



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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

**THE FIGURES HAVE NOT BEEN AUDITED**

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
		30/06/2016	30/06/2015	30/06/2016	30/06/2015
		RM'000	RM'000	RM'000	RM'000
1. (a) <b>Revenue</b>		<b>537,813</b>	<b>372,316</b>	<b>795,563</b>	<b>789,761</b>
(b) Cost of sales		(379,608)	(241,373)	(560,149)	(515,562)
(c) Gross profit		158,205	130,943	235,414	274,199
(d) Other income		11,534	47,671	21,430	61,977
(e) Expenses		(95,639)	(79,416)	(164,539)	(174,715)
(f) Finance costs		(20,630)	(22,255)	(41,894)	(34,921)
(g) Share of net results of associates		1,951	1,887	1,754	(1,890)
(h) Share of net results of joint ventures		17,856	26,494	27,127	45,698
(i) <b>Profit before income tax</b>		<b>73,277</b>	<b>105,324</b>	<b>79,292</b>	<b>170,348</b>
(j) Income tax	14	(18,685)	(21,414)	(21,702)	(33,318)
(k) <b>Profit for the period</b>		<b>54,592</b>	<b>83,910</b>	<b>57,590</b>	<b>137,030</b>
Attributable to:					
(l) Owners of the Parent		54,663	83,912	57,680	137,049
(m) Non-controlling Interests		(71)	(2)	(90)	(19)
Profit for the period		54,592	83,910	57,590	137,030
2. <b>Earnings per share based on 1 (l) above</b>	24				
(a) Basic earnings per share		0.93 sen	1.85 sen	0.99 sen	3.02 sen
(b) Diluted earnings per share		0.81 sen	1.83 sen	0.87 sen	2.95 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 <b>30/06/2016</b> RM'000	Preceding year corresponding quarter <b>30/06/2015</b> RM'000	Six months to <b>30/06/2016</b> RM'000	Six months to <b>30/06/2015</b> RM'000
<b>Profit for the period</b>	54,592	83,910	57,590	137,030
Other comprehensive income/ (expense) to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences for foreign operations	19,322	24,229	(5,960)	7,819
Cash flow hedge	(4,624)	-	(4,624)	-
Total other comprehensive income/ (expense) for the period, net of tax	14,698	24,229	(10,584)	7,819
<b>Total comprehensive income for the period</b>	<b>69,290</b>	<b>108,139</b>	<b>47,006</b>	<b>144,849</b>
Attributable to:				
Owners of the Parent	69,371	108,141	47,092	144,870
Non-controlling Interests	(81)	(2)	(86)	(21)
<b>Total comprehensive income for the period</b>	<b>69,290</b>	<b>108,139</b>	<b>47,006</b>	<b>144,849</b>

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



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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	<b>30/06/2016</b>	<b>30/06/2015</b>	<b>30/06/2016</b>	<b>30/06/2015</b>
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after charging/(crediting):				
Dividend distribution receivable from a subsidiary under liquidation	-	(20,000)	(783)	(20,000)
Liquidated ascertained damages receivable from a contractor	-	(13,000)	-	(13,000)
Interest income	(8,238)	(10,242)	(15,169)	(21,987)
Dividend income from investment in unit trust	(110)	(574)	(110)	(574)
Gain on disposal of property, plant and equipment	-	(112)	(2)	(112)
Gain arising from liquidation of an associate	-	(18)	-	(18)
Property, plant and equipment written off	53	34	54	90
Interest expense	20,630	22,255	41,894	34,921
Depreciation	6,439	7,447	12,937	12,856
Foreign exchange loss	291	77	797	77
Write back of allowance for impairment of receivables	(54)	-	(461)	-
Write back of inventories	(7)	(15)	(49)	(98)

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



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

	Note	Unaudited As at end of current quarter 30/06/2016 RM'000	Audited As at preceding financial year end 31/12/2015 RM'000
<b>ASSETS</b>			
1. Non-current assets			
Property, plant and equipment		264,345	234,067
Investment properties		639,241	640,975
Land held for property development		3,533,868	3,269,275
Interests in associates		476,656	487,835
Interests in joint ventures		1,160,563	1,143,774
Amount due from a joint venture		75,495	72,697
Long term receivables		57,032	54,849
Goodwill		621,409	621,409
Deferred tax assets		230,012	221,044
		7,058,621	6,745,925
2. Current assets			
Property development costs		2,479,525	2,281,634
Inventories		393,456	403,099
Receivables		1,581,745	1,219,500
Amount due from joint ventures		212,262	239,635
Short term investments		200,467	7
Cash, bank balances and deposits		529,873	1,005,600
		5,397,328	5,149,475
3. Asset held for sale	8	12,430	-
<b>Total assets</b>		12,468,379	11,895,400



