UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

		INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
		Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	Note	**30/9/2017**	**30/9/2016**	**30/9/2017**	**30/9/2016**
		RM'000	RM'000	RM'000	RM'000
1. (a) **Revenue**		**715,766**	**421,254**	**2,155,324**	**1,216,817**
(b) Cost of sales		(503,116)	(302,606)	(1,549,065)	(862,755)
(c) Gross profit		212,650	118,648	606,259	354,062
(d) Other income		18,142	12,049	42,545	33,479
(e) Expenses		(83,641)	(65,349)	(235,771)	(229,091)
(f) Finance costs		(24,542)	(20,272)	(71,485)	(62,166)
(g) Foreign exchange (loss)/gain		(2,827)	2,814	(10,131)	2,017
(h) Share of net results of associates		(1,597)	858	5,461	2,612
(i) Share of net results of joint ventures		8,924	6,830	19,309	33,957
(j) **Profit before income tax**		**127,109**	**55,578**	**356,187**	**134,870**
(k) Income tax	14	(40,114)	(18,050)	(112,264)	(39,752)
(l) **Profit for the period**		**86,995**	**37,528**	**243,923**	**95,118**
Attributable to:					
(m) Owners of the Parent		86,602	36,333	242,426	94,013
(n) Non-controlling Interests		393	1,195	1,497	1,105
Profit for the period		86,995	37,528	243,923	95,118
2. **Earnings per share based on 1 (m) above**	24				
(a) Basic earnings per share		1.91 sen	0.80 sen	5.34 sen	1.79 sen
(b) Diluted earnings per share		1.68 sen	0.70 sen	4.70 sen	1.58 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016 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	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2017	**30/9/2016**	**30/9/2017**	**30/9/2016**
	RM'000	RM'000	RM'000	RM'000
Profit for the period	86,995	37,528	243,923	95,118
Other comprehensive income/ (expense) to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	21,529	7,322	31,410	1,362
Transfer to profit or loss on disposal of an associate	-	-	(941)	-
Fair value changes	-	1	-	1
Cash flow hedge	979	(1,362)	(3,079)	(5,986)
Total other comprehensive income/ (expense) for the period, net of tax	22,508	5,961	27,390	(4,623)
Total comprehensive income for the period	**109,503**	**43,489**	**271,313**	**90,495**
Attributable to:				
Owners of the Parent	109,090	42,319	269,746	89,411
Non-controlling Interests	413	1,170	1,567	1,084
Total comprehensive income for the period	**109,503**	**43,489**	**271,313**	**90,495**

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this quarterly announcement.

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I(C). REMARKS TO CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2017	**30/9/2016**	**30/9/2017**	**30/9/2016**
	RM'000	RM'000	RM'000	RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest expense	24,542	20,272	71,485	62,166
Depreciation	6,163	6,468	17,809	19,405
Property, plant and equipment written off	-	2	-	56
Interest income	(9,370)	(7,095)	(22,974)	(22,264)
(Gain)/loss on foreign exchange				
- unrealised	3,283	(2,814)	8,222	(2,536)
- realised	(456)	-	1,909	519
Provision for liquidated ascertained damages	-	25,433	27,468	28,768
Liquidated ascertained damages received and receivable from contractors	(883)	(2,155)	(883)	(2,155)
Dividend distribution receivable from a subsidiary under liquidation	-	-	-	(783)
Dividend income from investment at fair value through profit or loss	-	(500)	-	(610)
Write back of allowance for impairment of receivables	(308)	(110)	(1,249)	(571)
Allowance for doubtful debts	363	5,600	363	5,600
Net gain on remeasurement of investment at fair value through profit or loss	-	(415)	-	(415)
Write back of inventories	-	(61)	(72)	(110)
Allowance for impairment of inventories	-	-	1,085	-
Gain on disposal of property, plant and equipment	-	-	-	(2)
Gain on disposal of an associate	-	-	(3,100)	-
Gain on disposal of available-for-sale investment	-	-	(2,400)	-

