SUNWAY BERHAD (Company No : 921551-D)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/6/2013	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2012	CURRENT YEAR TO DATE 30/6/2013	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2012
	RM'000	RM'000	RM'000	RM'000
REVENUE	1,118,043	996,089	2,139,075	1,810,854
OPERATING EXPENSES	(1,024,355)	(917,832)	(1,971,124)	(1,688,309)
OTHER OPERATING INCOME	22,897	25,943	34,694	42,060
PROFIT FROM OPERATIONS	116,585	104,200	202,645	164,605
(LOSS)/GAIN ON DERIVATIVES	(79)	162	177	410
FINANCE INCOME	8,357	6,980	18,869	12,513
FINANCE COSTS	(20,964)	(29,745)	(43,142)	(53,882)
SHARE OF PROFIT FROM ASSOCIATES	78,801	101,516	97,499	120,391
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES	29,809	10,034	58,982	34,009
PROFIT BEFORE TAX	212,509	193,147	335,030	278,046
INCOME TAX EXPENSE	(32,457)	(30,334)	(58,799)	(48,835)
PROFIT FOR THE PERIOD	180,052	162,813	276,231	229,211
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	170,345	154,335	260,900	218,782
- NON-CONTROLLING INTERESTS	9,707	8,478	15,331	10,429
	180,052	162,813	276,231	229,211
EARNINGS PER SHARE				
(i) BASIC (sen)	13.18	11.94	20.19	16.93
(ii) DILUTED (sen)	12.70	11.94	19.78	16.93

(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.)

SUNWAY BERHAD (Company No : 921551-D)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/6/2013	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2012	CURRENT YEAR TO DATE 30/6/2013	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2012
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	180,052	162,813	276,231	229,211
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	661	3,419	1,042	(16,750)
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS				
- FAIR VALUE OF DERIVATIVES	22,363	35,619	34,359	12,477
- AMOUNT RECYCLED TO PROFIT OR LOSS	(29,352)	(41,223)	(39,470)	(10,533)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	(6,328)	(2,185)	(4,069)	(14,806)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	173,724	160,628	272,162	214,405
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	162,475	153,928	254,950	211,044
- NON-CONTROLLING INTERESTS	11,249	6,700	17,212	6,780
	173,724	160,628	272,162	217,824

(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.)

SUNWAY BERHAD (Company No : 921551-D)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

	AS AT END OF CURRENT QUARTER 30/6/2013	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2012 (AUDITED)
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	832,359	804,698
Biological assets	656	613
Investment properties	1,400,475	1,242,519
Rock reserves	7,314	7,444
Land held for property development	579,004	598,912
Investment in associates	1,081,722	1,023,761
Investment in jointly controlled entities	685,811	516,452
Other investments	1,895	1,802
Derivative assets	9,798	2,058
Receivables	3,011	3,899
Goodwill	318,071	318,077
Deferred tax assets	30,368	33,718
	4,950,484	4,553,953
Current assets		
Properties development costs	1,001,419	991,529
Inventories	567,962	650,308
Receivables, deposits & prepayments	1,645,789	1,568,764
Deposits, bank & cash balances	985,766	1,158,890
Tax recoverable	51,701	47,827
Derivative assets	38,133	12,203
	4,290,770	4,429,521
TOTAL ASSETS	9,241,254	8,983,474
EQUITY AND LIABILITIES		
Current liabilities		
Payables, accruals & other current liabilities	1,637,878	1,771,850
Bank borrowings	1,944,917	1,773,155
Taxation	32,091	31,015
Derivative liabilities	4	197
	3,614,890	3,576,217
Non-current liabilities		
Long term bank borrowings	1,070,808	983,279
Other long term liabilities	407,026	412,437
Derivative liabilities	129	792
Deferred taxation	67,148	53,246
	1,545,111	1,449,754
Total liabilities	5,160,001	5,025,971
Equity attributable to Owners of the Parent		
Share capital	1,292,517	1,292,505
Share premium	2,326,530	2,326,509
Equity Contribution from non-controlling interests	51,654	51,654
Negative merger reserve	(1,192,040)	(1,192,040)
Retained profits	1,113,264	934,375
Other reserves	157,584	163,638
	3,749,509	3,576,641
NON-CONTROLLING INTERESTS	331,744	380,862
Total equity	4,081,253	3,957,503
TOTAL EQUITY AND LIABILITIES	9,241,254	8,983,474
Net Assets Per Share	**2.90**	**2.77**

(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.)

