

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/12/2015	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2014	CURRENT YEAR TO DATE 31/12/2015	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2014
		RM'000	RM'000	RM'000	RM'000
REVENUE		1,398,762	1,193,785	4,451,326	4,558,141
OPERATING EXPENSES		(1,244,854)	(1,114,572)	(4,023,511)	(4,136,357)
OTHER OPERATING INCOME		105,383	285,089	259,110	338,106
PROFIT FROM OPERATIONS		259,291	364,302	686,925	759,890
LOSS ON DERIVATIVES		(3,265)	(2,645)	(1,009)	(2,579)
FINANCE INCOME		23,584	14,746	97,839	48,440
FINANCE COSTS		(45,335)	(21,990)	(124,479)	(78,859)
SHARE OF PROFIT FROM ASSOCIATES		26,491	22,856	201,832	147,194
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES		23,079	21,959	68,111	86,156
PROFIT BEFORE TAX		283,845	399,228	929,219	960,242
INCOME TAX EXPENSE	B5	(29,180)	(51,460)	(129,812)	(148,593)
PROFIT FOR THE PERIOD		254,665	347,768	799,407	811,649
ATTRIBUTABLE TO:					
- OWNERS OF THE PARENT		214,676	303,792	732,433	734,011
- NON-CONTROLLING INTERESTS		39,989	43,976	66,974	77,638
		254,665	347,768	799,407	811,649
EARNINGS PER SHARE					
(i) BASIC (sen)		12.04	17.58	41.77	42.55
(ii) DILUTED (sen)		11.55	16.68	39.16	40.72

(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 DECEMBER 2015
 THE FIGURES HAVE NOT BEEN AUDITED

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2015	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2014	CURRENT YEAR TO DATE 31/12/2015	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2014
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	254,665	347,768	799,407	811,649
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(15,245)	72,113	105,464	51,709
EXCHANGE DIFFERENCES REALISED ON DISPOSAL OF SUBSIDIARY	-	(4,788)	-	(4,788)
NET INVESTMENT HEDGE RESERVE - FAIR VALUE GAINS/(LOSS)				
- FAIR VALUE OF DERIVATIVES	5,285	-	(13,538)	-
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS				
- FAIR VALUE OF DERIVATIVES	(154,988)	113,500	404,141	107,081
- AMOUNT RECYCLED TO PROFIT OR LOSS	187,768	(113,511)	(409,217)	(113,284)
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS	22,820	67,314	86,850	40,718
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS				
SHARE OF REVALUATION SURPLUS ON LAND FROM ASSOCIATE	-	-	-	91
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	22,820	67,314	86,850	40,809
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	277,485	415,082	886,257	852,458
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	239,435	124,238	822,268	761,415
- NON-CONTROLLING INTERESTS	38,050	290,844	63,989	91,043
	277,485	415,082	886,257	852,458

(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 FINANCIAL POSITION AS AT 31 DECEMBER 2015

	AS AT END OF CURRENT QUARTER 31/12/2015	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2014
	RM'000	RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment, and software	1,364,280	985,180
Biological assets	458	1,233
Investment properties	2,717,185	2,370,420
Rock reserves	6,658	6,920
Land held for property development	1,166,253	535,462
Investment in associates	1,704,118	1,532,485
Investment in jointly controlled entities	1,186,225	988,928
Other investments	1,164	1,846
Derivative assets	351,270	66,329
Receivables	28,450	23,937
Goodwill	320,060	319,444
Deferred tax assets	83,714	42,670
	8,929,835	6,874,854
Current assets		
Properties development costs	993,691	1,518,317
Inventories	693,134	579,963
Receivables, deposits & prepayments	2,639,589	1,664,241
Cash and bank balances, and short-term investments	2,627,293	1,978,200
Tax recoverable	55,662	69,870
Derivative assets	55,230	73,671
	7,064,599	5,884,262
Assets of disposal group classified as held for sale	-	98,029
TOTAL ASSETS	15,994,434	12,857,145
EQUITY AND LIABILITIES		
Current liabilities		
Payables, accruals & other current liabilities	2,446,260	2,118,023
Bank borrowings	3,303,783	2,132,891
Taxation	33,105	24,874
Derivative liabilities	9,874	29
	5,793,022	4,275,817
Non-current liabilities		
Long term bank borrowings	2,585,479	1,651,539
Other long term liabilities	317,722	519,406
Derivative liabilities	7,709	3,682
Deferred taxation	90,128	82,860
	3,001,038	2,257,487
Total liabilities	8,794,060	6,533,304
Equity attributable to Owners of the Parent		
Share capital	1,799,755	1,730,579
Share premium	2,771,822	2,642,213
Treasury shares	(63,616)	(29,275)
Equity contribution from non-controlling interests	51,654	51,654
Reserves	1,990,201	1,541,197
	6,549,816	5,936,368
NON-CONTROLLING INTERESTS	650,558	387,473
Total equity	7,200,374	6,323,841
TOTAL EQUITY AND LIABILITIES	15,994,434	12,857,145
Net Assets Per Share Attributable To Owners Of The Parent (RM)	3.64	3.43

