

SUNWAY BERHAD ( Company No : 921551-D )  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2017

	NOTE	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		CURRENT YEAR	PRECEDING YEAR CORRESPONDING	INCREASE/ (DECREASE)	CURRENT YEAR	PRECEDING YEAR CORRESPONDING	INCREASE/ (DECREASE)
		QUARTER 30/6/2017	QUARTER 30/6/2016		TO DATE 30/6/2017	PERIOD 30/6/2016	
		RM'000	RM'000	%	RM'000	RM'000	%
REVENUE		1,240,954	1,155,688	7%	2,332,294	2,224,694	5%
OPERATING EXPENSES		(1,071,599)	(1,022,929)	5%	(2,063,672)	(1,967,353)	5%
OTHER OPERATING INCOME		24,540	28,659	(14%)	42,034	53,710	(22%)
PROFIT FROM OPERATIONS		193,895	161,418	20%	310,656	311,051	(0%)
FINANCE INCOME		43,678	26,188	67%	86,537	49,768	74%
FINANCE COSTS		(62,413)	(41,740)	50%	(112,011)	(81,429)	38%
SHARE OF PROFIT FROM ASSOCIATES		82,969	46,966	77%	109,943	71,213	54%
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES		13,317	10,948	22%	29,440	29,252	1%
PROFIT BEFORE TAX		271,446	203,780	33%	424,565	379,855	12%
INCOME TAX EXPENSE	B5	(38,158)	(23,880)	60%	(65,497)	(56,722)	15%
PROFIT FOR THE PERIOD		233,288	179,900	30%	359,068	323,133	11%
ATTRIBUTABLE TO:							
- OWNERS OF THE PARENT		196,943	154,362	28%	304,855	256,463	19%
- NON-CONTROLLING INTERESTS		36,345	25,538	42%	54,213	66,670	(19%)
		233,288	179,900	30%	359,068	323,133	11%
EARNINGS PER SHARE							
(i) BASIC ( sen )		9.62	7.82	23%	14.97	13.64	10%
(ii) DILUTED ( sen )		9.49	7.68	23%	14.76	13.22	12%

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements. )

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/6/2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2016 RM'000	CURRENT YEAR TO DATE 30/6/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2016 RM'000
PROFIT FOR THE PERIOD	233,288	179,900	359,068	323,133
<b>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS</b>				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(9,105)	10,536	14,160	(19,275)
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	3,869	-	3,869
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS				
- FAIR VALUE OF DERIVATIVES	101,348	55,661	78,401	(158,490)
- AMOUNT RECYCLED TO PROFIT OR LOSS	(98,129)	(54,780)	(75,037)	145,623
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	(5,886)	15,286	17,524	(28,273)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>227,402</u>	<u>195,186</u>	<u>376,592</u>	<u>294,860</u>
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	176,663	168,959	315,323	229,048
- NON-CONTROLLING INTERESTS	50,739	26,227	61,269	65,812
	<u>227,402</u>	<u>195,186</u>	<u>376,592</u>	<u>294,860</u>

( 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 2016 and the accompanying explanatory notes attached to the interim financial statements.)

**SUNWAY BERHAD ( Company No : 921551-D )**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER**

	CURRENT QUARTER 30/6/2017 RM'000	IMMEDIATE PRECEDING QUARTER 31/3/2017 RM'000	INCREASE/ (DECREASE) %
REVENUE	1,240,954	1,091,340	14%
OPERATING EXPENSES	(1,071,599)	(992,073)	8%
OTHER OPERATING INCOME	24,540	17,494	40%
PROFIT FROM OPERATIONS	<u>193,895</u>	<u>116,761</u>	66%
FINANCE INCOME	43,678	42,859	2%
FINANCE COSTS	(62,413)	(49,598)	26%
SHARE OF PROFIT FROM ASSOCIATES	82,969	26,974	208%
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES	13,317	16,123	(17%)
PROFIT BEFORE TAX	<u>271,446</u>	<u>153,119</u>	77%
INCOME TAX EXPENSE	(38,158)	(27,339)	40%
PROFIT FOR THE PERIOD	<u>233,288</u>	<u>125,780</u>	85%
ATTRIBUTABLE TO:			
- OWNERS OF THE PARENT	196,943	107,912	83%
- NON-CONTROLLING INTERESTS	<u>36,345</u>	<u>17,868</u>	103%
	<u>233,288</u>	<u>125,780</u>	85%
EARNINGS PER SHARE			
(i) BASIC ( sen )	<u>9.62</u>	<u>5.33</u>	80%
(ii) DILUTED ( sen )	<u>9.49</u>	<u>5.28</u>	80%

