

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/9/2016	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2015	CURRENT YEAR TO DATE 30/9/2016	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2015
		RM'000	RM'000	RM'000	RM'000
REVENUE		1,137,493	951,043	3,362,187	3,052,564
OPERATING EXPENSES		(1,014,868)	(902,394)	(2,982,221)	(2,778,657)
OTHER OPERATING INCOME		41,706	70,063	95,416	153,727
PROFIT FROM OPERATIONS		164,331	118,712	475,382	427,634
GAIN/LOSS ON DERIVATIVES		91	4,926	91	2,256
FINANCE INCOME		31,521	42,064	81,289	74,255
FINANCE COSTS		(34,100)	(26,283)	(115,529)	(79,144)
SHARE OF PROFIT FROM ASSOCIATES		25,124	24,196	96,337	175,341
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES		21,578	7,341	50,830	45,032
PROFIT BEFORE TAX		208,545	170,956	588,400	645,374
INCOME TAX EXPENSE	B5	(37,708)	(31,478)	(94,430)	(100,632)
PROFIT FOR THE PERIOD		170,837	139,478	493,970	544,742
ATTRIBUTABLE TO:					
- OWNERS OF THE PARENT		143,605	133,309	400,068	517,757
- NON-CONTROLLING INTERESTS		27,232	6,169	93,902	26,985
		170,837	139,478	493,970	544,742
EARNINGS PER SHARE					
(i) BASIC ( sen )		7.02	7.54	20.74	29.54
(ii) DILUTED ( sen )		6.95	7.10	20.26	27.68

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements. )

SUNWAY BERHAD ( Company No : 921551-D )  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/9/2016	30/9/2015	30/9/2016	30/9/2015
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	170,837	139,478	493,970	544,742
<b>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS</b>				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	20,779	90,928	1,504	120,709
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	-	3,869	-
NET INVESTMENT HEDGE RESERVE - FAIR VALUE GAINS/(LOSS)				
- FAIR VALUE OF DERIVATIVES	-	(11,897)	-	(18,823)
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS				
- FAIR VALUE OF DERIVATIVES	57,988	423,540	(100,502)	559,129
- AMOUNT RECYCLED TO PROFIT OR LOSS	(51,962)	(451,005)	93,661	(596,985)
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS	26,805	51,566	(1,468)	64,030
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	197,642	191,044	492,502	608,772
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	170,273	181,841	399,321	582,833
- NON-CONTROLLING INTERESTS	27,369	9,203	93,181	25,939
	197,642	191,044	492,502	608,772

( The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	AS AT END OF CURRENT QUARTER 30/9/2016	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2015
	RM'000	RM'000 (AUDITED)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment, and intangible assets	1,476,323	1,333,563
Intangible assets	38,193	38,407
Biological assets	902	457
Investment properties	2,874,462	2,722,348
Rock reserves	6,461	6,657
Land held for property development	1,300,814	1,194,112
Investment in associates	1,726,476	1,704,118
Investment in jointly controlled entities	1,562,319	1,477,055
Other investments	889	1,164
Derivative assets	178,793	351,271
Receivables	21,660	28,371
Goodwill	320,060	320,060
Deferred tax assets	75,202	83,714
	9,582,554	9,261,297
<b>Current assets</b>		
Properties development costs	1,164,223	977,999
Inventories	660,166	693,133
Receivables, deposits & prepayments	2,430,883	2,326,300
Cash and bank balances, and placement in funds	3,999,471	2,630,951
Tax recoverable	34,641	55,947
Derivative assets	125,881	55,230
	8,415,265	6,739,560
Assets of disposal group classified as held for sale	4,536	-
<b>TOTAL ASSETS</b>	18,002,355	16,000,857
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Payables, accruals & other current liabilities	2,341,017	2,450,893
Bank borrowings	4,678,888	3,070,914
Taxation	32,219	32,470
Derivative liabilities	2,767	9,874
	7,054,891	5,564,151
<b>Non-current liabilities</b>		
Long term bank borrowings	2,385,501	2,818,189
Other long term liabilities	340,018	306,648
Derivative liabilities	7,063	7,709
Deferred taxation	93,623	90,886
	2,826,205	3,223,432
<b>Total liabilities</b>	9,881,096	8,787,583
<b>Equity attributable to Owners of the Parent</b>		
Share capital	2,060,442	1,799,755
Share premium	3,112,632	2,771,822
Treasury shares	(83,927)	(63,604)
Equity contribution from non-controlling interests	51,654	51,654
Reserves	2,278,934	2,003,089
	7,419,735	6,562,716
<b>NON-CONTROLLING INTERESTS</b>	701,524	650,558
<b>Total equity</b>	8,121,259	7,213,274
<b>TOTAL EQUITY AND LIABILITIES</b>	18,002,355	16,000,857
<b>Net Assets Per Share Attributable To Owners Of The Parent (RM)</b>	<b>3.60</b>	<b>3.65</b>

