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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

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**Sunway Berhad  
(Incorporated in Malaysia)****2. Summary of significant accounting policies (contd.)****2.17 Financial assets (contd.)****(b) Loans and receivables**

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

**(c) Available-for-sale financial assets**

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the two preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably determined are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

**2.18 Impairment of financial assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

**(a) Trade and other receivables and other financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

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If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

**(c) Available-for-sale financial assets**

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

**2.19 Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

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(Incorporated in Malaysia)****2. Summary of significant accounting policies (contd.)****2.20 Land held for property development and property development costs****(a) Land held for property development**

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

**(b) Property development costs**

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

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**Sunway Berhad  
(Incorporated in Malaysia)****2. Summary of significant accounting policies (contd.)****2.21 Inventories**

Properties held for sale are stated at lower of cost and net realisable value. Cost comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Trading inventories, food and beverages and consumables are stated at lower of cost and net realisable value after adequate provision for damaged, obsolete and slow moving items. Cost is determined using the weighted average method. Cost comprises costs of purchase.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**2.22 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.23 Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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(Incorporated in Malaysia)****2. Summary of significant accounting policies (contd.)****2.23 Financial liabilities (contd.)****(a) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

**(b) Other financial liabilities**

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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(Incorporated in Malaysia)****2. Summary of significant accounting policies (contd.)****2.24 Derivative financial instruments and hedging activities**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group and the Company designate and document at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group and the Company assess both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items and apply hedge accounting only where effectiveness tests are met on both a prospective and retrospective basis. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The Group and the Company do not have any fair value hedges and net investment hedges except for cash flow hedge.

**Cash flow hedge**

The Group and the Company use cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuations over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains and losses on remeasuring the fair value of the hedging instrument are recognised directly in equity in the cash flow hedging reserve until such time as the hedged items affect profit or loss, then the gains or losses are transferred to the profit or loss. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the profit or loss. The application of hedge accounting will create some volatility in equity reserve balances.

Where a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses existing in equity at that time remain in equity and are recognised when the forecast transaction is ultimately recognised in the profit or loss. Where a forecast transaction is no longer expected to occur, the cumulative gains or losses that were reported in equity are immediately transferred to the profit or loss.

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(Incorporated in Malaysia)****2. Summary of significant accounting policies (contd.)****2.25 Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

**2.26 Employee benefits****Defined contribution plans**

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**2.27 Leases****(a) As lessee**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.



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Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.28(c).

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the term net investment method so as to reflect a constant periodic rate of interest on the balance outstanding. When the assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight line basis.

**2.28 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

**(a) Sale of properties under development, land and properties held for sale**

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 2.20(b).

Revenue from sale of land and properties held for sale are recognised net of discount and upon transfer of significant risks and rewards of ownership to the purchasers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of properties held for sale.

**(b) Construction contracts**

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.10.

**(c) Rental income**

Rental income including those from investment properties, is recognised on the accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

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(Incorporated in Malaysia)****2. Summary of significant accounting policies (contd.)****2.28 Revenue (contd.)****(d) Investment income**

Dividend income is recognised when the Group's right to receive payment is established.

Interest income from short term deposits and advances is recognised on the accrual basis, using the effective interest method, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

**(e) Sale of goods, services and rights of enjoyment**

Revenue from sale of goods is recognised based on invoiced value of goods sold and revenue from sale of services is recognised net of service taxes and discounts as and when services are performed.

Entrance fees collected for rights of enjoyment of facilities are recognised when tickets are sold.

**(f) Club subscription fees**

Club subscription fees are recognised on the accrual basis.

**(g) Time share revenue**

Membership fees are recognised over the membership period.

Annual maintenance fees are recognised on the accrual basis based on fees chargeable to members upon execution and renewal of the membership.

**(h) Management fees**

Management fees from the management of real estate investment funds activity are recognised on the accrual basis.

**(i) Interest on lease and hire purchase**

Interest on lease and hire purchase are recognised as income on the effective yield basis method.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

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**Sunway Berhad  
(Incorporated in Malaysia)****2. Summary of significant accounting policies (contd.)****2.29 Income taxes****(a) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

**(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.30 Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 55, including the factors used to identify the reportable segments and the measurement basis of segment information.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

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**Sunway Berhad  
(Incorporated in Malaysia)****2. Summary of significant accounting policies (contd.)****2.31 Share capital and share issuance expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**2.32 Warrants**

Warrants are classified as equity.

The issue of ordinary shares upon exercise of the warrants are treated as new subscriptions of ordinary shares for the consideration equivalent to the warrants exercise price.

**2.33 Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

**3. Significant accounting estimates and judgements**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

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**Sunway Berhad  
(Incorporated in Malaysia)****3. Significant accounting estimates and judgements (contd.)****3.1 Judgements made in applying accounting policies**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

**(a) Operating lease commitments - as lessor**

The Group has entered into commercial property leases on its investment properties. The commercial properties combined leases of land and buildings. At the inception of the lease, it was not possible to obtain a reliable estimate of the split of the fair values of the lease interest between the land and the buildings. Therefore, the Group evaluated based on terms and conditions of the arrangement, whether the land and the buildings were clearly operating leases or finance leases.

The Group assessed the following:

- (i) The land titles do not pass to the lessee; and
- (ii) The rentals paid to the Group for the commercial properties are increased to the market rent at regular intervals, and the lessee does not participate in the residual value of the building.

Management also judged that it retains all the significant risks and rewards of ownership of these properties, thus accounted for the contracts as operating leases.

**(b) Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

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**Sunway Berhad  
(Incorporated in Malaysia)****3. Significant accounting estimates and judgements (contd.)****3.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2012 is RM318,077,000 (2011: RM326,497,000). Further details are disclosed in Note 22.

**(b) Depreciation of property, plant and equipment**

The cost of hotel properties is depreciated on a straight-line basis over its remaining useful lives. Management estimates the useful lives of these hotel properties to be a maximum of 50 years based on common life expectancies applied in the hotel industry. The remaining useful lives of the Group's hotel properties are between 26 years to 49 years.

The useful lives and residual values of other components of property, plant and equipment are also estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage, occupancy rates and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

**(c) Property development**

The Group recognises property development revenue and expenses in the statement of comprehensive income by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

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(Incorporated in Malaysia)****3. Significant accounting estimates and judgements (contd.)****3.2 Key sources of estimation uncertainty (contd.)****(d) Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As at 31 December 2012, the total carrying value of recognised tax losses and capital allowances of the Group is RM114,580,000 (2011: RM157,948,000) and the unrecognised tax losses, capital allowances and investment tax allowance of the Group is RM533,128,000 (2011: RM529,214,000). Further details are provided for in Note 36.

**(e) Impairment of loans and receivables**

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 26.

**(f) Investment property and investment property under construction ("IPUC")**

Investment property includes: (i) completed investment property; and (ii) IPUC.

In the previous financial year, the Group has adopted the amendments to FRS 140. Consequently, IPUC is valued at fair value if it can be reliably determined. If a fair value cannot be reliably determined, then IPUC is measured at cost. The fair value of IPUC is either determined on the basis of the discounted cash flow or the residual methods. However, using either method to value IPUC also requires considering the significant risks which are relevant to the development process, including but not limited to construction and letting risks.

As at reporting date, the carrying amount of IPUC of the Group is RM364,990,000 (2011: RM72,986,000). The fair value of the IPUC cannot be reliably determined and accordingly, the IPUC is measured at cost.



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**Sunway Berhad  
(Incorporated in Malaysia)****3. Significant accounting estimates and judgements (contd.)****3.2 Key sources of estimation uncertainty (contd.)****(g) Construction contracts**

The Group recognises construction contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on experience and by relying on the work of specialists. The details of construction contracts are disclosed in Note 39.

**(h) Impairment of investments in associates and jointly controlled entities**

The Group reviews its investments in associates and investments in jointly controlled entities when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. The Group evaluates the recoverable amounts based on market performance, economic and political situation of the country in which the jointly controlled entities and associate operate. During the financial year, the Group recognised impairment loss of investments in associates and investments in jointly controlled entities amounting to RM4,049,000 (2011: RM119,000) and RM18,456,000 (2011: Nil) respectively. The carrying amount of investments in associates and investments in jointly controlled entities as at 31 December 2012 is RM1,023,761,000 (2011: RM1,015,303,000) and RM516,452,000 (2011: RM265,896,000) respectively. Further details are disclosed in Note 20 and Note 21 respectively.

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**4. Revenue**

|                                                          | Group            |                  | Company        |                |
|----------------------------------------------------------|------------------|------------------|----------------|----------------|
|                                                          | 2012<br>RM'000   | 2011<br>RM'000   | 2012<br>RM'000 | 2011<br>RM'000 |
| Property development                                     |                  |                  |                |                |
| - sale of properties under development                   | 746,519          | 875,834          | -              | -              |
| - sale of property stocks                                | 160,597          | 39,978           | -              | -              |
| - sale of long term leasehold lands                      | 3,182            | -                | -              | -              |
| Construction contracts                                   | 1,274,864        | 1,220,958        | -              | -              |
| Sale of goods and services                               | 1,526,799        | 1,457,702        | -              | -              |
| Rental income                                            | 88,753           | 53,246           | -              | -              |
| Management fees from real estate investment fund         | 26,462           | 25,315           | -              | -              |
| Rendering of services, subscription fees and others      | 18,344           | 11,971           | -              | -              |
| Lease and hire purchase                                  | 908              | 3,576            | -              | -              |
| Time sharing fees                                        | 2,787            | 3,132            | -              | -              |
| Dividend income from subsidiaries                        | -                | -                | 124,225        | 17,109         |
| Distribution of income from real estate investment trust | -                | -                | 652            | 41             |
| Management fees from subsidiaries                        | -                | -                | 56,550         | 16,396         |
|                                                          | <u>3,849,215</u> | <u>3,691,712</u> | <u>181,427</u> | <u>33,546</u>  |

**5. Cost of sales**

|                                          | Group              |                              | Company         |                 |
|------------------------------------------|--------------------|------------------------------|-----------------|-----------------|
|                                          | 2012<br>RM'000     | 2011<br>RM'000<br>(Restated) | 2012<br>RM'000  | 2011<br>RM'000  |
| Property development costs               |                    |                              |                 |                 |
| - current year (Note 24)                 | (469,047)          | (651,377)                    | -               | -               |
| - over recognised in prior year          | 9,198              | -                            | -               | -               |
| Cost of property stocks sold             | (85,773)           | (25,205)                     | -               | -               |
| Construction contract cost               | (1,035,440)        | (1,012,126)                  | -               | -               |
| Cost of goods sold and services rendered | (997,212)          | (939,399)                    | (56,244)        | (18,207)        |
| Lease and hire purchase                  | (619)              | (145)                        | -               | -               |
| Cost of time sharing business operations | (1,298)            | (1,763)                      | -               | -               |
| Cost of land sold                        | (902)              | -                            | -               | -               |
|                                          | <u>(2,581,093)</u> | <u>(2,630,015)</u>           | <u>(56,244)</u> | <u>(18,207)</u> |

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**6. Other income**

Included in other income are the followings:

|                                                                     | Group          |                | Company        |                |
|---------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                     | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Fair value gain of investment properties (Note 15)                  | 27,881         | 51,786         | -              | -              |
| Forfeiture income                                                   | 3,515          | 10,510         | -              | -              |
| Gain on disposal of assets held for resale                          | 139            | 439            | -              | -              |
| Gain on disposal of subsidiaries                                    | 404            | 2,988          | -              | -              |
| Gain on disposal of property, plant and equipment                   | 101,888        | 3,278          | -              | -              |
| Gain on liquidation of subsidiaries                                 | 168            | 901            | -              | -              |
| Rental income                                                       |                |                |                |                |
| - equipment                                                         | 11,237         | 22             | -              | -              |
| - land and buildings                                                | 9,511          | 13,201         | -              | -              |
| - others                                                            | 9,042          | 9,749          | -              | -              |
| Fair value gain of derivative financial instruments                 | 256            | 6,865          | -              | -              |
| Gain on derecognition of financial assets and financial liabilities | 124            | -              | -              | -              |
| Bad debts recovered                                                 | 27             | 1,314          | -              | -              |
| Reversal of allowance for impairment                                |                |                |                |                |
| - trade receivables (Note 26)                                       | 17,536         | 42,017         | -              | -              |
| - other receivables (Note 27)                                       | 4              | 1,191          | -              | -              |
| Reversal of impairment losses for other investments                 | -              | 4              | -              | -              |
| Write up of inventories to net realisable value                     | 2,185          | -              | -              | -              |
| Foreign exchange gain                                               |                |                |                |                |
| - realised                                                          | 6,535          | 10,180         | -              | -              |
| - unrealised                                                        | 7,071          | 2,901          | 1              | -              |
| Reversal of provision for liabilities                               | -              | 16,844         | -              | -              |

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**7. Finance income and costs**

|                                             | Group           |                 | Company         |                 |
|---------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                             | 2012<br>RM'000  | 2011<br>RM'000  | 2012<br>RM'000  | 2011<br>RM'000  |
| <b>Finance income</b>                       |                 |                 |                 |                 |
| Interest income from:                       |                 |                 |                 |                 |
| Advances to subsidiaries                    | -               | -               | 48,004          | 16,915          |
| Accretion of interest                       | 1,438           | 760             | -               | -               |
| Deposits with licensed banks                | 10,866          | 12,096          | -               | 16              |
| Placement in cash fund                      | 3,821           | 4,995           | -               | -               |
| Others                                      | 6,584           | 9,652           | 64              | -               |
|                                             | <u>22,709</u>   | <u>27,503</u>   | <u>48,068</u>   | <u>16,931</u>   |
| <b>Finance costs</b>                        |                 |                 |                 |                 |
| Interest expense to:                        |                 |                 |                 |                 |
| Hire purchase and finance lease liabilities | (2,142)         | (6,584)         | -               | -               |
| Advances from subsidiaries                  | -               | -               | (58)            | (43)            |
| Bank overdrafts                             | (509)           | (573)           | -               | (15)            |
| Revolving credits                           | (8,914)         | (8,623)         | -               | -               |
| Commercial papers and medium term notes     | (6,803)         | (1,291)         | (6,803)         | (1,291)         |
| Term loans                                  | (68,691)        | (47,896)        | (40,959)        | (19,797)        |
| Bankers' acceptance                         | (2,034)         | (2,120)         | -               | -               |
| Unwinding of discount                       | (9,873)         | (8,817)         | -               | -               |
| Others                                      | (591)           | (5,039)         | -               | -               |
|                                             | <u>(99,557)</u> | <u>(80,943)</u> | <u>(47,820)</u> | <u>(21,146)</u> |

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**8. Profit before tax**

The following amounts have been included in arriving at profit before tax:

|                                                             | Group          |                | Company        |                |
|-------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                             | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Employee benefits expense (Note 9)                          | 532,085        | 461,611        | 50,405         | 15,197         |
| Non-executive directors' remuneration (Note 10)             | 380            | 191            | 380            | 180            |
| Auditors' remuneration:                                     |                |                |                |                |
| - statutory audits                                          | 3,130          | 3,161          | 214            | 150            |
| - underprovision in prior year                              | -              | 391            | -              | -              |
| - other services                                            | 123            | 645            | -              | 300            |
| Bad debts written off                                       | 272            | 2,286          | -              | -              |
| Hire of plant and machinery                                 | 1,192          | 1,318          | -              | -              |
| Depreciation/amortisation:                                  |                |                |                |                |
| - property, plant and equipment (Note 13)                   | 95,157         | 89,686         | 343            | 3              |
| - biological assets (Note 14)                               | 71             | 59             | -              | -              |
| - rock reserves (Note 16)                                   | 935            | 935            | -              | -              |
| Foreign exchange loss/(gain):                               |                |                |                |                |
| - realised                                                  | 18,352         | 7,364          | 1              | -              |
| - unrealised (others)                                       | 1,185          | 3,405          | -              | -              |
| - unrealised (hedged items)                                 | (32,268)       | 47,380         | (27,250)       | 41,500         |
| Cash flow hedge reserve recycled to profit or loss          | 32,268         | (47,380)       | 27,250         | (41,500)       |
| Impairment losses on:                                       |                |                |                |                |
| - property, plant and equipment (Note 13)                   | 16,137         | 15,188         | -              | -              |
| - land held for property development (Note 17)              | 2,967          | -              | -              | -              |
| - goodwill (Note 22)                                        | 8,420          | 3,000          | -              | -              |
| - investments in associates                                 | 4,049          | 119            | -              | -              |
| - investments in jointly controlled entities (Note 21)      | 18,456         | -              | -              | -              |
| Write down of inventories to net realisable value (Note 25) | 3,951          | 4,577          | -              | -              |
| Loss on disposal of:                                        |                |                |                |                |
| - property, plant and equipment                             | 890            | 370            | -              | -              |
| - associate                                                 | 219            | -              | -              | -              |
| Written off of:                                             |                |                |                |                |
| - property, plant and equipment                             | 3,084          | 11,118         | -              | -              |
| - biological assets                                         | 72             | 170            | -              | -              |
| - inventories                                               | 201            | 2,797          | -              | -              |

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**8. Profit before tax (contd.)**

|                                                                                               | Group             |                   | Company           |                   |
|-----------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                                               | 2012<br>RM'000    | 2011<br>RM'000    | 2012<br>RM'000    | 2011<br>RM'000    |
| Allowance for impairment:                                                                     |                   |                   |                   |                   |
| - trade receivables (Note 26)                                                                 | 4,011             | 23,537            | -                 | -                 |
| - other receivables (Note 27)                                                                 | 11,670            | -                 | -                 | -                 |
| - amounts due from jointly<br>controlled entities                                             | 6,437             | -                 | -                 | -                 |
| Rental expense:                                                                               |                   |                   |                   |                   |
| - land and buildings                                                                          | 88,412            | 75,785            | -                 | 935               |
| - plant and equipment                                                                         | 1,548             | 1,957             | -                 | 38                |
| - others                                                                                      | 479               | 1,523             | -                 | 2                 |
| Fair value loss of investment<br>properties (Note 15)                                         | 4,124             | 1,513             | -                 | -                 |
| Direct operating expenses arising<br>from investment property that<br>generated rental income | 15,928            | 10,729            | -                 | -                 |
| Fair value loss of derivative<br>financial instruments                                        | -                 | 14,632            | -                 | -                 |
|                                                                                               | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |

**9. Employee benefits expense**

|                                               | Group          |                | Company        |                |
|-----------------------------------------------|----------------|----------------|----------------|----------------|
|                                               | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Wages, salaries and bonuses                   | 432,551        | 365,694        | 42,475         | 13,163         |
| Social security contributions                 | 3,966          | 4,107          | 106            | 40             |
| Contributions to defined contribution<br>plan | 41,285         | 32,015         | 6,356          | 1,401          |
| Other benefits                                | 54,283         | 59,795         | 1,468          | 593            |
|                                               | <u>532,085</u> | <u>461,611</u> | <u>50,405</u>  | <u>15,197</u>  |

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM15,821,000 (2011: RM11,271,000) and RM15,821,000 (2011: RM2,371,000) respectively as further disclosed in Note 10.

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**10. Directors' remuneration**

|                                                             | Group          |                | Company        |                |
|-------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                             | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Executive directors' remuneration:                          |                |                |                |                |
| Other emoluments (Note 9)                                   | 15,821         | 11,271         | 15,821         | 2,371          |
| Estimated money value of<br>benefits-in-kind                | 210            | 126            | 210            | 33             |
| Total executive directors'<br>remuneration (Note 51)        | <u>16,031</u>  | <u>11,397</u>  | <u>16,031</u>  | <u>2,404</u>   |
| Non-executive directors' remuneration<br>(Note 8):          |                |                |                |                |
| Fees                                                        | 300            | 163            | 300            | 163            |
| Other emoluments                                            | 80             | 28             | 80             | 17             |
| Total non-executive directors'<br>remuneration              | <u>380</u>     | <u>191</u>     | <u>380</u>     | <u>180</u>     |
| Total directors' remuneration including<br>benefits-in-kind | <u>16,411</u>  | <u>11,588</u>  | <u>16,411</u>  | <u>2,584</u>   |

The details of remuneration receivable by directors of the Company during the financial year are as follows:

|                                           | Company        |                |
|-------------------------------------------|----------------|----------------|
|                                           | 2012<br>RM'000 | 2011<br>RM'000 |
| Executive:                                |                |                |
| Salaries, bonus and other emoluments      | 13,412         | 2,117          |
| Contribution to defined contribution plan | 2,409          | 254            |
| Estimated money value of benefits-in-kind | 210            | 33             |
|                                           | <u>16,031</u>  | <u>2,404</u>   |
| Non-executive:                            |                |                |
| Fees                                      | 300            | 163            |
| Other emoluments                          | 80             | 17             |
|                                           | <u>16,411</u>  | <u>2,584</u>   |

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**10. Directors' remuneration (contd.)**

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

|                             | Number of directors |          |
|-----------------------------|---------------------|----------|
|                             | 2012                | 2011     |
| Executive directors:        |                     |          |
| RM150,001 - RM200,000       | -                   | 2        |
| RM400,000 - RM450,000       | 1                   | -        |
| RM500,001 - RM550,000       | -                   | 1        |
| RM800,000 - RM850,000       | 1                   | -        |
| RM1,600,001 - RM1,650,000   | -                   | 1        |
| RM3,150,000 - RM3,200,000   | 1                   | -        |
| RM11,600,000 - RM11,650,000 | 1                   | -        |
| Non-executive directors:    |                     |          |
| Below RM150,000             | <u>3</u>            | <u>3</u> |

The above disclosure for previous financial year was based on the remuneration received by the directors from the Company after the merger exercise on 18 August 2011.

**11. Income tax expense**

|                                                               | Group          |                      | Company       |              |
|---------------------------------------------------------------|----------------|----------------------|---------------|--------------|
|                                                               | 2012           | 2011                 | 2012          | 2011         |
|                                                               | RM'000         | RM'000<br>(Restated) | RM'000        | RM'000       |
| Current income tax:                                           |                |                      |               |              |
| Malaysian income tax                                          | 120,188        | 78,985               | 22,465        | 10           |
| Foreign tax                                                   | 13,897         | 8,396                | -             | -            |
|                                                               | <u>134,085</u> | <u>87,381</u>        | <u>22,465</u> | <u>10</u>    |
| Under/(over)provision in prior year:                          |                |                      |               |              |
| Malaysian income tax                                          | (4,922)        | 4,549                | (10)          | -            |
| Foreign tax                                                   | (200)          | (28,422)             | -             | -            |
|                                                               | <u>128,963</u> | <u>63,508</u>        | <u>22,455</u> | <u>10</u>    |
| Deferred tax (Note 36):                                       |                |                      |               |              |
| Relating to origination and reversal of temporary differences | (11,303)       | 4,976                | 343           | (338)        |
| Under/(over)provision in prior year                           | 7,722          | 1,076                | (5)           | -            |
|                                                               | <u>(3,581)</u> | <u>6,052</u>         | <u>338</u>    | <u>(338)</u> |
| Total income tax expense                                      | <u>125,382</u> | <u>69,560</u>        | <u>22,793</u> | <u>(328)</u> |



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**11. Income tax expense (contd.)**

Domestic current income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

|                                                                                                                                                      | <b>Group</b>   |                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------|
|                                                                                                                                                      | <b>2012</b>    | <b>2011</b>       |
|                                                                                                                                                      | <b>RM'000</b>  | <b>RM'000</b>     |
|                                                                                                                                                      |                | <b>(Restated)</b> |
| Profit before tax                                                                                                                                    | <u>722,942</u> | <u>498,533</u>    |
| Taxation at Malaysian statutory tax rate of 25% (2011: 25%)                                                                                          | 180,736        | 124,633           |
| Different tax rates in other countries                                                                                                               | (5,014)        | (4,841)           |
| Deferred tax recognised at different tax rates                                                                                                       | (2,322)        | (16,532)          |
| Income not subject to tax                                                                                                                            | (25,611)       | (30,447)          |
| Expenses not deductible for tax purposes                                                                                                             | 48,166         | 68,050            |
| Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and other deductible temporary differences                          | (2,400)        | (1,912)           |
| Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences | 3,305          | 5,223             |
| Deferred tax assets recognised on previously unrecognised tax losses, unabsorbed capital allowances and other deductible temporary differences       | (4)            | (5,407)           |
| Effect of share of profit of associates                                                                                                              | (38,077)       | (24,922)          |
| Effect of share of profit of jointly controlled entities                                                                                             | (35,997)       | (21,488)          |
| Overprovision of income tax in prior year                                                                                                            | (5,122)        | (23,873)          |
| Underprovision of deferred tax in prior year                                                                                                         | 7,722          | 1,076             |
| Income tax expense for the year                                                                                                                      | <u>125,382</u> | <u>69,560</u>     |

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**11. Income tax expense (contd.)**

|                                                                          | <b>Company</b> |               |
|--------------------------------------------------------------------------|----------------|---------------|
|                                                                          | <b>2012</b>    | <b>2011</b>   |
|                                                                          | <b>RM'000</b>  | <b>RM'000</b> |
| Profit before tax                                                        | 120,218        | 8,161         |
| Taxation at Malaysian statutory tax rate of 25% (2011: 25%)              | 30,055         | 2,040         |
| Income not subject to tax                                                | (8,592)        | (2,450)       |
| Expenses not deductible for tax purposes                                 | 950            | -             |
| Overprovision of income tax in prior year                                | (10)           | -             |
| Overprovision of deferred tax in prior year                              | (5)            | -             |
| Deferred tax assets not recognised in respect of current year tax losses | 395            | 82            |
| Income tax expense for the year                                          | <u>22,793</u>  | <u>(328)</u>  |

**12. Earnings per share**

**(a) Basic**

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

|                                                            | <b>Group</b> |                   |
|------------------------------------------------------------|--------------|-------------------|
|                                                            | <b>2012</b>  | <b>2011</b>       |
|                                                            |              | <b>(Restated)</b> |
| Profit attributable to owners of the parent (RM'000)       | 530,625      | 387,555           |
| Weighted average number of ordinary shares in issue ('000) | 1,292,505    | 1,292,505         |
| Basic earnings per share (sen)                             | <u>41.05</u> | <u>29.98</u>      |

The profit or loss for the previous financial year reflects the results of the Group for the full year, irrespective of when the combination took place. In this regard, for the computation of earnings per share, the shares are assumed to have been issued on 1 January 2011.

**(b) Diluted**

There is no dilution in the earning per share of the Group as the market values of warrants were lower than the exercise prices. Accordingly, there is no assumed full conversion of the warrants to merit for adjusting for an increase in the number of ordinary shares which could result in a dilution of the Group's earnings per share.

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13. Property, plant and equipment

| Group                                                          | Freehold land RM'000 | Buildings RM'000 | Leasehold land RM'000 | Renovations RM'000 | Plant and machinery RM'000 | Motor vehicles RM'000 | Equipment, furniture and fittings RM'000 | Quarry development expenditure RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|----------------------------------------------------------------|----------------------|------------------|-----------------------|--------------------|----------------------------|-----------------------|------------------------------------------|---------------------------------------|---------------------------------|--------------|
| <b>At 31 December 2012</b>                                     |                      |                  |                       |                    |                            |                       |                                          |                                       |                                 |              |
| <b>Cost</b>                                                    |                      |                  |                       |                    |                            |                       |                                          |                                       |                                 |              |
| At 1 January 2012                                              | 54,568               | 642,834          | 29,846                | 5,894              | 854,513                    | 53,882                | 157,342                                  | 24,659                                | 50,209                          | 1,873,747    |
| Additions                                                      | 6,884                | 30,302           | 5,053                 | 1,377              | 60,854                     | 16,228                | 23,281                                   | 674                                   | 36,109                          | 180,762      |
| Disposals/write-offs                                           | -                    | (179,557)        | (15,193)              | (242)              | (12,529)                   | (6,553)               | (24,027)                                 | (768)                                 | (75)                            | (238,944)    |
| Reclassifications                                              | -                    | 177              | (476)                 | 6,249              | 16,306                     | (59)                  | 2,405                                    | (1)                                   | (24,601)                        | -            |
| Transfer to investment properties (Note 15)                    | -                    | (947)            | (3,787)               | -                  | -                          | -                     | -                                        | -                                     | -                               | (4,734)      |
| Transfer to investment properties under construction (Note 15) | -                    | -                | -                     | -                  | -                          | -                     | -                                        | -                                     | (28,991)                        | (28,991)     |
| Exchange differences                                           | -                    | (2,211)          | (145)                 | (33)               | (3,058)                    | (171)                 | (512)                                    | -                                     | -                               | (6,130)      |
| At 31 December 2012                                            | 61,452               | 490,598          | 15,298                | 13,245             | 916,086                    | 63,327                | 158,489                                  | 24,564                                | 32,651                          | 1,775,710    |
| <b>Accumulated depreciation</b>                                |                      |                  |                       |                    |                            |                       |                                          |                                       |                                 |              |
| At 1 January 2012                                              | -                    | 102,472          | 5,442                 | 3,304              | 523,184                    | 42,682                | 102,605                                  | 5,800                                 | -                               | 785,489      |
| Depreciation charge for the year (Note 8)                      | -                    | 14,214           | 720                   | 432                | 60,206                     | 5,322                 | 12,800                                   | 1,463                                 | -                               | 95,157       |
| Reclassifications                                              | -                    | 351              | (352)                 | 25                 | 169                        | 181                   | (193)                                    | (181)                                 | -                               | -            |
| Disposals/write-offs                                           | -                    | (18,538)         | (2,446)               | (140)              | (14,764)                   | (3,658)               | (10,272)                                 | (769)                                 | -                               | (50,587)     |
| Exchange differences                                           | -                    | (719)            | (22)                  | (22)               | (1,132)                    | (151)                 | (426)                                    | -                                     | -                               | (2,472)      |
| At 31 December 2012                                            | -                    | 97,780           | 3,342                 | 3,589              | 567,663                    | 44,376                | 104,514                                  | 6,313                                 | -                               | 827,587      |
| <b>Accumulated impairment losses</b>                           |                      |                  |                       |                    |                            |                       |                                          |                                       |                                 |              |
| At 1 January 2012                                              | -                    | 66,433           | -                     | -                  | 54,554                     | -                     | 43                                       | -                                     | 6,661                           | 127,691      |
| Impairment loss for the year (Note 8)                          | -                    | -                | -                     | 226                | 15,707                     | 123                   | 81                                       | -                                     | -                               | 16,137       |
| Disposals                                                      | -                    | -                | -                     | -                  | -                          | -                     | -                                        | -                                     | -                               | -            |
| Exchange differences                                           | -                    | (168)            | -                     | -                  | (173)                      | -                     | -                                        | -                                     | (62)                            | (403)        |
| At 31 December 2012                                            | -                    | 66,265           | -                     | 226                | 70,088                     | 123                   | 124                                      | -                                     | 6,599                           | 143,425      |
| <b>Net carrying amount</b>                                     | 61,452               | 326,553          | 11,956                | 9,420              | 276,335                    | 18,828                | 53,851                                   | 18,251                                | 26,052                          | 804,698      |

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13. Property, plant and equipment (contd.)

| Group (contd.)                                     | Freehold land<br>RM'000 | Buildings<br>RM'000 | Leasehold land<br>RM'000 | Renovations<br>RM'000 | Plant and machinery<br>RM'000 | Motor vehicles<br>RM'000 | Equipment, furniture and fittings<br>RM'000 | Quarry development expenditure<br>RM'000 | Capital work-in-progress<br>RM'000 | Total<br>RM'000 |
|----------------------------------------------------|-------------------------|---------------------|--------------------------|-----------------------|-------------------------------|--------------------------|---------------------------------------------|------------------------------------------|------------------------------------|-----------------|
| <b>At 31 December 2011</b>                         |                         |                     |                          |                       |                               |                          |                                             |                                          |                                    |                 |
| <b>Cost</b>                                        |                         |                     |                          |                       |                               |                          |                                             |                                          |                                    |                 |
| At 1 January 2011                                  | 62,449                  | 611,299             | 25,473                   | 4,357                 | 817,149                       | 51,780                   | 134,742                                     | 24,560                                   | 28,632                             | 1,760,441       |
| Additions                                          | 1,654                   | 22,459              | 148                      | 1,744                 | 55,601                        | 6,310                    | 29,323                                      | 257                                      | 43,086                             | 160,582         |
| Disposals/write-offs                               | -                       | (84)                | -                        | (226)                 | (35,100)                      | (4,574)                  | (7,364)                                     | (158)                                    | (50)                               | (47,556)        |
| Reclassifications                                  | -                       | 5,193               | 3,746                    | -                     | 12,697                        | 430                      | -                                           | -                                        | (22,066)                           | -               |
| Transfer from/(to) investment properties (Note 15) | (9,535)                 | 1,085               | -                        | -                     | -                             | -                        | -                                           | -                                        | -                                  | (8,450)         |
| Exchange differences                               | -                       | 2,882               | 479                      | 19                    | 4,166                         | (64)                     | 641                                         | -                                        | 607                                | 8,730           |
| At 31 December 2011                                | 54,568                  | 642,834             | 29,846                   | 5,894                 | 854,513                       | 53,882                   | 157,342                                     | 24,659                                   | 50,209                             | 1,873,747       |
| <b>Accumulated depreciation</b>                    |                         |                     |                          |                       |                               |                          |                                             |                                          |                                    |                 |
| At 1 January 2011                                  | -                       | 86,080              | 4,593                    | 2,463                 | 485,376                       | 42,468                   | 93,525                                      | 4,964                                    | -                                  | 719,469         |
| Depreciation charge for the year (Note 8)          | -                       | 16,001              | 811                      | 925                   | 55,541                        | 4,182                    | 11,232                                      | 994                                      | -                                  | 89,686          |
| Disposals/write-offs                               | -                       | (23)                | -                        | (94)                  | (19,011)                      | (3,886)                  | (2,659)                                     | (158)                                    | -                                  | (25,831)        |
| Exchange differences                               | -                       | 414                 | 38                       | 10                    | 1,278                         | (82)                     | 507                                         | -                                        | -                                  | 2,165           |
| At 31 December 2011                                | -                       | 102,472             | 5,442                    | 3,304                 | 523,184                       | 42,682                   | 102,605                                     | 5,800                                    | -                                  | 785,489         |
| <b>Accumulated impairment loss</b>                 |                         |                     |                          |                       |                               |                          |                                             |                                          |                                    |                 |
| At 1 January 2011                                  | -                       | 66,433              | -                        | -                     | 39,366                        | -                        | 244                                         | -                                        | 6,661                              | 112,704         |
| Impairment loss for the year (Note 8)              | -                       | -                   | -                        | -                     | 15,188                        | -                        | -                                           | -                                        | -                                  | 15,188          |
| Disposals                                          | -                       | -                   | -                        | -                     | -                             | -                        | (201)                                       | -                                        | -                                  | (201)           |
| At 31 December 2011                                | -                       | 66,433              | -                        | -                     | 54,554                        | -                        | 43                                          | -                                        | 6,661                              | 127,691         |
| <b>Net carrying amount</b>                         | 54,568                  | 473,929             | 24,404                   | 2,590                 | 276,775                       | 11,200                   | 54,694                                      | 18,859                                   | 43,548                             | 960,567         |

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**13. Property, plant and equipment (contd.)**

| <b>Company</b>                            | <b>Equipment,<br/>furniture and<br/>fittings<br/>RM'000</b> | <b>Motor<br/>vehicles<br/>RM'000</b> | <b>Capital<br/>work-in-<br/>progress<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|-------------------------------------------|-------------------------------------------------------------|--------------------------------------|-----------------------------------------------------|-------------------------|
| <b>At 31 December 2012</b>                |                                                             |                                      |                                                     |                         |
| <b>Cost</b>                               |                                                             |                                      |                                                     |                         |
| At 1 January 2012                         | 26                                                          | -                                    | 677                                                 | 703                     |
| Additions                                 | 203                                                         | 2,618                                | -                                                   | 2,821                   |
| At 31 December 2012                       | 229                                                         | 2,618                                | 677                                                 | 3,524                   |
| <b>Accumulated depreciation</b>           |                                                             |                                      |                                                     |                         |
| At 1 January 2012                         | 3                                                           | -                                    | -                                                   | 3                       |
| Depreciation charge for the year (Note 8) | 36                                                          | 307                                  | -                                                   | 343                     |
| At 31 December 2012                       | 39                                                          | 307                                  | -                                                   | 346                     |
| <b>Net carrying amount</b>                | <b>190</b>                                                  | <b>2,311</b>                         | <b>677</b>                                          | <b>3,178</b>            |
| <b>At 31 December 2011</b>                |                                                             |                                      |                                                     |                         |
| <b>Cost</b>                               |                                                             |                                      |                                                     |                         |
| At 1 January 2011                         | -                                                           | -                                    | -                                                   | -                       |
| Additions                                 | 26                                                          | -                                    | 677                                                 | 703                     |
| At 31 December 2011                       | 26                                                          | -                                    | 677                                                 | 703                     |
| <b>Accumulated depreciation</b>           |                                                             |                                      |                                                     |                         |
| At 1 January 2011                         | -                                                           | -                                    | -                                                   | -                       |
| Depreciation charge for the year (Note 8) | 3                                                           | -                                    | -                                                   | 3                       |
| At 31 December 2011                       | 3                                                           | -                                    | -                                                   | 3                       |
| <b>Net carrying amount</b>                | <b>23</b>                                                   | <b>-</b>                             | <b>677</b>                                          | <b>700</b>              |

- (a) The net carrying amount of property, plant and equipment held under hire purchase and finance lease liabilities is as follows:

|                                   | <b>Group</b>           |                        |
|-----------------------------------|------------------------|------------------------|
|                                   | <b>2012<br/>RM'000</b> | <b>2011<br/>RM'000</b> |
| Motor vehicles                    | 1,884                  | 3,366                  |
| Equipment, furniture and fittings | 2,372                  | 415                    |
| Plant and machinery               | 42,240                 | 73,792                 |
|                                   | <b>46,496</b>          | <b>77,573</b>          |

- (b) Property, plant and equipment of the Group with net carrying amount of RM147,863,000 (2011: RM376,312,000) are pledged as securities for borrowings as disclosed in Note 31.

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**14. Biological assets**

|                                           | <b>Group</b>  |               |
|-------------------------------------------|---------------|---------------|
|                                           | <b>2012</b>   | <b>2011</b>   |
|                                           | <b>RM'000</b> | <b>RM'000</b> |
| <b>Cost</b>                               |               |               |
| At beginning of financial year            | 608           | 640           |
| Additions                                 | 340           | 184           |
| Write-off                                 | (89)          | (216)         |
| At end of financial year                  | 859           | 608           |
| <b>Accumulated depreciation</b>           |               |               |
| At beginning of financial year            | 192           | 179           |
| Depreciation charge for the year (Note 8) | 71            | 59            |
| Write-off                                 | (17)          | (46)          |
| At end of financial year                  | 246           | 192           |
| <b>Net carrying amount</b>                | 613           | 416           |

Biological assets consist of animals used in a petting zoo operated by subsidiaries.

**15. Investment properties**

|                                          | <b>Group</b>  |               |
|------------------------------------------|---------------|---------------|
|                                          | <b>2012</b>   | <b>2011</b>   |
|                                          | <b>RM'000</b> | <b>RM'000</b> |
| Investment properties                    | 877,529       | 815,910       |
| Investment properties under construction | 364,990       | 72,986        |
|                                          | 1,242,519     | 888,896       |

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**15. Investment properties (contd.)**

|                                                | <b>Group</b>   |                |
|------------------------------------------------|----------------|----------------|
|                                                | <b>2012</b>    | <b>2011</b>    |
|                                                | <b>RM'000</b>  | <b>RM'000</b>  |
| <b>Investment properties</b>                   |                |                |
| <b>At valuation</b>                            |                |                |
| At beginning of financial year                 | 815,910        | 709,927        |
| Additions from acquisition                     | 1,717          | 405            |
| Additions from subsequent expenditure          | 24,994         | 57,541         |
| Transfers from/(to):                           |                |                |
| - land held for property development (Note 17) | -              | (14,830)       |
| - property, plant and equipment (Note 13)      | 4,734          | 8,450          |
| - inventories                                  | -              | 4,108          |
| - investment properties under construction     | 565            | -              |
| - property development cost (Note 24)          | 5,824          | -              |
| Fair value adjustment:                         |                |                |
| - gain (Note 6)                                | 27,881         | 51,786         |
| - loss (Note 8)                                | (4,124)        | (1,513)        |
| Exchange differences                           | 28             | 36             |
| At end of financial year                       | <u>877,529</u> | <u>815,910</u> |

The investment properties consist of the following:

|                          | <b>Group</b>   |                |
|--------------------------|----------------|----------------|
|                          | <b>2012</b>    | <b>2011</b>    |
|                          | <b>RM'000</b>  | <b>RM'000</b>  |
| Long term leasehold land | 133,739        | 113,640        |
| Freehold land            | 13,840         | 13,465         |
| Buildings                | 729,950        | 688,805        |
|                          | <u>877,529</u> | <u>815,910</u> |

Investment properties comprise a number of commercial properties leased to third and related parties.