SUNWAY BERHAD (Company No : 921551-D)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2013

	ATTRIBUTABLE TO OWNERS OF THE PARENT																	
			NON-DISTRIBUTABLE											DISTRIBUTABLE				
	SHARE CAPITAL	SHARE PREMIUM	EQUITY CONTRIBUTION FROM NON-CONTROLLING INTERESTS	NEGATIVE MERGER RESERVE	OTHER RESERVES, TOTAL	CAPITAL RESERVE	CAPITAL REDEMPTION RESERVE	FOREIGN EXCHANGE RESERVE	FAIR VALUE RESERVE	STATUTORY RESERVE	REVALUATION RESERVE	SHARE OPTION RESERVE	CASH FLOW HEDGE RESERVE	FURNITURE & FITTINGS RESERVE	RETAINED PROFITS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	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
PERIOD ENDED 30 JUNE 2012																		
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	440,801	3,024,971	327,963	3,352,934
Total comprehensive income	-	-	-	-	(7,738)	-	-	(9,682)	-	-	-	-	1,944	-	218,782	211,044	6,780	217,824
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,671)	(3,671)
Effect of FRS 139	-	-	-	-	2,633	-	-	-	2,633	-	-	-	-	-	4	2,637	1,755	4,392
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dilution of equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional equity contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of interest from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(274)	(274)	(17,035)	(17,309)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to furniture & fittings reserve	-	-	-	-	115	-	-	-	-	-	-	-	-	115	(115)	-	-	-
Utilisation of furniture & fittings reserve	-	-	-	-	(261)	-	-	-	-	-	-	-	-	(261)	-	(261)	-	(261)
At 30 June 2012	1,292,505	2,326,509	35,376	(1,192,040)	116,569	34,137	75,521	(33,838)	24,276	879	22,357	3,170	(11,836)	1,903	659,198	3,238,117	315,792	3,553,909
PERIOD ENDED 30 JUNE 2013																		
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	(1,636)	1,697	934,375	3,576,641	380,862	3,957,503
Total comprehensive income	-	-	-	-	(5,950)	-	-	(839)	-	-	-	-	(5,111)	-	260,900	254,950	17,212	272,162
Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(77,911)	(77,911)	-	(77,911)
Exercise of warrants	12	21	-	-	-	-	-	-	-	-	-	-	-	-	-	33	-	33
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,429)	(14,429)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(529)	(529)	-	(529)
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,571)	(3,571)	(51,901)	(55,472)
Utilisation of furniture & fittings reserve	-	-	-	-	(104)	-	-	-	-	-	-	-	-	(104)	-	(104)	-	(104)
At 30 June 2013	1,292,517	2,326,530	51,654	(1,192,040)	157,584	34,137	98,963	(18,480)	21,712	879	22,357	3,170	(6,747)	1,593	1,113,264	3,749,509	331,744	4,081,253

(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 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2013

	FOR THE 6 MONTHS PERIOD ENDED 30/6/2013	FOR THE 6 MONTHS PERIOD ENDED 30/06/2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	335,030	278,046
Adjustments for:		
- non-cash items	(103,365)	(102,266)
- finance costs	43,142	53,882
- finance income	(18,869)	(12,513)
Operating cash flows before working capital changes	255,938	217,149
Changes in working capital	(195,865)	(161,236)
Cash flow from operations	60,073	55,913
Interest received	16,554	7,409
Dividend received from jointly controlled entities and associates	89,061	38,071
Tax refunded	3,406	7,541
Tax paid	(47,739)	(62,701)
Net cash flow from operating activities	121,355	46,233
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant & equipment	2,532	8,379
Proceeds from issue of shares from exercise of warrants	33	-
Deposit paid on additional investment in subsidiary	-	(9,247)
Acquisition of land	(5,730)	(12,356)
Acquisition of property, plant and equipment and biological assets	(53,764)	(39,993)
Acquisition and additional investment in subsidiaries	(24,277)	-
Acquisition and subsequent expenditure of investment properties	(149,056)	(99,683)
Acquisition of other investment	(93)	-
Investment in associates	(2,999)	(5,660)
Repayment from/ (advances to) associates, jointly controlled entity and joint venture partners	(11,772)	(1,869)
Investment in jointly controlled entities	(145,328)	(98,798)
Net cash used in investing activities	(390,454)	(259,227)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	228,432	212,474
Interest paid	(41,867)	(59,191)
Dividend paid to shareholders	(77,550)	-
Dividend paid to non-controlling interests of subsidiaries	(14,214)	(1,360)
Net cash generated from/(used in) financing activities	94,801	151,923
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(174,298)	(61,071)
EFFECTS OF EXCHANGE RATE CHANGES	(2,705)	(982)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,063,712	776,705
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	886,709	714,652
Cash and cash equivalents at end of financial period comprise the following :		
Deposits, bank & cash balances	985,766	793,819
Bank overdrafts	(99,057)	(79,167)
	886,709	714,652

(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.)