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

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at end of current quarter 30/9/2017 RM'000	Audited As at preceding financial year end 31/12/2016 RM'000
ASSETS			
1. Non-current assets			
Property, plant and equipment		347,299	300,036
Investment properties		639,797	647,525
Land held for property development		3,601,259	4,019,581
Interests in associates		497,011	492,391
Interests in joint ventures		1,070,782	1,079,753
Amount due from a joint venture		245,063	235,652
Goodwill		621,409	621,409
Deferred tax assets		295,172	254,971
Long term receivables		44,485	43,491
		7,362,277	7,694,809
2. Current assets			
Property development costs		2,719,448	2,635,355
Inventories		654,050	585,244
Receivables		2,349,298	1,710,027
Amount due from joint ventures		106,717	98,755
Short term investments		8	8
Cash, bank balances and deposits		916,016	788,542
		6,745,537	5,817,931
3. Asset held for sale	8	-	11,230
Total assets		14,107,814	13,523,970

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

	Note	Unaudited As at end of current quarter 30/9/2017 RM'000	Audited As at preceding financial year end 31/12/2016 RM'000
EQUITY AND LIABILITIES			
4. Equity attributable to Owners of the Parent			
Share capital		5,110,276	2,276,643
Reserves			
Share premium		-	2,829,546
Merger relief reserves		34,330	34,330
Other reserves		175,467	152,020
Retained profits		1,781,683	1,539,257
		7,101,756	6,831,796
5. Non-controlling Interests		363,123	361,556
Total equity		7,464,879	7,193,352
6. Non-current liabilities			
Borrowings	16	2,691,476	2,404,224
Payables		62,800	95,923
Deferred income		111,457	111,547
Derivative liability	17	3,302	223
Provisions		927,651	930,222
Deferred tax liabilities		203,165	203,668
		3,999,851	3,745,807
7. Current liabilities			
Provisions		403,887	439,742
Payables		784,569	784,821
Borrowings	16	1,313,762	1,310,449
Tax payable		140,866	49,799
		2,643,084	2,584,811
Total liabilities		6,642,935	6,330,618
Total equity and liabilities		14,107,814	13,523,970
8. Net assets per share attributable to Owners of the Parent		**RM 1.57**	**RM 1.51**

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this quarterly announcement.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Unaudited Nine months to 30/9/2017	Unaudited Nine months to 30/9/2016
		RM'000	RM'000
Operating Activities			
Cash receipts from customers		1,548,865	898,368
Cash receipts from related parties		7,846	4,730
Cash payments to contractors		(1,243,414)	(1,281,466)
Cash payments for land and development related costs		(66,165)	(12,308)
Cash payments for guaranteed land cost deposit	15 (g)	-	(15,000)
Cash payments to related parties		(644)	(31,459)
Cash payments to employees and for expenses		(275,434)	(257,778)
Cash used in operations		(28,946)	(694,913)
Net income taxes paid		(56,640)	(53,588)
Interest received		13,993	10,244
Net cash used in operating activities		(71,593)	(738,257)
Investing Activities			
Dividend received from a joint venture		30,000	160,000
Dividend received from an associate		-	2,100
Proceeds from disposal of			
- property, plant and equipment		-	3
- short term investments		-	286,025
Repayment from joint ventures		-	41
Refund of shares subscription deposit		-	21,488
Proceeds from disposal of			
- an associate	8	13,389	-
- an available-for-sale investment		2,400	-
Purchase of property, plant and equipment		(15,665)	(15,571)
Purchase of investment property		(173)	-
Advance to a joint venture		(8,500)	(31,500)
Acquisition of non-controlling interests in a subsidiary		-	(80,479)
Deposit paid for development rights of a land		(10,000)	-
Investment in joint ventures		-	(4,250)
Investment in land held for property development		-	(247,281)
Investment in short term investments		-	(285,000)
Net cash generated from/(used in) investing activities		11,451	(194,424)

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

	Note	Unaudited Nine months to 30/9/2017 RM'000	Unaudited Nine months to 30/9/2016 RM'000
Financing Activities			
Drawdown of borrowings		310,737	507,655
Drawdown of Islamic Medium Term Notes ("IMTN") and Islamic Commercial Papers ("ICPs")		-	607,888
Repayment of borrowings		(23,640)	(160,246)
Repayment of IMTN and ICPs		-	(200,000)
Repayment to immediate holding company		-	(6,469)
Dividend paid		-	(85,279)
Interest paid		(102,375)	(76,443)
Net cash generated from financing activities		184,722	587,106
Effects of exchange rate changes		791	(6,286)
Net increase/(decrease) in cash and cash equivalents		**125,371**	**(351,861)**
Cash and cash equivalents as at beginning of financial period		788,542	1,000,056
Cash and cash equivalents as at end of financial period	(a)	**913,913**	**648,195**