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD ( Company No : 921551-D )  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	----- 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				TOTAL RESERVES	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>PERIOD ENDED 30 SEPTEMBER 2016</b>																
At 1 January 2016	1,799,755	2,771,822	(63,604)	51,654	(1,192,040)	141,245	75,166	(9,972)	4,573	181,762	2,802,355	2,003,089	6,562,716	650,558	7,213,274	
Profit for the year	-	-	-	-	-	-	-	-	-	-	400,068	400,068	400,068	93,902	493,970	
Other comprehensive income	-	-	-	-	-	2,223	-	(6,841)	-	3,871	-	(747)	(747)	(721)	(1,468)	
Total comprehensive income	-	-	-	-	-	2,223	-	(6,841)	-	3,871	400,068	399,321	399,321	93,181	492,502	
New ESOS granted	-	-	-	-	-	-	7,866	-	-	-	-	7,866	7,866	-	7,866	
Issuance of ordinary shares pursuant to																
- exercise of ESOS	8,041	25,003	-	-	-	-	(13,044)	-	-	-	-	(13,044)	20,000	-	20,000	
- exercise of warrants	252,646	315,807	-	-	-	-	-	-	-	-	-	-	568,453	-	568,453	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(41,330)	(41,330)	
Purchase of treasury shares during the year	-	-	(20,323)	-	-	-	-	-	-	-	-	-	(20,323)	-	(20,323)	
Dividends declared	-	-	-	-	-	-	-	-	-	-	(117,721)	(117,721)	(117,721)	-	(117,721)	
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	-	(577)	(577)	(577)	(885)	(1,462)	
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	-	500	(500)	-	-	-	-	
Transfer to furniture & fittings reserve	-	-	-	-	-	-	-	-	1,571	-	(1,571)	-	-	-	-	
At 30 September 2016	2,060,442	3,112,632	(83,927)	51,654	(1,192,040)	143,468	69,988	(16,813)	6,144	186,133	3,082,054	2,278,934	7,419,735	701,524	8,121,259	
<b>PERIOD ENDED 30 SEPTEMBER 2015</b>																
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	-	-	-	-	-	-	-	-	-	-	517,757	517,757	517,757	26,985	544,742	
Other comprehensive income	-	-	-	-	-	121,755	-	(56,679)	-	-	-	65,076	65,076	(1,046)	64,030	
Total comprehensive income	-	-	-	-	-	121,755	-	(56,679)	-	-	517,757	582,833	582,833	25,939	608,772	
New ESOS granted	-	-	-	-	-	-	16,748	-	-	-	-	16,748	16,748	-	16,748	
Issuance of ordinary shares pursuant to:																
- exercise of ESOS	37,925	88,612	-	-	-	-	(23,315)	-	-	-	-	(23,315)	103,222	-	103,222	
- exercise of warrants	30,585	44,647	-	-	-	-	-	-	-	-	-	-	75,232	-	75,232	
Acquisition of interest from non-controlling interests	-	-	-	-	-	-	-	-	-	-	(916)	(916)	(916)	(41,476)	(42,392)	
Purchase of treasury shares	-	-	(22,428)	-	-	-	-	-	-	-	-	-	(22,428)	-	(22,428)	
Dividends declared	-	-	-	-	-	-	-	-	-	-	(138,849)	(138,849)	(138,849)	-	(138,849)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,681)	(16,681)	
Additional shares acquired by non-controlling interest	-	-	-	-	-	-	-	-	-	-	313,220	313,220	313,220	213,867	527,087	
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	45,393	45,393	
Transfer to furniture & fittings reserve	-	-	-	-	-	-	-	-	861	-	(861)	-	-	-	-	
At 30 September 2015	1,799,089	2,775,472	(51,703)	51,654	(1,192,040)	155,218	62,513	(61,575)	4,589	181,762	3,140,451	2,290,918	6,865,430	614,515	7,479,945	