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 begining 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 30 June 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))

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 has assessed the impact of implementation of this standard and there is no material impact to the Group after disposal of 20% shareholding in Sunway REIT Management Sdn Bhd (Further details disclosed in note B7). Subsequent to the disposal, the Group will not be required to consolidate the financial of Sunway Real Estate Investment Trust ("Sunway REIT").

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 30 June 2013 except for the following:

a) Current and preceding year corresponding quarter

	30/6/13 RM'million	**30/6/12 RM'million**
Profit before tax as reported	212.5	193.1
Loss/(Gain) on derivatives [1]	0.1	(0.2)
Fair value gain [2]	(59.7)	(85.0)
Profit before tax excluding unusual items	152.9	107.9
Profit after tax and non-controlling interests as reported	170.3	154.3
Loss/(Gain) on derivatives [1]	0.1	(0.2)
Fair value gain [2]	(59.7)	(76.5)
Profit after tax and non-controlling interests excluding unusual items	110.7	77.6

b) Cumulative current and preceding year to date

	30/6/13 RM'million	30/6/12 RM'million
Profit before tax as reported	335.0	278.0
Gain on derivatives [1]	(0.1)	(0.4)
Fair value gain [2]	(59.7)	(85.0)
Profit before tax excluding unusual items	275.2	192.6
Profit after tax and non-controlling interests as reported	260.9	218.8
Gain on derivatives [1]	(0.1)	(0.4)
Fair value gain [2]	(59.7)	(76.5)
Profit after tax and non-controlling interests excluding unusual items	201.1	141.9

Notes:

[1] The Group recognised RM0.1 million and RM0.2 million (profit before and after tax and non-controlling interests) in loss and gain on derivatives respectively as a result of the effects of FRS 139: Financial Instruments: Recognition and Measurement. The Group recognised RM0.1 million and RM0.4 million in gain on derivatives for the 6 months ended 30 June 2013 and 30 June 2012 respectively.

[2] The Group recognised RM59.7 million (profit before and after tax and non-controlling interests) as share of fair value gain from Sunway REIT for the quarter ended 30 June 2013. For the corresponding quarter ended 30 June 2012, the Group recognised RM85.0 million (profit before tax) and RM76.5 million (profit after tax and non-controlling interests) as share of fair value gain from Sunway REIT.

There was a 10% tax provided in for the share of fair value gain in the preceding corresponding quarter but the Group did not make any similar tax provision in current quarter since Sunway REIT has no intention to dispose of its assets. The Group will reassess the tax provision for all the fair value gains at during the last quarter of the year.

A5 **Changes in Estimates**

There were no changes in estimates that have a material effect on the amounts reported for the current quarter ended 30 June 2013.

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**

During the financial quarter ended 30 June 2013, dividends amounting to RM77,550,309 were paid on 30 April 2013 as interim single tier dividend of 6% per ordinary share of RM1.00 each for the financial year ended 31 December 2012.

A8 **Segmental Reporting**

Segmental results for the financial period ended 30 June 2013, representing both core and non-core segmental results, are as follows:

	Property Development RM'000	Property Investment Division RM'000	Construction RM'000	Trading and Manufacturing RM'000	Quarry RM'000	Investment Holdings RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
BY BUSINESS SEGMENTS									
REVENUE AND EXPENSES									
Revenue									
External sales	489,572	275,335	802,177	301,137	100,127	797	169,930	-	2,139,075
Inter-segment sales	-	20,934	88,596	33,265	960	125,276	10,494	(279,525)	-
Total Revenue	489,572	296,269	890,773	334,402	101,087	126,073	180,424	(279,525)	2,139,075
Results									
Operating segment results	69,828	50,735	43,025	24,644	11,635	(7,554)	10,332	-	202,645
Gain on derivatives	-	-	(99)	-	-	276	-	-	177
Finance income	8,492	5,871	3,132	137	319	(3,998)	4,916	-	18,869
Finance costs	(9,179)	(36,271)	(1,319)	(1,772)	(155)	7,969	(2,415)	-	(43,142)
Share of results of									
associated companies	(2)	97,742	-	(18)	-	-	(223)	-	97,499
jointly controlled entities	57,582	-	1,400	-	-	-	-	-	58,982
Profit before taxation	126,721	118,077	46,139	22,991	11,799	(3,307)	12,610	-	335,030
Taxation	(20,539)	(12,828)	(12,767)	(5,352)	(3,640)	(962)	(2,711)	-	(58,799)
Profit for the period	106,182	105,249	33,372	17,639	8,159	(4,269)	9,899	-	276,231
Non controlling interests	(12,971)	(2,095)	(121)	(672)	-	45	483	-	(15,331)
Attributable to owners of the parent	93,211	103,154	33,251	16,967	8,159	(4,224)	10,382	-	260,900