(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 DECEMBER 2015

	ATTRIBUTABLE TO OWNERS OF THE PARENT												TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY	
	NON-DISTRIBUTABLE				DISTRIBUTABLE											
	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	EQUITY CONTRIBUTION FROM NON-CONTROLLING INTERESTS	NEGATIVE MERGER RESERVE	FOREIGN EXCHANGE RESERVE	SHARE OPTION RESERVE	HEDGE RESERVE	FURNITURE & FITTINGS RESERVE	OTHER RESERVES	RETAINED PROFITS	RESERVE OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE				TOTAL RESERVES
PERIOD ENDED 31 DECEMBER 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				
At 1 January 2015	1,730,579	2,642,213	(29,275)	51,654	(1,192,040)	33,463	69,080	(4,896)	3,728	181,762	2,450,100	-	1,541,197	5,936,368	387,473	6,323,841
Profit for the year	-	-	-	-	-	-	-	-	-	-	732,433	-	732,433	732,433	66,974	799,407
Other comprehensive income	-	-	-	-	-	108,449	-	(18,614)	-	-	-	-	89,835	89,835	(2,985)	86,850
Total comprehensive income	-	-	-	-	-	108,449	-	(18,614)	-	-	732,433	-	822,268	822,268	63,989	886,257
New ESOS granted	-	-	-	-	-	-	24,787	-	-	-	-	-	24,787	24,787	-	24,787
Issuance of ordinary shares pursuant to																
- exercise of ESOS	38,490	84,836	-	-	-	-	(18,701)	-	-	-	-	-	(18,701)	104,625	-	104,625
- exercise of warrants	30,686	44,773	-	-	-	-	-	-	-	-	-	-	-	75,459	-	75,459
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,509)	(16,509)
Purchase of treasury shares during the year	-	-	(34,341)	-	-	-	-	-	-	-	-	-	-	(34,341)	-	(34,341)
Dividends declared	-	-	-	-	-	-	-	-	-	-	(691,734)	-	(691,734)	(691,734)	-	(691,734)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,577	44,577
Shares acquired by non-controlling interest	-	-	-	-	-	-	-	-	-	-	313,300	-	313,300	313,300	214,014	527,314
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	-	(916)	-	(916)	(916)	(42,986)	(43,902)
Transfer to furniture & fittings reserve	-	-	-	-	-	-	-	-	845	-	(845)	-	-	-	-	-
At 31 December 2015	1,799,755	2,771,822	(63,616)	51,654	(1,192,040)	141,912	75,166	(23,510)	4,573	181,762	2,802,338	-	1,990,201	6,549,816	650,558	7,200,374
PERIOD ENDED 31 DECEMBER 2014																
At 1 January 2014	1,723,524	2,628,404	-	51,654	(1,192,040)	(22,541)	42,883	1,307	5,288	181,671	1,885,661	22,488	924,717	5,328,299	316,900	5,645,199
Profit for the year	-	-	-	-	-	-	-	-	-	-	734,011	-	734,011	734,011	77,638	811,649
Other comprehensive income	-	-	-	-	-	56,004	-	(6,203)	-	91	-	(22,488)	27,404	27,404	13,405	40,809
Total comprehensive income	-	-	-	-	-	56,004	-	(6,203)	-	91	734,011	(22,488)	761,415	761,415	91,043	852,458
Issuance of ordinary shares pursuant to:																
- exercise of warrants	3,311	4,966	-	-	-	-	-	-	-	-	-	-	-	8,277	-	8,277
- exercise of ESOS	3,744	8,843	-	-	-	-	(2,229)	-	-	-	-	-	(2,229)	10,358	-	10,358
New ESOS granted	-	-	-	-	-	-	28,426	-	-	-	-	-	28,426	28,426	-	28,426
Purchase of treasury shares	-	-	(29,275)	-	-	-	-	-	-	-	-	-	-	(29,275)	-	(29,275)
Dividends declared	-	-	-	-	-	-	-	-	-	-	(172,322)	-	(172,322)	(172,322)	-	(172,322)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(40,564)	(40,564)
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	-	1,189	-	1,189	1,189	(1,189)	-
Dilution of equity interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	1	-	1	1	83	84
Issuance of redeemable preference shares to non-controlling interest by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,200	21,200
Transfer to furniture & fittings reserve	-	-	-	-	-	-	-	-	(1,560)	-	1,560	-	-	-	-	-
At 31 December 2014	1,730,579	2,642,213	(29,275)	51,654	(1,192,040)	33,463	69,080	(4,896)	3,728	181,762	2,450,100	-	1,541,197	5,936,368	387,473	6,323,841