( The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD ( Company No : 921551-D )  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	FOR THE 9 MONTHS PERIOD ENDED 30/9/2016	FOR THE 9 MONTHS PERIOD ENDED 30/09/2015
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	588,400	645,374
Adjustments for:		
- non-cash items	(72,365)	(165,446)
- finance costs	115,529	79,144
- finance income	(81,289)	(74,255)
Operating cash flows before working capital changes	550,275	484,817
Changes in working capital	(234,086)	(108,677)
Cash flow from operations	316,189	376,140
Interest received	79,621	77,181
Dividend received from jointly controlled entities and associates	86,922	83,809
Tax refunded	6,007	25,427
Tax paid	(68,136)	(74,968)
Net cash flow from operating activities	420,603	487,589
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment, and biological assets	2,435	3,180
Proceeds from disposal of non-current assets held for sale	-	126,385
Proceeds from disposal of land held for property development	2,387	-
Proceeds from disposal of equity interest to non-controlling entity	-	493,303
Acquisition of land	(61,491)	-
Acquisition of property, plant and equipment, and biological assets	(244,800)	(245,365)
Acquisition of intangible assets	(3,504)	(5,680)
Acquisition and additional investment in subsidiaries	(1,808)	(44,213)
Acquisition of equity interest from non-controlling interest	(1,462)	(43,611)
Acquisition and subsequent expenditure of investment properties	(200,306)	(493,636)
Investment in joint ventures	(58,573)	(56,133)
Investment in associates	(5,903)	(73,601)
(Advances to)/Repayments from associates and joint ventures	(43,323)	(498,348)
Net cash flow from fund placements	(480,144)	(135,971)
Net cash (used in)/generated from investing activities	(1,096,492)	(973,690)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net bank and other borrowings	1,273,205	1,117,435
Advances from non-controlling interests of subsidiary companies	-	(41)
Interest paid	(111,520)	(76,985)
Proceeds from issue of shares from exercise of warrants	568,453	75,232
Proceeds from issue of shares from exercise of ESOS	20,000	103,222
Repurchase of shares	(20,323)	(22,428)
Dividend paid to shareholders	(117,720)	(103,847)
Dividend paid to non-controlling interests of subsidiaries	(41,330)	(16,681)
Net cash generated from financing activities	1,570,765	1,075,907
NET INCREASE IN CASH AND CASH EQUIVALENTS	894,876	589,806
EFFECTS OF EXCHANGE RATE CHANGES	3,508	32,044
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,247,897	1,292,909
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	2,146,281	1,914,759
Cash and cash equivalents at end of financial period comprise the following :		
Deposits with licensed banks and other financial institutions	1,802,234	1,454,032
Cash at banks and on hand	472,239	587,083
Short-term investments	1,724,998	704,628
Cash and bank balances, and short-term investments	3,999,471	2,745,743
Bank overdrafts	(87,455)	(102,161)
Less: Deposit with other financial institutions with maturity of over 3 months	(40,737)	(24,195)
Less: Short-term investments	(1,724,998)	(704,628)
Cash and cash equivalents	2,146,281	1,914,759

(The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2015 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 30 September 2016.

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 2015. 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 2015.

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 2015 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 2016, as disclosed below:

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRSs Annual Improvements to FRSs 2012 - 2014 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 30 September 2016.

**A5 Changes in Estimates**

There were no changes in estimates that have a material effect on the amounts reported for the current quarter ended 30 September 2016.

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

During the financial period ended 30 September 2016, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 8,040,754 ordinary shares of RM1.00 each pursuant to the exercise of the Employees' Share Option Scheme;
- (b) issuance of 252,645,715 ordinary shares of RM1.00 each pursuant to the exercise of warrants; and
- (c) the repurchase of equity securities of 6,707,600 ordinary shares at an average price of RM3.02 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 30 September 2016, the following payments of dividend have been made:

- (a) RM117,720,475 was paid on 28 April 2016 as interim single tier dividend of 6% per ordinary share of RM1.00 each for the financial year ended 31 December 2015.
- (b) RM101,738,666 was paid on 27 October 2016 as interim single tier dividend of 5% per ordinary share of RM1.00 each for the financial year ended 31 December 2016.

**A8 Segmental Reporting**

Segmental results for the financial period ended 30 September 2016 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	860,675	621,002	1,235,694	683,018	159,784	379,213	471,761	4,411,147
Inter-segment sales	(63,926)	(101,772)	(386,995)	(64,797)	(6,471)	(368,595)	(56,404)	(1,048,960)
External sales	796,749	519,230	848,699	618,221	153,313	10,618	415,357	3,362,187
<b>Results</b>								
Operating segment results	154,037	110,852	100,904	30,330	25,265	6,889	47,105	475,382
Finance income	16,414	3,255	8,001	528	198	42,997	9,896	81,289
Finance costs	(19,279)	(99,372)	(4,516)	(11,559)	(1,297)	26,252	(5,758)	(115,529)
Share of results of:								
- associated companies	(1)	95,870	-	(3)	-	-	471	96,337
- jointly controlled entities	40,746	10,084	-	-	-	-	-	50,830
Profit before taxation	191,917	120,689	104,389	19,296	24,166	76,229	51,714	588,400
Taxation	(30,239)	(18,621)	(22,005)	(8,292)	(5,555)	(4,208)	(5,510)	(94,430)
Profit for the period	161,678	102,068	82,384	11,004	18,611	72,021	46,204	493,970
Non controlling interests	(47,409)	(1,838)	(37,726)	(157)	(200)	(6,887)	315	(93,902)
Attributable to owners of the parent	114,269	100,230	44,658	10,847	18,411	65,134	46,519	400,068

