doubtful debts	5,600	-	5,600	-
Property, plant and equipment written off	2	-	56	90
Interest income	(7,095)	(8,963)	(22,264)	(30,950)
(Gain)/loss on foreign exchange				
- unrealised	(2,814)	-	(2,536)	-
- realised	-	6	519	83
Liquidated ascertained damages received and receivable from contractors	(2,155)	-	(2,155)	(13,000)
Dividend distribution received and receivable from a subsidiary under liquidation	-	-	(783)	(20,000)
Dividend income from investment in unit trust	(500)	-	(610)	(574)
Write back of allowance for impairment of receivables	(110)	-	(571)	-
Net gain on remeasurement of investment at fair value through profit or loss	(415)	-	(415)	(428)
Write back of inventories	(61)	(26)	(110)	(124)
Gain on disposal of property, plant and equipment	-	(13)	(2)	(125)
Gain arising from liquidation of an associate	-	-	-	(18)

Other than the above, there was no write-off of receivables and inventories, gain or loss on disposal of quoted and unquoted investments, impairment/(write back of impairment) of assets, gain or loss on derivatives, exceptional items and reversal of 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 30/09/2016 RM'000	Audited As at preceding financial year end 31/12/2015 RM'000
ASSETS			
1. Non-current assets			
Property, plant and equipment		279,880	234,067
Investment properties		641,498	640,975
Land held for property development		3,542,379	3,269,275
Interests in associates		478,707	487,835
Interests in joint ventures		1,090,628	1,143,774
Amount due from a joint venture		77,473	72,697
Long term receivables		52,488	54,849
Goodwill		621,409	621,409
Deferred tax assets		233,098	221,044
		7,017,560	6,745,925
2. Current assets			
Property development costs		2,617,560	2,281,634
Inventories		393,366	403,099
Receivables		1,596,247	1,219,500
Amount due from joint ventures		215,049	239,635
Short term investments		8	7
Cash, bank balances and deposits		648,195	1,005,600
		5,470,425	5,149,475
3. Asset held for sale	8	11,230	-
Total assets		12,499,215	11,895,400



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

	Note	Unaudited As at end of current quarter 30/09/2016 RM'000	Audited As at preceding financial year end 31/12/2015 RM'000
EQUITY AND LIABILITIES			
4. 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
Cash flow hedge reserves		(5,986)	-
Other reserves		119,645	115,439
Retained profits		1,480,636	1,552,602
		6,734,814	6,808,560
5. Non-controlling Interests		361,650	360,345
Total equity		7,096,464	7,168,905
6. Non-current liabilities			
Borrowings		2,965,401	2,227,594
Payables		83,729	66,143
Deferred income		111,646	111,874
Provision		411,068	411,436
Derivative liability	17	5,986	-
Deferred tax liabilities		201,953	204,058
		3,779,783	3,021,105
7. Current liabilities			
Provisions		439,675	456,506
Payables		573,280	706,062
Borrowings		576,069	522,976
Tax payable		33,944	19,846
		1,622,968	1,705,390
Total liabilities		5,402,751	4,726,495
Total equity and liabilities		12,499,215	11,895,400
8. Net assets per share attributable to Owners of the Parent		RM 1.48	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.