(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 DECEMBER 2015

	FOR THE 12 MONTHS PERIOD ENDED 31/12/2015	FOR THE 12 MONTHS PERIOD ENDED 31/12/2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	929,219	960,242
Adjustments for:		
- non-cash items	(250,324)	(273,615)
- finance costs	124,479	78,859
- finance income	(97,839)	(48,440)
Operating cash flows before working capital changes	705,535	717,046
Changes in working capital	87,627	(83,070)
Cash flow from operations	793,162	633,976
Interest received	97,804	46,622
Dividend received from jointly controlled entities and associates	111,571	183,391
Tax refunded	29,637	16,211
Tax paid	(170,248)	(172,181)
Net cash flow from operating activities	861,926	708,019
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment, and biological assets	15,674	16,844
Proceeds from disposal of non-current assets held for sale	126,385	12,243
Proceeds from disposal of subsidiaries	-	2,713
Proceeds from liquidation of subsidiaries	-	5,850
Proceeds from disposal of equity interest to non-controlling entity	493,530	83
Deposit paid on additional investment in subsidiary	-	4
Proceeds from disposal of other investments	-	-
Acquisition of land	(288,678)	(268,602)
Acquisition of property, plant and equipment, and biological assets	(382,793)	(206,052)
Acquisition of intangible assets	(17,154)	(3,175)
Acquisition and additional investment in subsidiaries	(44,213)	-
Acquisition of equity interest from non-controlling interest	(43,902)	-
Acquisition and subsequent expenditure of investment properties	(554,762)	(254,758)
Acquisition of other investment	-	(11)
Investment in associates	(75,127)	(82,698)
Advances to associates, joint ventures and joint venture partners	(455,238)	(14,234)
Investment in joint ventures	(122,301)	(63,799)
Net cash flow from fund placements	(925,512)	(35,415)
Net cash used in investing activities	(2,274,091)	(886,007)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	1,752,007	867,374
(Repayment to)/Advances from non-controlling interests of subsidiary companies	(43)	6,052
Interest paid	(117,903)	(69,671)
Proceeds from issue of redeemable preference shares to non-controlling interest by subsidiary	-	21,200
Proceeds from issue of shares from exercise of warrants	75,459	8,277
Proceeds from issue of shares from exercise of ESOS	104,624	10,358
Repurchase of shares	(34,341)	(29,275)
Dividend paid to shareholders	(656,732)	(172,322)
Dividend paid to non-controlling interests of subsidiaries	(16,509)	(40,564)
Net cash generated from financing activities	1,106,562	601,429
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(305,603)	423,441
EFFECTS OF EXCHANGE RATE CHANGES	24,156	(2,197)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,292,909	871,666
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,011,462	1,292,910
Cash and cash equivalents at end of financial period comprise the following :		
Deposits with licensed banks and other financial institutions	599,385	1,103,713
Cash at banks and on hand	648,968	543,815
Short-term investments	1,378,940	330,672
Cash and bank balances, and short-term investments	2,627,293	1,978,200
Bank overdrafts	(97,466)	(92,438)
Less: Deposit with other financial institutions with maturity of over 3 months	(139,425)	(262,180)
Less: Short-term investments	(1,378,940)	(330,672)
Cash and cash equivalents	1,011,462	1,292,910

(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 December 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 2018.

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 2018.

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:

Amendment to FRS 119	Defined Benefit Plans: Employee Contributions
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards (Annual Improvements to FRSs 2011-2013 Cycle)
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 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 December 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 December 2015.