Investment properties of the Group with an aggregate carrying value of RM518,160,000 (2011: RM553,000,000) are pledged as securities for borrowings as disclosed in Note 31.

The carrying values of the properties as at 31 December 2012 and 31 December 2011 are based on valuation carried out by Raine & Horne International Zaki + Partners. Fair value is determined primarily based on income and comparison approaches.

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**15. Investment properties (contd.)**

|                                                 | <b>Group</b>   |               |
|-------------------------------------------------|----------------|---------------|
|                                                 | <b>2012</b>    | <b>2011</b>   |
|                                                 | <b>RM'000</b>  | <b>RM'000</b> |
| <b>Investment properties under construction</b> |                |               |
| <b>At cost</b>                                  |                |               |
| At beginning of financial year                  | 72,986         | 16,219        |
| Additions from subsequent expenditure           | 160,667        | 41,346        |
| Additions of freehold land during the year      | 87,550         | -             |
| Transfers from/(to):                            |                |               |
| - property development cost (Note 24)           | -              | 15,421        |
| - property, plant and equipment (Note 13)       | 28,991         | -             |
| - land held for property development (Note 17)  | 15,361         | -             |
| - investment properties                         | (565)          | -             |
| At end of financial year                        | <u>364,990</u> | <u>72,986</u> |

The investment properties under construction consist of the following:

|                          | <b>Group</b>   |               |
|--------------------------|----------------|---------------|
|                          | <b>2012</b>    | <b>2011</b>   |
|                          | <b>RM'000</b>  | <b>RM'000</b> |
| Long term leasehold land | 28,629         | 11,441        |
| Freehold land            | 87,550         | -             |
| Buildings                | 248,811        | 61,545        |
|                          | <u>364,990</u> | <u>72,986</u> |

**16. Rock reserves**

|                                                 | <b>Group</b>  |               |
|-------------------------------------------------|---------------|---------------|
|                                                 | <b>2012</b>   | <b>2011</b>   |
|                                                 | <b>RM'000</b> | <b>RM'000</b> |
| At beginning of financial year                  | 8,379         | 9,314         |
| Amortisation during the financial year (Note 8) | (935)         | (935)         |
| At end of financial year                        | <u>7,444</u>  | <u>8,379</u>  |



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**17. Land held for property development**

| <b>Group</b>                                                          | <b>Freehold<br/>land<br/>RM'000</b> | <b>Long term<br/>leasehold<br/>land<br/>RM'000</b> | <b>Development<br/>costs<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|-----------------------------------------------------------------------|-------------------------------------|----------------------------------------------------|-----------------------------------------|-------------------------|
| <b>At 31 December 2012</b>                                            |                                     |                                                    |                                         |                         |
| <b>Cost</b>                                                           |                                     |                                                    |                                         |                         |
| At 1 January 2012                                                     | 670,394                             | 133,776                                            | 213,122                                 | 1,017,292               |
| Additions                                                             | 25,812                              | 4,246                                              | 2,444                                   | 32,502                  |
| Transfers to property<br>development costs (Note 24)                  | (323,742)                           | (64,408)                                           | (40,057)                                | (428,207)               |
| Transfers to investment<br>properties under construction<br>(Note 15) | -                                   | (15,361)                                           | -                                       | (15,361)                |
| Disposals                                                             | -                                   | (3,942)                                            | (1,406)                                 | (5,348)                 |
| Exchange differences                                                  | -                                   | 1,001                                              | -                                       | 1,001                   |
| At 31 December 2012                                                   | <u>372,464</u>                      | <u>55,312</u>                                      | <u>174,103</u>                          | <u>601,879</u>          |
| <b>Accumulated impairment losses</b>                                  |                                     |                                                    |                                         |                         |
| At 1 January 2012                                                     | -                                   | -                                                  | -                                       | -                       |
| Impaired during the year (Note 8)                                     | (599)                               | -                                                  | (2,368)                                 | (2,967)                 |
| At 31 December 2012                                                   | <u>(599)</u>                        | <u>-</u>                                           | <u>(2,368)</u>                          | <u>(2,967)</u>          |
| <b>Carrying amount</b>                                                | <u>371,865</u>                      | <u>55,312</u>                                      | <u>171,735</u>                          | <u>598,912</u>          |
| <b>At 31 December 2011</b>                                            |                                     |                                                    |                                         |                         |
| <b>Cost</b>                                                           |                                     |                                                    |                                         |                         |
| At 1 January 2011                                                     | 243,749                             | 143,473                                            | 145,965                                 | 533,187                 |
| Additions                                                             | 490,751                             | 2,401                                              | 22,732                                  | 515,884                 |
| Transfers (to)/from property<br>development costs (Note 24)           | (52,300)                            | (28,242)                                           | 45,119                                  | (35,423)                |
| Transfers from/(to) investment<br>properties (Note 15)                | -                                   | 15,363                                             | (533)                                   | 14,830                  |
| Disposals                                                             | (11,967)                            | -                                                  | -                                       | (11,967)                |
| Exchange differences                                                  | 161                                 | 781                                                | (161)                                   | 781                     |
| At 31 December 2011                                                   | <u>670,394</u>                      | <u>133,776</u>                                     | <u>213,122</u>                          | <u>1,017,292</u>        |

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**17. Land held for property development (contd.)**

Freehold land and related development costs of the Group with carrying amount of RM19,163,000 (2011: RM40,840,000) are pledged to financial institutions as securities for borrowings as disclosed in Note 31.

Leasehold land and related development costs of the Group with carrying amount of RM90,573,000 (2011: RM97,885,000) are pledged to financial institutions as securities for borrowings as disclosed in Note 31.

**18. Investments in subsidiaries**

|                            | <b>Company</b>   |                  |
|----------------------------|------------------|------------------|
|                            | <b>2012</b>      | <b>2011</b>      |
|                            | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>At cost</b>             |                  |                  |
| Unquoted ordinary shares   | 342,255          | 341,292          |
| Unquoted preference shares | 3,280,810        | 3,280,810        |
|                            | <u>3,623,065</u> | <u>3,622,102</u> |

In the previous financial year, investments in subsidiaries of the Company arose from the transfer of the entire businesses and undertakings, including all assets and liabilities of Sunway Holdings Sdn. Bhd. ("SHSB") and Sunway City Sdn. Bhd. ("SCSB") pursuant to the merger exercise. Further details are disclosed in Note 46.

During the financial year, the Group completed the following acquisitions:

- (a) On 31 May 2012, Sunway Enterprise (1988) Sdn. Bhd. and Sunway Marketing Sdn. Bhd. , both wholly-owned subsidiaries of SHSB, had incorporated a limited company known as PT Sunway Indoquip; and
- (b) On 2 July 2012, TotalRubber Ltd., a subsidiary of SHSB which in turn is a wholly-owned subsidiary of the Company, had incorporated a limited company known as SunwayTrek Australia Pty. Ltd..

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**18. Investments in subsidiaries (contd.)**

During the financial year, the Group subscribed for or acquired additional shares in the following companies:

- (a) On 9 January 2012, the Company had acquired 392,140 ordinary shares representing 0.30% equity interest in Sunway Medical Centre Berhad ("SMC"), a 91.63% owned subsidiary of SCSB from its minority interests for RM588,210 cash. Subsequently, on 1 March 2012, the Company acquired additional 250,000 ordinary shares representing 0.19% equity interest in SMC from its minority interest for RM375,000 cash;
- (b) On 16 April 2012, SMC had acquired the remaining 49% equity interest in SunMed@Home Sdn. Bhd. ("SMAH") from Nurses At Home Sdn. Bhd. for a total consideration equivalent to 49% from the available cash balance of SMAH after paying off SMAH's debts and liabilities as at 31 March 2012, subject to a maximum consideration of RM107,800. As a result, SMAH became a wholly-owned subsidiary of SCSB;
- (c) On 24 April 2012, Sunway Construction Sdn. Bhd. ("SunCon"), a wholly owned subsidiary of SHSB, acquired 75,900 ordinary shares of RM1 each, equivalent to 7.47% equity interest in Sunway Engineering Sdn. Bhd. ("SESB"), a 75.1% owned subsidiary of SunCon for RM9,246,842 cash. As a result, SESB became a 82.6% owned subsidiary of SunCon;
- (d) On 15 May 2012, SHSB had acquired 61,482,955 ordinary shares of HK\$1 each, representing 21.82% equity interest in Sunway Global Limited from Goldman Sachs Strategic Investments (Asia) LLC at a total cash consideration of US\$5,300,000 (equivalent to approximately RM16.346 million);
- (e) On 9 July 2012, SCSB subscribed for additional 4,000,000 ordinary shares of RM1 each, representing 13.99% of the total issued and paid-up share capital of Sunway City (Ipoh) Sdn. Bhd. ("SCI"), a 65% owned subsidiary of SCSB for RM8,000,000 cash. As a result of the acquisition, SCI has become a 79% owned subsidiary of SCSB;
- (f) On 2 November 2012, SHSB acquired the remaining 17.5% equity interest in Amalan Insaf (M) Sdn. Bhd. ("AIM"), a 82.5% owned subsidiary of SHSB from Prisma Kota Sdn. Bhd. for RM175 cash. As a result, AIM became a wholly-owned subsidiary of SHSB; and
- (g) On 31 December 2012, SCSB acquired the remaining 48% equity interest in Sunway Pyramid Sdn. Bhd. ("SPSB"), a 52% owned subsidiary of SCSB from Reco Pyramid (M) Sdn. Bhd. for RM139,813.44 cash. As a result, SPSB became a wholly-owned subsidiary of SCSB.

During the financial year, the Group completed the following disposal:

On 9 January 2012, Sunway Creative Stones Sdn. Bhd., a 70% owned subsidiary of SunCon, disposed of its 100% equity interest in Sunway Creative Stones (Xiamen) Co. Ltd. to Chin Fun Foo for RMB1,600,000 cash (equivalent to approximately RM780,000) at a gain on disposal of RM404,000.

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**18. Investments in subsidiaries (contd.)**

The above acquisitions and disposal of the subsidiaries did not have any material effect on the financial results and financial position of the Group.

During the financial year, the following subsidiaries of the Group had been dissolved:

- (a) On 19 January 2012, Binajelata (M) Sdn. Bhd. was dissolved;
- (b) On 20 April 2012, Target Beam (M) Sdn. Bhd., Crosside Realty Sdn. Bhd. and Classvest Realty Sdn. Bhd. were dissolved; and
- (c) On 17 October 2012, Identiti Jelata (M) Sdn. Bhd. was dissolved.

During the financial year, the following subsidiaries of the Group had been deregistered or wound up via members' voluntary liquidation:

- (a) On 29 June 2012, Sunway Land (China) Limited was deregistered;
- (b) On 12 September 2012, Estonia Enterprises Limited was wound up voluntarily;
- (c) On 8 October 2012, Heng Ngai Knitting Manufacturer Sdn. Bhd. was wound up voluntarily; and
- (d) On 31 December 2012, Sun-Block (Beranang) Sdn. Bhd. and Sun-Block (Senai) Sdn. Bhd. were wound up voluntarily.

**19. Amounts due from subsidiaries**

|                                     | <b>Company</b> |                   |
|-------------------------------------|----------------|-------------------|
|                                     | <b>2012</b>    | <b>2011</b>       |
|                                     | <b>RM'000</b>  | <b>RM'000</b>     |
|                                     |                | <b>(Restated)</b> |
| Interest bearing amounts            | 1,280,224      | 987,559           |
| Non-interest bearing amounts        | 13,437         | 16,786            |
| Total amounts due from subsidiaries | 1,293,661      | 1,004,345         |

The amounts due from subsidiaries are unsecured, repayable on demand and bear interest at rates ranging from 1.50% to 4.98% (2011: 3.90% to 4.98%) per annum.

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**20. Investments in associates**

|                                                            | <b>Group</b>         |                      |
|------------------------------------------------------------|----------------------|----------------------|
|                                                            | <b>2012</b>          | <b>2011</b>          |
|                                                            | <b>RM'000</b>        | <b>RM'000</b>        |
| Unquoted shares at cost                                    | 13,103               | 24,323               |
| Quoted shares at cost                                      | 1,094,307            | 1,082,883            |
| Share of post-acquisition distributable reserves           | 168,413              | 105,974              |
| Share of non-distributable reserves                        | 22,033               | 21,914               |
| Unrealised profit arising from sale of assets to associate | (122,399)            | (72,144)             |
|                                                            | <u>1,175,457</u>     | <u>1,162,950</u>     |
| Less: Accumulated impairment losses                        | (151,696)            | (147,647)            |
|                                                            | <u>1,023,761</u>     | <u>1,015,303</u>     |
| <br>Market value of quoted shares                          | <br><u>1,575,517</u> | <br><u>1,256,170</u> |

During the financial year, Sunway REIT Management Sdn. Bhd., a wholly-owned subsidiary of the Company received 8,864,300 (2011: 9,413,700) units representing 0.33% (2011: 0.35%) of the total issued units in Sunway Real Estate Investment Trust ("Sunway REIT") as part payment of management fees from Sunway REIT.

As a result, the Group and the Company now hold 37.04% (2011: 36.83%) and 0.51% (2011: 0.18%) equity interest in Sunway REIT with a total carrying value of RM969,128,000 (2011: RM892,516,000) and RM16,816,000 (2011: RM5,391,000) respectively as at 31 December 2012. Sunway REIT was listed on the Main Market of Bursa Malaysia Securities Berhad on 8 July 2010.

The financial statements of the associates are coterminous with those of the Group, except for Pyramid Bowl Sdn. Bhd. which have a financial year end of 31 March, Aktif-Sunway Sdn. Bhd. and Sunway REIT which have financial year end of 30 June. For the purpose of applying the equity method of accounting, the management accounts of these associates as at 31 December 2012 have been used.

The Group's share of revenue, profit, assets and liabilities of associates are as follows:

|                               | <b>2012</b>      | <b>2011</b>      |
|-------------------------------|------------------|------------------|
|                               | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>Assets and liabilities</b> |                  |                  |
| Current assets                | 46,440           | 109,064          |
| Non-current assets            | 1,872,773        | 1,653,743        |
| Total assets                  | <u>1,919,213</u> | <u>1,762,807</u> |
| Current liabilities           | (495,653)        | (407,989)        |
| Non-current liabilities       | (277,400)        | (267,371)        |
| Total liabilities             | <u>(773,053)</u> | <u>(675,360)</u> |

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**20. Investments in associates (contd.)**

|                     | 2012<br>RM'000 | 2011<br>RM'000 |
|---------------------|----------------|----------------|
| <b>Results</b>      |                |                |
| Revenue             | 155,799        | 142,794        |
| Profit for the year | 152,307        | 99,689         |

Details of the associates are as follows:

| Name of companies                                      | Country of incorporation | Principal activities                               | Proportion of ownership interest |           |
|--------------------------------------------------------|--------------------------|----------------------------------------------------|----------------------------------|-----------|
|                                                        |                          |                                                    | 2012<br>%                        | 2011<br>% |
| <b>(a) Associates of Sunway City Sdn. Bhd.</b>         |                          |                                                    |                                  |           |
| Aktif-Sunway Sdn. Bhd. #                               | Malaysia                 | Ceased operation                                   | 20                               | 20        |
| Sunway Cana City Development Ltd. #                    | Cambodia                 | Wound up pursuant to Members' voluntary winding-up | -                                | 49        |
| <b>(b) Associate of Sunway Leisure Sdn. Bhd.</b>       |                          |                                                    |                                  |           |
| Pyramid Bowl Sdn. Bhd. #                               | Malaysia                 | Bowling alley operator                             | 40                               | 40        |
| <b>(c) Associate of Sunway City (S'pore) Pte. Ltd.</b> |                          |                                                    |                                  |           |
| Sunway MAK International Private Limited #             | India                    | Property development                               | 26.3                             | 26.3      |

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**20. Investments in associates (contd.)**

| Name of companies                                           | Country of incorporation | Principal activities                                                 | Proportion of ownership interest |        |
|-------------------------------------------------------------|--------------------------|----------------------------------------------------------------------|----------------------------------|--------|
|                                                             |                          |                                                                      | 2012 %                           | 2011 % |
| <b>(d) Associate of Sunway Holdings Sdn. Bhd.</b>           |                          |                                                                      |                                  |        |
| Sungei Way-Saigon-Pilecon Engineering Company #             | Vietnam                  | Dormant                                                              | 42.3                             | 42.3   |
| <b>(e) Associate of Fortuna Gembira Enterpris Sdn. Bhd.</b> |                          |                                                                      |                                  |        |
| Gopeng Berhad #                                             | Malaysia                 | Cultivation of oil palm, investment holding and property development | 19.33                            | 19.33  |
| <b>(f) Associate of SunwayMas Sdn. Bhd.</b>                 |                          |                                                                      |                                  |        |
| Varich Industries Sdn. Bhd. #                               | Malaysia                 | Dormant                                                              | 50                               | 50     |
| <b>(g) Associate of Sunway Marketing Sdn. Bhd.</b>          |                          |                                                                      |                                  |        |
| Buildtrend B.S.G. (M) Sdn. Bhd. #                           | Malaysia                 | Distribution of architectural building products and sanitary wares   | 30                               | 30     |
| <b>(h) Associate of Sunway Builders Sdn. Bhd.</b>           |                          |                                                                      |                                  |        |
| ISZL Consortium #                                           | Unincorporated           | Construction                                                         | 25                               | 25     |
| <b>(i) Associate of Sunway REIT Holdings Sdn. Bhd.</b>      |                          |                                                                      |                                  |        |
| Sunway Real Estate Investment Trust @                       | Malaysia                 | Investment in real estate                                            | 37.04                            | 36.83  |

# Audited by firms of auditors other than Ernst & Young

@ Inclusive of 0.51% (2011: 0.18%) held by Sunway Berhad

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**21. Investments in jointly controlled entities**

|                                                    | <b>Group<br/>2012<br/>RM'000</b> | <b>2011<br/>RM'000<br/>(Restated)</b> |
|----------------------------------------------------|----------------------------------|---------------------------------------|
| Unquoted shares at cost                            | 296,643                          | 68,742                                |
| Premium on acquisition                             | 10,748                           | 10,748                                |
| Equity contribution                                |                                  |                                       |
| - in respect of land held for property development | 5,898                            | 5,898                                 |
| Share of post-acquisition reserves                 | 221,619                          | 180,508                               |
|                                                    | <u>534,908</u>                   | <u>265,896</u>                        |
| Less: Accumulated impairment losses (Note 8)       | (18,456)                         | -                                     |
|                                                    | <u>516,452</u>                   | <u>265,896</u>                        |

Details of the jointly controlled entities are as follows:

| <b>Name of jointly controlled entities</b>                          | <b>Country of incorporation</b> | <b>Principal activities</b> | <b>Proportion of ownership interest</b> |                   |
|---------------------------------------------------------------------|---------------------------------|-----------------------------|-----------------------------------------|-------------------|
|                                                                     |                                 |                             | <b>2012<br/>%</b>                       | <b>2011<br/>%</b> |
| <b>Jointly controlled entities with Sunway City Sdn. Bhd. Group</b> |                                 |                             |                                         |                   |
| Sunway SPK Homes Sdn. Bhd.                                          | Malaysia                        | Property development        | 50                                      | 50                |
| Sunway Opus International Private Limited #                         | India                           | Property development        | 50                                      | 50                |
| Suncity Medallion JV                                                | Unincorporated                  | Property development        | 50                                      | 50                |



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**21. Investments in jointly controlled entities (contd.)**

| Name of jointly controlled entities                                          | Country of incorporation | Principal activities                               | Proportion of ownership interest |        |
|------------------------------------------------------------------------------|--------------------------|----------------------------------------------------|----------------------------------|--------|
|                                                                              |                          |                                                    | 2012 %                           | 2011 % |
| <b>Jointly controlled entities with Sunway City Sdn. Bhd. Group (contd.)</b> |                          |                                                    |                                  |        |
| Eastern Creek Stage 3 #                                                      | Unincorporated           | Property development                               | 50                               | 50     |
| Tianjin Eco-City Sunway Property Development Co. Ltd. #                      | China                    | Property development                               | 60                               | 60     |
| Sunway Iskandar Sdn. Bhd.                                                    | Malaysia                 | Property development                               | 38                               | 38     |
| Harmony Impulse Sdn. Bhd.                                                    | Malaysia                 | Property development                               | 60                               | -      |
| <b>Jointly controlled entities with Sunway Holdings Sdn. Bhd. Group</b>      |                          |                                                    |                                  |        |
| Hoi Hup Sunway Development Pte. Ltd. #                                       | Singapore                | Real estate development                            | 30                               | 30     |
| Hoi Hup Sunway J.V. Pte. Ltd. #                                              | Singapore                | Real estate development                            | 30                               | 30     |
| Hoi Hup Sunway Property Pte. Ltd. #                                          | Singapore                | Real estate activities with own or leased property | 30                               | 30     |
| SunCon Central Glass J.V. #                                                  | Unincorporated           | Completion of curtain walling works                | 70                               | 70     |

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**21. Investments in jointly controlled entities (contd.)**

| Name of jointly controlled entities                                              | Country of incorporation | Principal activities                          | Proportion of ownership interest |        |
|----------------------------------------------------------------------------------|--------------------------|-----------------------------------------------|----------------------------------|--------|
|                                                                                  |                          |                                               | 2012 %                           | 2011 % |
| <b>Jointly controlled entities with Sunway Holdings Sdn. Bhd. Group (contd.)</b> |                          |                                               |                                  |        |
| SunCon Soma Joint Venture #                                                      | Unincorporated           | Construction                                  | -                                | 50     |
| Sunway Daechang Forging Investment Limited #                                     | Hong Kong                | Investment holding                            | 50                               | 50     |
| Silver Coast-Sunway Innopave J.V. #                                              | Unincorporated           | Construction works                            | 60                               | 60     |
| Hoi Hup Sunway Miltonia Pte. Ltd. #                                              | Singapore                | Real estate developer                         | 30                               | 30     |
| Hoi Hup Sunway Pasir Ris Pte. Ltd. #                                             | Singapore                | Real estate developer                         | 30                               | 30     |
| Hoi Hup Sunway Tampines Pte. Ltd. #                                              | Singapore                | Real estate developer                         | 30                               | 30     |
| Hoi Hup Sunway Yuan Ching Pte. Ltd. #                                            | Singapore                | Real estate developer                         | 30                               | 30     |
| Hoi Hup Sunway Novena Pte. Ltd. #                                                | Singapore                | Real estate developer                         | 30                               | -      |
| SunGeo - Awangsa J.V. #                                                          | Unincorporated           | Piling and substructure works                 | 50.8                             | 50.8   |
| Fableplus Sdn. Bhd. - Sunway Engineering Joint Venture #                         | Unincorporated           | Provision of mechanical and engineering works | 30                               | 30     |

# Audited by firms of auditors other than Ernst & Young

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**21. Investments in jointly controlled entities (contd.)**

The Group's aggregate share of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses of the jointly controlled entities are as follows:

|                                                 | 2012<br>RM'000     | 2011<br>RM'000   |
|-------------------------------------------------|--------------------|------------------|
| <b>Assets and liabilities</b>                   |                    |                  |
| Current assets                                  | 1,240,788          | 689,839          |
| Non-current assets                              | 346,532            | 50,174           |
| Total assets                                    | <u>1,587,320</u>   | <u>740,013</u>   |
| Current liabilities                             | (480,509)          | (371,837)        |
| Non-current liabilities                         | (571,903)          | (102,280)        |
| Total liabilities                               | <u>(1,052,412)</u> | <u>(474,117)</u> |
| <b>Results</b>                                  |                    |                  |
| Revenue                                         | 731,408            | 501,226          |
| Expenses, including finance costs and after tax | <u>(587,421)</u>   | <u>(415,277)</u> |

The detail of goodwill included within the Group's carrying amount of investments in jointly controlled entities is as follows:

|                                                                              | 2012<br>RM'000 | 2011<br>RM'000<br>(Restated) |
|------------------------------------------------------------------------------|----------------|------------------------------|
| <b>Cost</b>                                                                  |                |                              |
| Arising from investment in a jointly controlled entity and as at 31 December | <u>10,748</u>  | <u>10,748</u>                |

**22. Goodwill**

|                                                       | Group           |                 |
|-------------------------------------------------------|-----------------|-----------------|
|                                                       | 2012<br>RM'000  | 2011<br>RM'000  |
| <b>Cost</b>                                           |                 |                 |
| At beginning of financial year                        | 338,337         | 338,070         |
| Acquisition of subsidiary                             | -               | 267             |
| At end of financial year                              | <u>338,337</u>  | <u>338,337</u>  |
| <b>Accumulated impairment losses</b>                  |                 |                 |
| At beginning of financial year                        | (11,840)        | (8,840)         |
| Impairment loss recognised in profit or loss (Note 8) | (8,420)         | (3,000)         |
| At end of financial year                              | <u>(20,260)</u> | <u>(11,840)</u> |
| <b>Net carrying amount</b>                            | <u>318,077</u>  | <u>326,497</u>  |

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**22. Goodwill (contd.)**

During the financial year, an impairment loss of RM8,420,000 was recognised due to Sunway Pyramid Sdn. Bhd. ceasing operations after the disposal of its shopping mall. In the previous financial year, an impairment loss of RM3,000,000 was recognised in relation to Sunway Creative Stones Sdn. Bhd. as the business operations have been scaled down.

**Allocation of goodwill**

Goodwill has been allocated to the Group's CGUs, according to business segments as follows:

|                           | <b>2012</b>    | <b>2011</b>    |
|---------------------------|----------------|----------------|
|                           | <b>RM'000</b>  | <b>RM'000</b>  |
| Property investment *     | 185,329        | 193,749        |
| Construction              | 74,104         | 74,104         |
| Quarry                    | 40,647         | 40,647         |
| Trading and manufacturing | 8,673          | 8,673          |
| Property development      | 247            | 247            |
| Others                    | 9,077          | 9,077          |
|                           | <u>318,077</u> | <u>326,497</u> |

\* The property investment segment includes property investment, leisure, hospitality and Sunway REIT.

**Key assumptions used in value-in-use calculations**

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used for value-in-use calculations for the major business segments are:

|                            | <b>Quarry</b> | <b>Construction</b> | <b>Property investment</b> |
|----------------------------|---------------|---------------------|----------------------------|
|                            | %             | %                   | %                          |
| <b>At 31 December 2012</b> |               |                     |                            |
| Gross margin               | 12.9          | 7.4                 | 37.0                       |
| Growth rate                | 5.3           | -                   | 22.7                       |
| Discount rate              | 12.0          | 14.0                | 10.0                       |
|                            | <u>12.0</u>   | <u>14.0</u>         | <u>10.0</u>                |
| <b>At 31 December 2011</b> |               |                     |                            |
| Gross margin               | 13.6          | 6.5                 | 37.7                       |
| Growth rate                | 13.1          | 15.6                | 18.8                       |
| Discount rate              | 12.0          | 14.0                | 10.0                       |
|                            | <u>12.0</u>   | <u>14.0</u>         | <u>10.0</u>                |

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**22. Goodwill (contd.)**

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

- (i) **Budgeted gross margin**  
The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year adjusted for expected efficiency improvements.
- (ii) **Growth rate**  
The growth rate used is determined using a simple average of the annual EBITDA growth rate obtained from financial budgets approved by management. The financial budgets cover a period of five years and the growth rate after the fifth year is assumed to be zero.
- (iii) **Discount rate**  
The discount rates used are post-tax and reflect specific risks relating to the relevant segments.

**Sensitivity to changes in assumptions**

With regard to the assessment of value-in-use of each of the major business segments, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

**23. Other investments**

|                                        | Group          |                | Company        |                |
|----------------------------------------|----------------|----------------|----------------|----------------|
|                                        | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| At cost:                               |                |                |                |                |
| Unquoted ordinary shares               | 3,459          | 3,506          | -              | -              |
| Corporate membership                   | 84             | 84             | -              | -              |
|                                        | <u>3,543</u>   | <u>3,590</u>   | -              | -              |
| Less: Accumulated<br>impairment losses | <u>(1,741)</u> | <u>(1,741)</u> | -              | -              |
|                                        | <u>1,802</u>   | <u>1,849</u>   | -              | -              |
| At fair value:                         |                |                |                |                |
| Quoted shares                          |                |                |                |                |
| - Available for sale investment        | -              | -              | 21,278         | 5,391          |
| Total other investments                | <u>1,802</u>   | <u>1,849</u>   | <u>21,278</u>  | <u>5,391</u>   |

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**24. Property development costs**

|                                                     | <b>Group</b>     |                   |
|-----------------------------------------------------|------------------|-------------------|
|                                                     | <b>2012</b>      | <b>2011</b>       |
|                                                     | <b>RM'000</b>    | <b>RM'000</b>     |
|                                                     |                  | <b>(Restated)</b> |
| <b>Cumulative property development costs</b>        |                  |                   |
| At beginning of financial year:                     |                  |                   |
| - Freehold land                                     | 168,926          | 117,044           |
| - Long term leasehold land                          | 324,234          | 379,914           |
| - Development costs                                 | 1,848,127        | 1,633,927         |
|                                                     | <u>2,341,287</u> | <u>2,130,885</u>  |
| Costs incurred during the year:                     |                  |                   |
| - Freehold land                                     | 1,544            | 52,211            |
| - Long term leasehold land                          | 38,439           | 32,627            |
| - Development costs                                 | 542,877          | 756,838           |
|                                                     | <u>582,860</u>   | <u>841,676</u>    |
| Exchange differences:                               |                  |                   |
| - Long term leasehold land                          | (1,430)          | 2,457             |
| - Development costs                                 | (3,900)          | 1,454             |
|                                                     | <u>(5,330)</u>   | <u>3,911</u>      |
| Reclassified:                                       |                  |                   |
| - Freehold land                                     | 6,438            | -                 |
| - Long term leasehold land                          | (41,810)         | -                 |
| - Development costs                                 | 35,372           | -                 |
|                                                     | <u>-</u>         | <u>-</u>          |
| Transfers to:                                       |                  |                   |
| Investment properties (Note 15):                    |                  |                   |
| - Long term leasehold land                          | (2,873)          | -                 |
| - Development costs                                 | (2,951)          | -                 |
|                                                     | <u>(5,824)</u>   | <u>-</u>          |
| Investment properties under construction (Note 15): |                  |                   |
| - Development costs                                 | -                | (15,421)          |
| Transfers from/(to):                                |                  |                   |
| Land held for property development (Note 17):       |                  |                   |
| - Freehold land                                     | 323,742          | 52,300            |
| - Long term leasehold land                          | 64,408           | 28,242            |
| - Development costs                                 | 40,057           | (45,119)          |
|                                                     | <u>428,207</u>   | <u>35,423</u>     |

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**24. Property development costs (contd.)**

|                                                                | <b>Group</b>       |                    |
|----------------------------------------------------------------|--------------------|--------------------|
|                                                                | <b>2012</b>        | <b>2011</b>        |
|                                                                | <b>RM'000</b>      | <b>RM'000</b>      |
|                                                                |                    | <b>(Restated)</b>  |
| <b>Cumulative property development costs (contd.)</b>          |                    |                    |
| Inventories:                                                   |                    |                    |
| - Freehold land                                                | (6,027)            | (2,920)            |
| - Long term leasehold land                                     | (48,236)           | (34,815)           |
| - Development costs                                            | (157,644)          | (118,248)          |
|                                                                | <u>(211,907)</u>   | <u>(155,983)</u>   |
| Reversal of completed projects:                                |                    |                    |
| - Freehold land                                                | (53,344)           | (49,709)           |
| - Long term leasehold land                                     | (137,063)          | (84,191)           |
| - Development costs                                            | (1,137,604)        | (365,304)          |
|                                                                | <u>(1,328,011)</u> | <u>(499,204)</u>   |
| At end of financial year:                                      |                    |                    |
| - Freehold land                                                | 441,279            | 168,926            |
| - Long term leasehold land                                     | 195,669            | 324,234            |
| - Development costs                                            | 1,164,334          | 1,848,127          |
|                                                                | <u>1,801,282</u>   | <u>2,341,287</u>   |
| <b>Accumulated impairment losses</b>                           |                    |                    |
| At beginning of financial year                                 |                    |                    |
| - Development costs                                            | (1,623)            | (1,577)            |
| Exchange differences                                           |                    |                    |
| - Development costs                                            | 62                 | (46)               |
| At end of financial year                                       | <u>(1,561)</u>     | <u>(1,623)</u>     |
| <b>Cumulative costs recognised in profit or loss</b>           |                    |                    |
| At beginning of financial year                                 | (1,670,330)        | (1,507,993)        |
| Recognised during the year (Note 5)                            | (469,047)          | (651,377)          |
| Reversal of completed projects                                 | 1,328,011          | 499,204            |
| Exchange differences                                           | 3,174              | (10,164)           |
| At end of financial year                                       | <u>(808,192)</u>   | <u>(1,670,330)</u> |
| <b>Property development costs<br/>at end of financial year</b> | <u>991,529</u>     | <u>669,334</u>     |

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**24. Property development costs (contd.)**

Interest expense capitalised during the financial year under development costs of the Group amounted to RM9,240,000 (2011: RM25,097,000).

Freehold land and related development costs of the Group amounting to RM642,778,000 (2011: RM185,705,000) are pledged to financial institutions as securities for borrowings as disclosed in Note 31.

Leasehold land and development costs of the Group amounting to RM176,584,000 (2011: RM72,307,000) are pledged to financial institutions as securities for borrowings as disclosed in Note 31.

**25. Inventories**

|                             | <b>Group</b>  |               |
|-----------------------------|---------------|---------------|
|                             | <b>2012</b>   | <b>2011</b>   |
|                             | <b>RM'000</b> | <b>RM'000</b> |
| <b>At cost</b>              |               |               |
| Properties held for sale    | 389,338       | 202,482       |
| Trading inventories         | 135,880       | 124,918       |
| Food and beverages          | 2,969         | 3,021         |
| Consumables                 | 10,624        | 11,906        |
| Raw materials               | 13,481        | 12,459        |
| Work in progress            | 3,966         | 2,497         |
| Finished goods              | 74,552        | 79,357        |
|                             | 630,810       | 436,640       |
| <b>Net realisable value</b> |               |               |
| Properties held for sale    | 19,498        | 15,200        |
|                             | 650,308       | 451,840       |

The reversal of write-down of inventories was made during the year when the related inventories were sold above their carrying amounts (Note 8).



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**26. Trade receivables**

|                                                                 | Group            |                  | Company          |                              |
|-----------------------------------------------------------------|------------------|------------------|------------------|------------------------------|
|                                                                 | 2012<br>RM'000   | 2011<br>RM'000   | 2012<br>RM'000   | 2011<br>RM'000<br>(Restated) |
| <b>Non-current</b>                                              |                  |                  |                  |                              |
| Finance lease receivables                                       | 3,062            | 5,075            | -                | -                            |
| Hire purchase receivables                                       | 837              | 1,938            | -                | -                            |
|                                                                 | <u>3,899</u>     | <u>7,013</u>     | <u>-</u>         | <u>-</u>                     |
| <b>Current</b>                                                  |                  |                  |                  |                              |
| Trade receivables                                               | 947,569          | 714,591          | -                | -                            |
| Retention sums (Note 39)                                        | 149,243          | 132,774          | -                | -                            |
| Finance lease receivables                                       | 3,363            | 3,389            | -                | -                            |
| Hire purchase receivables                                       | 1,279            | 2,624            | -                | -                            |
| Amounts due from customers on contracts (Note 39)               | 62,672           | 40,609           | -                | -                            |
| Accrued billings in respect of property development costs       | 62,570           | 2,188            | -                | -                            |
|                                                                 | <u>1,226,696</u> | <u>896,175</u>   | <u>-</u>         | <u>-</u>                     |
| Less: Allowance for impairment                                  | (90,717)         | (113,793)        | -                | -                            |
|                                                                 | <u>1,135,979</u> | <u>782,382</u>   | <u>-</u>         | <u>-</u>                     |
| <b>Total trade receivables</b>                                  | <u>1,139,878</u> | <u>789,395</u>   | <u>-</u>         | <u>-</u>                     |
| <b>Total trade receivables</b>                                  | 1,139,878        | 789,395          | -                | -                            |
| Other receivables (Note 27)                                     | 181,215          | 325,762          | 948              | 1,433                        |
| Add: Amounts due from subsidiaries (Note 19)                    | -                | -                | 1,293,661        | 1,004,345                    |
| Add: Amounts due from associates                                | 21,014           | -                | -                | -                            |
| Add: Amounts due from jointly controlled entities               | 230,556          | 211,001          | -                | -                            |
| Less: Amounts due from customers on contracts (Note 39)         | (62,672)         | (40,609)         | -                | -                            |
| Less: Prepayments (Note 27)                                     | (26,356)         | (26,648)         | (789)            | (1,428)                      |
| Less: Accrued billings in respect of property development costs | (62,570)         | (2,188)          | -                | -                            |
| Add: Cash and bank balances (Note 30)                           | 1,158,890        | 776,705          | 10,797           | 10,694                       |
| <b>Total loans and receivables</b>                              | <u>2,579,955</u> | <u>2,033,418</u> | <u>1,304,617</u> | <u>1,015,044</u>             |

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**26. Trade receivables (contd.)**

The repayment terms of finance lease and hire purchase receivables are as follows:

|                                              | <b>Group</b>  |               |
|----------------------------------------------|---------------|---------------|
|                                              | <b>2012</b>   | <b>2011</b>   |
|                                              | <b>RM'000</b> | <b>RM'000</b> |
| Finance lease receivables:                   |               |               |
| Not later than 1 year                        | 3,971         | 3,794         |
| Later than 1 year and not later than 5 years | 3,465         | 6,259         |
| Later than 5 years                           | 68            | 375           |
|                                              | <u>7,504</u>  | <u>10,428</u> |
| Less: Unearned interest                      | (1,079)       | (1,964)       |
|                                              | <u>6,425</u>  | <u>8,464</u>  |
| Representing finance lease receivables:      |               |               |
| Not later than 1 year                        | 3,363         | 3,389         |
| Later than 1 year and not later than 5 years | 2,998         | 4,718         |
| Later than 5 years                           | 64            | 357           |
|                                              | <u>6,425</u>  | <u>8,464</u>  |
| Hire purchase receivables:                   |               |               |
| Not later than 1 year                        | 1,370         | 2,837         |
| Later than 1 year and not later than 5 years | 889           | 2,078         |
|                                              | <u>2,259</u>  | <u>4,915</u>  |
| Less: Unearned interest                      | (143)         | (353)         |
|                                              | <u>2,116</u>  | <u>4,562</u>  |
| Representing hire purchase receivables:      |               |               |
| Not later than 1 year                        | 1,279         | 2,624         |
| Later than 1 year and not later than 5 years | 837           | 1,938         |
|                                              | <u>2,116</u>  | <u>4,562</u>  |

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**26. Trade receivables (contd.)**

|                                                                    | <b>Group</b>     |                |
|--------------------------------------------------------------------|------------------|----------------|
|                                                                    | <b>2012</b>      | <b>2011</b>    |
|                                                                    | <b>RM'000</b>    | <b>RM'000</b>  |
| The currency exposure profile of trade receivables are as follows: |                  |                |
| Ringgit Malaysia (RM)                                              | 936,177          | 598,829        |
| Singapore Dollar (SGD)                                             | 109,279          | 76,283         |
| Renminbi (RMB)                                                     | 37,783           | 38,061         |
| Trinidad and Tobago Dollar (TTD)                                   | 14,469           | 8,755          |
| Indian Rupee (IR)                                                  | 12,348           | 18,896         |
| Australian Dollar (AUD)                                            | 10,020           | 12,231         |
| Indonesian Rupiah (INR)                                            | 8,811            | 10,100         |
| Thai Baht (THB)                                                    | 3,784            | 3,606          |
| United Arab Emirates Dirham (AED)                                  | 3,484            | 15,272         |
| Vietnam Dong (VND)                                                 | 1,571            | 1,964          |
| United States Dollar (USD)                                         | 1,230            | 2,376          |
| Macau Pataca (MOP)                                                 | 922              | 2,839          |
| Euro (EURO)                                                        | -                | 2              |
| Hong Kong Dollar (HKD)                                             | -                | 181            |
|                                                                    | <b>1,139,878</b> | <b>789,395</b> |

Included in trade receivables are the following amounts due from related parties:

|                                   | <b>Group</b>  |               |
|-----------------------------------|---------------|---------------|
|                                   | <b>2012</b>   | <b>2011</b>   |
|                                   | <b>RM'000</b> | <b>RM'000</b> |
| Sunway Technology Sdn. Bhd. Group | 507           | 441           |
| Akitek Akiprima Sdn. Bhd.         | 1             | 1             |
| Jef-San Enterprise Sdn. Bhd.      | 8             | 3             |
|                                   | <b>8</b>      | <b>3</b>      |

The amounts due from related parties are unsecured and non-interest bearing. The relationship with the related parties is as disclosed in Note 51. The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 14 days to 120 days (2011: 14 days to 120 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

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**26. Trade receivables (contd.)**

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

|                                          | <b>Group</b>     |                |
|------------------------------------------|------------------|----------------|
|                                          | <b>2012</b>      | <b>2011</b>    |
|                                          | <b>RM'000</b>    | <b>RM'000</b>  |
| Neither past due nor impaired            | 788,170          | 430,556        |
| 1 to 30 days past due not impaired       | 147,731          | 98,347         |
| 31 to 60 days past due not impaired      | 50,164           | 49,918         |
| 61 to 90 days past due not impaired      | 28,198           | 103,606        |
| 91 to 120 days past due not impaired     | 55,049           | 20,261         |
| More than 120 days past due not impaired | 69,027           | 86,343         |
|                                          | 350,169          | 358,475        |
| Impaired                                 | 92,256           | 114,157        |
|                                          | <u>1,230,595</u> | <u>903,188</u> |

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired relate to customers with good track record with the Group. Based on past experience, the Board believes that no allowance for impairment is necessary in respect of those balances.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due not impaired

Trade receivables that are past due not impaired relate to customers for whom there is no objective evidence that the receivables are not fully recoverable. No impairment has been made on these amounts as the Group is closely monitoring these receivables and is confident of their eventual recovery.