	Unaudited As at 30/9/2017 RM'000	Unaudited As at 30/9/2016 RM'000
(a) Cash and cash equivalents comprise the following amounts:		
Current cash, bank balances and deposits		
Unrestricted	502,835	465,043
Restricted	413,181	183,152
	916,016	648,195
Bank overdrafts (included in short term borrowings)	(2,103)	-
Cash and cash equivalents	**913,913**	**648,195**

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016 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	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)									
At 1 January 2017	2,276,643	2,829,546	34,330	(223)	152,243	1,539,257	6,831,796	361,556	7,193,352
Transfer from share premium (Note 1)	2,829,546	(2,829,546)	-	-	-	-	-	-	-
Transfer from capital redemption reserve (Note 1)	4,087	-	-	-	(4,087)	-	-	-	-
Total comprehensive income for the period	-	-	-	(3,079)	30,399	242,426	269,746	1,567	271,313
Share options granted under ESOS	-	-	-	-	214	-	214	-	214
At 30 September 2017	5,110,276	-	34,330	(3,302)	178,769	1,781,683	7,101,756	363,123	7,464,879

<u>Note 1</u>

With the Companies Act 2016 ("the New Act") 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 New Act, 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 New Act.

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 2016 (Unaudited)									
At 1 January 2016	2,276,643	2,829,546	34,330	-	115,439	1,552,602	6,808,560	360,345	7,168,905
Total comprehensive income for the period	-	-	-	(5,986)	1,384	94,013	89,411	1,084	90,495
Share options granted under ESOS	-	-	-	-	2,822	-	2,822	-	2,822
Acquisition of non-controlling interests in a subsidiary	-	-	-	-	-	(80,700)	(80,700)	221	(80,479)
Dividend paid	-	-	-	-	-	(85,279)	(85,279)	-	(85,279)
At 30 September 2016	2,276,643	2,829,546	34,330	(5,986)	119,645	1,480,636	6,734,814	361,650	7,096,464

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 2016 and the accompanying explanatory notes attached to this quarterly announcement.

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 2016.

1. Accounting policies and methods of computation

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), except for the adoption of the following amendments to Financial Reporting Standards ("FRSs") which are mandatory for annual financial periods beginning on or after 1 January 2017, as disclosed below:

	Effective for the financial period beginning on or after
Amendments to FRSs 'Annual Improvements to FRSs 2014-2016 Cycle'	1 January 2017
Amendments to FRS 107: Disclosure Initiative	1 January 2017
Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The adoption of the above amendments does not have any significant impact to the financial statements.

Malaysian Financial Reporting Standards (MFRS Framework)

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

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

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

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

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

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

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

2. Audit report in respect of the 2016 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2016 was not qualified.

3. Seasonal or cyclical factors

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

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

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

5. Material changes in estimates used

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

6. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 30 September 2017 except as follows:-

During the financial year ended 31 December 2016, the Company has established the issuance of 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.

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

6. Debt and equity securities (cont'd)

As of 30 September 2017, the Company has completed the issuance and repayment of IMTN and ICPs from its IMTN and ICP Programme respectively as follows:

No	Issuance Date	Maturity Date	Amount (RM'Million)	Tenure (Months)	Rate (per annum)
1	9 August 2016	8 February 2017	100 (ICPs)	6	3.80% - Discount
2	8 February 2017	8 May 2017	100 (ICPs)	3	4.35% - Discount
3	8 May 2017	8 August 2017	100 (ICPs)	3	4.30% - Discount
4	8 August 2017	9 August 2018	100 (IMTN)	12	4.47%

The net proceeds from the ICPs and IMTN shall be utilized for the Group's Shariah-compliant general corporate purposes.

7. Dividend

The Directors do not recommend the payment of any interim dividend for the current period ended 30 September 2017 (2016 : Nil).

8. Asset held for sale

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

	As at 31/12/2016
Investment in associate:	RM’000
Unquoted shares at cost - in Malaysia	1,033
Share of post-acquisition reserves	10,197
	11,230
Reserves relating to asset held for sale recognised directly in equity:	
- Foreign exchange translation reserves	1,182
- Available-for-sale reserves	(241)
	941

On 14 February 2017, the disposal was completed with a cash consideration received amounting to RM13,388,678.