	Revenue RM'000	Profit before tax RM'000	Profit after tax RM'000	Attributable to owners of the parent RM'000
BY GEOGRAPHICAL SEGMENTS				
Malaysia	1,828,412	262,070	210,617	195,315
Singapore	172,624	77,544	73,242	73,242
China	57,152	(7,048)	(7,282)	(5,564)
India	29	(1,232)	(1,266)	(1,266)
Australia	30,645	2,732	1,585	442
United Arab Emirates	-	(4,880)	(4,880)	(4,870)
Other Countries	50,213	5,844	4,215	3,601
	2,139,075	335,030	276,231	260,900

Core segmental results (excluding unusual items as per Note A4) for the financial period ended 30 June 2013 are as follows:

	Property Development RM'000	Property Investment Division RM'000	Construction RM'000	Trading and Manufacturing RM'000	Quarry RM'000	Investment Holdings RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
BY BUSINESS SEGMENTS									
REVENUE AND EXPENSES									
Revenue									
External sales	489,572	275,335	802,177	301,137	100,127	797	169,930	-	2,139,075
Inter-segment sales	-	20,934	88,596	33,265	960	125,276	10,494	(279,525)	-
Total Revenue	489,572	296,269	890,773	334,402	101,087	126,073	180,424	(279,525)	2,139,075
Results									
Operating segment results	69,828	50,735	43,025	24,644	11,635	(7,554)	10,332	-	202,645
Finance income	8,492	5,871	3,132	137	319	(3,998)	4,916	-	18,869
Finance costs	(9,179)	(36,271)	(1,319)	(1,772)	(155)	7,969	(2,415)	-	(43,142)
Share of results of									-
associated companies	(2)	38,045	-	(18)	-	-	(223)	-	37,802
jointly controlled entities	57,582	-	1,400	-	-	-	-	-	58,982
Profit before taxation	126,721	58,380	46,238	22,991	11,799	(3,583)	12,610	-	275,156
Taxation	(20,539)	(12,828)	(12,767)	(5,352)	(3,640)	(962)	(2,711)	-	(58,799)
Profit for the period	106,182	45,552	33,471	17,639	8,159	(4,545)	9,899	-	216,357
Non controlling interests	(12,971)	(2,095)	(121)	(672)	-	45	483	-	(15,331)
Attributable to owners of the parent	93,211	43,457	33,350	16,967	8,159	(4,500)	10,382	-	201,026

	Revenue RM'000	Profit before tax RM'000	Profit after tax RM'000	Attributable to owners of the parent RM'000
BY GEOGRAPHICAL SEGMENTS				
Malaysia	1,828,412	202,196	150,743	135,441
Singapore	172,624	77,544	73,242	73,242
China	57,152	(7,048)	(7,282)	(5,564)
India	29	(1,232)	(1,266)	(1,266)
Australia	30,645	2,732	1,585	442
United Arab Emirates	-	(4,880)	(4,880)	(4,870)
Other Countries	50,213	5,844	4,215	3,601
	2,139,075	275,156	216,357	201,026

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 30 June 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 30 June 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:

	30/6/2013 RM'000	31/12/2012 RM'000
Guarantees given to third parties in respect of contracts and trade performance	2,889,393	2,984,633

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 30 June 2013 is as follows:

	30/6/2013 RM'000	31/12/2012 RM'000
Amount authorised and contracted for	94,680	77,571
Amount authorised but not contracted for	903,253	876,450
	997,934	954,021

(b) Operating lease commitment not provided for in the financial year as at 30 June 2013 is as follows:

	30/6/2013 RM'000	31/12/2012 RM'000
Future minimum lease payment:		
- not later than 1 year	75,773	76,361
- later than 1 year and not later than 5 years	279,147	260,557
- later than 5 years	180,775	233,453
	535,695	570,371
Future minimum lease receipts:		
- not later than 1 year	49,426	47,994
- later than 1 year and not later than 5 years	193,867	196,541
- later than 5 years	348,703	370,890
	591,996	615,425

B1 **Review of Performance**

For the quarter

The Group recorded revenue of RM1,118.0 million and profit before tax of RM152.9 million (after excluding unusual items as per Note A4) for the current quarter ended 30 June 2013 as compared to revenue of RM996.1 million and profit before tax of RM107.9 million for the corresponding quarter ended 30 June 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 RM286.9 million and profit before tax of RM71.9 million in the current quarter as compared to revenue of RM188.6 million and profit before tax of RM37.9 million in the corresponding quarter ended 30 June 2012. The higher revenue recorded in the current quarter was due to stronger sales achieved in our recently launched projects especially those that were located within close proximity to the new infrastructure developments such as the elevated Bus Rapid Transit ("BRT") line which runs across our Sunway Resort City and the first Mass Rapid Transit ("MRT") line which passes our developments in Sunway Damansara and Sunway Velocity. In addition, the higher profit before tax for the current quarter was also boosted by higher profit contribution from our Singapore property development projects.