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**26. Trade receivables (contd.)**

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

|                                | ----- Group -----                  |                                    |                 |
|--------------------------------|------------------------------------|------------------------------------|-----------------|
|                                | Collectively<br>impaired<br>RM'000 | Individually<br>impaired<br>RM'000 | Total<br>RM'000 |
| <b>As at 31 December 2012</b>  |                                    |                                    |                 |
| Trade receivables              |                                    |                                    |                 |
| - nominal amounts              | 5,951                              | 86,305                             | 92,256          |
| Less: Allowance for impairment | (4,430)                            | (86,287)                           | (90,717)        |
|                                | 1,521                              | 18                                 | 1,539           |
| <b>As at 31 December 2011</b>  |                                    |                                    |                 |
| Trade receivables              |                                    |                                    |                 |
| - nominal amounts              | 549                                | 113,608                            | 114,157         |
| Less: Allowance for impairment | (185)                              | (113,608)                          | (113,793)       |
|                                | 364                                | -                                  | 364             |

Movement in allowance for impairment accounts:

|                                        | Group          |                |
|----------------------------------------|----------------|----------------|
|                                        | 2012<br>RM'000 | 2011<br>RM'000 |
| At beginning of financial year         | 113,793        | 148,604        |
| Charge for the year (Note 8)           | 4,011          | 23,537         |
| Reversal of impairment losses (Note 6) | (17,536)       | (42,017)       |
| Written off                            | (9,106)        | (16,250)       |
| Exchange differences                   | (445)          | (81)           |
| At end of financial year               | 90,717         | 113,793        |

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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**27. Other receivables**

|                                | Group          |                | Company        |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| <b>Current</b>                 |                |                |                |                |
| Deposits                       | 25,551         | 25,055         | 159            | 1              |
| Prepayments (Note 26)          | 26,356         | 26,648         | 789            | 1,428          |
| Sundry receivables             | 141,003        | 277,988        | -              | 4              |
|                                | <u>192,910</u> | <u>329,691</u> | <u>948</u>     | <u>1,433</u>   |
| Less: Allowance for impairment | (11,695)       | (3,929)        | -              | -              |
|                                | <u>181,215</u> | <u>325,762</u> | <u>948</u>     | <u>1,433</u>   |

Included in sundry receivables are the following amounts due from related parties:

|                                     | Group          |                | Company        |                |
|-------------------------------------|----------------|----------------|----------------|----------------|
|                                     | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Sunway Technology Sdn. Bhd. Group   | 118            | 16             | -              | 4              |
| Perbadanan Kemajuan Negeri Selangor | -              | 33             | -              | -              |
|                                     | <u>-</u>       | <u>33</u>      | <u>-</u>       | <u>-</u>       |

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Movement in allowance for impairment accounts:

|                                        | Group          |                |
|----------------------------------------|----------------|----------------|
|                                        | 2012<br>RM'000 | 2011<br>RM'000 |
| At beginning of financial year         | 3,929          | 5,120          |
| Charge for the year (Note 8)           | 11,670         | -              |
| Reversal of impairment losses (Note 6) | (4)            | (1,191)        |
| Written off                            | (3,900)        | -              |
| At end of financial year               | <u>11,695</u>  | <u>3,929</u>   |

**28. Amounts due from/(to) associates**

The amounts due from/(to) associates of the Group are unsecured, non-interest bearing and the term of repayment is on demand.

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**29. Amounts due from jointly controlled entities**

The amounts due from jointly controlled entities of the Group are unsecured, non-interest bearing and the term of repayment is on demand.

**30. Cash and bank balances**

|                              | Group            |                | Company        |                |
|------------------------------|------------------|----------------|----------------|----------------|
|                              | 2012<br>RM'000   | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Cash at banks and on hand    | 463,142          | 512,361        | 517            | 452            |
| Deposits with:               |                  |                |                |                |
| Licensed banks               | 140,496          | 151,404        | 10,280         | 10,242         |
| Other financial institutions | 15,791           | 29,343         | -              | -              |
| Placement in cash fund       | 539,461          | 83,597         | -              | -              |
| Cash and bank balances       | <u>1,158,890</u> | <u>776,705</u> | <u>10,797</u>  | <u>10,694</u>  |

Included in cash at banks of the Group are amounts of RM117,354,000 (2011: RM138,104,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

The weighted average effective interest rate of deposits with both licensed banks and other financial institutions of the Group and of the Company are 4.59% (2011: 4.49%) and 2.69% (2011: 2.39%) per annum respectively.

The average maturity of deposits with licensed banks and other financial institutions of the Group and of the Company are 65 days (2011: 46 days) and 30 days (2011: 30 days) respectively.

The average maturity of placement in cash fund of the Group is 1 day (2011: 1 day) and the weighted average interest rate is 3.17% (2011: 3.38%) per annum.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

|                                 | Group            |                | Company        |                |
|---------------------------------|------------------|----------------|----------------|----------------|
|                                 | 2012<br>RM'000   | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Cash and bank balances          | 1,158,890        | 776,705        | 10,797         | 10,694         |
| Bank overdrafts (Note 31)       | (95,178)         | (3,428)        | -              | -              |
| Total cash and cash equivalents | <u>1,063,712</u> | <u>773,277</u> | <u>10,797</u>  | <u>10,694</u>  |

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**31. Borrowings**

|                              | Group            |                              | Company          |                  |
|------------------------------|------------------|------------------------------|------------------|------------------|
|                              | 2012<br>RM'000   | 2011<br>RM'000<br>(Restated) | 2012<br>RM'000   | 2011<br>RM'000   |
| <b>Short term borrowings</b> |                  |                              |                  |                  |
| Secured:                     |                  |                              |                  |                  |
| Bank overdrafts              | 91,284           | 2,942                        | -                | -                |
| Bankers' acceptance          | 10,685           | 16,497                       | -                | -                |
| Term loans                   | 1,099,125        | 83,285                       | 919,004          | -                |
| Revolving credits            | 157,821          | 123,700                      | -                | -                |
| Bills discounting            | 1,179            | 5,512                        | -                | -                |
|                              | <u>1,360,094</u> | <u>231,936</u>               | <u>919,004</u>   | <u>-</u>         |
| Unsecured:                   |                  |                              |                  |                  |
| Bank overdrafts              | 3,894            | 486                          | -                | -                |
| Bankers' acceptance          | 38,259           | 21,568                       | -                | -                |
| Term loans                   | 58,076           | 24,770                       | -                | -                |
| Revolving credits            | 70,000           | 20,000                       | -                | -                |
| Block discount creditors     | 9,430            | 12,244                       | -                | -                |
| Commercial papers            | 200,000          | -                            | 200,000          | -                |
| Medium term notes            | 25,000           | -                            | 25,000           | -                |
|                              | <u>404,659</u>   | <u>79,068</u>                | <u>225,000</u>   | <u>-</u>         |
|                              | <u>1,764,753</u> | <u>311,004</u>               | <u>1,144,004</u> | <u>-</u>         |
| <b>Long term borrowings</b>  |                  |                              |                  |                  |
| Secured:                     |                  |                              |                  |                  |
| Term loans                   | 779,593          | 1,473,424                    | -                | 946,254          |
| Unsecured:                   |                  |                              |                  |                  |
| Term loans                   | 127,931          | 341,875                      | -                | -                |
| Medium term notes            | 60,000           | 85,000                       | 60,000           | 85,000           |
| Block discount creditors     | 4,653            | 14,571                       | -                | -                |
|                              | <u>192,584</u>   | <u>441,446</u>               | <u>60,000</u>    | <u>85,000</u>    |
|                              | <u>972,177</u>   | <u>1,914,870</u>             | <u>60,000</u>    | <u>1,031,254</u> |



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**31. Borrowings (contd.)**

|                          | Note | Group            |                  | Company          |                  |
|--------------------------|------|------------------|------------------|------------------|------------------|
|                          |      | 2012<br>RM'000   | 2011<br>RM'000   | 2012<br>RM'000   | 2011<br>RM'000   |
| <b>Total borrowings</b>  |      |                  |                  |                  |                  |
| Bank overdrafts          | 30   | 95,178           | 3,428            | -                | -                |
| Term loans               | (a)  | 2,064,725        | 1,923,354        | 919,004          | 946,254          |
| Revolving credits        | (b)  | 227,821          | 143,700          | -                | -                |
| Medium term notes        | (c)  | 85,000           | 85,000           | 85,000           | 85,000           |
| Commercial papers        |      | 200,000          | -                | 200,000          | -                |
| Bills discounting        |      | 1,179            | 5,512            | -                | -                |
| Bankers' acceptance      |      | 48,944           | 38,065           | -                | -                |
| Block discount creditors | (d)  | 14,083           | 26,815           | -                | -                |
|                          |      | <u>2,736,930</u> | <u>2,225,874</u> | <u>1,204,004</u> | <u>1,031,254</u> |

The weighted average interest rates per annum of borrowings that were effective as at reporting date were as follows:

|                          | Group       |             | Company   |           |
|--------------------------|-------------|-------------|-----------|-----------|
|                          | 2012<br>%   | 2011<br>%   | 2012<br>% | 2011<br>% |
| Bank overdrafts          | 4.29        | 4.49        | -         | -         |
| Term loans               | 4.43        | 4.48        | 4.49      | 4.61      |
| Revolving credits        | 4.63        | 3.87        | -         | -         |
| Medium term notes        | 4.08        | 4.08        | 4.08      | 4.08      |
| Commercial papers        | 3.47        | -           | 3.47      | -         |
| Bills discounting        | 5.00        | 4.43        | -         | -         |
| Bankers' acceptance      | 3.65        | 4.01        | -         | -         |
| Block discount creditors | <u>6.13</u> | <u>6.05</u> | <u>-</u>  | <u>-</u>  |

The Group has entered into interest rate swap contracts to hedge the floating rate interest payable on its long term borrowings. The contracts entitle the Group to pay interest at fixed rates on notional principal amounts and oblige it to receive interest at floating rates on the same amounts. Under the swaps, the Group agrees with the other parties to exchange, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The Group and the Company also entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings which was entered into to minimise the interest cost.

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**31. Borrowings (contd.)**

The currency profile of borrowings are as follows:

|                                  | Group            |                  | Company          |                  |
|----------------------------------|------------------|------------------|------------------|------------------|
|                                  | 2012             | 2011             | 2012             | 2011             |
|                                  | RM'000           | RM'000           | RM'000           | RM'000           |
| Ringgit Malaysia (RM)            | 1,518,854        | 1,297,009        | 437,504          | 237,504          |
| US Dollar (USD)                  | 1,091,652        | 801,350          | 766,500          | 793,750          |
| Singapore Dollar (SGD)           | 60,093           | 39,850           | -                | -                |
| Renminbi (RMB)                   | 52,996           | 67,199           | -                | -                |
| Australian Dollar (AUD)          | 4,784            | 3,358            | -                | -                |
| Trinidad and Tobago Dollar (TTD) | 4,318            | 6,600            | -                | -                |
| Macau Pataca (MOP)               | 4,233            | 10,413           | -                | -                |
| Euro (EURO)                      | -                | 95               | -                | -                |
|                                  | <u>2,736,930</u> | <u>2,225,874</u> | <u>1,204,004</u> | <u>1,031,254</u> |

(a) The maturity of the term loans are as follows:

|                                               | Group            |                  | Company        |                |
|-----------------------------------------------|------------------|------------------|----------------|----------------|
|                                               | 2012             | 2011             | 2012           | 2011           |
|                                               | RM'000           | RM'000           | RM'000         | RM'000         |
| Not later than 1 year                         | 1,157,201        | 108,055          | 919,004        | -              |
| Later than 1 year and not later than 2 years  | 317,126          | 1,096,836        | -              | 946,254        |
| Later than 2 years and not later than 3 years | 225,854          | 292,809          | -              | -              |
| Later than 3 years and not later than 4 years | 34,365           | 128,100          | -              | -              |
| Later than 4 years and not later than 5 years | 84,222           | 53,395           | -              | -              |
| Later than 5 years                            | 245,957          | 244,159          | -              | -              |
|                                               | <u>2,064,725</u> | <u>1,923,354</u> | <u>919,004</u> | <u>946,254</u> |

(b) The maturity of the revolving credits are as follows:

|                       | Group          |                |
|-----------------------|----------------|----------------|
|                       | 2012           | 2011           |
|                       | RM'000         | RM'000         |
| Not later than 1 year | <u>227,821</u> | <u>143,700</u> |

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**31. Borrowings (contd.)**

(c) The maturity of the medium term notes are as follows:

|                                               | Group          |                | Company        |                |
|-----------------------------------------------|----------------|----------------|----------------|----------------|
|                                               | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Not later than 1 year                         | 25,000         | -              | 25,000         | -              |
| Later than 1 year and not later than 2 years  | 30,000         | 25,000         | 30,000         | 25,000         |
| Later than 2 years and not later than 3 years | 30,000         | 30,000         | 30,000         | 30,000         |
| Later than 3 years and not later than 4 years | -              | 30,000         | -              | 30,000         |
|                                               | <u>85,000</u>  | <u>85,000</u>  | <u>85,000</u>  | <u>85,000</u>  |

(d) The maturity of the block discount creditors are as follows:

|                                               | Group          |                | Company        |                |
|-----------------------------------------------|----------------|----------------|----------------|----------------|
|                                               | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Not later than 1 year                         | 9,430          | 12,244         | -              | -              |
| Later than 1 year and not later than 2 years  | 4,161          | 9,821          | -              | -              |
| Later than 2 years and not later than 3 years | 492            | 4,258          | -              | -              |
| Later than 3 years and not later than 4 years | -              | 492            | -              | -              |
|                                               | <u>14,083</u>  | <u>26,815</u>  | <u>-</u>       | <u>-</u>       |

The secured borrowings of the Group are secured by legal charges on certain of the Group's land as well as fixed and floating charges on certain of the Group's assets amounting to RM1,595,121,000 (2011: RM1,326,049,000) as disclosed in Note 13, Note 15, Note 17 and Note 24.

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**32. Long term liabilities**

|                                          | Group         |               |
|------------------------------------------|---------------|---------------|
|                                          | 2012          | 2011          |
|                                          | RM'000        | RM'000        |
| Deferred income at end of financial year | 23,874        | 33,442        |
| To be recognised within 1 year (Note 38) | (1,921)       | (1,971)       |
| To be recognised after 1 year            | <u>21,953</u> | <u>31,471</u> |

Deferred income represents deferred timeshare membership fees which are to be recognised over the membership period.

**33. Advances by minority shareholders of subsidiaries**

Included in advances by minority shareholders of subsidiaries was contribution of RM129,274,000 (2011: RM122,534,000) by minority shareholders of a subsidiary, Sunway South Quay Sdn. Bhd. ("SSQSB") pursuant to a Musyarakah Shareholders' Agreement entered into with its shareholders.

Under the Musyarakah Shareholders' Agreement, Musyarakah Profit equivalent to shareholders profit yield of not less than 5.50% (2011: 5.50%) per annum shall be paid from the Distributable Profits of SSQSB to the extent practicable.

The contribution shall be repaid from Distributable Profits of SSQSB commencing from 31 December 2007 over a period of six (6) years as and when any cash surplus is available.

The other advances by minority shareholders of subsidiaries are unsecured, non-interest bearing and the term of payment is on demand.

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**34. Amounts due to subsidiaries**

|                                   | <b>Company</b> |                   |
|-----------------------------------|----------------|-------------------|
|                                   | <b>2012</b>    | <b>2011</b>       |
|                                   | <b>RM'000</b>  | <b>RM'000</b>     |
|                                   |                | <b>(Restated)</b> |
| Interest bearing amounts          | 10,225         | 11,827            |
| Non-interest bearing amounts      | 832            | 279               |
| Total amounts due to subsidiaries | 11,057         | 12,106            |

The amounts due to subsidiaries are unsecured, the term of repayment is on demand and bear interest at rates ranging from 1.50% to 3.07% (2011: 3.00% to 4.30%) per annum.

**35. Hire purchase and finance lease liabilities**

|                                               | <b>Group</b>  |               |
|-----------------------------------------------|---------------|---------------|
|                                               | <b>2012</b>   | <b>2011</b>   |
|                                               | <b>RM'000</b> | <b>RM'000</b> |
| <b>Future minimum lease payments:</b>         |               |               |
| Not later than 1 year                         | 9,403         | 10,557        |
| Later than 1 year and not later than 2 years  | 8,238         | 9,114         |
| Later than 2 years and not later than 3 years | 3,165         | 7,900         |
| Later than 3 years and not later than 4 years | 5             | 2,909         |
| Later than 4 years and not later than 5 years | -             | 14            |
| Total future minimum lease payments           | 20,811        | 30,494        |
| Less: Future finance charges                  | (1,307)       | (2,674)       |
| Present value of finance lease liabilities    | 19,504        | 27,820        |

**Analysis of present value of finance lease liabilities:**

|                                               |         |         |
|-----------------------------------------------|---------|---------|
| Not later than 1 year                         | 8,402   | 9,008   |
| Later than 1 year and not later than 2 years  | 7,978   | 8,182   |
| Later than 2 years and not later than 3 years | 3,120   | 7,721   |
| Later than 3 years and not later than 4 years | 4       | 2,895   |
| Later than 4 years and not later than 5 years | -       | 14      |
|                                               | 19,504  | 27,820  |
| Less: Amount due within 12 months             | (8,402) | (9,008) |
| Amount due after 12 months                    | 11,102  | 18,812  |

The hire purchase and finance lease liabilities of the Group attracted interest at rates ranging from 2.55% to 8.70% (2011: 2.75% to 8.70%) per annum.

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**36. Deferred tax**

|                                                          | Group          |                | Company        |                |
|----------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                          | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| At beginning of financial year<br>(as previously stated) | 55,741         | 33,140         | (338)          | -              |
| Effects of adopting Amendments<br>to FRS 112             | (32,493)       | (15,963)       | -              | -              |
| At beginning of financial year<br>(as restated)          | 23,248         | 17,177         | (338)          | -              |
| Recognised in profit or loss (Note 11)                   | (3,581)        | 6,052          | 338            | (338)          |
| Exchange differences                                     | (139)          | 19             | -              | -              |
| At end of financial year                                 | 19,528         | 23,248         | -              | (338)          |
| Presented after appropriate<br>offsetting as follows:    |                |                |                |                |
| Deferred tax assets                                      | (33,718)       | (33,308)       | -              | (338)          |
| Deferred tax liabilities                                 | 53,246         | 56,556         | -              | -              |
|                                                          | 19,528         | 23,248         | -              | (338)          |

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**36. Deferred tax (contd.)**

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

**Deferred tax assets of the Group:**

|                              | Tax losses and unabsorbed capital allowances<br>RM'000 | Land held for development<br>RM'000 | Provisions for liabilities<br>RM'000 | Other payables<br>RM'000 | Property, plant and equipment<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|------------------------------|--------------------------------------------------------|-------------------------------------|--------------------------------------|--------------------------|-----------------------------------------|------------------|-----------------|
| At 1 January 2011            | (25,343)                                               | (15,845)                            | (1,376)                              | (860)                    | (10,785)                                | (18,583)         | (72,792)        |
| Recognised in profit or loss | (14,119)                                               | -                                   | (4,725)                              | (2,509)                  | 10,308                                  | 13,992           | 2,947           |
| Exchange differences         | (25)                                                   | -                                   | -                                    | -                        | (1)                                     | (547)            | (573)           |
| At 31 December 2011          | (39,487)                                               | (15,845)                            | (6,101)                              | (3,369)                  | (478)                                   | (5,138)          | (70,418)        |
| Recognised in profit or loss | 10,841                                                 | -                                   | 1,915                                | (666)                    | 462                                     | (3,880)          | 8,672           |
| Exchange differences         | 1                                                      | -                                   | -                                    | -                        | (140)                                   | 56               | (83)            |
| At 31 December 2012          | (28,645)                                               | (15,845)                            | (4,186)                              | (4,035)                  | (156)                                   | (8,962)          | (61,829)        |

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**36. Deferred tax (contd.)**

**Deferred tax liabilities of the Group:**

|                                             | Lease rental<br>RM'000 | Property, plant<br>and equipment<br>RM'000 | Rock<br>reserves<br>RM'000 | Investment<br>properties<br>RM'000 | Others<br>RM'000 | Total<br>RM'000 |
|---------------------------------------------|------------------------|--------------------------------------------|----------------------------|------------------------------------|------------------|-----------------|
| At 1 January 2011 (as previously stated)    | 5,276                  | 21,813                                     | 3,926                      | 66,959                             | 7,958            | 105,932         |
| Effect of adopting Amendments<br>to FRS 112 | -                      | -                                          | -                          | (15,963)                           | -                | (15,963)        |
| At 1 January 2011 (as restated)             | 5,276                  | 21,813                                     | 3,926                      | 50,996                             | 7,958            | 89,969          |
| Recognised in profit or loss                | -                      | 11,183                                     | -                          | (1,955)                            | (6,123)          | 3,105           |
| Exchange differences                        | -                      | 592                                        | -                          | -                                  | -                | 592             |
| At 31 December 2011 (restated)              | 5,276                  | 33,588                                     | 3,926                      | 49,041                             | 1,835            | 93,666          |
| Recognised in profit or loss                | -                      | (3,150)                                    | (456)                      | (7,447)                            | (1,200)          | (12,253)        |
| Exchange differences                        | -                      | (46)                                       | -                          | (10)                               | -                | (56)            |
| At 31 December 2012                         | 5,276                  | 30,392                                     | 3,470                      | 41,584                             | 635              | 81,357          |



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**36. Deferred tax (contd.)**

**Deferred tax assets of the Company:**

|                                        | <b>Others<br/>RM'000</b> |
|----------------------------------------|--------------------------|
| At 1 January 2011                      | -                        |
| Recognised in profit or loss (Note 11) | (338)                    |
| At 31 December 2011                    | <u>(338)</u>             |
| Recognised in profit or loss (Note 11) | 321                      |
| At 31 December 2012                    | <u>(17)</u>              |

**Deferred tax liabilities of the Company:**

|                                        | <b>Property plant<br/>and equipment<br/>RM'000</b> |
|----------------------------------------|----------------------------------------------------|
| At 1 January 2011                      | -                                                  |
| Recognised in profit or loss (Note 11) | -                                                  |
| At 31 December 2011                    | <u>-</u>                                           |
| Recognised in profit or loss (Note 11) | 17                                                 |
| At 31 December 2012                    | <u>17</u>                                          |

Deferred tax assets have not been recognised in respect of the following items:

|                                        | <b>Group</b>           |                        | <b>Company</b>         |                        |
|----------------------------------------|------------------------|------------------------|------------------------|------------------------|
|                                        | <b>2012<br/>RM'000</b> | <b>2011<br/>RM'000</b> | <b>2012<br/>RM'000</b> | <b>2011<br/>RM'000</b> |
| Unused tax losses                      | 278,511                | 256,499                | 194                    | 17                     |
| Unabsorbed capital allowances          | 254,617                | 272,715                | 63                     | 23                     |
| Other deductible temporary differences | 14,533                 | 14,843                 | 1,363                  | -                      |
|                                        | <u>547,661</u>         | <u>544,057</u>         | <u>1,620</u>           | <u>40</u>              |

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**36. Deferred tax (contd.)**

Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

Section 44(5A) and Paragraph 75A of Schedule 3 of the MITA which became effective in Year of Assessment ("YA") 2006 restricts the utilisation of unabsorbed business losses and capital allowances where there is a substantial change in the ordinary shareholder of a company. The test for determining whether there is a substantial change in shareholders is carried out by comparing the shareholders on the last day of the basis period in which the unabsorbed losses/capital allowances were ascertained with those on the first day of the basis period in which the unabsorbed losses/capital allowances are to be utilised.

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance ("MOF") has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses.

**37. Trade payables**

|                                                            | Group            |                              | Company        |                |
|------------------------------------------------------------|------------------|------------------------------|----------------|----------------|
|                                                            | 2012<br>RM'000   | 2011<br>RM'000<br>(Restated) | 2012<br>RM'000 | 2011<br>RM'000 |
| Trade payables                                             | 948,328          | 811,713                      | -              | -              |
| Amounts due to customers on contracts (Note 39)            | 116,092          | 109,725                      | -              | -              |
| Amounts due to contractor and consultant                   | 51,346           | 28,765                       | -              | -              |
| Progress billings in respect of property development costs | 32,722           | 103,390                      | -              | -              |
|                                                            | <u>1,148,488</u> | <u>1,053,593</u>             | <u>-</u>       | <u>-</u>       |

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**37. Trade payables (contd.)**

|                                                                        | Group          |                              | Company        |                |
|------------------------------------------------------------------------|----------------|------------------------------|----------------|----------------|
|                                                                        | 2012<br>RM'000 | 2011<br>RM'000<br>(Restated) | 2012<br>RM'000 | 2011<br>RM'000 |
| Total trade payables                                                   | 1,148,488      | 1,053,593                    | -              | -              |
| Other payables (Note 38)                                               | 883,783        | 936,908                      | 22,915         | 15,709         |
| Add: Amounts due to subsidiaries<br>(Note 34)                          | -              | -                            | 11,057         | 12,106         |
| Add: Amounts due to associates                                         | 30             | 15,065                       | -              | -              |
| Add: Advances by minority<br>shareholders of subsidiaries              | 130,033        | 123,215                      | -              | -              |
| Less: Amounts due to<br>customers on<br>contracts (Note 39)            | (116,092)      | (109,725)                    | -              | -              |
| Less: Progress billings in<br>respect of property<br>development costs | (32,722)       | (103,390)                    | -              | -              |
| Less: Deferred income (Note 38)                                        | (1,921)        | (1,971)                      | -              | -              |
| Add: Hire purchase and finance<br>lease liabilities (Note 35)          | 19,504         | 27,820                       | -              | -              |
| Add: Total borrowings (Note 31)                                        | 2,736,930      | 2,225,874                    | 1,204,004      | 1,031,254      |
| Total financial liabilities carried at<br>amortised cost               | 4,768,033      | 4,167,389                    | 1,237,976      | 1,059,069      |

Included in trade payables are the following amounts due to related parties:

|                                      | Group          |                              | Company        |                |
|--------------------------------------|----------------|------------------------------|----------------|----------------|
|                                      | 2012<br>RM'000 | 2011<br>RM'000<br>(Restated) | 2012<br>RM'000 | 2011<br>RM'000 |
| Sunway Technology Sdn. Bhd.<br>Group | 25             | 46                           | -              | -              |

The amounts due to related parties are unsecured and non-interest bearing. The relationship with the related parties is as disclosed in Note 51.

The normal trade credit terms granted to the Group range from 15 days to 180 days (2011: 15 days to 180 days).

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**38. Other payables**

|                                               | Note        | Group          |                              | Company        |                |
|-----------------------------------------------|-------------|----------------|------------------------------|----------------|----------------|
|                                               |             | 2012<br>RM'000 | 2011<br>RM'000<br>(Restated) | 2012<br>RM'000 | 2011<br>RM'000 |
| <b>Non-current</b>                            |             |                |                              |                |                |
| Sundry payables                               | (a)         | 260,451        | 343,411                      | -              | -              |
| <b>Current</b>                                |             |                |                              |                |                |
| Sundry payables                               | (a), (b)    | 359,380        | 357,926                      | 519            | 1,785          |
| Amounts due to contractors<br>and consultants | (b)         | 585            | 2,117                        | -              | -              |
| Accruals                                      |             | 240,321        | 215,166                      | 22,396         | 13,924         |
| Refundable deposits                           |             | 21,125         | 16,317                       | -              | -              |
| Deferred income                               | (c), 32, 37 | 1,921          | 1,971                        | -              | -              |
|                                               |             | <u>623,332</u> | <u>593,497</u>               | <u>22,915</u>  | <u>15,709</u>  |
| <b>Total other payables</b>                   |             | <u>883,783</u> | <u>936,908</u>               | <u>22,915</u>  | <u>15,709</u>  |

(a) Included in sundry payables are an amount of RM269,798,000 (2011: RM283,043,000) due to Fawanis Sdn. Bhd., which is unsecured, non-interest bearing and term of repayment is in accordance to the launching date of the project development.

(b) Included in sundry payables and amounts due to contractors and consultants are the following amount due to related party:

|                                      | Group          |                | Company        |                |
|--------------------------------------|----------------|----------------|----------------|----------------|
|                                      | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Sunway Technology Sdn. Bhd.<br>Group | <u>200</u>     | <u>952</u>     | <u>-</u>       | <u>3</u>       |

The relationship with the above related party is as disclosed in Note 51.

(c) Deferred income of the Group represents deferred timeshare membership fees.

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**39. Construction contracts**

|                                                       | <b>Group</b>     |                  |
|-------------------------------------------------------|------------------|------------------|
|                                                       | <b>2012</b>      | <b>2011</b>      |
|                                                       | <b>RM'000</b>    | <b>RM'000</b>    |
| Costs incurred to date                                | 4,843,683        | 4,667,270        |
| Accrued profits to date                               | 691,308          | 769,503          |
| Total costs and accrued profits to date               | <u>5,534,991</u> | <u>5,436,773</u> |
| Progress billings to date                             | (5,588,411)      | (5,505,889)      |
|                                                       | <u>(53,420)</u>  | <u>(69,116)</u>  |
| Amounts due from customers on contracts (Note 26)     | (62,672)         | (40,609)         |
| Amounts due to customers on contracts (Note 37)       | <u>116,092</u>   | <u>109,725</u>   |
|                                                       | <u>-</u>         | <u>-</u>         |
| Advances received on contracts (included in payables) | <u>31,282</u>    | <u>8,299</u>     |
| Retention sums (Note 26)                              | <u>149,243</u>   | <u>132,774</u>   |

**40. Derivatives**

|                                 | <b>Contract/<br/>Notional<br/>amount<br/>RM'000</b> | <b>Assets<br/>RM'000</b> | <b>Liabilities<br/>RM'000</b> |
|---------------------------------|-----------------------------------------------------|--------------------------|-------------------------------|
| <b>Group</b>                    |                                                     |                          |                               |
| <b>As at 31.12.2012</b>         |                                                     |                          |                               |
| <b>Non-hedging derivatives:</b> |                                                     |                          |                               |
| <b>Non-current</b>              |                                                     |                          |                               |
| Interest rate swap              | <u>18,184</u>                                       | <u>-</u>                 | <u>(204)</u>                  |
| <b>Hedging derivatives:</b>     |                                                     |                          |                               |
| <b>Cash flow hedges</b>         |                                                     |                          |                               |
| <b>Non-current</b>              |                                                     |                          |                               |
| Cross currency swap             | <u>244,443</u>                                      | <u>2,058</u>             | <u>(588)</u>                  |
| <b>Current</b>                  |                                                     |                          |                               |
| Cross currency swap             | <u>828,875</u>                                      | <u>12,203</u>            | <u>(197)</u>                  |
| Total derivatives               | <u>1,091,502</u>                                    | <u>14,261</u>            | <u>(989)</u>                  |

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**40. Derivatives (contd.)**

|                                 | <b>Contract/<br/>Notional<br/>amount<br/>RM'000</b> | <b>Assets<br/>RM'000</b> | <b>Liabilities<br/>RM'000</b> |
|---------------------------------|-----------------------------------------------------|--------------------------|-------------------------------|
| <b>Group</b>                    |                                                     |                          |                               |
| <b>As at 31.12.2011</b>         |                                                     |                          |                               |
| <b>Non-hedging derivatives:</b> |                                                     |                          |                               |
| <b>Current</b>                  |                                                     |                          |                               |
| Forward currency contract       | 252                                                 | -                        | (169)                         |
| Interest rate swap              | 107,263                                             | -                        | (1,385)                       |
|                                 | <u>107,515</u>                                      | <u>-</u>                 | <u>(1,554)</u>                |
| <b>Non-current</b>              |                                                     |                          |                               |
| Interest rate swap              | 16,368                                              | -                        | (182)                         |
|                                 | <u>16,368</u>                                       | <u>-</u>                 | <u>(182)</u>                  |
| <b>Hedging derivatives:</b>     |                                                     |                          |                               |
| <b>Cash flow hedges</b>         |                                                     |                          |                               |
| <b>Non-current</b>              |                                                     |                          |                               |
| Cross currency swap             | 905,120                                             | 33,600                   | -                             |
|                                 | <u>905,120</u>                                      | <u>33,600</u>            | <u>-</u>                      |
| Total derivatives               | <u>1,029,003</u>                                    | <u>33,600</u>            | <u>(1,736)</u>                |
| <b>Company</b>                  |                                                     |                          |                               |
| <b>As at 31.12.2012</b>         |                                                     |                          |                               |
| <b>Hedging derivatives:</b>     |                                                     |                          |                               |
| <b>Cash flow hedges</b>         |                                                     |                          |                               |
| <b>Current</b>                  |                                                     |                          |                               |
| Cross currency swap             | 752,250                                             | 12,203                   | -                             |
|                                 | <u>752,250</u>                                      | <u>12,203</u>            | <u>-</u>                      |
| <b>As at 31.12.2011</b>         |                                                     |                          |                               |
| <b>Hedging derivatives:</b>     |                                                     |                          |                               |
| <b>Cash flow hedges</b>         |                                                     |                          |                               |
| <b>Non-current</b>              |                                                     |                          |                               |
| Cross currency swap             | 752,250                                             | 29,798                   | -                             |
|                                 | <u>752,250</u>                                      | <u>29,798</u>            | <u>-</u>                      |

An interest rate swap is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flow. The Group had entered into interest rate swap to exchange floating interest rate for fixed interest rate in order to minimise the exposure from fluctuation of interest rate. This interest rate swap receives floating interest rate equal to Kuala Lumpur Interbank Offered Rate ("KLIBOR") per annum, pays fixed rate of interest of 4.06% (2011: 4.20%) per annum.

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**40. Derivatives (contd.)**

The fair value of the interest rate swap contracts are determined by using the market rates at the end of reporting date and changes in the fair value is recognised in the profit or loss.

The Group also entered into foreign currency forward contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure.

The Group also entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings which was entered into to minimise the interest cost. The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuations over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognised directly in other comprehensive income until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the profit or loss. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the profit or loss.

During the financial year, the Group recognised a net gain of RM256,000 (2011: net loss of RM7,767,000) arising from fair value changes of derivatives.

**41. Share capital**

|                                    | Group/Company                   |              |                |                |
|------------------------------------|---------------------------------|--------------|----------------|----------------|
|                                    | Number of shares<br>of RM1 each |              | Amount         |                |
|                                    | 2012<br>'000                    | 2011<br>'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| <b>Authorised</b>                  |                                 |              |                |                |
| Ordinary shares of RM1 each:       |                                 |              |                |                |
| At beginning/end of financial year | 10,000,000                      | 10,000,000   | 10,000,000     | 10,000,000     |
| <b>Issued and fully paid</b>       |                                 |              |                |                |
| Ordinary shares of RM1 each:       |                                 |              |                |                |
| At beginning of financial year     | 1,292,505                       | *            | 1,292,505      | *              |
| Issued during the year             | -                               | 1,292,505    | -              | 1,292,505      |
| At end of financial year           | 1,292,505                       | 1,292,505    | 1,292,505      | 1,292,505      |

\* Represents 2 ordinary shares of RM1.00 each amounting to RM2.

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**41. Share capital (contd.)**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

In prior year, the Company increased its issued and paid-up ordinary share capital from RM2 to RM1,292,505,004 by way of the issuance of 1,292,505,002 new ordinary shares of RM1 each at an issue price of RM2.80 per ordinary share as part of the consideration for the acquisition of the businesses and undertakings, including the assets and liabilities of SHSB and SCSB as disclosed in Note 46.

The new ordinary shares issued in prior year rank pari passu in all respects with the existing ordinary shares of the Company.

**42. Share premium**

|                                              | <b>Group/Company</b> |               |
|----------------------------------------------|----------------------|---------------|
|                                              | <b>2012</b>          | <b>2011</b>   |
|                                              | <b>RM'000</b>        | <b>RM'000</b> |
| At beginning of financial year               | 2,326,509            | -             |
| Arising from issuance of new ordinary shares | -                    | 2,326,509     |
| At end of financial year                     | 2,326,509            | 2,326,509     |

In prior year, the Company issued 1,292,505,002 new ordinary shares of RM1.00 each at an issue price of RM2.80 each resulting in a share premium of RM2,326,509,004.

**43. Equity contribution from non-controlling interests**

The equity contribution represents the contribution of land from the minority shareholder to the subsidiary of the Group, namely Sunway Velocity Mall Sdn. Bhd. ("SVMSB"). The equity contribution will be repaid when the capital repayment upon the disposal of Velocity Mall of SVMSB.

Accordingly, the contribution has been classified and presented as equity.

**44. Merger reserve**

The negative merger reserve arose as a result of the excess of the consideration paid over the share capital and capital reserves of both SCSB and SHSB as at the acquisition date. Further details on the merger exercise are disclosed in Note 46.



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**45. Reserves**

|                                      | Note | Group            |                | Company        |                 |
|--------------------------------------|------|------------------|----------------|----------------|-----------------|
|                                      |      | 2012<br>RM'000   | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000  |
| <u>Non-distributable reserves:</u>   |      |                  |                |                |                 |
| Capital reserve                      | (a)  | 34,137           | 34,137         | -              | -               |
| Capital redemption reserve           | (b)  | 98,963           | 75,521         | -              | -               |
| Statutory reserve                    | (c)  | 879              | 879            | -              | -               |
| Revaluation reserve                  | (d)  | 22,357           | 22,357         | -              | -               |
| Share option reserve                 | (e)  | 3,170            | 3,170          | -              | -               |
| Equity contribution reserve          | (f)  | 21,712           | 21,643         | -              | -               |
| Cash flow hedge reserve              | (g)  | (1,636)          | (13,780)       | (2,047)        | (11,702)        |
| Furniture and fittings reserve       | (h)  | 1,697            | 2,049          | -              | -               |
| Foreign currency translation reserve | (i)  | (17,641)         | (24,156)       | -              | -               |
| Fair value reserve                   | (j)  | -                | -              | 4,462          | -               |
| Total non-distributable reserves     |      | <u>163,638</u>   | <u>121,820</u> | <u>2,415</u>   | <u>(11,702)</u> |
| <u>Distributable reserve:</u>        |      |                  |                |                |                 |
| Retained earnings                    |      | <u>934,375</u>   | <u>432,773</u> | <u>105,835</u> | <u>8,410</u>    |
| Total reserves                       |      | <u>1,098,013</u> | <u>554,593</u> | <u>108,250</u> | <u>(3,292)</u>  |

The movement in each category of reserves is disclosed in the statements of changes in equity.

The nature of each category of reserve are as follows:

**(a) Capital reserve**

Capital reserves represent the Group's share of post acquisition capital reserve in associates.

**(b) Capital redemption reserve**

Capital redemption reserve arises from the redemption of cumulative redeemable preference shares in accordance with Section 61(5) of Companies Act, 1965.

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**Sunway Berhad  
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Statutory reserve represents the 10% of accumulated gains recognised in the People's Republic of China subsidiaries' income statement, which is undistributable.

According to the Articles of Association of the subsidiaries, when distributing net profit of each year, the subsidiaries shall set aside 10% of its after tax profits for the statutory common reserve fund (except where the fund has reached 50% of the subsidiaries' registered capital) and 5% to 10% of after tax profits for the statutory common welfare fund. These reserves cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.

**(d) Revaluation reserve**

Revaluation reserve represents increase in the fair value of land of an associated company.