The financial impact arising from this disposal is as follows:

	RM’000
Cash consideration	13,389
Carrying value	(11,230)
Realisation of other reserves to retained profits	941
Gain on disposal	3,100

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

9. Operating Segments

Operating Segment information for the current financial period ended 30 September 2017 is as follows:

	Property development		Property			
	In Malaysia	Outside Malaysia	Investment	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	1,127,692	946,144	46,537	34,951	-	2,155,324
Inter-segment revenue	-	-	477	7,885	(8,362)	-
Total revenue	1,127,692	946,144	47,014	42,836	(8,362)	2,155,324
Results						
Segment results	180,689	224,548	5,096	10,940	(18,371)	402,902
Finance costs	(48,120)	(10,711)	(12,357)	(18,668)	18,371	(71,485)
Share of results of associates	6,710	(696)	-	(553)	-	5,461
Share of results of joint ventures	33,251	-	(1,771)	(12,171)	-	19,309
Profit/(loss) before income tax	172,530	213,141	(9,032)	(20,452)	-	356,187
Income tax	(38,287)	(70,133)	(65)	(3,779)	-	(112,264)
Profit/(loss) for the period	134,243	143,008	(9,097)	(24,231)	-	243,923
Attributable to:						
Owners of the parent	134,243	143,008	(9,097)	(25,728)	-	242,426
Non-controlling interests	-	-	-	1,497	-	1,497
Profit/(loss) for the period	134,243	143,008	(9,097)	(24,231)	-	243,923
Assets						
Segment assets	10,459,217	1,634,891	767,065	190,478	(681,642)	12,370,009
Interest in:						
- associates	473,885	17,669	-	5,457	-	497,011
- joint ventures	901,097	-	91,180	78,505	-	1,070,782
Income tax assets	164,983	15	1,533	3,481	-	170,012
Total assets	11,999,182	1,652,575	859,778	277,921	(681,642)	14,107,814
Liabilities						
Segment liabilities	5,580,247	848,704	616,097	138,663	(681,642)	6,502,069
Income tax liabilities	23,125	117,129	-	612	-	140,866
Total liabilities	5,603,372	965,833	616,097	139,275	(681,642)	6,642,935

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

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen since 30 September 2017 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 30 September 2017 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 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 2016 except as stated below:

(a) Disposal of its entire 30% equity interest in BIB Insurance Brokers Sdn Bhd for a cash consideration of RM13,388,678 which was completed on 14 February 2017.

The financial impact arising from this disposal is explained in Note 8.

(b) On 10 October 2017, Sarandra Malaysia Sdn Bhd ("SMSB") which is an indirect wholly-owned subsidiary of the Company has become an associate following the change in shareholdings as stated in Note 15(f).

(c) On 26 October 2017, R.O.C. Management Services (Pty) Ltd, a dormant subsidiary of UEM Sunrise South Africa (Pty) Ltd, which in turn is an indirect wholly-owned subsidiary of the Company has been deregistered following the receipt of Certificate from the Commissioner of Companies & Intellectual Property Commission.

(d) On 30 September 2017, UEM Sunrise (Canada) Alderbridge Ltd which is an indirect wholly-owned subsidiary of the Company has effectively ceased to be a subsidiary following to the completion of the agreement to dispose of 3 parcels of land together with the subsidiary as stated in Note 15(h).

12. Contingent liabilities

There are no changes in the contingent liabilities since the preceding financial year ended 31 December 2016 except as disclosed below:

Income tax assessment

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

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

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

12. Contingent liabilities (cont'd)

Income tax assessment (cont'd)

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

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

On 25 October 2016 and 26 October 2016, BND filed a notice of appeal (Form Q) and the notice was rejected by IRB on 25 October 2016 and 26 October 2016 respectively. On 10 November 2016, BND filed a notice for extension of time to make an appeal to the Special Commissioners of Income Tax (Form N) of which was rejected by the IRB on 8 February 2017, as well a judicial review application against the rejection of the Form Q on 17 January 2017. The judicial review application case management was heard on 7 February 2017 and 24 April 2017 had been set as the hearing date. The Company's solicitors are of the view that BND has a good case to commence judicial review proceedings via KLHC to contend that the IRB's rejection of the Form Q and Form N is without any legal basis.