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

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

- (a) issuance of 38,489,641 ordinary shares of RM1.00 each pursuant to the exercise of the Employees' Share Option Scheme;
- (b) issuance of 30,685,825 ordinary shares of RM1.00 each pursuant to the exercise of warrants; and
- (c) the repurchase of equity securities of 10,600,100 ordinary shares at an average price of RM3.24 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 December 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.
- (b) 175,009,901 ordinary shares of RM0.20 each in Sunway Construction Group held by the Company was distributed to entitled shareholders of the Company on 15 May 2015 by way of dividend-in-specie on the basis of 1 distribution share for every 10 existing ordinary shares of RM1.00 each as at 8 May 2015 amounting to RM35,001,980 for the financial year ended 31 December 2015.
- (c) RM463,715,096 was paid on 16 October 2015 as special dividend of 26% per ordinary share of RM1.00 each for the financial year ended 31 December 2015.
- (d) RM89,169,420 was paid on 30 October 2015 as interim dividend of 5% per ordinary share of RM1.00 each for the financial year ended 31 December 2015.

A8 Segmental Reporting

Segmental results for the financial period ended 31 December 2015 are as follows:

	Property Development	Property Investment Division	Construction	Trading and Manufacturing	Quarry	Investment Holdings	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
BY BUSINESS SEGMENTS								
REVENUE AND EXPENSES								
Total revenue	1,195,695	746,380	1,916,857	717,587	246,381	959,867	556,444	6,339,211
Inter-segment sales	(12)	(104,675)	(694,739)	(67,585)	(4,234)	(955,141)	(61,499)	(1,887,885)
External sales	1,195,683	641,705	1,222,118	650,002	242,147	4,726	494,945	4,451,326
Results								
Operating segment results	207,694	213,541	159,042	31,939	39,519	(13,649)	48,839	686,925
Gain on derivatives	-	-	-	-	-	(1,009)	-	(1,009)
Finance income	20,917	6,986	8,351	419	347	43,123	17,696	97,839
Finance costs	(21,546)	(120,054)	(3,578)	(8,282)	(623)	34,099	(4,495)	(124,479)
Share of results of:								
- associated companies	3	200,425	-	(1)	-	-	1,405	201,832
- jointly controlled entities	55,598	13,650	(1,137)	-	-	-	-	68,111
Profit before taxation	262,666	314,548	162,678	24,075	39,243	62,564	63,445	929,219
Taxation	(52,141)	(25,401)	(14,427)	(9,876)	(8,561)	(7,342)	(12,064)	(129,812)
Profit for the period	210,525	289,147	148,251	14,199	30,682	55,222	51,381	799,407
Non controlling interests	(34,954)	(6,442)	(25,253)	(1,031)	(253)	(368)	1,327	(66,974)
Attributable to owners of the parent	175,571	282,705	122,998	13,168	30,429	54,854	52,708	732,433

	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
	RM'000	RM'000	RM'000	RM'000
BY GEOGRAPHICAL SEGMENTS				
Malaysia	3,901,411	849,863	732,668	684,291
Singapore	353,282	99,182	89,686	78,427
China	74,348	(23,550)	(23,620)	(20,462)
India	55	(19,610)	(19,614)	(19,261)
Australia	41,480	4,709	6,093	20
United Arab Emirates	-	8,509	8,509	3,484
Other Countries	80,750	10,116	5,685	5,934
	4,451,326	929,219	799,407	732,433

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, except for the total net fair value gain of RM55.6 million recognised during the year based on a professional valuer's opinion.

A10 Material events

There were no material events subsequent to the current quarter ended 31 December 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 December 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:

	31/12/2015 RM'000	31/12/2014 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>569,532</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 December 2015 is as follows:

	31/12/2015 RM'000	31/12/2014 RM'000
Amount authorised and contracted for	110,192	74,935
Amount authorised but not contracted for	<u>214,021</u>	<u>365,816</u>
	<u>324,213</u>	<u>440,751</u>

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

	31/12/2015 RM'000	31/12/2014 RM'000
Future minimum lease payment:		
- not later than 1 year	82,565	78,658
- later than 1 year and not later than 5 years	312,289	289,583
- later than 5 years	<u>90,805</u>	<u>110,003</u>
	<u>485,659</u>	<u>478,244</u>
Future minimum lease receipts:		
- not later than 1 year	56,539	56,406
- later than 1 year and not later than 5 years	258,592	196,737
- later than 5 years	<u>306,646</u>	<u>285,542</u>
	<u>621,777</u>	<u>538,685</u>

B1 Review of PerformanceFor the quarter

The Group recorded revenue of RM 1,398.8 million and profit before tax of RM283.8 million for the current quarter ended 31 December 2015, compared to revenue of RM1,193.8 million and profit before tax of RM399.2 million in the corresponding quarter of the previous financial year.