**(e) Share option reserve**

The share option reserve represents the equity-settled share options of a subsidiary granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

**(f) Equity contribution reserve**

Equity contribution reserve represents the Group's share of jointly controlled entities' other reserves arising from measuring shareholders' advances at fair value and the reserve arising from the fair valuation of minority interests' advances to certain subsidiaries.

**(g) Cash flow hedge reserve**

Cash flow hedge reserve represents the net gains or losses, net of tax, on effective cash flow hedging instruments that will be recycled to the profit or loss when the hedged transaction affects profit or loss.

**(h) Furniture and fittings reserve**

In accordance with the Hotel Master Lease Agreement, the Group must set aside in the furniture, fittings and equipment ("FF&E") reserve during each financial year, an amount equivalent to 2.5% of the anticipated revenue. The FF&E reserve must be used and disbursed only in accordance with the agreed FF&E Plan.

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**Sunway Berhad  
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The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

**(j) Fair value reserve**

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investment held until the investment is derecognised.

**46. Merger exercise**

On 18 August 2011, the Company acquired the entire businesses and undertakings, including all assets and liabilities of SHSB and SCSB (collectively known as the "Merged Entities").

The consideration for the acquisition of the Merged Entities was satisfied via the payment of RM904.7 million cash and the issuance of 1,292.5 million new ordinary shares of RM1.00 each at an issue price of RM2.80 each together with 258.5 million free warrants.

The issuance of the new ordinary shares by the Company during the previous financial year to effect the above transaction has been reflected in the share capital of the Company as shown in Note 41. As the Merged Entities were under common control before and after the merger, the Group and the Company applied the merger method of accounting. Accordingly, the consolidated financial statements have been accounted for as if the merger had occurred from the date when these entities were under common control.

**47. Operating lease agreements****(a) The Group and the Company as lessee**

The Group has entered into a non-cancellable operating lease agreement with Sunway REIT, an associated company. The lease with Sunway REIT is for the use of leasehold land and buildings.

The future minimum lease payments payable under the above non-cancellable operating leases and other non-cancellable operating leases of the Group and the Company contracted for as at the reporting date but not recognised as payables, are as follows:

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**47. Operating lease agreements (contd.)**

**(a) The Group and the Company as lessee (contd.)**

|                                              | Group          |                | Company        |                |
|----------------------------------------------|----------------|----------------|----------------|----------------|
|                                              | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Not later than 1 year                        | 76,361         | 62,217         | -              | 517            |
| Later than 1 year and not later than 5 years | 260,557        | 186,367        | -              | 1,613          |
| Later than 5 years                           | 233,453        | 143,818        | -              | -              |
|                                              | <u>570,371</u> | <u>392,402</u> | <u>-</u>       | <u>2,130</u>   |

**(b) The Group as lessors**

The Group has also entered into various non-cancellable operating lease agreements on properties with third parties.

The future minimum lease payments receivable under the above non-cancellable operating leases as at the reporting date but not recognised as receivables, are as follows:

|                                              | Group          |                |
|----------------------------------------------|----------------|----------------|
|                                              | 2012<br>RM'000 | 2011<br>RM'000 |
| Not later than 1 year                        | 47,994         | 29,753         |
| Later than 1 year and not later than 5 years | 196,541        | 126,863        |
| Later than 5 years                           | 370,890        | 323,313        |
|                                              | <u>615,425</u> | <u>479,929</u> |

Rental income recognised in profit or loss during the financial year is disclosed in Note 4 and Note 6.

**48. Capital commitments**

|                                                                                         | Group          |                  |
|-----------------------------------------------------------------------------------------|----------------|------------------|
|                                                                                         | 2012<br>RM'000 | 2011<br>RM'000   |
| Capital expenditure:                                                                    |                |                  |
| Approved and contracted for property, plant and equipment and investment properties     | 77,571         | 39,043           |
| Approved but not contracted for property, plant and equipment and investment properties | 876,450        | 1,094,913        |
|                                                                                         | <u>954,021</u> | <u>1,133,956</u> |

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**49. Contingent liabilities**

|                                                                     | Group     |           | Company   |         |
|---------------------------------------------------------------------|-----------|-----------|-----------|---------|
|                                                                     | 2012      | 2011      | 2012      | 2011    |
|                                                                     | RM'000    | RM'000    | RM'000    | RM'000  |
| Unsecured:                                                          |           |           |           |         |
| Guarantees given to third parties in respect of trade and contracts | 2,984,633 | 2,275,002 | 1,198,447 | 215,397 |

Material outstanding litigations

On 4 September 2008, the solicitors of Sunway Construction Sdn. Bhd. ("SunCon") had been served with a Statement of Claim ("Statement of Claim") by Shristi Infrastructure Development Corporation Ltd. ("Claimant"). The Statement of Claim was received by SunCon's office in Malaysia on 8 September 2008.

Pursuant to an agreement signed between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of NH-25 to a four-lane configuration in the state of Uttar Pradesh being a part of the East-West Corridor Project, SunCon had entered into a work order with the Claimant for the upgrading and rehabilitation of the stretch of NH-25 from 143.6 km to 170.0 km, of which the Claimant has provided two bank guarantees ("Bank Guarantees") to SunCon.

The Claimant has failed to carry out its obligations under the work order and SunCon has terminated the work order and cashed the Bank Guarantees. The Claimant had filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The Supreme Court had appointed a sole arbitrator and two preliminary sittings have been held to date. The Claimant then filed its Statement of Claim on 4 September 2008.

The Statement of Claim was raised in respect of various claims (including claiming the refund of the amount cashed on the Bank Guarantees) and the total amount claimed is Rs891.5 million (approximately equivalent to RM50 million).

At the hearing on 2 February 2009, the arbitrator recorded SunCon's filing of the Statement of Defence and Counterclaim. In the counterclaim, SunCon is seeking for Rs78,13,94,628.61 (approximately equivalent to RM44 million) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

75 hearings had been held and on 11 January 2013, the arbitrator that presided over the case passed away. The Claimant and SunCon may now proceed to appoint another arbitrator that is agreeable by both parties, failing such agreement an application can be filed to the Supreme Court for an appointment.

The directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

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**50. Significant inter-company transactions**

|                                                                      |             | <b>Company</b> |               |
|----------------------------------------------------------------------|-------------|----------------|---------------|
|                                                                      | <b>Note</b> | <b>2012</b>    | <b>2011</b>   |
|                                                                      |             | <b>RM'000</b>  | <b>RM'000</b> |
| Dividends receivable from subsidiaries                               |             | 124,225        | 17,109        |
| Interest receivable from subsidiaries                                | (i)         | 48,004         | 16,915        |
| Management fee receivable from subsidiaries                          |             | 56,550         | 16,396        |
| Income receivable from back to back loan                             |             | 1,754          | 4,170         |
| IT and related expenses payable to a subsidiary                      |             | (1,245)        | (120)         |
| Insurance expenses payable to a subsidiary                           |             | (581)          | (166)         |
| Secretarial fees and share registration fees payable to a subsidiary |             | (463)          | (127)         |
| Accounting services fees payable to a subsidiary                     |             | (182)          | (100)         |
| Hotel and related expenses payable to a subsidiary                   |             | (113)          | (49)          |
| Parking and related services payable to subsidiaries                 |             | (86)           | (23)          |
| Air ticket and related services payable to a subsidiary              |             | (79)           | (109)         |
| Interest payable to subsidiaries                                     | (ii)        | (58)           | (43)          |
| Medical services expenses payable to a subsidiary                    |             | (41)           | (21)          |
| Subscription and related expenses payable to a subsidiary            |             | (28)           | (9)           |

(i) The interest receivable arose from the amounts due from subsidiaries. Further details are disclosed in Note 19.

(ii) The interest payable arose from the amounts due to subsidiaries. Further details are disclosed in Note 34.

**51. Significant related party transactions**

(i) During the financial year, the Group transacted with certain related parties. The transactions with the related parties are in respect of:

| <b>Name of companies</b>                               | <b>Nature of transactions</b>                                                                   | <b>Group</b>  |                     |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------|---------------------|
|                                                        |                                                                                                 | <b>2012</b>   | <b>2011</b>         |
|                                                        |                                                                                                 | <b>RM'000</b> | <b>RM'000</b>       |
| (a) Sunway Technology Sdn. Bhd. Group ("STSB Group")   | Information systems products and consultancy fees<br>Sales of financial and IT related services | (891)<br>121  | (682)<br>512        |
| (b) Perbadanan Kemajuan Negeri Selangor ("PKNS") Group | Construction costs<br>Dividend paid                                                             | -<br>(30,000) | (1,000)<br>(32,000) |

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**51. Significant related party transactions (contd.)**

- (i) During the financial year, the Group transacted with certain related parties. The transactions with the related parties are in respect of: (contd.)

| Name of companies                                                     | Nature of transactions                                  | Group          |                |
|-----------------------------------------------------------------------|---------------------------------------------------------|----------------|----------------|
|                                                                       |                                                         | 2012<br>RM'000 | 2011<br>RM'000 |
| (c) Adasia (M) Sdn. Bhd. ("Adasia")                                   | Advertising fees                                        | -              | (4,427)        |
| (d) Akitek Akiprima Sdn. Bhd.                                         | Procurement of architectural related services           | (262)          | (318)          |
| (e) Dekon Holdings Sdn. Bhd. Group ("DHSB Group")                     | Construction costs                                      | -              | (98,732)       |
|                                                                       | Landscaping services                                    | -              | (3,261)        |
|                                                                       | Interior design works                                   | -              | (11,611)       |
|                                                                       | Cleaning and maintenance                                | -              | (527)          |
|                                                                       | Building materials                                      | -              | 8,827          |
| (f) Sunway Real Estate Investment Trust ("Sunway REIT") (OSK Trustee) | Lease of Sunway Resort Hotel & Spa                      | (54,532)       | (54,111)       |
|                                                                       | Lease of Sunway Hotel Seberang Jaya                     | (3,110)        | (5,275)        |
|                                                                       | Lease of Sunway Putra Hotel                             | (12,004)       | (3,167)        |
|                                                                       | Leasing/rental of properties in respect of:             |                |                |
|                                                                       | Sunway Pyramid Convention Centre                        | (3,000)        | (3,000)        |
|                                                                       | Sunway Carnival Convention Centre                       | (860)          | (811)          |
|                                                                       | Sunway Pyramid Shopping Mall                            | (1,512)        | (1,512)        |
|                                                                       | Sunway Medical Center building                          | (51)           | -              |
|                                                                       | Menara Sunway and accommodation for security staff      | (7,819)        | (5,683)        |
|                                                                       | Rental and management of car parks and related services | (16,455)       | (15,078)       |
|                                                                       | Management services                                     | 26,462         | 25,315         |
| Insurance products                                                    | 257                                                     | 117            |                |
| Financial and IT related services                                     | 186                                                     | 19             |                |
| Property management and related services                              | 98                                                      | 43             |                |
| (g) Jef-San Enterprise Sdn. Bhd.                                      | Management services                                     | 1              | -              |
|                                                                       | Financial and IT related services                       | 1              | -              |
|                                                                       | Provision of medical services                           | 2              | 11             |

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**51. Significant related party transactions (contd.)**

(ii) The above parties are deemed related to the Group as follows:

- (a) Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih and Evan Cheah Yean Shin are directors of STSB Group. Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling is a major shareholder of STSB Group. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng has deemed interest in STSB Group via a corporation where she has more than 15% shareholding and by virtue of her spouse's interest in STSB Group. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih and Evan Cheah Yean Shin are the spouse and children of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling respectively.

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Sarena Cheah Yean Tih are directors and major shareholders of the Company as well as directors in several subsidiaries of the Company. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng and Evan Cheah Yean Shin are directors in several subsidiaries of the Company and major shareholders of the Company.

- (b) PKNS is a major shareholder with 40% direct interest in Sunway Damansara Sdn. Bhd., which is a 60% owned subsidiary of the Company. PKNS also has 30% deemed interest in Sunway D'Mont Kiara Sdn. Bhd., which is an associated company of Sunway Damansara Sdn. Bhd..
- (c) Sarena Cheah Yean Tih and Evan Cheah Yean Shin were directors of Adasia. Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih and Evan Cheah Yean Shin were major shareholders of Adasia. Adasia ceased to be related party to the Group on 26 September 2011.

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Sarena Cheah Yean Tih are directors and major shareholders of the Company as well as directors in several subsidiaries of the Company. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng and Evan Cheah Yean Shin are directors in several subsidiaries of the Company and major shareholders of the Company.

- (d) Cheah Teik Jin, the brother of Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng, is a director and major shareholder of Akitek Akiprima Sdn. Bhd..

Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng is a director in several subsidiaries of the Company and major shareholder of the Company.

- (e) Datuk Seri Razman M Hashim was a major shareholder of DHSB Group. DHSB Group ceased to be related party to the Group on 28 October 2011.

Datuk Seri Razman M Hashim is a director and shareholder of the Company as well as director in several subsidiaries of the Company.



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**51. Significant related party transactions (contd.)**

(ii) The above parties are deemed related to the Group as follows: (contd.)

- (f) The Company and its wholly-owned subsidiary, Sunway REIT Holdings Sdn. Bhd. are major unit holders of Sunway REIT. Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih, Evan Cheah Yean Shin, Sungei Way Corporation Sdn. Bhd. and Active Equity Sdn. Bhd., being major shareholders of the Company, also have deemed interests in Sunway REIT via the Company and Sunway REIT Holdings Sdn. Bhd..
- (g) Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih and Evan Cheah Yean Shin are directors of Jef-San Enterprise Sdn. Bhd. Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng are major shareholders of Jef-San Enterprise Sdn. Bhd..

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Sarena Cheah Yean Tih are directors and major shareholders of the Company as well as directors in several subsidiaries of the Company. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng and Evan Cheah Yean Shin are directors in several subsidiaries of the Company and major shareholders of the Company.

Information regarding outstanding balances arising from related party transactions as at 31 December 2012 are disclosed in Note 26, Note 27, Note 37 and Note 38.

(iii) The remuneration of the directors and other members of key management during the financial year are as follows:

|                              | Group          |                | Company        |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Short-term employee benefits | 25,354         | 19,585         | 14,002         | 2,330          |
| Post-employment benefits:    |                |                |                |                |
| - Defined contribution plan  | 4,150          | 2,198          | 2,409          | 254            |
|                              | <u>29,504</u>  | <u>21,783</u>  | <u>16,411</u>  | <u>2,584</u>   |

(iv) Included in the total key management personnel are:

|                                      | Group          |                | Company        |                |
|--------------------------------------|----------------|----------------|----------------|----------------|
|                                      | 2012<br>RM'000 | 2011<br>RM'000 | 2012<br>RM'000 | 2011<br>RM'000 |
| Directors' remuneration<br>(Note 10) | <u>16,031</u>  | <u>11,397</u>  | <u>16,031</u>  | <u>2,404</u>   |

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**52. Subsidiaries**

Details of the subsidiaries are as follows:

| Name of companies                                                                                            | Country of incorporation | Principal activities                                    | Proportion of ownership interest |           |
|--------------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------------------------------|----------------------------------|-----------|
|                                                                                                              |                          |                                                         | 2012<br>%                        | 2011<br>% |
| <b>(a) Subsidiaries of Sunway Berhad</b>                                                                     |                          |                                                         |                                  |           |
| Sunway Holdings Sdn. Bhd.                                                                                    | Malaysia                 | Investment holding and provision of management services | 100                              | 100       |
| Sunway City Sdn. Bhd.                                                                                        | Malaysia                 | Investment holding                                      | 100                              | 100       |
| Sunway REIT Management Sdn. Bhd.                                                                             | Malaysia                 | Managing and administering real estate investment trust | 100                              | 100       |
| Sunway Treasury Sdn. Bhd.                                                                                    | Malaysia                 | Provision of financial services                         | 100                              | 100       |
| Sunway Lagoon Club Berhad<br>(held in trust by Sunway City Sdn. Bhd.)                                        | Malaysia                 | Recreational club facilities                            | 83.51                            | 83.51     |
| Sunway REIT Holdings Sdn. Bhd.                                                                               | Malaysia                 | Investment holding                                      | 100                              | 100       |
| Sunway Real Estate (China) Ltd. #<br>(60% held by Sunway City Sdn. Bhd. and 40% held by SunwayMas Sdn. Bhd.) | Hong Kong                | Investment holding                                      | 100                              | 100       |
| Sunway Medical Centre Berhad<br>(held in trust by Sunway City Sdn. Bhd.)                                     | Malaysia                 | Operator of a medical centre                            | 92.12                            | 91.63     |

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**52. Subsidiaries (contd.)**

| Name of companies                                                                                      | Country of incorporation | Principal activities                                                                 | Proportion of ownership interest |           |
|--------------------------------------------------------------------------------------------------------|--------------------------|--------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                                                                        |                          |                                                                                      | 2012<br>%                        | 2011<br>% |
| <b>(a) Subsidiaries of Sunway Berhad (contd.)</b>                                                      |                          |                                                                                      |                                  |           |
| Suncity Suncon JV<br>(50% held by Sunway City Sdn. Bhd. and 50% held by Sunway Construction Sdn. Bhd.) | Unincorporated           | Property development                                                                 | 100                              | 100       |
| <b>(b) Subsidiaries of Sunway Medical Centre Berhad</b>                                                |                          |                                                                                      |                                  |           |
| Sunmed@Home Sdn. Bhd.                                                                                  | Malaysia                 | Dormant                                                                              | 100                              | 51        |
| SunMed Clinics Sdn. Bhd.                                                                               | Malaysia                 | Provision of medical consultation services and facility services                     | 100                              | 100       |
| <b>(c) Subsidiary of Sunway Real Estate (China) Ltd.</b>                                               |                          |                                                                                      |                                  |           |
| Sunway Guanghao Real Estate (Jiangyin) Co. Ltd. #                                                      | China                    | Property development                                                                 | 65                               | 65        |
| <b>(d) Subsidiaries of Sunway Holdings Sdn. Bhd.</b>                                                   |                          |                                                                                      |                                  |           |
| Sunway Construction Sdn. Bhd.                                                                          | Malaysia                 | Turnkey, construction related design and build, civil engineering and building works | 100                              | 100       |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                                   | Country of incorporation | Principal activities                                                                                     | Proportion of ownership interest |           |
|---------------------------------------------------------------------|--------------------------|----------------------------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                                     |                          |                                                                                                          | 2012<br>%                        | 2011<br>% |
| <b>(d) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)</b>       |                          |                                                                                                          |                                  |           |
| SunwayMas Sdn. Bhd.                                                 | Malaysia                 | Property and housing development                                                                         | 100                              | 100       |
| Sunway VCP Sdn. Bhd.<br>(formerly known as Sunway Keramo Sdn. Bhd.) | Malaysia                 | Marketing, manufacturing and sale of glazed vitrified clay pipes and other similar related clay products | 100                              | 100       |
| Sunway Marketing Sdn. Bhd.                                          | Malaysia                 | Marketing, distribution and sale of construction related products and industrial products                | 100                              | 100       |
| Sunway Marketing (S) Pte. Ltd. #                                    | Singapore                | Trading in hose and fittings and hose assembly                                                           | 100                              | 100       |
| Sunway Leasing Sdn. Bhd.                                            | Malaysia                 | Provision of finance through leasing, hire purchase, money lending and share financing                   | 100                              | 100       |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                             | Country of incorporation | Principal activities                                                                        | Proportion of ownership interest |           |
|---------------------------------------------------------------|--------------------------|---------------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                               |                          |                                                                                             | 2012<br>%                        | 2011<br>% |
| <b>(d) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)</b> |                          |                                                                                             |                                  |           |
| Sunway Risk Management Sdn. Bhd.                              | Malaysia                 | General and life insurance agency providing insurance underwriting and consultancy services | 100                              | 100       |
| Sunway Management Sdn. Bhd.                                   | Malaysia                 | Share registration and secretarial services                                                 | 100                              | 100       |
| Sunway Land Sdn. Bhd.                                         | Malaysia                 | Investment holding                                                                          | 100                              | 100       |
| Sunway Holdings (Vietnam) Sdn. Bhd.                           | Malaysia                 | Investment holding                                                                          | 100                              | 100       |
| Reptolink Sdn. Bhd.                                           | Malaysia                 | Investment holding                                                                          | 100                              | 100       |
| Sunway Property (China) Limited #                             | Hong Kong                | Investment holding                                                                          | 99                               | 99        |
| Shahawan (M) Sdn. Bhd.                                        | Malaysia                 | Property investment                                                                         | 100                              | 100       |
| Galaxy Avenue Sdn. Bhd.                                       | Malaysia                 | Dormant                                                                                     | 100                              | 100       |
| Sunway Orient Sdn. Bhd.                                       | Malaysia                 | Dormant                                                                                     | -                                | 100       |
| Sunway BPO Sdn. Bhd.                                          | Malaysia                 | Provision of financial, accounting and information technology services                      | 100                              | 100       |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
(Incorporated in Malaysia)**

**52. Subsidiaries (contd.)**

| Name of companies                                                                     | Country of incorporation | Principal activities                                                                                                                                           | Proportion of ownership interest |           |
|---------------------------------------------------------------------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                                                       |                          |                                                                                                                                                                | 2012<br>%                        | 2011<br>% |
| <b>(d) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)</b>                         |                          |                                                                                                                                                                |                                  |           |
| Sunway ITSSC Sdn. Bhd.<br>(formerly known as Sunway Shared Services Centre Sdn. Bhd.) | Malaysia                 | Provision of financial, accounting and information technology services                                                                                         | 100                              | 100       |
| Sunway Supply Chain Enterprise Sdn. Bhd.                                              | Malaysia                 | Dormant                                                                                                                                                        | 100                              | 100       |
| Sunway Juarasama Sdn. Bhd.                                                            | Malaysia                 | Dormant                                                                                                                                                        | 100                              | 100       |
| ABS Land & Properties Berhad<br>(In Liquidation)                                      | Malaysia                 | Dormant                                                                                                                                                        | 100                              | 100       |
| Sunway Quarry Industries Sdn. Bhd.                                                    | Malaysia                 | Manufacturing and supplying of premix, quarry operations to carry out contract works for civil projects                                                        | 100                              | 100       |
| Sunway Pipeplus Technology Sdn. Bhd.                                                  | Malaysia                 | Production of concrete pipes                                                                                                                                   | 100                              | 100       |
| Sunway Paving Solutions Sdn. Bhd.                                                     | Malaysia                 | Manufacturing and marketing of concrete pavers, hollow concrete blocks and eurotiles, undertake contracts for paving works and the hiring of heavy machineries | 100                              | 100       |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
(Incorporated in Malaysia)**

**52. Subsidiaries (contd.)**

| Name of companies                                             | Country of incorporation | Principal activities                                                                               | Proportion of ownership interest |           |
|---------------------------------------------------------------|--------------------------|----------------------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                               |                          |                                                                                                    | 2012<br>%                        | 2011<br>% |
| <b>(d) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)</b> |                          |                                                                                                    |                                  |           |
| Sunway Quarry (Kuala Kangsar) Sdn. Bhd.                       | Malaysia                 | To sell or otherwise deal in stones, aggregates, premix or other construction related products     | 100                              | 100       |
| SWL Nominees (Tempatan) Sdn. Bhd.                             | Malaysia                 | Provision of shares nominee services                                                               | 100                              | -         |
| Sunway Elite Sdn. Bhd.                                        | Malaysia                 | To coordinate and provide administration of employees' health care benefits and insurance services | 100                              | -         |
| Sunway Credit Sdn. Bhd.                                       | Malaysia                 | Provision of finance through hire purchase                                                         | 100                              | -         |
| Fortuna Gembira Enterpris Sdn. Bhd.                           | Malaysia                 | Investment holding                                                                                 | 100                              | -         |
| Sunway Cavity Wall Panel Sdn. Bhd.                            | Malaysia                 | Manufacturing and marketing of cavity wall panel                                                   | 100                              | -         |
| Sunway Cavity Wall Panel (S) Pte. Ltd. #                      | Singapore                | Manufacturing and marketing of cavity wall panel                                                   | 100                              | -         |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**
**Sunway Berhad  
(Incorporated in Malaysia)**
**52. Subsidiaries (contd.)**

| Name of companies                                             | Country of incorporation | Principal activities                                                                                                     | Proportion of ownership interest |           |
|---------------------------------------------------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                               |                          |                                                                                                                          | 2012<br>%                        | 2011<br>% |
| <b>(d) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)</b> |                          |                                                                                                                          |                                  |           |
| Sunway Quarry Industries (Melaka) Sdn. Bhd. #                 | Malaysia                 | Granite quarrying                                                                                                        | 100                              | -         |
| Sunway Captive Insurance Ltd.                                 | Malaysia                 | To carry on business as a Labuan subsidiary rent-a-captive insurer                                                       | 100                              | -         |
| Sunway Quarry (Melaka) Sdn. Bhd. #                            | Malaysia                 | Investment holding                                                                                                       | 100                              | 100       |
| Sunway Quarry Industries (Caribbean) Limited #                | Trinidad and Tobago      | Manufacturing and quarry operations to carry out contract works for civil projects                                       | 100                              | 100       |
| Sunway Integrated Outsourcing Sdn. Bhd.                       | Malaysia                 | Provision of business process outsourcing, knowledge process outsourcing and information technology outsourcing services | 100                              | 100       |
| Myanmar Sungei Way Holdings Limited #<br>(In Liquidation)     | Myanmar                  | Dormant                                                                                                                  | 99.90                            | 99.90     |
| PT Sunway Quarry Indonesia #                                  | Indonesia                | Dormant                                                                                                                  | 95                               | 95        |



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                             | Country of incorporation | Principal activities                                                         | Proportion of ownership interest |           |
|---------------------------------------------------------------|--------------------------|------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                               |                          |                                                                              | 2012<br>%                        | 2011<br>% |
| <b>(d) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)</b> |                          |                                                                              |                                  |           |
| Amalan Insaf (M) Sdn. Bhd. # x                                | Malaysia                 | Dormant                                                                      | 100                              | 82.50     |
| Sunway Global Limited #                                       | Hong Kong                | Investment holding and provision of management services                      | 98.75                            | 76.93     |
| <b>(e) Subsidiaries of Sunway Construction Sdn. Bhd.</b>      |                          |                                                                              |                                  |           |
| Sunway Innopave Sdn. Bhd.                                     | Malaysia                 | Construction of civil and building works and provision of project management | 100                              | 100       |
| Sunway M&E Sdn. Bhd.                                          | Malaysia                 | Provision of mechanical and electrical works                                 | 100                              | 100       |
| Sunway Machinery Sdn. Bhd.                                    | Malaysia                 | Renting of machinery and site equipment and undertaking sub-contract work    | 100                              | 100       |
| Sunway Engineering Sdn. Bhd.                                  | Malaysia                 | Provision of mechanical and engineering works                                | 82.60                            | 75.10     |
| Sunway Builders Sdn. Bhd.                                     | Malaysia                 | Construction of building and civil works                                     | 100                              | 100       |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**
**Sunway Berhad  
(Incorporated in Malaysia)**
**52. Subsidiaries (contd.)**

| Name of companies                                                 | Country of incorporation | Principal activities                                                               | Proportion of ownership interest |        |
|-------------------------------------------------------------------|--------------------------|------------------------------------------------------------------------------------|----------------------------------|--------|
|                                                                   |                          |                                                                                    | 2012 %                           | 2011 % |
| <b>(e) Subsidiaries of Sunway Construction Sdn. Bhd. (contd.)</b> |                          |                                                                                    |                                  |        |
| Sunway Geotechnics (M) Sdn. Bhd.                                  | Malaysia                 | Providing geotechnical services and related products and hire of heavy machineries | 100                              | 100    |
| Sunspan Sdn. Bhd.                                                 | Malaysia                 | Dormant                                                                            | 100                              | 100    |
| Sunway Permai Sdn. Bhd.                                           | Malaysia                 | Property development                                                               | 80                               | 80     |
| Sunway Industrial Products Sdn. Bhd.                              | Malaysia                 | Investment holding                                                                 | 100                              | 100    |
| Sunway Machineries Services Sdn. Bhd.                             | Malaysia                 | Investment holding                                                                 | 100                              | 100    |
| Sunway Construction India Pte. Ltd. #                             | India                    | Construction of civil and building works                                           | 100                              | 100    |
| Sunway Creative Stones Sdn. Bhd.                                  | Malaysia                 | Trading of construction materials and general contract work                        | 70                               | 70     |
| Sunway GD Piling Sdn. Bhd.                                        | Malaysia                 | Piling and foundation works                                                        | 100                              | 100    |
| Sunway Construction Caribbean Limited #                           | Trinidad and Tobago      | Construction of civil and building works                                           | 100                              | 100    |
| Sunway IBS Sdn. Bhd.                                              | Malaysia                 | Dormant                                                                            | 70                               | 70     |

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**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                                              | Country of incorporation | Principal activities                                                                                                            | Proportion of ownership interest |           |
|--------------------------------------------------------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                                                |                          |                                                                                                                                 | 2012<br>%                        | 2011<br>% |
| <b>(e) Subsidiaries of Sunway Construction Sdn. Bhd. (contd.)</b>              |                          |                                                                                                                                 |                                  |           |
| Sun-Block (Batang Kali) Sdn. Bhd.                                              | Malaysia                 | Dormant                                                                                                                         | 100                              | 100       |
| Sunway Transit System Sdn. Bhd. (formerly known as Sunway Interiors Sdn. Bhd.) | Malaysia                 | Dormant                                                                                                                         | 100                              | 100       |
| Identiti Jelata (M) Sdn. Bhd. (Dissolved with effect from 17.10.2012)          | Malaysia                 | Dormant                                                                                                                         | -                                | 100       |
| Target Beam (M) Sdn. Bhd. (Dissolved with effect from 20.4.2012)               | Malaysia                 | Dormant                                                                                                                         | -                                | 100       |
| Crosside Realty Sdn. Bhd. (Dissolved with effect from 20.4.2012)               | Malaysia                 | Dormant                                                                                                                         | -                                | 100       |
| Classvest Realty Sdn. Bhd. (Dissolved with effect from 20.4.2012)              | Malaysia                 | Dormant                                                                                                                         | -                                | 100       |
| Sunway Precast Industries Sdn. Bhd.                                            | Malaysia                 | Manufacturing precast concrete building components, undertaking of precast concrete building contracts and renting of machinery | 100                              | 100       |
| Binajelata (M) Sdn. Bhd. (Dissolved with effect from 19.1.2012)                | Malaysia                 | Dormant                                                                                                                         | -                                | 100       |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**
**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                                 | Country of incorporation | Principal activities                                                                                               | Proportion of ownership interest |           |
|-------------------------------------------------------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                                   |                          |                                                                                                                    | 2012<br>%                        | 2011<br>% |
| <b>(e) Subsidiaries of Sunway Construction Sdn. Bhd. (contd.)</b> |                          |                                                                                                                    |                                  |           |
| Sunway Construction (S) Pte. Ltd. #                               | Singapore                | Dormant                                                                                                            | 100                              | 100       |
| <b>(f) Subsidiary of Sunway Industrial Products Sdn. Bhd.</b>     |                          |                                                                                                                    |                                  |           |
| Sunway Concrete Products (S) Pte. Ltd. #                          | Singapore                | Manufacturing and sale of precast concrete building components                                                     | 100                              | 100       |
| <b>(g) Subsidiary of Sunway Concrete Products (S) Pte. Ltd.</b>   |                          |                                                                                                                    |                                  |           |
| Sunway Developments Pte. Ltd. #                                   | Singapore                | Other investment holding companies and general contractors (building construction including major upgrading works) | 100                              | 100       |
| <b>(h) Subsidiary of Sunway Developments Pte. Ltd.</b>            |                          |                                                                                                                    |                                  |           |
| Sunway Land Pte. Ltd. #                                           | Singapore                | Real estate developers and building contractor NEC*                                                                | 100                              | 100       |

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**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                                | Country of incorporation | Principal activities                                                                                                                                  | Proportion of ownership interest |           |
|------------------------------------------------------------------|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                                  |                          |                                                                                                                                                       | 2012<br>%                        | 2011<br>% |
| <b>(i) Subsidiaries of Sunway Creative Stones Sdn. Bhd.</b>      |                          |                                                                                                                                                       |                                  |           |
| Sunway Dimension Stones Sdn. Bhd.                                | Malaysia                 | Cutting, profiling and other value-added works on granites, marbles and related natural stones materials                                              | 100                              | 100       |
| Sunway Creative Stones (Xiamen) Co. Ltd. # ¥                     | China                    | Trading of construction materials and general contract works                                                                                          | -                                | 100       |
| <b>(j) Subsidiaries of Sunway Machineries Services Sdn. Bhd.</b> |                          |                                                                                                                                                       |                                  |           |
| Sunway PMI-Pile Construction Sdn. Bhd.                           | Malaysia                 | Manufacturing and sales of precast micro injection piles and reinforced concrete piles, undertaking of piling contracts and hire of heavy machineries | 98.30                            | 98.30     |
| Sunway SK Sdn. Bhd.                                              | Malaysia                 | Construction of building and civil works                                                                                                              | 100                              | 100       |

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**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                         | Country of incorporation | Principal activities                                 | Proportion of ownership interest |           |
|-----------------------------------------------------------|--------------------------|------------------------------------------------------|----------------------------------|-----------|
|                                                           |                          |                                                      | 2012<br>%                        | 2011<br>% |
| <b>(k) Subsidiary of Sunway Engineering Sdn. Bhd.</b>     |                          |                                                      |                                  |           |
| Sunway Smartek Sdn. Bhd.                                  | Malaysia                 | Dormant                                              | 100                              | 100       |
| <b>(l) Subsidiary of Sunway Geotechnics (M) Sdn. Bhd.</b> |                          |                                                      |                                  |           |
| Sunway Geotechnics (S) Pte. Ltd. #                        | Singapore                | Providing geotechnical services and related products | 100                              | 100       |
| <b>(m) Subsidiaries of SunwayMas Sdn. Bhd.</b>            |                          |                                                      |                                  |           |
| Sunway Bangi Sdn. Bhd.                                    | Malaysia                 | Property development                                 | 100                              | 100       |
| Mujurmas Sdn. Bhd.                                        | Malaysia                 | Dormant                                              | 100                              | 100       |
| Pembangunan Risjaya Sdn. Bhd.                             | Malaysia                 | Property development                                 | 100                              | 100       |
| Sunway Rawang Heights Sdn. Bhd.                           | Malaysia                 | Property development                                 | 100                              | 100       |
| Sunway Kanching Heights Sdn. Bhd.                         | Malaysia                 | Property development                                 | 100                              | 100       |
| Eaglefield Sdn. Bhd.                                      | Malaysia                 | Dormant                                              | 100                              | 100       |
| Sunway Rydgeway Sdn. Bhd.                                 | Malaysia                 | Property and housing development                     | 80                               | 80        |
| Sunway Termuning Sdn. Bhd.                                | Malaysia                 | Property and housing development                     | 80                               | 80        |

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**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                           | Country of incorporation | Principal activities                                  | Proportion of ownership interest |           |
|-------------------------------------------------------------|--------------------------|-------------------------------------------------------|----------------------------------|-----------|
|                                                             |                          |                                                       | 2012<br>%                        | 2011<br>% |
| <b>(m) Subsidiaries of SunwayMas Sdn. Bhd. (contd.)</b>     |                          |                                                       |                                  |           |
| Virgo Rhythm Sdn. Bhd.                                      | Malaysia                 | Property and housing development                      | 100                              | 100       |
| Sunway Land (China) Ltd. #                                  | Hong Kong                | Struck off pursuant to deregistration                 | -                                | 100       |
| Sunway Eastwood Sdn. Bhd.                                   | Malaysia                 | Property and housing development                      | 70                               | 70        |
| Geneba Dua Sdn. Bhd.                                        | Malaysia                 | Dormant                                               | 100                              | 100       |
| Sunway PJ51A Sdn. Bhd.                                      | Malaysia                 | Dormant                                               | 100                              | 100       |
| Daksina Harta Sdn. Bhd.                                     | Malaysia                 | Dormant                                               | 100                              | 100       |
| <b>(n) Subsidiary of Sunway Quarry Industries Sdn. Bhd.</b> |                          |                                                       |                                  |           |
| Sunway Quarry Industries (Taiping) Sdn. Bhd.                | Malaysia                 | Quarry operation                                      | 100                              | 100       |
| <b>(o) Subsidiaries of Sunway Marketing Sdn. Bhd.</b>       |                          |                                                       |                                  |           |
| Sunway Marketing (East Malaysia) Sdn. Bhd.                  | Malaysia                 | Trading in hoses and fittings and industrial products | 85                               | 85        |
| Sunway Hose Centre Sdn. Bhd.                                | Malaysia                 | Trading in hoses and fittings and hose assembly       | 85                               | 85        |

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**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                              | Country of incorporation | Principal activities                                                                        | Proportion of ownership interest |           |
|----------------------------------------------------------------|--------------------------|---------------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                                |                          |                                                                                             | 2012<br>%                        | 2011<br>% |
| <b>(o) Subsidiaries of Sunway Marketing Sdn. Bhd. (contd.)</b> |                          |                                                                                             |                                  |           |
| Sunway Architectural Products Sdn. Bhd.                        | Malaysia                 | Trading in architectural and finishing products                                             | 85                               | 85        |
| Sunway Pharma Sdn. Bhd. #                                      | Malaysia                 | Dormant                                                                                     | 100                              | 100       |
| Sunway Opus International Trading Private Limited #            | India                    | To undertake business of import, marketing and sale of architectural and finishing products | 60                               | 60        |
| Sunway Enterprise (1988) Sdn. Bhd.                             | Malaysia                 | Trading and hiring of heavy machinery and spares                                            | 100                              | -         |
| Sunway Hydraulic Industries Sdn. Bhd.                          | Malaysia                 | Importation and trading of hydraulic fittings                                               | 100                              | -         |
| <b>(p) Subsidiaries of Sunway Marketing (S) Pte. Ltd.</b>      |                          |                                                                                             |                                  |           |
| PT Sunway Marketing Indonesia #                                | Indonesia                | Dormant                                                                                     | 95                               | 95        |
| Sunway Marketing (Shanghai) Pte. Ltd. #                        | China                    | Dormant                                                                                     | 100                              | 100       |



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                                  | Country of incorporation | Principal activities                                                  | Proportion of ownership interest |           |
|--------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------|----------------------------------|-----------|
|                                                                    |                          |                                                                       | 2012<br>%                        | 2011<br>% |
| <b>(p) Subsidiaries of Sunway Marketing (S) Pte. Ltd. (contd.)</b> |                          |                                                                       |                                  |           |
| PT Sunway Trek Masindo #                                           | Indonesia                | Trading in hose and fittings, hose assembly and heavy equipment parts | 66                               | 66        |
| Sunway Marketing (Thailand) Ltd. #                                 | Thailand                 | Trading in hose and fittings, hose assembly and heavy equipment parts | 99.99                            | 99.99     |
| TotalRubber Ltd. #                                                 | Australia                | Import and distribution of industrial rubber and plastics             | 100                              | 100       |
| PT Sunway Flowtech #                                               | Indonesia                | Trading in hoses and fittings, and hose assembly                      | 95                               | 95        |
| <b>(q) Subsidiaries of Sunway Leasing Sdn. Bhd.</b>                |                          |                                                                       |                                  |           |
| SWL Nominees (Tempatan) Sdn. Bhd.                                  | Malaysia                 | Provision of shares nominee services                                  | -                                | 100       |

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**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                              | Country of incorporation | Principal activities                                                                               | Proportion of ownership interest |           |
|----------------------------------------------------------------|--------------------------|----------------------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                                |                          |                                                                                                    | 2012<br>%                        | 2011<br>% |
| <b>(q) Subsidiaries of Sunway Leasing Sdn. Bhd. (contd.)</b>   |                          |                                                                                                    |                                  |           |
| Sunway Elite Sdn. Bhd.                                         | Malaysia                 | To coordinate and provide administration of employees' health care benefits and insurance services | -                                | 100       |
| Sunway Credit Sdn. Bhd.                                        | Malaysia                 | Provision of finance through hire purchase                                                         | -                                | 100       |
| <b>(r) Subsidiaries of Reptolink Sdn. Bhd.</b>                 |                          |                                                                                                    |                                  |           |
| Sunway Enterprise (1988) Sdn. Bhd.                             | Malaysia                 | Trading and hiring of heavy machinery and spares                                                   | -                                | 100       |
| Sunway Hydraulic Industries Sdn. Bhd.                          | Malaysia                 | Importation and trading of hydraulic fittings                                                      | -                                | 100       |
| <b>(s) Subsidiaries of Sunway Holdings (Vietnam) Sdn. Bhd.</b> |                          |                                                                                                    |                                  |           |
| Sunway Hatay Construction & Building Materials JV Co. Ltd. #   | Vietnam                  | Quarrying and manufacturing of ready-mixed concrete                                                | 86                               | 86        |

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**Sunway Berhad  
(Incorporated in Malaysia)**

