**UEM SUNRISE BERHAD**
(830144-W)
Incorporated In Malaysia

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

**THE FIGURES HAVE NOT BEEN AUDITED**

**I(A). CONDENSED CONSOLIDATED INCOME STATEMENT**

| | Note | **INDIVIDUAL QUARTER** | | **CUMULATIVE QUARTER** | |
|---|---|---|---|---|---|
| | | Current year quarter | Preceding year corresponding quarter | Nine months to | Nine months to |
| | **Note** | **30/09/2018** | **30/09/2017 (restated)** | **30/09/2018** | **30/09/2017 (restated)** |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| 1. (a) **Revenue** | | **430,104** | **846,100** | **1,291,197** | **1,557,340** |
| (b) Cost of sales | | (331,704) | (561,087) | (740,284) | (1,091,554) |
| (c) Gross profit | | 98,400 | 285,013 | 550,913 | 465,786 |
| (d) Other income | | 13,897 | 14,359 | 47,359 | 38,251 |
| (e) Expenses | | (73,502) | (79,690) | (198,325) | (212,395) |
| (f) Finance costs | | (26,472) | (24,542) | (71,552) | (71,485) |
| (g) Foreign exchange gain/(loss) | | 5,273 | (2,827) | 2,139 | (10,131) |
| (h) Share of net results of associates | | (4,335) | 8,571 | (8,065) | 7,161 |
| (i) Share of net results of joint ventures | | 13,765 | 9,541 | 23,681 | 20,058 |
| (j) **Profit before income tax** | | **27,026** | **210,425** | **346,150** | **237,245** |
| (k) Income tax | 14 | (5,559) | (67,044) | (85,382) | (79,289) |
| (l) **Profit for the period** | | **21,467** | **143,381** | **260,768** | **157,956** |
| Attributable to: | | | | | |
| (m) Owners of the Parent | | 21,173 | 142,853 | 260,252 | 156,459 |
| (n) Non-controlling Interests | | 294 | 528 | 516 | 1,497 |
| Profit for the period | | 21,467 | 143,381 | 260,768 | 157,956 |
| 2. **Earnings per share based on 1(m) above** | 22 | | | | |
| (a) Basic earnings per share | | 0.47 sen | 3.15 sen | 5.56 sen | 3.45 sen |
| (b) Diluted earnings per share | | 0.41 sen | 2.77 sen | 4.90 sen | 3.03 sen |

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this quarterly announcement.

**UEM SUNRISE BERHAD**
(830144-W)
Incorporated In Malaysia

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

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | Current year quarter | Preceding year corresponding quarter | Nine months to | Nine months to |
| | **30/09/2018** | **30/09/2017 (restated)** | **30/09/2018** | **30/09/2017 (restated)** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Profit for the period** | 21,467 | 143,381 | 260,768 | 157,956 |
| Other comprehensive income/ (expense) to be reclassified to profit or loss in subsequent period: | | | | |
| Foreign currency translation differences for foreign operations | 8,949 | 21,367 | (39,570) | 31,665 |
| Transfer to profit or loss on disposal of an associate | - | - | - | (941) |
| Cash flow hedge | 4,532 | 979 | 15,673 | (3,079) |
| Total other comprehensive income/ (expense) for the period, net of tax | 13,481 | 22,346 | (23,897) | 27,645 |
| **Total comprehensive income for the period** | **34,948** | **165,727** | **236,871** | **185,601** |
| Attributable to: | | | | |
| Owners of the Parent | 34,629 | 165,314 | 236,252 | 184,034 |
| Non-controlling Interests | 319 | 413 | 619 | 1,567 |
| **Total comprehensive income for the period** | **34,948** | **165,727** | **236,871** | **185,601** |

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this quarterly announcement.

**UEM SUNRISE BERHAD**
(830144-W)
Incorporated In Malaysia

**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 |
| | **30/09/2018** | **30/09/2017 (restated)** | **30/09/2018** | **30/09/2017 (restated)** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit before income tax is arrived at after charging/(crediting): | | | | |
| Interest expense | 26,472 | 24,542 | 71,552 | 71,485 |
| Depreciation | 6,378 | 6,163 | 19,809 | 17,809 |
| Interest income | (12,252) | (9,370) | (30,721) | (22,974) |
| (Gain)/loss on foreign exchange | | | | |
| - unrealised | (4,642) | 3,283 | 1,591 | 8,222 |
| - realised | (631) | (456) | (3,730) | 1,909 |
| Provision for/(reversal of) liquidated ascertained damages | 889 | - | (2,892) | 27,468 |
| Liquidated ascertained damages received and receivable from contractors | (5,078) | (883) | (5,078) | (883) |
| Dividend income from investment at fair value through profit or loss | - | - | (690) | - |
| Write back of allowance for impairment of receivables | (224) | (308) | (745) | (1,249) |
| Allowance for doubtful debts | 92 | 363 | 466 | 363 |
| Net allowance for impairment of inventories | 9,829 | - | 9,776 | 1,013 |
| Impairment of interest in a joint venture | - | - | 9,534 | - |
| Gain on disposal of an associate company | - | - | - | (3,100) |
| Gain on disposal of an available-for-sale investment | - | - | - | (2,400) |

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

**UEM SUNRISE BERHAD**
(830144-W)
Incorporated In Malaysia

## II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | Unaudited As at current financial year end 30/09/2018 | Unaudited As at preceding financial year end 31/12/2017 (restated) |
|---|---|---|---|
| | | RM'000 | RM'000 |
| ASSETS | | | |
| 1. Non-current assets | | | |
| Property, plant and equipment | | 406,811 | 377,136 |
| Investment properties | | 637,368 | 649,670 |
| Land held for property development | | 4,932,566 | 4,620,766 |
| Interests in associates | | 489,083 | 500,385 |
| Interests in joint ventures | | 1,065,898 | 1,056,396 |
| Amount due from joint ventures | | 247,424 | 245,581 |
| Derivative asset | 17 | 12,559 | - |
| Goodwill | | 621,409 | 621,409 |
| Deferred tax assets | | 274,995 | 307,265 |
| Long term receivables | | 84,741 | 83,594 |
| | | 8,772,854 | 8,462,202 |
| 2. Current assets | | | |
| Property development costs and other assets | | 3,221,576 | 2,958,643 |
| Inventories | | 694,594 | 609,690 |
| Receivables | | 1,336,584 | 1,167,020 |
| Amount due from joint ventures | | 87,570 | 108,694 |
| Amount due from an associate | | 673 | 577 |
| Short term investment | | 15 | 125,197 |
| Cash, bank balances and deposits | | 715,570 | 808,004 |
| | | 6,056,582 | 5,777,825 |
| Total assets | | 14,829,436 | 14,240,027 |

**UEM SUNRISE BERHAD**
(830144-W)
Incorporated In Malaysia

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

| | Note | Unaudited As at current financial year end 30/09/2018 | Unaudited As at preceding financial year end 31/12/2017 (restated) |
|---|---|---|---|
| | | RM'000 | RM'000 |
| EQUITY AND LIABILITIES | | | |
| 4. Equity attributable to Owners of the Parent | | | |
| Share capital | | 5,110,276 | 5,110,276 |
| Reserves | | | |
| Merger relief reserves | | 34,330 | 34,330 |
| Other reserves | | 84,082 | 108,082 |
| Retained profits | | 1,857,796 | 1,650,843 |
| | | 7,086,484 | 6,903,531 |
| 5. Non-controlling Interests | | 363,746 | 363,127 |
| Total equity | | 7,450,230 | 7,266,658 |
| 6. Non-current liabilities | | | |
| Borrowings | 16 | 2,012,260 | 2,734,228 |
| Payables | | 56,854 | 63,528 |
| Contract liabilities | | 288,736 | 293,027 |
| Deferred income | | 155,392 | 152,111 |
| Derivative liability | | - | 4,651 |
| Provisions | | 713,357 | 624,086 |
| Deferred tax liabilities | | 208,575 | 230,119 |
| | | 3,435,174 | 4,101,750 |
| 7. Current liabilities | | | |
| Provisions | | 288,885 | 362,713 |
| Payables | | 790,319 | 894,145 |
| Contract liabilities | | 43,533 | 85,147 |
| Borrowings | 16 | 2,783,837 | 1,485,514 |
| Tax payable | | 35,921 | 44,100 |
| Derivative liability | 17 | 1,537 | - |
| | | 3,944,032 | 2,871,619 |
| Total liabilities | | 7,379,206 | 6,973,369 |
| Total equity and liabilities | | 14,829,436 | 14,240,027 |
| **8. Net assets per share attributable to Owners of the Parent** | | **RM 1.56** | **RM1.52** |

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this quarterly announcement.