The higher Group revenue was mainly due to the lower elimination of intra-group construction revenue which decreased by RM289.7 million in the current quarter. However the lower current Group profit was mainly due to the lower fair value gain from revaluation of investment properties which was RM55.6 million compared to RM138.8 million in the corresponding quarter of the previous financial year.

The property development segment recorded revenue of RM420.0 million and profit before tax of RM114.2 million in the current quarter compared to revenue of RM496.3 million and profit before tax of RM116.9 million in the corresponding quarter of the previous financial year. The lower revenue in the current quarter was mainly due to fewer on-going projects under development. However, the current profit was comparable with the corresponding quarter due to higher profit contribution from the Singapore property projects and profit from land sale.

The property investment segment recorded revenue of RM185.4 million and profit before tax of RM101.3 million in the current quarter compared to revenue of RM160.4 million and profit before tax of RM183.3 million in the corresponding quarter of the previous financial year. The lower current profit was mainly due to the lower fair value gain recorded from revaluation of investment properties which was RM55.6 million compared to RM138.8 million in the corresponding quarter. However, the higher current revenue was boosted by better performance from the commercial, hospitality and leisure business due to better occupancy rates and higher visitorship. Contribution from Sunway REIT was also stronger in the current quarter.

The construction segment recorded revenue of RM405.9 million and profit before tax of RM30.0 million in the current quarter compared to revenue of RM208.5 million and profit before tax of RM48.0 million in the corresponding quarter of the previous financial year. The higher revenue in the current quarter was mainly due to the lower elimination of intra-group construction revenue as mentioned above. Although the revenue was higher, the current profit was lower than the previous corresponding quarter due to the normalisation of the profit margin in the current quarter as some of the infrastructure projects with higher margins had been completed earlier.

The trading and manufacturing segment recorded revenue of RM205.3 million and profit before tax of RM8.6 million in the current quarter compared to revenue of RM168.9 million and profit before tax of RM6.8 million in the corresponding quarter of the previous financial year. The better performance in the current quarter was mainly due to the maiden profit contribution from the newly acquired Winstar Group in September 2015.

The quarry segment recorded revenue of RM57.5 million and profit before tax of RM5.6 million in the current quarter compared to revenue of RM74.5 million and profit before tax of RM16.0 million in the corresponding quarter of the previous financial year. The lower current quarter performance was mainly due to the decrease in sales volume as some of the major infrastructure projects which it was supplying had been completed. In comparison, the higher profit in the corresponding quarter of the previous year was boosted by the realised gains from the sale of the quarry business in Vietnam.

The other segments recorded revenue of RM124.7 million and profit before tax of RM24.1 million in the current quarter compared to revenue of RM85.2 million and profit before tax of RM28.2 million in the corresponding quarter of the previous financial year. Although the current profit in comparison with the previous corresponding quarter was lower, the performance from the healthcare and building materials divisions was better in the current quarter. The contribution from the Group's treasury operations was also better. The higher profit in the previous corresponding quarter was mainly due to the positive adjustments to the employee share options charges.

For the 12 month period

The Group recorded revenue of RM4,451.3 million and profit before tax of RM929.2 million for the current 12 month period ended 31 December 2015 compared to revenue of RM4,558.1 million and profit before tax of RM960.3 million for the corresponding 12 month period ended 31 December 2014. The lower revenue was mainly due to the higher elimination of intra-group construction revenue which increased by RM292.7 million in the current period. The lower current profit was mainly due to the lower fair value gain from the revaluation of investment properties in the current period. The combined fair value gain after taking into account the Group's share of Sunway REIT's fair value gain was RM34.4 million lower than the combined fair value gain recorded in 2014. However, the operating performance of the business units was generally better except for the property development and trading and manufacturing segments.

The property development segment recorded revenue of RM1,195.7 million and profit before tax of RM262.7 million for the current 12 month period compared to revenue of RM1,198.3 million and profit before tax of RM360.7 million in the corresponding 12 month period ended 31 December 2014. The lower performance for the current period was mainly due to lower profit recognition and lower margin from some of the local projects and lower profit contribution from the Singapore property projects.

