

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/3/2015	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2014	CURRENT YEAR TO DATE 31/3/2015	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2014
		RM'000	RM'000	RM'000	RM'000
REVENUE		1,060,001	1,025,728	1,060,001	1,025,728
OPERATING EXPENSES		(939,903)	(932,572)	(939,903)	(932,572)
OTHER OPERATING INCOME		49,829	16,448	49,829	16,448
PROFIT FROM OPERATIONS		169,927	109,604	169,927	109,604
(LOSS)/GAIN ON DERIVATIVES		(3,181)	(30)	(3,181)	(30)
FINANCE INCOME		14,576	10,182	14,576	10,182
FINANCE COSTS		(25,955)	(18,002)	(25,955)	(18,002)
SHARE OF PROFIT FROM ASSOCIATES		20,568	20,102	20,568	20,102
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES		17,560	20,344	17,560	20,344
PROFIT BEFORE TAX		193,495	142,200	193,495	142,200
INCOME TAX EXPENSE	B5	(36,077)	(30,443)	(36,077)	(30,443)
PROFIT FOR THE PERIOD		157,418	111,757	157,418	111,757
ATTRIBUTABLE TO:					
- OWNERS OF THE PARENT		146,540	103,990	146,540	103,990
- NON-CONTROLLING INTERESTS		10,878	7,767	10,878	7,767
		157,418	111,757	157,418	111,757
EARNINGS PER SHARE					
(i) BASIC ( sen )		8.45	6.03	8.45	6.03
(ii) DILUTED ( sen )		7.96	5.91	7.96	5.91

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements. )

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2015

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/3/2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2014 RM'000	CURRENT YEAR TO DATE 31/3/2015 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2014 RM'000
PROFIT FOR THE PERIOD	157,418	111,757	157,418	111,757
<b>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS</b>				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	22,507	(7,887)	22,507	(7,887)
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS				
- FAIR VALUE OF DERIVATIVES	97,498	(9,312)	97,498	(9,312)
- AMOUNT RECYCLED TO PROFIT OR LOSS	(104,070)	11,053	(104,070)	11,053
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS	15,935	(6,146)	15,935	(6,146)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	15,935	(6,146)	15,935	(6,146)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	173,353	105,611	173,353	105,611
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	159,422	96,277	159,422	96,277
- NON-CONTROLLING INTERESTS	13,931	9,334	13,931	9,334
	173,353	105,611	173,353	105,611

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2014 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 31 MARCH 2015  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015

	AS AT END OF CURRENT QUARTER 31/3/2015	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2014
	RM'000	RM'000 (AUDITED)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment, and software	1,046,630	985,180
Biological assets	1,165	1,233
Investment properties	2,460,828	2,370,420
Rock reserves	6,855	6,920
Land held for property development	539,588	535,462
Investment in associates	1,533,789	1,532,485
Investment in jointly controlled entities	1,013,439	988,928
Other investments	1,845	1,846
Derivative assets	129,727	66,329
Receivables	24,529	23,937
Goodwill	319,444	319,444
Deferred tax assets	57,863	42,670
	7,135,702	6,874,854
<b>Current assets</b>		
Properties development costs	1,402,121	1,518,317
Inventories	671,677	579,963
Receivables, deposits & prepayments	1,929,187	1,664,241
Cash and bank balances, and short-term investments	2,024,692	1,978,200
Tax recoverable	43,926	69,870
Derivative assets	76,020	73,671
	6,147,623	5,884,262
Assets of disposal group classified as held for sale	-	98,029
<b>TOTAL ASSETS</b>	13,283,325	12,857,145
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Payables, accruals & other current liabilities	2,159,104	2,118,023
Bank borrowings	2,282,640	2,132,891
Taxation	38,554	24,874
Derivative liabilities	-	29
	4,480,298	4,275,817
<b>Non-current liabilities</b>		
Long term bank borrowings	1,717,178	1,651,539
Other long term liabilities	508,273	519,406
Derivative liabilities	5,967	3,682
Deferred taxation	88,210	82,860
	2,319,628	2,257,487
<b>Total liabilities</b>	6,799,926	6,533,304
<b>Equity attributable to Owners of the Parent</b>		
Share capital	1,739,853	1,730,579
Share premium	2,660,360	2,642,213
Treasury shares	(29,753)	(29,275)
Equity contribution from non-controlling interests	51,654	51,654
Negative merger reserve	(1,192,040)	(1,192,040)
Retained profits	2,595,724	2,450,100
Other reserves	297,007	283,137
	6,122,805	5,936,368
<b>NON-CONTROLLING INTERESTS</b>	360,594	387,473
<b>Total equity</b>	6,483,399	6,323,841
<b>TOTAL EQUITY AND LIABILITIES</b>	13,283,325	12,857,145
<b>Net Assets Per Share Attributable To Owners Of The Parent (RM)</b>	<b>3.52</b>	<b>3.43</b>