**52. Subsidiaries (contd.)**

| Name of companies                                                                         | Country of incorporation | Principal activities                               | Proportion of ownership interest |           |
|-------------------------------------------------------------------------------------------|--------------------------|----------------------------------------------------|----------------------------------|-----------|
|                                                                                           |                          |                                                    | 2012<br>%                        | 2011<br>% |
| <b>(s) Subsidiaries of Sunway Holdings (Vietnam) Sdn. Bhd. (contd.)</b>                   |                          |                                                    |                                  |           |
| Sungei Way Ocean Joint Venture Ltd. #                                                     | Vietnam                  | Quarrying and production of building stones        | 70                               | 70        |
| Realty Investments (HB) Inc. #                                                            | Panama                   | Investment holding                                 | 100                              | 100       |
| <b>(t) Subsidiary of Realty Investments (HB) Inc.</b>                                     |                          |                                                    |                                  |           |
| Hang Bai Office Complex JVC #                                                             | Vietnam                  | Dormant                                            | 74                               | 74        |
| <b>(u) Subsidiary of Sunway Land Sdn. Bhd.</b>                                            |                          |                                                    |                                  |           |
| Fortuna Gembira Enterpris Sdn. Bhd.                                                       | Malaysia                 | Investment holding                                 | -                                | 100       |
| <b>(v) Subsidiary of Sunway VCP Sdn. Bhd. (formerly known as Sunway Keramo Sdn. Bhd.)</b> |                          |                                                    |                                  |           |
| Sunway Pipe Inspection and Repair Services Centre Sdn. Bhd. x                             | Malaysia                 | Dormant                                            | 100                              | 100       |
| <b>(w) Subsidiaries of Sunway Paving Solutions Sdn. Bhd.</b>                              |                          |                                                    |                                  |           |
| Sun-Block (Senai) Sdn. Bhd.                                                               | Malaysia                 | Wound up pursuant to Member's voluntary winding up | -                                | 100       |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
(Incorporated in Malaysia)**

**52. Subsidiaries (contd.)**

| Name of companies                                                     | Country of incorporation | Principal activities                                     | Proportion of ownership interest |           |
|-----------------------------------------------------------------------|--------------------------|----------------------------------------------------------|----------------------------------|-----------|
|                                                                       |                          |                                                          | 2012<br>%                        | 2011<br>% |
| <b>(w) Subsidiaries of Sunway Paving Solutions Sdn. Bhd. (contd.)</b> |                          |                                                          |                                  |           |
| Sun-Block (Beranang) Sdn. Bhd.                                        | Malaysia                 | Wound up pursuant to Member's voluntary winding up       | -                                | 100       |
| Sunway Cavity Wall Panel Sdn. Bhd.                                    | Malaysia                 | Manufacturing and marketing of cavity wall panel         | -                                | 100       |
| Sunway Cavity Wall Panel (S) Pte. Ltd. #                              | Singapore                | Manufacturing and marketing of cavity wall panel         | -                                | 100       |
| <b>(x) Subsidiaries of Sunway Quarry (Melaka) Sdn. Bhd.</b>           |                          |                                                          |                                  |           |
| Sunway Quarry Industries (Melaka) Sdn. Bhd. #                         | Malaysia                 | Granite quarrying                                        | -                                | 100       |
| <b>(y) Subsidiary of ABS Land &amp; Properties Berhad</b>             |                          |                                                          |                                  |           |
| Coral-White Sdn. Bhd. (In Liquidation)                                | Malaysia                 | Dormant                                                  | 100                              | 100       |
| <b>(z) Subsidiaries of Sunway Global Limited</b>                      |                          |                                                          |                                  |           |
| Sunway Building Materials (Shanghai) Co. Ltd. #                       | China                    | Manufacturing, sale and marketing of interlocking pavers | 100                              | 100       |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                         | Country of incorporation | Principal activities                                                                                                                                            | Proportion of ownership interest |           |
|-----------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                           |                          |                                                                                                                                                                 | 2012<br>%                        | 2011<br>% |
| <b>(z) Subsidiaries of Sunway Global Limited (contd.)</b> |                          |                                                                                                                                                                 |                                  |           |
| Sunway Building Materials (Dongguan) Co. Ltd. #           | China                    | Manufacturing, sale and marketing of interlocking pavers                                                                                                        | 100                              | 100       |
| Sunway Spun Pile (Zhuhai) Co. Ltd. #                      | China                    | Design, manufacture and sale of pretensioned spun concrete piles                                                                                                | 80                               | 80        |
| Sunway GD Foundation Engineering Co. Ltd. #               | Macau                    | To carry out foundation and construction works                                                                                                                  | 60                               | 60        |
| Sunway Xin Long (Anhui) Hydraulic Co. Ltd. #              | China                    | Production and sale of automotive parts, hydraulic pipes, coupling and adapter, production, sale and marketing of building materials, import and export trading | 78                               | 78        |
| Sunway Trading (Shanghai) Pte. Ltd. #                     | China                    | Trading and distribution of hoses and couplings, machineries, spare parts and related items                                                                     | 100                              | 100       |

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**Sunway Berhad  
(Incorporated in Malaysia)**

**52. Subsidiaries (contd.)**

| Name of companies                                                       | Country of incorporation | Principal activities                                                                                                              | Proportion of ownership interest |           |
|-------------------------------------------------------------------------|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                                         |                          |                                                                                                                                   | 2012<br>%                        | 2011<br>% |
| <b>(z) Subsidiaries of Sunway Global Limited (contd.)</b>               |                          |                                                                                                                                   |                                  |           |
| Sunway Daechang Forging (Anhui) Co. Ltd. #                              | China                    | Manufacturing and assembling of undercarriage components, trading, providing design, consultancy services, repair and maintenance | 60                               | 60        |
| <b>(aa) Subsidiaries of Sunway Enterprise (1988) Sdn. Bhd.</b>          |                          |                                                                                                                                   |                                  |           |
| PT Sunway Indoquip #                                                    | Indonesia                | Trading and hiring of heavy machinery and spares.                                                                                 | 95                               | -         |
| Heng Ngai Knitting Manufacturer Sdn. Bhd.                               | Malaysia                 | Wound up pursuant to Member's voluntary winding up                                                                                | -                                | 100       |
| <b>(ab) Subsidiaries of Sunway GD Foundation Engineering Co. Ltd. #</b> |                          |                                                                                                                                   |                                  |           |
| Shanghai Xinhetai Construction Ltd. #                                   | China                    | To undertake the business of foundation engineering                                                                               | 70                               | 70        |

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**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                                                | Country of incorporation | Principal activities                                                                                                                            | Proportion of ownership interest |        |
|----------------------------------------------------------------------------------|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------|
|                                                                                  |                          |                                                                                                                                                 | 2012 %                           | 2011 % |
| <b>(ab) Subsidiaries of Sunway GD Foundation Engineering Co. Ltd. # (contd.)</b> |                          |                                                                                                                                                 |                                  |        |
| Splendid Era Sdn. Bhd. #                                                         | Malaysia                 | To carry out foundation and construction works and renting of machineries                                                                       | 100                              | 100    |
| Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co. Ltd. #        | China                    | Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects | 100                              | 100    |
| PT Sunway Construction Engineering #                                             | Indonesia                | To carry out foundation and construction works                                                                                                  | 55                               | 55     |
| <b>(ac) Subsidiary of Sunway Trading (Shanghai) Pte. Ltd.</b>                    |                          |                                                                                                                                                 |                                  |        |
| Sunway International Trading (Tianjin) Pte. Ltd. #                               | China                    | Trading in hoses and fittings and providing technical consultancy advisory services                                                             | 100                              | 100    |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
(Incorporated in Malaysia)**

**52. Subsidiaries (contd.)**

| Name of companies                                                      | Country of incorporation | Principal activities                                                                                                                                                                                                           | Proportion of ownership interest |           |
|------------------------------------------------------------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------|
|                                                                        |                          |                                                                                                                                                                                                                                | 2012<br>%                        | 2011<br>% |
| <b>(ac) Subsidiary of Sunway Trading (Shanghai) Pte. Ltd. (contd.)</b> |                          |                                                                                                                                                                                                                                |                                  |           |
| Shanghai Sunway Geotechnics Engineering Co. Ltd. #                     | China                    | Undertake geotechnical and foundation engineering through contracting construction projects, installation, leasing and renting of machineries and equipment, marketing and distribution of building materials related products | 100                              | 100       |
| <b>(ad) Subsidiaries of Totalrubber Ltd.</b>                           |                          |                                                                                                                                                                                                                                |                                  |           |
| Total Rubber Services Franchising Pty. Ltd. #                          | Australia                | Franchisor for TOTALRUBBER franchising business                                                                                                                                                                                | 100                              | 100       |
| Pacific Flow Technology Pty. Ltd. #                                    | Australia                | Manufacturing and sales of rubber hose products                                                                                                                                                                                | 80                               | 80        |
| SunwayTrek Australia Pty. Ltd. #                                       | Australia                | Importer and distributor of heavy equipment parts                                                                                                                                                                              | 100                              | -         |



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**52. Subsidiaries (contd.)**

| Name of companies                                          | Country of incorporation | Principal activities                                               | Proportion of ownership interest |           |
|------------------------------------------------------------|--------------------------|--------------------------------------------------------------------|----------------------------------|-----------|
|                                                            |                          |                                                                    | 2012<br>%                        | 2011<br>% |
| <b>(ae) Subsidiary of Sunway Risk Management Sdn. Bhd.</b> |                          |                                                                    |                                  |           |
| Sunway Captive Insurance Ltd.                              | Malaysia                 | To carry on business as a Labuan subsidiary rent-a-captive insurer | -                                | 100       |
| <b>(af) Subsidiaries of Sunway City Sdn. Bhd.</b>          |                          |                                                                    |                                  |           |
| Sunway Integrated Properties Sdn. Bhd.                     | Malaysia                 | Property development                                               | 100                              | 100       |
| Sunway Kinrara Sdn. Bhd.                                   | Malaysia                 | Property development                                               | 100                              | 100       |
| Sunway Hotel (Penang) Sdn. Bhd.                            | Malaysia                 | Hotel business                                                     | 100                              | 100       |
| Sunway City (Penang) Sdn. Bhd.                             | Malaysia                 | Property development and investment holding                        | 100                              | 100       |
| Konsep Objektif (M) Sdn. Bhd.                              | Malaysia                 | Investment holding                                                 | 70                               | 70        |
| Sunway Pyramid Sdn. Bhd.                                   | Malaysia                 | Dormant                                                            | 100                              | 52        |
| Sunway City Properties Sdn. Bhd.                           | Malaysia                 | Property development                                               | 100                              | 100       |
| Sunway Lagoon Sdn. Bhd.                                    | Malaysia                 | Theme park operator                                                | 100                              | 100       |
| Sunway Resort Hotel Sdn. Bhd.                              | Malaysia                 | Hotelier                                                           | 100                              | 100       |

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**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                               | Country of incorporation | Principal activities                                                   | Proportion of ownership interest |           |
|-----------------------------------------------------------------|--------------------------|------------------------------------------------------------------------|----------------------------------|-----------|
|                                                                 |                          |                                                                        | 2012<br>%                        | 2011<br>% |
| <b>(af) Subsidiaries of Sunway City Sdn. Bhd. (contd.)</b>      |                          |                                                                        |                                  |           |
| Sunway Travel Sdn. Bhd.                                         | Malaysia                 | Travel and tour agent                                                  | 100                              | 100       |
| Sunway Hospitality Holdings Ltd. #                              | British Virgin Islands   | Hotel management                                                       | 100                              | 100       |
| Emerald Tycoon Sdn. Bhd.                                        | Malaysia                 | Investment holding                                                     | 100                              | 100       |
| Sunway Grand Sdn. Bhd.                                          | Malaysia                 | Property development                                                   | 100                              | 100       |
| Pembinaan Objektif (M) Sdn. Bhd.                                | Malaysia                 | Dormant                                                                | 100                              | 100       |
| Sunway Medical Holdings Sdn. Bhd.                               | Malaysia                 | Dormant                                                                | 100                              | 100       |
| Sunway FSSC Sdn. Bhd. (formerly known as Suncity SSC Sdn. Bhd.) | Malaysia                 | Provision of financial, accounting and information technology services | 100                              | 100       |
| Sunway City (Cambodia) Sdn. Bhd.                                | Malaysia                 | Investment holding                                                     | 76                               | 76        |
| Sunway City (Ipoh) Sdn. Bhd.                                    | Malaysia                 | Property development and investment holding                            | 79                               | 65        |
| Sunway Damansara Sdn. Bhd.                                      | Malaysia                 | Property development and investment holding                            | 60                               | 60        |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                          | Country of incorporation | Principal activities                                    | Proportion of ownership interest |           |
|------------------------------------------------------------|--------------------------|---------------------------------------------------------|----------------------------------|-----------|
|                                                            |                          |                                                         | 2012<br>%                        | 2011<br>% |
| <b>(af) Subsidiaries of Sunway City Sdn. Bhd. (contd.)</b> |                          |                                                         |                                  |           |
| Sunway Leisure Sdn. Bhd.                                   | Malaysia                 | Ice rink operator and car park management               | 100                              | 100       |
| Sunway Semenyih Sdn. Bhd.                                  | Malaysia                 | Property development                                    | 70                               | 70        |
| Sunway Tunas Sdn. Bhd.                                     | Malaysia                 | Property development                                    | 100                              | 70        |
| Area Star Sdn. Bhd.                                        | Malaysia                 | Property investment and property dealing                | 100                              | 100       |
| Sunway Development Sdn. Bhd.                               | Malaysia                 | Dormant                                                 | 100                              | 100       |
| Sunway City (S'pore) Pte. Ltd. #                           | Singapore                | Promotion and marketing services and investment holding | 100                              | 100       |
| Sunway Destiny Sdn. Bhd.                                   | Malaysia                 | Management and letting out of properties                | 100                              | 100       |
| Sunway Facility Management Sdn. Bhd.                       | Malaysia                 | Building facilities management                          | 100                              | 100       |
| Sunway IFM Sdn. Bhd.                                       | Malaysia                 | Building facilities management                          | 100                              | 100       |
| Sunway City (JB) Sdn. Bhd.                                 | Malaysia                 | Property development                                    | 80                               | 80        |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                                              | Country of incorporation | Principal activities                 | Proportion of ownership interest |           |
|--------------------------------------------------------------------------------|--------------------------|--------------------------------------|----------------------------------|-----------|
|                                                                                |                          |                                      | 2012<br>%                        | 2011<br>% |
| <b>(af) Subsidiaries of Sunway City Sdn. Bhd. (contd.)</b>                     |                          |                                      |                                  |           |
| Sunway Melawati Sdn. Bhd.                                                      | Malaysia                 | Property development                 | 100                              | 100       |
| Sunway Bukit Gambier Sdn. Bhd.                                                 | Malaysia                 | Property development                 | 100                              | 100       |
| Sunway PFM Sdn. Bhd.                                                           | Malaysia                 | Building facilities management       | 100                              | 100       |
| Sunway Crest Sdn. Bhd.                                                         | Malaysia                 | Dormant                              | 100                              | 100       |
| Sunway International Vacation Club Berhad                                      | Malaysia                 | Time sharing businesses              | 100                              | 100       |
| Sunway MUSC Sdn. Bhd.<br>(formerly known as Sunway Platinum Success Sdn. Bhd.) | Malaysia                 | Property investment                  | 100                              | 100       |
| Sunway Healthy Lifestyle Sdn. Bhd.                                             | Malaysia                 | Medical tourism                      | 100                              | 100       |
| Sunway Residence Sdn. Bhd.                                                     | Malaysia                 | Property investment                  | 100                              | 100       |
| Sunway Leisure Services Sdn. Bhd.                                              | Malaysia                 | Provision of transportation services | 100                              | 100       |
| Rich Worldclass Sdn. Bhd.                                                      | Malaysia                 | Property investment                  | 100                              | 100       |
| Sunway Homes (MM2H) Sdn. Bhd.                                                  | Malaysia                 | Dormant                              | 100                              | 100       |

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**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                                                    | Country of incorporation | Principal activities                        | Proportion of ownership interest |           |
|--------------------------------------------------------------------------------------|--------------------------|---------------------------------------------|----------------------------------|-----------|
|                                                                                      |                          |                                             | 2012<br>%                        | 2011<br>% |
| <b>(af) Subsidiaries of Sunway City Sdn. Bhd. (contd.)</b>                           |                          |                                             |                                  |           |
| Sunway Tower 1 Sdn. Bhd.                                                             | Malaysia                 | Property investment                         | 100                              | 100       |
| Sunway Symphony Sdn. Bhd.                                                            | Malaysia                 | Property investment                         | 100                              | 100       |
| Sunway Shopping Centre Management Private Limited # ¥                                | Hong Kong                | Dormant                                     | 100                              | 100       |
| Sunway City India Private Limited #                                                  | India                    | Property development and investment holding | 99.99                            | 99.99     |
| Sunway Tower 2 Sdn. Bhd.                                                             | Malaysia                 | Dormant                                     | 100                              | 100       |
| Sunway Ambience Sdn. Bhd.                                                            | Malaysia                 | Property investment                         | 100                              | 100       |
| Sunway Rahman Putra Sdn. Bhd.                                                        | Malaysia                 | Property development                        | 100                              | 100       |
| Sunway Direct Sdn. Bhd. (formerly known as Sunway Loyalty Card Sdn. Bhd.)            | Malaysia                 | Loyalty card program                        | 100                              | 100       |
| Sunway Pinnacle Sdn. Bhd.                                                            | Malaysia                 | Property investment                         | 100                              | 100       |
| SunCity Vietnam Sdn. Bhd.                                                            | Malaysia                 | Investment holding                          | 100                              | 100       |
| Sunway Labuan Investment Ltd. (formerly known as Sunway City Captive Insurance Ltd.) | Malaysia                 | Investment holding                          | 100                              | 100       |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                                                        | Country of incorporation | Principal activities                        | Proportion of ownership interest |           |
|------------------------------------------------------------------------------------------|--------------------------|---------------------------------------------|----------------------------------|-----------|
|                                                                                          |                          |                                             | 2012<br>%                        | 2011<br>% |
| <b>(af) Subsidiaries of Sunway City Sdn. Bhd. (contd.)</b>                               |                          |                                             |                                  |           |
| Sunway Pyramid Hotel Sdn. Bhd. (formerly known as Sunway Parking Management Sdn. Bhd.)   | Malaysia                 | Property investment                         | 100                              | 100       |
| Warisan Kerjasama Sdn. Bhd.                                                              | Malaysia                 | Dormant                                     | 100                              | 100       |
| Sunway Century Sdn. Bhd. (formerly known as Salient Century Sdn. Bhd.)                   | Malaysia                 | Property investment                         | 100                              | 100       |
| Sejati Pesona Sdn. Bhd.                                                                  | Malaysia                 | Dormant                                     | 100                              | 100       |
| Sunway Pyramid Development Sdn. Bhd.                                                     | Malaysia                 | Property investment                         | 100                              | 100       |
| Sunway Supercar Resort Sdn. Bhd. (formerly known as Sunway Exotic Cars Resort Sdn. Bhd.) | Malaysia                 | Dormant                                     | 100                              | -         |
| Sunway Putra Hotel Sdn. Bhd.                                                             | Malaysia                 | Hotel business                              | 100                              | 100       |
| Sunway Mall Sdn. Bhd. x                                                                  | Malaysia                 | Dormant                                     | 100                              | 100       |
| Sunway Velocity Mall Sdn. Bhd.                                                           | Malaysia                 | Property investment                         | 59                               | 59        |
| Pena Enterprise Sdn. Bhd.                                                                | Malaysia                 | Property development and investment holding | 100                              | -         |
| Sunway Mall Parking Sdn. Bhd.                                                            | Malaysia                 | Car park operator                           | 100                              | -         |
| Sunway Parking Services Sdn. Bhd.                                                        | Malaysia                 | Car park management                         | 100                              | -         |

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**52. Subsidiaries (contd.)**

| Name of companies                                          | Country of incorporation | Principal activities | Proportion of ownership interest |           |
|------------------------------------------------------------|--------------------------|----------------------|----------------------------------|-----------|
|                                                            |                          |                      | 2012<br>%                        | 2011<br>% |
| <b>(af) Subsidiaries of Sunway City Sdn. Bhd. (contd.)</b> |                          |                      |                                  |           |
| Logic Square Sdn. Bhd.                                     | Malaysia                 | Property development | 100                              | -         |
| Ekuiti Meranti (M) Sdn. Bhd.                               | Malaysia                 | Investment holding   | 100                              | -         |
| Sunway D'Mont Kiara Sdn. Bhd.                              | Malaysia                 | Property development | 70                               | -         |
| <b>(ag) Subsidiaries of Sunway City (Penang) Sdn. Bhd.</b> |                          |                      |                                  |           |
| Fame Parade Sdn. Bhd.                                      | Malaysia                 | Dormant              | 100                              | 100       |
| Era Primision Sdn. Bhd.                                    | Malaysia                 | Dormant              | 100                              | 100       |
| Commercial Parade Sdn. Bhd.                                | Malaysia                 | Dormant              | 100                              | 100       |
| Sunway Hotel (Seberang Jaya) Sdn. Bhd.                     | Malaysia                 | Hotel business       | 100                              | 100       |
| Sunway Carnival Sdn. Bhd.                                  | Malaysia                 | Dormant              | 100                              | 100       |
| Sunway Bintang Sdn. Bhd.                                   | Malaysia                 | Property development | 100                              | 100       |
| Associated Circle Sdn. Bhd.                                | Malaysia                 | Property development | 100                              | 100       |
| Alliance Parade Sdn. Bhd.                                  | Malaysia                 | Dormant              | 100                              | 100       |
| Sunway Orient Sdn. Bhd.                                    | Malaysia                 | Dormant              | 100                              | -         |
| <b>(ah) Subsidiary of Konsep Objektif (M) Sdn. Bhd.</b>    |                          |                      |                                  |           |
| Sunway Hotel Phnom Penh Ltd. #                             | Cambodia                 | Hotel business       | 75                               | 75        |

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**52. Subsidiaries (contd.)**

| Name of companies                                            | Country of incorporation | Principal activities                         | Proportion of ownership interest |           |
|--------------------------------------------------------------|--------------------------|----------------------------------------------|----------------------------------|-----------|
|                                                              |                          |                                              | 2012<br>%                        | 2011<br>% |
| <b>(ai) Subsidiary of Sunway City Properties Sdn. Bhd.</b>   |                          |                                              |                                  |           |
| Pena Enterprise Sdn. Bhd.                                    | Malaysia                 | Property development and investment holding  | -                                | 100       |
| <b>(aj) Subsidiaries of Sunway Lagoon Sdn. Bhd.</b>          |                          |                                              |                                  |           |
| Eastern Glory Enterprises Limited                            | British Virgin Islands   | Investment holding                           | 45                               | 45        |
| Sunway Townhouse Sdn. Bhd.                                   | Malaysia                 | Property development and letting of property | 100                              | 100       |
| Sunway South Quay Sdn. Bhd.                                  | Malaysia                 | Property development                         | 60                               | 60        |
| Frontier Acres Sdn. Bhd.                                     | Malaysia                 | Property investment                          | 100                              | 100       |
| <b>(ak) Subsidiary of Sunway South Quay Sdn. Bhd.</b>        |                          |                                              |                                  |           |
| Sunway Monash-U Residence Sdn. Bhd.                          | Malaysia                 | Property investment                          | 100                              | 100       |
| <b>(al) Subsidiaries of Sunway Hospitality Holdings Ltd.</b> |                          |                                              |                                  |           |
| Allson International Hotels & Resorts (B.V.I.) Limited #     | British Virgin Islands   | Hotel management                             | 100                              | 100       |
| Allson International Management Limited #                    | British Virgin Islands   | Hotel management                             | 100                              | 100       |



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**52. Subsidiaries (contd.)**

| Name of companies                                                    | Country of incorporation | Principal activities | Proportion of ownership interest |           |
|----------------------------------------------------------------------|--------------------------|----------------------|----------------------------------|-----------|
|                                                                      |                          |                      | 2012<br>%                        | 2011<br>% |
| <b>(a) Subsidiaries of Sunway Hospitality Holdings Ltd. (contd.)</b> |                          |                      |                                  |           |
| Sunway International Hotels & Resorts Sdn. Bhd.                      | Malaysia                 | Hotel management     | 100                              | 100       |
| Allson International Hotels & Resorts Sdn. Bhd.                      | Malaysia                 | Hotel management     | 100                              | 100       |
| <b>(am) Subsidiary of SunCity Vietnam Sdn. Bhd.</b>                  |                          |                      |                                  |           |
| Hochimex Nominee Company Limited #                                   | Hong Kong                | Investment holding   | 100                              | 100       |
| <b>(an) Subsidiary of Hochimex Nominee Company Limited</b>           |                          |                      |                                  |           |
| Sunway Hotel Hanoi Liability Limited Company with One Member #       | Vietnam                  | Hotel business       | 100                              | 100       |
| <b>(ao) Subsidiary of Emerald Tycoon Sdn. Bhd.</b>                   |                          |                      |                                  |           |
| Sunway D'Mont Kiara Sdn. Bhd.                                        | Malaysia                 | Property development | -                                | 70        |
| <b>(ap) Subsidiary of Sunway D'Mont Kiara Sdn. Bhd.</b>              |                          |                      |                                  |           |
| Ekuiti Meranti (M) Sdn. Bhd.                                         | Malaysia                 | Investment holding   | -                                | 100       |
| <b>(aq) Subsidiary of Sunway City (Cambodia) Sdn. Bhd.</b>           |                          |                      |                                  |           |
| Sunway City Cambodia Limited #                                       | Cambodia                 | Dormant              | 80                               | 80        |

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**Sunway Berhad  
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**52. Subsidiaries (contd.)**

| Name of companies                                                                             | Country of incorporation | Principal activities                             | Proportion of ownership interest |           |
|-----------------------------------------------------------------------------------------------|--------------------------|--------------------------------------------------|----------------------------------|-----------|
|                                                                                               |                          |                                                  | 2012<br>%                        | 2011<br>% |
| <b>(ar) Subsidiaries of Sunway City (Ipoh) Sdn. Bhd.</b>                                      |                          |                                                  |                                  |           |
| Kinta Sunway Resort Sdn. Bhd.                                                                 | Malaysia                 | Property investment and hotel owner and operator | 100                              | 100       |
| Objektif Ekuiti (M) Sdn. Bhd.                                                                 | Malaysia                 | Dormant                                          | 100                              | 100       |
| Peluang Klasik (M) Sdn. Bhd.                                                                  | Malaysia                 | Dormant                                          | 100                              | 100       |
| Sunway Lost World Water Park Sdn. Bhd. (formerly known as Sunway Lagoon Water Park Sdn. Bhd.) | Malaysia                 | Development and operation of a water theme park  | 100                              | 100       |
| Lagoon Fantasy Sdn. Bhd.                                                                      | Malaysia                 | Dormant                                          | 100                              | 100       |
| Semangat Kancil (M) Sdn. Bhd.                                                                 | Malaysia                 | Dormant                                          | 100                              | 100       |
| Ganda Antik Sdn. Bhd.                                                                         | Malaysia                 | Dormant                                          | 100                              | 100       |
| Sunway Hotel Services (Ipoh) Sdn. Bhd.                                                        | Malaysia                 | Dormant                                          | 100                              | 100       |
| Sunway Lost World Hotel Sdn. Bhd.                                                             | Malaysia                 | Hotel business                                   | 100                              | 100       |

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**52. Subsidiaries (contd.)**

| Name of companies                                      | Country of incorporation | Principal activities                         | Proportion of ownership interest |           |
|--------------------------------------------------------|--------------------------|----------------------------------------------|----------------------------------|-----------|
|                                                        |                          |                                              | 2012<br>%                        | 2011<br>% |
| <b>(as) Subsidiaries of Sunway Damansara Sdn. Bhd.</b> |                          |                                              |                                  |           |
| Imbasan Intisari Sdn. Bhd.                             | Malaysia                 | Dormant                                      | 100                              | 100       |
| Tidal Elegance Sdn. Bhd.                               | Malaysia                 | Dormant                                      | 100                              | 100       |
| Park Symphony Sdn. Bhd.                                | Malaysia                 | Dormant                                      | 100                              | 100       |
| Pan Unicreation Sdn. Bhd.                              | Malaysia                 | Dormant                                      | 100                              | 100       |
| Winning Excellence Sdn. Bhd.                           | Malaysia                 | Dormant                                      | 100                              | 100       |
| Laudable Generations Sdn. Bhd.                         | Malaysia                 | Dormant                                      | 100                              | 100       |
| Contemporary Deal Sdn. Bhd.                            | Malaysia                 | Dormant                                      | 100                              | 100       |
| Contemporary Factor Sdn. Bhd.                          | Malaysia                 | Dormant                                      | 100                              | 100       |
| Petikan Tropika Sdn. Bhd.                              | Malaysia                 | Dormant                                      | 100                              | 100       |
| Sunway Giza Mall Sdn. Bhd.                             | Malaysia                 | Letting and management of a shopping complex | 100                              | 100       |
| Sunway Giza Parking Sdn. Bhd.                          | Malaysia                 | Property investment                          | 100                              | 100       |
| Sumber Dorongan Sdn. Bhd.                              | Malaysia                 | Dormant                                      | 100                              | 100       |

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**52. Subsidiaries (contd.)**

| Name of companies                                                                        | Country of incorporation | Principal activities | Proportion of ownership interest |           |
|------------------------------------------------------------------------------------------|--------------------------|----------------------|----------------------------------|-----------|
|                                                                                          |                          |                      | 2012<br>%                        | 2011<br>% |
| <b>(as) Subsidiaries of Sunway Damansara Sdn. Bhd. (contd.)</b>                          |                          |                      |                                  |           |
| Anggaran Salju Sdn. Bhd.                                                                 | Malaysia                 | Dormant              | 100                              | 100       |
| Bisikan Seni Sdn. Bhd.                                                                   | Malaysia                 | Dormant              | 100                              | 100       |
| Emerald Freight Sdn. Bhd.                                                                | Malaysia                 | Dormant              | 100                              | 100       |
| Sunway Monterez Sdn. Bhd.                                                                | Malaysia                 | Property development | 100                              | 100       |
| <b>(at) Subsidiary of Sunway PFM Sdn. Bhd.</b>                                           |                          |                      |                                  |           |
| Sunway Mall Parking Sdn. Bhd.                                                            | Malaysia                 | Car park operator    | -                                | 100       |
| <b>(au) Subsidiary of Sunway IFM Sdn. Bhd.</b>                                           |                          |                      |                                  |           |
| Sunway Parking Services Sdn. Bhd.                                                        | Malaysia                 | Car park management  | -                                | 100       |
| <b>(av) Subsidiary of Pena Enterprise Sdn. Bhd.</b>                                      |                          |                      |                                  |           |
| Logic Square Sdn. Bhd.                                                                   | Malaysia                 | Property development | -                                | 100       |
| <b>(aw) Subsidiary of Sunway Development Sdn. Bhd.</b>                                   |                          |                      |                                  |           |
| Sunway Supercar Resort Sdn. Bhd. (formerly known as Sunway Exotic Cars Resort Sdn. Bhd.) | Malaysia                 | Dormant              | -                                | 100       |

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**52. Subsidiaries (contd.)**

| Name of companies                                              | Country of incorporation | Principal activities                                  | Proportion of ownership interest |           |
|----------------------------------------------------------------|--------------------------|-------------------------------------------------------|----------------------------------|-----------|
|                                                                |                          |                                                       | 2012<br>%                        | 2011<br>% |
| <b>(ax) Subsidiaries of Eastern Glory Enterprises Limited</b>  |                          |                                                       |                                  |           |
| Estonia Enterprises Limited #                                  | British Virgin Islands   | Wound up pursuant to Member's voluntary winding up    | -                                | 100       |
| Hartford Lane Pty. Ltd. #                                      | Australia                | Trustee                                               | 100                              | 100       |
| International Theme Park Pty. Ltd. #                           | Australia                | Investment holding                                    | 100                              | 100       |
| <b>(ay) Subsidiaries of International Theme Park Pty. Ltd.</b> |                          |                                                       |                                  |           |
| Sunway Australia Unit Trust #                                  | Australia                | Unit trust                                            | 100                              | 100       |
| Sydney Theme Park Pty. Limited #                               | Australia                | Theme park license holder                             | 100                              | 100       |
| <b>(az) Subsidiary of Sunway City (S'pore) Pte. Ltd.</b>       |                          |                                                       |                                  |           |
| Sunway Investment Management Consultancy (Shanghai) Co. Ltd. # | China                    | Provision of management consultancy advisory services | 100                              | 100       |

# Audited by firms of auditors other than Ernst & Young

+ Refers to 'not elsewhere classified'

x In the midst of striking off pursuant to Section 308 of the Companies Act, 1965

¥ Deregistered by the Companies Registry of Hong Kong with effect from 8 January 2013

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**Sunway Berhad  
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**53. Financial instruments**

**(a) Financial risk management objectives and policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

**(b) Interest rate risk**

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

|                                  | <b>Group</b>       |                    | <b>Company</b>  |                 |
|----------------------------------|--------------------|--------------------|-----------------|-----------------|
|                                  | <b>2012</b>        | <b>2011</b>        | <b>2012</b>     | <b>2011</b>     |
|                                  | <b>RM'000</b>      | <b>RM'000</b>      | <b>RM'000</b>   | <b>RM'000</b>   |
| <b>Fixed rate instruments</b>    |                    |                    |                 |                 |
| Financial assets                 | 89,079             | 27,082             | 10,280          | 10,242          |
| Financial liabilities            | (426,188)          | (416,298)          | (85,000)        | (85,000)        |
|                                  | <u>(337,109)</u>   | <u>(389,216)</u>   | <u>(74,720)</u> | <u>(74,758)</u> |
| <b>Variable rate instruments</b> |                    |                    |                 |                 |
| Financial assets                 | 715,112            | 310,998            | 1,280,224       | 991,207         |
| Financial liabilities            | (2,330,302)        | (1,848,082)        | (1,129,229)     | (958,054)       |
|                                  | <u>(1,615,190)</u> | <u>(1,537,084)</u> | <u>150,995</u>  | <u>33,153</u>   |

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

As the Group and the Company have no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits and cash fund.

The Group's and the Company's interest rate risk arises primarily from interest bearing borrowings. The Group manages its interest rate exposure by monitoring a mix of fixed and floating rate borrowings. The Group also entered into interest rate swap contracts to hedge the floating rate interest payable on certain borrowings. At the reporting date, approximately 15% (2011: 18%) of the Group's borrowings are at fixed rates of interest.

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**53. Financial instruments (contd.)**

**(b) Interest rate risk (contd.)**

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate instruments at fair value through the profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss.

Sensitivity analysis for variable rate instruments

A change of 25 basis points in interest rates at the reporting date would result in the profit before tax to be higher/(lower) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

|                                 | <b>Group</b>   |                |
|---------------------------------|----------------|----------------|
|                                 | <b>2012</b>    | <b>2011</b>    |
|                                 | <b>RM'000</b>  | <b>RM'000</b>  |
| <u>25 basis points increase</u> |                |                |
| Variable rate instruments       | <u>(4,038)</u> | <u>(3,843)</u> |
| <u>25 basis points decrease</u> |                |                |
| Variable rate instruments       | <u>4,038</u>   | <u>3,843</u>   |

**(c) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia (RM) except for foreign currency risk arising from countries in which certain foreign subsidiaries operate. The currencies giving rise to this risk are primarily Singapore Dollar (SGD), United States Dollar (USD), Australian Dollar (AUD), Trinidad & Tobago Dollar (TTD), Chinese Renminbi (RMB), Indian Rupees (IR), Arab Emirates Dollar (AED) and Indonesian Rupiah (INR). Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Approximately 17% (2011: 22%) of the Group's sales are denominated in foreign currencies whilst almost 16% (2011: 20%) of costs are denominated in the respective functional currencies of the Group entities.

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**53. Financial instruments (contd.)**

**(c) Foreign currency risk (contd.)**

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the revenue stream to be generated from its investments.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances amount to RM166 million (2011: RM228 million).

Material foreign currency transactions exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts and cross currency swap contracts.

The Group and the Company also entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings which was entered into to minimise the interest cost.