In addition to the judicial review, the Company’s solicitors filed a written representation directly to the Special Commissioners of Income Tax (“SCIT”) requesting for approval to file the Form Q. The SCIT granted their approval via their Deciding Order dated 3 March 2017 for the Company to file the Form Q. The Company filed the Form Q on 20 March 2017. The IRB via their letter dated 21 March 2017 informed that they will within 30 days from 20 March 2017 present the Form Q to their Dispute Resolution Department for their consideration. If the IRB cannot reach a decision internally on the issue, the Form Q will then be presented to SCIT on or before 19 January 2018. With this, the judicial review (which was lodged at the High Court concurrently) had been withdrawn. Upon receipt of the court date from the SCIT, the Company’s solicitors can then proceed to present the merits of the case to the SCIT of which the Company's solicitors are of the view that BND has a strong case to argue that IRB has no legal or factual basis to issue the notice of additional assessment nor there is legal or factual basis for IRB to impose the penalty.

13. Capital commitments

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

	RM'Mil
Approved and contracted for	67.3
Approved but not contracted for	388.4
Total	455.7

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

14. Income tax

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter **30/9/2017** RM'000	Preceding year corresponding quarter **30/9/2016** RM'000	Nine months to **30/9/2017** RM'000	Nine months to **30/9/2016** RM'000
Malaysian and foreign income tax				
- Current tax	(49,630)	(15,494)	(151,387)	(57,291)
- Over/(under) provision in prior years	2,079	(2,047)	(857)	3,372
Deferred tax				
- Relating to origination and reversal of temporary differences	7,437	(507)	37,701	18,078
- Over/(under) provision in prior years	-	(2)	2,279	(3,911)
Tax expense for the period	(40,114)	(18,050)	(112,264)	(39,752)

For the current quarter, the effective tax rate (excluding share of results of associates and joint ventures) is higher than the statutory tax rate mainly due to higher tax rate at Australia, unrecognised deferred tax asset and non-deductible expenses. In addition, for the cumulative period, it includes the witholding tax on foreign source of income and higher tax rate at Canada.

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"), 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 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 (“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 to be paid on a staggered basis depending on the completion of several development components to be completed by the DDC Cos. As at 13 November 2017, the SPAs are still outstanding.

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) 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"), Iskandar Puteri, 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;

(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 13 November 2017, the purchase of Plot B land, Phase 2 Land and Phase 3 Land are still outstanding.

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 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 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.

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

e) (cont'd)

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 13 November 2017, the conditions precedent of the Master Agreement are still pending fulfillment by the respective landowners.

f) A Joint Venture Agreement ("JVA") dated 22 February 2016 between UEM Land and ONE15 Marina Holdings Pte Ltd (formerly known as SUTL Marina Holdings Pte Ltd) ("ONE15") 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 in Malaysia.

The JVA is subject to conditions precedent and on 2 October 2017, the period to meet the conditions precedent was extended from 30 September 2017 to 31 December 2017.

On 11 July and 10 October 2017, both UEM Land and ONE15 increased their investment in SMSB as follows:

	11 July 2017		10 October 2017	
Name of Shareholder	**Ordinary Shares held**	**Percentage**	**Ordinary Shares held**	**Percentage**
ONE15	600	60%	3,480,600	60%
UEM Land	400	40%	2,320,400	40%
Total	**1,000**	**100%**	**5,801,000**	**100%**

Following to the share allotment, SMSB has effectively become an associate to the Company.

As at 13 November 2017, the conditions precedent of the JVA are still outstanding.

g) A Joint Land Development Agreement ("JLDA") dated 27 May 2016 between Sunrise Quality Sdn Bhd ("SQSB"), an indirect wholly-owned subsidiary of the Company 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 RM150.0 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 13 November 2017, the conditions precedent of the JLDA are still pending fulfillment by the respective parties of the agreement.

(h) An agreement which became effective on 13 March 2017 between UEM Sunrise (Canada) Alderbridge Ltd (“Nominee”) and 1107782 B.C Ltd (“Purchaser”) for the disposal by the Nominee of three (3) parcels of land within Section 5, Block 4 North, Range 6 West, New Westminster District (“Subject Property”) for a total consideration of CAD$113,000,000 (RM371,355,629) (“Proposed Disposal”). The agreement became unconditional on 12 April 2017 with target completion tentatively in the third quarter of 2017.

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) (cont'd)

On 9 August 2017, the Nominee entered into an addendum to the original agreement together with the Purchaser and UEM Sunrise (Canada) Development Ltd, the holding company of the Nominee ("Beneficial Owner") (under the addendum, Nominee and Beneficial Owner are collectively referred to as the "Vendor") to revise, among others, the completion date to 15 September 2017 and to introduce additional deposit.

