UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2018

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	**INDIVIDUAL QUARTER**		**CUMULATIVE QUARTER**	
		Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	Note	**30/06/2018**	**30/06/2017 (restated)**	**30/06/2018**	**30/06/2017 (restated)**
		RM'000	RM'000	RM'000	RM'000
1. (a) **Revenue**		**573,352**	**290,905**	**861,093**	**711,240**
(b) Cost of sales		(200,824)	(235,219)	(408,580)	(530,467)
(c) Gross profit		372,528	55,686	452,513	180,773
(d) Other income		15,961	9,998	33,462	23,892
(e) Expenses		(75,503)	(66,019)	(124,823)	(132,705)
(f) Finance costs		(22,677)	(24,189)	(45,080)	(46,943)
(g) Foreign exchange gain/(loss)		3,470	4,223	(3,134)	(7,304)
(h) Share of net results of associates		(4,344)	(981)	(3,730)	(1,410)
(i) Share of net results of joint ventures		209	7,039	9,916	10,517
(j) **Profit/(loss) before income tax**		**289,644**	**(14,243)**	**319,124**	**26,820**
(k) Income tax	14	(75,529)	4,933	(79,823)	(12,245)
(l) **Profit/(loss) for the period**		**214,115**	**(9,310)**	**239,301**	**14,575**
Attributable to:					
(m) Owners of the Parent		213,792	(9,838)	239,079	13,471
(n) Non-controlling Interests		323	528	222	1,104
Profit/(loss) for the period		214,115	(9,310)	239,301	14,575
2. **Earnings/(loss) per share based on 1(m) above**	22				
(a) Basic earnings/(loss) per share		4.54 sen	(0.22) sen	5.09 sen	0.30 sen
(b) Diluted earnings/(loss) per share		3.99 sen	(0.19) sen	4.48 sen	0.26 sen

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

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I(B). CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/06/2018	**30/06/2017 (restated)**	**30/06/2018**	**30/06/2017 (restated)**
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) for the period	214,115	(9,310)	239,301	14,575
Other comprehensive (expense)/ income to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	(15,277)	(16,209)	(48,519)	10,298
Transfer to profit or loss on disposal of an associate	-	-	-	(941)
Cash flow hedge	7,732	163	11,141	(4,058)
Total other comprehensive (expense)/ income for the period, net of tax	(7,545)	(16,046)	(37,378)	5,299
Total comprehensive income/ (expense) for the period	**206,570**	**(25,356)**	**201,923**	**19,874**
Attributable to:				
Owners of the Parent	206,125	(25,922)	201,623	18,720
Non-controlling Interests	445	566	300	1,154
Total comprehensive income/ (expense) for the period	**206,570**	**(25,356)**	**201,923**	**19,874**

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

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I(C). REMARKS TO CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/06/2018	**30/06/2017 (restated)**	**30/06/2018**	**30/06/2017 (restated)**
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before income tax is arrived at after charging/(crediting):				
Interest expense	22,677	24,189	45,080	46,943
Depreciation	6,713	5,800	13,431	11,646
Interest income	(9,669)	(7,561)	(18,469)	(13,604)
Loss/(gain) on foreign exchange				
- unrealised	1,035	(5,595)	6,233	4,939
- realised	(4,505)	1,372	(3,099)	2,365
(Reversal of)/provision for liquidated ascertained damages	(254)	15,417	(3,781)	27,468
Dividend income from investment at fair value through profit or loss	(64)	-	(690)	-
Write back of allowance for impairment of receivables	(169)	(417)	(521)	(941)
Allowance for doubtful debts	147	-	374	-
Net (write back of)/allowance for impairment of inventories	(45)	1,077	(53)	1,013
Impairment of interest in a joint venture	9,534	-	9,534	-
Gain on disposal of an associate	-	-	-	(3,100)
Gain on disposal of an available-for-sale investment	-	-	-	(2,400)

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

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at current financial year end 30/06/2018	Unaudited As at preceding financial year end 31/12/2017 (restated)
		RM'000	RM'000
ASSETS			
1. Non-current assets			
Property, plant and equipment		380,949	377,136
Investment properties		641,455	649,670
Land held for property development		4,806,472	4,620,766
Interests in associates		493,925	500,385
Interests in joint ventures		1,042,392	1,056,396
Amount due from joint ventures		246,793	245,581
Derivative asset	17	8,032	-
Goodwill		621,409	621,409
Deferred tax assets		296,015	307,265
Long term receivables		83,996	83,594
		8,621,438	8,462,202
2. Current assets			
Property development costs and contract assets		3,338,049	2,958,643
Inventories		544,906	609,690
Receivables		1,549,942	1,167,020
Amount due from joint ventures		112,240	109,271
Amount due from an associate		670	-
Short term investment		15	125,197
Cash, bank balances and deposits		713,379	808,004
		6,259,201	5,777,825
Total assets		14,880,639	14,240,027