In relation to its investments in foreign subsidiaries whose net assets are exposed to currency translation risks and which are held for long term investment purposes, the differences arising from such translation are recorded under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible change in the foreign exchange rates against the functional currency of the Group and the Company, with all other variables held constant.

|                   | Group      |            | Company    |            |
|-------------------|------------|------------|------------|------------|
|                   | 31.12.2012 | 31.12.2011 | 31.12.2012 | 31.12.2011 |
|                   | Profit     | Profit     | Profit     | Profit     |
|                   | net of tax | net of tax | net of tax | net of tax |
|                   | RM'000     | RM'000     | RM'000     | RM'000     |
| SGD/RM            |            |            |            |            |
| - strengthened 1% | 264        | 389        | -          | -          |
| - weakened 1%     | (264)      | (389)      | -          | -          |
| USD/RM            |            |            |            |            |
| - strengthened 2% | (53)       | (39,417)   | -          | (39,529)   |
| - weakened 2%     | 53         | 39,417     | -          | 39,529     |



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**53. Financial instruments (contd.)**

**(c) Foreign currency risk (contd.)**

|                     | Group      |            | Company    |            |
|---------------------|------------|------------|------------|------------|
|                     | 31.12.2012 | 31.12.2011 | 31.12.2012 | 31.12.2011 |
|                     | Profit     | Profit     | Profit     | Profit     |
|                     | net of tax | net of tax | net of tax | net of tax |
|                     | RM'000     | RM'000     | RM'000     | RM'000     |
| <b>RMB/RM</b>       |            |            |            |            |
| - strenghtened 0.1% | (45)       | 299        | -          | -          |
| - weakened 0.1%     | 45         | (299)      | -          | -          |
| <b>IR/RM</b>        |            |            |            |            |
| - strenghtened 2%   | 264        | 54         | -          | -          |
| - weakened 2%       | (264)      | (54)       | -          | -          |
| <b>TTD/RM</b>       |            |            |            |            |
| - strenghtened 3%   | 367        | 100        | -          | -          |
| - weakened 3%       | (367)      | (100)      | -          | -          |
| <b>AUD/RM</b>       |            |            |            |            |
| - strenghtened 4%   | 1,239      | 1,149      | -          | -          |
| - weakened 4%       | (1,239)    | (1,149)    | -          | -          |
| <b>AED/RM</b>       |            |            |            |            |
| - strenghtened 2%   | 148        | 1,667      | -          | -          |
| - weakened 2%       | (148)      | (1,667)    | -          | -          |
| <b>INR/RM</b>       |            |            |            |            |
| - strenghtened 4%   | 177        | 3,899      | -          | -          |
| - weakened 4%       | (177)      | (3,899)    | -          | -          |

**(d) Liquidity risk**

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

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**53. Financial instruments (contd.)**

**(d) Liquidity risk (contd.)**

**Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations.

|                                                                                                                              | <b>On demand<br/>or within<br/>one year<br/>RM'000</b> | <b>One to<br/>five years<br/>RM'000</b> | <b>Over five<br/>years<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------|---------------------------------------|-------------------------|
| <b>Group<br/>At 31 December 2012</b>                                                                                         |                                                        |                                         |                                       |                         |
| <b>Financial liabilities:</b>                                                                                                |                                                        |                                         |                                       |                         |
| Trade payables (excluding amounts due to customers on contracts, progress billings in respect of property development costs) | 999,674                                                | -                                       | -                                     | 999,674                 |
| Amounts due to associates                                                                                                    | 30                                                     | -                                       | -                                     | 30                      |
| Advances by minority shareholders of subsidiaries                                                                            | -                                                      | 147,461                                 | -                                     | 147,461                 |
| Other payables (excluding deferred income)                                                                                   | 621,411                                                | 185,923                                 | 74,528                                | 881,862                 |
| Borrowings                                                                                                                   | 1,827,676                                              | 754,551                                 | 245,958                               | 2,828,185               |
| Derivatives- settled net                                                                                                     | 197                                                    | 792                                     | -                                     | 989                     |
| <b>Total undiscounted financial liabilities</b>                                                                              | <b>3,448,988</b>                                       | <b>1,088,727</b>                        | <b>320,486</b>                        | <b>4,858,201</b>        |

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**53. Financial instruments (contd.)**

**(d) Liquidity risk (contd.)**

|                                                                                                                              | On demand<br>or within<br>one year<br>RM'000 | One to<br>five years<br>RM'000 | Over five<br>years<br>RM'000 | Total<br>RM'000  |
|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------|------------------------------|------------------|
| <b>Group</b>                                                                                                                 |                                              |                                |                              |                  |
| <b>At 31 December 2011</b>                                                                                                   |                                              |                                |                              |                  |
| <b>(Restated)</b>                                                                                                            |                                              |                                |                              |                  |
| <b>Financial liabilities:</b>                                                                                                |                                              |                                |                              |                  |
| Trade payables (excluding amounts due to customers on contracts, progress billings in respect of property development costs) | 840,478                                      | -                              | -                            | 840,478          |
| Amounts due to associates                                                                                                    | 15,065                                       | -                              | -                            | 15,065           |
| Advances by minority shareholders of subsidiaries                                                                            | -                                            | 146,702                        | -                            | 146,702          |
| Other payables (excluding deferred income)                                                                                   | 591,526                                      | 343,411                        | -                            | 934,937          |
| Borrowings                                                                                                                   | 335,671                                      | 1,730,542                      | 265,592                      | 2,331,805        |
| Derivatives- settled net                                                                                                     | 1,554                                        | 182                            | -                            | 1,736            |
| <b>Total undiscounted financial liabilities</b>                                                                              | <b>1,784,294</b>                             | <b>2,220,837</b>               | <b>265,592</b>               | <b>4,270,723</b> |

**(e) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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**53. Financial instruments (contd.)**

**(e) Credit risk (contd.)**

Exposure to credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in a wide spectrum of activities, and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

|                          | Group<br>2012    |             | Group<br>2011  |             |
|--------------------------|------------------|-------------|----------------|-------------|
|                          | RM'000           | % of total  | RM'000         | % of total  |
| <b>By country:</b>       |                  |             |                |             |
| Malaysia                 | 936,177          | 82.13%      | 598,829        | 75.86%      |
| Singapore                | 109,279          | 9.59%       | 76,283         | 9.66%       |
| China                    | 37,783           | 3.31%       | 38,061         | 4.82%       |
| Trinidad and Tobago      | 14,469           | 1.27%       | 8,755          | 1.11%       |
| India                    | 12,348           | 1.08%       | 18,896         | 2.39%       |
| Australia                | 10,020           | 0.88%       | 12,231         | 1.55%       |
| Indonesia                | 8,811            | 0.77%       | 10,100         | 1.28%       |
| Thailand                 | 3,784            | 0.33%       | 3,606          | 0.46%       |
| United Arab Emirates     | 3,484            | 0.31%       | 15,272         | 1.93%       |
| Vietnam                  | 1,571            | 0.14%       | 1,964          | 0.25%       |
| United States of America | 1,230            | 0.11%       | 2,376          | 0.30%       |
| Others                   | 922              | 0.08%       | 3,022          | 0.39%       |
|                          | <u>1,139,878</u> | <u>100%</u> | <u>789,395</u> | <u>100%</u> |
| <b>By segment:</b>       |                  |             |                |             |
| Property development     | 208,887          | 18.33%      | 155,108        | 19.65%      |
| Property investment      | 100,159          | 8.79%       | 76,672         | 9.71%       |
| Construction             | 603,151          | 52.91%      | 285,973        | 36.23%      |
| Trading and marketing    | 101,896          | 8.94%       | 95,140         | 12.05%      |
| Quarry                   | 65,073           | 5.71%       | 49,383         | 6.26%       |
| Investment holding       | -                | -           | 9,221          | 1.17%       |
| Others                   | 60,712           | 5.32%       | 117,898        | 14.93%      |
|                          | <u>1,139,878</u> | <u>100%</u> | <u>789,395</u> | <u>100%</u> |

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**53. Financial instruments (contd.)**

**(f) Fair values**

The carrying amounts of financial assets and liabilities of the Group and the Company as at reporting date approximated their fair values except for the following:

|                                                           | <b>Group</b>               |                       |
|-----------------------------------------------------------|----------------------------|-----------------------|
|                                                           | <b>Carrying<br/>amount</b> | <b>Fair<br/>value</b> |
|                                                           | <b>RM'000</b>              | <b>RM'000</b>         |
| <b>At 31 December 2012</b>                                |                            |                       |
| <b>Financial assets</b>                                   |                            |                       |
| Finance lease receivables (Non-current)                   | 3,062                      | 3,037                 |
| Hire purchase receivables (Non-current)                   | 837                        | 803                   |
|                                                           | <u>3,900</u>               | <u>3,840</u>          |
| <b>Financial liabilities</b>                              |                            |                       |
| Finance lease and hire purchase obligations (Non-current) | 11,102                     | 10,831                |
| Block discount creditors                                  | 14,083                     | 13,969                |
|                                                           | <u>25,185</u>              | <u>24,800</u>         |
| <b>At 31 December 2011</b>                                |                            |                       |
| <b>Financial assets</b>                                   |                            |                       |
| Finance lease receivables (Non-current)                   | 5,075                      | 3,667                 |
| Hire purchase receivables (Non-current)                   | 1,938                      | 1,711                 |
|                                                           | <u>7,013</u>               | <u>5,378</u>          |
| <b>Financial liabilities</b>                              |                            |                       |
| Finance lease and hire purchase obligations (Non-current) | 18,812                     | 16,160                |
| Block discount creditors                                  | 26,815                     | 25,719                |
|                                                           | <u>45,627</u>              | <u>41,879</u>         |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
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**53. Financial instruments (contd.)**

**(f) Fair values (contd.)**

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

|                                                   | <b>Note</b> |
|---------------------------------------------------|-------------|
| Trade receivables (current)                       | 26          |
| Other receivables (current)                       | 27          |
| Amounts due from/(to) associates                  | 28          |
| Amounts due from jointly controlled entities      | 29          |
| Borrowings (current)                              | 31          |
| Borrowings (non-current)                          | 31          |
| Advances by minority shareholders of subsidiaries | 33          |
| Trade payables (current)                          | 37          |
| Other payables (current)                          | 38          |

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

**Derivatives**

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

Forward currency contracts are valued using a valuation technique with market observable inputs. The derivatives arising from the forward currency contracts are stated at fair value using the prevailing market rate. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

Cross currency swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)****Sunway Berhad  
(Incorporated in Malaysia)****53. Financial instruments (contd.)****(f) Fair values (contd.)**

The Company provides financial guarantees to financial institutions for borrowings amounting to RM941,456,000 (2011: RM424,867,000) obtained by its subsidiaries. As at reporting date, the fair value of the financial guarantees is immaterial. The fair value of the financial guarantees is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed were to default.

It is not practical to determine the fair values of:

- (i) non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs; and
- (ii) amounts due from/(to) subsidiaries, associates and jointly controlled entities, amounts due to contractors and consultants and advances by minority shareholders of subsidiaries due principally to a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the Group and the Company do not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled.

**(g) Valuation of financial instruments**

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

**Level 1**

Quoted market prices in an active market for identical assets or liabilities.

**Level 2**

Valuation inputs (other than Level 1 input) that are observable for the asset or liability, either directly or indirectly.

**Level 3**

Valuation inputs that are not based on observable market data.

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**53. Financial instruments (contd.)**

**(g) Valuation of financial instruments (contd.)**

The table below analyses financial instruments, measured at fair value at the end of the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised:

| Group                        | Level 1<br>RM'000 | Level 2<br>RM'000 | Level 3<br>RM'000 | Total<br>RM'000 |
|------------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>At 31 December 2012</b>   |                   |                   |                   |                 |
| <b>Financial assets</b>      |                   |                   |                   |                 |
| Derivatives                  | -                 | 14,261            | -                 | 14,261          |
| <b>Financial liabilities</b> |                   |                   |                   |                 |
| Derivatives                  | -                 | 989               | -                 | 989             |
| <b>At 31 December 2011</b>   |                   |                   |                   |                 |
| <b>Financial assets</b>      |                   |                   |                   |                 |
| Derivatives                  | -                 | 33,600            | -                 | 33,600          |
| <b>Financial liabilities</b> |                   |                   |                   |                 |
| Derivatives                  | -                 | 1,736             | -                 | 1,736           |
| <b>Company</b>               |                   |                   |                   |                 |
| <b>At 31 December 2012</b>   |                   |                   |                   |                 |
| <b>Financial assets</b>      |                   |                   |                   |                 |
| Derivatives                  | -                 | 12,203            | -                 | 12,203          |
| Quoted shares                | 21,278            | -                 | -                 | 21,278          |
|                              | 21,278            | 12,203            | -                 | 33,481          |
| <b>At 31 December 2011</b>   |                   |                   |                   |                 |
| <b>Financial assets</b>      |                   |                   |                   |                 |
| Derivatives                  | -                 | 29,798            | -                 | 29,798          |
| Quoted shares                | 5,391             | -                 | -                 | 5,391           |
|                              | 5,391             | 29,798            | -                 | 35,189          |



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**54. Capital management**

The primary objective of the Group's and the Company's capital management is the maintenance of a strong credit rating and healthy capital ratio, in order to support the Group's businesses and maximising shareholders' value.

The Group and the Company manage its capital structure by ensuring that financial commitments are met as and when they fall due. In addition, divestment of the Group's non-core assets which provides low returns are also made to optimise the capital structure of the Group.

The Group and the Company monitors capital utilisation using the gearing ratio. This ratio is used to assess the appropriateness of the Group's debt level, hence its capital structure. The ratio is calculated as net debt divided by total equity. Net debt includes total borrowings less cash and bank balances, while total equity is the equity attributable to owners of the parent.

|                                                | Note | Group            |                  | Company          |                  |
|------------------------------------------------|------|------------------|------------------|------------------|------------------|
|                                                |      | 2012<br>RM'000   | 2011<br>RM'000   | 2012<br>RM'000   | 2011<br>RM'000   |
| Borrowings                                     | 31   | 2,736,930        | 2,225,874        | 1,204,004        | 1,031,254        |
| Less: Cash and bank<br>balances                | 30   | (1,158,890)      | (776,705)        | (10,797)         | (10,694)         |
| Net debt                                       |      | <u>1,578,040</u> | <u>1,449,169</u> | <u>1,193,207</u> | <u>1,020,560</u> |
| Equity attributable to<br>owners of the parent |      | <u>3,576,641</u> | <u>3,016,943</u> | <u>3,727,264</u> | <u>3,615,722</u> |
| Gearing ratio                                  |      | <u>44%</u>       | <u>48%</u>       | <u>32%</u>       | <u>28%</u>       |

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**Sunway Berhad  
(Incorporated in Malaysia)****55. Segment information**

For management purposes, the Group is organised into business units based on their products and services. In addition, the businesses are also considered from a geographical perspective. The Group's reporting segments are as follows:

- (i) Property development - development of residential and commercial properties.
- (ii) Property investment - management, operation and letting of properties, operation of theme parks, rendering recreational club facilities, travel agent and time sharing businesses, management and operation of hotels, management of real estate investment fund.
- (iii) Construction - construction of building and civil works and provision of mechanical, electrical and piling works.
- (iv) Trading and manufacturing - trading and manufacturing of construction and industrial products, building materials and importing and distribution of pharmaceutical products.
- (v) Quarry - quarrying, manufacturing and supplying of premix, manufacturing of ready-mixed concrete and production of building stones.
- (vi) Investment holdings - management and letting of properties as well as holding of investment in the shares of subsidiaries, associates and other investments.
- (vii) Others - management and operation of a medical centre, manufacturing of vitrified clay pipes, concrete pipes, interlocking pavers, pretensioned spun concrete piles, precast micro injection piles, reinforced concrete piles, eurotiles, blocks and concrete products, provision of secretarial and share registration services, provision of management services, underwriting of insurance, lease and hire purchase financing.

Except as indicated above, no operating segments has been aggregated to form the above reporting segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, liabilities and expenses.

Segment revenue, expenses and results include transfers between business segments. These are eliminated on consolidation.

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**55. Segment information (contd.)**

**Business segments**

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

**At 31 December 2012**

|                                                                                             | Property development<br>RM'000 | Property investment<br>RM'000 | Construction<br>RM'000 | Trading and manufacturing<br>RM'000 | Quarry<br>RM'000 | Investment holdings<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Unusual items<br>RM'000 | Note | Total<br>RM'000 |
|---------------------------------------------------------------------------------------------|--------------------------------|-------------------------------|------------------------|-------------------------------------|------------------|-------------------------------|------------------|------------------------|-------------------------|------|-----------------|
| <b>Revenue</b>                                                                              |                                |                               |                        |                                     |                  |                               |                  |                        |                         |      |                 |
| Sales to external customers                                                                 | 910,198                        | 585,159                       | 1,274,864              | 558,709                             | 196,898          | 6,992                         | 316,395          | -                      | -                       |      | 3,849,215       |
| Inter-segment sales                                                                         | 100                            | 78,289                        | 183,454                | 128,496                             | 4,418            | 189,733                       | 49,291           | (633,781)              | -                       | A    | -               |
| Total revenue                                                                               | 910,298                        | 663,448                       | 1,458,318              | 687,205                             | 201,316          | 196,725                       | 365,686          | (633,781)              | -                       |      | 3,849,215       |
| <b>Results</b>                                                                              |                                |                               |                        |                                     |                  |                               |                  |                        |                         |      |                 |
| Operating profit/(loss)                                                                     | 187,021                        | 120,738                       | 36,846                 | 45,023                              | 12,156           | (37,100)                      | 16,853           | -                      | 121,579                 |      | 503,116         |
| Fair value gain on derivatives/<br>gain on derecognition of financial<br>assets/liabilities | -                              | -                             | -                      | -                                   | -                | -                             | -                | -                      | 380                     |      | 380             |
| Finance income                                                                              | 4,533                          | 7,034                         | 7,284                  | 636                                 | 514              | -                             | 2,708            | -                      | -                       |      | 22,709          |
| Finance costs                                                                               | (2,906)                        | (76,914)                      | (3,406)                | (4,066)                             | (497)            | (5,418)                       | (6,350)          | -                      | -                       |      | (99,557)        |
| Share of results of associates                                                              | 5                              | 75,275                        | -                      | -                                   | -                | -                             | 511              | -                      | 76,516                  |      | 152,307         |
| Share of results of jointly<br>controlled entities                                          | 119,347                        | -                             | 24,640                 | -                                   | -                | -                             | -                | -                      | -                       |      | 143,987         |
| Profit/(loss) before tax                                                                    | 308,000                        | 126,133                       | 65,364                 | 41,593                              | 12,173           | (42,518)                      | 13,722           | -                      | 198,475                 |      | 722,942         |
| Income tax (expense)/benefit                                                                | (60,251)                       | (28,042)                      | (17,953)               | (11,324)                            | (8,920)          | 11,075                        | (5,641)          | -                      | (4,326)                 |      | (125,382)       |
| Net profit/(loss) for the year                                                              | 247,749                        | 98,091                        | 47,411                 | 30,269                              | 3,253            | (31,443)                      | 8,081            | -                      | 194,149                 |      | 597,560         |
| Non-controlling interests                                                                   | (44,603)                       | (1,706)                       | (6,950)                | 100                                 | -                | 1,212                         | (784)            | -                      | (14,204)                |      | (66,935)        |
| Attributable to owners of the parent                                                        | 203,146                        | 96,385                        | 40,461                 | 30,369                              | 3,253            | (30,231)                      | 7,297            | -                      | 179,945                 | C    | 530,625         |

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**55. Business segments (contd.)**

At 31 December 2012 (contd.)

|                                               | Property<br>development<br>RM'000 | Property<br>investment<br>RM'000 | Construction<br>RM'000 | Trading and<br>manufacturing<br>RM'000 | Quarry<br>RM'000 | Investment<br>holdings<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Unusual<br>items<br>RM'000 | Note | Total<br>RM'000  |
|-----------------------------------------------|-----------------------------------|----------------------------------|------------------------|----------------------------------------|------------------|----------------------------------|------------------|------------------------|----------------------------|------|------------------|
| <b>Assets</b>                                 |                                   |                                  |                        |                                        |                  |                                  |                  |                        |                            |      |                  |
| Segment assets                                | 2,646,567                         | 2,041,392                        | 1,241,084              | 370,489                                | 186,749          | 365,238                          | 279,641          | -                      | -                          |      | 7,131,160        |
| Investments in associates                     | 850                               | 970,030                          | -                      | -                                      | -                | -                                | 52,881           | -                      | -                          |      | 1,023,761        |
| Investments in jointly<br>controlled entities | 503,430                           | -                                | 13,022                 | -                                      | -                | -                                | -                | -                      | -                          |      | 516,452          |
| Unallocated assets                            |                                   |                                  |                        |                                        |                  |                                  |                  |                        |                            |      | 312,101          |
| Total assets                                  |                                   |                                  |                        |                                        |                  |                                  |                  |                        |                            |      | <u>8,983,474</u> |
| <b>Liabilities</b>                            |                                   |                                  |                        |                                        |                  |                                  |                  |                        |                            |      |                  |
| Segment liabilities                           | 1,308,813                         | 359,742                          | 969,049                | 146,584                                | 60,711           | 1,655,986                        | 440,825          | -                      | -                          |      | 4,941,710        |
| Unallocated liabilities                       |                                   |                                  |                        |                                        |                  |                                  |                  |                        |                            |      | 84,261           |
| Total liabilities                             |                                   |                                  |                        |                                        |                  |                                  |                  |                        |                            |      | <u>5,025,971</u> |
| <b>Other segment information</b>              |                                   |                                  |                        |                                        |                  |                                  |                  |                        |                            |      |                  |
| Capital expenditure                           | 6,148                             | 240,076                          | 79,751                 | 4,850                                  | 4,081            | 2,821                            | 30,753           | -                      | -                          | B    | 368,480          |
| Depreciation and amortisation                 | 1,362                             | 18,775                           | 30,661                 | 5,520                                  | 12,066           | 532                              | 27,247           | -                      | -                          |      | 96,163           |

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad**  
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**55. Segment information (contd.)**

**Business segments (contd.)**

**At 31 December 2011**

| Revenue                                         | Property development RM'000 | Property investment RM'000 | Construction RM'000 | Trading and manufacturing RM'000 | Quarry RM'000 | Investment holdings RM'000 | Others RM'000 | Eliminations RM'000 | Unusual Items RM'000 (Restated) | Note | Total RM'000 (Restated) |
|-------------------------------------------------|-----------------------------|----------------------------|---------------------|----------------------------------|---------------|----------------------------|---------------|---------------------|---------------------------------|------|-------------------------|
| Sales to external customers                     | 915,812                     | 517,614                    | 1,220,958           | 553,154                          | 184,491       | 3,429                      | 296,254       | -                   | -                               | -    | 3,691,712               |
| Inter-segment sales                             | -                           | 16,386                     | 96,820              | 89,025                           | 2,750         | 204,448                    | 37,413        | (446,842)           | -                               | -    | -                       |
| Total revenue                                   | 915,812                     | 534,000                    | 1,317,778           | 642,179                          | 187,241       | 207,877                    | 333,667       | (446,842)           | -                               | A    | 3,691,712               |
| <b>Results</b>                                  |                             |                            |                     |                                  |               |                            |               |                     |                                 |      |                         |
| Operating profit/(loss)                         | 130,619                     | 108,414                    | 58,372              | 49,784                           | 8,394         | (22,736)                   | 11,793        | -                   | 29,462                          | -    | 374,102                 |
| Fair value loss on derivatives                  | -                           | -                          | -                   | -                                | -             | -                          | -             | -                   | (7,767)                         | -    | (7,767)                 |
| Finance income                                  | 12,425                      | 6,485                      | 1,998               | 420                              | 449           | -                          | 5,726         | -                   | -                               | -    | 27,503                  |
| Finance costs                                   | (1,650)                     | (32,011)                   | (3,660)             | (3,921)                          | (949)         | (23,912)                   | (14,840)      | -                   | -                               | -    | (80,943)                |
| Share of results of associates                  | (10)                        | 66,490                     | -                   | -                                | -             | -                          | 2,043         | -                   | 31,166                          | -    | 99,689                  |
| Share of results of jointly controlled entities | 81,260                      | -                          | 4,689               | -                                | -             | -                          | -             | -                   | -                               | -    | 85,949                  |
| Profit/(loss) before tax                        | 222,644                     | 149,378                    | 61,399              | 46,283                           | 7,894         | (46,648)                   | 4,722         | -                   | 52,861                          | -    | 498,533                 |
| Income tax (expense)/benefit                    | (29,411)                    | (37,614)                   | (19,447)            | (11,407)                         | (431)         | 4,476                      | (3,106)       | -                   | 27,380                          | -    | (69,560)                |
| Net profit/(loss) for the year                  | 193,233                     | 111,764                    | 41,952              | 34,876                           | 7,463         | (42,172)                   | 1,616         | -                   | 80,241                          | -    | 428,973                 |
| Non-controlling interests                       | (32,020)                    | (2,227)                    | 9,967               | (1,323)                          | -             | 2,796                      | 1,145         | -                   | (19,756)                        | -    | (41,418)                |
| Attributable to owners of the parent            | 161,213                     | 109,537                    | 51,919              | 33,553                           | 7,463         | (39,376)                   | 2,761         | -                   | 60,485                          | C    | 387,555                 |

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**55. Segment information (contd.)**

**Business segments**

At 31 December 2011 (contd.)

**Assets**

|                                               | Property<br>development<br>RM'000 | Property<br>investment<br>RM'000 | Construction<br>RM'000 | Trading and<br>manufacturing<br>RM'000 | Quarry<br>RM'000 | Investment<br>holdings<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Unusual<br>items<br>RM'000 | Note | Total<br>RM'000  |
|-----------------------------------------------|-----------------------------------|----------------------------------|------------------------|----------------------------------------|------------------|----------------------------------|------------------|------------------------|----------------------------|------|------------------|
| Segment assets                                | 2,467,127                         | 1,591,288                        | 986,466                | 365,433                                | 182,037          | 112,653                          | 545,528          | -                      | -                          |      | 6,250,532        |
| Investments in associates                     | 156,198                           | 804,233                          | -                      | 63                                     | -                | -                                | 54,809           | -                      | -                          |      | 1,015,303        |
| Investments in jointly controlled<br>entities | 260,641                           | -                                | 5,255                  | -                                      | -                | -                                | -                | -                      | -                          |      | 265,896          |
| Unallocated assets                            | -                                 | -                                | -                      | -                                      | -                | -                                | -                | -                      | -                          |      | 311,897          |
| Total assets                                  |                                   |                                  |                        |                                        |                  |                                  |                  |                        |                            |      | <u>7,843,628</u> |

**Liabilities**

|                         |           |         |         |         |        |           |         |   |   |  |                  |
|-------------------------|-----------|---------|---------|---------|--------|-----------|---------|---|---|--|------------------|
| Segment liabilities     | 1,347,420 | 393,479 | 692,386 | 162,596 | 58,213 | 1,512,212 | 249,376 | - | - |  | 4,415,662        |
| Unallocated liabilities | -         | -       | -       | -       | -      | -         | -       | - | - |  | 83,654           |
| Total liabilities       |           |         |         |         |        |           |         |   |   |  | <u>4,499,336</u> |

**Other segment information**

|                               |       |         |        |       |        |     |        |   |   |   |               |
|-------------------------------|-------|---------|--------|-------|--------|-----|--------|---|---|---|---------------|
| Capital expenditure           | 7,713 | 159,084 | 52,215 | 314   | 6,816  | 837 | 33,079 | - | - | B | 260,058       |
| Depreciation and amortisation | 1,856 | 19,183  | 24,583 | 5,175 | 12,237 | 247 | 27,399 | - | - |   | <u>90,660</u> |

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**55. Segment information (contd.)**

**Geographical segments**

The following table provides an analysis of the Group's revenue, profit/(loss) before tax, net profit/(loss), profit/(loss) attributable to owners of the parent and assets by geographical segment:

|                            | Revenue<br>RM'000 | Profit/(loss)<br>before tax<br>RM'000 | Net profit/<br>(loss)<br>RM'000 | Attributable<br>to owners<br>of the parent<br>RM'000 | Segment<br>assets<br>RM'000 |
|----------------------------|-------------------|---------------------------------------|---------------------------------|------------------------------------------------------|-----------------------------|
| <b>At 31 December 2012</b> |                   |                                       |                                 |                                                      |                             |
| Malaysia                   | 3,176,697         | 570,095                               | 460,180                         | 403,501                                              | 5,786,364                   |
| Singapore                  | 259,623           | 135,709                               | 128,495                         | 128,475                                              | 680,268                     |
| China                      | 216,410           | (15,542)                              | (16,509)                        | (15,108)                                             | 327,644                     |
| India                      | 14                | (44,263)                              | (44,263)                        | (44,963)                                             | 42,031                      |
| Australia                  | 71,881            | 20,783                                | 18,979                          | 9,708                                                | 92,974                      |
| Abu Dhabi                  | 20,150            | 29,574                                | 29,574                          | 28,591                                               | 38,847                      |
| Other countries            | 104,440           | 26,586                                | 21,104                          | 20,421                                               | 163,032                     |
|                            | <u>3,849,215</u>  | <u>722,942</u>                        | <u>597,560</u>                  | <u>530,625</u>                                       | <u>7,131,160</u>            |
| <b>At 31 December 2011</b> |                   |                                       |                                 |                                                      |                             |
| Malaysia                   | 2,887,163         | 380,791                               | 301,058                         | 263,427                                              | 4,933,362                   |
| Singapore                  | 197,562           | 114,808                               | 102,022                         | 102,022                                              | 506,316                     |
| China                      | 250,251           | (60,755)                              | (62,352)                        | (37,962)                                             | 395,593                     |
| India                      | 38,588            | (2,170)                               | (2,166)                         | (2,166)                                              | 89,199                      |
| Australia                  | 72,655            | 37,648                                | 64,481                          | 37,763                                               | 85,881                      |
| Abu Dhabi                  | 132,926           | 10,572                                | 10,572                          | 10,572                                               | 80,770                      |
| Other countries            | 112,567           | 17,639                                | 15,358                          | 13,899                                               | 159,411                     |
|                            | <u>3,691,712</u>  | <u>498,533</u>                        | <u>428,973</u>                  | <u>387,555</u>                                       | <u>6,250,532</u>            |

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**55. Segment information (contd.)**

**Note Nature of eliminations to arrive at amounts reported in the consolidated financial statements**

A Inter-segment revenues are eliminated on consolidation.

B Capital expenditures consist of:

|                               | <b>2012</b>    | <b>2011</b>    |
|-------------------------------|----------------|----------------|
|                               | <b>RM'000</b>  | <b>RM'000</b>  |
| Property, plant and equipment | 180,762        | 160,582        |
| Biological assets             | 340            | 184            |
| Investment properties         | 187,378        | 99,292         |
|                               | <u>368,480</u> | <u>260,058</u> |

C Unusual items consist of:

|                                                                                             | <b>2012</b>     | <b>2011</b>       |
|---------------------------------------------------------------------------------------------|-----------------|-------------------|
|                                                                                             | <b>RM'000</b>   | <b>RM'000</b>     |
|                                                                                             |                 | <b>(Restated)</b> |
| Net gain on disposal of assets to REIT after adjustment                                     | 97,822          | -                 |
| Fair value gain/(loss) on derivatives/gain on derecognition of financial assets/liabilities | 380             | (7,767)           |
| Fair value gain from an associate                                                           | 76,516          | 31,166            |
| Listing and merger expenses                                                                 | -               | (20,811)          |
| Fair value gain from investment properties, net                                             | <u>23,757</u>   | <u>50,273</u>     |
|                                                                                             | 198,475         | 52,861            |
| Income tax (expense)/benefit                                                                | (4,326)         | 27,380            |
| Non-controlling interests                                                                   | <u>(14,204)</u> | <u>(19,756)</u>   |
|                                                                                             | <u>179,945</u>  | <u>60,485</u>     |



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)****Sunway Berhad  
(Incorporated in Malaysia)****56. Significant events during the financial year****Disposal of SunMed property by Sunway Medical Centre Berhad ("SMC") to Sunway Real Estate Investment Trust ("Sunway REIT") and acceptance of hospital master lease with OSK Trustee Berhad ("Trustee") and Sunway REIT Management Sdn. Bhd.**

On 9 October 2012, Sunway Medical Centre Berhad ("SMC"), a subsidiary of the Company had entered into a conditional sale and purchase agreement with OSK Trustee Berhad ("Trustee"), the trustee of Sunway Real Estate Investment Trust ("Sunway REIT"), for the disposal of the land and building of SMC together with SMC's plant and machinery, services infrastructure and all fixtures and fittings affixed or located or used in SMC ("SunMed Property") for a total cash consideration of RM310 million.

In addition, SMC had on even date entered into a conditional hospital master lease agreement with the Trustee and Sunway REIT Management Sdn. Bhd., the manager of Sunway REIT, for the lease of the SunMed Property from the Trustee.

The disposal was completed on 31 December 2012.

**Subscription and Shareholders' Agreement**

On 4 December 2012, Sunway City Sdn. Bhd. ("SCSB"), a wholly-owned subsidiary of the Company had entered into a Subscription and Shareholders' Agreement ("SSA") with Iskandar Assets Sdn. Bhd. ("IASB"), a wholly-owned subsidiary of Iskandar Investment Berhad ("IIB") and Harmony Impulse Sdn. Bhd. ("HISB") with the intention of establishing a joint venture via HISB ("Proposed Joint Venture") to jointly undertake a mixed development project on the following parcels of freehold land located in Iskandar Malaysia ("the Land") as well as to regulate the relationship of SCSB and IASB as shareholders of HISB:

The details of the Lands are as follows:

- (i) Land held under HSD 452850, PTD 75802, Mukim of Pulai, District of Johor Bahru, measuring approximately 412.75 acres ("Pendas North Land"); and
- (ii) Portion of the Land held under HSD 452656, PTD 2398, Mukim of Tanjung Kupang, District of Johor Bahru measuring approximately 366.32 acres ("Western Pendas South Land").

HISB had also on even date, entered into two (2) Sale and Purchase Agreements ("SPA") with IASB for the acquisition of the Land on an "as is where is" basis and free from encumbrances but otherwise subject only to the express or implied conditions of the land title and restrictions-in interest endorsed on the land title or otherwise affecting the Land for a total purchase consideration of up to RM412,727,480.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)****Sunway Berhad  
(Incorporated in Malaysia)****56. Significant events during the financial year (contd.)**Subscription and Shareholders' Agreement (contd.)

Salient terms of the SSA includes, inter-alia, the following:

- (a) SCSB and IASB agree to hold ordinary shares and redeemable preference shares in HISB in the proportion of 60:40. The Company will provide a shareholder advance to HISB equivalent to 60% of the amount of the deposits under the SPA to enable HISB to pay the deposits and IASB will deem the amount equivalent to 40% of the deposits as being paid. The shareholder advance and 40% of the deposit will be capitalized into ordinary shares and redeemable preference shares when the SSA becomes unconditional.
- (b) SCSB and IASB agree that the balance purchase consideration for the Land will be funded in the following manner:
  - (i) SCSB and IASB to subscribe for new securities or zero coupon bonds or such other securities as may be agreed between the parties in HISB free from all encumbrances and with all rights and benefits attaching thereto in the agreed proportion and/or SCSB and IASB to provide shareholders' loan in the proportion of 60:40; and
  - (ii) external financing.

The total purchase consideration shall be satisfied by HISB in the following manner:

- (a) the purchase consideration of up to RM221,280,444 for Pendas North Land is to be paid in six (6) instalments with the deposit to be paid upon 14 days from the date of the SPA and the balance in five (5) annual instalments within a period of 60 months from the date of the SPA; and
- (b) the purchase consideration of up to RM191,447,036 for Western Pendas South Land is to be paid in six (6) instalments with the deposit to be paid upon 14 days from the date of the SPA and the balance in five (5) annual instalments commencing 72 months from the date of the SPA to 120 months from the date of the SPA.

The amount of the purchase consideration is subject to adjustments upon verification by IASB relating to the conditions of the Land.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)****Sunway Berhad  
(Incorporated in Malaysia)****56. Significant events during the financial year (contd.)**Subscription and Shareholders' Agreement (contd.)

Subsequent to the abovementioned, IASB had agreed to sell and HISB had agreed to purchase the balance of the land held under HSD 452656, PTD 2398, Mukim of Tanjung Kupang, District of Johor Bahru measuring approximately 300 acres ("Second Plot"). For this purpose, SCSB had on 23 January 2013 entered into a Supplemental Subscription and Shareholders' Agreement ("Supplemental SSA") with IASB and HISB to amend the SSA to document the additional equity to be injected by SCSB and IASB into HISB to finance part of the purchase price of the Second Plot.

HISB had on even date, entered into a Supplemental Agreement to the Western Pendas South Land SPA ("Supplemental SPA") with IASB for the acquisition of the Second Plot on an "as is where is" basis and free from encumbrances but otherwise subject only to the express or implied conditions of the land title and restrictions-in interest endorsed on the land title or otherwise affecting the Second Plot for a total purchase consideration of up to RM183,882,441.

The Supplemental SSA was entered into by SCSB, IASB and HISB to amend the terms and conditions of the SSA, to include the terms for the additional equity injection by SCSB and IASB for purposes of the acquisition of the Second Plot.

Salient terms of the Supplemental SSA includes, inter-alia, the following:

- (a) HISB will acquire the Second Plot from IASB on an "as is where is" basis and free from encumbrances but otherwise subject only to the express or implied conditions of the land title and restrictions-in interest endorsed on the land title or otherwise affecting the Second Plot for a total purchase consideration of up to RM183,882,441.
- (b) The total purchase consideration of the land under the Western Pendas South Land SPA as supplemented by the Supplemental SPA of RM375,329,477 shall be satisfied by HISB in seven (7) instalments whereby the deposit for the Western Pendas South Land was paid within 14 days from the date of the SPA, the deposit for the Second Plot is to be paid upon 14 days of the date of the Supplemental SPA and the balance in five (5) annual instalments within a period of 120 months from the date of the SPA.

The amount of the purchase consideration is subject to adjustments upon verification by IASB relating to the conditions of the Second Plot.

The proposed acquisition of the Lands has not been completed as at the date of this report.

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

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**Sunway Berhad  
(Incorporated in Malaysia)****56. Significant events during the financial year (contd.)**Proposed disposal of equity interest of Sunway GD Foundation Engineering Co. Ltd. ("Sunway GD"), by Sunway Global Limited ("Sunway Global")

On 12 July 2012, Sunway Global a 98.75% owned subsidiary of Sunway Holdings Sdn. Bhd. ("SHSB") which in turn is a wholly-owned subsidiary of the Company, had entered into an Equity Sale and Purchase Agreement with Mr Yu De Mao ("Purchaser") for the proposed disposal of Sunway Global's entire 60% equity interest in Sunway GD as well as its group of subsidiaries ("Proposed Disposal"), to the Purchaser for a nominal consideration after the Purchaser has discharged the liabilities of Sunway GD of RMB12,071,872 and HKD35,850,430 in 6 instalments and all accrued interest over the liabilities up to the date of payment of each of the instalments ("Liabilities").

The Proposed Disposal is conditional upon, amongst others, the Purchaser having discharge the Liabilities within a period of 22 months from the payment of the first instalment of the liabilities (i.e. 7 days from the date of signing the Equity Sale and Purchase Agreement). Upon completion of the Proposed Disposal, Sunway GD and its group of subsidiaries will cease to be subsidiaries of the Company.

Sunway GD was incorporated in Macau on 4 November 2005 with a total registered capital of MOP\$31,000,000. The principal activity of Sunway GD is to carry out foundation and construction works.

The Proposed Disposal is not expected to have any material effect on the earnings per share and net assets per share of the Company, and it has no effect on the Company's share capital and substantial shareholders' shareholding.

The Proposed Disposal does not require approval from the shareholders of the Company.

The Proposed Disposal of equity interest has not been completed as at the date of this report.

Proposed disposal of equity interest of Sunway Hatay Construction & Building Materials JV Co. Ltd. ("Sunway Hatay"), by Sunway Holdings (Vietnam) Sdn. Bhd.

On 18 May 2012, Sunway Holdings (Vietnam) Sdn. Bhd., a wholly-owned subsidiary of SHSB, which in turn is a wholly-owned subsidiary of the Company, had entered into an equity sale and purchase agreement with Hatay Trading Production Construction Joint Stock Company ("Purchaser") for the disposal of 86% equity interest in Sunway Hatay to the Purchaser for a total cash consideration of USD3,500,000 (equivalent to approximately RM10,983,000) or the final purchase price to be agreed after the fulfillment of the conditions precedent and prior to completion (hereinafter referred to as "the Proposed Disposal"). Upon the completion of the Proposed Disposal, Sunway Hatay will cease to be a subsidiary of the Company.

Sunway Hatay was incorporated in Vietnam on 11 April 1995 with a charter capital of USD5,959,286. The principal activities of Sunway Hatay are quarrying and manufacturing of ready-mixed concrete.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
(Incorporated in Malaysia)**

**56. Significant events during the financial year (contd.)**

Proposed disposal of equity interest of Sunway Hatay Construction & Building Materials JV Co. Ltd. ("Sunway Hatay"), by Sunway Holdings (Vietnam) Sdn. Bhd. (contd.)

The Proposed Disposal is not expected to have any material effect on the earnings per share and net assets per share of the Company, and it has no effect on the Company's share capital and substantial shareholders' shareholding. The Proposed Disposal does not require approval from the shareholders of the Company.

None of the directors or substantial shareholders of the Company or persons connected with them has any interest, whether direct or indirect, in the Proposed Disposal.

The Proposed Disposal of equity interest has not been completed as at the date of this report.

**57. Significant events subsequent to the reporting date**

Proposed renounceable rights issue of up to 594,552,301 new ordinary shares of RM1.00 each in Sunway Berhad ("Rights Shares") and proposed establishment of an Employees' Share Option Scheme ("ESOS")

On 5 April 2013, Sunway Berhad ("Company") had announced its proposal to undertake a renounceable rights issue of up to 594,552,301 Rights Shares at an issue price of RM1.70 per Rights Shares ("Issue Price"), on the basis of one Rights Share for every three existing ordinary shares of RM1.00 each ("Sunway Shares"), held by the shareholders of the Company on an entitlement date to be determined later ("Entitlement Date") ("Entitled Shareholders").

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements for the Rights Shares in full or in part.

The maximum number of 594,552,301 Rights Shares was arrived at after taking into account the following:

- (a) issued and paid-up share capital of the Company as at 31 March 2013 of RM1,292,505,152 comprising 1,292,505,152 Sunway Shares;
- (b) assuming the full exercise of all 258,500,852 outstanding Company warrants 2011/2016 ("Sunway Warrants") as at 31 March 2013 ("Outstanding Sunway Warrants") into 258,500,852 new Sunway Shares prior to the implementation of the Proposed ESOS;
- (c) assuming 232,650,900 ESOS Options (as defined below), being the maximum number of ESOS Options (as defined below) made available under the Proposed ESOS (15% of the then issued and paid-up share capital of the Company), are fully granted in a single tranche, and fully vested and exercised into 232,650,900 new Sunway Shares; and

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**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

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**Sunway Berhad  
(Incorporated in Malaysia)****57. Significant events subsequent to the reporting date (contd.)**Proposed renounceable rights issue of up to 594,552,301 new ordinary shares of RM1.00 each in Sunway Berhad ("Rights Shares") and proposed establishment of an Employees' Share Option Scheme ("ESOS") (contd.)

The maximum number of 594,552,301 Rights Shares was arrived at after taking into account the following: (contd.)

(d) the ESOS Shares (as defined below) are allotted prior to the Entitlement Date.

Any unsubscribed Rights Shares shall be made available for excess applications by other Entitled Shareholders and/or their renounee(s). It is the intention of the Board of Directors of the Company ("the Board") to allocate the excess Rights Shares, if any, in a fair and equitable manner as they may deem fit or expedient, and in the best interest of the Company.

Any fractional entitlements of the Rights Shares under the Proposed Rights Issue will be disregarded and shall be dealt with in such manner as the Board shall in their absolute discretion deems fit or expedient and in the best interest of the Company.

The Proposed Rights Issue would enable the Company to raise funds to part finance its capital expenditure including for the development of its investment properties, land bank acquisitions and purchase of property, plant and equipment, repayment of existing borrowings and for its general working capital requirements which are expected to contribute positively to the future profitability of the Group.

On the same date, the Company proposed to establish and implement an ESOS for the granting of option(s) ("ESOS Option(s)") to subscribe for new Sunway Shares to the eligible executive directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries) (collectively referred to as "Participating Sunway Group") who fulfil the eligibility criteria ("Eligible Persons"), subject to the terms and conditions of the by-laws governing the Proposed ESOS ("By-Laws").

Under the Proposed ESOS, an Eligible Person may, at the discretion of the ESOS committee to be duly appointed and authorised by the Board ("Committee"), be offered a certain number of ESOS Options ("Offer"), based on the criteria mentioned below at the relevant offer dates ("Offer Date"). The Eligible Persons who accept the Offer ("Grantee") will be given an upfront grant which is divided into such number of tranches as shall be determined by the Committee whereby each tranche is to be vested annually ("Annual Vesting") to the Grantee. The first tranche will be vested to the Grantee upon implementation of the Proposed ESOS.

The number of ESOS Options to be vested onto the Grantee in each Annual Vesting is based on the Grantee's level of performance for the calendar year prior to the date of such Annual Vesting.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)****Sunway Berhad  
(Incorporated in Malaysia)****57. Significant events subsequent to the reporting date (contd.)**Proposed renounceable rights issue of up to 594,552,301 new ordinary shares of RM1.00 each in Sunway Berhad ("Rights Shares") and proposed establishment of an Employees' Share Option Scheme ("ESOS") (contd.)