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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Unaudited Nine months to 30/09/2016 RM'000	Unaudited Nine months to 30/09/2015 RM'000
Operating Activities			
Cash receipts from customers		898,368	1,463,023
Cash receipts from related parties		4,730	5,214
Cash payments to contractors		(1,281,466)	(1,237,502)
Cash payments for land and development related costs		(12,308)	(899)
Cash payments for guaranteed land cost deposit	15 (h)	(15,000)	-
Cash payments to related parties		(31,459)	(3,758)
Cash payments to employees and for expenses		(257,778)	(259,846)
Cash used in operations		(694,913)	(33,768)
Net income taxes paid		(53,588)	(234,499)
Interest received		10,244	14,269
Net cash used in operating activities		(738,257)	(253,998)
Investing Activities			
Dividend received from a joint venture		160,000	1,500
Dividend received from an associate		2,100	-
Proceeds from disposal of			
- property, plant and equipment		3	125
- short term investments		286,025	353,630
Capital distribution from an associate under liquidation		-	18
Repayment from joint ventures		41	33,598
Refund of shares subscription deposit	15 (e)	21,488	-
Purchase of property, plant and equipment		(15,571)	(16,655)
Acquisition of subsidiary, net of cash and cash equivalent acquired		-	(29)
Advance to a joint venture		(31,500)	(91,775)
Acquisition of non-controlling interests in a subsidiary	11 (b)	(80,479)	-
Investment in an associate		-	(5,850)
Investment in joint ventures		(4,250)	-
Investment in land held for property development		(247,281)	(58,371)
Investment in short term investments		(285,000)	(150,000)
Net cash (used in)/generated from investing activities		(194,424)	66,191



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

	Unaudited Nine months to 30/09/2016 RM'000	Unaudited Nine months to 30/09/2015 RM'000
Financing Activities		
Drawdown of borrowings	507,655	180,796
Drawdown of Islamic Medium Term Notes and Islamic Commercial Papers	607,888	300,000
Repayment of borrowings	(160,246)	(101,767)
Repayment of Islamic Medium Term Notes	(200,000)	-
Repayment to immediate holding company	(6,469)	(1,630)
Dividend paid	(85,279)	(136,123)
Interest paid	(76,443)	(62,194)
Net cash generated from financing activities	587,106	179,082
Transfer from non-current deposits	-	3
Effects of exchange rate changes	(6,286)	10,324
Net (decrease)/increase in cash and cash equivalents	(351,861)	1,602
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	648,195	740,632
	Unaudited As at 30/09/2016 RM'000	Unaudited As at 30/09/2015 RM'000

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

Current cash, bank balances and deposits		
Unrestricted	465,043	426,626
Restricted	183,152	317,139
	648,195	743,765
Bank overdrafts (included in short term borrowings)	-	(3,133)
Cash and cash equivalents	648,195	740,632

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.



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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	Cash Flow Hedge Reserves RM'000	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
Nine months to 30 September 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	-	-	-	(5,986)	1,384	94,013	89,411	1,084	90,495
Share options granted under ESOS	-	-	-	-	2,822	-	2,822	-	2,822
Acquisition of non-controlling interests in a subsidiary (Note 11 (b))	-	-	-	-	-	(80,700)	(80,700)	221	(80,479)
Dividend paid	-	-	-	-	-	(85,279)	(85,279)	-	(85,279)
At 30 September 2016	<u>2,276,643</u>	<u>2,829,546</u>	<u>34,330</u>	<u>(5,986)</u>	<u>119,645</u>	<u>1,480,636</u>	<u>6,734,814</u>	<u>361,650</u>	<u>7,096,464</u>



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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	Cash Flow Hedge Reserves RM'000	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
Nine months to 30 September 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	-	-	-	-	61,109	184,791	245,900	(30)	245,870
Share options granted under ESOS	-	-	-	-	8,160	-	8,160	-	8,160
Dividend paid	-	-	-	-	-	(136,123)	(136,123)	-	(136,123)
At 30 September 2015	<u>2,268,718</u>	<u>2,044,955</u>	<u>34,330</u>	<u>-</u>	<u>157,399</u>	<u>1,945,367</u>	<u>6,450,769</u>	<u>485,723</u>	<u>6,936,492</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.



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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 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 accounting policy on derivative financial instrument and hedge accounting as summarized in Note 17 and 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.



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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)

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.

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 30 September 2016 except as follows:-

- (a) Sunrise Berhad, a wholly-owned subsidiary of the Company, repaid fifth and sixth tranche of RM100.0 million each of Islamic Medium Term Notes, which were issued in 2013 and 2014 respectively.



