



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

THE FIGURES HAVE NOT BEEN AUDITED

I(A). CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Three Months to	Three Months to
	Note 31/03/2019	31/03/2018	31/03/2019	31/03/2018
	RM'000	RM'000	RM'000	RM'000
1. (a) Revenue	419,256	287,741	419,256	287,741
(b) Cost of sales	<u>(294,905)</u>	<u>(207,756)</u>	<u>(294,905)</u>	<u>(207,756)</u>
(c) Gross profit	124,351	79,985	124,351	79,985
(d) Other income	14,647	17,501	14,647	17,501
(e) Expenses	(57,742)	(49,320)	(57,742)	(49,320)
(f) Finance costs	(25,810)	(22,403)	(25,810)	(22,403)
(g) Foreign exchange loss	(6,373)	(6,604)	(6,373)	(6,604)
(h) Share of net results of associates	(7,271)	614	(7,271)	614
(i) Share of net results of joint ventures	430	9,707	430	9,707
(j) Profit before income tax	42,232	29,480	42,232	29,480
(k) Income tax	14 (11,908)	(4,294)	(11,908)	(4,294)
(l) Profit for the period	30,324	25,186	30,324	25,186
Attributable to:				
(m) Owners of the Parent	30,097	25,287	30,097	25,287
(n) Non-controlling interests	227	(101)	227	(101)
Profit for the period	<u>30,324</u>	<u>25,186</u>	<u>30,324</u>	<u>25,186</u>
2. Earnings per share based on 1(m) above	22			
(a) Basic earnings per share	0.66 sen	0.56 sen	0.66 sen	0.56 sen
(b) Diluted earnings per share	0.58 sen	0.49 sen	0.58 sen	0.49 sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018 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 31/03/2019 RM'000	Preceding year corresponding quarter 31/03/2018 RM'000	Three Months to 31/03/2019 RM'000	Three Months to 31/03/2018 RM'000
Profit for the period	30,324	25,186	30,324	25,186
Other comprehensive income/ (expense) to be reclassified to profit or loss in subsequent period:				
Foreign currency translation differences for foreign operations	3,421	(33,242)	3,421	(33,242)
Cash flow hedge	(947)	3,409	(947)	3,409
Total other comprehensive income/ (expense) for the period, net of tax	2,474	(29,833)	2,474	(29,833)
Total comprehensive income/(loss) for the period	32,798	(4,647)	32,798	(4,647)
Attributable to:				
Owners of the Parent	32,552	(4,502)	32,552	(4,502)
Non-controlling Interests	246	(145)	246	(145)
Total comprehensive income/(loss) for the period	32,798	(4,647)	32,798	(4,647)

The condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018 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 31/03/2019 RM'000	Preceding year corresponding quarter 31/03/2018 RM'000	Three Months to 31/03/2019 RM'000	Three Months to 31/03/2018 RM'000
Profit before income tax is arrived at after charging/(crediting):				
Interest expense	25,810	22,403	25,810	22,403
Depreciation	10,908	6,718	10,908	6,718
Interest income	(5,437)	(8,800)	(5,437)	(8,800)
Loss on foreign exchange				
- unrealised	5,989	5,198	5,989	5,198
- realised	384	1,406	384	1,406
Dividend income from investment at fair value through profit or loss	(774)	(626)	(774)	(626)
Write back of allowance for impairment of receivables	(135)	(352)	(135)	(352)
Allowance for doubtful debts	-	227	-	227
Net allowance for impairment of inventories	-	(8)	-	(8)
Fair value adjustment on long term receivables	(2,793)	-	(2,793)	-
Gain on disposal of investment properties	(2,013)	-	(2,013)	-

Other than the above, there was no write-off of 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 31/03/2019 RM'000	Audited As at preceding financial year end 31/12/2018 RM'000
ASSETS			
1. Non-current assets			
Property, plant and equipment		442,358	445,552
Investment properties		729,497	728,703
Right-of-use assets		36,610	-
Land held for property development		4,718,197	4,711,896
Interests in associates		493,013	500,635
Interests in joint ventures		1,009,683	1,006,986
Amounts due from joint ventures		257,876	257,149
Goodwill		621,409	621,409
Contract assets		8,630	10,168
Deferred tax assets		291,092	283,601
Long term receivables		96,759	113,434
		8,705,124	8,679,533
2. Current assets			
Interests in a joint venture		51,113	53,216
Property development costs		1,850,308	1,821,615
Inventories held for sale		704,548	695,271
Inventories under contract of sale		433,852	607,412
Receivables		819,870	948,761
Contract assets		170,571	106,726
Amounts due from associates		7,325	1,537
Amounts due from joint ventures		76,270	79,144
Derivative asset	17	15,041	15,956
Short term investment		350,597	49,741
Cash, bank balances and deposits		671,572	1,078,601
		5,151,067	5,457,980
Total assets		13,856,191	14,137,513