The Purchaser further exercised its option under the original agreement to acquire the outstanding share of the Nominee for CAD$1.00 and all of the Beneficial Owner's interest in the Subject Property for an amount equivalent to the total consideration less the CAD$1.00.

On 13 September 2017, the Vendor entered into a second addendum to further revise and extend the payment terms and to introduce another deposit. The Completion Date was extended to 30 September 2017.

The exercise was completed on 30 September 2017 and the Nominee ceased to be a subsidiary of the Company.

i) A Sale and Purchase Agreement ("SPA") dated 30 October 2017 between Bandar Nusajaya Development Sdn Bhd ("BND") and Country View Resources Sdn Bhd ("CVRSB") for the disposal of 163.92 acres of land identified as PTD 71080, Mukim Pulai, Iskandar Puteri, Johor Bahru by BND for a total consideration of RM310.0 million ("Proposed Disposal"), the payment terms of which are:

(i) RM6.2 million – 2% of the total consideration upon the execution of the SPA;
(ii) RM24.8 million – 8% of the total consideration within two (2) months from the SPA date; and
(iii) RM279.0 million – 90% of the total consideration within eight (8) months from the SPA date or within one (1) month from the unconditional date of the SPA, whichever later.

The conditions precedent are to be fulfilled within six (6) months from the SPA date with an automatic extension of one (1) month.

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

16. Borrowings and debt securities

	Long term borrowings			Short term borrowings		
As at 30 September 2017	Secured	Unsecured	Total	Secured	Unsecured	Total
Domestic	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
- 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
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	651,724	651,724	-	-	-
- Revolving credits	-	-	-	11,000	370,000	381,000
- Bank overdrafts	-	-	-	-	2,103	2,103
TOTAL	**139,752**	**2,551,724**	**2,691,476**	**141,659**	**1,172,103**	**1,313,762**
As at 30 September 2016						
Domestic						
- Loan from immediate holding company	-	-	-	75,637	-	75,637
- Islamic Medium Term Notes	-	2,537,324	2,537,324	-	-	-
- Islamic Commercial Papers	-	-	-	-	108,580	108,580
- Term loan	160,000	-	160,000	67,852	100,000	167,852
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	268,077	268,077	-	-	-
- Revolving credits	-	-	-	11,000	213,000	224,000
TOTAL	**160,000**	**2,805,401**	**2,965,401**	**154,489**	**421,580**	**576,069**

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

16. Borrowings and debt securities (cont'd)

Since 30 September 2016, the Group draws RM365 million (AUD110 million) of Commodity Murabahah Finance (denominated in Australia Dollar) and RM157 million short term Revolving Credit-i for on-going property development projects in Australia and Malaysia respectively.

17. Derivative

Details of outstanding derivative as at 30 September 2017 is as follows:

	Contract/ Notional Value RM'000	Fair Value RM'000
Profit rate swap-i contract		
- 1 year to 3 years	501,326	(3,302)

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 Commodity Murabahah Finance amounting to AUD150 million. The profit rate swap-i is designated as a cash flow hedge and applies 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. Breakdown of realised and unrealised profits or losses

	As at end of current quarter 30/9/2017 RM'000	As at preceding financial year end 31/12/2016 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	1,352,701	1,091,446
- Unrealised	170,172	157,542
	1,522,873	1,248,988
Total share of retained profits from associates:		
- Realised	128,265	122,960
- Unrealised	2,415	2,259
Total share of retained profits from joint ventures:		
- Realised	498,965	479,621
- Unrealised	12,131	12,166
	2,164,649	1,865,994
Less : Consolidation adjustments	(382,966)	(326,737)
Total Group retained profits as per consolidated statement of financial position	1,781,683	1,539,257

20. Material litigation

Since the preceding financial year ended 31 December 2016, 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) Notice of Civil Claim ("NOCC") filed at the Vancouver Registry of the Supreme Court of British Columbia, Canada by Magnum Projects Ltd ("Magnum") against UEM Sunrise (Canada) Development Ltd ("USCDL") and UEM Sunrise (Canada) Alderbridge Ltd ("USCAL").

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

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

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

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

On 12 April 2017, Magnum discontinued the NOCC against USCDL and USCAL.

c) On 25 July 2017, UEM Land, a wholly-owned subsidiary of the Company, 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.