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

6. Debt and equity securities (cont'd)

- (b) During the financial period, the Company established Islamic Medium Term Notes ("IMTNs") under the Islamic Medium Term Notes Programme ("IMTN Programme") and Islamic Commercial Papers ("ICPs") under the Islamic Commercial Paper Programme ("ICP Programme") with a combined aggregate limit of up to RM2.0 billion in nominal value and a sub-limit of RM500.0 million in nominal value for the ICP Programme.

For the current financial period ended 30 September 2016, the Company has completed the issuance of IMTNs and ICPs from its IMTN and ICP Programme respectively as follows:

No	Issuance date	Amount (RM'Million)	Tenure (Months)	Rate (per annum)
1	20 May 2016	500 (IMTNs)	84	5.00% - Profit
2	20 May 2016	10 (ICPs)	6	4.15% - Discount
3	9 August 2016	100 (ICPs)	6	3.80% - Discount

The proceeds from the IMTNs and ICPs will be utilized for the Group's Shariah-compliant general corporate purposes.

7. Dividend

The first and final single tier dividend of 1.6 sen per ordinary share of RM0.50 each amounting to RM72,598,977 in respect of the financial year ended 31 December 2015 was approved by the shareholders during the Annual General Meeting on 23 May 2016 and paid on 21 June 2016.

On 21 June 2016, the Company also paid a single tier dividend of 1.6 sen on 792,515,753 redeemable convertible preferences shares ("RCPS") of RM0.01 each amounting to RM12,680,252 in respect of the financial year ended 31 December 2015.

The Directors do not recommend the payment of any interim dividend for the current period ended 30 September 2016 (2015 : Nil).

8. Asset held for sale

The Group's investment in BIB Insurance Brokers Sdn Bhd has been reclassified as asset held for sale following an approval to dispose its entire 30% equity interest, comprising 450,000 ordinary shares of RM1.00 each, by the Board on 17 June 2016.

	As at 30/09/2016 RM'000
Investment in associate:	
Unquoted shares at cost - in Malaysia	1,033
Share of post-acquisition reserves	10,197
	<u>11,230</u>



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

8. Asset held for sale (cont'd)

	As at 30/09/2016 RM'000
Reserves relating to asset held for sale recognised directly in equity:	
- Foreign exchange translation reserves	1,182
- Available-for-sale reserves	(241)
	941

9. Operating Segments

Operating Segment information for the current financial period ended 30 September 2016 is as follows:

	Property development		Property		Eliminations RM'000	Consolidated RM'000
	In Malaysia RM'000	Outside Malaysia RM'000	Investment RM'000	Others RM'000		
Revenue						
External revenue	892,384	240,554	44,468	39,411	-	1,216,817
Inter-segment revenue	-	-	866	8,752	(9,618)	-
Total revenue	892,384	240,554	45,334	48,163	(9,618)	1,216,817
Results						
Segment results	98,185	53,989	6,150	17,063	(14,920)	160,467
Finance costs	(41,197)	(628)	(9,729)	(23,802)	13,190	(62,166)
Share of results of associates	2,053	-	-	559	-	2,612
Share of results of joint ventures	45,149	-	(1,033)	(10,159)	-	33,957
Profit/(loss) before income tax	104,190	53,361	(4,612)	(16,339)	(1,730)	134,870
Income tax	(23,283)	(13,702)	(29)	(2,738)	-	(39,752)
Profit/(loss) for the period	80,907	39,659	(4,641)	(19,077)	(1,730)	95,118
Attributable to:						
Owners of the parent	80,907	39,659	(4,641)	(20,182)	(1,730)	94,013
Non-controlling interest	-	-	-	1,105	-	1,105
Profit/(loss) for the period	80,907	39,659	(4,641)	(19,077)	(1,730)	95,118

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 30 September 2016 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 30 September 2016 that have not been reflected in the condensed financial statements.