**UEM SUNRISE BERHAD**
(830144-W)
Incorporated In Malaysia

## III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Unaudited Nine months to 30/09/2018 | Unaudited Nine months to 30/09/2017 |
|---|---|---|
| | RM'000 | RM'000 |
| **Operating Activities** | | |
| Cash receipts from customers | 1,128,247 | 1,548,865 |
| Cash receipts from related parties | 17,205 | 7,846 |
| Cash payments to contractors | (1,256,837) | (1,243,414) |
| Cash payments for land and development related costs | (95,451) | (66,165) |
| Cash payments to related parties | (829) | (644) |
| Cash payments to employees and for expenses | (237,511) | (275,434) |
| Cash used in operations | (445,176) | (28,946) |
| Net income tax paid | (43,225) | (56,640) |
| Interest received | 20,827 | 13,993 |
| **Net cash used in operating activities** | (467,574) | (71,593) |
| **Investing Activities** | | |
| Dividend received from a joint venture | 30,000 | 30,000 |
| Proceeds from disposal of | | |
| - short term investment | 125,000 | - |
| - an associate | - | 13,389 |
| - an available-for-sale investment | - | 2,400 |
| Repayment from a joint venture | 2,000 | - |
| Purchase of property, plant and equipment | (38,034) | (15,665) |
| Purchase of investment property | - | (173) |
| Advance to a joint venture | (100) | (8,500) |
| Deposit paid for land acquisition | - | (10,000) |
| Investment in land held for property development | (133,500) | - |
| Deposit paid for subscription of shares | (50,000) | - |
| **Net cash (used in)/generated from investing activities** | (64,634) | 11,451 |

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

| | Note | Unaudited Nine months to 30/09/2018 RM'000 | Unaudited Nine months to 30/09/2017 RM'000 |
|---|---|---|---|
| **Financing Activities** | | | |
| Drawdown of borrowings | | 1,056,525 | 310,737 |
| Repayment of borrowings | | (439,979) | (23,640) |
| Dividend paid | | (53,299) | - |
| Interest paid | | (116,133) | (102,375) |
| **Net cash generated from financing activities** | | 447,114 | 184,722 |
| Effects of exchange rate changes | | (7,950) | 791 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(93,044)** | **125,371** |
| Cash and cash equivalents as at beginning of financial period | | 805,731 | 788,542 |
| **Cash and cash equivalents as at end of financial period** | (a) | **712,687** | **913,913** |

| | Note | Unaudited As at 30/09/2018 RM'000 | Unaudited As at 30/09/2017 RM'000 |
|---|---|---|---|
| **(a) Cash and cash equivalents comprise of the following amounts:** | | | |
| Cash, bank balances and deposits | | | |
| Unrestricted | | 417,272 | 502,835 |
| Restricted | | 298,298 | 413,181 |
| | | 715,570 | 916,016 |
| Bank overdrafts (included in short term borrowings) | 16 | (2,883) | (2,103) |
| **Cash and cash equivalents** | | **712,687** | **913,913** |

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to this quarterly announcement.

**UEM SUNRISE BERHAD**
(830144-W)
Incorporated In Malaysia

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

| | Attributable to Owners of the Parent | | | | | | | Non-controlling Interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|
| | | Non-distributable | | | | Distributable | | | |
| | Share Capital | Share Premium | Merger Relief Reserves | Cash Flow Hedge Reserves | Other Reserves | Retained Profits | Total | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Nine months to 30 September 2018 (Unaudited)** | | | | | | | | | |
| At 1 January 2018 (as previously reported) | 5,110,276 | - | 34,330 | (4,651) | 105,830 | 1,823,248 | 7,069,033 | 363,127 | 7,432,160 |
| Effect of first-time MFRS adoption | - | - | - | - | 6,903 | (172,405) | (165,502) | - | (165,502) |
| At 1 January 2018 (restated) | 5,110,276 | - | 34,330 | (4,651) | 112,733 | 1,650,843 | 6,903,531 | 363,127 | 7,266,658 |
| Total comprehensive income for the period | - | - | - | 15,673 | (39,673) | 260,252 | 236,252 | 619 | 236,871 |
| Dividend paid | - | - | - | - | - | (53,299) | (53,299) | - | (53,299) |
| At 30 September 2018 | 5,110,276 | - | 34,330 | 11,022 | 73,060 | 1,857,796 | 7,086,484 | 363,746 | 7,450,230 |

## 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 | Share Premium | Merger Relief Reserves | Cash Flow Hedge Reserves | Other Reserves | Retained Profits | Total | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Nine months to 30 September 2017 (Unaudited and Restated)** | | | | | | | | | |
| At 1 January 2017 (as previously reported) | 2,276,643 | 2,829,546 | 34,330 | (223) | 152,243 | 1,539,257 | 6,831,796 | 361,556 | 7,193,352 |
| Effect of first-time MFRS adoption | - | - | - | - | 25 | 819 | 844 | - | 844 |
| At 1 January 2017 (restated) | 2,276,643 | 2,829,546 | 34,330 | (223) | 152,268 | 1,540,076 | 6,832,640 | 361,556 | 7,194,196 |
| Adjustments for effects of Companies Act 2016 (Note 1) | 2,833,633 | (2,829,546) | - | - | (4,087) | - | - | - | - |
| Total comprehensive income for the period | - | - | - | (3,079) | 30,654 | 156,459 | 184,034 | 1,567 | 185,601 |
| Share options granted under ESOS | - | - | - | - | 214 | - | 214 | - | 214 |
| At 30 September 2017 (restated) | 5,110,276 | - | 34,330 | (3,302) | 179,049 | 1,696,535 | 7,016,888 | 363,123 | 7,380,011 |

Note 1

With the Companies Act 2016 ("CA 2016") coming into effect on 31 January 2017, the credit standing in the share premium and capital redemption reserve accounts has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the CA 2016, the Group may exercise its right to use the credit amounts being transferred from share premium and capital redemption reserve accounts within 24 months after the commencement of the CA 2016.

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 2017 and the accompanying explanatory notes attached to this quarterly announcement.

## V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard 134 : Interim Financial Reporting and also comply with IAS 34 : Interim Financial Reporting issued by the International Accounting Standard Board and applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

The notes to the condensed consolidated interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2017, which have been prepared in accordance with the Financial Reporting Standards ("FRS") and the Companies Act 2016.

Since the previous annual audited financial statements as at 31 December 2017 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB"). This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. The effects on the adoption of MFRS framework are described in Note 2 below.

### 2. Changes in accounting policies and methods of computation

The significant accounting policies, method of computation and basis of consolidation applied in the condensed consolidated interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2017, except for the adoption of MFRS framework effective for the financial period beginning on 1 January 2018.

**Malaysian Financial Reporting Standards ("MFRS") Framework**

On 19 November 2011, the 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 will be allowed to defer adoption of the new MFRS framework. The adoption is mandatory for Transitioning Entities for annual periods beginning on or after 1 January 2018. The Group falls within the scope of Transitioning Entities and have opted to defer adoption of the new MFRS framework. Accordingly, the Group is required to prepare financial statements using the MFRS framework in its first MFRS financial statements for the year ending 31 December 2018.

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

## 2. Changes in Accounting policies and methods of computation (cont'd)

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

In presenting its first MFRS financial statements for the year ending 31 December 2018, 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. The consolidated financial statements for year ended 31 December 2016 and 2017 are different under the MFRS framework.

These condensed consolidated interim financial statements are part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2018 and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied. Comparative figures, where applicable, have been restated as result of transition to MFRS framework.