	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	2,918,418	500,107	412,694	341,473
Singapore	290,510	58,613	53,191	46,303
China	59,951	5,224	4,987	(170)
India	997	(627)	(627)	(507)
Australia	30,221	8,649	8,601	3,737
United Arab Emirates	-	13,051	13,051	7,102
Other Countries	62,090	3,383	2,073	2,130
	3,362,187	588,400	493,970	400,068



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

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

**A10 Material events**

There were no material events subsequent to the current quarter ended 30 September 2016.

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

There were no material changes in the composition of the Group for the current quarter ended 30 September 2016.

**A12 Contingent Liabilities and Assets**

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

	30/9/2016 RM'000	31/12/2015 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>660,592</u>	<u>569,532</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 30 September 2016 is as follows:

	30/9/2016 RM'000	31/12/2015 RM'000
Amount authorised and contracted for	126,123	110,192
Amount authorised but not contracted for	<u>204,674</u>	<u>214,021</u>
	<u>330,797</u>	<u>324,213</u>

(b) Operating lease commitment not provided for in the financial year as at 30 September 2016 is as follows:

	30/9/2016 RM'000	31/12/2015 RM'000
Future minimum lease payment:		
- not later than 1 year	92,785	82,565
- later than 1 year and not later than 5 years	317,797	312,289
- later than 5 years	<u>70,638</u>	<u>90,805</u>
	<u>481,220</u>	<u>485,659</u>
Future minimum lease receipts:		
- not later than 1 year	68,689	56,539
- later than 1 year and not later than 5 years	274,362	258,592
- later than 5 years	<u>926,194</u>	<u>306,646</u>
	<u>1,269,245</u>	<u>621,777</u>

**B1 Review of Performance**For the quarter

The Group recorded revenue of RM1,137.5 million and profit before tax of RM208.5 million for the current quarter ended 30 September 2016, compared to revenue of RM951.0 million and profit before tax of RM171.0 million in the corresponding quarter of the previous financial year. The higher revenue was mainly contributed by the lower elimination of intra-group construction revenue and additional contribution from the Winstar group of companies under the trading and manufacturing segment in the current quarter. Profit before tax was also higher in the current quarter due to better performance recorded by all the business segments except for the quarry division which registered lower profit.

The property development segment reported revenue of RM247.6 million and profit before tax of RM62.2 million in the current quarter compared to revenue of RM270.9 million and profit before tax of RM38.5 million in the corresponding quarter of the previous financial year. Revenue was lower in the current quarter mainly due to lower contributions from the Group's wholly-owned Avant Parc project in Singapore, which commenced revenue recognition in the corresponding quarter of the previous financial year, and was fully sold in the second quarter of this year. The higher profit before tax, however, was contributed mainly by higher progress billings from local projects and other property projects in Singapore.

The property investment segment reported revenue of RM189.9 million and profit before tax of RM45.9 million in the current quarter compared to revenue of RM172.2 million and profit before tax of RM37.3 million in the corresponding quarter of the previous financial year. The increase in revenue was mainly contributed by better occupancy from the portfolio of investment properties and an increase in visitors to the theme parks following the opening of new attractions. As a result, the profit for the current quarter recorded improved performance.

The construction segment recorded revenue of RM287.9 million and profit before tax of RM32.2 million in the current quarter compared to revenue of RM196.8 million and profit before tax of RM24.1 million in the corresponding quarter of the previous financial year. Revenue in the current quarter was higher due to lower intra-group eliminations. Current profit before tax was also higher due to higher progress billings from local construction projects.

The trading and manufacturing segment recorded revenue of RM206.7 million and profit before tax of RM7.3 million in the current quarter compared to revenue of RM130.5 million and profit before tax of RM3.5 million in the corresponding quarter of the previous financial year. The performance in the current quarter was better mainly due to additional contributions from the Winstar group of companies acquired in September 2015. In addition, performance in the corresponding quarter of the previous financial year was impacted by a drop in demand following the implementation of Goods and Services Tax (GST) in April 2015.