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements. )

## FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER 30/6/2017	IMMEDIATE PRECEDING QUARTER 31/3/2017
	RM'000	RM'000
PROFIT FOR THE PERIOD	233,288	125,780
<b>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS</b>		
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(9,105)	23,265
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS		
- FAIR VALUE OF DERIVATIVES	101,348	(22,947)
- AMOUNT RECYCLED TO PROFIT OR LOSS	<u>(98,129)</u>	<u>23,092</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>(5,886)</u>	<u>23,410</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>227,402</u>	<u>149,190</u>
ATTRIBUTABLE TO:		
- OWNERS OF THE PARENT	176,663	138,660
- NON-CONTROLLING INTERESTS	<u>50,739</u>	<u>10,530</u>
	<u>227,402</u>	<u>149,190</u>

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements. )

SUNWAY BERHAD ( Company No : 921551-D )  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	AS AT END OF CURRENT QUARTER 30/6/2017 RM'000	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2016 RM'000 (AUDITED)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,009,743	1,879,929
Intangible assets	31,005	32,811
Investment properties	2,777,333	2,798,405
Land held for property development	1,271,133	1,191,512
Investment in associates	1,786,565	1,728,879
Investment in jointly controlled entities	1,529,854	1,501,055
Goodwill	311,840	311,840
Deferred tax assets	83,052	70,758
Receivables	51,920	49,760
Derivative assets	33,629	164,711
Rock reserves	6,264	6,394
Other investments	820	476
Biological assets	758	825
	9,893,916	9,737,355
<b>Current assets</b>		
Properties development costs	1,177,892	1,171,286
Inventories	673,247	669,965
Receivables, deposits & prepayments	2,846,198	2,711,263
Cash and bank balances, and placement in funds	4,891,590	4,080,055
Tax recoverable	58,021	39,085
Derivative assets	212,659	342,944
	9,859,607	9,014,598
<b>TOTAL ASSETS</b>	19,753,523	18,751,953
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Payables, accruals & other current liabilities	2,310,572	2,630,723
Bank borrowings	5,345,408	4,860,045
Taxation	45,184	30,885
Derivative liabilities	929	5,560
	7,702,093	7,527,213
<b>Non-current liabilities</b>		
Long term bank borrowings	3,033,968	2,553,122
Other long term liabilities	351,928	340,183
Derivative liabilities	3,669	3,644
Deferred taxation	109,026	94,561
	3,498,591	2,991,510
<b>Total liabilities</b>	11,200,684	10,518,723
<b>Equity attributable to Owners of the Parent</b>		
Share capital	2,114,922	2,063,067
Share premium	3,119,185	3,118,802
Treasury shares	(57,436)	(120,532)
Equity contribution from non-controlling interests	51,654	51,654
Reserves	2,511,274	2,356,731
	7,739,599	7,469,722
<b>NON-CONTROLLING INTERESTS</b>	813,240	763,508
<b>Total equity</b>	8,552,839	8,233,230
<b>TOTAL EQUITY AND LIABILITIES</b>	19,753,523	18,751,953
<b>Number of ordinary shares</b>	<b>2,078,333</b>	<b>2,063,067</b>
<b>Net Assets Per Share Attributable To Owners Of The Parent (RM)</b>	<b>3.72</b>	<b>3.62</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 2016 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD ( Company No : 921551-D )  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