The property investment segment recorded revenue of RM641.7 million and profit before tax of RM314.5 million for the current 12 month period compared to revenue of RM594.5 million and profit before tax of RM327.1 million in the corresponding 12 month period ended 31 December 2014. The operating performance for the current period was comparable with the previous corresponding period, after taking into account of the fair value gain differential and the capital gains realized from the sale of the investment properties in the first quarter of 2015.

The construction segment recorded revenue of RM1,222.1 million and profit before tax of RM162.7 million for the current 12 month period compared to revenue of RM1,481.5 million and profit before tax of RM129.7 million in the corresponding 12 month period ended 31 December 2014. The lower revenue was due to the higher intra-group revenue elimination mentioned above. However, the higher profit was due to better profit margin achieved for some of the construction projects.

The trading and manufacturing segment recorded revenue of RM650.0 million and profit before tax of RM24.1 million for the current 12 month period compared to revenue of RM639.4 million and profit before tax of RM35.4 million in the corresponding 12 month period ended 31 December 2014. The higher revenue was mainly due to the contribution from the newly acquired Winstar Group in September 2015. Although the profit contribution from Winstar Group was within expectation, the overall performance of this segment was lower compared to the previous corresponding period. Its performance was impacted by the implementation of GST, weaker ringgit and weaker contribution from the overseas units.

The quarry segment recorded revenue of RM242.1 million and profit before tax of RM39.2 million for the current 12 month period compared to revenue of RM236.7 million and profit before tax of RM37.0 million in the corresponding 12 month period ended 31 December 2014. The performance of this segment was better due to the stronger local demand for aggregates and premix.

Other segments recorded revenue of RM499.7 million and profit before tax of RM126.0 million for the current 12 month period compared to revenue of RM407.7 million and profit before tax of RM70.4 million in the corresponding 12 month period ended 31 December 2014. The better performance was mainly due to improved contribution from the healthcare and building materials divisions, and higher contribution from the Group's treasury operations.

B2 Material Changes in the Quarterly Results

The Group recorded revenue of RM1,398.8 million and profit before tax of RM283.8 million for the current quarter ended 31 December 2015 compared to revenue of RM951.0 million and profit before tax of RM171.0 million achieved in the preceding quarter. The higher Group revenue for the current quarter was mainly due to the significantly higher revenue recorded by the property development and construction segments which increased by RM358.2 million, partly due to lower elimination of intra-group construction revenue. The higher Group profit was due to better performance in the property development, construction and properties investment segments. In addition, the current profit was also boosted by the fair value gain from revaluation of investment properties which was approximately RM55.6 million.

The property development segment recorded revenue of RM420.0 million and profit before tax of RM114.2 million in the current quarter compared to revenue of RM270.9 million and profit before tax of RM38.5 million in the preceding quarter. The higher revenue was due to stronger progress billings and land sale. Besides the higher revenue which contributed to the stronger current quarter, the profit contribution from Singapore property projects was also better.

The property investment segment recorded revenue of RM185.4 million and profit before tax of RM101.3 million in the current quarter compared to revenue of RM172.2 million and profit before tax of RM37.3 million in the preceding quarter. The higher profit in the current quarter was mainly due to the stronger contribution from the leisure and hospitality business which generally performed better during the year end festive and school holiday season. In addition, the current profit was also boosted by the fair value gain from the revaluation of investment properties mentioned above.

The construction segment recorded revenue of RM405.9 million and profit before tax of RM30.0 million in the current quarter compared to revenue of RM196.8 million and profit before tax of RM24.1 million in the preceding quarter. The higher revenue in the current quarter was mainly due to the lower elimination of intra-group construction revenue mentioned above. As a result of the higher revenue, the profit for the current quarter was better.

The trading and manufacturing segment recorded revenue of RM205.3 million and profit before tax of RM8.6 million in the current quarter compared to revenue of RM130.5 million and profit before tax of RM3.5 million in the preceding quarter. The better performance for the current quarter was mainly due to the contribution from the newly acquired Winstar Group as mentioned above.

The quarry segment recorded revenue of RM57.5 million and profit before tax of RM5.6 million in the current quarter compared to revenue of RM66.8 million and profit before tax of RM10.4 million in the preceding quarter. The lower performance for the current quarter was due to the drop in sales volume and selling price for premix and aggregates.

The other segments recorded revenue of RM124.7 million and profit before tax of RM24.1 million in the current quarter compared to revenue of RM113.8 million and profit before tax of RM57.2 million in the preceding quarter. The lower performance for the current quarter was partly due to the lower contribution from the Group's treasury operations and lower profit contribution from the healthcare and building materials divisions, and higher employee share options charges.