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

	Note	Unaudited As at current financial year end 31/03/2019 RM'000	Audited As at preceding financial year end 31/12/2018 RM'000
EQUITY AND LIABILITIES			
3. 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		66,671	64,216
Retained profits		1,911,709	1,881,612
		7,122,986	7,090,434
4. Non-controlling Interests		363,968	363,722
Total equity		7,486,954	7,454,156
5. Non-current liabilities			
Borrowings	16	2,690,124	2,394,812
Lease liabilities		27,381	-
Payables		6,084	6,080
Contract liabilities		285,766	291,116
Deferred income		151,813	151,864
Provisions		85,862	85,862
Deferred tax liabilities		229,259	234,762
		3,476,289	3,164,496
6. Current liabilities			
Provisions		238,626	295,070
Payables		772,303	845,790
Contract liabilities		31,641	39,522
Borrowings	16	1,796,074	2,288,689
Lease liabilities		9,596	-
Derivative liability	17	942	910
Tax payable		43,766	48,880
		2,892,948	3,518,861
Total liabilities		6,369,237	6,683,357
Total equity and liabilities		13,856,191	14,137,513
7. Net assets per share attributable to Owners of the Parent			
		RM 1.57	RM 1.56

The condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this quarterly announcement.



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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Three months to 31/03/2019 RM'000	Unaudited Three months to 31/03/2018 RM'000
Operating Activities		
Cash receipts from customers	465,550	279,762
Cash receipts from related parties	3,103	7,444
Cash payments to contractors	(209,234)	(367,162)
Cash payments for land and development related costs	(23,428)	(37,964)
Cash payments to related parties	(4,650)	(741)
Cash payments to employees and for expenses	(109,218)	(70,985)
Cash generated from/(used in) operations	122,123	(189,646)
Net income tax paid	(20,553)	(34,872)
Interest received	2,507	5,480
Net cash generated from/(used in) operating activities	104,077	(219,038)
Investing Activities		
Proceeds from disposal of - short term investment	-	74,000
Purchase of property, plant and equipment	(8,969)	(3,503)
Advances to joint ventures	(3,468)	-
Deposit paid for land acquisition	(4,500)	-
Net investment in short term investments	(300,000)	-
Net cash (used in)/generated from investing activities	(316,937)	70,497



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

	Note	Unaudited Three months to 31/03/2019 RM'000	Unaudited Three months to 31/03/2018 RM'000
Financing Activities			
Drawdown of borrowings		225,334	196,084
Drawdown of Islamic Medium Term Notes		300,000	-
Repayment of borrowings		(704,453)	-
Repayment of lease liabilities		(1,141)	-
Interest paid		(13,961)	(12,820)
Net cash (used in)/generated from financing activities		(194,221)	183,264
Effects of exchange rate changes		(1,065)	(14,348)
Net (decrease)/increase in cash and cash equivalents		(408,146)	20,375
Cash and cash equivalents as at beginning of financial period		1,076,943	805,731
Cash and cash equivalents as at end of financial period	(a)	668,797	826,106
		Unaudited As at 31/03/2019 RM'000	Unaudited As at 31/03/2018 RM'000

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

Cash, bank balances and deposits			
Unrestricted		411,255	434,179
Restricted		260,317	393,327
		671,572	827,506
Bank overdrafts (included in short term borrowings)	16	(2,775)	(1,400)
Cash and cash equivalents		668,797	826,106

The condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this quarterly announcement.



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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	← Attributable to Owners of the Parent →					Non-controlling Interests	Total Equity	
	← Non-distributable →			Distributable				
	Share Capital RM'000	Merger Relief Reserves RM'000	Cash Flow Hedge Reserves RM'000	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
Three months to 31 March 2019								
(Unaudited)								
At 1 January 2019	5,110,276	34,330	15,046	49,170	1,881,612	7,090,434	363,722	7,454,156
Total comprehensive income for the period	-	-	(947)	3,402	30,097	32,552	246	32,798
At 31 March 2019	<u>5,110,276</u>	<u>34,330</u>	<u>14,099</u>	<u>52,572</u>	<u>1,911,709</u>	<u>7,122,986</u>	<u>363,968</u>	<u>7,486,954</u>
Three months to 31 March 2018								
(Unaudited)								
At 1 January 2018	5,110,276	34,330	(4,651)	112,733	1,649,543	6,902,231	363,127	7,265,358
Total comprehensive income for the period	-	-	3,409	(33,198)	25,287	(4,502)	(145)	(4,647)
At 31 March 2018	<u>5,110,276</u>	<u>34,330</u>	<u>(1,242)</u>	<u>79,535</u>	<u>1,674,830</u>	<u>6,897,729</u>	<u>362,982</u>	<u>7,260,711</u>

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 2018 and the accompanying explanatory notes attached to this quarterly announcement.