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

	ATTRIBUTABLE TO OWNERS OF THE PARENT																			
	EQUITY CONTRIBUTION FROM NON-CONTROLLING INTERESTS						NON-DISTRIBUTABLE									DISTRIBUTABLE			NON-CONTROLLING INTERESTS	TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	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	RESERVE OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	TOTAL	RM'000	RM'000
<b>PERIOD ENDED 31 JANUARY 2014</b>																				
At 1 January 2014	1,723,524	2,628,404	-	51,654	(1,192,040)	208,608	34,137	99,062	(22,541)	21,712	879	25,881	42,883	1,307	5,288	1,885,661	22,488	5,328,299	316,900	5,645,199
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	103,990	-	103,990	7,767	111,757
Other comprehensive income	-	-	-	-	-	(7,713)	-	-	(9,454)	-	-	-	-	1,741	-	-	-	(7,713)	1,567	(6,146)
Total comprehensive income	-	-	-	-	-	(7,713)	-	-	(9,454)	-	-	-	-	1,741	-	103,990	-	96,277	9,334	105,611
Issuance of ordinary shares pursuant to:																				
- exercise of warrants	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	1
- exercise of ESOS	5	11	-	-	-	(3)	-	-	-	-	-	-	(3)	-	-	-	-	13	-	13
New ESOS granted	-	-	-	-	-	5,618	-	-	-	-	-	-	5,618	-	-	-	-	5,618	-	5,618
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(788)	(788)
Utilisation of furniture & fittings reserve	-	-	-	-	-	(189)	-	-	-	-	-	-	-	-	(189)	-	-	(189)	-	(189)
Liquidation of an associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(343)	-	(343)	-	(343)
At 31 March 2014	1,723,529	2,628,416	-	51,654	(1,192,040)	206,321	34,137	99,062	(31,995)	21,712	879	25,881	48,498	3,048	5,099	1,989,308	22,488	5,429,676	325,446	5,755,122
<b>PERIOD ENDED 31 MARCH 2015</b>																				
At 1 January 2015	1,730,579	2,642,213	(29,275)	51,654	(1,192,040)	283,137	34,137	99,062	33,463	21,712	879	25,972	69,080	(4,896)	3,728	2,450,100	-	5,936,368	387,473	6,323,841
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	146,540	-	146,540	10,878	157,418
Other comprehensive income	-	-	-	-	-	12,882	-	-	19,454	-	-	-	-	(6,572)	-	-	-	12,882	3,053	15,935
Total comprehensive income	-	-	-	-	-	12,882	-	-	19,454	-	-	-	-	(6,572)	-	146,540	-	159,422	13,931	173,353
New ESOS granted	-	-	-	-	-	3,930	-	-	-	-	-	-	3,930	-	-	-	-	3,930	-	3,930
Issuance of ordinary shares pursuant to:																				
- exercise of ESOS	4,891	11,573	-	-	-	(2,942)	-	-	-	-	-	-	(2,942)	-	-	-	-	13,522	-	13,522
- exercise of warrants	4,383	6,574	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,957	-	10,957
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(282)	(282)
Purchase of treasury shares during the year	-	-	(478)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(478)	-	(478)
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(916)	-	(916)	(40,528)	(41,444)
At 31 March 2015	1,739,853	2,660,360	(29,753)	51,654	(1,192,040)	297,007	34,137	99,062	52,917	21,712	879	25,972	70,068	(11,468)	3,728	2,595,724	-	6,122,805	360,594	6,483,399

[ The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements. ]

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2015

	FOR THE 3 MONTHS PERIOD ENDED 31/3/2015 RM'000	FOR THE 3 MONTHS PERIOD ENDED 31/3/2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	193,495	142,200
Adjustments for:		
- non-cash items	(28,806)	(2,844)
- finance costs	25,955	18,002
- finance income	(14,576)	(10,182)
Operating cash flows before working capital changes	176,068	147,176
Changes in working capital	(163,242)	(15,070)
Cash flow from operations	12,826	132,106
Interest received	14,457	9,347
Dividend received from jointly controlled entities and associates	33,257	37,723
Tax refunded	22,157	1,414
Tax paid	(28,453)	(38,619)
Net cash flow from operating activities	54,244	141,971
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant & equipment	1,344	6,595
Proceeds from disposal of non-current assets held for sale	126,388	-
Proceeds from liquidation of subsidiaries	350	-
Acquisition of land	(7)	(240,676)
Acquisition of property, plant and equipment and biological assets	(82,746)	(36,743)
Acquisition of equity interest from non-controlling interest	(41,444)	-
Acquisition and subsequent expenditure of investment properties	(77,282)	(64,818)
Acquisition of other investment	-	(3)
Investment in associates	(17,688)	(2,624)
(Advances to)/Repayment from associates, jointly controlled entity and joint venture partners	4,371	(16,253)
Net cash used in investing activities	(86,714)	(354,522)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net bank and other borrowings	80,427	227,007
Advances from/(to) non-controlling interests of subsidiary companies	3	-
Interest paid	(25,009)	(16,036)
Proceeds from issue of shares from exercise of warrants	10,957	1
Proceeds from issue of shares from exercise of ESOS	13,522	13
Repurchase of shares	(478)	-
Dividend paid to non-controlling interests of subsidiaries	(282)	(788)
Net cash generated from financing activities	79,140	210,197
NET INCREASE IN CASH AND CASH EQUIVALENTS	46,670	(2,354)
EFFECTS OF EXCHANGE RATE CHANGES	5,282	2,538
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,885,761	1,359,099
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,937,713	1,359,283
Cash and cash equivalents at end of financial period comprise the following :		
Deposits, bank & cash balances	2,024,692	1,445,377
Bank overdrafts	(86,979)	(86,094)
	1,937,713	1,359,283
( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)		

## NOTES TO FINANCIAL STATEMENTS

### A1 Accounting Policies and Basis of Preparation

The Group has prepared its financial statements using the Financial Reporting Standards ("FRS") for the financial period ending 31 March 2015.

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 five years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

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 2017.

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 2014. 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 2014.

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 2014 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 2015, as disclosed below:

Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Amendment to FRS 2	Share-based Payment (Annual Improvements to FRSs 2010-2012 Cycle)
Amendment to FRS 3	Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle)
Amendment to FRS 3	Business Combinations (Annual Improvements to FRSs 2011-2013 Cycle)
Amendment to FRS 8	Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)
Amendment to FRS 13	Fair Value Measurement (Annual Improvements to FRSs 2011-2013 Cycle)
Amendment to FRS 116, Amendment to FRS 138	Property, Plant & Equipment; Intangible Assets (Annual Improvements to FRSs 2010-2012 Cycle)
Amendment to FRS 124	Related Party Disclosures (Annual Improvements to FRSs 2010-2012 Cycle)
Amendment to FRS 140	Investment Property (Annual Improvements to FRSs 2011-2013 Cycle)

The adoption of the above pronouncements does not have any significant impact to the Group.