The quarry segment recorded revenue of RM54.0 million and profit before tax of RM6.7 million in the current quarter compared to revenue of RM66.8 million and profit before tax of RM10.4 million in the corresponding quarter of the previous financial year. The lower performance in the current quarter was mainly due to a drop in the selling prices for both aggregates and premix.

The other segments recorded revenue of RM151.4 million and profit before tax of RM54.2 million in the current quarter compared to revenue of RM113.8 million and profit before tax of RM57.2 million in the corresponding quarter of the previous financial year. The higher revenue in the current quarter was mainly due to improved contributions from the healthcare and building materials segments. Profit before tax was marginally lower, however, in the current quarter due to reduced contributions from the Group's treasury operations.

#### For the 9 month period

The Group recorded revenue of RM3,362.2 million and profit before tax of RM588.4 million for the current 9 months period ended 30 September 2016 compared to revenue of RM3,052.6 million and profit before tax of RM645.4 million for the corresponding 9 months period ended 30 September 2015. The increase in revenue was contributed by better performance across almost all our businesses, with the exception of the quarry segment. Despite the higher revenue, current period profit before tax was lower mainly due to lower fair value gains recorded by Sunway REIT which was approximately RM87.1 million lower compared to the previous period. The performance in the 9 months period ended 30 September 2015 was also boosted by realized capital gains of RM22.9 million from the sale of two properties to Sunway REIT in the first quarter of the year.

The property development segment reported revenue of RM796.7 million and profit before tax of RM191.9 million for the current 9 months period ended 30 September 2016 compared to revenue of RM775.7 million and profit before tax of RM148.4 million for the corresponding 9 months period ended 30 September 2015. The increase in revenue was mainly contributed by sales from the Group's wholly-owned Avant Parc project in Singapore, and higher progress billings from local projects. The current profit was better due to higher profit recognition from local projects.

The property investment segment reported revenue of RM519.2 million and profit before tax of RM120.7 million for the current 9 months period ended 30 September 2016 compared to revenue of RM456.3 million and profit before tax of RM213.2 million for the corresponding 9 months period ended 30 September 2015. The increase in revenue was mainly contributed by higher rental contribution and better occupancy at the Group's portfolio of investment properties, and from the opening of new attractions at the theme parks. Profit before tax was lower in the current period, however, mainly due to share of lower fair value gains from revaluation of Sunway REIT properties in the current year.

The construction segment reported revenue of RM848.7 million and profit before tax of RM104.4 million for the current 9 months period ended 30 September 2016 compared to revenue of RM816.2 million and profit before tax of RM132.6 million for the corresponding 9 months period ended 30 September 2015. The higher revenue was due to lower intra-group revenue elimination as compared to the corresponding 9 months period ended 30 September 2015. The current period profit before tax was lower due to lower billings as many projects were at their peak in the corresponding 9 months period ended 30 September 2015.

The trading and manufacturing segment reported revenue of RM618.2 million and profit before tax of RM19.3 million for the current 9 months period ended 30 September 2016 compared to revenue of RM444.7 million and profit before tax of RM15.5 million for the corresponding 9 months period ended 30 September 2015. The better performance in the current 9 months period was mainly due to additional contributions from the newly acquired Winstar group of companies.

The quarry segment reported revenue of RM153.3 million and profit before tax of RM24.2 million for the current 9 months period ended 30 September 2016 compared to revenue of RM184.6 million and profit before tax of RM33.7 million for the corresponding 9 months period ended 30 September 2015. The lower performance in the current period was due to a drop in the selling price for premix as well as lower sales volume for aggregates. The current period profit was also lower compared to the previous corresponding period which benefited from provision write-back from the Caribbean operations.

The other segments reported revenue of RM426.1 million and profit before tax of RM127.9 million for the current 9 months period ended 30 September 2016 compared to revenue of RM375.1 million and profit before tax of RM102.0 million for the corresponding 9 months period ended 30 September 2015. The improved performance was mainly contributed by the healthcare and building materials segments and from higher contribution from the Group's treasury operations.

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

The Group recorded revenue of RM1,137.5 million and profit before tax of RM208.5 million for the current quarter compared to revenue of RM1,155.7 million and profit before tax of RM203.8 million in the preceding quarter. The lower revenue in the current quarter was mainly due to lower revenue recorded by the property development, trading and manufacturing and quarry segments. Profit before tax, however, was higher in the current quarter due to higher contributions from the property development and property investment segments, and the Group's treasury operations.