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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 in compliance 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 financial year ended 31 December 2018, which have been prepared in accordance with the Malaysia Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Companies Act 2016.

2. Changes in accounting policies and methods of computation

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2018 except for the newly issued MFRS, interpretation and amendments to standards to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2019:

MFRS 16 : Leases

MFRS 9 : Prepayment Features with Negative Compensation (Amendments to MFRS 9)

MFRS 128 : Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

MFRS 119 : Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)

IC Interpretation 23 : Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015–2017 Cycle

The adoption of the above did not have any significant effects on the interim financial statements upon their initial application, other than as disclosed below:

Agenda Decision 4 ("AD4") : Over Time Transfer of Constructed Good

In March 2019, the International Financial Reporting Standard Interpretation Committee concluded that interest cost should not be capitalised for unsold units under construction for projects recognised under the percentage of completion method as unsold units does not meet the definition of qualifying assets.

On 20 March 2019, the Malaysian Accounting Standards Board allowed the affected entities to apply the changes in accounting policies to their financial statements in relation to AD4 beginning on or after 1 July 2020.

The Group is currently assessing on the impact of AD4 and is expected to complete the assessment in the current financial year.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

(cont'd)

MFRS 16 : Leases

(a) Change in accounting policies

Upon the adoption of MFRS 16, for all leases for which the Group as a lessee:

- (i) Recognises right-of-use ("ROU") assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
- (ii) Recognises depreciation of ROU assets and interest on lease liabilities in consolidated income statement; and
- (iii) Classification of the total amount of cash paid as financing activities in the statement of cash flows.

The Group adopted the following accounting policy choices and elected to apply the following practical expedients:

- (i) Fixed non-lease components embedded in the lease contract are not separated out from lease payments in measuring lease liabilities and are capitalised as ROU assets;
- (ii) Leases with a lease term of 12 months or shorter are exempted from recognition; and
- (iii) Leases for low-value assets, largely office equipment, are exempted from recognition.

(b) Impact of adoption of MFRS 16

The Group assesses whether a contract is or contains a lease based on the definition of a lease and related guidance set out in MFRS 16.

Leases previously accounted for as operating leases

The Group recognised ROU assets and lease liabilities for leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Group has opted for the ROU assets to be carried at an amount equal to the lease liabilities.



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

(cont'd)

(b) Impact of adoption of MFRS 16 (cont'd)

In summary, the impact of adopting MFRS 16 to the opening balances in the consolidated statement of financial position as following:

Extract of consolidated statement of financial position as at 1 January 2019

	As previously reported RM'000	Impact of MFRS 16 adoption RM'000	After MFRS 16 adoption RM'000
Assets			
Non-current assets			
Right-of-use assets	-	39,326	39,326
Other non-current assets	8,679,533	-	8,679,533
	<u>8,679,533</u>		<u>8,718,859</u>
Current assets	<u>5,457,980</u>		<u>5,457,980</u>
Total assets	<u>14,137,513</u>		<u>14,176,839</u>
Total equity	<u>7,454,156</u>	-	<u>7,454,156</u>
Liabilities			
Non-current liabilities			
Lease liabilities	-	29,932	29,932
Other non-current liabilities	3,164,496	-	3,164,496
	<u>3,164,496</u>		<u>3,194,428</u>
Current liabilities			
Lease liabilities	-	9,394	9,394
Other current liabilities	3,518,861	-	3,518,861
	<u>3,518,861</u>		<u>3,528,255</u>
Total liabilities	<u>6,683,357</u>		<u>6,722,683</u>
Total equity and liabilities	<u>14,137,513</u>		<u>14,176,839</u>



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V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. Audit report in respect of the 2018 financial statements

The audit report on the Group's financial statements for the financial year ended 31 December 2018 is 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 31 March 2019 except for the issuance of Islamic Medium Term Notes ("IMTN") from its IMTN Programme as follows:

Date	Transaction	Amount (RM'Million)	Tenure	Rate (per annum)
22 Mar 2019	Issuance	300	5 years	4.75%

The proceeds from the IMTN are for UEMS' Shariah-compliant general corporate purposes.

8. Dividend

The Directors do not recommend the payment of any dividend for the current financial period ended 31 March 2019 (2018 : Nil).



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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 31 March 2019 to the date of this announcement which would substantially affect the financial results of the Group for the financial period ended 31 March 2019 that have not been reflected in the condensed interim financial statements.