The effects on the adoption of MFRS framework are as follows:

<u>MFRS 9 : Financial Instruments ("MFRS 9")</u>

MFRS 9 introduces amongst others, a single forward looking "expected loss" impairment model which requires entities to recognise loss allowance in anticipation of future losses rather than based on incurred basis.

The Group has assessed the impact of the adoption of MFRS 9 and concluded that the adoption does not have any significant impact to the financial performance or position of the Group.

<u>MFRS 15 : Revenue from Contracts with Customers ("MFRS 15")</u>

MFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. MFRS 15 supersedes the revenue recognition guidance including MFRS 118 : Revenue, MFRS 111 : Construction Contracts and the related interpretations.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when control of the goods or services underlying the particular performance obligation is transferred to the customer.

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

## 2. Changes in Accounting policies and methods of computation (cont'd)

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

MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd)

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer in substance obtains control of the asset.

The Group recognises revenue over time using the input method, which is based on the the level of completion in proportion of cost incurred to date against the expected total construction costs.

The Group adopts the new standards using the full retrospective method. The affected areas upon the application of the new standards are as follows:

(i) Property development activities in Australia

Under the previous FRS, the Group recognised property development revenue from property development activities in Australia over time based on the enforceability of the sales contract with the customers. Under the current MFRS 15, the property development revenue from Australia is recognised upon settlement, being the date at which control is transferred to customers.

(ii) Sale of land

Under the previous FRS, the Group recognised revenue from land sale upon the completion of condition precedents as stipulated in the sale and purchase agreement with the customers. Under the current MFRS 15, revenue is recognised when control is substantially transferred.

(iii) Multiple promises from the sale of development properties

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. Under the previous FRS, the Group accounted for the bundled sales as one deliverable and recognises revenue over time. Under the current MFRS 15, revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. The sale of development properties and the multiple promises are separate deliverables of bundled sales. The transaction price will be allocated to each performance obligation based on the standalone selling prices. If these are not directly observable, they are estimated based on expected cost plus margin.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**2. Changes in Accounting policies and methods of computation (cont'd)**

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

MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd)

(iv) Cost incurred in fulfilling a contract

Under the previous FRS, the Group expensed off sales commissions and free legal fees as these costs do not qualify for recognition as an asset under any of the other accounting standards. However, the sales commissions and free legal fees relate directly to contracts and are expected to be recovered in future for the services to be provided. Accordingly, under the current MFRS 15, these costs are eligible for capitalisation and recognised as other assets. These costs is expensed to the cost of sales and net of revenue respectively using the percentage of completion method.

(v) Recognition of provision for foreseeable losses for low cost housing

Under the previous FRS, the Group recognised upfront the provision for foreseeable losses for anticipated losses to be incurred on the development of involuntary low cost housing as required by approving authorities. The application of the above is in accordance to FRSIC Consensus 17 : Development of Affordable Housing ("FRSIC 17") issued by Malaysian Institute of Accountants ("MIA").

MFRS 15 requires the accounting to be done on a contract basis. Pursuant to the clarification on the use to FRSIC 17 on 7 March 2018, it stated that FRSIC 17 is no longer relevant upon the adoption of MFRS framework. Pending further clarification from MIA, the Group is of the view that the recognition of foreseeable losses is still required due to existence of contractual obligations to build low cost housing.

The Group has substantially completed its assessment on the adoption of MFRS 15, except for impact of provision for foreseeable losses for low cost housing pursuant to the clarification issued by MIA on 7 March 2018.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 2. Changes in Accounting policies and methods of computation (cont'd)

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

MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd)

The impact to income statement and total comprehensive income for comparative interim periods and of equity at 30 September 2017 reported under FRS to those reported under MFRS are provided below:

(i) Impact on the condensed consolidated statement of financial position as at 30 September 2017:

| | Under FRS RM'000 | Adoption to MFRS RM'000 | Transitioning to MFRS * RM'000 | Under MFRS RM'000 |
|---|---|---|---|---|
| ASSETS | | | | |
| Non-current assets | | | | |
| Land held for property development | 3,601,259 | 3,840 | 1,128,703 | 4,733,802 |
| Interests in associates | 497,011 | (5,697) | - | 491,314 |
| Interests in joint ventures | 1,070,782 | 2,512 | - | 1,073,294 |
| Deferred tax assets | 295,172 | (12,684) | - | 282,488 |
| Long term receivables | 44,485 | - | 40,739 | 85,224 |
| Other non-current assets | 1,853,568 | - | - | 1,853,568 |
| | 7,362,277 | | | 8,519,690 |
| Current assets | | | | |
| Property development costs and other assets | 2,719,448 | 958,973 | (1,128,703) | 2,549,718 |
| Receivables | 2,349,298 | (1,057,934) | - | 1,291,364 |
| Other current assets | 1,676,791 | - | - | 1,676,791 |
| | 6,745,537 | | | 5,517,873 |
| Total assets | 14,107,814 | | | 14,037,563 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Other reserves | 175,467 | 280 | - | 175,747 |
| Retained profits | 1,781,683 | (85,148) | - | 1,696,535 |
| Other equity | 5,507,729 | - | - | 5,507,729 |
| Total equity | 7,464,879 | | | 7,380,011 |
| Non-current liabilities | | | | |
| Deferred income | 111,457 | - | 40,739 | 152,196 |
| Provisions | 927,651 | (303,565) | - | 624,086 |
| Deferred tax liabilities | 203,165 | (17,618) | - | 185,547 |
| Contract liabilities | - | 313,419 | - | 313,419 |
| Other non-current liabilities | 2,757,578 | - | - | 2,757,578 |
| | 3,999,851 | | | 4,032,826 |
| Current liabilities | | | | |
| Provisions | 403,887 | (42,992) | - | 360,895 |
| Contract liabilities | - | 74,991 | - | 74,991 |
| Tax payable | 140,866 | (50,357) | - | 90,509 |
| Other current liabilities | 2,098,331 | - | - | 2,098,331 |
| | 2,643,084 | | | 2,624,726 |
| Total liabilities | 6,642,935 | | | 6,657,552 |
| Total equity and liabilities | 14,107,814 | | | 14,037,563 |

**Impact on net assets per share attributable to Owners of Parent** **RM (0.02)**

* In transitioning to MFRS, the Group has reviewed certain classifications of its assets and liabilities for fairer presentations.

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**2. Changes in Accounting policies and methods of computation (cont'd)**

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

MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd)

(ii) Impact on the condensed consolidated income statement for the quarter ended 30 September 2017:

| | Under FRS RM'000 | Adoption to MFRS RM'000 | Under MFRS RM'000 |
|---|---|---|---|
| **Revenue** | **715,766** | **130,334** | **846,100** |
| Cost of sales | (503,116) | (57,971) | (561,087) |
| Gross profit | 212,650 | | 285,013 |
| Other income | 18,142 | (3,783) | 14,359 |
| Expenses | (83,641) | 3,951 | (79,690) |
| Finance costs | (24,542) | - | (24,542) |
| Foreign exchange loss | (2,827) | - | (2,827) |
| Share of results of associates | (1,597) | 10,168 | 8,571 |
| Share of results of joint ventures | 8,924 | 617 | 9,541 |
| **Profit before income tax** | **127,109** | | **210,425** |
| Income tax | (40,114) | (26,930) | (67,044) |
| **Profit for the period** | **86,995** | **56,386** | **143,381** |
| Profit attributable to Owners of the Parent | 86,602 | 56,251 | 142,853 |

Increase in the restated revenue and profit for the quarter mainly due to the recognition of land sales of RM401 million in revenue upon completion, previously derecognised in the first half of 2017. This adjustment to revenue and profit is offset by the unwinding the recognition of Australian projects' contribution, previously recognised based on percentage of completion with revenue of RM284 million.