The property investment segment reported revenue of RM141.8 million and profit before tax of RM32.3 million for the current quarter as compared to revenue of RM143.7 million and profit before tax of RM35.4 million in the corresponding quarter ended 30 June 2012. The overall performance of this segment was impacted by lower contribution from the hospitality division which experienced lower occupancy rate and higher operating expenses due to major overhaul of plant and machineries and operating equipment.

The construction segment reported revenue of RM372.8 million and profit before tax of RM18.3 million during the current quarter as compared to revenue of RM388.3 million and profit before tax of RM20.3 million in the corresponding quarter ended 30 June 2012. The overall performance of the construction segment is marginally lower but within expectation due to the timing difference in terms of the progress billings of some of the projects.

The trading and manufacturing segment reported a current quarter revenue of RM171.6 million and profit before tax of RM14.7 million as compared to the revenue of RM145.0 million and profit before tax of RM11.9 million in the corresponding quarter ended 30 June 2012. The higher revenue and profit before tax in the current quarter was mainly attributed to better sales volume from the heavy equipment division which experienced strong demand.

The quarry segment reported a current quarter revenue of RM55.8 million and profit before tax of RM7.0 million as compared to revenue of RM48.5 million and profit before tax of RM2.7 million in the corresponding quarter in the previous financial year. The improved performance from this segment was due to stronger sales volume and higher average selling price.

The other segment reported a current quarter revenue of RM91.4 million and profit before tax of RM10.0 million as compared to revenue of RM81.7 million and profit before tax of RM6.1 million in the corresponding quarter ended 30 June 2012. Better results from the healthcare and building materials unit contributed to the higher performance in the current quarter.

For the 6 month period

The Group recorded revenue of RM2,139.1 million and profit before tax of RM275.2 million (after excluding unusual items as per Note A4) for the current 6 month period ended 30 June 2013 as compared to revenue of RM1,810.8 million and profit before tax of RM192.6 million for the corresponding 6 month period ended 30 June 2012. The better financial results for the 6 month period was mainly due to the stronger performance from the property development and construction segments.

The property development segment reported revenue of RM489.6 million and profit before tax of RM126.7 million for the current 6 month period as compared to revenue of RM348.7 million and profit before tax of RM79.3 million in the corresponding 6 month period ended 30 June 2012. The better performance was mainly due to stronger sales achieved in our recently launched projects especially those that were located within close proximity to the new infrastructure developments such as the elevated BRT line and the first MRT line. In addition, the profit contribution from our Singapore property development projects was also higher.

The property investment segment reported revenue of RM275.3 million and profit before tax of RM58.4 million for the current 6 month period as compared to revenue of RM274.2 million and profit before tax of RM58.7 million in the corresponding 6 month period ended 30 June 2012. Although the overall performance of this segment was in line with last year's corresponding period, the financial results were impacted by the lower contribution from the hospitality division which experienced lower occupancy rate and higher operating expenses.

The construction segment reported revenue of RM802.2 million and profit before tax of RM46.2 million for the current 6 month period as compared to revenue of RM647.3 million and profit before tax of RM28.7 million in the corresponding 6 month period ended 30 June 2012. The increase in revenue was due to the stronger progress billings of the local infrastructure and building works, and stronger sales of the precast products. As a result, the profit before tax for the 6 months ended 30 June 2013 improved accordingly.

The trading and manufacturing segment reported revenue of RM301.1 million and profit before tax of RM23.0 million for the current 6 month period as compared to revenue of RM292.7 million and profit before tax of RM23.4 million in the corresponding 6 month period ended 30 June 2012. This segment continued to maintain satisfactory performance despite being affected by tougher overseas market environment.

The quarry segment reported revenue of RM100.1 million and profit before tax of RM11.8 million for the current 6 month period as compared to revenue of RM85.9 million and profit before tax of RM3.6 million in the corresponding 6 month period ended 30 June 2012. The improved performance from this segment was due to stronger sales volume from the local market and higher average selling price.

The other segment reported revenue of RM169.9 million and profit before tax of RM12.6 million for the current 6 month period as compared to revenue of RM161.7 million and profit before tax of RM10.1 million in the corresponding 6 month period ended 30 June 2012. Better results from the healthcare and building materials unit contributed to the stronger performance in the first half of the current financial year.

B2 **Material Changes in the Quarterly Results**

The Group recorded revenue of RM1,118.0 million and profit before tax of RM152.9 million (after excluding unusual items as per Note A4) for the current quarter ended 30 June 2013 as compared to revenue of RM1,021 million and profit before tax of RM122.2 million achieved in the preceding quarter. The higher current quarter revenue was mainly attributed to higher property development and trading and manufacturing revenue which more than offset the lower construction revenue recorded in the current quarter. Due to the higher group revenue, the current quarter profit before tax was also better.