10. Operating segments

Operating segments information for the financial period ended 31 March 2019 is as follows:

	Property development		Property investment	Others	Eliminations	Consolidated
	In Malaysia	Outside Malaysia	and hotel operation			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External revenue	170,947	220,925	17,521	9,863	-	419,256
Inter-segment revenue	-	-	384	20,232	(20,616)	-
Total revenue	170,947	220,925	17,905	30,095	(20,616)	419,256
Results						
Segment results	30,535	61,841	1,416	(7,235)	(11,674)	74,883
Finance costs	(15,189)	(4,206)	(8,249)	(9,840)	11,674	(25,810)
Share of results of associates	(5,476)	-	-	(1,795)	-	(7,271)
Share of results of joint ventures	3,138	-	(606)	(2,102)	-	430
Profit/(loss) before income tax	13,008	57,635	(7,439)	(20,972)	-	42,232
Income tax	7,849	(19,323)	(200)	(234)	-	(11,908)
Profit/(loss) for the period	20,857	38,312	(7,639)	(21,206)	-	30,324
Attributable to:						
Owners of the Parent	20,857	38,312	(7,639)	(21,433)	-	30,097
Non-controlling Interests	-	-	-	227	-	227
Profit/(loss) for the period	20,857	38,312	(7,639)	(21,206)	-	30,324
Assets						
Segment assets	9,589,965	2,045,834	902,186	280,261	(625,317)	12,192,929
Interests in:						
- associates	476,731	11,870	-	4,412	-	493,013
- joint ventures	895,857	-	113,626	51,313	-	1,060,796
Tax recoverable	105,485	-	1,433	2,535	-	109,453
Total assets	11,068,038	2,057,704	1,017,245	338,521	(625,317)	13,856,191
Liabilities						
Segment liabilities	4,403,819	1,654,011	706,934	186,024	(625,317)	6,325,471
Tax payable	3,326	40,258	-	182	-	43,766
Total liabilities	4,407,145	1,694,269	706,934	186,206	(625,317)	6,369,237

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM 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 financial year ended 31 December 2018 except as stated below:

- (a) On 15 April 2019, Sunrise Bhd, a wholly-owned subsidiary of the Company, completed the subscription of 500,001 new ordinary shares representing 50% + 1 share of the equity interest in Mega Legacy (M) Sdn Bhd ("MLM") for a cash consideration of RM256.1 million. Correspondingly, MLM has become an indirect subsidiary of the Company based on the shareholders' subscription agreement which allows the Group to obtain control in key decision matters in MLM.

12. Contingent liabilities

There are no changes in the contingent liabilities since the preceding financial year ended 31 December 2018 except as disclosed below:

- (a) 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 were 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 appeal by way of filing a notice of appeal ("Form Q") to the Special Commissioners of Income Tax ("SCIT"). The FC's decision resulted in the Form JA totalling RM73.8 million to become due and payable within 30 days, which was fully paid on 5 December 2016.

Subsequent to the FC's decision, on 25 and 26 October 2016, BND 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.

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. Contingent liabilities (cont'd)

(a) Income tax assessment (cont'd)

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 confirmed the receipt of BND's Form Q dated 20 March 2017. The IRB had 12 months from the date of receipt of Form Q to review and present it to the SCIT. The judicial review application was 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 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.

- (b) The Company and its subsidiaries have been subjected to a non-specific investigative audit as of February 2018. To date, there has been no official indication from IRB that the Company or its subsidiaries are subject to any tax liabilities arising from the aforesaid investigative audit.

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	25.5
Approved but not contracted for	363.0
Total	388.5

14. Income tax

	Current year quarter 31/03/2019	Preceding year corresponding quarter 31/03/2018	Three Months to 31/03/2019	Three Months to 31/03/2018
	RM'000	RM'000	RM'000	RM'000
Malaysian and foreign income tax				
- current tax	(23,106)	(5,725)	(23,106)	(5,725)
- (under)/over provision in prior periods	(1,094)	2,415	(1,094)	2,415
Deferred tax				
- relating to origination and reversal of temporary differences	11,447	(723)	11,447	(723)
- over/(under) provision in prior periods	845	(261)	845	(261)
Tax expense for the periods	(11,908)	(4,294)	(11,908)	(4,294)

The effective tax rate (excluding share of results of associates and joint ventures) is at the statutory tax rate with the current quarter's recognition of deferred tax assets of prior years tax losses cushioned the impact of higher tax rate at Australia, non-deductible expenses and other unrecognised deferred tax assets.



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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 Pulau, 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) Three Shareholders' and Shares Subscription Agreements dated 11 June 2012 entered into 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 three separate Development Companies ("Dev Cos") and to regulate the relationship amongst the Company and the DDC Cos for the development of land parcels acquired by the Dev Cos with an aggregate gross area of approximately 678.70 acres ("Desaru Land").

The issued and paid-up capital of the Dev Cos is held by the Company and the respective DDC Cos in the proportion of 51% and 49%, respectively.

Concurrent with the execution of the SSAs, the respective Dev Cos entered into three 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 16 May 2019, the SPAs are still outstanding.