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

	Note	Unaudited As at current financial year end 30/06/2018	Unaudited As at preceding financial year end 31/12/2017 (restated)
		RM'000	RM'000
EQUITY AND LIABILITIES			
4. Equity attributable to Owners of the Parent			
Share capital		5,110,276	5,110,276
Reserves			
Merger relief reserves		34,330	34,330
Other reserves		70,626	108,082
Retained profits		1,836,623	1,650,843
		7,051,855	6,903,531
5. Non-controlling Interests		363,427	363,127
Total equity		7,415,282	7,266,658
6. Non-current liabilities			
Borrowings	16	2,231,718	2,734,228
Payables		60,695	63,528
Contract liabilities		290,457	293,027
Deferred income		153,401	152,111
Derivative liability	17	-	4,651
Provisions		716,473	624,086
Deferred tax liabilities		222,773	230,119
		3,675,517	4,101,750
7. Current liabilities			
Provisions		337,389	362,713
Payables		852,835	894,145
Contract liabilities		44,027	85,147
Borrowings	16	2,478,054	1,485,514
Tax payable		75,993	44,100
Derivative liability	17	1,542	-
		3,789,840	2,871,619
Total liabilities		7,465,357	6,973,369
Total equity and liabilities		14,880,639	14,240,027
8. Net assets per share attributable to Owners of the Parent		**RM 1.55**	**RM 1.52**

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

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months 30/06/2018	Unaudited Six months 30/06/2017
	RM'000	RM'000
Operating Activities		
Cash receipts from customers	637,600	760,651
Cash receipts from related parties	13,987	5,445
Cash payments to contractors	(866,749)	(809,418)
Cash payments for land and development related costs	(70,287)	(66,161)
Cash payments to related parties	(741)	(644)
Cash payments to employees and for expenses	(174,896)	(155,084)
Cash used in operations	(461,086)	(265,211)
Net income tax paid	(34,020)	(32,507)
Interest received	12,021	7,674
Net cash used in operating activities	(483,085)	(290,044)
Investing Activities		
Dividend received from a joint venture	15,000	15,000
Proceeds from disposal of		
- short term investment	125,000	-
- an associate	-	13,389
- an available-for-sale investment	-	2,400
Purchase of property, plant and equipment	(9,988)	(10,755)
Purchase of investment property	-	(173)
Advance to a joint venture	-	(8,500)
Deposit paid for land acquisition	(70,200)	(10,000)
Deposit paid for subscription of shares	(50,000)	-
Net cash generated from investing activities	9,812	1,361

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

	Note	Unaudited Six months 30/06/2018 RM'000	Unaudited Six months 30/06/2017 RM'000
Financing Activities			
Drawdown of borrowings		677,648	250,021
Repayment of borrowings		(135,000)	(21,933)
Dividend paid		(53,299)	-
Interest paid		(95,993)	(70,469)
Net cash generated from financing activities		393,356	157,619
Effects of exchange rate changes		(15,047)	(551)
Net decrease in cash and cash equivalents		**(94,964)**	**(131,615)**
Cash and cash equivalents as at beginning of financial period		805,731	788,542
Cash and cash equivalents as at end of financial period	(a)	**710,767**	**656,927**

	Note	Unaudited As at 30/06/2018 RM'000	Unaudited As at 30/06/2017 RM'000
(a) Cash and cash equivalents comprise of the following amounts:			
Cash, bank balances and deposits			
Unrestricted		409,785	310,580
Restricted		303,594	346,989
		713,379	657,569
Bank overdrafts (included in short term borrowings)	16	(2,612)	(642)
Cash and cash equivalents		**710,767**	**656,927**

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

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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
Six months to 30 June 2018 (Unaudited)									
At 1 January 2018 (as previously reported)	5,110,276	-	34,330	(4,651)	105,830	1,823,248	7,069,033	363,127	7,432,160
Effect of first-time MFRS adoption	-	-	-	-	6,903	(172,405)	(165,502)	-	(165,502)
At 1 January 2018 (restated)	5,110,276	-	34,330	(4,651)	112,733	1,650,843	6,903,531	363,127	7,266,658
Total comprehensive income for the period	-	-	-	11,141	(48,597)	239,079	201,623	300	201,923
Dividend paid	-	-	-	-	-	(53,299)	(53,299)	-	(53,299)
At 30 June 2018	5,110,276	-	34,330	6,490	64,136	1,836,623	7,051,855	363,427	7,415,282