The property development segment reported revenue of RM286.9 million and profit before tax of RM71.9 million in the current quarter as compared to revenue of RM202.7 million and profit before tax of RM56.3 million in the immediate preceding quarter. The higher revenue and profit before tax recorded in the current quarter was mainly due to stronger sales achieved and higher progressive billings from the local development projects which benefited from the new infrastructure developments such as the elevated BRT line and the first MRT line.

The property investment segment reported revenue of RM141.8 million and profit before tax of RM32.3 million for the current quarter as compared to revenue of RM133.5 million and profit before tax of RM26.1 million in the immediate preceding quarter. The better performance in the current quarter as compared to the immediate preceding quarter was mainly due to the seasonality factors as the leisure and hospitality businesses recorded better visitorship and occupancy rate during the current quarter.

The construction segment reported revenue of RM372.8 million and profit before tax of RM18.3 million in the current quarter as compared to revenue of RM429.4 million and profit before tax of RM27.9 million in the immediate preceding quarter. The lower revenue recorded in the current quarter was mainly due to the slight delay in the Light Rail Transit project arising from the stop work order imposed on all contractors arising from the occurrence of accidents at work site of other packages not undertaken by the Group. The progress of the MRT project was also delayed slightly due to adverse weather conditions which resulted in the slower than anticipated progress billings.

The trading and manufacturing segment reported revenue of RM171.6 million and profit before tax of RM14.7 million in the current quarter as compared to the revenue of RM129.6 million and profit before tax of RM8.3 million in the immediate preceding quarter. The significant increase in revenue was attributed to better sales volume, leading to a higher profit before tax, as compared to the slower immediate preceding quarter which was affected by the festive season.

The quarry segment reported a current quarter revenue of RM55.8 million and profit before tax of RM7.0 million as compared to revenue of RM44.3 million and profit before tax of RM4.8 million in the preceding quarter. The improved performance was due to stronger sales volume from the local markets and better average selling price.

The other segment reported a current quarter revenue of RM91.4 million and profit before tax of RM10.0 million as compared to a revenue of RM78.5 million and profit before tax of RM2.6 million in the preceding quarter. The better performance was mainly attributed to higher contribution from the healthcare and building materials units which registered improved performance in the current quarter.

B3 **Prospects**

The local economy only managed to grow by 4.3% in the second quarter of 2013, which is modestly higher than the 4.1% growth recorded in the first quarter of this year. However, the majority of the analysts expect the second half to perform better on the back of the improving global economy led by the recovering U.S. economy and the implementation of the various projects under the Economic Transformation Programmes which will boost the domestic economy.

While the Group is hopeful that the domestic economy would sustain economic growth between 4.5% to 5% per annum, the Board, nevertheless, is concerned that fears over the U.S. quantitative easing tapering by the Federal Reserve Bank of America which caused long term interest rate to increase significantly and a sharper slowdown in China's economy could dampen the global economic recovery.

In view of the foregoing, the Group continues to remain vigilant and the recent rights issue exercise which was completed on 13 August 2013 has significantly strengthened the Group's financial resources and resilience. Barring any unforeseen circumstances and backed by strong unbilled sales of RM2.2 billion from the property development segment and outstanding construction order book of RM3.9 billion, the Group is expected to continue to perform satisfactorily.

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.

B5 **Taxation**

The effective tax rate for the current quarter is 15.3%. 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 Ended 30/6/2013 RM'000	Cumulative Year To Date 30/6/2013 RM'000
Current taxation	(29,427)	(54,690)
Deferred taxation	(3,030)	(4,109)
	(32,457)	(58,799)

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

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

	Current Quarter Ended 30/6/2013 RM'000	Cumulative Year To Date 30/6/2013 RM'000
Depreciation and amortisation	(28,823)	(53,046)
Provision/Impairment for:		
- Trade receivables	(391)	(1,014)
Write off:		
- Trade receivables	(3,300)	(3,351)
Gain/(loss) on disposal of:		
- property, plant and equipment	1,656	1,855
Foreign exchange gain/(loss):		
- Others	(1,323)	(1,887)
- Unrealised for hedged items	(29,352)	(39,470)
Cash flow hedge reserve recycled to profit or loss	29,352	39,470

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 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 30 June 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 30 June 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.

On 20 May 2013, the Board had decided to amend the total number of ESOS Shares to an amount not exceeding the aggregate of 10% of the total issued and paid-up share capital of Sunway, instead of 15%, which was disclosed in the earlier announcement.