(iii) Impact on the condensed consolidated statement of comprehensive income for the quarter ended 30 September 2017:

| | Under FRS RM'000 | Adoption to MFRS RM'000 | Under MFRS RM'000 |
|---|---|---|---|
| Profit for the period | 86,995 | 56,386 | 143,381 |
| Other comprehensive income, comprises of: | | | |
| Foreign currency translation differences of foreign operations | 21,529 | (162) | 21,367 |
| Others | 979 | - | 979 |
| Total comprehensive income | 109,503 | | 165,727 |
| Total comprehensive income attributable to Owners of the Parent | 109,090 | 56,224 | 165,314 |

(iv) The impact on basic and diluted EPS for the quarter ended 30 September 2017 is as follows:

| | | |
|---|---|---|
| Basic earnings per share | 1.24 | sen |
| Diluted earnings per share | 1.09 | sen |

UEM SUNRISE

**UEM SUNRISE BERHAD**
(830144-W)
Incorporated In Malaysia

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

## 2. Changes in Accounting policies and methods of computation (cont'd)

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

MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd)

(v) Impact on the condensed consolidated income statement for the 9 months period ended 30 September 2017:

| | Under FRS RM'000 | Adoption to MFRS RM'000 | Under MFRS RM'000 |
|---|---|---|---|
| **Revenue** | **2,155,324** | **(597,984)** | **1,557,340** |
| Cost of sales | (1,549,065) | 457,511 | (1,091,554) |
| Gross profit | 606,259 | | 465,786 |
| Other income | 42,545 | (4,294) | 38,251 |
| Expenses | (235,771) | 23,376 | (212,395) |
| Finance costs | (71,485) | - | (71,485) |
| Foreign exchange loss | (10,131) | - | (10,131) |
| Share of results of associates | 5,461 | 1,700 | 7,161 |
| Share of results of joint ventures | 19,309 | 749 | 20,058 |
| **Profit before income tax** | **356,187** | | **237,245** |
| Income tax | (112,264) | 32,975 | (79,289) |
| **Profit for the period** | **243,923** | **(85,967)** | **157,956** |
| Profit attributable to Owners of the Parent | 242,426 | (85,967) | 156,459 |

The revenue and profit for the period are restated mainly due to unwinding of the recognition of Australian projects' contribution, previously recognised based on percentage of completion with revenue of RM571 million and deferment on the recognition of a land sale with the unwinding in revenue of RM14 million.

(vi) Impact on the condensed consolidated statement of comprehensive income for the 9 months period ended 30 September 2017:

| | Under FRS RM'000 | Adoption to MFRS RM'000 | Under MFRS RM'000 |
|---|---|---|---|
| Profit for the period | 243,923 | (85,967) | 157,956 |
| Other comprehensive income/(expense), comprises of: | | | |
| Foreign currency translation differences of foreign operations | 31,410 | 255 | 31,665 |
| Others | (4,020) | - | (4,020) |
| Total comprehensive income | 271,313 | | 185,601 |
| Total comprehensive income attributable to Owners of the Parent | 269,746 | (85,712) | 184,034 |

(vii) There is no material impact on the consolidated statement of cash flows for the 9 months period ended 30 September 2017. The impact on basic and diluted EPS is as follows:

| | |
|---|---|
| Basic earnings per share | (1.89) sen |
| Diluted earnings per share | (1.67) sen |

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**3. Audit report in respect of the 2017 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2017 was not qualified.

**4. Seasonal or cyclical factors**

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

**5. 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.

**6. 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.

**7. 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 2018 except for the issuance and repayment of Islamic Medium Term Notes ("IMTN") from its IMTN Programme as follows:

| Date | Transaction | Amount (RM'Million) | Tenure | Rate (per annum) |
|---|---|---|---|---|
| 23 May 2018 | Issuance | 100 | 366 days | 4.62% |
| 9 Aug 2018 | Repayment | 100 | 366 days | 4.47% |

The proceeds from the IMTN shall be utilised for refinancing its existing structured commodity Islamic financing.

**8. Dividend**

The final single tier dividend of 1.0 sen per share on 4,537,436,037 ordinary shares amounting to RM45,374,360 in respect of the financial year ended 31 December 2017 was approved by the shareholders during the Annual General Meeting on 31 May 2018 and was paid on 27 June 2018.

On 27 June 2018, the Company also paid a single tier dividend of 1.0 sen per share on 792,515,753 redeemable convertible preference shares ("RCPS") amounting to RM7,925,157 in respect of the financial year ended 31 December 2017 in accordance with the terms of the RCPS.

The Directors do not recommend the payment of any dividend for the current financial period ended 30 September 2018 (2017 : Nil).

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 30 September 2018 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 30 September 2018 that have not been reflected in the condensed financial statements.

## 10. Operating Segments

Operating Segment information for the current financial period ended 30 September 2018 is as follows:

| | Property development | | Property | | | |
|---|---|---|---|---|---|---|
| | In Malaysia RM'000 | Outside Malaysia RM'000 | investment RM'000 | Others RM'000 | Eliminations RM'000 | Consolidated RM'000 |
| **Revenue** | | | | | | |
| External revenue | 1,017,047 | 195,579 | 43,961 | 34,610 | - | 1,291,197 |
| Inter-segment revenue | - | - | 991 | 8,242 | (9,233) | - |
| Total revenue | 1,017,047 | 195,579 | 44,952 | 42,852 | (9,233) | 1,291,197 |
| **Results** | | | | | | |
| Segment results | 380,438 | 26,961 | (6,558) | 21,959 | (20,714) | 402,086 |
| Finance costs | (52,703) | (12) | (13,338) | (26,213) | 20,714 | (71,552) |
| Share of results of associates | (4,579) | (2,786) | - | (700) | - | (8,065) |
| Share of results of joint ventures | 31,389 | - | (1,365) | (6,343) | - | 23,681 |
| Profit/(loss) before income tax | 354,545 | 24,163 | (21,261) | (11,297) | - | 346,150 |
| Income tax | (79,996) | (4,387) | (44) | (955) | - | (85,382) |
| Profit/(loss) for the period | 274,549 | 19,776 | (21,305) | (12,252) | - | 260,768 |
| **Attributable to:** | | | | | | |
| Owners of the Parent | 274,549 | 28,466 | (21,305) | (21,458) | - | 260,252 |
| Non-controlling Interests | - | - | - | 516 | - | 516 |
| Profit/(loss) for the period | 274,549 | 28,466 | (21,305) | (20,942) | - | 260,768 |
| **Assets** | | | | | | |
| Segment assets | 10,448,680 | 2,244,147 | 872,386 | 258,158 | (676,360) | 13,147,011 |
| Interests in: | | | | | | |
| - associates | 470,055 | 12,257 | - | 6,771 | - | 489,083 |
| - joint ventures | 892,564 | - | 114,657 | 58,677 | - | 1,065,898 |
| Tax recoverable | 122,843 | 8 | 1,629 | 2,964 | - | 127,444 |
| Total assets | 11,934,142 | 2,256,412 | 988,672 | 326,570 | (676,360) | 14,829,436 |
| **Liabilities** | | | | | | |
| Segment liabilities | 5,332,709 | 1,854,785 | 669,489 | 162,662 | (676,360) | 7,343,285 |
| Tax payable | 35,673 | - | - | 248 | - | 35,921 |
| Total liabilities | 5,368,382 | 1,854,785 | 669,489 | 162,910 | (676,360) | 7,379,206 |

## 11. Changes in the composition of the Group

There were no significant changes in the composition of the Group up to the date of this announcement including business combinations, acquisitions or disposals of subsidiaries and long term investments, restructuring or discontinued operation since the preceding year ended 31 December 2017 except as stated below:

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

(a) On 22 February 2018, the Company formalised the incorporation of UEM Sunrise (Aurora Melbourne Central Property Management) Pty Ltd and UEM Sunrise (Conservatory Melbourne Property Management) Pty Ltd, two (2) wholly-owned subsidiaries of UEM Sunrise (Developments) Pty Ltd, which in turn are indirect wholly-owned subsidiaries of the Company, with paid-up share capital of AUD2.00 each and registered in Victoria, Australia respectively.

(b) On 4 April 2018, the Company received a copy of the Sealed Order dated 17 November 2017 which was filed with the High Court of Malaya on 15 December 2017 from the Liquidators of Projek Usahasama Transit Ringan Automatik Sdn Bhd ("PUTRA"), an indirect wholly-owned subsidiary of the Company which was wound up on 26 April 2002. Pursuant to the Sealed Order, PUTRA was dissolved on 17 November 2017. Accordingly, PUTRA ceased to be an indirect subsidiary of the Company.