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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	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
Six months to 30 June 2017 (Unaudited and Restated)									
At 1 January 2017 (as previously reported)	2,276,643	2,829,546	34,330	(223)	152,243	1,539,257	6,831,796	361,556	7,193,352
Effect of first-time MFRS adoption	-	-	-	-	25	819	844	-	844
At 1 January 2017 (restated)	2,276,643	2,829,546	34,330	(223)	152,268	1,540,076	6,832,640	361,556	7,194,196
Adjustments for effects of Companies Act 2016 (Note 1)	2,833,633	(2,829,546)	-	-	(4,087)	-	-	-	-
Total comprehensive income for the period	-	-	-	(4,058)	9,307	13,471	18,720	1,154	19,874
Share options granted under ESOS	-	-	-	-	185	-	185	-	185
At 30 June 2017 (restated)	5,110,276	-	34,330	(4,281)	157,673	1,553,547	6,851,545	362,710	7,214,255

Note 1

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.

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

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

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

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

2. Changes in accounting policies and methods of computation

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

Malaysian Financial Reporting Standards ("MFRS") Framework

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS framework.

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

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

In presenting its first MFRS financial statements for the year ending 31 December 2018, the Group is required to restate the comparative financial statements to amounts reflecting the application of MFRS framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. The consolidated financial statements for year ended 31 December 2016 and 2017 are different under the MFRS framework.

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

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

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

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

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

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

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

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

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

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

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

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

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

(i) Property development activities in Australia

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

(ii) Sale of land

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

(iii) Multiple promises from the sale of development properties

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

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

(iv) Cost incurred in fulfilling a contract

Under the previous FRS, the Group expensed off sales commissions and free legal fees as these costs do not qualify for recognition as an asset under any of the other accounting standards. However, the sales commissions and free legal fees relate directly to contracts and are expected to be recovered through future fees for the services to be provided. Accordingly, under the current MFRS 15, these costs are eligible for capitalisation and recognised as property development costs and contract assets respectively.

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

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

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

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

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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

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

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

	Under FRS RM'000	Adoption to MFRS RM'000	Transitioning to MFRS * RM'000	Under MFRS RM'000
ASSETS				
Non-current assets				
Land held for property development	3,823,313	5,529	1,275,271	5,104,113
Interests in associates	499,497	(15,865)	-	483,632
Interests in joint ventures	1,076,564	1,895	-	1,078,459
Deferred tax assets	290,382	(11,424)	-	278,958
Long term receivables	44,249	-	40,739	84,988
Other non-current assets	1,827,578	-	-	1,827,578
	7,561,583			8,857,728
Current assets				
Property development costs and contract assets	2,549,198	1,009,056	(1,275,271)	2,282,983
Receivables	2,402,419	(1,173,369)	-	1,229,050
Other current assets	1,372,390	-	-	1,372,390
	6,324,007			4,884,423
Total assets	13,885,590			13,742,151
EQUITY AND LIABILITIES				
Equity				
Other reserves	152,950	442	-	153,392
Retained profits	1,695,081	(141,534)	-	1,553,547
Other equity	5,507,316	-	-	5,507,316
Total equity	7,355,347			7,214,255
Non-current liabilities				
Deferred income	111,482	-	40,739	152,221
Provisions	930,254	(303,565)	-	626,689
Deferred tax liabilities	206,081	2,936	-	209,017
Contract liabilities	-	313,419	-	313,419
Other non-current liabilities	2,700,034	-	-	2,700,034
	3,947,851			4,001,380
Current liabilities				
Provisions	427,845	(41,220)	-	386,625
Contract liabilities	-	81,860	-	81,860
Tax payable	118,005	(96,516)	-	21,489
Other current liabilities	2,036,542	-	-	2,036,542
	2,582,392			2,526,516
Total liabilities	6,530,243			6,527,896
Total equity and liabilities	13,885,590			13,742,151

Impact on net assets per share attributable to Owners of Parent **RM (0.03)**

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

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

	Under FRS RM'000	Adoption to MFRS RM'000	Under MFRS RM'000
Revenue	**897,795**	**(606,890)**	**290,905**
Cost of sales	(673,325)	438,106	(235,219)
Gross profit	224,470		55,686
Other income	10,359	(361)	9,998
Expenses	(81,445)	15,426	(66,019)
Finance costs	(24,189)	-	(24,189)
Foreign exchange gain	4,223	-	4,223
Share of results of associates	(981)	-	(981)
Share of results of joint ventures	6,905	134	7,039
Profit/(loss) before income tax	**139,342**		**(14,243)**
Income tax	(44,260)	49,193	4,933
Profit/(loss) for the period	**95,082**		**(9,310)**
Profit/(loss) attributable to Owners of the Parent	94,554	(104,392)	(9,838)

The revenue and loss for the quarter are restated mainly due to deferment on the recognition of land sales with the unwinding of RM401 million in revenue as well as unwinding the recognition of Australia projects contribution, previously recognised based on percentage of completion with revenue of RM170 million.