The property development segment recorded revenue of RM247.6 million and profit before tax of RM62.2 million in the current quarter compared to revenue of RM315.1 million and profit before tax of RM60.6 million in the preceding quarter. The lower revenue in the current quarter was due to lower contributions from local projects, while the preceding quarter's revenue was boosted by the sale of the remaining units of the Avant Parc project in Singapore. However, profit before tax was higher due to higher profit recognition from the Singapore projects.

The property investment segment recorded revenue of RM189.9 million and profit before tax of RM45.9 million in the current quarter compared to revenue of RM160.1 million and profit before tax of RM41.3 million in the preceding quarter. The better performance in the current quarter was mainly due to an increase in the number of visitors to the theme parks and higher hotel occupancy rate. In addition, the preceding quarter's performance was also impacted by the fasting month.

The construction segment recorded revenue of RM287.9 million and profit before tax of RM32.2 million in the current quarter compared to revenue of RM249.3 million and profit before tax of RM34.5 million in the preceding quarter. Revenue was higher in the current quarter mainly due to lower intra-group elimination. Current profit before tax was generally in line with the preceding quarter.

The trading and manufacturing segment recorded revenue of RM206.7 million and profit before tax of RM7.3 million in the current quarter compared to revenue of RM218.5 million and profit before tax of RM6.7 million in the preceding quarter. The lower revenue in the current quarter was mainly due to lower contribution from the Winstar group of companies. The current quarter profit before tax, however, was generally in line with the preceding quarter.

The quarry segment recorded revenue of RM54.0 million and profit before tax of RM6.7 million in the current quarter compared to revenue of RM60.6 million and profit before tax of RM11.3 million in the preceding quarter. The weaker performance in the current quarter was mainly due to a drop in the sales of premix.

The other segments recorded revenue of RM151.4 million and profit before tax of RM54.2 million in the current quarter compared to revenue of RM152.1 million and profit before tax of RM49.4 million in the preceding quarter. Although revenue was marginally lower in the current quarter, profit before tax was higher mainly due to higher contributions from the Group's treasury operations.

**B3 Prospects**

Malaysia's economy grew 4.3% in the third quarter of this year compared with 4.0% in the preceding quarter and 4.7% in the corresponding quarter of the previous year. Moving forward, Bank Negara expects the continued uneven growth in the global economy to pose downside risks to Malaysia's growth prospects.

In view of the uncertain economic outlook, the Group will continue to adopt a cautious business strategy. However, given the Group's diversified business portfolio, it is well positioned to meet the challenges ahead. Barring any unforeseen circumstances, the Group's performance for the fourth quarter is expected to remain satisfactory.

**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 30/9/2016 RM'000	Cumulative Year To Date 30/9/2016 RM'000
Current taxation	(23,439)	(80,142)
Deferred taxation	(14,269)	(14,288)
	<u>(37,708)</u>	<u>(94,430)</u>

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

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

	Current Quarter Ended 30/9/2016 RM'000	Cumulative Year To Date 30/9/2016 RM'000
Depreciation and amortisation	(39,404)	(99,735)
Net reversal/(provision) of impairment for:		
- Trade receivables	(1,431)	(626)
- Inventories	(35)	(266)
- Advances to associate	25	12,921
Write off:		
- Inventories	(3,372)	(3,845)
- Property, plant and equipment	1,253	(538)
Net gain on disposal of:		
- property, plant and equipment	576	858
Net foreign exchange gain/(loss):		
- Others	(253)	(4,978)
- Unrealised for hedged items	(51,962)	93,661
Cash flow hedge reserve recycled to profit or loss	51,962	(93,661)
Fair value of ESOS option	(4,529)	(9,198)

**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 Sale and Purchase Agreement Between Sunway Dimension Stones Sdn. Bhd. ("SDSSB") and Tamura Electronics (M) Sdn. Bhd**

On 19 February 2016, SDSSB, a wholly-owned subsidiary of SHSB, which in turn is a wholly-owned subsidiary of the Company, had entered into a Sale and Purchase Agreement ("SPA") with Tamura Electronics (M) Sdn. Bhd. ("Tamura") for the acquisition of a freehold land held under H.S.(D) 79345, PT No. 4974, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 210,790 square feet together with the buildings erected thereon ("the Property") on an as is where is basis free from all encumbrances and with vacant possession for a total purchase consideration of RM35,820,000 (excluding Goods and Services Tax) ("Proposed Property Acquisition").

The Purchase Price shall be satisfied by SDSSB in the following manner:

- (a) An earnest deposit of RM720,000 already paid to Tamura at the time of submission of the tender by SDSSB and balance deposit of RM2,862,000 paid to Tamura upon execution of the SPA; and
- (b) The balance Purchase Price of RM32,238,000 shall be paid within 3 months from the Unconditional Date (as defined below). If SDSSB fails to pay the balance Purchase Price or any remaining part thereof on or before the Completion Date, an extension period of 1 month shall be granted subject to SDSSB paying an interest of 8% per annum on the outstanding amount, calculated on a daily basis.