**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 2015.

**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 2015.

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

During the financial period ended 31 March 2015, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 4,890,700 ordinary shares of RM1.00 each pursuant to the exercise of the Employees' Share Option Scheme;
- (b) issuance of 4,382,762 ordinary shares of RM1.00 each pursuant to the exercise of warrants; and
- (c) the repurchase of equity securities of 150,000 ordinary shares at an average price of RM3.19 per share.

Save for the above, 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 period ended 31 March 2015, the following payments of dividend have been made:

- (a) RM103,847,007 was paid on 30 April 2015 as interim single tier dividend of 6% per ordinary share of RM1.00 each for the financial year ended 31 December 2014.

**A8 Segmental Reporting**

Segmental results for the financial period ended 31 March 2015, 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	Consolidated RM'000
<b>BY BUSINESS SEGMENTS</b>								
<b>REVENUE AND EXPENSES</b>								
Total revenue	180,704	168,206	496,066	228,245	54,552	88,129	154,489	1,370,391
Inter-segment sales	-	(28,912)	(120,775)	(36,329)	(753)	(87,288)	(36,333)	(310,390)
External sales	180,704	139,294	375,291	191,916	53,799	841	118,156	1,060,001
<b>Results</b>								
Operating segment results	40,039	44,375	52,868	14,143	7,579	(6,975)	17,898	169,927
Gain on derivatives	-	-	-	-	-	(3,181)	-	(3,181)
Finance income	3,871	1,600	1,491	35	133	3,727	3,719	14,576
Finance costs	(2,160)	(26,939)	(1,051)	(1,430)	-	6,392	(767)	(25,955)
Share of results of:								
- associated companies	(1)	20,484	-	-	-	-	85	20,568
- jointly controlled entities	15,138	3,483	(1,061)	-	-	-	-	17,560
Profit before taxation	56,887	43,003	52,247	12,748	7,712	(37)	20,935	193,495
Taxation	(12,324)	(6,053)	(4,779)	(3,558)	(2,013)	(2,844)	(4,506)	(36,077)
Profit for the period	44,563	36,950	47,468	9,190	5,699	(2,881)	16,429	157,418
Non controlling interests	(9,560)	(1,725)	293	(22)	-	34	102	(10,878)
Attributable to owners of the parent	35,003	35,225	47,761	9,168	5,699	(2,847)	16,531	146,540

	Revenue RM'000	Profit before tax RM'000	Profit after tax RM'000	Attributable to owners of the parent RM'000
<b>BY GEOGRAPHICAL SEGMENTS</b>				
Malaysia	914,087	166,252	132,972	127,764
Singapore	88,332	24,181	21,445	21,445
China	25,319	(4,980)	(4,980)	(4,169)
India	7	(311)	(311)	(311)
Australia	12,084	9,163	9,160	3,589
United Arab Emirates	-	(2,623)	(2,623)	(2,623)
Other Countries	20,172	1,813	1,755	845
	1,060,001	193,495	157,418	146,540



**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 2015.

**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 2015.

**A12 Contingent Liabilities and Assets**

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

	31/3/2015 RM'000	31/12/2014 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>2,288,195</u>	<u>2,315,922</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 2015 is as follows:

	31/3/2015 RM'000	31/12/2014 RM'000
Amount authorised and contracted for	69,051	74,935
Amount authorised but not contracted for	<u>312,170</u>	<u>365,816</u>
	<u>381,221</u>	<u>440,751</u>

(b) Operating lease commitment not provided for in the financial year as at 31 March 2015 is as follows:

	31/3/2015 RM'000	31/12/2014 RM'000
Future minimum lease payment:		
- not later than 1 year	81,441	78,658
- later than 1 year and not later than 5 years	312,697	289,583
- later than 5 years	<u>126,851</u>	<u>110,003</u>
	<u>520,989</u>	<u>478,244</u>
Future minimum lease receipts:		
- not later than 1 year	55,418	56,406
- later than 1 year and not later than 5 years	194,510	196,737
- later than 5 years	<u>273,355</u>	<u>285,542</u>
	<u>523,283</u>	<u>538,685</u>

**B1 Review of Performance**For the quarter

The Group recorded revenue of RM1,060.0 million and profit before tax of RM193.5 million for the current quarter ended 31 March 2015, compared to revenue of RM1,025.7 million and profit before tax of RM142.2 million in the corresponding quarter of the previous financial year. The better financial performance was boosted by the realised capital gains of RM22.9 million from the disposal of Sunway Hotel Georgetown and Wisma Sunway and higher profit contributions from all the business segments except for the property development segment which recorded a lower profit contribution.

The property development segment reported revenue of RM180.7 million and profit before tax of RM56.9 million in the current quarter compared to revenue of RM222.3 million and profit before tax of RM68.9 million in the corresponding quarter of the previous financial year. The lower financial performance was mainly due to slower progress billings from the local projects. Profit contribution from the Singapore property projects was also lower due to fewer ongoing development projects compared to the corresponding quarter of the previous financial year.

The property investment segment reported revenue of RM139.3 million and profit before tax of RM43.0 million in the current quarter compared to revenue of RM136.2 million and profit before tax of RM25.1 million in the corresponding quarter of the previous financial year. The current quarter profit was boosted by the realised capital gains of more than RM22 million as mentioned earlier. However, the current operating profit before tax was lower by RM4.7 million. This was mainly attributed to the leisure and hospitality divisions which recorded lower visitorship and hotel occupancy rate.

The construction segment recorded revenue of RM375.3 million and profit before tax of RM52.3 million in the current quarter compared to revenue of RM358.7 million and profit before tax of RM31.3 million in the corresponding quarter of the previous financial year. The increase in revenue was mainly due to higher progress billings from the local building projects and precast concrete product projects in Singapore. Besides the higher revenue, the improved profit was also boosted by higher profit recognition from the local building projects.

The trading and manufacturing segment recorded revenue of RM191.9 million and profit before tax of RM12.7 million in the current quarter compared to revenue of RM149.0 million and profit before tax of RM8.3 million in the corresponding quarter of the previous financial year. Operations in Malaysia continued to perform well which was partly helped by higher pre-Goods and Services Tax (GST) implementation demand. However, the market condition of most of the overseas operations continued to remain challenging.