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

	Under FRS RM'000	Adoption to MFRS RM'000	Under MFRS RM'000
Profit/(loss) for the period	95,082	(104,392)	(9,310)
Other comprehensive (expense)/income, comprises of:			
Foreign currency translation differences of foreign operations	(16,726)	517	(16,209)
Others	163	-	163
Total comprehensive income/(expense)	78,519		(25,356)
Total comprehensive income/(expense) attributable to Owners of the Parent	77,953	(103,875)	(25,922)

(iv) The impact on basic and diluted loss per share for the quarter ended 30 June 2017 is as follows:

Basic loss per share	(2.30) sen
Diluted loss per share	(2.02) sen

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

(v) Impact on the condensed consolidated income statement for the 6 months period ended 30 June 2017:

	Under FRS RM'000	Adoption to MFRS RM'000	Under MFRS RM'000
Revenue	**1,439,558**	**(728,318)**	**711,240**
Cost of sales	(1,045,949)	515,482	(530,467)
Gross profit	393,609		180,773
Other income	24,403	(511)	23,892
Expenses	(152,130)	19,425	(132,705)
Finance costs	(46,943)	-	(46,943)
Foreign exchange loss	(7,304)	-	(7,304)
Share of results of associates	7,058	(8,468)	(1,410)
Share of results of joint ventures	10,385	132	10,517
Profit before income tax	**229,078**		**26,820**
Income tax	(72,150)	59,905	(12,245)
Profit for the period	**156,928**		**14,575**
Profit attributable to Owners of the Parent	155,824	(142,353)	13,471

The revenue and profit for the period are restated mainly due to deferment on the recognition of land sales with the unwinding of RM415 million in revenue as well as unwinding the recognition of Australia projects contribution, previously recognised based on percentage of completion with revenue of RM287 million.

(vi) Impact on the condensed consolidated statement of comprehensive income for the 6 months period ended 30 June 2017:

	Under FRS RM'000	Adoption to MFRS RM'000	Under MFRS RM'000
Profit for the period	156,928	(142,353)	14,575
Other comprehensive income/(expense), comprises of:			
Foreign currency translation differences of foreign operations	9,881	417	10,298
Others	(4,999)	-	(4,999)
Total comprehensive income	161,810		19,874
Total comprehensive income attributable to Owners of the Parent	160,656	(141,936)	18,720

(vii) There is no material impact on the consolidated statement of cash flows for the 6 months period ended 30 June 2017. The impact on basic and diluted EPS is, as follows:

Basic earnings per share	(3.14) sen
Diluted earnings per share	(2.76) sen

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Audit report in respect of the 2017 financial statements

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

4. Seasonal or cyclical factors

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

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

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

6. Material changes in estimates used

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

7. Debt and equity securities

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 30 June 2018 except for the issuance of Islamic Medium Term Notes ("IMTN") from its IMTN Programme as follows:

Issuance Date	Amount (RM'Million)	Tenure	Rate (per annum)
23 May 2018	100	366 days	4.62%

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

8. Dividend

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

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

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

10. Operating Segments

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

	Property development		Property			
	In Malaysia RM'000	Outside Malaysia RM'000	investment RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External revenue	808,642	-	29,464	22,987	-	861,093
Inter-segment revenue	-	-	471	5,351	(5,822)	-
Total revenue	808,642	-	29,935	28,338	(5,822)	861,093
Results						
Segment results	371,035	(2,618)	(4,115)	7,160	(13,444)	358,018
Finance costs	(33,084)	(7)	(8,762)	(16,671)	13,444	(45,080)
Share of results of associates	(649)	(2,604)	-	(477)	-	(3,730)
Share of results of joint ventures	17,080	-	(821)	(6,343)	-	9,916
Profit/(loss) before income tax	354,382	(5,229)	(13,698)	(16,331)	-	319,124
Income tax	(82,608)	3,792	-	(1,007)	-	(79,823)
Profit/(loss) for the period	271,774	(1,437)	(13,698)	(17,338)	-	239,301
Attributable to:						
Owners of the Parent	271,774	(1,437)	(13,698)	(17,560)	-	239,079
Non-controlling Interests	-	-	-	222	-	222
Profit/(loss) for the period	271,774	(1,437)	(13,698)	(17,338)	-	239,301
Assets						
Segment assets	10,538,085	2,253,221	871,434	188,027	(664,102)	13,186,665
Interests in:						
- associates	473,984	12,946	-	6,995	-	493,925
- joint ventures	894,364	-	89,351	58,677	-	1,042,392
Tax recoverable	152,919	8	1,674	3,056	-	157,657
Total assets	12,059,352	2,266,175	962,459	256,755	(664,102)	14,880,639
Liabilities						
Segment liabilities	5,345,383	1,915,809	660,238	132,036	(664,102)	7,389,364
Tax payable	73,865	-	-	2,128	-	75,993
Total liabilities	5,419,248	1,915,809	660,238	134,164	(664,102)	7,465,357

11. Changes in the composition of the Group

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

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

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

12. Contingent liabilities

There are no changes in the contingent liabilities since the preceding financial year ended 31 December 2017 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, received a notice of additional assessment ("Form JA") from the Inland Revenue Board ("IRB") for additional tax and penalty of RM50.9 million and RM22.9 million respectively, totalling to RM73.8 million in respect of the year of assessment 2006.