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

	Note	Unaudited As at end of current quarter 30/06/2016 RM'000	Audited As at preceding financial year end 31/12/2015 RM'000
<b>EQUITY AND LIABILITIES</b>			
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		(4,624)	-
Other reserves		111,357	115,439
Retained profits		1,525,003	1,552,602
		6,772,255	6,808,560
5. Non-controlling Interests		360,259	360,345
Total equity		7,132,514	7,168,905
6. Non-current liabilities			
Borrowings		2,785,188	2,227,594
Payables		77,840	66,143
Deferred income		111,720	111,874
Provision		411,436	411,436
Derivative liability	17	4,624	-
Deferred tax liabilities		199,298	204,058
		3,590,106	3,021,105
7. Current liabilities			
Provisions		428,997	456,506
Payables		703,000	706,062
Borrowings		583,827	522,976
Tax payable		29,935	19,846
		1,745,759	1,705,390
Total liabilities		5,335,865	4,726,495
Total equity and liabilities		12,468,379	11,895,400
8. Net assets per share attributable to Owners of the Parent		RM 1.49	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 Six months to 30/06/2016 RM'000	Unaudited Six months to 30/06/2015 RM'000
<b>Operating Activities</b>			
Cash receipts from customers		543,047	1,102,129
Cash receipts from related parties		3,577	4,733
Cash payments to contractors		(839,575)	(758,733)
Cash payments for land and development related costs		(826)	(938)
Cash payments for guaranteed land cost deposit	15 (h)	(15,000)	-
Cash payments to related parties		(450)	(1,278)
Cash payments to employees and for expenses		(191,785)	(216,425)
Cash (used in)/generated from operations		(501,012)	129,488
Net income taxes paid		(35,165)	(219,998)
Interest received		6,312	9,733
<b>Net cash used in operating activities</b>		<b>(529,865)</b>	<b>(80,777)</b>
<b>Investing Activities</b>			
Dividend received from a joint venture		65,000	-
Dividend received from an associate		900	-
Proceeds from disposal of			
- property, plant and equipment		3	112
- short term investments		85,110	353,630
Capital distribution from an associate under liquidation		-	18
Repayment from joint ventures		41	6,050
Advance from a related party		13,069	-
Deposit paid for subscription of shares		(8,047)	-
Purchase of property, plant and equipment		(10,199)	(4,090)
Acquisition of subsidiary, net of cash and cash equivalent acquired		-	(29)
Advance to a joint venture		(15,000)	(79,729)
Investment in an associate		-	(5,850)
Investment in joint ventures		(4,250)	-
Investment in land held for property development		(243,305)	(37,942)
Investment in short term investments		(285,000)	(150,000)
<b>Net cash (used in)/generated from investing activities</b>		<b>(401,678)</b>	<b>82,170</b>



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

	<b>Unaudited Six months to 30/06/2016 RM'000</b>	<b>Unaudited Six months to 30/06/2015 RM'000</b>
<b>Financing Activities</b>		
Drawdown of borrowings	303,580	92,889
Drawdown of Islamic Medium Term Notes and Islamic Commercial Papers	509,793	300,000
Repayment of borrowings	(105,397)	(46,586)
Repayment of Islamic Medium Term Notes	(100,000)	-
Repayment to immediate holding company	(3,542)	(399)
Dividend paid	(85,279)	(136,123)
Interest paid	(54,384)	(52,357)
<b>Net cash generated from financing activities</b>	<b>464,771</b>	<b>157,424</b>
Transfer from non-current deposits	-	3
Effects of exchange rate changes	(3,411)	1,449
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(470,183)</b>	<b>160,269</b>
Cash and cash equivalents as at beginning of financial period	1,000,056	739,030
<b>Cash and cash equivalents as at end of financial period</b>	<b>529,873</b>	<b>899,299</b>
	<b>Unaudited As at 30/06/2016 RM'000</b>	<b>Unaudited As at 30/06/2015 RM'000</b>

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

Current cash, bank balances and deposits		
Unrestricted	385,609	528,532
Restricted	144,264	370,767
<b>Cash and cash equivalents</b>	<b>529,873</b>	<b>899,299</b>