The quarry segment recorded revenue of RM53.8 million and profit before tax of RM7.7 million in the current quarter compared to revenue of RM48.3 million and profit before tax of RM4.7 million in the corresponding quarter of the previous financial year. The better performance was mainly due to stronger sales of premix.

The other segments recorded revenue of RM119.0 million and profit before tax of RM20.9 million in the current quarter compared to revenue of RM111.2 million and profit before tax of RM3.9 million in the corresponding quarter of the previous financial year. The overall improvement in performance was mainly due to the stronger profit contributions from the healthcare and building material divisions.

## **B2 Material Changes in the Quarterly Results**

The Group recorded revenue of RM1,060.0 million and profit before tax of RM193.5 million for the current quarter ended 31 March 2015 compared to revenue of RM1,193.8 million and profit before tax of RM399.6 million achieved in the preceding quarter. The lower financial results was mainly due to the lower profit contributions from the property development and property investment segments. In comparison, the preceding quarter's profit was also boosted by the significant fair value gain from investment properties of RM138 million from the annual revaluation exercise which was done at the end of each year.

The property development segment recorded revenue of RM180.7 million and profit before tax of RM56.9 million in the current quarter compared to revenue of RM491.3 million and profit before tax of RM116.9 million in the preceding quarter. The lower performance was mainly due to lower progress billings and profit recognition from both the local and Singapore property developments as there were fewer ongoing development projects. In comparison, the profit in the preceding quarter was also higher due to additional profits realised following the handing over of several completed local development projects.

The property investment segment recorded revenue of RM139.3 million and profit before tax of RM43.0 million in the current quarter compared to revenue of RM165.4 million and profit before tax of RM183.7 million in the preceding quarter. Although the profit for the current quarter included the realised capital gains of more than RM22 million, it was still lower than the preceding quarter. This was mainly due to the significant fair value gain from investment properties of RM138 million from the annual revaluation exercise done at the end of each year and the stronger performance from the leisure and hospitality divisions which peaked during the last quarter of every year.

The construction segment recorded revenue of RM375.3 million and profit before tax of RM52.3 million in the current quarter compared to revenue of RM208.5 million and profit before tax of RM48.0 million in the preceding quarter. The higher revenue was due to higher progress billings from the local building projects and lower intra-group revenue elimination as compared to the preceding quarter. The improved profit was also boosted by higher profit recognition from the building projects.

The trading and manufacturing segment recorded revenue of RM191.9 million and profit before tax of RM12.7 million in the current quarter compared to revenue of RM168.9 million and profit before tax of RM6.9 million in the preceding quarter. The stronger performance recorded for the current quarter was mainly due to improved profit contributions from the operations in Malaysia, which was partly helped by higher pre-GST implementation demand.

The quarry segment recorded revenue of RM53.8 million and profit before tax of RM7.7 million in the current quarter compared to revenue of RM74.5 million and profit before tax of RM16.0 million in the preceding quarter. The lower performance for the current quarter was due to lower sales recorded for both aggregates and pre-mix.

The other segments recorded revenue of RM119.0 million and profit before tax of RM20.9 million in the current quarter compared to revenue of RM85.2 million and profit before tax of RM28.1 million in the preceding quarter. The lower overall profit in the current quarter was mainly due to the lower Group treasury contribution and higher charge out of the Employees' Share Option Scheme (ESOS) cost. However, the other operations like the healthcare and building material divisions continued to perform well in the current quarter.

### B3 Prospects

Despite the uneven and weak growth recorded by the global economy, the Malaysian economy managed to record a commendable growth rate of 5.6% in the first quarter of 2015. According to Bank Negara, the local economy is expected to remain on a steady growth path even though private consumption is expected to be moderate.

While the Group is encouraged by the fairly optimistic economic forecast by Bank Negara, it will continue to be cautious in its economic outlook. Hence, the Group will adopt a cautious business strategy, while focusing on improving its efficiency and cost structure. However, barring any unforeseen circumstances, the Group is still of the view that it will be able to deliver a satisfactory performance for the rest of 2015.

### 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 current taxation does not include the tax payable for the share of profit from associates and share of profit from jointly controlled entities as the share of profit is recognised on an after tax basis.

	Current Quarter Ended 31/3/2015 RM'000	Cumulative Year To Date 31/3/2015 RM'000
Current taxation	(41,312)	(41,312)
Deferred taxation	5,235	5,235
	<u>(36,077)</u>	<u>(36,077)</u>

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

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

	Current Quarter Ended 31/3/2015 RM'000	Cumulative Year To Date 31/3/2015 RM'000
Depreciation and amortisation	(29,122)	(29,122)
Reversal/(Provision) of impairment for:		
- Trade receivables	(622)	(622)
Write off:		
- Inventories	(123)	(123)
Net gain on disposal of:		
- property, plant and equipment	588	588
- asset held for resale <sup>1</sup>	22,947	22,947
Foreign exchange gain/(loss):		
- Others	(5,645)	(5,645)
- Unrealised for hedged items	(104,070)	(104,070)
Cash flow hedge reserve recycled to profit or loss	104,070	104,070
Fair value of ESOS option	(3,930)	(3,930)
Loss on derivatives	(3,181)	(3,181)

<sup>1</sup> During the quarter ended 31 March 2015, the Group recognised RM22,947,000 of profits upon completion of the disposal of the Group's interest in the land and building of Sunway Hotel Georgetown and Wisma Sunway to Sunway Real Investment Trust.

**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:

**Subscription and Shareholders' Agreement between Sunway City Sdn. Bhd. and Iskandar Assets Sdn. Bhd. in relation to the development of Pendas Land**

Sunway City Sdn. Bhd. ("SunCity"), a wholly-owned subsidiary of the Company has on 4 December 2012, entered into a Subscription and Shareholders' Agreement ("SSA") with Iskandar Assets Sdn. Bhd. ("IASB"), a wholly-owned subsidiary of Iskandar Investment Berhad ("IIB") and Sunway Iskandar Development Sdn. Bhd. ("SID") with the intention of establishing a joint venture via SID ("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 SunCity and IASB as shareholders of SID:

- (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").