The salient features of the Proposed ESOS, which will be governed by the By-Laws, are as follows:

- (a) the Eligibility of the executive director(s) and employee(s) of the Participating Sunway Group;
- (b) maximum number of new Sunway Shares available under the Proposed ESOS shall not exceed in aggregate 15% of the total issued and paid-up share capital of the Company ("Maximum ESOS Shares Available");
- (c) the allocation of new Sunway Shares to be made available for the granting of ESOS Options;
- (d) the duration of the Proposed ESOS;
- (e) the ESOS Option price;
- (f) the ranking of the new ESOS Shares;
- (g) the listing and quotation of new ESOS Shares;
- (h) the utilisation of the gross proceeds from the exercise of the ESOS Options will be made towards the Group's working capital requirements.

The Board believes the implementation of the Proposed ESOS would align the interests of the Eligible Persons with the Company's effort to enhance its shareholders' value.

Barring any unforeseen circumstances, and subject to the receipt of all the approvals of the relevant parties and authorities, the Proposals are expected to be completed by the fourth quarter of 2013.

Interim dividend for financial year ended 31 December 2012

On 28 February 2013, the Board of Directors declared an interim single tier dividend of 6% for each ordinary shares of the Company for the financial year ended 31 December 2012. The total dividend payable amounts to RM77,550,309.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad**  
(Incorporated in Malaysia)

**58. Comparatives**

As described in Note 2.2, the Group adopted amendments to FRS 112: Deferred Tax - Recovery of Underlying Assets. The comparative amounts of the deferred tax liability, non-controlling interest, retained earnings and income tax expense for the financial year ended 31 December 2011 adjusted for the effects arising from the adoption of the amendments to FRS 112.

In addition, certain comparative amounts have been restated to conform with current year's presentation as follows:

|                                     | As previously<br>stated<br>RM'000 | Adjustments<br>RM'000 | As restated<br>RM'000 |
|-------------------------------------|-----------------------------------|-----------------------|-----------------------|
| <b>Income statements</b>            |                                   |                       |                       |
| <b>For the financial year ended</b> |                                   |                       |                       |
| <b>31 December 2011</b>             |                                   |                       |                       |
| <b><u>Group</u></b>                 |                                   |                       |                       |
| Cost of sales                       |                                   |                       |                       |
| Property development costs          |                                   |                       |                       |
| - current year (Note 24)            | (543,177)                         | (108,200)             | (651,377)             |
| Construction contract cost          | (1,120,326)                       | 108,200               | (1,012,126)           |
| Administrative expenses             | (486,364)                         | 39,113                | (447,251)             |
| Other expenses                      | (266,278)                         | (39,113)              | (305,391)             |

**Statements of financial position**  
**As at 31 December 2011**

**Group**

|                                               |           |           |           |
|-----------------------------------------------|-----------|-----------|-----------|
| Property development costs                    |           |           |           |
| Cost incurred during the year:                |           |           |           |
| - Development costs                           | 648,638   | 108,200   | 756,838   |
| Cumulative costs recognised in profit or loss |           |           |           |
| Recognised during the year (Note 5)           | (543,177) | (108,200) | (651,377) |



**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
(Incorporated in Malaysia)**

**58. Comparatives (contd.)**

|                                         | As previously<br>stated<br>RM'000 | Adjustments<br>RM'000 | As restated<br>RM'000 |
|-----------------------------------------|-----------------------------------|-----------------------|-----------------------|
| <b>Statements of financial position</b> |                                   |                       |                       |
| <b>As at 31 December 2011</b>           |                                   |                       |                       |
| <b>Non-current liabilities</b>          |                                   |                       |                       |
| Borrowings                              | 1,915,660                         | 790                   | 1,916,450             |
| Other payables                          | -                                 | 343,411               | 343,411               |
| <b>Current liabilities</b>              |                                   |                       |                       |
| Borrowings                              | 310,214                           | (790)                 | 309,424               |
| Trade payables                          | 1,039,505                         | 14,088                | 1,053,593             |
| Other payables                          | 950,996                           | (357,499)             | 593,497               |
| <b><u>Company</u></b>                   |                                   |                       |                       |
| <b>Current assets</b>                   |                                   |                       |                       |
| Trade receivables                       | 9,219                             | (9,219)               | -                     |
| Amounts due from subsidiaries           | 984,901                           | 19,444                | 1,004,345             |
| <b>Current liability</b>                |                                   |                       |                       |
| Amounts due to subsidiaries             | 1,881                             | 10,225                | 12,106                |

The above restatements do not affect the financial position of the Group and the Company as at 1 January 2011. Accordingly, the related notes are not presented.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR COMPANY FOR THE FYE 31 DECEMBER 2012 TOGETHER WITH THE AUDITORS' REPORT THEREON (Cont'd)**

**Sunway Berhad  
(Incorporated in Malaysia)**

**59. Supplementary information**

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2012 into realised and unrealised profits is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

|                                                                      | Group            |                 | Company        |              |
|----------------------------------------------------------------------|------------------|-----------------|----------------|--------------|
|                                                                      | 2012             | 2011            | 2012           | 2011         |
|                                                                      | RM'000           | RM'000          | RM'000         | RM'000       |
|                                                                      |                  | (Restated)      |                |              |
| Total retained earnings                                              |                  |                 |                |              |
| - realised                                                           | 564,591          | 224,957         | 91,585         | (33,090)     |
| - unrealised                                                         | 103,612          | 68,711          | 14,250         | 41,500       |
| Total share of retained earnings<br>from associated companies        |                  |                 |                |              |
| - realised                                                           | 100,742          | 33,453          | -              | -            |
| - unrealised                                                         | 126,683          | 41,665          | -              | -            |
| Total share of retained earnings<br>from jointly controlled entities |                  |                 |                |              |
| - realised                                                           | 241,014          | 97,027          | -              | -            |
| - unrealised                                                         | -                | -               | -              | -            |
|                                                                      | <u>1,136,642</u> | <u>465,813</u>  | <u>105,835</u> | <u>8,410</u> |
| Less: Consolidation<br>adjustments                                   | <u>(202,267)</u> | <u>(33,040)</u> | -              | -            |
| Total retained earnings                                              | <u>934,375</u>   | <u>432,773</u>  | <u>105,835</u> | <u>8,410</u> |

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013  
INCLUDING THE EXPLANATORY NOTES THEREON**

SUNWAY BERHAD ( Company No : 921551-D )

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2013

|                                                     | INDIVIDUAL QUARTER                                |                                                                   | CUMULATIVE QUARTER                                |                                                                  |
|-----------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------|------------------------------------------------------------------|
|                                                     | CURRENT<br>YEAR<br>QUARTER<br>31/3/2013<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>QUARTER<br>31/3/2012<br>RM'000 | CURRENT<br>YEAR<br>TO DATE<br>31/3/2013<br>RM'000 | PRECEDING YEAR<br>CORRESPONDING<br>PERIOD<br>31/3/2012<br>RM'000 |
| REVENUE                                             | 1,021,032                                         | 814,765                                                           | 1,021,032                                         | 814,765                                                          |
| OPERATING EXPENSES                                  | (946,775)                                         | (770,477)                                                         | (946,775)                                         | (770,477)                                                        |
| OTHER OPERATING INCOME                              | 11,797                                            | 16,117                                                            | 11,797                                            | 16,117                                                           |
| PROFIT FROM OPERATIONS                              | 86,054                                            | 60,405                                                            | 86,054                                            | 60,405                                                           |
| GAIN ON DERIVATIVES                                 | 256                                               | 248                                                               | 256                                               | 248                                                              |
| FINANCE INCOME                                      | 10,512                                            | 5,533                                                             | 10,512                                            | 5,533                                                            |
| FINANCE COSTS                                       | (22,172)                                          | (24,137)                                                          | (22,172)                                          | (24,137)                                                         |
| SHARE OF PROFIT FROM ASSOCIATES                     | 18,698                                            | 18,875                                                            | 18,698                                            | 18,875                                                           |
| SHARE OF PROFIT FROM JOINTLY<br>CONTROLLED ENTITIES | 29,173                                            | 23,975                                                            | 29,173                                            | 23,975                                                           |
| PROFIT BEFORE TAX                                   | 122,521                                           | 84,899                                                            | 122,521                                           | 84,899                                                           |
| INCOME TAX EXPENSE                                  | (26,342)                                          | (18,501)                                                          | (26,342)                                          | (18,501)                                                         |
| PROFIT FOR THE PERIOD                               | 96,179                                            | 66,398                                                            | 96,179                                            | 66,398                                                           |
| ATTRIBUTABLE TO:                                    |                                                   |                                                                   |                                                   |                                                                  |
| - OWNERS OF THE PARENT                              | 90,555                                            | 64,447                                                            | 90,555                                            | 64,447                                                           |
| - NON-CONTROLLING INTERESTS                         | 5,624                                             | 1,951                                                             | 5,624                                             | 1,951                                                            |
|                                                     | 96,179                                            | 66,398                                                            | 96,179                                            | 66,398                                                           |
| EARNINGS PER SHARE                                  |                                                   |                                                                   |                                                   |                                                                  |
| (i) BASIC { sen }                                   | 7.01                                              | 4.99                                                              | 7.01                                              | 4.99                                                             |
| (ii) DILUTED { sen }                                | 7.01                                              | 4.99                                                              | 7.01                                              | 4.99                                                             |

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013  
INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)**

SUNWAY BERHAD ( Company No : 921551-D )

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2013

|                                                                   | INDIVIDUAL QUARTER                      |                                                         | CUMULATIVE QUARTER                      |                                                        |
|-------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------------|-----------------------------------------|--------------------------------------------------------|
|                                                                   | CURRENT<br>YEAR<br>QUARTER<br>31/3/2013 | PRECEDING YEAR<br>CORRESPONDING<br>QUARTER<br>31/3/2012 | CURRENT<br>YEAR<br>TO DATE<br>31/3/2013 | PRECEDING YEAR<br>CORRESPONDING<br>PERIOD<br>31/3/2012 |
|                                                                   | RM'000                                  | RM'000                                                  | RM'000                                  | RM'000                                                 |
| PROFIT FOR THE PERIOD                                             | 96,179                                  | 66,398                                                  | 96,179                                  | 66,398                                                 |
| FOREIGN CURRENCY TRANSLATION<br>DIFFERENCES FOR FOREIGN OPERATION | 381                                     | (16,750)                                                | 381                                     | (16,750)                                               |
| CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS                        |                                         |                                                         |                                         |                                                        |
| - FAIR VALUE OF DERIVATIVES                                       | 11,996                                  | 38,238                                                  | 11,996                                  | 38,238                                                 |
| - AMOUNT RECYCLED TO PROFIT OR LOSS                               | (10,118)                                | (30,690)                                                | (10,118)                                | (30,690)                                               |
| OTHER COMPREHENSIVE INCOME<br>FOR THE PERIOD, NET OF INCOME TAX   | 2,259                                   | (9,202)                                                 | 2,259                                   | (9,202)                                                |
| TOTAL COMPREHENSIVE INCOME<br>FOR THE PERIOD                      | 98,438                                  | 57,196                                                  | 98,438                                  | 57,196                                                 |
| ATTRIBUTABLE TO:                                                  |                                         |                                                         |                                         |                                                        |
| - OWNERS OF THE PARENT                                            | 92,475                                  | 57,116                                                  | 92,475                                  | 57,116                                                 |
| - NON-CONTROLLING INTERESTS                                       | 5,963                                   | 80                                                      | 5,963                                   | 80                                                     |
|                                                                   | 98,438                                  | 57,196                                                  | 98,438                                  | 57,196                                                 |

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013  
INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)**

SUNWAY BERHAD ( Company No : 921551-D )  
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013  
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013

|                                                                                                                                                                                                                                                                        | AS AT END OF<br>CURRENT QUARTER<br>31/3/2013 | AS AT PRECEDING<br>FINANCIAL PERIOD END<br>31/12/2012<br>(AUDITED) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                        | RM'000                                       | RM'000                                                             |
| <b>ASSETS</b>                                                                                                                                                                                                                                                          |                                              |                                                                    |
| <b>Non-current assets</b>                                                                                                                                                                                                                                              |                                              |                                                                    |
| Property, plant and equipment                                                                                                                                                                                                                                          | 812,302                                      | 804,698                                                            |
| Biological assets                                                                                                                                                                                                                                                      | 587                                          | 613                                                                |
| Investment properties                                                                                                                                                                                                                                                  | 1,314,324                                    | 1,242,519                                                          |
| Rock reserves                                                                                                                                                                                                                                                          | 7,380                                        | 7,444                                                              |
| Land held for property development                                                                                                                                                                                                                                     | 599,486                                      | 598,912                                                            |
| Investment in associates                                                                                                                                                                                                                                               | 1,013,846                                    | 1,023,761                                                          |
| Investment in jointly controlled entities                                                                                                                                                                                                                              | 505,181                                      | 516,452                                                            |
| Other investments                                                                                                                                                                                                                                                      | 1,803                                        | 1,802                                                              |
| Derivative assets                                                                                                                                                                                                                                                      | 4,613                                        | 2,058                                                              |
| Receivables                                                                                                                                                                                                                                                            | 3,397                                        | 3,899                                                              |
| Goodwill                                                                                                                                                                                                                                                               | 318,071                                      | 318,077                                                            |
| Deferred tax assets                                                                                                                                                                                                                                                    | 32,624                                       | 33,718                                                             |
|                                                                                                                                                                                                                                                                        | 4,613,614                                    | 4,553,953                                                          |
| <b>Current assets</b>                                                                                                                                                                                                                                                  |                                              |                                                                    |
| Properties development costs                                                                                                                                                                                                                                           | 1,005,688                                    | 991,529                                                            |
| Inventories                                                                                                                                                                                                                                                            | 615,964                                      | 650,308                                                            |
| Receivables, deposits & prepayments                                                                                                                                                                                                                                    | 1,511,483                                    | 1,568,764                                                          |
| Deposits, bank & cash balances                                                                                                                                                                                                                                         | 1,195,155                                    | 1,158,890                                                          |
| Tax recoverable                                                                                                                                                                                                                                                        | 52,490                                       | 47,827                                                             |
| Derivative assets                                                                                                                                                                                                                                                      | 20,712                                       | 12,203                                                             |
|                                                                                                                                                                                                                                                                        | 4,401,492                                    | 4,429,521                                                          |
| <b>TOTAL ASSETS</b>                                                                                                                                                                                                                                                    | 9,015,106                                    | 8,983,474                                                          |
| <b>EQUITY AND LIABILITIES</b>                                                                                                                                                                                                                                          |                                              |                                                                    |
| <b>Current liabilities</b>                                                                                                                                                                                                                                             |                                              |                                                                    |
| Payables, accruals & other current liabilities                                                                                                                                                                                                                         | 1,578,369                                    | 1,771,850                                                          |
| Bank borrowings                                                                                                                                                                                                                                                        | 1,870,459                                    | 1,773,155                                                          |
| Taxation                                                                                                                                                                                                                                                               | 35,708                                       | 31,015                                                             |
| Derivative liabilities                                                                                                                                                                                                                                                 | -                                            | 197                                                                |
|                                                                                                                                                                                                                                                                        | 3,484,536                                    | 3,576,217                                                          |
| <b>Non-current liabilities</b>                                                                                                                                                                                                                                         |                                              |                                                                    |
| Long term bank borrowings                                                                                                                                                                                                                                              | 1,022,656                                    | 983,279                                                            |
| Other long term liabilities                                                                                                                                                                                                                                            | 424,660                                      | 412,437                                                            |
| Derivative liabilities                                                                                                                                                                                                                                                 | 164                                          | 792                                                                |
| Deferred taxation                                                                                                                                                                                                                                                      | 55,052                                       | 53,246                                                             |
|                                                                                                                                                                                                                                                                        | 1,502,532                                    | 1,449,754                                                          |
| <b>Total liabilities</b>                                                                                                                                                                                                                                               | 4,987,068                                    | 5,025,971                                                          |
| <b>Equity attributable to Owners of the Parent</b>                                                                                                                                                                                                                     |                                              |                                                                    |
| Share capital                                                                                                                                                                                                                                                          | 1,292,505                                    | 1,292,505                                                          |
| Share premium                                                                                                                                                                                                                                                          | 2,326,509                                    | 2,326,509                                                          |
| Equity Contribution from non-controlling interests                                                                                                                                                                                                                     | 51,654                                       | 51,654                                                             |
| Negative merger reserve                                                                                                                                                                                                                                                | (1,192,040)                                  | (1,192,040)                                                        |
| Retained profits                                                                                                                                                                                                                                                       | 998,840                                      | 934,375                                                            |
| Other reserves                                                                                                                                                                                                                                                         | 165,602                                      | 163,638                                                            |
|                                                                                                                                                                                                                                                                        | 3,643,070                                    | 3,576,641                                                          |
| <b>NON-CONTROLLING INTERESTS</b>                                                                                                                                                                                                                                       | 384,968                                      | 380,862                                                            |
| <b>Total equity</b>                                                                                                                                                                                                                                                    | 4,028,038                                    | 3,957,503                                                          |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                                                                                                                                                                                                                    | 9,015,106                                    | 8,983,474                                                          |
| <b>Net Assets Per Share</b>                                                                                                                                                                                                                                            | 2.82                                         | 2.77                                                               |
| <p>( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)</p> |                                              |                                                                    |

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013 INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)**

SUNWAY BERHAD ( Company No : 921551-D )  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2013

|                                                               | ATTRIBUTABLE TO OWNERS OF THE PARENT |               |                                             |                         |                |                   |                            |                            |                    |                   | TOTAL EQUITY        |                      |                         |                                          |                  |           |                           |           |
|---------------------------------------------------------------|--------------------------------------|---------------|---------------------------------------------|-------------------------|----------------|-------------------|----------------------------|----------------------------|--------------------|-------------------|---------------------|----------------------|-------------------------|------------------------------------------|------------------|-----------|---------------------------|-----------|
|                                                               | EQUITY                               |               |                                             |                         |                | NON-DISTRIBUTABLE |                            |                            |                    |                   |                     | DISTRIBUTABLE        |                         |                                          |                  |           |                           |           |
|                                                               | SHARE CAPITAL                        | SHARE PREMIUM | CONTRIBUTION FROM NON-CONTROLLING INTERESTS | NEGATIVE MERGER RESERVE | OTHER RESERVES | CAPITAL RESERVE   | CAPITAL REDEMPTION RESERVE | FORBIDDEN EXCHANGE RESERVE | FAIR VALUE RESERVE | STATUTORY RESERVE | REVALUATION RESERVE | SHARE OPTION RESERVE | CASH FLOW HEDGE RESERVE | FINANCIAL INSTRUMENTS & FITTINGS RESERVE | RETAINED PROFITS | TOTAL     | NON-CONTROLLING INTERESTS | TOTAL     |
|                                                               | RM'000                               | RM'000        | RM'000                                      | RM'000                  | RM'000         | RM'000            | RM'000                     | RM'000                     | RM'000             | RM'000            | RM'000              | RM'000               | RM'000                  | RM'000                                   | RM'000           | RM'000    | RM'000                    | RM'000    |
| <b>PERIOD ENDED 31 MARCH 2012</b>                             |                                      |               |                                             |                         |                |                   |                            |                            |                    |                   |                     |                      |                         |                                          |                  |           |                           |           |
| At 1 January 2012                                             | 1,292,505                            | 2,326,509     | 35,376                                      | (1,192,040)             | 121,820        | 34,137            | 75,521                     | (24,156)                   | 21,643             | 879               | 22,357              | 3,170                | (13,780)                | 2,049                                    | 440,421          | 3,024,791 | 327,943                   | 3,352,734 |
| Total comprehensive income                                    | -                                    | -             | -                                           | -                       | (7,331)        | -                 | -                          | (14,879)                   | -                  | -                 | -                   | -                    | 7,548                   | -                                        | 64,447           | 57,116    | 80                        | 57,196    |
| Dividends paid to non-controlling interests                   | -                                    | -             | -                                           | -                       | -              | -                 | -                          | -                          | -                  | -                 | -                   | -                    | -                       | -                                        | -                | -         | (3,437)                   | (3,437)   |
| Effect of FRS 130                                             | -                                    | -             | -                                           | -                       | -              | -                 | -                          | -                          | -                  | -                 | -                   | -                    | -                       | -                                        | 6                | 6         | (54)                      | (48)      |
| Acquisition of interest from non-controlling interests        | -                                    | -             | -                                           | -                       | -              | -                 | -                          | -                          | -                  | -                 | -                   | -                    | -                       | -                                        | -                | -         | 91                        | 91        |
| At 31 March 2012                                              | 1,292,505                            | 2,326,509     | 35,376                                      | (1,192,040)             | 114,489        | 34,137            | 75,521                     | (39,035)                   | 21,643             | 879               | 22,357              | 3,170                | (6,232)                 | 2,049                                    | 505,074          | 3,081,913 | 324,443                   | 3,406,356 |
| <b>PERIOD ENDED 31 MARCH 2013</b>                             |                                      |               |                                             |                         |                |                   |                            |                            |                    |                   |                     |                      |                         |                                          |                  |           |                           |           |
| At 1 January 2013                                             | 1,292,505                            | 2,326,509     | 51,654                                      | (1,192,040)             | 163,638        | 34,137            | 98,963                     | (17,641)                   | 21,712             | 879               | 22,357              | 3,170                | (1,436)                 | 1,687                                    | 934,375          | 3,576,641 | 380,862                   | 3,957,503 |
| Total comprehensive income                                    | -                                    | -             | -                                           | -                       | 1,920          | -                 | -                          | 42                         | -                  | -                 | -                   | -                    | 1,878                   | -                                        | 90,555           | 92,475    | 5,943                     | 98,438    |
| Dividends paid to non-controlling interests                   | -                                    | -             | -                                           | -                       | -              | -                 | -                          | -                          | -                  | -                 | -                   | -                    | -                       | -                                        | -                | -         | (3,141)                   | (3,141)   |
| Disposal of a subsidiary                                      | -                                    | -             | -                                           | -                       | -              | -                 | -                          | -                          | -                  | -                 | -                   | -                    | -                       | -                                        | (529)            | (529)     | -                         | (529)     |
| Acquisition of equity interest from non-controlling interests | -                                    | -             | -                                           | -                       | -              | -                 | -                          | -                          | -                  | -                 | -                   | -                    | -                       | -                                        | -                | -         | -                         | -         |
| Utilisation of furniture & fittings reserve                   | -                                    | -             | -                                           | -                       | 44             | -                 | -                          | -                          | -                  | -                 | -                   | -                    | -                       | -                                        | (25,561)         | (25,561)  | 1,284                     | (24,277)  |
| At 31 March 2013                                              | 1,292,505                            | 2,326,509     | 51,654                                      | (1,192,040)             | 165,602        | 34,137            | 98,963                     | (17,599)                   | 21,712             | 879               | 22,357              | 3,170                | 242                     | 1,741                                    | 978,840          | 3,643,070 | 384,948                   | 4,028,038 |

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2012, and the accompanying explanatory notes attached to the interim financial statements.)

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013  
INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)**

SUNWAY BERHAD ( Company No : 921551-D )

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

THE FIGURES HAVE NOT BEEN AUDITED

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2013

|                                                                                                | FOR THE<br>3 MONTHS<br>PERIOD<br>ENDED<br>31/3/2013<br>RM'000 | FOR THE<br>3 MONTHS<br>PERIOD<br>ENDED<br>31/03/2012<br>RM'000 |
|------------------------------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                    |                                                               |                                                                |
| Profit before tax                                                                              | 122,531                                                       | 84,885                                                         |
| Adjustments for:                                                                               |                                                               |                                                                |
| - non-cash items                                                                               | (22,917)                                                      | (16,421)                                                       |
| - finance costs                                                                                | 22,172                                                        | 24,137                                                         |
| - finance income                                                                               | (10,512)                                                      | (5,533)                                                        |
| Operating cash flows before working capital changes                                            | 111,273                                                       | 87,068                                                         |
| Changes in working capital                                                                     | (72,428)                                                      | (36,986)                                                       |
| Cash flow from operations                                                                      | 38,845                                                        | 50,082                                                         |
| Interest received                                                                              | 3,589                                                         | 1,012                                                          |
| Dividend received from jointly controlled entities and associates                              | 55,559                                                        | 19,619                                                         |
| Tax refunded                                                                                   | 854                                                           | 2,820                                                          |
| Tax paid                                                                                       | (24,265)                                                      | (18,609)                                                       |
| Net cash flow from operating activities                                                        | 74,582                                                        | 54,924                                                         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                    |                                                               |                                                                |
| Proceeds from disposal of property, plant & equipment                                          | 334                                                           | 3,744                                                          |
| Proceeds from other investment                                                                 | -                                                             | 42                                                             |
| Acquisition of land                                                                            | (9,407)                                                       | (3,438)                                                        |
| Acquisition of property, plant and equipment and biological assets                             | (28,912)                                                      | (20,265)                                                       |
| Acquisition and additional investment in subsidiaries                                          | (24,277)                                                      | -                                                              |
| Acquisition and subsequent expenditure of investment properties                                | (71,805)                                                      | (17,611)                                                       |
| Investment in associates                                                                       | (2,999)                                                       | (2,873)                                                        |
| Repayment from/ (advances to) associates, jointly controlled entity and joint venture partners | 6,053                                                         | (4,671)                                                        |
| Investment in jointly controlled entities                                                      | (9,644)                                                       | (90,047)                                                       |
| Net cash used in investing activities                                                          | (140,657)                                                     | (135,118)                                                      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                    |                                                               |                                                                |
| Net bank and other borrowings                                                                  | 136,350                                                       | 111,834                                                        |
| Interest paid                                                                                  | (24,838)                                                      | (27,431)                                                       |
| Dividend paid to non-controlling interests of subsidiaries                                     | (1,189)                                                       | (1,200)                                                        |
| Net cash generated from/(used in) financing activities                                         | 110,323                                                       | 83,203                                                         |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS                                           | 44,248                                                        | 3,009                                                          |
| EFFECTS OF EXCHANGE RATE CHANGES                                                               | 1,410                                                         | (4,818)                                                        |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD                                               | 1,063,712                                                     | 776,705                                                        |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD                                           | 1,109,370                                                     | 774,896                                                        |
| Cash and cash equivalents at end of financial period comprise the following :                  |                                                               |                                                                |
| Deposits, bank & cash balances                                                                 | 1,195,155                                                     | 791,836                                                        |
| Bank overdrafts                                                                                | (85,785)                                                      | (16,940)                                                       |
|                                                                                                | 1,109,370                                                     | 774,896                                                        |

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013  
INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)**
**NOTES TO FINANCIAL STATEMENTS :**
**A1 Accounting Policies and Basis of Preparation**

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

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

The Group falls within the scope of Transitioning Entities. Transitioning Entities are allowed to defer the adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. For the financial years ending 31 March 2013 and 31 December 2013, the Group will continue to prepare financial statements using the Financial Reporting Standards ("FRS").

The interim financial report is unaudited and is prepared in accordance with FRS134 " Interim Financial Reporting " and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2012 except for the adoption of the following new FRSs, amendments to FRSs and IC Interpretations that are effective for financial statements effective from 1 January 2013, as disclosed below:

|                                   |                                                                                                |
|-----------------------------------|------------------------------------------------------------------------------------------------|
| FRS 10                            | Consolidated Financial Statements                                                              |
| FRS 11 Joint Arrangements         | Joint Arrangements                                                                             |
| FRS 12                            | Disclosure of Interests in Other Entities                                                      |
| FRS 13                            | Fair Value Measurement                                                                         |
| FRS 119                           | Employee Benefits                                                                              |
| FRS 127                           | Separate Financial Statements                                                                  |
| FRS 128                           | Investment in Associates and Joint Venture                                                     |
| Amendments to IC Interpretation 2 | Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012)) |
| IC Interpretation 20              | Stripping Costs in the Production Phase of a Surface Mine                                      |
| Amendments to FRS 7: Disclosures  | Offsetting Financial Assets and Financial Liabilities                                          |
| Amendments to FRS 1               | First-time Adoption of Malaysian Financial Reporting Standards – Government Loans              |
| Amendments to FRS 1               | First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))   |
| Amendments to FRS 116             | Property, Plant and Equipment (Improvements to FRSs (2012))                                    |
| Amendments to FRS 132             | Financial Instruments: Presentation (Improvements to FRSs (2012))                              |
| Amendments to FRS 134             | Interim Financial Reporting (Improvements to FRSs (2012))                                      |



**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013 INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)**

Amendments to FRS 10

Consolidated Financial Statements: Transition Guidance

Amendments to FRS 11

Joint Arrangements: Transition Guidance

Amendments to FRS 12

Disclosure of Interests in Other Entities: Transition Guidance

The adoption of the above pronouncements does not have any significant impact to the Group except for:-

**FRS 10: Consolidated Financial Statements**

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127. The Group is in the process of making an assessment of the impact of this implementation.

**A2 Report of the Auditors**

The report of the auditors of preceding annual financial statements was not subject to any qualification.

**A3 Seasonal or Cyclical Factors**

The results for the current quarter under review were not materially affected by seasonal or cyclical factors except for the leisure and hospitality segments which normally peaks during major festive seasons and holidays.

**A4 Unusual Items**

There were no material unusual items affecting the amounts reported for the current quarter ended 31 March 2013 except for the following:

a) Current and preceding year corresponding quarter

|                                                                               | 31/3/13<br>RM'million | 31/3/12<br>RM'million |
|-------------------------------------------------------------------------------|-----------------------|-----------------------|
| Profit before tax as reported                                                 | 122.5                 | 84.9                  |
| Gain on derivatives <sup>1</sup>                                              | (0.3)                 | (0.2)                 |
| <b>Profit before tax excluding unusual items</b>                              | <b>122.2</b>          | <b>84.7</b>           |
| Profit after tax and non-controlling interests as reported                    | 90.6                  | 64.4                  |
| Gain on derivatives <sup>1</sup>                                              | (0.3)                 | (0.2)                 |
| <b>Profit after tax and non-controlling interests excluding unusual items</b> | <b>90.3</b>           | <b>64.2</b>           |

Notes:

<sup>1</sup> The Group recognised RM0.3 million (profit before and after tax and non-controlling interests) in gain on derivatives as a result of the effects of FRS 139: Financial Instruments: Recognition and Measurement. For the corresponding quarter ended 31 December 2012, the Group recognised RM0.2 million (profit before and after tax and non-controlling interests) in gain on derivatives.

**A5 Changes in Estimates**

There were no changes in estimates that have a material effect on the amounts reported for the current quarter ended 31 March 2013.

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013  
INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)**

**A6 Issuances, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities**

There was no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current period under review.

**A7 Dividend Paid**

There was no dividend paid during the financial period ended 31 March 2013.

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013 INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)**

A8 Segmental Reporting  
Segmental results for the financial period ended 31 March 2013, representing both core and non-core segmental results, are as follows:

|                                                                      | Property Development<br>RM'000 | Property Investment Division<br>RM'000 | Construction<br>RM'000 | Trading and Manufacturing<br>RM'000 | Quarry<br>RM'000 | Investment Holdings<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|----------------------------------------------------------------------|--------------------------------|----------------------------------------|------------------------|-------------------------------------|------------------|-------------------------------|------------------|------------------------|------------------------|
| <b>BY BUSINESS SEGMENTS</b>                                          |                                |                                        |                        |                                     |                  |                               |                  |                        |                        |
| <b>REVENUE AND EXPENSES</b>                                          |                                |                                        |                        |                                     |                  |                               |                  |                        |                        |
| Revenue                                                              | 202,659                        | 133,520                                | 429,388                | 129,586                             | 44,335           | 3,038                         | 78,506           | -                      | 1,021,032              |
| External sales                                                       | -                              | 5,280                                  | -                      | 33,265                              | 960              | 84,042                        | 7,278            | (130,823)              | -                      |
| Inter-segment sales                                                  | 202,659                        | 138,800                                | 429,388                | 162,851                             | 45,295           | 87,080                        | 85,782           | (130,823)              | 1,021,032              |
| <b>Results</b>                                                       |                                |                                        |                        |                                     |                  |                               |                  |                        |                        |
| Operating segment results                                            | 25,483                         | 22,137                                 | 27,322                 | 9,038                               | 4,774            | (5,027)                       | 2,327            | -                      | 86,054                 |
| Gain on derivatives                                                  | -                              | -                                      | 16                     | -                                   | -                | 240                           | -                | -                      | 256                    |
| Finance income                                                       | 5,488                          | 2,623                                  | 1,412                  | 47                                  | 156              | (860)                         | 1,636            | -                      | 10,512                 |
| Finance costs                                                        | (3,894)                        | (17,634)                               | (842)                  | (824)                               | (84)             | 2,216                         | (1,100)          | -                      | (22,172)               |
| Share of results of associated companies jointly controlled entities | (4)                            | 18,933                                 | -                      | (8)                                 | -                | -                             | (223)            | -                      | 18,698                 |
| Profit before taxation                                               | 29,173                         | -                                      | -                      | -                                   | -                | -                             | -                | -                      | 29,173                 |
| Taxation                                                             | (7,877)                        | (6,355)                                | (6,163)                | (1,731)                             | (1,347)          | 377                           | (1,246)          | -                      | (26,342)               |
| Profit for the period                                                | 48,379                         | 17,704                                 | 21,745                 | 6,522                               | 3,489            | (3,054)                       | 1,394            | -                      | 96,179                 |
| Non controlling interests                                            | (3,718)                        | (1,007)                                | (960)                  | (276)                               | -                | 42                            | 295              | -                      | (5,624)                |
| Attributable to owners of the parent                                 | 44,661                         | 16,697                                 | 20,785                 | 6,246                               | 3,489            | (3,012)                       | 1,688            | -                      | 90,555                 |
| <b>BY GEOGRAPHICAL SEGMENTS</b>                                      |                                |                                        |                        |                                     |                  |                               |                  |                        |                        |
| Revenue                                                              | 865,889                        | 86,259                                 | 63,696                 | 56,986                              |                  |                               |                  |                        |                        |
| Malaysia                                                             | 86,647                         | 41,477                                 | 39,442                 | 39,442                              |                  |                               |                  |                        |                        |
| Singapore                                                            | 24,570                         | (5,564)                                | (4,627)                | (4,627)                             |                  |                               |                  |                        |                        |
| China                                                                | 14                             | (943)                                  | (978)                  | (978)                               |                  |                               |                  |                        |                        |
| India                                                                | 17,263                         | 112                                    | (345)                  | (110)                               |                  |                               |                  |                        |                        |
| Australia                                                            | -                              | (2,901)                                | (2,734)                | (2,734)                             |                  |                               |                  |                        |                        |
| United Arab Emirates                                                 | 26,649                         | 4,081                                  | 2,872                  | 2,565                               |                  |                               |                  |                        |                        |
| Other Countries                                                      | 1,021,032                      | 122,521                                | 96,179                 | 90,555                              |                  |                               |                  |                        |                        |
| Profit before tax                                                    |                                |                                        |                        |                                     |                  |                               |                  |                        |                        |
| Profit after tax                                                     |                                |                                        |                        |                                     |                  |                               |                  |                        |                        |
| Attributable to owners of the parent                                 |                                |                                        |                        |                                     |                  |                               |                  |                        |                        |

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013 INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)**

Core segmental results (excluding unusual items as per Note A4) for the financial period ended 31 March 2013 are as follows:

|                                          | Property Development<br>RM'000 | Property Investment Division<br>RM'000 | Construction<br>RM'000 | Trading and Manufacturing<br>RM'000 | Quarry<br>RM'000 | Investment Holdings<br>RM'000 | Others<br>RM'000 | Eliminations<br>RM'000 | Consolidated<br>RM'000 |
|------------------------------------------|--------------------------------|----------------------------------------|------------------------|-------------------------------------|------------------|-------------------------------|------------------|------------------------|------------------------|
| <b>BY BUSINESS SEGMENTS</b>              |                                |                                        |                        |                                     |                  |                               |                  |                        |                        |
| <b>REVENUE AND EXPENSES</b>              |                                |                                        |                        |                                     |                  |                               |                  |                        |                        |
| Revenue                                  | 202,659                        | 133,520                                | 429,388                | 129,586                             | 44,335           | 3,038                         | 78,506           | -                      | 1,021,032              |
| External sales                           | -                              | 377                                    | -                      | -                                   | -                | 61,679                        | 1,738            | (63,794)               | -                      |
| Inter-segment sales                      | 202,659                        | 133,897                                | 429,388                | 129,586                             | 44,335           | 64,717                        | 80,244           | (63,794)               | 1,021,032              |
| <b>Results</b>                           |                                |                                        |                        |                                     |                  |                               |                  |                        |                        |
| Operating segment results                | 25,483                         | 22,137                                 | 27,322                 | 9,038                               | 4,774            | (5,027)                       | 2,327            | -                      | 86,054                 |
| Finance income                           | 5,498                          | 2,623                                  | 1,412                  | 47                                  | 156              | (860)                         | 1,636            | -                      | 10,512                 |
| Finance costs                            | (3,894)                        | (17,634)                               | (842)                  | (924)                               | (94)             | 2,216                         | (1,100)          | -                      | (22,172)               |
| Share of results of associated companies | (4)                            | 18,933                                 | -                      | (8)                                 | -                | -                             | (223)            | -                      | -                      |
| Jointly controlled entities              | 29,173                         | -                                      | -                      | -                                   | -                | -                             | -                | -                      | 18,698                 |
| Profit before taxation                   | 56,255                         | 26,059                                 | 27,892                 | 8,253                               | 4,836            | (3,671)                       | 2,640            | -                      | 29,173                 |
| Taxation                                 | (7,877)                        | (8,355)                                | (6,153)                | (1,731)                             | (1,347)          | 377                           | (1,246)          | -                      | (25,342)               |
| Profit for the period                    | 48,378                         | 17,704                                 | 21,739                 | 6,522                               | 3,489            | (3,294)                       | 1,394            | -                      | 95,923                 |
| Non controlling interests                | (3,718)                        | (1,007)                                | (950)                  | (276)                               | -                | 42                            | 295              | -                      | (5,624)                |
| Attributable to owners of the parent     | 44,661                         | 16,697                                 | 20,789                 | 6,246                               | 3,489            | (3,252)                       | 1,689            | -                      | 90,299                 |
| <b>BY GEOGRAPHICAL SEGMENTS</b>          |                                |                                        |                        |                                     |                  |                               |                  |                        |                        |
| Revenue                                  | 865,889                        | 86,003                                 | 63,440                 | 56,740                              |                  |                               |                  |                        |                        |
| Malaysia                                 | 86,647                         | 41,477                                 | 39,442                 | 39,442                              |                  |                               |                  |                        |                        |
| Singapore                                | 24,570                         | (5,564)                                | (4,627)                | (4,627)                             |                  |                               |                  |                        |                        |
| China                                    | 14                             | (943)                                  | (978)                  | (978)                               |                  |                               |                  |                        |                        |
| India                                    | 17,263                         | 112                                    | (345)                  | (110)                               |                  |                               |                  |                        |                        |
| Australia                                | -                              | (2,901)                                | (2,901)                | (2,734)                             |                  |                               |                  |                        |                        |
| United Arab Emirates                     | 26,649                         | 4,081                                  | 2,872                  | 2,566                               |                  |                               |                  |                        |                        |
| Other Countries                          | 1,021,032                      | 122,265                                | 95,923                 | 90,299                              |                  |                               |                  |                        |                        |
| Profit before tax                        |                                |                                        |                        |                                     |                  |                               |                  |                        |                        |
| Profit after tax                         |                                |                                        |                        |                                     |                  |                               |                  |                        |                        |
| Attributable to owners of the parent     |                                |                                        |                        |                                     |                  |                               |                  |                        |                        |

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013  
INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)**

**A9 Valuation of Property, Plant and Equipment and Investment Properties**

The Group adopts the fair value model for its investment properties. There is no significant and indicative change in value of the said investment properties since the last balance sheet date.

**A10 Material events**

There were no material events subsequent to the current quarter ended 31 March 2013.

**A11 Changes in the Composition of the Group**

There were no material changes in the composition of the Group for the current quarter ended 31 March 2013.

**A12 Contingent Liabilities and Assets**

Details of contingent liabilities of the Group as at the date of issue of the report are as follows:

|                                                                                 | 31/3/2013<br>RM'000 | 31/12/2012<br>RM'000 |
|---------------------------------------------------------------------------------|---------------------|----------------------|
| Guarantees given to third parties in respect of contracts and trade performance | <u>2,965,105</u>    | <u>2,984,633</u>     |

There were no other material changes in contingent liabilities since the last annual reporting date.  
There were no contingent assets.