The SPA shall become unconditional upon receipt of the State Authority consent ("Unconditional Date").

The Proposed Property Acquisition has been completed as at the date of this report.

**B7.3 Sales and Purchase Agreements between Ekuiti Meranti (M) Sdn. Bhd. with Sunway Dimension Stones Sdn. Bhd., View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd.**

Ekuiti Meranti (M) Sdn. Bhd. (JVCo), a wholly-owned subsidiary of Sunway City Sdn. Bhd. (SunCity), which in turn is a wholly-owned subsidiary of the Company, had on 19 February 2016, entered into the following Sale and Purchase Agreements (SPAs) for the acquisition of the undermentioned parcels of leasehold land (60 years tenure) free from encumbrances for a total purchase consideration of RM32,725,000 (excluding Goods and Services Tax) (Proposed Property Acquisition):

Vendors	Details of the lands	Purchase Consideration RM'000
SDSSB	Hakmilik H.S.(D) 182796, PT 7 in Pekan Subang, Daerah Petaling, Negeri Selangor measuring approximately 8,523 square metres (PT 7)	12,500
View2pick Sdn. Bhd. (V2P)	Hakmilik H.S.(D) 113417, PT 8 in Pekan Subang, Daerah Petaling, Negeri Selangor measuring approximately 0.9105 hectares (PT 8)	9,000
Chen Yew Plastics Sdn. Bhd. (CYP)	Hakmilik H.S.(M) 6476, PT 2049 in Mukim Sungai Buluh, Daerah Petaling, Negeri Selangor measuring approximately 2 acres together with buildings erected thereon (PT 2049)	11,225
<b>TOTAL</b>		<b>32,725</b>

PT 7, PT 8 and PT 2049 shall collectively be referred to as the Lands

SunCity had on even date, entered into a Shareholders Agreement (SA) with V2P for the purpose of establishing a joint venture via the JVCo to develop industrial properties on the Lands (Development) as well as to regulate the relationship between SunCity and V2P with respect to the joint venture (Proposed Joint Venture).

Salient terms of the SPAs include, inter-alia, the following:

Pursuant to the SPAs, the JVCo would acquire the Lands from SDSSB, V2P and CYP free from encumbrances for a total purchase consideration of RM32,725,000 (excluding Goods and Services Tax).

The SPA for PT 2049 is conditional upon, amongst others, CYP having obtained the State Authority's approval whether unconditionally or subject to conditions acceptable to the JVCo and the discharge of the charge over PT 2049.

The SPAs for PT 7 and PT 8 shall become unconditional when the following conditions have been fulfilled:

- (a) SDSSB and CYP having obtained the State Authority's approval, whether unconditionally or subject to conditions acceptable to the JVCo;
- (b) the execution and fulfilment of the conditions precedent set out for PT 7 and PT 8;
- (c) SDSSB and V2P having obtained the State Authority's approval in accordance with the relevant provisions of the National Land Code in respect of the application for (i) amalgamation or (ii) surrender and re-alienation of PT 7, PT 8 and PT 2049 into one single issue document of title with a leasehold period of 99 years commencing from the date of issuance of the relevant new issue document of title; and
- (d) V2P having procured the registration of the discharge of the charge created over PT 8.

The completion of the acquisition of PT 7 and PT 8 are inter-conditional with one another while PT 2049 would be acquired independent of the acquisition of PT 7 and PT 8.

Salient terms of the SA include, inter-alia, the following:

**B7.3 Sales and Purchase Agreements between Ekuiti Meranti (M) Sdn. Bhd. with Sunway Dimension Stones Sdn. Bhd., View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd. (contd.)**

- (a) Under the Proposed Joint Venture, SunCity and V2P shall subscribe for the following ordinary shares of RM1 each for cash in the share capital of the JVCo:

Shareholders	Number of shares	Shareholding Ratio
SunCity	79,000	80% *
V2P	20,000	20%

\* Included 1,000 ordinary shares of RM1 each currently held by SunCity in the JVCo.

- (b) SunCity and V2P shall be entitled to nominate and appoint 3 directors and 1 director respectively in the JVCo.
- (c) SunCity shall nominate the Chairman of the Board.
- (d) The JVCo to enter into a management agreement with Sunway Integrated Properties Sdn. Bhd., a wholly-owned subsidiary of SunCity to undertake the tasks stipulated in the SA at a management fee equivalent to 1% of gross development value (%GDV+) of the Development.