UEM Land denies allegations made by the Plaintiffs and will be vigorously defending the Claim and is seeking advice from its solicitors to that end.

Based on the foregoing, we believe at this juncture that the Claim has no material financial and operational impact on the Company.

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

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

	Current quarter **30/9/2017** RM'000	Immediate preceding quarter **30/6/2017** RM'000	**Variance** RM'000/(%)	
Revenue	715,766	897,795	(182,029)	(-20%)
Operating profit	144,324	157,607	(13,283)	(-8%)
Share of net results	7,327	5,924	1,403	(24%)
Profit before interest and tax	151,651	163,531	(11,880)	(-7%)
Finance costs	(24,542)	(24,189)	(353)	(-1%)
Profit before income tax	127,109	139,342	(12,233)	(-9%)
Income tax	(40,114)	(44,260)	4,146	(9%)
Profit after tax	86,995	95,082	(8,087)	(-9%)
Non-controlling interests	(393)	(528)	135	(26%)
Profit attributtable to Owners of the Parent	86,602	94,554	(7,952)	(-8%)

The Group recorded a lower revenue in the current quarter largely due to the revenue recognised for the Alderbridge land sale of CAD113 million (RM371 million) in the immediate preceding quarter. Excluding the Alderbridge land sale, property development registered higher revenue driven by the good progress from international projects, namely Aurora and Conservatory and local projects, mainly from Almas and Melia in Southern region and sale of completed units from the inventory monetisation campaign.

The Group's operating profit margin improved to 20% from 18% attributed from higher contribution from international projects and the absent of liquidated ascertained damages recognised in the immediate preceding quarter. Higher operating profit in the immediate preceding quarter is attributed to the profit from Alderbridge land sale.

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

	Current year quarter **30/9/2017** RM'000	Preceding year corresponding quarter **30/9/2016** RM'000	**Variance** RM'000/(%)		Nine months to **30/9/2017** RM'000	Nine months to **30/9/2016** RM'000	**Variance** RM'000/(%)	
Revenue	715,766	421,254	294,512	(70%)	2,155,324	1,216,817	938,507	(77%)
Operating profit	144,324	68,162	76,162	(112%)	402,902	160,467	242,435	(151%)
Share of net results	7,327	7,688	(361)	(-5%)	24,770	36,569	(11,799)	(-32%)
Profit before interest and tax	151,651	75,850	75,801	(100%)	427,672	197,036	230,636	(117%)
Finance costs	(24,542)	(20,272)	(4,270)	(-21%)	(71,485)	(62,166)	(9,319)	(-15%)
Profit before income ta:	127,109	55,578	71,531	(129%)	356,187	134,870	221,317	(164%)
Income tax	(40,114)	(18,050)	(22,064)	(-122%)	(112,264)	(39,752)	(72,512)	(-182%)
Profit after tax	86,995	37,528	49,467	(132%)	243,923	95,118	148,805	(156%)
Non-controlling interes	(393)	(1,195)	802	(67%)	(1,497)	(1,105)	(392)	(-35%)
Profit attributtable to Owners of the Parent	86,602	36,333	50,269	(138%)	242,426	94,013	148,413	(158%)

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

22. Detailed analysis of the performance for the current quarter and period (cont'd)

The Group recorded higher revenue due to higher property development revenue from the progress made by international projects, namely Aurora and Conservatory and local projects, mainly Arcoris and Residensi 22 in Mont'Kiara and Almas and Melia in Southern region and the sale of completed units from the Group's inventory monetisation campaign. The Group has also completed several parcel of land sale in Iskandar Puteri during the current quarter and Alderbridge in the previous quarter that contributed positively to the Group's revenue and earnings.

In line with the higher revenue, the profit before tax also has increased by 129% and 164% against the preceding year's corresponding quarter and cummulative quarter respectively.

23. Economic profit ("EP") statement

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	Current year quarter **30/9/2017** RM'000	Preceding year corresponding quarter **30/9/2016** RM'000	Nine months to **30/9/2017** RM'000	Nine months to **30/9/2016** RM'000
Net operating profit after tax ("NOPAT") computation:				
Earnings before interest and tax ("EBIT")	126,182	56,113	360,357	126,988
Adjusted tax	(30,284)	(13,467)	(86,486)	(30,477)
NOPAT	**95,898**	**42,646**	**273,871**	**96,511**
Economic charge computation:				
Average invested capital (Note 1)	8,660,427	7,983,443	8,660,427	7,983,443
Weighted average cost of capital ("WACC) (%) (Note 2)	7.73%	8.30%	7.73%	8.30%
Economic charge	**(167,363)**	**(165,656)**	**(502,088)**	**(496,969)**
Economic loss	**(71,465)**	**(123,010)**	**(228,217)**	**(400,458)**

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 mainly due to higher profit as explained in note 22 above and 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.