(c) On 5 April 2018, the Company received a notification that 0757422 B.C. Ltd., an indirect wholly-owned subsidiary company of the Company was dissolved on 20 March 2018 under Section 422 of the British Columbia Business Corporations Act.

(d) On 1 June 2018, UEM Sunrise Properties Sdn Bhd ("UEMS Properties"), a wholly-owned subsidiary of the Company, subscribed 200,000 ordinary shares in UEM Sunrise WOTSO Malaysia Sdn Bhd ("USWM") for a cash consideration of RM200,000, resulting in USWM becoming an indirect 50% owned joint venture of the Company.

(e) On 29 October 2018, the Company embarked on the winding up of 2 indirect wholly-owned subsidiaries, namely Nusajaya Business Park Sdn Bhd and UEM Sunrise Pacific Sdn Bhd via applications to the Companies Commission of Malaysia ("CCM") to strike off their names from the register of CCM pursuant to Section 550 of the Companies Act 2016.

## 12. Contingent liabilities

There are no changes in the contingent liabilities since the preceding financial year ended 31 December 2017 except as disclosed below:

<u>Income tax assessment</u>

On 3 October 2011, Bandar Nusajaya Development Sdn. Bhd. ("BND"), an indirect wholly-owned subsidiary of the Company, received a notice of additional assessment ("Form JA") from the Inland Revenue Board ("IRB") for additional tax and penalty of RM50.9 million and RM22.9 million respectively, totalling to RM73.8 million in respect of the year of assessment 2006.

On 4 September 2012, the Kuala Lumpur High Court ("KLHC") ruled in favour of BND and declared that the IRB had no legal basis to raise the additional assessment. Following the decision held by KLHC, the IRB had filed an appeal to the Court of Appeal ("CoA") against the decision made.

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 the IRB and thus agreed with the decision of KLHC which ruled in favour of BND. The IRB had on 18 June 2014 filed an application for leave to the Federal Court ("FC") to appeal against the decision of CoA.

On 18 October 2016, the FC reversed the decisions of CoA and KLHC and ordered that BND should have appealed by way of filing a notice of appeal ("Form Q") to the Special Commissioners of Income Tax ("SCIT"). The FC's decision has resulted in the Form JA totalling RM73.8 million to become due and payable, which was fully paid on 5 December 2016.

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

## 12. Contingent liabilities (cont'd)

Income tax assessment (cont'd)

Subsequent to the FC's decision, on 25 and 26 October 2016, BND has filed the Form Q to the IRB. The Form Q was rejected by the IRB on 25 and 26 October 2016 respectively. On 10 November 2016, BND filed a notice for extension of time to file the Form Q ("Form N") which was rejected by the IRB on 8 February 2017.

A judicial review application against the rejection of Form Q was filed on 17 January 2017. In addition to the judicial review, BND filed a written representation directly to the SCIT requesting the approval to file the Form Q. The SCIT granted their approval on 3 March 2017. Vide a letter dated 21 March 2017, the IRB has confirmed the receipt of BND's Form Q dated 20 March 2017. The IRB has 12 months from the date of receipt of Form Q to review and present it to the SCIT. The judicial review application has been withdrawn on 17 May 2017 given that the IRB did not appeal against the decision of the SCIT.

Vide a letter dated 14 March 2018, the IRB has served the Form Q to the SCIT. Case management was fixed before the SCIT on 18 May 2018. Further to the case management, the SCIT fixed this matter for hearing on 14 and 15 September 2021. Upon the hearing of this case, BND's solicitors can then proceed to present the merits of the case to the SCIT. BND's solicitors are of the view that BND has a strong case to argue that the IRB has no legal or factual basis to issue the notice of additional assessment nor there is legal or factual basis for the 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 | 23.4 |
| Approved but not contracted for | 375.1 |
| Total | 398.5 |

## 14. Income tax

| | **INDIVIDUAL QUARTER** | | **CUMULATIVE QUARTER** | |
|---|---|---|---|---|
| | Current year quarter **30/09/2018** | Preceding year corresponding quarter **30/09/2017 (restated)** | Nine months to **30/09/2018** | Nine months to **30/09/2017 (restated)** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian and foreign income tax | | | | |
| - Current tax | (5,221) | (49,630) | (84,654) | (151,387) |
| - Over/(under) provision in prior years | 5,927 | 2,079 | 10,366 | (857) |
| Deferred tax | | | | |
| - Relating to origination and reversal of temporary differences | (5,890) | (19,493) | (10,080) | 70,676 |
| - (Under)/over provision in prior years | (375) | - | (1,014) | 2,279 |
| Tax expense for the period | (5,559) | (67,044) | (85,382) | (79,289) |

The effective tax rate (excluding share of results of associates and joint ventures) is higher than the statutory tax rate mainly due to non-deductible expenses and higher tax rate at Australia, offset by over provision in prior year.

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

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

a) A development agreement and a supplemental development agreement dated 19 December 2007 and 4 November 2010, respectively, between UEM Land Berhad ("UEM Land"), BND and Haute Property Sdn Bhd ("HPSB") for the development of a high end residential enclave over 111 acres held under H.S.(D) 453895, PTD 154910, Mukim Pulai, Daerah Johor Bahru, Johor. The development of the residential enclave is currently on-going.

b) A Facilities Maintenance and Management Agreement ("FMMA") dated 10 March 2011 between Cahaya Jauhar Sdn Bhd, a 60% owned joint venture of UEM Land and 40% owned by State Government of Johor via Permodalan Takzim Sdn Bhd for the provision of management and maintenance services for Phase 1 of Kota Iskandar. The FMMA covers a period of 30 years with a review 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 is 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 to be paid on a staggered basis depending on the completion of several development components to be completed by the DDC Cos. As at 22 November 2018, the SPAs are still outstanding.

d) A Master Agreement dated 23 October 2012 between UEM Land and Ascendas Land (Malaysia) Sdn Bhd ("Ascendas") ("MA") was entered to undertake the development of an integrated tech park over approximately 519 acres of land in Gerbang Nusajaya ("Land"), Iskandar Puteri, Johor ("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;

   (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").

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

d) (cont'd)

On 26 December 2012, UEM Land and Ascendas entered into first Subscription Agreements ("SA") to regulate their initial share subscription into Company A now known as Nusajaya Tech Park Sdn Bhd ("NTPSB"). On even date, the parties also entered into a Shareholders' Agreement ("SHA") to govern the parties' relationship as shareholders of NTPSB. The parties will enter into a separate SA and SHA for Company B and Company C in due course collectively referred to as the "Companies". The equity ratio of the parties in the Companies is 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 NTPSB; and
(ii) Grant to Ascendas the options to:
- Agree to NTPSB 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 ("Option Period").

On 28 September 2018, UEM Land and Ascendas entered into second SA to vary the MA where both parties agreed that, amongst others:

(i) Phase 2 Land and Phase 3 Land will not be acquired and held by Company B and Company C, respectively and will instead be acquired and held by NTPSB;
(ii) Company B and Company C will be deleted in its entirety from the MA; and
(iii) Ascendas is entitled to exercise its option to acquire any plot of Phase 2 Land as well Phase 3 Land ("the Land") independently as long as it is within the Option Period. NTPSB shall be used as the vehicle to acquire the Land.

On even date, UEM Land and Ascendas together with Nusajaya Rise Sdn Bhd, the proprietor of Phase 2 Land also agreed that Phase 2 Land be subdivided into four (4) different plots i.e. Plot C, Plot D, Plot E and Plot F. The parties also agreed that if there is a need to further sub-divide Phase 3 Land into smaller plots, NTPSB will do so at its own cost subject to UEM Land and Ascendas's approval.