	-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----											TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		NON-CONTROLLING INTERESTS		TOTAL EQUITY	
	NON-DISTRIBUTABLE				RESERVES												
	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	TOTAL RESERVES	OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>PERIOD ENDED 30 JUNE 2017</b>																	
At 1 January 2017	2,063,067	3,118,802	(120,532)	51,654	(1,192,040)	145,649	63,987	(21,794)	8,370	191,645	3,160,914	2,356,731	7,469,722	763,508	8,233,230		
Profit for the year	-	-	-	-	-	-	-	-	-	-	304,855	304,855	304,855	54,213	359,068		
Other comprehensive income	-	-	-	-	-	7,104	-	3,364	-	-	-	10,468	10,468	7,056	17,524		
Total comprehensive income	-	-	-	-	-	7,104	-	3,364	-	-	304,855	315,323	315,323	61,269	376,592		
Issuance of ordinary shares pursuant to - exercise of ESOS	51,855	383	-	-	-	-	(12,579)	-	-	-	-	(12,579)	39,659	3,146	42,805		
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,113)	(15,113)		
Share buy back by a subsidiary	-	-	-	-	-	-	-	-	-	-	(580)	(580)	(580)	(713)	(1,293)		
Purchase of treasury shares during the year	-	-	(580)	-	-	-	-	-	-	-	-	-	(580)	-	(580)		
Dividends declared	-	-	63,676	-	-	-	-	-	-	-	(144,827)	(144,827)	(81,151)	-	(81,151)		
Shares acquired by non-controlling interest	-	-	-	-	-	-	-	-	-	-	(2,794)	(2,794)	(2,794)	3,243	449		
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	141	(141)	-	-	-	-		
Transfer to furniture & fittings reserve	-	-	-	-	-	-	-	(284)	-	-	284	-	-	-	-		
At 30 June 2017	2,114,922	3,119,185	(57,436)	51,654	(1,192,040)	152,753	51,408	(18,430)	8,086	191,786	3,317,711	2,511,274	7,739,599	813,240	8,552,839		
<b>PERIOD ENDED 30 JUNE 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	-	-	-	-	-	-	-	-	-	-	256,463	256,463	256,463	66,670	323,133		
Other comprehensive income	-	-	-	-	-	(18,417)	-	(12,867)	-	3,869	-	(27,415)	(27,415)	(858)	(28,273)		
Total comprehensive income	-	-	-	-	-	(18,417)	-	(12,867)	-	3,869	256,463	229,048	229,048	65,812	294,860		
New ESOS granted	-	-	-	-	-	-	5,244	-	-	-	-	5,244	5,244	-	5,244		
Issuance of ordinary shares pursuant to - exercise of ESOS	4,141	15,957	-	-	-	-	(9,791)	-	-	-	-	(9,791)	10,307	-	10,307		
- exercise of warrants	229,970	287,463	-	-	-	-	-	-	-	-	-	-	517,433	-	517,433		
Purchase of treasury shares during the year	-	-	(12,954)	-	-	-	-	-	-	-	-	-	(12,954)	-	(12,954)		
Dividends declared	-	-	-	-	-	-	-	-	-	-	(117,720)	(117,720)	(117,720)	-	(117,720)		
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,595)	(26,595)		
Disposal of a subsidiary	-	-	-	-	-	(1)	-	-	-	(1)	-	(2)	(2)	-	(2)		
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	-	(409)	(409)	(409)	-	(409)		
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	-	500	(500)	-	-	-	-		
Transfer to furniture & fittings reserve	-	-	-	-	-	-	-	-	987	-	(987)	-	-	-	-		
At 31 June 2016	2,033,866	3,075,242	(76,558)	51,654	(1,192,040)	122,827	70,619	(22,839)	5,560	186,130	2,939,202	2,109,459	7,193,663	689,775	7,883,438		

( 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 2016 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2017