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

The CoA, having heard and considered the submissions by both parties on 19 and 20 May 2014, unanimously decided that there are no merits in the appeal by the IRB and thus agreed with the decision of KLHC which ruled in favour of BND. The IRB had on 18 June 2014 filed an application for leave to the Federal Court ("FC") to appeal against the decision of CoA.

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Contingent liabilities (cont'd)

Income tax assessment (cont'd)

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

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

Vide a letter dated 14 March 2018, the IRB has served the Form Q to the SCIT. Case management was fixed before the SCIT on 18 May 2018. Further to the case management, the SCIT fixed this matter for hearing on 14 and 15 September 2021. Upon the hearing of this case, BND's solicitors can then proceed to present the merits of the case to the SCIT. BND's solicitors are of the view that BND has a strong case to argue that the IRB has no legal or factual basis to issue the notice of additional assessment nor there is legal or factual basis for the IRB to impose the penalty.

13. Capital commitments

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

	RM'Mil
Approved and contracted for	27.3
Approved but not contracted for	389.1
Total	416.4

14. Income tax

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	Current year quarter **30/06/2018**	Preceding year corresponding quarter **30/06/2017 (restated)**	Six Months to **30/06/2018**	Six Months to **30/06/2017 (restated)**
	RM'000	RM'000	RM'000	RM'000
Malaysian and foreign income tax				
- Current tax	(73,708)	(13,991)	(79,433)	(45,363)
- Over/(under) provision in prior years	2,024	672	4,439	(2,936)
Deferred tax				
- Relating to origination and reversal of temporary differences	(3,467)	15,964	(4,190)	33,775
- (Under)/over provision in prior years	(378)	2,288	(639)	2,279
Tax (expense)/credit for the period	(75,529)	4,933	(79,823)	(12,245)

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

b) A Facilities Maintenance and Management Agreement ("FMMA") dated 10 March 2011 between Cahaya Jauhar Sdn Bhd, a 60% owned joint venture of UEM Land and 40% owned by State Government of Johor via Permodalan Takzim Sdn Bhd for the provision of management and maintenance services for Phase 1 of Kota Iskandar. The FMMA covers a period of 30 years with a review of every 3 years.

c) 3 Shareholders' and Shares Subscription Agreements dated 11 June 2012 were entered by the Company and wholly-owned subsidiaries of Desaru Development Holdings One Sdn Bhd (a subsidiary of Desaru Development Corporation Sdn Bhd) ("DDC Cos") (collectively referred to as the "SSAs") to establish the shareholding structure of 3 separate Development Companies ("Dev Cos") and to regulate the relationship amongst the Company and the DDC Cos for the development of land parcels acquired by the Dev Cos with an aggregate gross area of approximately 678.70 acres ("Desaru Land").

   The issued and paid-up capital of the Dev Cos 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 22 August 2018, the SPAs are still outstanding.

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 ("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").

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

d) (cont'd)

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 22 August 2018, 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 (collectively known as "UEMS Lands") whilst the balance of thirty-six (36) land parcels are owned by LFC with a total of 65.48 acres ("LFC Lands"). (Both UEMS Lands and LFC Lands are collectively referred as "JV Lands").

On the same day, NSSB and NRSB entered into a Master Agreement 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.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

e) (cont'd)

The 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.

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

As at 22 August 2018, 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, Johor in Malaysia.

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

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

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

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

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. Under the JLDA, TM agrees to grant SQSB the sole and exclusive rights to develop the Said Lands into the Project. In return, SQSB agrees to pay TM a guaranteed land cost ("GLC") of RM150.0 million. TM is also entitled to 5% of the agreed gross development value of the Project.

The JLDA is subject to certain conditions precedent to be fulfilled within two (2) years from the JLDA execution date. A deposit of RM15.0 million equivalent to 10% of the total GLC was paid by SQSB on 28 May 2016 whilst the remaining 90% of the total GLC will be payable in accordance to the payment schedule set out in the JLDA.

On 28 May 2018, both parties agreed to extend the conditions precedent period from 27 May 2018 to 26 August 2018.