SID has also on even date, entered into 2 Sale and Purchase Agreements ("SPA") with IASB for the acquisition of the Land on an "as 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.

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

- (a) SunCity and IASB agree to hold ordinary shares and redeemable preference shares in SID in the proportion of 60:40. The Company will provide a shareholder advance to SID equivalent to 60% of the amount of the deposits under the SPA to enable SID 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.

**Subscription and Shareholders' Agreement between Sunway City Sdn. Bhd. and Iskandar Assets Sdn. Bhd. in relation to the development of Pendas Land (cont.)**

(b) SunCity and IASB agree that the balance purchase consideration for the Land will be funded in the following manner:-

- (i) SunCity and IASB to subscribe for new securities or zero coupon bonds or such other securities as may be agreed between the parties in SID free from all encumbrances and with all rights and benefits attaching thereto in the agreed proportion and/or SunCity and IASB to provide shareholders' loan in the proportion of 60:40; and
- (ii) external financing.

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

- (a) the purchase consideration of up to RM221,280,444 for Pendas North Land is to be paid in 6 instalments with the deposit to be paid upon 14 days from the date of the SPA and the balance in 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 6 instalments with the deposit to be paid upon 14 days from the date of the SPA and the balance in 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.

Subsequent to the abovementioned, IASB had agreed to sell and SID 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, SunCity had on 23 January 2013 entered into a Supplemental Subscription and Shareholders Agreement (Supplemental SSA") with IASB and SID to amend the SSA to document the additional equity to be injected by SunCity and IASB into SID to finance part of the purchase

SID 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.

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

- (a) SID 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 SID in 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 within 14 days of the date of the Supplemental SPA and the balance in 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 Land has been completed as at the date of this report. However, full payment has not been made as at the date of this report.

**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 activities 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 listing of Sunway Construction Group Berhad ("SCG"), an indirect wholly-owned subsidiary of the Group on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities")**

On 19 September 2014, the Group announced the proposed listing of its construction division which is currently held under its indirect wholly-owned subsidiary, Sunway Construction Sdn Bhd ("SunCon") on the Main Market of Bursa Securities. A new company, SCG, has been incorporated by Sunway Holdings Sdn Bhd, a wholly-owned subsidiary of the Company ("SunHoldings"), to be the listing vehicle to acquire the entire shareholdings in SunCon (including its subsidiaries, jointly controlled entities, unincorporated joint ventures and unincorporated consortium) (collectively, the "SunCon Group"). In conjunction with the proposed listing of SCG, the following will be

- (a) proposed disposal of the entire issued and paid-up share capital of SunCon (including its subsidiaries, jointly controlled entities, unincorporated joint ventures and unincorporated consortium) by SunHoldings to SCG (Proposed Transfer of SunCon);
- (b) proposed offering of up to 573.4 million ordinary shares of RM0.20 each in SCG (SCG Shares) comprising a proposed distribution of at least 172.4 million SCG Shares to the entitled shareholders of the Company and a proposed offer for sale of up to 401.0 million SCG Shares to the retail and institutional investors, subject to the over-allotment option and clawback and reallocation provisions ("Proposed Offering"); and
- (c) proposed listing of and quotation for the entire issued and paid-up share capital of SCG on the Main Market of Bursa Securities ("Proposed Listing").

On 7 November 2014, SCG and SunHoldings have entered into a conditional share sale agreement ("SunCon SSA") setting out the terms and conditions of the Proposed Transfer of SunCon. SunHoldings will sell and transfer its entire 193,954,000 ordinary shares of RM1.00 each in SunCon to SCG at an aggregate sale and purchase consideration of RM258,580,000, which will be satisfied entirely via the issuance of 1,292,900,000 new SCG Shares at an issue price of RM0.20 per SCG Share.

On 12 November 2014, the Group announced that the issued and paid-up share capital of the Company (excluding treasury shares) has changed resulting in the number of SCG Shares being offered under the Proposed Offering to be revised.

**Proposed listing of Sunway Construction Group Berhad ("SCG"), an indirect wholly-owned subsidiary of the Group on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (cont.)**

The revised number of SCG Shares being offered under the Proposed Offering has been computed based on the issued and paid-up share capital of the Company as at 30 September 2014 and takes into consideration, among others, the following:

- (a) number of new ordinary shares of RM1.00 each in the Company ("Sunway Shares") to be allotted and issued pursuant to the exercise of the options granted under the Employees' Share Option Scheme and exercise of the Warrants 2011/2016 of the Company; and
- (b) maximum number Sunway Shares which Sunway is authorised by its shareholders to buy back (i.e. up to 10% of the issued and paid-up share capital of Sunway).

On 18 November 2014, SCG had submitted the following applications to the relevant authorities:

- (i) the Securities Commission ("SC") for the Proposed Transfer of SunCon, Proposed Offering and Proposed Listing; and
- (ii) the SC (Equity Compliance Unit) under the equity requirement for public companies for the Proposed Offering and Proposed Listing.

On 9 February 2015, SCG announced that SC had, vide its letter dated 5 February 2015 (which was received on 6 February 2015), approved the Proposed Listing pursuant to Subsection 214(1) of the Capital Markets and Services Act 2007, subject to the following conditions:

- (i) SCG to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Proposed Listing;
- (ii) Prior to the registration of the prospectus, SCG to:
  - (a) confirm and demonstrate that it has positive net cash flow from operating activities for the financial year ended 31 December 2014;
  - (b) appoint additional independent director(s) so that the board composition comprises majority of independent directors;
  - (c) ensure that all trade debts exceeding normal credit period and all non-trade debts owing by the interested persons (except for amount owing by Sunway Treasury Sdn Bhd) are settled; and
  - (d) confirm and demonstrate that it is independent from the Company and other corporations within the Group in terms of its operations (including purchases and sales of goods, management, management policies and finance); and
- (iii) SCG to allocate shares equivalent to at least 12.5% of its enlarged issued and paid-up share capital at the point of listing to Bumiputra investors. This includes the shares offered under the balloted public offer portion, of which 50% are to be offered to Bumiputra investors.