- d) A Master Agreement dated 23 October 2012 between UEM Land and Ascendas Land (Malaysia) Sdn Bhd ("Ascendas") ("MA") was entered to undertake the development of an integrated tech park over approximately 519 acres of land in Gerbang Nusajaya ("Land"), Iskandar Puteri, Johor ("Proposed Development") comprising as follows:
 - (i) Phase 1 Land is approximately 205 acres and is further subdivided into two plots identified as Plot A, an estimated area of 120 acres ("Plot A") and Plot B, an estimated area of 85 acres ("Plot B") (collectively "Phase 1 Land") to be held by Company A;
 - (ii) Phase 2 Land is approximately 166 acres to be held by Company B ("Phase 2 Land"); and
 - (iii) Phase 3 Land is approximately 148 acres to be held by Company C ("Phase 3 Land").



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

d) (cont'd)

On 26 December 2012, UEM Land and Ascendas entered into the first Subscription Agreement ("SA") to regulate their initial share subscription into Company A now known as Nusajaya Tech Park Sdn Bhd ("NTPSB"). On even date, the parties also entered into a Shareholders' Agreement ("SHA") to govern the parties' relationship as shareholders of NTPSB. The parties will enter into a separate SA and SHA for Company B and Company C in due course collectively referred to as the "Companies". The equity ratio of the parties in the Companies is 60% : 40% (Ascendas : UEM Land) unless otherwise agreed.

Pursuant to the MA, UEM Land also agrees to:

- (i) Transfer Plot A to NTPSB; and
- (ii) Grant to Ascendas the options to:
 - Agree to NTPSB completing the purchase of Plot B; and
 - Purchase the Phase 2 Land and Phase 3 Land via Company B and Company C respectively.

The options are exercisable within nine (9) years from the date of the MA ("Option Period").

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

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

On even date, UEM Land and Ascendas together with Nusajaya Rise Sdn Bhd, the proprietor of Phase 2 Land also agreed to have Phase 2 Land subdivided into four (4) different plots i.e. Plot C, Plot D, Plot E and Plot F. The parties also agreed that if there is a need to further sub-divide Phase 3 Land into smaller plots, NTPSB will do so at its own cost subject to UEM Land and Ascendas' approval. As at 16 May 2019, NTPSB has yet to exercise its option to acquire any of the plot in Phase 2 Land.

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 Pulau, District of Johor Bahru, Johor. Part of the land parcels is owned by Nusajaya Seaview Sdn Bhd ("NSSB") and Nusajaya Rise Sdn Bhd ("NRSB"), for which 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 is owned by LFC with a total of 65.48 acres ("LFC Lands"). (Both UEMS Lands and LFC Lands are collectively referred as "JV Lands").

On the same day, NSSB and NRSB entered into a Master Agreement ("MA") with both JVASB and LFC to record the agreed framework and parameters for the disposal of the JV Lands by NSSB, NRSB and LFC to JVASB.



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

e) (cont'd)

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

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

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

On 15 February 2019, both parties agreed to extend the conditional period to 15 February 2020.

f) 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 Pulau, Iskandar Puteri, Johor by NGSB for a total consideration of

- (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. ("Balance Purchase Price").

Approval from the Economic Planning Unit ("EPU") is the only condition precedent of the SPA, to be fulfilled within six (6) months from the SPA date with an automatic extension of three (3) months which fall on 19 September 2018.

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

On 12 November 2018, NGSB agreed to KMRSB's request to further extend the conditional period to 30 November 2018, followed by another request on 27 November 2018 to extend it to 31 December 2018. The SPA became unconditional on 19 December 2018 upon obtaining the EPU's approval ("Approval Date").

On 26 December 2018, both parties entered into a supplemental SPA agreeing that vacant possession for the land is deemed delivered on 26 December 2018 and that the Balance Purchase Price shall be paid as follows:

- (i) RM41,491,746 to be paid to NGSB on or before 26 December 2018 which was duly paid; and
- (ii) RM32,395,932 to be paid to NGSB within 90 days from the Approval Date ("Completion Period") or within 30 days from the expiry of the Completion Period.

The Balance Purchase Price was paid on 27 March 2019.

The Proposed Disposal is completed with the full settlement of the Balance Purchase Price.



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

- g) 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 made upon the execution of the SSA while the final payment will be made within 12 months from the date of the SSA or six (6) months from the Effective Date, whichever is later.

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

- (a) RM236.5 million in cash where RM75.4 million was paid as at the SPA date and the remaining RM161.1 million to be paid within three (3) months from the receipt of State Consent for transfer with an automatic extension of nine (9) months at interest of 8% p.a.; and
- (b) RM179.9 million in kind via the completion and handover of a marching field and Jabatan Penguatkuasaan Dewan Bandaraya Kuala Lumpur complex, as well as a multilevel car park to be constructed at Kepong Metropolitan Park, within thirty-six (36) months from the work schedule under the agreement with DBKL.