On 24 August 2018, both parties mutually agreed to rescind the JLDA on the non-fulfillment of the conditions precedent under the JLDA and deposit paid will be refunded.

(h) 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 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 ("Balance Purchase Price"), whichever later.

On 29 June 2018, BND entered into a Supplemental Agreement with CVRSB to amend and vary the SPA. Both parties agreed that the Balance Purchase Price will be paid as follows:

(i) RM62 million paid on 29 June 2018; and
(ii) RM217 million to be paid no later than eight (8) months from SPA date with automatic extension of five (5) months subject to late payment interest of 8% p.a. on the unpaid portion of the Balance Purchase price ("Extended Completion Period").

Both parties also agreed that vacant possession of the land is to be delivered to CVRSB on an 'as is basis' on 29 June 2018 and if the SPA is terminated, CVRSB shall re-deliver vacant possession of the land to BND. BND will also vacate the current tenant, Saratoga Greens Sdn Bhd, from the land by the end of the Extended Completion Period, otherwise, CVRSB can withhold the payment of the RM217 million from the expiry of the Extended Completion Period and no interest will be charged.

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

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

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

As at 22 August 2018, the condition precedent of the SPA is still pending.

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

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

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

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

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

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

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

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

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

(ii) Due diligence on lands; and

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

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

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

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

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

As at 22 August 2018, the conditions precedent of the SSA are still pending.

UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

16. Borrowings and debt securities

	Long term borrowings			Short term borrowings		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
<u>As at 30 June 2018</u>						
Domestic						
- Loan from immediate holding company	-	-	-	75,084	-	75,084
- Islamic Medium Term Notes	-	1,600,000	1,600,000	-	1,100,000	1,100,000
- Term loan	169,988	-	169,988	-	25,000	25,000
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	461,730	461,730	-	289,664	289,664
- Revolving credits	-	-	-	7,000	370,000	377,000
- Bank overdrafts	-	-	-	-	2,612	2,612
Non Domestic						
- Term loan (denominated in Australian Dollar)	-	-	-	329,556	-	329,556
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	-	-	279,138	-	279,138
TOTAL	**169,988**	**2,061,730**	**2,231,718**	**690,778**	**1,787,276**	**2,478,054**
<u>As at 30 June 2017</u>						
Domestic						
- Loan from immediate holding company	-	-	-	75,058	-	75,058
- Islamic Medium Term Notes	-	1,900,105	1,900,105	-	600,000	600,000
- Islamic Commercial Papers	-	-	-	-	99,344	99,344
- Term loan	141,459	-	141,459	56,000	101,105	157,105
- Revolving credits	-	-	-	11,000	360,281	371,281
- Bank overdrafts	-	-	-	-	642	642
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	593,484	593,484	-	-	-
TOTAL	**141,459**	**2,493,589**	**2,635,048**	**142,058**	**1,161,372**	**1,303,430**

Since 30 June 2017, the Group draws AUD274 million of Term Loan and Commodity Murabahah Finance for on-going property development projects in Australia. In the Domestic segment, the Group repays RM264 million via RM200 million drawdown of Islamic Medium Term Notes and RM60 million of Term Loan in the same period.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. Derivative asset/(liability)

	Contract/ Notional Value	Fair Value
Details of outstanding derivatives as at 30 June 2018 are as follows:	RM'000	RM'000
Derivative asset - Islamic currency swap-i contract - 1 year to 3 years	163,840	8,032
Derivative liability - Profit rate swap-i contract - 1 year to 3 years	446,835	(1,542)

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

18. Fair value hierarchy

There were no transfers between any level of the fair value hierarchy took place during the current period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

19. Material litigation

Since the preceding financial year ended 31 December 2017, there is no change in material litigation as at the date of this announcement except as disclosed below:

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

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

The Claim seeks, amongst others, for:

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

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

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

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

UEM Land denies allegations made by the Plaintiffs and will be vigorously defending the Claim and is seeking advice from its solicitors to that end. Based on the foregoing, at this juncture, the Claim has no material financial and operational impact to the Group and the Company. The Company's solicitor is of the view that UEM Land has a reasonably good chance of success in defending the Plaintiffs' case against UEM Land.

UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

	Current quarter **30/06/2018** RM'000	Immediate preceding quarter **31/03/2018** RM'000	**Variance** RM'000/(%)	
Revenue	573,352	287,741	285,611	(99%)
Operating profit	316,456	41,562	274,894	(661%)
Share of net results	(4,135)	10,321	(14,456)	(-140%)
Profit before interest and tax	312,321	51,883	260,438	(502%)
Finance costs	(22,677)	(22,403)	(274)	(-1%)
Profit before income tax	289,644	29,480	260,164	(883%)
Income tax	(75,529)	(4,294)	(71,235)	(-1659%)
Profit for the period	214,115	25,186	188,929	(750%)
Non-controlling Interests	(323)	101	(424)	(-420%)
Profit attributtable to Owners of the Parent	213,792	25,287	188,505	(745%)

The Group recorded higher revenue in the current quarter as compared to the immediate preceding quarter by 99% largely due to land sales which cushioned the impact of the Group's project development cycle which are still at the early stages for Solaris Parq, Serimbun and Kiara Kasih following the completion of Residensi 22. The good construction progress from Almas and Melia projects has also contributed to the higher revenue.