The SC had also vide the abovementioned letter, approved the equity requirement for public companies application and granted its approval-in-principle for the registration of SCG's prospectus.

SCG had on 6 March 2015, submitted the initial listing application to Bursa Securities in relation to the admission of SCG to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of SCG on the Main Market of Bursa Securities.

Bursa Securities had, vide its letter dated 6 April 2015, approved the admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of SCG of 1,292,900,010 ordinary shares of RM0.20 each in SCG on the Construction sector of the Main Market of Bursa Securities.

**Proposed listing of Sunway Construction Group Berhad ("SCG"), an indirect wholly-owned subsidiary of the Group on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (cont.)**

SCG had on 26 February 2015, appointed DatoqIr Goh Chye Koon, who is a Senior Independent Non-Executive Director of SCG as the new Chairman of SCG in place of DatoqChew Chee Kin. Following the change of Chairman of the Board of SCG from a non-independent director to an independent director, RHB Investment Bank on behalf of SCG, sought approval from the SC on 20 March 2015 for a revision of one of the conditions imposed by the SC in its approval letter dated 5 February 2015 for the proposed listing of SCG. In the approval letter, SCG was required to appoint additional independent director(s) so that the board composition comprises majority of independent director prior to the registration of the prospectus for the Proposed Offering and the Proposed Listing.

SC had, vide its letter dated 6 April 2015, approved the revision to the abovementioned condition on the basis that DatoqIr Goh Chye Koon, who is currently a Senior Independent Non-Executive Director of SCG, be appointed as the new Chairman of SCG in lieu of the appointment of additional independent directors.

The Company had on 20 April 2015, obtained its shareholders approval on the following:-

- (i) proposed distribution of at least 155,966,700 ordinary shares of RM0.20 each in SCG ("Distribution Shares") to be held by the Company to its entitled shareholders by way of dividend-in-specie on the basis of 1 distribution share for every 10 existing ordinary shares of RM1 each held in the Company as at 5.00 p.m. on an entitlement date to be determined later (%Distribution+);
- (ii) proposed offer for sale of up to 415,264,600 ordinary shares of RM0.20 each in SCG (%OFS Shares+) held by SHSB, in the following manner:
  - (a) institutional offering of up to 344,155,100 OFS Shares to Malaysian and foreign institutional and selected investors, including Bumiputera investors approved by the Ministry of International Trade and Industry at the institutional price to be determined by way of bookbuilding; and
  - (b) retail offering of 71,109,500 OFS Shares to the eligible directors and employees of SCG and its subsidiaries and our company and the Malaysian public; and
- (iii) Proposed Listing of SCG on the main market of Bursa Securities.

The reference price of the Sunway Shares had been adjusted for the Distribution on 6 May 2015, being the ex-date of the Entitlement Date.

On 8 May 2015, SunCon SSA became unconditional and following thereto, the Proposed Transfer of SunCon was completed on 15 May 2015 in accordance with the terms of the SunCon SSA.

**Dividend in specie**

On 22 April 2015, the Group announced the distribution of ordinary shares of RM0.20 each in SCG ("Distribution Shares") to be held by the Company to the entitled shareholders of the Company by way of dividend-in-specie on a basis of 1 distribution share for every 10 existing ordinary shares of RM1.00 each held in Sunway as at 5pm on 8 May 2015.

The Distribution Shares will be distributed free from encumbrances. Any fractional entitlements will be disregarded and will be dealt with in such manner as the Board of Directors of the Company at its discretion deems expedient, in the best interest of the Company.

Barring unforeseen circumstances, the Company intends to credit the unlisted Distribution Shares into the central depository system accounts of the entitled shareholders of the Company ("Entitled Shareholders") pursuant to the Distribution on 5 June 2015, which is within 1 month from the entitlement date as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Entitled Shareholders will only be able to trade the Distribution Shares on Bursa Securities commencing from the completion of the proposed listing of and quotation for the entire issued and paid-up share capital of SCG on the Main Market of Bursa Securities.



**Share Sale Agreement between Sunway Holdings Sdn. Bhd. and Khoo Ah Thim @ Khoo Chai Thiam, Khoo Chai Ee, Khoo Chai Heng, Khoo Chai Kiat, Khoo Chai Pek, Lee Bang Sing, Peng Gai Hock, Soh Tian Song and Toh Soon Seng (collectively, "Winstar Vendors")**

On 9 April 2015, SHSB, a wholly-owned subsidiary of the Company entered into a Share Sale Agreement (the "Winstar SSA") with Winstar Vendors for the acquisition of 6,717,472 ordinary shares of RM1 each, representing 100% of the total issued and paid-up share capital of Winstar Trading Sdn. Bhd. (the "WTSB") at an estimated purchase consideration of approximately RM130,953,294 ("the Proposed Winstar Acquisition").

The estimated purchase consideration for the Proposed Winstar Acquisition was arrived at based on aggregate net asset value (excluding minority interests) (the "NAV") of WTSB and its group of subsidiaries (the "WTSB Group") as at 31 December 2013 together with goodwill (the "Pre-Adjustment Purchase Consideration"). The amount of the purchase consideration is subject to adjustments and will be payable by SHSB in 3 tranches as follows:

- (i) On the completion date of the first tranche, SHSB shall acquire 60% of the total issued and paid-up share capital of WTSB by paying part of the consideration amounting to RM78,571,972.50 (the "First Tranche Consideration") or the adjusted first tranche consideration, as the case may be, which shall be computed in
  - (a) In the event the NAV of WTSB Group is less than the Pre-Adjustment Purchase Consideration after deduction of the goodwill, there shall be a corresponding downwards adjustment of the First Tranche Consideration; and
  - (b) In the event the NAV of WTSB Group is greater than the Pre-Adjustment Purchase Consideration after deduction of the goodwill, there shall be no adjustment in the First Tranche Consideration.