On 21 May 2013, the Company submitted an additional listing application for the following and this was approved by Bursa Securities vide its letter dated 5 June 2013 (which was received on 6 June 2013):

(i) listing of up to 568,702,201 Rights Shares;

(ii) listing of such number of ESOS Shares, representing up to 10% of the issued and paid-up ordinary share capital of Sunway (excluding treasury shares);

(iii) listing of up to 31,252,439 Additional Sunway Warrants arising from the Proposed Rights Issue; and

(iv) listing of up to 31,252,439 additional Sunway Shares arising from the exercise of Additional Sunway Warrants.

The above approval are subject to the following conditions:

(1) Sunway and RHB Investment Bank must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") pertaining to the implementation of the Proposed Rights Issue;

(2) Sunway and RHB Investment Bank to inform Bursa Securities upon the completion of the Proposed Rights Issue;

(3) Sunway to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue is completed;

(4) RHB Investment Bank is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting;

(5) Sunway is required to furnish Bursa Securities on a quarterly basis a summary of the total number of ESOS Shares listed as at the end of each quarter together with a details computation of listing fees payable; and

(6) Sunway is to comply with Paragraph 6.56(1) of the Listing Requirements.

In addition, the Controller of Foreign Exchange of Bank Negara Malaysia has taken note, vide its letter dated 5 June 2013 (which was received on 6 June 2013), of the issuance of Additional Sunway Warrants to be issued to the non-resident holders pursuant to adjustments in accordance with the provisions of the Deed Poll as a result of the Proposed Rights Issue and any Additional Sunway Warrants to be issued from time to time arising from any adjustments made pursuant to the provisions of the Deed Poll.

As at the close of acceptance, excess application and payment for the Rights Issue at 5.00 p.m. on 30 July 2013, Sunway had received valid acceptances and excess applications for a total of 571,048,371 Rights Shares. This represents an over subscription of approximately 32.53% over the total number of Rights Shares available under the Rights Issue. Accordingly, the excess Rights Shares will be allocated in accordance with the basis as stated in the abridged prospectus dated 15 July 2013 in relation to the Rights Issue.

On 13 Aug 2013, 430,868,877 Rights Shares and 31,232,424 Additional Sunway Warrants pursuant to the adjustments to the exercise price and the number of outstanding warrrants 2011/2016 of Sunway Berhad in accordance with the Deed Poll dated 28 June 2011 governing the Sunway Warrants pursuant to the rights issue, were listed and quoted on the Main Market of Bursa Securities.

The Proposed ESOS is expected to be completed by the fourth quarter of 2013.

Proposed Disposal of 20% Equity Interest in Sunway REIT Management Sdn. Bhd. ("SRM")

On 14 August 2013, the Company entered into a Share Sale Agreement (“SSA”) with Millennium Pavilion Sdn Bhd (“MPSB”) for the purpose of disposing 200,000 ordinary shares of RM1.00 each, representing 20% of the issued and paid-up share capital of SRM to MPSB free from all encumbrances, claims, charges, liens and equities and with all rights attaching thereto at a total consideration of RM28,000,000/- (“Proposed Disposal”). The purchase consideration is based on a price earnings ratio of 10 times based on 2012 earnings. The original cost of investment was RM200,000/- which was made on 18 August 2011.

Sunway has also on even date, entered into a Shareholders Agreement (“SA”) with MPSB for the purpose of regulating the relationship between Sunway and MPSB as shareholders of SRM (“Proposed Joint Venture”).

There are no liabilities (including contingent liabilities and guarantees) to be assumed by Sunway arising from the Proposed Disposal and Proposed Joint Venture.

The Proposed Joint Venture does not require approval from the shareholders of Sunway or any relevant authorities. However, the Proposed Disposal is subject to approval/consent of the SC. Barring any unforeseen circumstances and subject to the approval of the relevant authorities and fulfillment of all conditions precedent, the Proposed Disposal is expected to be completed by the second half of 2013.

<u>Salient terms and conditions of the SSA</u>

The completion of the Proposed Disposal is conditional upon the fulfillment of the following conditions within 3 months from the date of the SSA or such other date as may be mutually agreed to in writing between Sunway and MPSB (“Cut-Off Date”):-

(i) SRM having obtained the approval of Securities Commission (“SC”) for the change in the shareholding of SRM vis-à-vis its continuing eligibility to be a management company of Sunway REIT, as a result of the Proposed Disposal pursuant to the Guidelines on Real Estate Investment Trust issued by SC; and

(ii) SRM having obtained the approval of the SC for the change in the shareholding of SRM which results in a change in its controller pursuant to the Licensing Handbook issued by SC.

<u>Salient terms and conditions of the SA</u>

SA is subject to and conditional upon the completion of the Proposed Disposal under the SSA by the Cut-Off Date.

Upon completion of the Proposed Disposal, the shareholding of Sunway and MPSB in SRM will be in the proportion of 80%:20%.