On 12 October 2018, both parties agreed to extend the conditions precedent period from 13 October 2018 to 12 April 2019. On 2 April 2019, the conditions precedent were fulfilled being the Effective Date of the SSA.



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

g) (cont'd)

On even date, both parties also agreed to vary the payment terms of the SSA and SPA via the execution of the supplemental agreement ("SA") to the SSA and SPA. The Subscription Price was revised to RM256.1 million while the purchase consideration is now RM447.0 million. The revised payment terms are as follows:

(a) Subscription Price under the SA to the SSA:

- (i) First payment of RM41.3 million paid on SSA date;
- (ii) Second payment of RM161.0 million to be paid within twelve (12) months from the SSA date or six (6) months from Effective Date whichever later; and
- (iii) Final payment of RM53.7 million to be paid within (thirty) 30 days from the Effective Date.

(b) Purchase consideration under the SA to the SPA:

- (i) First payment of RM75.4 million paid to DBKL on SPA date;
- (ii) Cash balance of 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.;
- (iii) Additional land value in cash of RM30.6 million to be paid within twelve (12) months from the date of the SA to the SPA; and
- (iv) Balance of RM179.9 million in kind as per the above (no change).

The second payment of the Subscription Price was made on 15 April 2019 concurrently with SB's subscription of 500,001 new ordinary shares representing 50% + 1 share of the equity interest in MLM. Following the subscription of the shares, MLM is now the Company's indirect subsidiary. On even date, MLM utilised the partly-paid Subscription Price towards the cash balance of the purchase consideration.

As at 16 May 2019, the payment terms of the SPA (b)(iii) and (iv) are still pending.



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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 31 March 2019</u>						
<i>Domestic</i>						
- Loan from immediate holding company	-	-	-	75,069	-	75,069
- Islamic Medium Term Notes	-	2,600,000	2,600,000	-	300,000	300,000
- Term loan and Commodity Murabahah Finance	90,124	-	90,124	90,000	-	90,000
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	-	-	-	592,272	592,272
- Revolving credits	-	-	-	7,000	348,000	355,000
- Bank overdrafts	-	-	-	-	2,775	2,775
<i>Non Domestic</i>						
- Term loan (denominated in Australian Dollar)	-	-	-	380,958	-	380,958
TOTAL	90,124	2,600,000	2,690,124	553,027	1,243,047	1,796,074

As at 31 March 2018

<i>Domestic</i>						
- Loan from immediate holding company	-	-	-	75,051	-	75,051
- Islamic Medium Term Notes	-	1,800,000	1,800,000	-	800,000	800,000
- Term loan	109,988	-	109,988	56,000	100,000	156,000
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	629,200	629,200	-	132,310	132,310
- Revolving credits	-	-	-	11,000	370,000	381,000
- Bank overdrafts	-	-	-	-	1,400	1,400
<i>Non Domestic</i>						
- Term loan (denominated in Australian Dollar)	140,464	-	140,464	-	-	-
- Commodity Murabahah Finance (denominated in Australian Dollar)	-	-	-	151,265	-	151,265
TOTAL	250,452	2,429,200	2,679,652	293,316	1,403,710	1,697,026

Since 31 March 2018, the Group drew AUD250 million and repaid AUD262 million of Term Loan and Commodity Murabahah Finance for on-going property development projects in Australia. In the Domestic segment, the Group repaid RM1.3 billion via RM1.1 billion drawdown of Islamic Medium Term Notes, RM305 million of Revolving Credit, and RM79 million of Commodity Murabahah Finance in the same period.



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17. Derivative asset/(liability)

	Contract/ Notional Value	Fair Value
	RM'000	RM'000
Details of outstanding derivatives as at 31 March 2019 are as follows:		
Derivative asset - Islamic currency swap-i contract - 1 year	158,902	15,041
Derivative liability - Profit rate swap-i contract - 1 year	433,370	(942)

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 hedge accounting policy is applied.

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 2018, there is no change in material litigation as at the date of this announcement except as disclosed below:

- a) Decision by the Federal Court in respect of BND's additional assessment raised by IRB for additional tax and penalty, as disclosed in Note 12(a).
- b) On 25 July 2017, UEM Land was served with the Claim filed by the Plaintiffs in relation to shares held in Setia Haruman Sdn Bhd ("Setia Haruman" or "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 9th Defendants do jointly and/or severally purchase the 750,000 ordinary shares of Setia Haruman owned or held by Impressive Circuit Sdn Bhd ("Impressive Circuit") define 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, Impressive Circuit, successfully added two other Defendants in the suit namely Menara Embun Sdn Bhd and Modern Eden Sdn Bhd.

On 23 May 2018, Datuk Kasi and the 2nd to 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 to 9th Defendants Striking Out and Misjoinder application, striking Datuk Kasi out as a party. The 2nd to 6th Defendants are appealing against the dismissal of their application to strike themselves out as parties to the action by the HC ("Appeals"). The Appeals are still pending before the Court of Appeal.