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

11. 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:

- (a) 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 26 May 2016, the Company announced that the parties to the JVSA subscribed to the new ordinary share in JVASB. UEM Land, as a party to the JVSA, subscribed for 250,000 ordinary shares of RM1.00 each for a cash consideration of RM250,000 resulting in JVASB becoming a 50% owned joint venture company of the Group.

On 15 June 2016, JVASB changed its name to Gerbang Leisure Park Sdn Bhd.

- (b) On 13 June 2016, Sunrise Berhad ("SB"), a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement ("SSA") with Melavest Sdn Bhd for the acquisition of 76,000 ordinary shares of RM1.00 each in Ibarat Duta Sdn Bhd ("IDSB"), representing the remaining 38% of the total issued and paid-up share capital of IDSB for a cash consideration of RM80,478,808.

The acquisition was completed on 10 August 2016 and IDSB became a wholly-owned subsidiary of SB.

The financial impact arising from this acquisition is as follows:

	RM'000
Cash consideration paid to non-controlling shareholder	80,479
Carrying value of 38% equity interest in IDSB	221
Accretion loss recognised in retained profits	80,700

12. 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 except as disclosed below:

Income tax assessment

On 3 October 2011, Bandar Nusajaya Development Sdn. Bhd. ("BND"), a major subsidiary of the Company which was held through its wholly-owned subsidiary, UEM Land Berhad, received a notice of additional assessment from the Inland Revenue Board ("IRB") for additional tax and penalty of RM50.9 million and RM22.9 million respectively in respect of the year of assessment 2006.

On 4 September 2012, the Kuala Lumpur High Court ("KLHC") had granted leave to BND for its judicial review application and ruled in favour of BND on the merit of the case. The KLHC declared that IRB had no legal basis to raise the additional assessment and allowed BND's appeal to quash and set aside the above notice of additional assessment. The IRB had filed an appeal to the Court of Appeal ("CoA") against the decision made.

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

12. Contingent liabilities (cont'd)

Income tax assessment (cont'd)

The CoA, having heard and considered the submissions by both parties on 19 and 20 May 2014, unanimously decided that there are no merits in the appeal by IRB and thus affirmed the decision of KLHC on both matters which ruled in favour of BND. IRB had on 18 June 2014 filed an application for leave to the Federal Court ("FC") to appeal against the decision of CoA. The FC on 26 January 2015 allowed the leave and 18 October 2016 was set for hearing of the case.

On 18 October 2016, the FC reversed the decisions of the CoA and the KLHC and ordered that BND should have appealed by way of filing a notice of appeal to the Special Commissioners of Income Tax. No reasons were provided by the FC in arriving at this conclusion. The FC's decision has resulted in the Form JA issued by the IRB dated 22 September 2011 totalling RM73.8 million to become due and payable within 30 days.

On 25 October 2016 and 26 October 2016, BND has filed in a notice of appeal (Form Q) and the notice was rejected by IRB on 25 October 2016 and 26 October 2016 respectively. The Company's solicitors are of the view that BND has a good case to commence judicial review proceedings via KLHC to contend that the IRB's rejection of the Form Q is without any legal basis. In respect of the merit of the case, the Company's solicitors are of the view that BND has a strong case to argue that IRB has no legal or factual basis to issue the notice of additional assessment nor there is legal or factual basis for IRB to impose the penalty.

13. Capital commitments

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

	RM'Mil
Approved and contracted for	15.5
Approved but not contracted for	469.7
Total	485.2

14. Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/09/2016 RM'000	Preceding year corresponding quarter 30/09/2015 RM'000	Nine months to 30/09/2016 RM'000	Nine months to 30/09/2015 RM'000
Malaysian and foreign income tax				
- Current tax	(15,494)	(31)	(57,291)	(48,095)
- (Under)/over provision in prior years	(2,047)	(1,199)	3,372	3,941
Deferred tax				
- Relating to origination and reversal of temporary differences	(507)	870	18,078	8,451
- (Under)/over provision in prior years	(2)	-	(3,911)	2,025
Tax expense for the period	(18,050)	(360)	(39,752)	(33,678)

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



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

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) 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.