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

24. Earnings per share ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter **30/9/2017** RM'000	Preceding year corresponding quarter **30/9/2016** RM'000	Nine months to **30/9/2017** RM'000	Nine months to **30/9/2016** RM'000
a) Basic earnings per share				
Profit for the period attributable to Owners of the Parent	86,602	36,333	242,426	81,333 (Note 1)
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	1.91 sen	0.80 sen	5.34 sen	1.79 sen
b) Diluted earnings per share				
Profit for the period attributable to Owners of the Parent	86,602	36,333	242,426	81,333 (Note 1)
Weighted average number of ordinary shares in issue ('000)	5,159,974	5,159,974	5,159,974	5,159,974
Diluted earnings per share	1.68 sen	0.70 sen	4.70 sen	1.58 sen

Note 1:
In preceding year's corresponding nine months period, the profit for the period attributable to Owners of the Parent calculated for both Basic and Diluted earnings per share are net of dividend of RM12,680,252 for Redeeemable Convertible Preferences Shares in respect of financial year ended 31 December 2015.

25. Prospects for the current financial year

The Malaysian economy has registered stronger GDP growth of 6.2% in 3Q 2017 compared to 5.8% in 2Q 2017[1]. The sustaining economic growth and continued improvement in disposable income levels lead to a rise of consumer confidence and affordability which is expected to benefit the property sector. However, the Group recognises the challenges in the property sector as highlighted in the BNM Quarterly Bulletin 3Q 2017 and has and will continue to address those challenges by reviewing and consolidating the Group's products in response to the shift in the market. In addition, the Group will continue its asset monetisation strategy through divestment of the Group's non-core assets to provide the Group with additional capital resources to secure strategic land banks in the Central region.

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

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

Homebuyers continue to be cautious and selective. Properties in the right location with strong product offerings are expected to enjoy good take-ups; as demonstrated by the Group's latest project – Residensi Solaris Parq securing close to 80% bookings within a month of its launch. Furthermore, the recent Budget 2018 announcement slightly shed a positive light for the property sector, notably by the step-up financing scheme for PR1MA which will be extended to the private housing developers.

The Easy Own Plan campaign which was launched to the market in August 2017 together with the Third Signature Selection campaign are expected to assist in the clearing of the Group's inventories. The Group had on 29 August 2017, secured a money lending license enabling it to launch its differential sum loan scheme under its Easy Financing Scheme.

Profits for the cumulative period have surpassed the 2016 full year results, underpinned by strong performances particularly from international operations the likes of Aurora Melbourne Central and Conservatory, both in Melbourne, Australia and asset monetisation strategy through the divestment of the Group's non-core asset and disposal of parcels of lands in Iskandar Puteri and earlier in March this year, the Group's land in Alderbridge, Vancouver, Canada. A more recent transaction is the disposal of approximately 163.92 acres in Iskandar Puteri to Country View Resources Sdn Bhd for RM310.0 million, the completion of which is expected to be in 3Q 2018. The proceeds from these land disposals are planned towards potential landbanking in the Central region.

The Group is on track to meet its sales target of RM1.2 billion for the current financial year in view of commendable bookings received for Residensi Solaris Parq, as well as from Dahlia @Serene Heights Bangi, in addition to contribution from its third Australian project, Mayfair at 412 St Kilda Road in Melbourne. The total Gross Development Value ("GDV") of these projects amounted to RM1.9 billion, exceeding the Group's targeted GDV of RM1.7 billion for 2017.

For the rest of the financial year, the Group expects to continue with the current performance supported by the expected completion of Residensi 22 in Mont'Kiara and higher completion progress of the international projects in addition to all the other factors outlined above. The Group's unrecognised revenue remains healthy at RM2.9 billion as at 30 September 2017.

[1] *BNM Quarterly Bulletin, 3Q 2017.*

26. Profit forecast

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

Kuala Lumpur
20 November 2017

By Order of the Board

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Joint Company Secretaries