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

Both UEM Land and LFC wish to work together as strategic joint development partners to jointly develop thirty-eight (38) parcels of freehold lands (located in Gerbang Nusajaya and near the Leisure Farm Resort) within Mukim Pulai, District of Johor Bahru, Johor. Part of the land parcels are owned by Nusajaya Seaview Sdn Bhd ("NSSB") and Nusajaya Rise Sdn Bhd ("NRSB"), both are indirect wholly-owned subsidiaries of the Company measuring a total of 136.29 acres (collectively known as "UEMS Lands") whilst the balance of thirty-six (36) land parcels are 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 entered into a Master Agreement ("MA") with both JVASB and LFC to record the agreed framework and parameters for the disposal of the JV Lands by NSSB, NRSB and LFC to JVASB.

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

e) (cont'd)

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

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

On 7 May 2018, both parties have agreed to extend the conditions precedent period from 16 February 2018 to 15 February 2019.

As at 22 November 2018, the conditions precedent of the MA are still pending fulfillment by the respective landowners.

f) A Joint Venture Agreement dated 22 February 2016 between UEM Land and ONE15 Marina Holdings Pte Ltd (formerly known as SUTL Marina Holdings Pte Ltd) ("ONE15") ("JVA") to establish Sarandra Malaysia Sdn Bhd ("SMSB"), a joint venture company with a 40% : 60% (UEM Land : ONE15) equity share to co-operate in incorporating, financing and operating 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, Johor in Malaysia.

On 11 July and 10 October 2017, both UEM Land and ONE15 have further increased their investment in SMSB to 5,801,000 ordinary shares at a ratio of 40:60 respectively.

On 29 June 2018, both parties have agreed to extend the conditions precedent period to 31 December 2018.

The JVA is subject to conditions precedent and as at 22 November 2018, the conditions precedent of the JVA are still outstanding.

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

g) A Joint Land Development Agreement dated 27 May 2016 between Sunrise Quality Sdn Bhd ("SQSB"), an indirect wholly-owned subsidiary of the Company with Telekom Malaysia Berhad ("TM") ("JLDA") 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. Under the JLDA, TM agrees to grant SQSB the sole and exclusive rights to develop the Said Lands into the Project. In return, SQSB agrees to pay TM a guaranteed land cost ("GLC") of RM150.0 million. TM is also entitled to 5% of the agreed gross development value of the Project.

The JLDA is subject to certain conditions precedent to be fulfilled within two (2) years from the JLDA execution date. 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.

On 24 August 2018, both parties mutually agreed to rescind the JLDA on the non-fulfillment of the conditions precedent under the JLDA. The deposit was refunded on 26 September 2018.

(h) A Sale and Purchase Agreement dated 30 October 2017 between Bandar Nusajaya Development Sdn Bhd ("BND") and Country View Resources Sdn Bhd ("CVRSB") ("SPA") for the disposal of 163.92 acres of land identified as HS(D) 309469, PTD 71080, Mukim Pulai, District of Johor Bahru, State of Johor by BND for a total consideration of RM310.0 million ("Proposed Disposal").

On 26 June 2018, BND entered into a Supplemental Agreement with CVRSB to amend and vary the SPA. Both parties agreed that the Balance Purchase Consideration of RM279.0 million will be paid by the Purchaser to the Vendor as follows:

(i) RM62.0 million to be paid on or before 29th June 2018; and
(ii) RM217.0 million (“Final Payment”) to be paid within eight (8) months from the SPA date (“Completion Period”), with an automatic extension of the Completion Period for another five (5) months (“Extended Completion Period”) subject to late payment interest on the unpaid Balance Purchase Consideration.

Both parties also agreed that vacant possession of the land is to be delivered to CVRSB on an 'as is where is’ basis on 29 June 2018 and if the SPA is terminated, CVRSB shall re-deliver vacant possession of the land to BND. BND will vacate the tenant, Saratoga Greens Sdn Bhd (“Tenant”), from the land by the end of the Extended Completion Period, otherwise, CVRSB shall be entitled to suspend and withhold the payment of the Final Payment from the expiry of the Extended Completion Period until the Tenant has vacated the land and no interest on the Final Payment will be charged from the expiry of the Extended Completion Period.

BND has successfully vacated the Tenant from the land on 8 October 2018.

On 27 November 2018, the Group has completed the Proposed Disposal upon the collection of remaining unpaid Balance Purchase Consideration.

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

i) A Sale and Purchase Agreement dated 20 December 2017 between Nusajaya Greens Sdn Bhd ("NGSB"), an indirect wholly-owned subsidiary of the Company and KII Morris Sdn Bhd ("KMRSB") ("SPA"), an indirect wholly-owned subsidiary of Kimlun Corporation Berhad for the disposal of 28.995 acres of land identified as PTD 166915, Mukim Pulai, Iskandar Puteri, Johor by NGSB for a total consideration of RM82.1 million ("Proposed Disposal"), the payment terms of which are:

(i) RM8.2 million – 10% of the purchase consideration upon the execution of the SPA; and
(ii) RM73.9 million – 90% of the purchase consideration within ninety (90) days from the unconditional date of the SPA.

The only condition precedent is the approval of the Economic Planning Unit ("EPU"), to be sought by KMRSB on the Proposed Disposal which is to be fulfilled within six (6) months from the SPA date with an automatic extension of three (3) months.

On 14 September 2018, KMRSB requested an extension of two (2) months from the last date of the automatic extension period to 19 November 2018 to fulfill the condition precedent. NGSB agreed to extend the conditional period to 15 November 2018.

On 12 November 2018, KMRSB requested that the date be further extended to 30 November 2018. NGSB agreed with the request.

The Proposed Disposal is expected to be completed in the fourth quarter of 2018.

As at 22 November 2018, condition precedent on the approval of EPU is still outstanding.

j) A Joint Venture Agreement dated 28 February 2018 between UEM Sunrise Properties Sdn Bhd ("UEMS Properties") and WOTSO S.E.A. Pty Ltd ("WOTSOSEA") ("JVA"), a wholly-owned subsidiary of WOTSO Workspace Pty Ltd ("WOTSO") which in turn is a subsidiary of Blackwall Limited Company, an Australian public listed real estate company based in Sydney. The purpose of the JVA is to explore leasing opportunities and identify potential commercial and/or retail developments for co-working spaces and manage the leasing operations of the co-working space and serviced office suites.

Both UEMS Properties and WOTSO will subscribe to a total of 400,000 ordinary shares of the joint venture company ("JVCo") after seven days from the unconditional date at an issue price of RM1.00 per ordinary share at equity holding of 50% each.

The JVA is conditional upon the following conditions precedent to be fulfilled within 60 days of the JVA date:

(i) Approvals from UEMS Properties and WOTSO's respective boards and shareholders in relation to any required transaction (where required);

(ii) Parties obtaining approvals from authorites or regulatory bodies to enter into the JVA; and

(iii) Parties agreeing to the form and substance of the Licensing Agreement to be entered into between the JVCo and WOTSO for the use of the WOTSO's license, operations, systems and other related intellectual property rights.

The JVA became unconditional on 22 May 2018. On 1 June 2018, both parties incorporated UEM Sunrise WOTSO Malaysia Sdn Bhd as disclosed in Note 11(d).

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

k) The conditional Shareholders' Subscription Agreement ("SSA") between Sunrise Berhad ("SB"), Mega Legacy Equity Sdn Bhd ("MLE") and Mega Legacy (M) Sdn Bhd ("MLM") for a total subscription price of RM279.3 million ("Subscription Price") and Sale and Purchase Agreement ("SPA") between MLM and Datuk Bandar Kuala Lumpur ("DBKL") for the acquisition of ten parcels of 99-year leasehold land measuring approximately 72.73 acres in Mukim Batu, Wilayah Persekutuan from DBKL for a purchase consideration of RM416.4 million. The SSA and SPA are both dated 13 April 2018.

SB will subscribe to 500,001 ordinary shares in MLM at the Subscription Price within 14 days from the date that all conditions precedent are met ("Effective Date"), subject to the fulfillment of the conditions precedent to be fulfilled within six (6) months from the SSA date or such other period mutually agreed by SB, MLE and MLM. The conditions precedent are:

(i) Due diligence exercise on MLM and Bonus Focus (M) Sdn Bhd (as its shares will be pledged as security for MLE's obligation to construct two interchanges connecting to the lands from the MRR2);

(ii) Due diligence on lands; and

(iii) MLE procuring release letters from previously appointed contractors discharging MLM from any obligation arising from the appointment.