The completion date of the first tranche shall mean the business day falling 45 days after the Winstar SSA becomes unconditional or such other date as may be agreed by the parties.

- (ii) On the completion date of the second tranche, SHSB shall acquire another 20% of the total issued and paid-up share capital of WTSB by paying an amount equivalent to 20% of 5 times the average EBITDA of WTSB Group as recorded in its audited consolidated financial statements for the 2 financial years ending 31 December immediately preceding the second tranche completion date.

The completion date of the second tranche shall mean the second anniversary of the first tranche completion date or such other date as may be agreed upon by the parties.

- (iii) On the completion date of the third tranche, SHSB shall acquire the remaining 20% of the total issued and paid-up share capital of WTSB by paying an amount equivalent to 20% of 5 times the average EBITDA of WTSB Group as recorded in its audited consolidated financial statements for the 2 financial years ending 31 December immediately preceding the third tranche completion date.

The completion date of the third tranche shall mean the third anniversary of the first tranche completion date or such other date as may be agreed upon by the parties.

Upon the completion of the Proposed Winstar Acquisition, WTSB Group will become subsidiaries of SHSB.

Under the Winstar SSA, the Winstar Vendors have jointly and severally guaranteed that WTSB Group will achieve profit after tax (the "PAT") of RM15.0 million per annum (the "Profit Guarantee") for the financial years ending 31 December 2015, 2016 and 2017, failing which Winstar Vendors will pay SHSB an amount equivalent to, the difference between the Profit Guarantee and actual PAT achieved for the respective financial year, multiplied by the shareholding of SHSB in WTSB in the respective financial year.

The Proposed Winstar Acquisition has not been completed as at the date of this report.

**Share Sale Agreement between Sunway Holdings Sdn. Bhd. and Lim Poh Lo, Lau Chor Geok, Lim Hwee Guan, Khoo Chai Ee, Khoo Chai Pek and Peng Gai Hock (collectively, "PND Vendors")**

On 9 April 2015, SHSB, a wholly-owned subsidiary of the Company entered into a Share Sale Agreement (PND SSA) with PND Vendors for the acquisition of 500,000 ordinary shares of S\$1 each, representing 100% of the total issued and paid-up share capital of PND Hardware & Trading Pte Ltd (PND) at an estimated purchase consideration of approximately S\$2,567,192 ("the Proposed PND Acquisition").

The estimated purchase consideration for the Proposed PND Acquisition was arrived at based on net asset value (excluding minority interests) (NAV) of PND as at 31 December 2013 together with goodwill (Pre-Adjustment Purchase Consideration). The amount of the purchase consideration is subject to adjustments and will be payable by SHSB in 3 tranches as follows:

- (i) On the completion date of the first tranche, SHSB shall acquire 60% of the total issued and paid-up share capital of PND by paying part of the consideration amounting to S\$1,540,315.20 (First Tranche Consideration) or the adjusted first tranche consideration, as the case may be, which shall be computed in the following manner:
  - (a) In the event the NAV of PND is less than the Pre-Adjustment Purchase Consideration after deduction of the goodwill, there shall be a corresponding downwards adjustment of the First Tranche Consideration; and
  - (b) In the event the NAV of PND is greater than the Pre-Adjustment Purchase Consideration after deduction of the goodwill, there shall be no adjustment in the First Tranche Consideration.

The completion date of the first tranche shall mean the business day falling 45 days after the PND SSA becomes unconditional or such other date as may be agreed by the parties.

- (ii) On the completion date of the second tranche, SHSB shall acquire another 20% of the total issued and paid-up share capital of PND by paying an amount equivalent to 20% of 5 times the average EBITDA of PND as recorded in its audited financial statements for the 2 financial years ending 31 December immediately preceding the second tranche completion date.

The completion date of the second tranche shall mean the second anniversary of the first tranche completion date or such other date as may be agreed upon by the parties.

- (iii) On the completion date of the third tranche, SHSB shall acquire the remaining 20% of the total issued and paid-up share capital of PND by paying an amount equivalent to 20% of 5 times the average EBITDA of PND as recorded in its audited financial statements for the 2 financial years ending 31 December immediately preceding the third tranche completion date.

The completion date of the third tranche shall mean the third anniversary of the first tranche completion date or such other date as may be agreed upon by the parties.

Upon the completion of the Proposed PND Acquisition, PND will become a subsidiary of SHSB.

Under the PND SSA, the PND Vendors have jointly and severally guaranteed that PND will achieve profit after tax (PAT) of S\$250,000 per annum (Profit Guarantee) for the financial years ending 31 December 2015, 2016 and 2017, failing which PND Vendors will pay SHSB an amount equivalent to, the difference between the Profit Guarantee and actual PAT achieved for the respective financial year, multiplied by the shareholding of SHSB in PND in the respective financial year.

The Proposed PND Acquisition has not been completed as at the date of this report.

**Share Sale and Purchase Agreement between Sunway Dimension Stones Sdn Bhd (a subsidiary of the Company) and Kelana Resorts Sdn Bhd (“KRSB”) and Sale and Purchase Agreement between Sunway Dimension Stones Sdn Bhd and Viva Variasi Sdn Bhd (a wholly-owned subsidiary of KRSB)**

Sunway Dimension Stones Sdn Bhd, (%SDSSB+), a wholly-owned subsidiary of SHSB which in turn is a wholly-owned subsidiary of the Company had on 11 May 2015, entered into the following agreements:

(a) a Share Sale and Purchase Agreement (%SSPA") with Kelana Resorts Sdn Bhd (%KRSB+) to acquire 293,653 ordinary shares of RM1 each, representing 100% of the issued and paid-up share capital of Cleaver Fortune Sdn Bhd (%CFSB+) from KRSB at a purchase consideration of RM282,636,030 (%Proposed Share Acquisition+) free from all encumbrances, charges and/or liens on the basis that CFSB is the beneficial owner of the following 4 plots of leasehold land measuring approximately 731,634 square feet:

- (i) PN 92838 Lot No. 72241 Seksyen 40 (approximately 722,689 square feet) (%Lot 72241 +);
- (ii) H.S.(D) 238244 PT No. 194 (approximately 2,379 square feet) (%PT No. 194+);
- (iii) H.S.(D) 238243 PT No. 193 (approximately 797 square feet); and
- (iv) H.S.(D) 240048 PT No. 215 (approximately 5,769 square feet),

all in Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor (%Land 1+)

(b) a Sale and Purchase Agreement (%SPA+) with Viva Variasi Sdn Bhd (%Viva+), a wholly-owned subsidiary of KRSB, for the acquisition of a freehold land held under H.S. (D) 63419, PT 252, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 8,708 square feet (%Land 2+) on an as is where is basis, free from all encumbrances, charges and/or liens for a total purchase consideration of RM3,363,970/- (%Proposed Property Acquisition+).

Lot 72241, PT No. 194 and Land 2 are adjacent to each other.

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

- (a) Pursuant to the SSPA, SDSSB will acquire 293,653 ordinary shares of RM1 each, representing 100% equity interest in the share capital of CFSB from KRSB at a purchase consideration of RM282,636,030 free from all encumbrances, charges and/or liens on the basis that CFSB is the beneficial owner of Land 1.
- (b) The Proposed Share Acquisition is expected to be completed within 6 months from the date of the SSPA (%Completion Period+) and shall be automatically extended by a further period of 1 month in the event the balance purchase price of 90% is not paid on or before the expiry of the Completion Period.
- (c) Upon the completion of the Proposed Share Acquisition, CFSB will become a wholly-owned subsidiary of SDSSB.

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

- (a) SDSSB has entered into the SPA with Viva to acquire Land 2 at a total purchase consideration of RM3,363,970.
- (b) The SPA shall become unconditional when the State Authority consent for transfer of Land 2 is obtained by Viva which is expected to be within 4 months from the date of the SPA (%Unconditional Date+) while the completion of the SPA shall be within 6 months from the Unconditional Date (%Completion Period+). In the event the balance purchase price of 90% is not paid on or before the expiry of the Completion Period, the Completion Period shall be automatically extended by a further period of 1 month.

The Proposed Share Acquisition and Proposed Property Acquisition have not been completed as at the date of this report.

**B8 Group Borrowings and Debt Securities**

The Group borrowings as at 31 March 2015 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Borrowings:			
- Current	1,053,526	1,229,114	2,282,640
- Non-current	1,717,178	-	1,717,178
	2,770,704	1,229,114	3,999,818
- Conventional	1,754,366	1,229,114	2,983,480
- Islamic	1,016,338	-	1,016,338
	2,770,704	1,229,114	3,999,818

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 $\phi$ 00) *	170,000	321,000	631,465	1,192,355
Singapore Dollar (SGD $\phi$ 00) #	142	90,019	383	242,825
Chinese Renminbi (RMB $\phi$ 00) **	94,720	-	56,718	-
Australia Dollar (AUD $\phi$ 00) **	1,221	5	3,477	15
<u>Unsecured</u>				
Indonesian Rupiah (RP $\phi$ 00) **	1,177,490	-	334	-
			692,890	1,435,195

Notes:

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

\*\* Borrowings obtained by overseas subsidiaries.

# Borrowings partially obtained by overseas subsidiaries. Those obtained by local subsidiaries have entered into cross currency swap contracts.

**B9 Derivative Financial Instruments**

The Group's outstanding derivatives as at 31 March 2015 were as follows:

Type of Derivatives	Contract/ Notional RM'000	Fair Value RM'000	Gains/(Losses) for the period RM'000	Cash Flow Hedge Reserve RM'000
<b>Foreign currency forward contracts</b>				
- Less than 1 year	1,995	35	-	
<b>Interest rate swap contracts</b>				
- Less than 1 year	1,842	(1)	2	
- 1 year to 3 years	650,000	(2,336)	(3,183)	
<b>Cross currency swap contracts (Drawn down)</b>				
- Less than 1 year	549,708	76,837		(9,444)
- 1 year to 5 years	1,239,729	125,245		2,872
<b>Total derivatives</b>		199,780	(3,181)	(6,572)

**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.

Cash flow hedge accounting could not be applied where the hedge instruments were entered into prior to the loan drawdown. Changes in fair value of these hedge instruments are therefore recognised 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 RM47 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 RM42 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:

	31/3/2015 RM'000	31/12/2014 RM'000
Total retained profit of the Group:-		
Realised	1,428,605	1,308,931
Unrealised	123,415	116,828
Total share of retained profits from associated companies:		
Realised	347,556	326,988
Unrealised	494,293	494,293
Total share of retained profits from Jointly Controlled Entities:		
Realised	490,692	473,132
Unrealised	108,371	108,370
Less: Consolidation adjustments	(397,208)	(378,442)
Total Group's retained profits as per consolidated accounts	2,595,724	2,450,100

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**

Other than the dividend paid as disclosed in note A7 and the dividend in specie as per note B7, no dividend has been proposed by the Board of Directors for the financial period ended 31 March 2015.

**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 31/3/2015 RM'000	Cumulative Year To Date 31/3/2015 RM'000
<b><u>Basic earnings per share</u></b>		
Profit attributable to members of the Company	146,540	146,540
Weighted Average Number of Ordinary Shares	1,733,223	1,733,223
Earnings per share ( Basic ) (sen)	8.45	8.45
<b><u>Diluted earnings per share</u></b>		
Profit attributable to members of the Company	146,540	146,540
Weighted Average Number of Ordinary Shares	1,840,813	1,840,813
Earnings per share ( Diluted ) (sen)	7.96	7.96

**By Order of the Board**

**Tan Kim Aun**  
**Chin Lee Chin**  
**Secretaries**