B3 Prospects

Based on the Government's recent recalibrated Budget, the GDP growth forecast for 2016 was marginally reduced to the range of 4 to 4.5% compared to 5% achieved in 2015. However, despite the lower forecast, the downside risk to growth is still expected to remain high, given the continued uncertainties in the external environment and the challenges affecting the domestic economy.

In view of the uncertain economic outlook for 2016, the property sector is expected to consolidate further until consumer sentiment and business confidence start to recover. However, the Group being a diversified conglomerate, has other businesses such as construction, building materials and healthcare, which are expected to perform well to mitigate the impact of a potential weaker performance from the property development segment. The Group will strive to deliver a satisfactory financial performance for 2016.

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 31/12/2015 RM'000	Cumulative Year To Date 31/12/2015 RM'000
Current taxation	(38,140)	(170,266)
Deferred taxation	8,960	40,454
	<u>(29,180)</u>	<u>(129,812)</u>

B6 Profit/(Loss) before Taxation

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

		Current Quarter Ended 31/12/2015 RM'000	Cumulative Year To Date 31/12/2015 RM'000
Depreciation and amortisation		(29,826)	(114,719)
Net reversal/(provision) of impairment for:			
- Trade receivables		5,056	8,064
- Stock obsolescence		8,513	8,513
- Advances to associate		12,339	12,339
Write off:			
- Inventories		(514)	(514)
Net gain on disposal of:			
- property, plant and equipment		774	1,596
- asset held for resale ¹		-	22,947
Net foreign exchange gain/(loss):			
- Others		(111,830)	6,878
- Unrealised for hedged items		187,768	(409,217)
Cash flow hedge reserve recycled to profit or loss		(187,768)	409,217
Fair value of ESOS option		(11,968)	(24,787)
Listing expenses		-	(16,149)
Share of fair value gain from associate		-	110,798
Gain/(Loss) on derivatives		(3,265)	(1,009)

¹ During the year ended 31 December 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:

B7.1 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.

B7.2 Share Sale Agreement between Sunway Holdings Sdn. Bhd. ("SHSB") 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.

SHSB has on 15 January 2016, entered into a Second Supplemental Agreement in respect of the PND SSA with the PND Vendors to, inter alia:-

- (i) Redefine the First Financial Period, the Second Financial Period and the Third Financial Period from 31 December 2015, 31 December 2016 and 31 December 2017 to 31 December 2016, 31 December 2017 and 31 December 2018 respectively for the primary purpose of the determination of the Profit Guarantee;
- (ii) Remove the requirement of a stakeholder to hold the securities of the minimum security value and such securities is to be deposited with Sunway Marketing (S) Pte Ltd; and

(iii) Nominate the following wholly-owned subsidiaries of SHSB to receive and accept 60% of the total issued and paid-up share capital of PND (First Tranche Sale Shares):-

- (a) Sunway Marketing (S) Pte Ltd to receive and accept 299,500 ordinary shares of S\$1/- each in PND from the PND Vendors; and
- (b) Sunway Marketing Sdn Bhd to receive and accept 500 ordinary shares of S\$1/- each in PND to be transferred by one of PND Vendors.

The net asset value (excluding minority interests) (NAV) of PND based on the completion management accounts as at 30 November 2015 is the same as the NAV reported in 31 December 2013. Accordingly, the purchase consideration for the First Tranche Sale Shares remains the same.

The First Tranche Sale Shares was completed on 15 January 2016 and consequently, PND has become a subsidiary of SHSB.

B7.3 Share sale and purchase agreement between Sunway Holdings Sdn. Bhd. ("SHSB"), a wholly-owned subsidiary of the Company and Lean Hoen Sew, Chew Pek Teong and Mohd Bakri Bin Ab Muda @ Nazri (collectively, known as "Pasir Mas Vendors")

On 9 April 2015, SHSB entered into a Share Sale and Purchase Agreement (the Agreement) with Pasir Mas Vendors for the acquisition of 50,000 ordinary shares of RM1.00 each representing 100% of the equity interest in Pasir Mas Holdings Sdn Bhd ("Pasir Mas") for a total cash consideration of RM1,750,000 (hereinafter referred to as "the Proposed Pasir Mas Acquisition").

Pasir Mas was incorporated on 10 October 1989 and its authorised and paid-up share capital are both RM50,000. Pasir Mas operates a petrol station and a motor vehicle workshop in Bandar Sunway.