The Group recorded higher profit for the current quarter as compared to the immediate preceding quarter in line with the higher revenue, albeit higher marketing expenses for inventory monetisation campaign as well as for Australian projects and share of unfavourable results from associates and joint ventures. The land sales recorded in the current quarter carry a significantly higher margin compared to the property development margin.

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

	Current year quarter **30/06/2018** RM'000	Preceding year corresponding quarter **30/06/2017 (restated)** RM'000	**Variance** RM'000/(%)		Six months to **30/06/2018** RM'000	Six months to **30/06/2017 (restated)** RM'000	**Variance** RM'000/(%)	
Revenue	573,352	290,905	282,447	(97%)	861,093	711,240	149,853	(21%)
Operating profit	316,456	3,888	312,568	(8039%)	358,018	64,656	293,362	(454%)
Share of net results	(4,135)	6,058	(10,193)	(-168%)	6,186	9,107	(2,921)	(-32%)
Profit before interest and tax	312,321	9,946	302,375	(3040%)	364,204	73,763	290,441	(394%)
Finance costs	(22,677)	(24,189)	1,512	(6%)	(45,080)	(46,943)	1,863	(4%)
Profit/(loss) before income tax	289,644	(14,243)	303,887	(2134%)	319,124	26,820	292,304	(1090%)
Income tax	(75,529)	4,933	(80,462)	(-1631%)	(79,823)	(12,245)	(67,578)	(-552%)
Profit/(loss) for the period	214,115	(9,310)	223,425	(2400%)	239,301	14,575	224,726	(1542%)
Non-controlling Interests	(323)	(528)	205	(39%)	(222)	(1,104)	882	(80%)
Profit/(loss) attributtable to Owners of the Parent	213,792	(9,838)	223,630	(2273%)	239,079	13,471	225,608	(1675%)

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The Group recorded higher revenue mainly due to recognition of land sales, the good construction progress from Almas, Melia, Sefina and Estuari projects as well as the sales of its completed units driven by its inventory monetisation campaign. These revenue contributions cushioned the impact of the Group's project development cycle for Solaris Parq, Serimbun and Kiara Kasih which are still at the early stages and the completion of Teega, Arcoris and Residensi 22.

The Group recorded a higher profit for the current quarter and the period driven by higher contribution from land sales which carry a significantly higher margin, gain from projects' development costs savings and lower operating expenses.

The preceding year's corresponding quarter and period are restated with the adoption of MFRS. Details of the restatements are disclosed in Note 2.

22. Earnings/(loss) per share

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	Current year quarter **30/06/2018** RM'000	Preceding year corresponding quarter **30/06/2017 (restated)** RM'000	Six Months to **30/06/2018** RM'000	Six Months to **30/06/2017 (restated)** RM'000
a) Basic earnings/(loss) per share				
Profit/(loss) for the period attributable to Owners of the Parent	213,792	(9,838)	239,079	13,471
Less: Dividend paid for RCPS	(7,925)	-	(7,925)	-
Profit/(loss) for the period attributable to Owners of the Parent (net of dividend for RCPS)	205,867	(9,838)	231,154	13,471
Weighted average number of ordinary shares in issue (‘000)	4,537,436	4,537,436	4,537,436	4,537,436
Basic earnings/(loss) per share	4.54 sen	(0.22) sen	5.09 sen	0.30 sen
b) Diluted earnings/(loss) per share				
Profit/(loss) for the period attributable to Owners of the Parent (net of dividend for RCPS)	205,867	(9,838)	231,154	13,471
Weighted average number of ordinary shares in issue (‘000)	4,537,436	4,537,436	4,537,436	4,537,436
Effects of dilution from RCPS (‘000)	617,077	622,538	617,077	622,538
Diluted weighted average number of ordinary shares in issue (‘000)	5,154,513	5,159,974	5,154,513	5,159,974
Diluted earnings/(loss) per share	3.99 sen	(0.19) sen	4.48 sen	0.26 sen

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

23. Prospects for the current financial year

The Malaysian economy registered a growth of 4.5% in the second quarter of 2018 (1Q 2018: 5.4%). Growth was dampened by lower public investment and net export growth. Private sector spending remained resilient expanding further by 7.5% (1Q 2018: 5.2%) while private consumption increased strongly by 8.0% (1Q 2018: 6.9%). Moving forward, growth is expected to be broadly sustained, supported mainly by private sector spending[1]. Public spending is expected to moderate in view of the Government's commitment to address the issue of high public debt amid a reduction in revenue caused by zero-rated Goods and Services Tax[2] and the impending Sales and Services Tax. Against this backdrop, the property sector continues to be challenging with potential buyers' continued cautiousness. Nonetheless, the Group views that products with unique value propositions, strategic location and attractive price offering will continue to generate demand translating into potential sales.