UEM Land denies allegations made by the Plaintiffs and is vigorously defending the Claim. 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.



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19. Material litigation (cont'd)

- (c) On 18 April 2019, UEM Land Berhad ("UEML") was served with a Notice of Arbitration ("NOA") dated 17 April 2019 filed by Ireka Engineering & Construction Sdn Bhd ("IECSB") in relation to disputes arising from the Agreement and Conditions of PAM Contract 2006 (With Quantities) ("Agreement") together with a Letter of Award dated 15 June 2012 ("LOA") for the construction of Imperia in Puteri Harbour, Iskandar Puteri, Johor ("Project") seeking a declaration sum of RM29,250,266.79 as the total amount of the final account. The LOA is to be read together with the Agreement (collectively referred to as the "Contract").

IECSB was appointed by UEML as the main contractor for the construction of the Project under the Contract at a sum of RM268.6 million. Its scope covers the:

- a. Overall main works;
- b. 'Stesen Suis Utama' and 'Pencawang Pembahagian Utama'; and
- c. Construction of mock-up units.

IECSB has raised certain claims with respect to the performance of the obligations in the Contract and seeks inter alia, a declaration that RM29,250,266.79 be the total and final amount of the final account or any other amount assessed by the Arbitral Tribunal.

UEML's position is that IECSB's claims are without merits and UEML will vigorously defend its position accordingly.

The Group believes that the NOA and potential arbitration proceedings are not expected to have material financial and operational impact on the Group for the financial year ending 31 December 2019.



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

	Current quarter	Immediate	Variance
	31/03/2019	preceding quarter	
	RM'000	31/12/2018	RM'000/(%)
	RM'000	RM'000	
Revenue	419,256	752,789	(333,533) (-44%)
Operating profit	74,883	73,869	1,014 (1%)
Share of net results	(6,841)	25,779	(32,620) (-127%)
Profit before interest and tax	68,042	99,648	(31,606) (-32%)
Finance costs	(25,810)	(29,414)	3,604 (12%)
Profit before income tax	42,232	70,234	(28,002) (-40%)
Income tax	(11,908)	(50,184)	38,276 (76%)
Profit for the period	30,324	20,050	10,274 (51%)
Non-controlling interests	(227)	31	(258) (-832%)
Profit attributable to Owners of the Parent	30,097	20,081	10,016 (50%)

The Group recorded lower revenue in the current quarter largely due to higher revenue recognised from the partial settlement of Conservatory and Aurora Melbourne Central where both projects contributed RM466 million in the immediate preceding quarter as compared to RM221 million in the current quarter. Furthermore, the Group recognised revenue for land sales in Iskandar Puteri of RM103 million in the immediate preceding quarter.

The Group recorded higher profit in the current quarter as compared to the immediate preceding quarter due to gain from projects' development cost-savings, absence of inventories impairment and lower effective tax rate albeit a lower revenue and share of results of joint ventures and associates.

21. Detailed analysis of the performance for the current quarter

	Preceding year		Variance		Three		Three		Variance
	Current year	corresponding			Months	Months			
	quarter	quarter			to	to			
	31/03/2019	31/03/2018	RM'000/(%)		31/03/2019	31/03/2018	RM'000/(%)		
	RM'000	RM'000	RM'000/(%)		RM'000	RM'000	RM'000/(%)		
Revenue	419,256	287,741	131,515	(46%)	419,256	287,741	131,515	(46%)	
Operating profit	74,883	41,562	33,321	(80%)	74,883	41,562	33,321	(80%)	
Share of net results	(6,841)	10,321	(17,162)	(-166%)	(6,841)	10,321	(17,162)	(-166%)	
Profit before interest and tax	68,042	51,883	16,159	(31%)	68,042	51,883	16,159	(31%)	
Finance costs	(25,810)	(22,403)	(3,407)	(-15%)	(25,810)	(22,403)	(3,407)	(-15%)	
Profit before income tax	42,232	29,480	12,752	(43%)	42,232	29,480	12,752	(43%)	
Income tax	(11,908)	(4,294)	(7,614)	(-177%)	(11,908)	(4,294)	(7,614)	(-177%)	
Profit for the period	30,324	25,186	5,138	(20%)	30,324	25,186	5,138	(20%)	
Non-controlling interests	(227)	101	(328)	(-325%)	(227)	101	(328)	(-325%)	
Profit attributable to Owners of the Parent	30,097	25,287	4,810	(19%)	30,097	25,287	4,810	(19%)	



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

The Group recorded higher revenue in the current quarter as compared to preceding year's corresponding quarter largely due to the partial settlement of Conservatory and Aurora Melbourne Central. The contribution from international revenue cushioned the impact of lower revenue from domestic projects following the completion of Almas and Estuari in the previous year, while Residensi Astrea and Eugenia-Serene Heights in Central as well as Aspira Park Homes and 68⁰ Avenue in Southern are still at early stages of their development cycles.