**A13 Commitments**

(a) Capital commitment not provided for in the financial year as at 31 March 2013 is as follows:

|                                          | 31/3/2013<br>RM'000 | 31/12/2012<br>RM'000 |
|------------------------------------------|---------------------|----------------------|
| Amount authorised and contracted for     | 128,430             | 77,571               |
| Amount authorised but not contracted for | <u>899,475</u>      | <u>876,450</u>       |
|                                          | <u>1,027,906</u>    | <u>954,021</u>       |

(b) Operating lease commitment not provided for in the financial year as at 31 March 2013 is as follows:

|                                                | 31/3/2013<br>RM'000 | 31/12/2012<br>RM'000 |
|------------------------------------------------|---------------------|----------------------|
| Future minimum lease payment:                  |                     |                      |
| - not later than 1 year                        | 76,097              | 76,361               |
| - later than 1 year and not later than 5 years | 281,244             | 260,557              |
| - later than 5 years                           | <u>195,590</u>      | <u>233,453</u>       |
|                                                | <u>552,931</u>      | <u>570,371</u>       |
| Future minimum lease receipts:                 |                     |                      |
| - not later than 1 year                        | 43,655              | 47,994               |
| - later than 1 year and not later than 5 years | 194,144             | 196,541              |
| - later than 5 years                           | <u>365,964</u>      | <u>370,890</u>       |
|                                                | <u>603,763</u>      | <u>615,425</u>       |

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013  
INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)****B1 Review of Performance**For the quarter

The Group (after excluding unusual items as per Note A4) recorded revenue of RM1,021.0 million and profit before tax of RM122.2 million for the current quarter ended 31 March 2013 as compared to revenue of RM814.8 million and profit before tax of RM84.7 million for the corresponding quarter ended 31 December 2012. The higher current quarter revenue was mainly due to higher property sales and construction revenue. As a result, the Group registered a higher current quarter profit before tax.

The property development segment reported revenue of RM202.7 million and profit before tax of RM56.3 million in the current quarter as compared to revenue of RM160.1 million and profit before tax of RM41.4 million in the corresponding quarter of the previous financial year. The higher revenue recorded in the current quarter was mainly due to strong sales recorded from some of the recently launched projects. As a result, the current profit before tax was higher but the overall increase was also boosted by higher profit contribution from the Singapore development projects.

The property investment segment reported revenue of RM133.5 million and profit before tax of RM26.1 million for the current quarter as compared to revenue of RM130.5 million and profit before tax of RM23.4 million in the corresponding quarter of the previous financial year. The overall performance of this segment was satisfactory and the higher profit was due to better cost management.

The construction segment reported revenue of RM429.4 million and profit before tax of RM27.9 million during the current quarter as compared to revenue of RM259.0 million and profit before tax of RM8.4 million in the corresponding quarter in the previous financial year. The increase in revenue was due to stronger progress billings of infrastructure and building works, and stronger sales of precast products. As a result, the current profit before tax improved accordingly.

The trading and manufacturing segment reported a current quarter revenue of RM129.6 million and profit before tax of RM8.3 million as compared to the revenue of RM147.7 million and profit before tax of RM11.5 million in the corresponding quarter in the previous financial year. The performance of this segment was mainly affected by the difficult trading environment in the overseas markets, namely Australia and Indonesia due to the slowdown in their mining industry which affected the sales of related products.

The quarry segment reported a current quarter revenue of RM44.3 million and profit before tax of RM4.8 million as compared to revenue of RM37.4 million and profit before tax of RM0.9 million in the corresponding quarter in the previous financial year. The higher revenue was due to stronger sales volume and better selling prices. The higher profit before tax was also helped by better cost management.

The other segment reported a current quarter revenue of RM78.5 million and profit before tax of RM2.6 million as compared to revenue of RM80.0 million and profit before tax of RM4.0 million in the corresponding quarter in the previous financial year. The lower profit before tax for the current quarter was mainly due to the rental expense incurred by the healthcare unit subsequent to the disposal of the hospital building to Sunway Real Estate Investment Trust ("SW REIT") which was completed at the end of 2012 and higher losses in the building material division at China as a result of slower market condition.

**B2 Material Changes in the Quarterly Results**

The Group (after excluding unusual items as per Note A4) recorded revenue of RM1,021.0 million and profit before tax of RM122.2 million for the current quarter ended 31 March 2013 as compared to revenue of RM1,171.9 million and profit before tax of RM189.1 million achieved in the preceding quarter. The lower current quarter revenue was mainly due to lower property sales and property investment revenue, which was partly mitigated by higher construction revenue.

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013 INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)**

The property development segment reported revenue of RM202.7 million and profit before tax of RM56.3 million in the current quarter as compared to revenue of RM384.8 million and profit before tax of RM139.5 million in the immediate preceding quarter. The lower revenue recorded in the current quarter was mainly due to lower new sales recorded which was partly impacted by the uncertainties generated by the impending general elections. The lower current profit before tax was also due to lower profit contribution from the Singapore development projects as compared to the previous quarter.

The property investment segment reported revenue of RM133.5 million and profit before tax of RM26.1 million for the current quarter as compared to revenue of RM162.8 million and profit before tax of RM46.6 million in the immediate preceding quarter. The lower performance in the current quarter as compared to the previous quarter was mainly due to seasonal factors as the leisure and hospitality businesses generate their peak earnings in the last quarter of the financial year. In view of such trend, this segment has performed satisfactorily.

The construction segment reported revenue of RM429.4 million and profit before tax of RM27.9 million in the current quarter as compared to revenue of RM360.3 million and profit before tax of RM17.2 million in the immediate preceding quarter. The higher revenue in the current quarter was due to higher progress billings of infrastructure and building works. The higher profit before tax was also boosted by the finalisation of accounts of some projects which gave rise to additional profit.

The trading and manufacturing segment reported revenue of RM129.6 million and profit before tax of RM8.3 million in the current quarter as compared to the revenue of RM122.7 million and profit before tax of RM7.7 million in the immediate preceding quarter. Despite the challenging economic environment, the performance of the current quarter has started to stabilise and improved slightly as compared to the previous quarter.

The quarry segment reported a current quarter revenue of RM44.3 million and profit before tax of RM4.8 million as compared to revenue of RM57.2 million and profit before tax of RM5.1 million in the preceding quarter. Despite the lower revenue, the current profit before tax remained relatively resilient due to better margins achieved.

The other segment reported a current quarter revenue of RM78.5 million and profit before tax of RM2.6 million as compared to a revenue of RM78.5 million and loss before tax of RM1.5 million in the preceding quarter. The loss for the preceding quarter was mainly due to the impairment provisions made by Sunway Global in China. For the current quarter, the healthcare unit reported lower profit due to lower patient admissions during the festive season and the rental expense incurred subsequent to the disposal of the hospital building to Sunway REIT.

**B3 Prospects**

Bank Negara recently announced that the gross domestic product ("GDP") growth rate for the first quarter of 2013 was 4.1% as compared to 5.1% recorded in the same quarter last year. The weaker growth was due to lower exports caused by a weaker global environment.

Going forward however, the Government is still forecasting a GDP growth rate of between 5% to 6% for this year. In order to achieve such growth target, the domestic economic activities would have to be much stronger in the second half of the year. Accordingly, the Group expects the Government to accelerate the implementation of more Economic Transformation Programme ("ETP") projects which will augur well for the local economy and the Group.

Barring any unforeseen circumstances, the Group is expected to continue to perform satisfactorily as it is well positioned to capitalize on the improving domestic economy which will also benefit from the strong performance of the local stock market.

**B4 Variance of Actual Profit from Profit Forecast**

The Company did not issue any profit forecast or profit guarantee during the current year under review.

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013  
INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)**
**B5 Taxation**

The effective tax rate for the current quarter is 21.5%. The lower effective tax rate was mainly due to the following:

- (a) the recognition of share of profit from certain jointly controlled entities which shares result on a profit after tax basis

|                   | Current Quarter<br>Ended<br>31/3/2013<br>RM'000 | Cumulative<br>Year To Date<br>31/3/2013<br>RM'000 |
|-------------------|-------------------------------------------------|---------------------------------------------------|
| Current taxation  | (25,263)                                        | (25,263)                                          |
| Deferred taxation | (1,079)                                         | (1,079)                                           |
|                   | <b>(26,342)</b>                                 | <b>(26,342)</b>                                   |

**B6 Profit/(Loss) before Taxation**

The following amounts have been included in arriving at profit/ (loss) before taxation:

|                                                       | Current<br>Quarter Ended<br>31/3/2013<br>RM'000 | Cumulative<br>Year To Date<br>31/3/2013<br>RM'000 |
|-------------------------------------------------------|-------------------------------------------------|---------------------------------------------------|
| Depreciation and amortisation                         | (24,226)                                        | (24,226)                                          |
| Provision/Impairment for:                             |                                                 |                                                   |
| - Trade receivables                                   | (623)                                           | (623)                                             |
| - Inventories                                         | (286)                                           | (286)                                             |
| Write off:                                            |                                                 |                                                   |
| - Trade receivables                                   | (51)                                            | (51)                                              |
| Gain/(loss) on disposal of:                           |                                                 |                                                   |
| - property, plant and equipment                       | 199                                             | 199                                               |
| Foreign exchange gain/(loss):                         |                                                 |                                                   |
| - Others                                              | (565)                                           | (565)                                             |
| - Unrealised for hedged items                         | (10,118)                                        | (10,118)                                          |
| Cash flow hedge reserve recycled to<br>profit or loss | 10,118                                          | 10,118                                            |

**B7 Status of Corporate Proposal Announced**

There were no new corporate proposals announced but not completed as at the date of this report, except for the following:

Proposed renounceable rights issue of up to 594,552,301 new ordinary shares of RM1.00 each in Sunway Berhad ("Rights Shares") and proposed establishment of an Employees' Share Option Scheme ("ESOS")

On 5 April 2013, Sunway Berhad ("Company") had announced its proposal to undertake a renounceable rights issue of up to 594,552,301 Rights Shares at an issue price of RM1.70 per Rights Shares ("Issue Price"), on the basis of one Rights Share for every three existing ordinary shares of RM1.00 each ("Sunway Shares"), held by the shareholders of the Company on an entitlement date to be determined later ("Entitlement Date") ("Entitled Shareholders").

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements for the Rights Shares in full or in part.



**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013 INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)**

The maximum number of 594,552,301 Rights Shares was arrived at after taking into account the following:

- (a) issued and paid-up share capital of the Company as at 31 March 2013 of RM1,292,505,152 comprising 1,292,505,152 Sunway Shares;
- (b) assuming the full exercise of all 258,500,852 outstanding Company warrants 2011/2016 ("Sunway Warrants") as at 31 March 2013 ("Outstanding Sunway Warrants") into 258,500,852 new Sunway Shares prior to the implementation of the Proposed ESOS;
- (c) assuming 232,650,900 ESOS Options (as defined below), being the maximum number of ESOS Options (as defined below) made available under the Proposed ESOS (15% of the then issued and paid-up share capital of the Company), are fully granted in a single tranche, and fully vested and exercised into 232,650,900 new Sunway Shares; and
- (d) the ESOS Shares (as defined below) are allotted prior to the Entitlement Date.

Any unsubscribed Rights Shares shall be made available for excess applications by other Entitled Shareholders and/or their renouncee(s). It is the intention of the Board of Directors of the Company ("the Board") to allocate the excess Rights Shares, if any, in a fair and equitable manner as they may deem fit or expedient, and in the best interest of the Company.

Any fractional entitlements of the Rights Shares under the Proposed Rights Issue will be disregarded and shall be dealt with in such manner as the Board shall in their absolute discretion deems fit or expedient and in the best interest of the Company.

The Proposed Rights Issue would enable the Company to raise funds to part finance its capital expenditure including for the development of its investment properties, land bank acquisitions and purchase of property, plant and equipment, repayment of existing borrowings and for its general working capital requirements which are expected to contribute positively to the future profitability of the Group.

On the same date, the Company proposed to establish and implement an ESOS for the granting of option(s) ("ESOS Option(s)") to subscribe for new Sunway Shares to the eligible executive directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries) (collectively referred to as "Participating Sunway Group") who fulfil the eligibility criteria ("Eligible Persons"), subject to the terms and conditions of the by-laws governing the Proposed ESOS ("By-Laws").

The number of ESOS Options to be vested onto the Grantee in each Annual Vesting is based on the Grantee's level of performance for the calendar year prior to the date of such Annual Vesting.

The salient features of the Proposed ESOS, which will be governed by the By-Laws, are as follows:

- (a) the Eligibility of the executive director(s) and employee(s) of the Participating Sunway Group;
- (b) maximum number of new Sunway Shares available under the Proposed ESOS shall not exceed in aggregate 15% of the total issued and paid-up share capital of the Company ("Maximum ESOS Shares Available");
- (c) the allocation of new Sunway Shares to be made available for the granting of ESOS Options;
- (d) the duration of the Proposed ESOS;
- (e) the ESOS Option price;
- (f) the ranking of the new ESOS Shares;
- (g) the listing and quotation of new ESOS Shares;
- (h) the utilisation of the gross proceeds from the exercise of the ESOS Options will be made towards the Group's working capital requirements.

The Board believes the implementation of the Proposed ESOS would align the interests of the Eligible Persons with the Company's effort to enhance its shareholders' value.

Barring any unforeseen circumstances, and subject to the receipt of all the approvals of the relevant parties and authorities, the Proposals are expected to be completed by the fourth quarter of 2013.

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013  
INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)**

**B8 Group Borrowings and Debt Securities**

The Group borrowings as at 31 March 2013 are as follows:

|               | Secured<br>RM'000 | Unsecured<br>RM'000 | Total<br>RM'000 |
|---------------|-------------------|---------------------|-----------------|
| Borrowings:   |                   |                     |                 |
| - Current     | 1,395,815         | 474,644             | 1,870,459       |
| - Non-current | 838,390           | 184,266             | 1,022,656       |
|               | 2,234,205         | 658,910             | 2,893,115       |

Included in the above are borrowings which are denominated in a foreign currency as follows:

| Secured                               | Foreign currency |             | RM'000  |             |
|---------------------------------------|------------------|-------------|---------|-------------|
|                                       | Current          | Non-current | Current | Non-current |
| US Dollar (USD'000) *                 | 275,000          | 80,000      | 850,988 | 247,560     |
| Singapore Dollar (SGD'000) **         | 2,692            | -           | 6,709   | -           |
| Trinidad & Tobago Dollar (TTD'000) ** | 8,940            | -           | 4,339   | -           |
| Chinese Renminbi (RMB'000) **         | 74,884           | 2,516       | 37,307  | 1,254       |
| Indonesian Rupiah (RP'000) **         | 8,625,786        | -           | 2,743   | -           |
| Australia Dollar (AUD'000) **         | 1,000            | 12,208      | 3,227   | 39,385      |
| <u>Unsecured</u>                      |                  |             |         |             |
| Singapore Dollar (SGD'000) **         | 27,193           | -           | 67,758  | -           |
|                                       |                  |             | 973,071 | 288,199     |

Notes:

\* Borrowings in which cross currency swap contracts have been entered into.

\*\* Borrowings obtained by overseas subsidiaries.

**B9 Derivative Financial Instruments**

The Group's outstanding derivatives as at 31 March 2013 were as follows:

| Type of Derivatives                               | Contract/<br>Notional<br>RM'000 | Fair<br>Value<br>RM'000 | Gains/(Losses)<br>Fair Value<br>for the period<br>RM'000 |
|---------------------------------------------------|---------------------------------|-------------------------|----------------------------------------------------------|
| <b>Foreign currency forward contracts</b>         |                                 |                         |                                                          |
| - Less than 1 year                                | 5,976                           | 120                     | 135                                                      |
| <b>Interest rate swap contracts</b>               |                                 |                         |                                                          |
| - 1 year to 3 year                                | 16,368                          | (164)                   | 121                                                      |
| <b>Total losses on derivatives as per Note A4</b> |                                 |                         | 256                                                      |
| <b>Cross currency swap contracts</b>              |                                 |                         |                                                          |
| - 1 year to 3 year                                | 1,073,318                       | 25,205                  | 1,878                                                    |
| <b>Total derivatives</b>                          |                                 | 25,161                  | 2,134                                                    |

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013  
INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)****Foreign currency forward contracts**

The Group entered into foreign currency forward contracts to minimise its exposure to foreign currency risks as a results of transactions denominated in currencies other than its functional currency, arising from normal business activities. These are done in accordance with the Group's foreign currency hedging policy and are executed with credit-worthy financial institutions which are governed by appropriate policies and procedures.

The derivatives arising from the foreign currency forward contracts are stated at fair value, using the prevailing market rates. Derivatives with positive market values are included under current assets and derivatives with negative market values are included under current liabilities. Any changes in fair value of derivatives during the period are taken directly to the income statement.

**Interest rate swap contracts**

The Group entered into interest rate swap contracts to manage its interest rate risk arising primarily from interest-bearing borrowings. Borrowings at floating rate expose the Group to fair value interest rates and the hedging contract minimises the fluctuation of cash flow due to changes in the market interest rates. The above interest rate hedging contracts are executed with credit-worthy financial institutions which are governed by appropriate policies and procedures.

The derivatives arising from the interest rate swap contracts are computed using the present value of the difference between the floating rates and fixed rates applied to the principal amounts over the duration of swap expiring subsequent to period end. Any changes in fair value of derivatives during the period are taken directly to the income statement.

**Cross currency swap contracts**

The Group entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings which was entered to minimise the interest cost . The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuations over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognised directly in other comprehensive income until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the income statement. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the income statement.

**B10 Changes in Material Litigation**

Except for the following claims, there was no pending material litigation.

- (a) On 4 September 2008, the solicitors of Sunway Construction Sdn Bhd ("SunCon") had been served with a Statement of Claim ("Statement of Claim") by Shristi Infrastructure Development Corporation Ltd ("Claimant"). The Statement of Claim was received by SunCon's office in Malaysia on 8 September 2008.

Pursuant to an agreement signed between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of NH-25 to a four-lane configuration in the state of Uttar Pradesh being a part of the East-West Corridor Project, SunCon had entered into a work order with the Claimant for the upgrading and rehabilitation of the stretch of NH-25 from 143.6 km to 170.0 km, of which the Claimant has provided two bank guarantees ("Bank Guarantees") to SunCon.

The Claimant has failed to carry out its obligations under the work order and SunCon has terminated the work order and cashed the Bank Guarantees. The Claimant had filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The Supreme Court had appointed a sole arbitrator and two preliminary sittings have been held to date. The Claimant then filed its Statement of Claim on 4 September 2008.

The Statement of Claim was raised in respect of various claims (including claiming the refund of the amount cashed on the Bank Guarantees) and the total amount claimed is Rs891.5 million (approximately equivalent to RM51 million).

**UNAUDITED CONSOLIDATED RESULTS OF OUR COMPANY FOR THE 3-MONTH FPE 31 MARCH 2013  
INCLUDING THE EXPLANATORY NOTES THEREON (Cont'd)**

At the hearing on 2 February 2009, the arbitrator recorded SunCon's filing of the Statement of Defence and Counterclaim. In the counterclaim, SunCon is seeking for Rs781,394,628.61 (approximately equivalent to RM45 million) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

75 hearings had been held and on 11 January 2013, the arbitrator that presided over the case passed away. The Claimant and SunCon may now proceed to appoint another arbitrator that is agreeable by both parties, failing such agreement an application can be filed to the Supreme Court for an appointment.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

**B11 Realised and Unrealised Profits**

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits are as follows:

|                                                                   | 31/3/2013 | 31/12/2012 |
|-------------------------------------------------------------------|-----------|------------|
|                                                                   | RM'000    | RM'000     |
| Total retained profit of the Group:-                              |           |            |
| Realised                                                          | 584,851   | 564,591    |
| Unrealised                                                        | 191,308   | 103,612    |
| Total share of retained profits from associated companies:        |           |            |
| Realised                                                          | 119,671   | 100,742    |
| Unrealised                                                        | 126,683   | 126,683    |
| Total share of retained profits from Jointly Controlled Entities: |           |            |
| Realised                                                          | 270,144   | 241,014    |
| Unrealised                                                        | -         | -          |
| Less: Consolidation adjustments                                   | (293,817) | (202,267)  |
| Total Group's retained profits as per consolidated accounts       | 998,840   | 934,375    |

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

**B12 Dividend**

The Board of Directors has declared an interim single tier dividend of 6% per ordinary share of RM1.00 each for the financial year ended 31 December 2012, which was paid on 30 April 2013.

**DIRECTORS' REPORT****Registered Office**

Level 16, Menara Sunway  
Jalan Lagoon Timur  
Bandar Sunway  
46150 Petaling Jaya  
Selangor Darul Ehsan

Date: 3 July 2013

**To: The Entitled Shareholders of Sunway Berhad**

Dear Sir/Madam,

On behalf of the Board of Directors of Sunway Berhad ("**Sunway**") ("**Board**"), I report after due enquiry that during the period from 31 December 2012 (being the date to which the last audited financial statements of Sunway and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than 14 days before the issue date of this abridged prospectus), that:

- (i) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;
- (iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in Section 8.3 of the abridged prospectus, there are no contingent liabilities which have arisen by reason of any guarantee or indemnity given by the Group;
- (v) since the last audited financial statements of the Group, the Board is not aware of any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Group; and
- (vi) since the last audited financial statements of the Group, there have been no material changes in the published reserves or any unusual factors affecting the profit of the Group.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**SUNWAY BERHAD**

  
**TAN SRI DATO' SERI DR JEFFREY CHEAH FOOK LING, AO**  
Executive Chairman

**ADDITIONAL INFORMATION****1. SHARE CAPITAL**

- (i) No Rights Shares will be allotted or issued on the basis of this AP later than 12 months after the date of issue of this AP.
- (ii) As at LPD, save for the Rights Issue, the Additional Sunway Warrants and as disclosed below, no other person has been or is entitled to be granted an option to subscribe for any securities, shares or debentures in our Group:
  - (a) As at LPD, there are 258,490,972 Sunway Warrants which are exercisable into 258,490,972 new Sunway Shares at an exercise price of RM2.80 per Sunway Share for cash at any time until 17 August 2016.

The new Sunway Shares to be issued upon exercise of Sunway Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with, and be entitled to all rights (including voting, dividend, allotment, distribution, transfer and other rights, including those arising on a liquidation of our Company) attaching to, the then Sunway Shares except that the new Sunway Shares so allotted will not be entitled to any rights, dividends, allotments or other distributions, the entitlement date of which is declared prior to the date of allotment of such new Sunway Shares arising from the exercise of Sunway Warrants.

- (b) Under our ESOS, up to 10% of the issued and paid-up share capital of our Company can be issued at any point in time throughout the duration of six years of the ESOS to eligible Executive Directors and employees of our Group (excluding dormant subsidiaries). Acceptance of the ESOS Options offered must be accompanied by a payment of RM1.00 as non-refundable consideration for the grant of ESOS Options by our Company. As at LPD, the ESOS has not been implemented.

The exercise price of the ESOS Options shall not be at a discount of more than 10% (or such lower or higher limit in accordance with any prevailing guidelines, rules or regulations issued by Bursa Securities or any other relevant authorities) from the VWAP of Sunway Shares as quoted on Bursa Securities, for the five Market Days immediately preceding the Offer Date and shall in no event be less than the par value of Sunway Shares.

- (iii) As at LPD, there is only one class of shares in our Company, namely ordinary shares of RM1.00 each, all of which rank *pari passu* with one another.

**2. ARTICLES OF ASSOCIATION**

The provision in our Articles of Association in relation to the remuneration of our directors is as follows:

**Article 94**

- (1) Our directors may from time to time appoint or renew the appointment of any one or more of their body to be the managing director(s) of our Company for such period not exceeding such maximum period as shall be permitted by the Listing Requirements, if any and upon such terms as they think fit, and may vest in such managing director(s) such of the powers hereby vested in our directors generally as they may think fit and such powers may be made exercisable for such period or periods, and upon such conditions, and subject to such restrictions, and generally upon such terms as to remuneration and otherwise as they may determine. Our directors may entrust to and confer upon a managing director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they think fit, subject thereto such managing director shall be subject to the control of our Board and may from time to time revoke, withdraw, alter, or vary all or any of such powers.
- (2) The remuneration of a managing director shall subject to the terms of any agreement entered into in any particular case, be by way of salary or participation in profits or by any or all of those modes but shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon his retirement.

**ADDITIONAL INFORMATION (Cont'd)****Article 96**

The fees of our directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of our Company and shall (unless such resolution otherwise provides) be divisible among our directors as they may agree, or, failing agreement, equally, except that any directors who shall hold office or part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office provided always that:

- (a) fees payable to non-executive directors shall be by way of a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to Executive Directors may not include a commission on or percentage of turnover;
- (c) fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) save as expressly set out in the Company's Articles of Association, any fee paid to an alternate director shall be agreed upon between himself and the director nominating him and shall be paid out of the remuneration of the latter.

**Article 97**

Our Company may reimburse to any director all such reasonable expenses as he may incur in attending and returning from meetings of the directors or of any committee of the directors, or general meetings, or otherwise in or about the business of our Company in the course of the performance of his duties as a director.

**Article 120(b)**

A director may hold any other office or place of profit under our Company (other than the office of auditor of the Company) in conjunction with his office of director for such period and on such terms (as to the remuneration and otherwise) as the directors may determine. No director or intending director shall be disqualified by his office from contracting with our Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of any company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested, be liable to account to our Company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established, provided that disclosure of interest is made as required by the Act.

**3. MATERIAL CONTRACTS**

Save as disclosed below, our Group has not entered into any material contracts (including contracts not reduced in writing), which are not in the ordinary course of business, within two years immediately preceding the date of this AP:

- (i) Subscription and Shareholders' Agreement dated 4 December 2012 (as amended by the supplemental agreement dated 23 January 2013) ("SSA") between Sunway City Sdn Bhd ("Sunway City"), Iskandar Assets Sdn Bhd ("IASB") and Harmony Impulse Sdn Bhd (now known as Sunway Iskandar Development Sdn Bhd) ("SIDSB") with the intention of recording the terms and conditions of a joint venture between Sunway City and IASB whereby Sunway City and IASB have identified SIDSB as the joint venture entity to acquire and to undertake the proposed development of the following parcels of land owned by IASB, as well as to regulate the relationship of Sunway City and IASB as shareholders of SIDSB:
  - Land held under H.S(D) 452850, PTD 75802, Mukim of Pulai, District of Johor Bahru measuring approximately 412.75 acres ("Pendas North Land"); and
  - Land measuring approximately 666.32 acres held under H.S(D) 452656, PTD 2398, Mukim of Tanjung Kupang, District of Johor Bahru ("Pendas South Land").

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**ADDITIONAL INFORMATION (Cont'd)**


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The shareholdings of Sunway City and IASB in SIDSB are to be maintained at 60% and 40% respectively.

- (ii) SIDSB has entered into a Sale and Purchase Agreement dated 4 December 2012 with IASB for the purpose of acquiring the Pendas North Land on an “as is where is” basis and free from encumbrances (save for squatters) for the total purchase consideration of RM221,280,444, to be satisfied partly by cash, and partly by ordinary shares and redeemable preference shares of SIDSB.
- (iii) SIDSB has entered into a Sale and Purchase Agreement dated 4 December 2012 (as amended by a supplemental agreement dated 23 January 2013) with IASB for the purpose of acquiring the Pendas South Land on an “as is where is” basis and free from encumbrances (save for squatters) for the total purchase consideration of RM375,329,477.96, to be satisfied partly by cash, and partly by ordinary shares and redeemable preference shares of SIDSB.
- (iv) Sale and Purchase Agreement dated 9 October 2012 (“SPA”) between Sunway Medical Centre Berhad (“**Sunway Medical**”) and OSK Trustees Berhad as trustee for Sunway REIT (“**Sunway REIT**”) for the acquisition by Sunway REIT of the following properties owned by Sunway Medical on an “as is where is” basis, free from all encumbrances for a total cash consideration of RM310,000,000:
- Parcel of leasehold land held under PN 12549 Lot 38160, Bandar Sunway, Daerah Petaling, Negeri Selangor (“**Land 1**”);
  - Parcel of leasehold land held under PN 12550 Lot 45, Bandar Sunway, Daerah Petaling, Negeri Selangor (“**Land 2**”);
  - 7-storey purpose-built hospital with a lower ground floor annexed with a multi-storey car park block and convention centre, known as “Sunway Medical Centre” located at No. 5, Jalan Lagoon Selatan, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan (“**Building**”);
  - All fixtures and fittings fixed or located or used in Land 1, Land 2 and the Building; and
  - The services infrastructure, the property systems and facilities (including without limitation, safety, heating, lighting, plumbing, sanitation, air conditioning, ventilation, fire protection safety facilities, elevators, escalators and broadband computer system) (if any) .

The SPA was completed on 31 December 2012.

- (v) Subscription and Shareholders’ Agreement dated 19 December 2011 entered into between Sunway City Sdn Bhd (“**Sunway City**”), Dayang Bunting Ventures Sdn Bhd (“**DBV**”), a wholly-owned subsidiary of Khazanah Nasional Berhad and Semerah Cahaya Sdn Bhd (now known as Sunway Iskandar Sdn Bhd) (“**SISB**”) with the intention of establishing a joint venture company, SISB to acquire leases of up to 99 years (“**Lease**”) over the following parcels of land located in Zone F within Medini, Iskandar Malaysia (“**Lands**”) to undertake an integrated commercial and residential development on the Lands as well as to regulate the relationship of Sunway City and DBV as shareholders of SISB:
- Land held under H.S(D) 453631, PTD 154498, Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim measuring 223.085 hectares; and
  - Land held under H.S(D) 453633, PTD 154500, Mukim Pulai, Daerah Johor Bahru, Johor Darul Takzim measuring 56.864 hectares.

SISB has entered into a conditional Lease Purchase Agreement dated 19 December 2011 (as amended by a supplemental agreement dated 9 July 2012) (“**LPA**”) with Global Capital and Development Sdn Bhd for the acquisition of the Lease on an “as is where is” basis and free from encumbrances for a total purchase consideration of up to RM745,331,100 (“**Proposed Acquisition**”). The LPA was completed on 6 September 2012.



**ADDITIONAL INFORMATION (Cont'd)**

The initial shareholding structure of Sunway City and DBV in SISB will be 38%:62% with a paid-up share capital of RM360,000,000 comprising 3,600,000 ordinary shares of RM1 each and 356,400,000 redeemable preference shares (“RPS”) of RM0.01 each in SISB issued at RM1 per share (at RPS to ordinary share ratio of 99:1). Thereafter, Sunway City will inject an investment of RM198 million progressively in the form of ordinary shares of RM1 each and RPS of par value RM0.01 each at an issue price of RM1 per share at the same RPS to ordinary share ratio of 99:1. As for the progressive share subscription of RM198,000,000, an additional amount per share shall be payable, calculated at the rate of interest per annum payable by SISB on its bank borrowings from the date of the drawdown of the loans obtained by SISB and up to the date of subscription of each tranche of the additional shares, over a period of up to 54 months from the date of the LPA. The final shareholding structure of Sunway City and DBV in SISB shall be 60%:40%.

- (vi) Sale of Business Agreement pursuant to an internal reorganization exercise dated 24 November 2011 entered into between Sunway and Sunway City Sdn Bhd (“**Sunway City**”) for the sale by Sunway and acquisition by Sunway City of the business and undertakings of Sunway City as nominated by Sunway to carry on its behalf as at 18 August 2011 up to completion (save and except for the shares held in Sunway Medical Centre Berhad and Sunway Lagoon Club Berhad) for a total consideration of RM1,354,144,035 to be satisfied by the issuance of 135,414 non-convertible non-cumulative redeemable preference shares of RM0.01 each (“**NC-RPS**”) by Sunway City at the issue price of RM10,000 per NC-RPS and payment of RM4,035 in cash.
- (vii) Sale of Business Agreement pursuant to an internal reorganization exercise dated 24 November 2011 entered into between Sunway and Sunway Holdings Sdn Bhd (“**Sunway Holdings**”) for the sale by Sunway and acquisition by Sunway Holdings of the business and undertakings of Sunway Holdings as nominated by Sunway to carry on its behalf as at 18 August 2011 up to completion for a total consideration of RM1,926,676,350 to be satisfied by the issuance of 192,667 non-convertible non-cumulative redeemable preference shares of RM0.01 each (“**NC-RPS**”) by Sunway Holdings at the issue price of RM10,000 per NC-RPS and payment of RM6,350 in cash.
- (viii) Acceptance of award of tender on 10 October 2011 by the Urban Redevelopment Authority of Singapore for Land Parcel at Jalan Loyang Besar / Pasir Ris Rise, now to be known as Land Parcel 826 (the “**Land Parcel 826**”) for a 99-year lease term at SGD140.96 million (equivalent to approximately RM352.4 million). The tender was jointly submitted by Hoi Hup Realty Pte Ltd (“**Hoi Hup Realty**”), Sunway Developments Pte Ltd (“**SDPL**”) and Oriental Worldwide Investments Inc (“**Oriental Worldwide**”). SDPL is a wholly-owned subsidiary of Sunway Construction Sdn Bhd which in turn is wholly owned by Sunway.  
  
Hoi Hup Realty, SDPL and Oriental Worldwide had on 12 October 2011 incorporated a joint venture company called Hoi Hup Sunway Pasir Ris Pte Ltd (“**HHSPR**”) based on a 60:30:10 equity ratio to undertake the development of the Land Parcel 826 (“**Proposed Project**”). HHSPR is a company incorporated in Singapore with a paid-up capital of SGD3,000,000. The principal activity of Hoi Hup Realty is real estate development. Oriental Worldwide is a company incorporated in Singapore with a paid-up capital of SGD2. The principal activity of Oriental Worldwide is investment holding. The completion period of the Proposed Project shall be 60 months, commencing from 10 October 2011.
- (ix) Deed poll dated 28 June 2011 constituting the warrants to be issued by Sunway in respect of the acquisition of all the business and undertakings of Sunway City and Sunway Holdings, including assets and liabilities.

**ADDITIONAL INFORMATION (Cont'd)****4. MATERIAL LITIGATIONS**

Save as disclosed below, as at LPD, neither our Company nor our subsidiaries is engaged in any other material litigation either as plaintiff or defendant, claim or arbitration, and our Board is not aware of any proceedings, pending or threatened, against our Company and/or our subsidiaries, or of any fact likely to give rise to any proceedings which may materially and adversely affect the business or financial position of our Group:

- (i) Pursuant to an agreement entered into between Sunway Construction Sdn Bhd (“**SunCon**”), our subsidiary, and the National Highway Authority of India for the rehabilitation and upgrading of NH-25 to a four-lane configuration in the state of Uttar Pradesh, being a part of the East-West Corridor Project, SunCon has entered into a work order for some portion of the project with an Indian company called Shristi Infrastructure Development Corporation Ltd (“**Shristi**”). The total value of the work order was to the tune of INR1,34,37,91,938 (equivalent to approximately RM72.70 million). Shristi had in accordance with the work order provided two bank guarantees to SunCon.

However, Shristi failed, refused and/or neglected to carry out its obligations with due care under the work order. As a result, SunCon was compelled to terminate the contract by a letter dated 16 June 2007 and also invoked the bank guarantee given by Shristi. SunCon has recovered a sum of INR.11,72,97,625.28 (equivalent to approximately RM6.35 million) from the encashment of the bank guarantees.

Shristi filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The arbitrator has entered upon the reference to arbitration and Shristi has filed its claim statement claiming a sum of INR89,14,55,047.83 (equivalent to approximately RM48.23 million). In response to Shristi’s claim, SunCon has filed its counterclaim for a sum of INR78,13,94,628.61 (equivalent to approximately RM42.27 million).

The arbitration at present cannot proceed due to the demise of the sole arbitrator, Mr. H.L. Agarwal, and Shristi has yet to take any steps to have the tribunal re-constituted. At the time of demise of the sole arbitrator, the arbitration was at evidence stage and Shristi’s first witness was being cross-examined. The arbitration has been defunct for the last five months.

The counsel for SunCon is of the view that it is difficult at this stage to opine on the probable outcome of the proceedings. Much will depend on the nature of evidence which the parties may produce. However, it seems that most of the contentions/claims raised by Shristi are frivolous and unsubstantiated.

- (ii) Sunway City Berhad (now Sunway City Sdn Bhd) (“**SunCity**”), our subsidiary, had appointed Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd (“**SPYTL**”) as the main contractor to carry out and complete the earthworks, piling and main building works via a main building contract (“**Main Building Contract**”) for a project named Cadangan Pembangunan 2 Blok Pangsapuri 20 Tingkat (160 Unit), Tempat Letak Kereta 4 Tingkat, Kemudahan Penduduk dan Tembok Penahan Di Atas Lot 48629 (F2), Jalan Sri Hartamas 3, Mukim Kuala Lumpur, Wilayah Persekutuan (“**Palazzo Project**”). SPYTL did not complete the work but terminated the Main Building Contract. SPYTL now contends at arbitration that the termination was due to SunCity having breached the Main Building Contract. After the termination of the Main Building Contract, SunCity thereafter appointed SunCon to complete the works.

SPYTL made a number of claims in its points of claim dated 9 March 2012 and amounts to approximately RM77,000,000.

SunCity filed its defence and counterclaim dated 19 June 2012, counter-claiming against SPYTL for a sum of RM101,256,848.42.

**ADDITIONAL INFORMATION (Cont'd)**

SPYTL has submitted its proposed amendments to the points of claim to highlight and particularise the relief sought arising from the facts pleaded in the points of claim and SunCity does not have objections to the said proposed amendments. SunCity subsequently submitted its proposed amendments to the defence and counterclaim containing the consequential amendments following the amendments to the points of claim as well as the amendments to the counterclaim. SunCity has now reduced its counterclaim against SPYTL to RM84,613,191.69 following the issuance of draft statement of final account for the completion contract. Recently, SunCity has resolved the final accounts with SunCon and whilst the counter-claim by SunCity against SPYTL remained the same, there is a difference of 18 sen in the final accounts. SunCity has submitted a fresh proposed amended defence and counterclaim amending the claim amount to RM84,613,191.87 to SPYTL.

The next hearing dates are fixed for October 2013, November 2013 and December 2013.

The counsel for SunCity is of the view that SunCity has a reasonable counter-claim against SPYTL.

**5. GENERAL**

- (i) As at LPD, there are no existing no existing or proposed service contracts entered into between our directors and our Company, save for the standard employment contracts containing the normal terms of employment.
- (ii) Save as disclosed in this AP, our Board, after having made all reasonable enquiries, is not aware of any material information, including all special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our Group's results.
- (iii) Save as disclosed in this AP (where relevant) and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:
  - (a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;
  - (b) material commitments for capital expenditure of our Group;
  - (c) unusual, infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from our Group's operations; and
  - (d) known trends or uncertainties that have had, or will have, a material favourable or unfavourable impact on revenues or operating income of our Group.

**6. CONSENTS**

- (i) Our Adviser, Company Secretaries, Share Registrar, Solicitors, Principal Bankers and Bloomberg Finance L.P. have given their written consents to the inclusion in this AP of their names in the form and context in which such names appear before the issuance of this AP and their consents have not been subsequently withdrawn.
- (ii) Messrs Ernst & Young, our Auditors and Reporting Accountants, have given their written consents to the inclusion in this AP of their names and letter relating to the proforma consolidated statement of financial position of our Company as at 31 December 2012 together with the Reporting Accountants' letter thereon, and the audited consolidated financial statements of our Company for the FYE 31 December 2012 together with the Auditors' Report thereon, in the form and context in which they appear in this AP before the issuance of this AP and their consents have not subsequently been withdrawn.

**ADDITIONAL INFORMATION (Cont'd)****7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at our Registered Office at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) for a period of 12 months from the date of this AP:

- (i) our Memorandum and Articles of Association;
- (ii) the Deed Poll as referred to in this AP;
- (iii) the certified true extract of the resolutions approving the Corporate Exercises at our EGM held on 27 June 2013 as set out in Appendix I to this AP;
- (iv) proforma consolidated statement of financial position of our Company as at 31 December 2012 together with the Reporting Accountants' report thereon as set out in Appendix III to this AP;
- (v) our audited consolidated financial statements for the FYE 31 December 2011 and 31 December 2012;
- (vi) our 3-month unaudited consolidated results of our Company for FPE 31 March 2013 as set out in Appendix V of this AP;
- (vii) our Directors' Report as set out in Appendix VI to this AP;
- (viii) the material contracts referred to in Section 3 of this Appendix;
- (ix) cause papers in respect of the material litigations referred to in Section 4 of this Appendix;
- (x) the letters of consent referred to in Section 6 of this Appendix; and
- (xi) the letters of undertaking from TSJC Group as referred to in Section 9 of this AP.

**8. RESPONSIBILITY STATEMENTS**

Our Board has seen and approved this AP together with the NPA and RSF and they collectively and individually accept full responsibility for the accuracy of the information given and confirmed that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

RHB Investment Bank, being the Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of our their knowledge and belief, this AP constitutes a full true disclosure of all material facts concerning the Rights Issue.