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 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
<b>Six months to 30 June 2016 (Unaudited)</b>									
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	-	-	-	(4,624)	(5,964)	57,680	47,092	(86)	47,006
Share options granted under ESOS	-	-	-	-	1,882	-	1,882	-	1,882
Dividend paid	-	-	-	-	-	(85,279)	(85,279)	-	(85,279)
At 30 June 2016	<u>2,276,643</u>	<u>2,829,546</u>	<u>34,330</u>	<u>(4,624)</u>	<u>111,357</u>	<u>1,525,003</u>	<u>6,772,255</u>	<u>360,259</u>	<u>7,132,514</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
<b>Six months to 30 June 2015 (Unaudited)</b>									
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	-	-	-	-	7,821	137,049	144,870	(21)	144,849
Share options granted under ESOS	-	-	-	-	8,160	-	8,160	-	8,160
Dividend paid	-	-	-	-	-	(136,123)	(136,123)	-	(136,123)
At 30 June 2015	<u>2,268,718</u>	<u>2,044,955</u>	<u>34,330</u>	<u>-</u>	<u>104,111</u>	<u>1,897,625</u>	<u>6,349,739</u>	<u>485,732</u>	<u>6,835,471</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 June 2016 except as follows:-

- (a) Sunrise Berhad, a wholly-owned subsidiary of the Company repaid RM100.0 million of Islamic Medium Term Notes which was issued in 2013.



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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.

On 20 May 2016, the Company completed its first issuance of IMTNs and ICPs from its IMTN and ICP Programme respectively as follows:

	Amount (RM' Million)	Tenure (Months)	Rate (per annum)
1	500 (IMTNs)	84	5.00% - Profit
2	10 (ICPs)	6	4.15% - 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 June 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.

	<b>As at 30/06/2016 RM'000</b>
Investment in associate:	
Unquoted shares at cost - in Malaysia	1,033
Share of post-acquisition reserves	11,397
	12,430
 Reserves relating to asset held for sale recognised directly in equity:	
- Foreign exchange translation reserves	1,182
- Available-for-sale reserves	(241)
	941



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

**9. Operating Segments**

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

	Property development		Property	Others	Eliminations	Consolidated
	In Malaysia	Outside Malaysia	Investment			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>						
External revenue	568,070	172,704	29,922	24,867	-	795,563
Inter-segment revenue	-	-	636	5,713	(6,349)	-
<b>Total revenue</b>	<b>568,070</b>	<b>172,704</b>	<b>30,558</b>	<b>30,580</b>	<b>(6,349)</b>	<b>795,563</b>
<b>Results</b>						
Segment results	56,981	34,177	3,310	7,233	(9,396)	92,305
Finance costs	(28,622)	(37)	(6,402)	(15,695)	8,862	(41,894)
Share of results of associates	1,178	-	-	576	-	1,754
Share of results of joint ventures	33,792	-	(420)	(6,245)	-	27,127
Profit/(loss) before income tax	63,329	34,140	(3,512)	(14,131)	(534)	79,292
Income tax	(13,842)	(6,369)	(18)	(1,473)	-	(21,702)
<b>Profit/(loss) for the period</b>	<b>49,487</b>	<b>27,771</b>	<b>(3,530)</b>	<b>(15,604)</b>	<b>(534)</b>	<b>57,590</b>
<b>Attributable to:</b>						
Owners of the parent	49,487	27,771	(3,530)	(15,514)	(534)	57,680
Non-controlling interest	-	-	-	(90)	-	(90)
<b>Profit/(loss) for the period</b>	<b>49,487</b>	<b>27,771</b>	<b>(3,530)</b>	<b>(15,604)</b>	<b>(534)</b>	<b>57,590</b>

**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 June 2016 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 30 June 2016 that have not been reflected in the condensed financial statements.

**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:

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

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

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

On 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.

**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") ruled in favour of BND and declared that IRB had no legal basis to raise the additional assessment. Following the decision held by the KLHC, 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 IRB and thus agreed with the decision of KLHC 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.

On 26 January 2015, FC heard the oral submission of both parties in respect of the IRB's application for leave and unanimously decided to allow IRB's application. Subsequently, FC has called for case management on 30 April 2015 and the Court Registrar instructed IRB to enclose the grounds of judgment, together with the CoA's sealed order as part of IRB's record of appeal. Case management was fixed before Deputy Registrar of FC on 14 July 2015, 28 September 2015 and 10 December 2015.

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

**12. Contingent liabilities (cont'd)**

Income tax assessment (cont'd)

The case management was concluded on 1 March 2016 where FC has fixed 26 July 2016 for filing of written submission and 9 August 2016 for hearing on the merit of the case with respect to the interpretation of Section 22(2)(a) of the Income Tax Act, 1967. The Company's solicitors had filed the written submission on 26 July 2016 but the Deputy Registrar of FC has informed our solicitors on 5 August 2016 that the hearing on 9 August 2016 has been vacated and the new hearing date is tentatively on 18 October 2016.