The Subscription Price will be paid on a staggered basis with the first payment was made upon execution of the SSA while the final payment will be made within 12 months from the date of the SSA or six (6) months from the Effective Date, whichever is later.

The purchase consideration will be paid in cash and in kind as follows:

(a) RM236.5 million in cash where RM75.4 million was paid as at the SPA date and remaining RM161.1 million to be paid within three (3) months from receipt of State Consent for transfer with an automatic extension of nine (9) months at interest of 8% p.a.; and

(b) RM179.9 million in kind via the completion and handover of a marching field and Jabatan Penguatkuasaan Dewan Bandaraya Kuala Lumpur complex, as well as a multilevel car park to be constructed at Kepong Metropolitan Park, within thirty-six (36) months from the work schedule under the agreement with DBKL.

On 12 October 2018, both parties agreed to extend the conditions precedent period from 13 October 2018 to 12 April 2019.

As at 22 November 2018, conditions precedent as disclosed in Note k(i) and k(ii) have been fulfilled; while the only condition precedent as disclosed in Note k(iii) is still pending.

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

## 16. Borrowings and debt securities

| | Long term borrowings | | | Short term borrowings | | |
|---|---|---|---|---|---|---|
| | Secured RM'000 | Unsecured RM'000 | Total RM'000 | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
| **<u>As at 30 September 2018</u>** | | | | | | |
| *Domestic* | | | | | | |
| - Loan from immediate holding company | - | - | - | 75,084 | - | 75,084 |
| - Islamic Medium Term Notes | - | 1,600,000 | 1,600,000 | - | 1,000,000 | 1,000,000 |
| - Term loan | 179,643 | - | 179,643 | - | - | - |
| - Commodity Murabahah Finance (denominated in Australian Dollar) | - | 232,617 | 232,617 | - | 523,618 | 523,618 |
| - Revolving credits | - | - | - | 7,000 | 504,000 | 511,000 |
| - Bank overdrafts | - | - | - | - | 2,883 | 2,883 |
| *Non Domestic* | | | | | | |
| - Term loan (denominated in Australian Dollar) | - | - | - | 299,521 | - | 299,521 |
| - Commodity Murabahah Finance (denominated in Australian Dollar) | - | - | - | 371,731 | - | 371,731 |
| **TOTAL** | **179,643** | **1,832,617** | **2,012,260** | **753,336** | **2,030,501** | **2,783,837** |
| **<u>As at 30 September 2017</u>** | | | | | | |
| *Domestic* | | | | | | |
| - Loan from immediate holding company | - | - | - | 74,659 | - | 74,659 |
| - Islamic Medium Term Notes | - | 1,900,000 | 1,900,000 | - | 700,000 | 700,000 |
| - Term loan | 139,752 | - | 139,752 | 56,000 | 100,000 | 156,000 |
| - Revolving credits | - | - | - | 11,000 | 370,000 | 381,000 |
| - Bank overdrafts | - | - | - | - | 2,103 | 2,103 |
| - Commodity Murabahah Finance (denominated in Australian Dollar) | - | 651,724 | 651,724 | - | - | - |
| **TOTAL** | **139,752** | **2,551,724** | **2,691,476** | **141,659** | **1,172,103** | **1,313,762** |

Since 30 September 2017, the Group draws AUD275 million (net of repayment AUD60 million) of Term Loan and Commodity Murabahah Finance for on-going property development projects in Australia. In the Domestic segment, the Group repays RM289 million via RM100 million drawdown of Islamic Medium Term Notes, RM134 million of Revolving Credit, and RM70 million of Term Loan in the same period.

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

## 17. Derivative asset/(liability)

| | Contract/ Notional Value | Fair Value |
|---|---|---|
| Details of outstanding derivatives as at 30 September 2018 are as follows: | RM'000 | RM'000 |
| Derivative asset - Islamic currency swap-i contract - 1 year to 2 years | 165,083 | 12,559 |
| Derivative liability - Profit rate swap-i contract - 1 year | 450,226 | (1,537) |

UEM Sunrise (Australia) Sdn Bhd, a wholly-owned subsidiary of the Company entered into two contracts, namely Islamic currency swap-i and profit rate swap-i to hedge its foreign currency risk and profit rate arising from the principal repayment and profit margin on Commodity Murabahah Finance amounting to AUD55 million and AUD150 million respectively. Both contracts are designated as cash flow hedges and apply the hedge accounting policy.

## 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. Material litigation

Since the preceding financial year ended 31 December 2017, 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 asssessment raised by IRB for additional tax and penalty, as disclosed in Note 12.

b) On 25 July 2017, UEM Land was served with the Claim filed by the Plaintiffs in relation to shares held in Setia Haruman ("the 1st Defendant"). UEM Land is cited as the 9th Defendant in the Claim.

The Claim seeks, amongst others, for:

(i) a declaration that the 2nd to 9th Defendants respectively had managed and conducted the affairs of the 1st Defendant and/or exercised their powers oppressively and/or disregarded and/or acted in a manner unfairly prejudicial to the interest of the Plaintiffs as members of Setia Haruman pursuant to Section 346 of the Companies Act 2016; and

(ii) an order that the 2nd to the 9th Defendants do jointly and/or severally purchase the 750,000 ordinary shares of Setia Haruman owned or held by Impresive Circuit at such price and on such terms as shall be determined by the Honourable Court.

On 25 April 2018, UEM Land had successfully applied to strike out Datuk Kasi A/L K.L. Palaniappan ("Datuk Kasi"), the First Plaintiff in the suit, as a party in the Claim. The remaining Plaintiff in the suit, Impresive Circuit Sdn Bhd, successfully added two other Defendants in the suit namely Menara Embun Sdn Bhd and Modern Eden Sdn Bhd.

On 20 June 2018, Datuk Kasi and the 2nd – 6th Defendants have respectively filed their appeal to the Court of Appeal against the High Court's ("HC") decision on 25 April 2018. Datuk Kasi is appealing against the HC's decision in allowing the 7th-9th Defendants Striking Out and Misjoinder application, striking Datuk Kasi out as a party. The 2nd – 6th Defendants are appealing against the dismissal of their application to strike themselves out as parties to the action by the HC.

UEM Land denies allegations made by the Plaintiffs and will be vigorously defending the Claim. At this juncture, the Claim has no material financial and operational impact to the Group and the Company. The Company's solicitor is of the view that UEM Land has a reasonably good chance of success in defending the Plaintiffs' case against UEM Land.

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

| | Current quarter **30/09/2018** RM'000 | Immediate preceding quarter **30/06/2018** RM'000 | **Variance** RM'000/(%) | |
|---|---|---|---|---|
| Revenue | 430,104 | 573,352 | (143,248) | (-25%) |
| Operating profit | 44,068 | 316,456 | (272,388) | (-86%) |
| Share of net results | 9,430 | (4,135) | 13,565 | (328%) |
| Profit before interest and tax | 53,498 | 312,321 | (258,823) | (-83%) |
| Finance costs | (26,472) | (22,677) | (3,795) | (-17%) |
| Profit before income tax | 27,026 | 289,644 | (262,618) | (-91%) |
| Income tax | (5,559) | (75,529) | 69,970 | (93%) |
| Profit for the period | 21,467 | 214,115 | (192,648) | (-90%) |
| Non-controlling Interests | (294) | (323) | 29 | (9%) |
| Profit attributable to Owners of the Parent | 21,173 | 213,792 | (192,619) | (-90%) |

The Group recorded lower revenue in the current quarter largely due to the revenue recognised for land sales in Iskandar Puteri of RM359 million in the immediate preceding quarter. The property development registered higher revenue driven by the settlement of the first separable portion of the Group's maiden Australia project, namely Aurora Melbourne of RM196 million which saw 90% settlement rate and higher sales of completed units from the inventory monetisation campaign.

The Group recorded lower operating profit in the current quarter compared to the immediate preceding quarter due to the absence of land sale recognised in the preceding quarter cushioned by contribution from international project and favourable results from joint ventures.