The Group recorded higher profit in the current quarter in tandem with higher revenue and gains from cost-savings initiatives which offset the lower results from joint ventures and associates.

22. Earnings per share

	Current year quarter 31/03/2019 RM'000	Preceding year corresponding quarter 31/03/2018 RM'000	Three Months to 31/03/2019 RM'000	Three Months to 31/03/2018 RM'000
a) Basic earnings per share				
Profit for the period attributable to Owners of the Parent	30,097	25,287	30,097	25,287
Weighted average number of ordinary shares in issue ('000)	4,537,436	4,537,436	4,537,436	4,537,436
Basic earnings per share	0.66 sen	0.56 sen	0.66 sen	0.56 sen
b) Diluted earnings per share				
Profit for the period attributable to Owners of the Parent (net of dividend paid for RCPS)	30,097	25,287	30,097	25,287
Weighted average number of ordinary shares in issue ('000)	4,537,436	4,537,436	4,537,436	4,537,436
Effects of dilution from RCPS ('000)	617,077	622,538	617,077	622,538
Diluted weighted average number of ordinary shares in issue ('000)	5,154,513	5,159,974	5,154,513	5,159,974
Diluted earnings per share	0.58 sen	0.49 sen	0.58 sen	0.49 sen



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23. Prospects for the current financial year

The Malaysian economy is expected to sustain its growth momentum, expanding by 4.3% to 4.8% in 2019 (2018: 4.7%)¹. While domestic monetary and financial conditions remain supportive of economic growth, there are signs of tightening of financial conditions prompting Bank Negara Malaysia to adjust the Overnight Policy Rate from 3.25% to 3.00%². NAPIC in its latest report, expected the property market in 2019 to stabilise. The sector recorded an increase of 0.6% in volume and 0.3% in value compared to 2017. The residential segment continued to support the overall property sector although the number of new launches in 2018 contracted by 14.9% compared to 2017 with high-rise residences forming the bulk. Overhang continued to increase (30.6% in volume and 27.0% in value compared to 2017), the majority of which are also high-rise residences³.

The Group takes cognisance of the challenging outlook. It views that products with unique value proposition, strategic location and attractive price offering will continue to generate demand and create sales. In addition, it has also broadened its product launches to include affordable and mid-market segments. The reduction in interest rate is also viewed positively as it lowers borrowing costs for potential home buyers, benefitting the property sector.

The Group launched the first phase of its mid-market residences Aspira ParkHomes in Gerbang Nusajaya, early this year. With a GDV of RM101.8 million, the 162 double-storey terrace homes achieved an encouraging take-up⁴ of 66%. This was the continuation of the Group's first commercial development launched in December 2018, 136 shop offices with a GDV of RM167.7 million identified as 68⁰ Avenue, which also received an encouraging take-up⁴ of 60%. The second half of the year will see further launches of similar mid-market products in Iskandar Puteri, whereas in the Central region, the Group plans to launch further phases in Serene Heights Bangi and unveil the much-awaited development in Kepong, Kuala Lumpur.

In Australia, for Aurora Melbourne Central, 201 units in Separable Portion 3 or SP3 with a GDV of AUD103.9 million have been handed over to the buyers; a settlement rate of 98%. SP4 with a GDV of AUD277.6 million, is being handed over in May while SP5 with a GDV of AUD241.2 million, is to be handed over in September. As for the AUD322.0 million 42-storey Conservatory, the entire 446 units have been completed with 317 units handed over to the buyers to-date; a settlement rate of 73%. The project's financing has been settled via the settlement proceeds.

The Group will continue its smart spending initiative to attain gains from project cost-savings, general and other operational costs to preserve the Group's consolidated margins. As for the asset divestment and land portfolio rebalancing strategy, the Group will continue with such efforts having earmarked few non-strategic lands for divestment amounting to RM300.0 million.

Barring unforeseen circumstances, subject to market conditions and opportunities, the Group maintains its sales and GDV targets of RM1.2 billion each for 2019.

Source:

1 Section on Outlook and Policy in 2019 in Bank Negara Malaysia 2018 Annual Report.

2 Press Release - Monetary Policy Statement by Bank Negara Malaysia dated 7 May 2019.

3 Press Release - Malaysian Property Market 2018 dated 30 April 2019 jointly between NAPIC and Valuation & Property Services Department, Ministry of Finance.

4 Take-up plus bookings to-date.



UEM SUNRISE BERHAD
(830144-W)
Incorporated In Malaysia

V. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

24. Profit forecast

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

Kuala Lumpur
23 May 2019

By Order of the Board

LIEW IRENE (MAICSA 7022609)
WONG LEE LOO (MAICSA 7001219)
Joint Company Secretaries