Pasir Mas and Chevron Malaysia Limited have entered into an agreement for the sale and purchase of the land where the petrol station is operating as well as an agreement for the sale and purchase of the petrol station equipment, both of which are pending the satisfaction of the conditions precedent and thereafter completion. Sunway believes that Pasir Mas is operating from a strategic location, being opposite Sunway Pyramid Shopping Mall facing the New Pantai Expressway, and the land has re-development potential in future. Meanwhile, the existing businesses comprising mainly the sale of petroleum products and motor vehicle repair services are generating steady recurring income that will mitigate the holding cost of the land.

The Proposed Pasir Mas Acquisition is not expected to have any immediate material effect on the earnings per share and net assets per share of Sunway and it has no effect on Sunway's share capital and substantial shareholders' shareholding.

On 2 February 2016, SHSB entered into a Supplemental Letter in respect of the SSA with the Vendors to record and effect the following variations and amendments to the SSA:-

- (i) the Conditional Period be extended from 6 months from the date of the SSA to 12 months from the date of the SSA and thus, the Conditional Period will expire on 9 April 2016;
- (ii) SHSB consents to the increase in the issued and paid-up share capital of Pasir Mas to RM150,000 comprising 150,000 ordinary shares of RM1.00 each by the issuance of 100,000 ordinary shares of RM1.00 each as bonus shares by way of capitalisation of the retained profits to the Vendors in their shareholding proportion; and
- (iii) the Purchase Price remains unchanged.

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

B7.4 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 by SDSSB was completed on 9 November 2015. Consequently, CFSB has become a wholly-owned subsidiary of SDSSB.

The Proposed Property Acquisition by SDSSB was completed on 1 December 2015.

B8 Group Borrowings and Debt Securities

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Borrowings:			
- Current	875,665	2,428,118	3,303,783
- Non-current	2,515,479	70,000	2,585,479
	3,391,144	2,498,118	5,889,262
- Conventional	2,688,774	2,498,118	5,186,892
- Islamic	702,370	-	702,370
	3,391,144	2,498,118	5,889,262

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) *	90,000	446,000	400,320	1,983,808
Singapore Dollar (SGD) #	43	90,000	135	281,259
Chinese Renminbi (RMB) **	41,008	-	28,685	-
Australia Dollar (AUD) **	557	-	1,742	-
			430,883	2,265,067

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 December 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
Foreign currency forward contracts				
- Less than 1 year	123,396	(9,750)	(331)	-
- 1 year to 3 years	29,790	(4,072)	(6)	-
Interest rate swap contracts				
- Less than 1 year *	1,842	-	3	
- 1 year to 3 years	650,000	172	(676)	
Cross currency swap contracts #				
- Less than 1 year	740,450	51,469		(376)
- 1 year to 5 years	1,353,369	351,099		(4,699)
Total derivatives		388,917	(1,009)	(5,076)

* Includes a contract which has expired during the period.

Include contracts which have not been drawn down during the period.

Foreign currency forward contracts

The Group entered into foreign currency forward contracts to minimise its exposure to foreign currency risks as a result 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 RM58 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 RM55 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:

	31/12/2015 RM'000	31/12/2014 RM'000
Total retained profit of the Group:-		
Realised	1,752,314	1,246,146
Unrealised	411,165	594,457
Total share of retained profits from associated companies:		
Realised	(146)	(928)
Unrealised	168,582	59,900
Total share of retained profits from Jointly Controlled Entities:		
Realised	459,844	394,471
Unrealised	(20,877)	(26,121)
Less: Consolidation adjustments	31,456	182,175
Total Group's retained profits as per consolidated accounts	2,802,338	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, a second interim dividend of 6% per ordinary share of RM1 each for the financial period ended 31 December 2015 has been proposed by the Board of Directors. The proposed dividend 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 31/12/2015 RM'000	Cumulative Year To Date 31/12/2015 RM'000
<u>Basic earnings per share</u>		
Profit attributable to members of the Company	214,676	732,433
Weighted Average Number of Ordinary Shares	1,782,714	1,753,632
Earnings per share (Basic) (sen)	12.04	41.77
<u>Diluted earnings per share</u>		
Profit attributable to members of the Company	214,676	732,433
Weighted Average Number of Ordinary Shares	1,858,177	1,870,264
Earnings per share (Diluted) (sen)	11.55	39.16

By Order of the Board

**Tan Kim Aun
Chin Lee Chin**

Secretaries