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

15. 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 24 November 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%.

On 30 June 2016, the Company announced that the parties have mutually agreed to rescind the SSA. The deposit of RM21.5 million paid by SB on 1 December 2015 was refunded on 18 July 2016 following the rescission of the SSA.



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

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

- 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 Pulaui, 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 a total of 136.29 acres or collectively as UEMS Lands whilst the balance of thirty-six (36) land parcels owned by LFC with a total of 65.48 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.

On 15 June 2016, JVASB changed its name to Gerbang Leisure Park Sdn Bhd.

As at 24 November 2016, the conditions precedent of the Master Agreement are still pending fulfillment by the respective landowners.

- 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;
- (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 24 November 2016, the conditions precedent of the JVA are still outstanding.



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

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

- h) On 27 May 2016, Sunrise Quality Sdn Bhd ("SQSB"), an indirect wholly-owned subsidiary of the Company, entered into a Joint Land Development Agreement ("JLDA") with Telekom Malaysia Berhad ("TM") for the development of Lot 461 and Lot 493, Section 19, Bandar Kuala Lumpur, District of Kuala Lumpur measuring approximately 1.69 acres ("Said Lands") into a high rise mixed development project ("Project").

TM is the registered and beneficial owner of the Said Lands. Pursuant to the JLDA, TM agrees to grant SQSB the sole and exclusive rights to develop the Said Lands into a Project. In return, SQSB agrees to pay TM a guaranteed land cost ("GLC") of RM150 million and TM is also entitled to 5% of the agreed gross development value of the Project.

The JLDA is subject to certain conditions precedent. A deposit of RM15.0 million equivalent to 10% of the total GLC was paid by SQSB on 28 May 2016 whilst the remaining 90% of the total GLC will be payable in accordance to the payment schedule set out in the JLDA.

As at 24 November 2016, the conditions precedent of the JLDA are still pending fulfillment by the respective parties of the agreement.

16. Borrowings and debt securities

Details of Group borrowings and debt securities as at 30 September 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	-	-	-	75,637	-	75,637
- Islamic Medium Term Notes	-	2,537,324	2,537,324	-	-	-
- Islamic Commercial Papers	-	-	-	-	108,580	108,580
- Term loan	160,000	-	160,000	67,852	100,000	167,852
- Term loan (denominated in Australian Dollar)	-	268,077	268,077	-	-	-
- Revolving credits	-	-	-	11,000	213,000	224,000
TOTAL	160,000	2,805,401	2,965,401	154,489	421,580	576,069

17. Derivative

Details of outstanding derivative as at 30 September 2016 is as follows:

	Contract/ Notional value Fair value	
	RM'000	RM'000
Profit rate swap-i contract		
- 1 year to 3 years	268,077	(5,986)

UEM Sunrise (Australia) Sdn Bhd, a wholly owned subsidiary of the Company entered into a profit rate swap-i contract to hedge the profit rate risk arising from the profit margin repayment on AUD150 million Commodity Murabahah Financing-i Facility. The profit rate swap-i is designated as a cash flow hedge and applies the hedge accounting policy, as summarized below:



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

17. Derivative (cont'd)

The profit rate swap-i is initially recognized at fair value on the date on which the contract is entered into and is subsequently remeasured at fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

18. 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.

19. Breakdown of realised and unrealised profits or losses

	As at end of current quarter 30/09/2016	As at preceding financial year end 31/12/2015
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,107,516	1,044,475
- Unrealised	148,771	159,135
	1,256,287	1,203,610
Total share of retained profits from associates:		
- Realised	112,246	108,292
- Unrealised	1,009	2,351
Total share of retained profits from joint ventures:		
- Realised	452,307	422,747
- Unrealised	12,233	7,836
	1,834,082	1,744,836
Less : Consolidation adjustments	(353,446)	(192,234)
Total group retained profits as per consolidated statement of financial position	1,480,636	1,552,602

20. 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:

- a) Decision by the Federal Court in respect of BND's additional assessment raised by IRB for additional tax and penalty, as disclosed in Note 12;



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

20. Material litigation (cont'd)

- b) 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.