	FOR THE 6 MONTHS PERIOD ENDED 30/6/2017	FOR THE 6 MONTHS PERIOD ENDED 30/6/2016
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	424,565	379,855
Adjustments for:		
- non-cash items	(71,587)	(71,006)
- finance costs	112,011	81,429
- finance income	(86,537)	(49,768)
Operating cash flows before working capital changes	378,452	340,510
Changes in working capital	(236,632)	(278,863)
Cash flow generated from operations	141,820	61,647
Interest received	86,537	50,011
Dividend received from jointly controlled entities and associates	55,930	62,115
Tax refunded	(2,337)	5,920
Tax paid	(65,626)	(36,741)
Net cash flow generated from operating activities	216,324	142,952
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment, and biological assets	12,235	1,188
Proceeds from disposal of land held for property development	-	2,387
Acquisition of land	(51,269)	(39,539)
Acquisition of property, plant and equipment, and biological assets	(170,913)	(161,174)
Acquisition of intangible assets	(451)	(2,559)
Acquisition and additional investment in subsidiaries	-	(1,808)
Acquisition of equity interest from non-controlling interest	-	(409)
Acquisition and subsequent expenditure of investment properties	(59,277)	(147,930)
Investment in joint ventures	(2,100)	(58,573)
Investment in associates	(3,275)	(4,386)
Advances to from associates and joint ventures	(193,555)	(43,078)
Net cash used in investing activities	(468,605)	(455,881)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net bank and other borrowings	1,131,995	1,015,528
Placement of short-term investments	-	(193,088)
Redemption of preference shares held by minority shareholders in subsidiary companies	(2,100)	-
Interest paid	(112,011)	(80,143)
Proceeds from issue of shares from exercise of warrants	-	517,433
Proceeds from issue of shares from exercise of ESOS	42,804	10,307
Repurchase of shares	(580)	(12,954)
Dividend paid to shareholders	(81,151)	(117,720)
Dividend paid to non-controlling interests of subsidiaries	(15,113)	(26,595)
Net cash generated from financing activities	963,844	1,112,768
NET INCREASE IN CASH AND CASH EQUIVALENTS	711,563	799,839
EFFECTS OF EXCHANGE RATE CHANGES	958	(3,568)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,824,156	1,247,897
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	2,536,677	2,044,168
Bank overdrafts	170,326	161,058
Short-term investments	2,184,587	1,478,679
Cash and bank balances, and placement in funds	4,891,590	3,683,905
(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 2016 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 June 2017.

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 2016. 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 2016.

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 2016 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 2017, as disclosed below:

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12	Annual Improvements to FRS Standards 2016 - 2016 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 June 2017.

**A5 Changes in Estimates**

There were no changes in estimates that have a material effect on the amounts reported for the current quarter ended 30 June 2017.

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

During the financial period ended 30 June 2017, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 15,265,820 ordinary shares pursuant to the exercise of the Employees' Share Option Scheme;
- (b) the repurchase of equity securities of 191,900 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**

Dividend payments made since the last financial year end are as follows:

- (a) RM81,151,797 was paid on 28 April 2017 as second interim dividend of 4 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2016.
- (b) A share dividend distribution of approximately 20.3 million treasury shares was distributed on 28 April 2017 on the basis of 1 treasury share for every 100 existing ordinary shares held.

Based on the cost of treasury shares amounting to RM63.7 million (equivalent to approximately RM3.14 per share), the share dividend is equivalent to cash dividend of 3.14 sen per share.

**A8 Segmental Reporting**

Segmental results for the financial period ended 30 June 2017 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	414,595	477,414	1,052,505	601,787	109,077	391,448	371,579	3,418,405
Inter-company sales	(177)	(83,138)	(424,780)	(130,587)	(10,186)	(389,840)	(47,403)	(1,086,111)
External sales	414,418	394,276	627,725	471,200	98,891	1,608	324,176	2,332,294
<b>Results</b>								
Operating segment results	73,690	87,082	75,509	26,475	5,063	(2,497)	45,334	310,656
Finance income	14,346	2,374	5,696	367	118	56,850	6,786	86,537
Finance costs	(9,661)	(89,009)	(2,454)	(7,726)	(992)	2,417	(4,586)	(112,011)
<b>Share of results of:</b>								
- associated companies	2	108,048	-	-	-	-	1,893	109,943
- jointly controlled entities	21,884	7,067	489	-	-	-	-	29,440
Profit before taxation	100,261	115,562	79,240	19,116	4,189	56,770	49,427	424,565
Taxation	(19,916)	(16,945)	(13,917)	(5,061)	(1,051)	(3,486)	(5,121)	(65,497)
Profit for the period	80,345	98,617	65,323	14,055	3,138	53,284	44,306	359,068
Non controlling interests	(26,771)	4,518	(30,040)	(1,410)	(90)	3	(423)	(54,213)
Attributable to owners of the parent	53,574	103,135	35,283	12,645	3,048	53,287	43,883	304,855