Taking cognisance of the market dynamics and consumer affordability, the Group has been diversifying its product launches focusing on the mid-market segment. The Group has successfully launched Serimbun, double-storey terraced houses near Bukit Indah in Iskandar Puteri and Kiara Kasih, the Group's Rumah Wilayah Persekutuan ("RUMAWIP") affordable homes in Segambut, Kuala Lumpur both in 1Q 2018 commanding a respectable take-up[3] of 66% and 55%, respectively as at 13 August 2018. The Gross Development Value ("GDV") of Serimbun is RM139.0 million whilst the GDV for Kiara Kasih is RM215.7 million.

In addition, the Group plans to launch Eugenia, double storey terraced houses in Serene Heights, Bangi, with an estimated GDV of RM54.8 million in 3Q 2018. Serene Heights township development has been well-received with its earlier four phases having a take-up of 80% as at 13 August 2018. In Iskandar Puteri, taking cue from the success of Serimbun, the Group plans to launch another similar development in 4Q 2018; Iris Residences in Gerbang Nusajaya with an estimated GDV of RM95.3 million.

Riding on the successful launch of Residensi Solaris Parq, the Group is looking forward to launch Residensi Astrea in Mont'Kiara, Kuala Lumpur, a unique high-rise, low-density condominium. Residensi Astrea offers well-planned wide frontage for the living and bedroom as well as green features throughout its 36 floors. The development consists of 240 units offering 6 types of layout, with built-ups ranging from 1,364 – 1,859 square feet. Residensi Astrea has an estimated GDV of RM326.7 million.

Capitalising on the matured surrounding areas of Taman Nusantara, the Group plans to launch its first commercial development dubbed as Parcel i6, fronting the Southern Industrial and Logistics Clusters (SILC) in 4Q 2018. The project has an estimated GDV of RM136.7 million.

On 3 August 2018, the Group offered savings for seven of its properties in conjunction with the celebration of its 50 years of community building, an effort to make homes ownership more affordable. 335 units of high-rise and landed residences with GDV of RM386.2 million mainly in the Southern region save for Symphony Hills and Verdi Eco-dominiums in Cyberjaya, are being offered to the market. In addition to various range of value added propositions, buyers are given the opportunity to own homes with easy entry down payments varying from RM1,000 to RM10,000 depending on property. This is part of the Group's latest inventory monetisation campaign, the first of which was launched in 3Q 2017; the "Easy Own Plan" campaign followed by "A New Year, A New Home" campaign in February 2018. This saw the Group's inventories reduced by 11% from RM609.7 million in 4Q 2017 to RM544.9 million as at end of 1H 2018.

Continuing its efforts to increase presence in the Central region, in addition to the 72.7 acres of land acquired in Kepong, Kuala Lumpur in April 2018, the Group acquired another pocket land in Mont'Kiara measuring 2.9 acres on 28 June 2018. Located strategically in between Residensi Astrea and Kiara Kasih, the acquisition is expected to be completed before the end of September 2018. As for the development in Kepong, the Group plans to unveil the project in 4Q 2018 with the first residential tower to be launched in 2019.

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

The Group continues with its asset divestment strategy having recognised sales of three separate land parcels in Iskandar Puteri to Country View Berhad, RA Suria Sdn Bhd and Landasan Kejora Sdn Bhd. The Group has earmarked a further RM300.0 million divestment of non-strategic assets.

The Group remains positive of its Australian projects with Aurora Melbourne Central being 73% completed as at end of June 2018. The first separable portion valued at AUD86.6 million comprising 137 units is on track for completion in September 2018. Conservatory, comprising 446 units with GDV of AUD318.5 million is 78% completed and is on track for completion in December 2018.

The Group remains prudent in its sales and GDV targets of RM1.2 billion and RM1.0 billion, respectively. As at end of June 2018, the Group secured sales of RM663.8 million and is on track to achieve its sales target. Its unbilled sales remain healthy at RM4.9 billion.

Source:
[1] *Bank Negara Malaysia Quarterly Bulletin, Second Quarter 2018.*
[2] *Malaysian Institute of Economic Research dated 19 July 2018.*
[3] *Take-up including bookings.*

24. Profit forecast

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

Kuala Lumpur
28 August 2018

By Order of the Board

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