The Company's solicitors are of the view that BND has an arguable case to contend as there is no legal and factual basis for the notice of additional assessment nor is there 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:

	<b>RM'Mil</b>
Approved and contracted for	46.9
Approved but not contracted for	471.5
<b>Total</b>	<b>518.4</b>

**14. Income tax**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter <b>30/06/2016</b> RM'000	Preceding year corresponding quarter <b>30/06/2015</b> RM'000	Six months to <b>30/06/2016</b> RM'000	Six months to <b>30/06/2015</b> RM'000
Malaysian and foreign income tax				
- Current tax	(29,052)	(29,661)	(41,797)	(48,064)
- Over provision in prior years	14	4,875	5,419	5,140
Deferred tax				
- Relating to origination and reversal of temporary differences	10,924	1,347	18,585	7,581
- (Under)/over provision in prior years	(571)	2,025	(3,909)	2,025
<b>Tax expense for the period</b>	<b>(18,685)</b>	<b>(21,414)</b>	<b>(21,702)</b>	<b>(33,318)</b>

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



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

**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 23 August 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 23 August 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 23 August 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 23 August 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 June 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	-	-	-	78,194	-	78,194
- Islamic Medium Term Notes	-	2,517,179	2,517,179	-	100,000	100,000
- Islamic Commercial Papers	-	-	-	-	9,840	9,840
- Term loan	70,000	-	70,000	72,701	100,092	172,793
- Term loan (denominated in Australian Dollar)	-	198,009	198,009	-	-	-
- Revolving credits	-	-	-	10,000	213,000	223,000
<b>TOTAL</b>	<b>70,000</b>	<b>2,715,188</b>	<b>2,785,188</b>	<b>160,895</b>	<b>422,932</b>	<b>583,827</b>

**17. Derivative**

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

	Contract/ Notional value Fair value	
	RM'000	RM'000
Profit rate swap-i contract		
- 1 year to 3 years	198,009	(4,624)

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 30/06/2016	As at preceding financial year end 31/12/2015
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,040,913	1,044,475
- Unrealised	176,442	159,135
	1,217,355	1,203,610
Total share of retained profits from associates:		
- Realised	111,424	108,292
- Unrealised	973	2,351
Total share of retained profits from joint ventures:		
- Realised	446,246	422,747
- Unrealised	11,464	7,836
	1,787,462	1,744,836
Less : Consolidation adjustments	(262,459)	(192,234)
Total group retained profits as per consolidated statement of financial position	1,525,003	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:

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.



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

**20. Material litigation (cont'd)**

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

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

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

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

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

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

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

	Current quarter <b>30/06/2016</b> RM'000	Immediate preceding quarter <b>31/03/2016</b> RM'000
Revenue	537,813	257,750
Profit from operations	74,100	18,205
Finance cost	(20,630)	(21,264)
Share of results of associates and joint ventures	19,807	9,074
Profit before income tax	73,277	6,015



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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 higher revenue in the current quarter as compared to the immediate preceding quarter mainly due to revenue contribution from developed land sales and higher construction work progress from its on-going property development projects in Residensi 22, Teega and Aurora Melbourne Central.

The higher profit from operations is in line with the higher revenue. In addition, the contribution from associates and joint ventures are higher in the current quarter, primarily contributed by Horizon Hills Development Sdn Bhd.

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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter <b>30/06/2016</b> RM'000	Preceding year corresponding quarter <b>30/06/2015</b> RM'000	Six months to <b>30/06/2016</b> RM'000	Six months to <b>30/06/2015</b> RM'000
Revenue	537,813	372,316	795,563	789,761
Profit from operations	74,100	99,198	92,305	161,461
Finance cost	(20,630)	(22,255)	(41,894)	(34,921)
Share of results of associates and joint ventures	19,807	28,381	28,881	43,808
Profit before income tax	73,277	105,324	79,292	170,348

The Group recorded higher revenue in the current quarter as compared to the preceding year's corresponding quarter mainly due to revenue contribution from sale of developed land and recognition of revenue from property development in Australia starting from second half of 2015. Consequently, the Group recorded a slightly higher revenue for the cumulative quarter under review despite lower revenue contribution from Southern region and completion of Quintet and Summer Suites in the last financial year.