The SA shall become unconditional when the following conditions have been fulfilled:

- (a) Execution of the SPAs and fulfilment of the conditions precedent of the SPAs in relation to PT 7, PT 8 and PT 2049; and
- (b) Approval of the relevant authorities granted to the JVCo for the amalgamation or surrender and re-alienation of the Lands and the extension of the leasehold period of the Lands to 99 years.

The Proposed Property Acquisition of PT2049 was completed as at the date of this report. The remainder of the Proposed Property Acquisition and Proposed Joint Venture have not been completed as at the date of this report.

**B7.4 Proposed Disposal of a parcel of land adjacent to Sunway Carnival Shopping Mall located in Seberang Jaya, Penang ("Proposed Disposal")**

On 20 June 2016, Commercial Parade Sdn. Bhd., a subsidiary of Sunway, entered into a sale and purchase agreement ("SPA") with RHB Trustees Berhad as trustee for Sunway Real Estate Investment Trust ("SunREIT") to dispose a parcel of vacant land held under Pajakan Negeri 1814, Lot 5493, Mukim 1, Seberang Perai Tengah, Pulau Pinang which is adjacent to Sunway Carnival Shopping Mall (%Sunway Carnival+) situated in Seberang Jaya, Penang for a total consideration of RM17,200,000 to be fully satisfied in cash.

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

**B8 Group Borrowings and Debt Securities**

The Group borrowings as at 30 September 2016 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Borrowings:			
- Current	2,369,747	2,309,141	4,678,888
- Non-current	1,865,501	520,000	2,385,501
	4,235,248	2,829,141	7,064,389
- Conventional	3,670,367	1,254,141	4,924,508
- Islamic	564,881	1,575,000	2,139,881
	4,235,248	2,829,141	7,064,389

**B8 Group Borrowings and Debt Securities (contd.)**

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 (USD000) *	303,000	296,000	1,219,424	1,191,252
Singapore Dollar (SGD000) #	9	91,209	26	272,852
Chinese Renminbi (RMB000) **	72,500	-	43,993	-
Australia Dollar (AUD000) **	315	-	949	-
			1,264,392	1,464,104

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 30 September 2016 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>Commodity futures</b>				
- Less than 1 year	1,892	80	80	
<b>Interest rate swap contracts</b>				
- Less than 1 year *	-	-	-	
- 1 year to 3 years	916,130	(3,459)	-	
<b>Foreign currency forward contracts</b>				
- Less than 1 year	65,074	(2,683)	-	(10,679)
- 1 year to 3 years	1,790	(3)	11	-
<b>Cross currency swap contracts #</b>				
- Less than 1 year	1,342,999	125,798		11,238
- 1 year to 5 years	1,065,089	175,111		(7,400)
<b>Total derivatives</b>		294,844	91	(6,841)

\* Includes a contract which has expired during the period.

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

**Commodity futures**

The commodity futures were entered into with the objective of managing and hedging the Company's exposure to adverse price movements in commodities. The fair values of this component have been determined based on published market prices or prices quoted from reputable financial institutions.

The above derivative is initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.

**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 RM53 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 RM47 million) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

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

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

**B11 Realised and Unrealised Profits**

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits are as follows:

	30/9/2016 RM'000	31/12/2015 RM'000
Total retained profit of the Group:-		
Realised	1,640,136	1,764,021
Unrealised	786,293	399,476
Total share of retained profits from associated companies:		
Realised	(8,078)	(146)
Unrealised	192,278	168,582
Total share of retained profits from Jointly Controlled Entities:		
Realised	212,555	178,702
Unrealised	(21,757)	(20,877)
Less: Consolidation adjustments	280,628	312,597
Total Group's retained profits as per consolidated accounts	3,082,054	2,802,355

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, no dividend has been proposed by the Board of Directors for the financial period ended 30 September 2016.

**B13 Earnings per share**

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

	Current Quarter Ended 30/9/2016 RM'000	Cumulative Year To Date 30/9/2016 RM'000
<b><u>Basic earnings per share</u></b>		
Profit attributable to members of the Company	143,605	400,068
Weighted Average Number of Ordinary Shares	2,046,337	1,928,781
Earnings per share ( Basic ) (sen)	7.02	20.74
<b><u>Diluted earnings per share</u></b>		
Profit attributable to members of the Company	143,605	400,068
Weighted Average Number of Ordinary Shares	2,065,580	1,974,195
Earnings per share ( Diluted ) (sen)	6.95	20.26

**By Order of the Board**

**Tan Kim Aun  
Chin Lee Chin  
Secretaries**