The SA also provides that :-

(i) Sunway shall be entitled to nominate and appoint four (4) directors whilst MPSB shall be entitled to nominate and appoint one (1) director in SRM;

(ii) The chief executive officer of SRM shall be appointed by the board of SRM as a Directors’ Reserved Matter, which requires the affirmative votes of at least one (1) director representative each from Sunway and MPSB; and

(iii) Sunway shall have the right to nominate chief financial controller and the asset managers of Sunway REIT for the approval of SRM’s board.

Rationale

The shareholders of MPSB comprise distinguished individuals namely Dato' Lim Say Chong, Mr Oh Kim Sun and Mr Ng Sing Hwa with a wealth of experience in the property, banking and manufacturing industries. With their extensive experience in the corporate world and wide network of contacts, MPSB would be able to add value to SRM by providing additional leads for property acquisition as well as strategic insights at SRM's board level as MPSB will be granted a seat on the board of SRM.

In addition, the Proposed Disposal will enable the Group to raise cash proceeds of RM28 million from the disposal consideration and realizes an immediate gain on disposal of RM26 million.

Subsequent to the Proposed Disposal, the Group will not be required to consolidate the financials of Sunway REIT under the new "Financial Reporting Standard 10 – Consolidated Financial Statements" which takes effect from 1 January 2013.

Effects Of The Proposed Disposal And Proposed Joint Venture

The Proposed Disposal and Proposed Joint Venture will not have any effect on the share capital and substantial shareholders' shareholding of Sunway as they do not involve any allotment or issuance of new shares by Sunway.

Other than the fair value gain (under the Financial Reporting Standards) which can be quantified upon the completion of the Proposed Disposal, the Proposed Disposal and Proposed Joint Venture are not expected to have any immediate material effect on the earnings per share, net assets per share and gearing of Sunway for the current financial year ending 31 December 2013.

The Proposed Disposal and Proposed Joint Venture have not been completed as at the date of this report.

B8 **Group Borrowings and Debt Securities**

The Group borrowings as at 30 June 2013 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Borrowings:			
- Current	1,393,449	551,468	1,944,917
- Non-current	916,440	154,368	1,070,808
	2,309,889	705,836	3,015,725

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

	Foreign currency		RM'000	
Secured	Current	Non-current	Current	Non-current
US Dollar (USD'000) *	255,600	100,000	812,808	318,000
Singapore Dollar (SGD'000) **	6,971	13,736	17,518	34,519
Trinidad & Tobago Dollar (TTD'000) **	4,470	-	2,230	-
Chinese Renminbi (RMB'000) **	56,294	13,592	29,127	7,032
Australia Dollar (AUD'000) **	318	27	937	79
Unsecured				
Singapore Dollar (SGD'000) **	703	-	1,767	-
			864,385	359,631

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 30 June 2013 were as follows:

Type of Derivatives	Contract/ Notional RM'000	Fair Value RM'000	Gains/(Losses) Fair Value for the period RM'000
Foreign currency forward contracts			
- Less than 1 year	6,199	94	20
Interest rate swap contracts			
- 1 year to 3 year	16,368	(129)	157
Total losses on derivatives as per Note A4			177
Cross currency swap contracts			
- 1 year to 3 year	1,073,318	47,833	(5,111)
Total derivatives		47,798	(4,934)

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).

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:

	30/6/2013 RM'000	31/12/2012 RM'000
Total retained profit of the Group:-		
Realised	627,370	564,591
Unrealised	187,942	103,612
Total share of retained profits from associated companies:		
Realised	138,785	100,742
Unrealised	186,380	126,683
Total share of retained profits from Jointly Controlled Entities:		
Realised	305,610	241,014
Unrealised	-	-
Less: Consolidation adjustments	(332,823)	(202,267)
Total Group's retained profits as per consolidated accounts	1,113,264	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 5% per ordinary share of RM1.00 each for the financial year ended 31 December 2013, which will be paid on a date to be determined.

B13 **Earnings per share**

The calculation of the earnings per share for the Group is based on profit after taxation and non-controlling interests on the weighted average number of ordinary shares in issue during the period.

	Current Quarter Ended 30/6/2013 RM'000	Cumulative Year To Date 30/6/2013 RM'000
Basic earnings per share		
Profit attributable to members of the Company	170,345	260,900
Weighted Average Number of Ordinary Shares	1,292,517	1,292,517
Earnings per share (Basic) (sen)	13.18	20.19
Diluted earnings per share		
Profit attributable to members of the Company	170,345	260,900
Weighted Average Number of Ordinary Shares	1,340,753	1,319,100
Earnings per share (Diluted) (sen)	12.70	19.78

By Order of the Board

Tan Kim Aun
Chin Lee Chin

Secretaries