## 21. Detailed analysis of the performance for the current quarter and period

| | Current year quarter **30/09/2018** RM'000 | Preceding year corresponding quarter **30/09/2017 (restated)** RM'000 | **Variance** RM'000/(%) | | Nine months to **30/09/2018** RM'000 | Nine months to **30/09/2017 (restated)** RM'000 | **Variance** RM'000/(%) | |
|---|---|---|---|---|---|---|---|---|
| Revenue | 430,104 | 846,100 | (415,996) | (-49%) | 1,291,197 | 1,557,340 | (266,143) | (-17%) |
| Operating profit | 44,068 | 216,855 | (172,787) | (-80%) | 402,086 | 281,511 | 120,575 | (43%) |
| Share of net results | 9,430 | 18,112 | (8,682) | (-48%) | 15,616 | 27,219 | (11,603) | (-43%) |
| Profit before interest and tax | 53,498 | 234,967 | (181,469) | (-77%) | 417,702 | 308,730 | 108,972 | (35%) |
| Finance costs | (26,472) | (24,542) | (1,930) | (-8%) | (71,552) | (71,485) | (67) | (0%) |
| Profit before income tax | 27,026 | 210,425 | (183,399) | (-87%) | 346,150 | 237,245 | 108,905 | (46%) |
| Income tax | (5,559) | (67,044) | 61,485 | (92%) | (85,382) | (79,289) | (6,093) | (-8%) |
| Profit for the period | 21,467 | 143,381 | (121,914) | (-85%) | 260,768 | 157,956 | 102,812 | (65%) |
| Non-controlling Interests | (294) | (528) | 234 | (44%) | (516) | (1,497) | 981 | (66%) |
| Profit attributable to Owners of the Parent | 21,173 | 142,853 | (121,680) | (-85%) | 260,252 | 156,459 | 103,793 | (66%) |

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

## 21. Detailed analysis of the performance for the current and period (cont'd)

The Group recorded lower revenue for the current quarter as compared to preceding year's quarter largely due to the revenue recognised for Alderbridge land sale of CAD112 million (RM371 million) and higher Iskandar Puteri land sales in the preceding year's corresponding period. Excluding land sales, property development registered higher revenue driven by the settlement of the first separable Aurora Melbourne project's portion and higher sales of completed units. These revenue contributions cushioned the impact of the Group's project development cycle for Solaris Parq, Serimbun and Kiara Kasih which are still at the early stages and the completion of Teega, Arcoris, Bayu Angkasa and Residensi 22.

The Group recorded lower profit for the current quarter in tandem with the lower revenue.

For the current cumulative period, the Group recorded lower revenue mainly due to the completion of Teega, Arcoris, Bayu Angkasa and Residensi 22 in the prior year whilst in the current period, the successful new launches of Solaris Parq, Serimbun and Kiara Kasih are still at the initial stage of development. Nonetheless, the impact of this project development progress cycle to a certain extent is cushioned by the completion of Country View and other land sales, higher sales of completed units and good construction progress from Almas, Sefina and Estuari projects.

The Group recorded higher operating profit for the cumulative period as compared to the preceding year's corresponding period due to significantly higher contribution from land sales in Iskandar Puteri with its lower cost base, higher contribution from international project, gain from projects' development costs savings and lower operating expenses.

## 22. Earnings per share

| | **INDIVIDUAL QUARTER** | | **CUMULATIVE QUARTER** | |
|---|---|---|---|---|
| | Current year quarter **30/09/2018** | Preceding year corresponding quarter **30/09/2017 (restated)** | Nine Months to **30/09/2018** | Nine Months to **30/09/2017 (restated)** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| a) Basic earnings per share | | | | |
| Profit for the period attributable to Owners of the Parent | 21,173 | 142,853 | 260,252 | 156,459 |
| Less: Dividend paid for RCPS | - | - | (7,925) | - |
| Profit for the period attributable to Owners of the Parent (net of dividend paid for RCPS) | 21,173 | 142,853 | 252,327 | 156,459 |
| Weighted average number of ordinary shares in issue ('000) | 4,537,436 | 4,537,436 | 4,537,436 | 4,537,436 |
| Basic earnings per share | 0.47 sen | 3.15 sen | 5.56 sen | 3.45 sen |

**V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

## 22. Earnings per share (Cont'd)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | Current year quarter **30/09/2018** | Preceding year corresponding quarter **30/09/2017 (restated)** | Nine Months to **30/09/2018** | Nine Months to **30/09/2017 (restated)** |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| b) Diluted earnings per share | | | | |
| Profit for the period attributable to Owners of the Parent (net of dividend paid for RCPS) | 21,173 | 142,853 | 252,327 | 156,459 |
| Weighted average number of ordinary shares in issue (‘000) | 4,537,436 | 4,537,436 | 4,537,436 | 4,537,436 |
| Effects of dilution from RCPS (‘000) | 617,077 | 622,538 | 617,077 | 622,538 |
| Diluted weighted average number of ordinary shares in issue (‘000) | 5,154,513 | 5,159,974 | 5,154,513 | 5,159,974 |
| Diluted earnings per share | 0.41 sen | 2.77 sen | 4.90 sen | 3.03 sen |

## 23. Prospects for the current financial year

Malaysia revised its GDP growth to 4.8% from the previously announced 5.0-5.5% for 2018 amidst the global headwinds, in line with the International Monetary Fund’s cut of the global economic growth rate. GDP is expected to continue to grow healthily at 4.9% despite the global economic uncertainty in 2019[1].

The Group views that products with unique value proposition, strategic location and attractive price offering will continue to generate demand and create sales. In addition, the Group has also broadened its product launches to include affordable and mid-market segments. It has launched four projects, a total GDV of RM740.2 million of which RM417.2 million are affordable and mid-market products. RUMAWIP Kondominium Kiara Kasih is priced at RM300,000 per unit while Serimbun and the Group’s recent launch, Eugenia’s Serene Heights Bangi, both double-storey terrace houses, are priced from RM499,000 and RM570,000 per unit respectively.

The Group’s premium products within the Mont’Kiara and Dutamas enclaves continue to attract strong interest as evidenced from the 70% take up for the RM764.5 million Residensi Solaris Parq project launched in October 2017. Residensi Astrea, recently launched on 17 October 2018 with GDV of RM323.0 million registered an encouraging take-up including bookings of 51%.

In the southern region, the Group intends to launch a mid-market development in Gerbang Nusajaya, identified as Aspira Park Homes, an estimated GDV of RM95.3 million. Other than residences, Parcel i6 will be the Group’s first commercial development fronting the Southern Industrial Logistics Clusters surrounding a matured area near Taman Nusantara. Phase 1 has an estimated GDV of RM25.0 million.

In this quarter, the Group has recognised RM195.6 million revenue for its Australian project with the settlement of 124 units of the first separable portion i.e. SP3 level 10-32 of Aurora Melbourne Central in anticipation of a further 70 units to be settled by year end. Conservatory’s construction progress as at end of September is 90% with target to commence handover before the end of 2018.

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

Plans for the Kepong land which was acquired via the subscription of 50% + 1 ordinary shares in Mega Legacy (M) Sdn Bhd in April 2018 is currently underway with the unveiling of the project expected in the middle of 2019. The target to launch the first residential tower is also on track for 2019.

Asset divestment strategy is still one of the Group's key strategies, having recognised sales of three separate land parcels in Iskandar Puteri namely to Country View Berhad, RA Suria Sdn Bhd and Landasan Kejora Sdn Bhd. Several parcels of non-strategic assets have been earmarked for divestment amounting to RM349.0 million.

The Group remains prudent in its sales and GDV targets of RM1.2 billion and RM1.0 billion, respectively. As at end of September 2018, the Group secured sales of RM900.5 million and is on track to achieve its sales target. Its unbilled sales remain healthy at RM4.7 billion.

*Source:*
[1] *Budget 2019 Speech by Minister of Finance on 2 November 2018*

## 24. Profit forecast

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

**Kuala Lumpur**
**28 November 2018**

**By Order of the Board**

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