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.

- c) Notice of Civil Claim ("NOCC") filed at the Vancouver Registry of the Supreme Court of British Columbia, Canada by Magnum Projects Ltd ("Magnum") against UEM Sunrise (Canada) Development Ltd ("USCDL") and UEM Sunrise (Canada) Alderbridge Ltd ("USCAL").

On 4 November 2016, the Company received notification that USCDL and USCAL (collectively referred as "Defendants"), both of which are indirect wholly-owned subsidiaries of the Company, had been served with the NOCC dated 26 October 2016 filed at the Vancouver Registry of the Supreme Court of British Columbia, Canada by Magnum.



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

20. Material litigation (cont'd)

- c) Notice of Civil Claim ("NOCC") filed at the Vancouver Registry of the Supreme Court of British Columbia, Canada by Magnum Projects Ltd ("Magnum") against UEM Sunrise (Canada) Development Ltd ("USCDL") and UEM Sunrise (Canada) Alderbridge Ltd ("USCAL"). (cont'd)

The NOCC alleges breach of an Agency Agreement ("AA") dated 27 March 2015 whereby Magnum had been appointed as the sole and exclusive agent for the purpose of selling market residential, non-market residential and strata office strata lots that were to be developed on certain lands and premises located in Canada at:

- (i) 7960 Alderbridge Way, Richmond, British Columbia,
- (ii) 5333 No. 3 Road, Richmond, British Columbia, and
- (iii) 5411/5491 No. 3 Road, Richmond, British Columbia.

The principal relief sought in the NOCC is a declaration that the Defendants are jointly and severally liable to Magnum for damages on the basis of anticipatory breach, a declaration that the Defendants jointly and severally breached one or more of the terms of the AA and are liable to Magnum for damages as a result, and damages in the amount of at least CAD15,139,284.33 ("Claim").

Based on the initial advice received from the Company's solicitors, the Defendants believe they have a good arguable case to the NOCC and will be vigorously defending it.

The Claim is not expected to have any material financial and operational impact to the Group.

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

	Current quarter 30/09/2016 RM'000	Immediate preceding quarter 30/06/2016 RM'000
Revenue	421,254	537,813
Profit from operations	68,162	74,100
Finance cost	(20,272)	(20,630)
Share of results of associates and joint ventures	7,688	19,807
Profit before income tax	55,578	73,277



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

21. 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 SiLC land sales and property development due to slower construction progress for Teega, Arcoris and Verdi.

Lower profit before income tax was recorded in the current quarter due to the provision for liquidated ascertained damages ("LAD") arising from the delays in completion of Arcoris and Teega projects and lower contribution from associates and joint ventures.

22. Detailed analysis of the performance for the current quarter and period

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/09/2016 RM'000	Preceding year corresponding quarter 30/09/2015 RM'000	Nine months to 30/09/2016 RM'000	Nine months to 30/09/2015 RM'000
Revenue	421,254	353,058	1,216,817	1,142,819
Profit from operations	68,162	42,747	160,467	204,208
Finance cost	(20,272)	(18,962)	(62,166)	(53,883)
Share of results of associates and joint ventures	7,688	24,309	36,569	68,117
Profit before income tax	55,578	48,094	134,870	218,442

The Group recorded higher revenue in the current quarter as compared to the preceding year's corresponding quarter mainly due to revenue contribution from the progress made by Residensi 22, Serene Heights and the Australian projects. Profit before income tax is higher due to higher revenue and lower operating expenses.