The Group recorded lower profit before income tax despite higher revenue in the current and cumulative quarter mainly due to higher other income from dividend distribution from a subsidiary under creditors' voluntary liquidation, recognition of liquidated ascertained damages from a contractor and interest income in the preceding year's corresponding quarter and period. Margins are lower in the current period due to additional rebates and discounts and more affordable product offerings by the Group.

The lower profit before income tax in the cumulative quarter is also caused by higher finance cost due to increase in borrowings and lower interest cost qualified for capitalisation.



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

**23. Economic profit ("EP") statement**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter <b>30/06/2016</b> RM'000	Preceding year corresponding quarter <b>30/06/2015</b> RM'000	Six months to <b>30/06/2016</b> RM'000	Six months to <b>30/06/2015</b> RM'000
<u>Net operating profit after tax ("NOPAT") computation:</u>				
Earnings before interest and tax ("EBIT")	62,566	51,527	70,875	99,484
Adjusted tax	(15,016)	(12,882)	(17,010)	(24,871)
<b>NOPAT</b>	<b>47,550</b>	<b>38,645</b>	<b>53,865</b>	<b>74,613</b>
<u>Economic charge computation:</u>				
Average invested capital (Note 1)	8,156,219	7,834,802	8,156,219	7,834,802
Weighted average cost of capital ("WACC") (%) (Note 2)	8.50%	10.00%	8.50%	10.00%
<b>Economic charge</b>	<b>(173,320)</b>	<b>(195,870)</b>	<b>(346,639)</b>	<b>(391,740)</b>
<b>Economic loss</b>	<b>(125,770)</b>	<b>(157,225)</b>	<b>(292,774)</b>	<b>(317,127)</b>

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

The Group recorded 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”)**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	Current year quarter <b>30/06/2016</b> RM'000	Preceding year corresponding quarter <b>30/06/2015</b> RM'000	Six months to <b>30/06/2016</b> RM'000	Six months to <b>30/06/2015</b> RM'000
a) Basic earnings per share				
Profit for the period attributable to Owners of the Parent (net of dividend for RCPS)	41,983	83,912	45,000	137,049
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>0.93 sen</u>	<u>1.85 sen</u>	<u>0.99 sen</u>	<u>3.02 sen</u>
b) Diluted earnings per share				
Profit for the period attributable to Owners of the Parent (net of dividend for RCPS)	41,983	83,912	45,000	137,049
Profits of subsidiaries attributable to non-controlling interests arising from dilutive impact of convertible securities issued by a subsidiary	-	(864)	-	(3,052)
Diluted profit attributable to Owners of the Parent	<u>41,983</u>	<u>83,048</u>	<u>45,000</u>	<u>133,997</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>0.81 sen</u>	<u>1.83 sen</u>	<u>0.87 sen</u>	<u>2.95 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 decision by Bank Negara Malaysia in July 2016 to cut interest rate by 25 basis point provided some positive news for potential property buyers. However, based on the current economic conditions, tight lending conditions and weak property market sentiment, the Group does not anticipate any meaningful property market recovery to happen in the second half of 2016.

In view of the current market demand and stiff competition, the Group has embarked on various marketing strategies to attract potential customers including offering attractive sales packages as well as actively sourcing for en-bloc buyers for selected products. The Group's strategy to offer more affordable and mid-market residential products via the launches of Melia Residences and Camellia, Serene Heights in the current year has also helped the Group generate better momentum in terms of bookings and sales conversion.

The revenue and earnings contribution for the rest of the financial year will be supported by the existing unrecognized revenue of RM4.3 billion from the existing projects in line with continued construction progress.

The Group will also continue to look for opportunities to replenish its land bank in the Klang Valley and to expand its geographical presence in Malaysia. For the current financial year, the Group had, on 27 May 2016, signed a Joint Land Development Agreement with Telekom Malaysia Berhad for the development of two land parcels measuring approximately 1.69 acres in Kuala Lumpur. The Group had also on 10 August 2016 successfully completed the acquisition of the remaining 38% stake in Ibarat Duta Sdn Bhd from Melavest Sdn Bhd. This gives the Group full ownership of the Solaris 3 mixed development project in Dutamas, Kuala Lumpur which is located between Publika and Masjid Wilayah Persekutuan.

Beyond the current financial year, the potential earnings of the Group will continue to be supported by construction progress of the projects in Australia which have gathered in more than RM3.0 billion sales. The recent signing of the Memorandum of Understanding on the High Speed Rail project by the Malaysian and Singaporean Governments serves as a catalyst for the development of Gerbang Nusajaya 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 August 2016**

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