On the cumulative basis, the revenue recorded by the Group in the current period is higher compared to last year mainly due to higher contribution from SiLC land sales to Amore Pacific Corporation in Quarter 2, 2016. Profit before income tax on the other hand is lower due to the provision for LAD, lower other income following the recognition of dividend distribution from a subsidiary under creditors' voluntary liquidation and LAD from a contractor in the previous year corresponding period and, lower share of profit from associates and joint ventures reflecting the tough market conditions that the Group is operating.



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

23. Economic profit (“EP”) statement

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/09/2016 RM'000	Preceding year corresponding quarter 30/09/2015 RM'000	Nine months to 30/09/2016 RM'000	Nine months to 30/09/2015 RM'000
<u>Net operating profit after tax (“NOPAT”) computation:</u>				
Earnings before interest and tax (“EBIT”)	53,473	24,335	124,348	123,819
Adjusted tax	(12,834)	(6,084)	(29,844)	(30,955)
NOPAT	40,639	18,251	94,504	92,864
<u>Economic charge computation:</u>				
Average invested capital (Note 1)	7,983,443	7,989,673	7,983,443	7,989,673
Weighted average cost of capital (“WACC”) (%) (Note 2)	8.30%	9.62%	8.30%	9.62%
Economic charge	(165,656)	(192,152)	(496,969)	(576,455)
Economic loss	(125,017)	(173,901)	(402,465)	(483,591)

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 and period as compared to preceding year corresponding quarter and period 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.



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

24. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/09/2016 RM'000	Preceding year corresponding quarter 30/09/2015 RM'000	Nine months to 30/09/2016 RM'000	Nine months to 30/09/2015 RM'000
a) Basic earnings per share				
Profit for the period attributable to Owners of the Parent	36,333	47,742	94,013	184,791
Dividend for RCPS (Note 7)	-	-	(12,680)	-
Profit for the period attributable to Owners of the Parent (net of dividend for RCPS)	<u>36,333</u>	<u>47,742</u>	<u>81,333</u>	<u>184,791</u>
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>0.80 sen</u>	<u>1.05 sen</u>	<u>1.79 sen</u>	<u>4.07 sen</u>
b) Diluted earnings per share				
Profit for the period attributable to Owners of the Parent (net of dividend for RCPS)	36,333	47,742	81,333	184,791
Profits of subsidiaries attributable to non-controlling interests arising from dilutive impact of convertible securities issued by a subsidiary	-	(2,478)	-	(5,530)
Diluted profit attributable to Owners of the Parent	<u>36,333</u>	<u>45,264</u>	<u>81,333</u>	<u>179,261</u>
Weighted average number of ordinary shares in issue ('000)	<u>5,159,974</u>	<u>4,537,436</u>	<u>5,159,974</u>	<u>4,537,436</u>
Diluted earnings per share	<u>0.70 sen</u>	<u>1.00 sen</u>	<u>1.58 sen</u>	<u>3.95 sen</u>



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

25. Prospects for the current financial year

The outlook for the property industry remains challenging considering the current negative global macro environment and domestically, we are faced with high Malaysian household debts, low wage growth and tight lending conditions resulting in a combination of higher loan rejection rates and inability of our customers to get the desired level of end financing. The revenue and earnings for the rest of the current financial year will be supported by the existing unrecognized revenue of RM4.1 billion from the existing projects in line with continued construction progress particularly from Teega in Puteri Harbour and Arcoris in Mont'Kiara. The Group's performance for the last quarter of the current financial year ending 31 December 2016 is expected to be satisfactory.

Notwithstanding the above, the successful launches of Melia Residences in Gerbang Nusajaya and Camellia, Serene Heights in Bangi in the current year reflects strong market demand for mid-market residential products and the Group will continue to focus on offering more mid-market products with unique features in the immediate future. In addition, the Group is intensifying its effort to reach out to international manufacturing and logistic companies that can create value and enhance the overall development in Iskandar Puteri.

26. 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
30 November 2016

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