	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	2,064,774	388,408	327,008	278,963
Singapore	126,636	38,470	36,222	30,557
China	68,743	(6,736)	(7,365)	(7,631)
India	-	6	6	6
Australia	22,576	1,597	1,377	986
United Arab Emirates	-	(518)	(518)	(282)
Other Countries	49,565	3,338	2,338	2,256
	2,332,294	424,565	359,068	304,855

Segmental results by foreign currency for the financial period ended 30 June 2017 are as follows:

**PROPERTY DEVELOPMENT SEGMENT:**

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	409,794	82,313	62,577	36,139	409,794	82,313	62,577	36,139
Australian Dollar (AUD'000)	-	239	185	83	-	794	614	276
Hong Kong Dollar (HKD'000)	-	(2,518)	(2,518)	(2,518)	-	(1,417)	(1,417)	(1,417)
India Rupee (INR'000)	-	120	120	120	-	8	8	8
China Yuan Renminbi (RMB'000)	7,246	(8,252)	(8,252)	(8,252)	4,624	(5,266)	(5,266)	(5,266)
Singapore Dollar (SGD'000)	-	7,601	7,601	7,601	-	23,841	23,841	23,841
US Dollar (USD'000)	-	(3)	(3)	(2)	-	(12)	(12)	(7)
					414,418	100,261	80,345	53,574

**PROPERTY INVESTMENT DIVISION SEGMENT:**

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	382,708	116,224	99,097	103,702	382,708	116,224	99,097	103,702
Hong Kong Dollar (HKD'000)	-	(707)	(707)	(707)	-	(398)	(398)	(398)
US Dollar (USD'000)	1,633	42	42	22	7,145	183	183	96
Vietnam Dong (VND'000,000)	22,956	(2,320)	(1,375)	(1,375)	4,423	(447)	(265)	(265)
					394,276	115,562	98,617	103,135

**CONSTRUCTION SEGMENT:**

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	528,834	59,577	47,773	25,732	528,834	59,577	47,773	25,732
United Arab Emirates Dirham (AED'000)	-	(434)	(434)	(236)	-	(518)	(518)	(282)
India Rupee (INR'000)	-	83,084	83,084	45,211	-	5,559	5,559	3,025
Singapore Dollar (SGD'000)	31,529	4,662	3,988	2,171	98,891	14,622	12,509	6,808
					627,725	79,240	65,323	35,283

**TRADING & MANUFACTURING SEGMENT:**

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	339,271	11,299	8,228	7,267	339,271	11,299	8,228	7,267
Australian Dollar (AUD'000)	6,791	242	230	214	22,576	803	763	710
Indonesia Rupiah (IDR'000,000)	79,616	7,543	4,639	4,639	26,154	2,478	1,524	1,524
China Yuan Renminbi (RMB'000)	68,335	5,182	4,201	3,580	43,610	3,307	2,681	2,285
Singapore Dollar (SGD'000)	8,846	30	(16)	(16)	27,746	93	(50)	(50)
Thai Baht (THB'000)	93,460	8,965	7,173	7,173	11,843	1,136	909	909
					471,200	19,116	14,055	12,645

**INVESTMENT HOLDING SEGMENT:**

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	1,608	59,529	56,045	56,045	1,608	59,529	56,045	56,045
Hong Kong Dollar (HKD'000)	-	(469)	(473)	(467)	-	(264)	(266)	(263)
China Yuan Renminbi (RMB'000)	-	(3,910)	(3,910)	(3,910)	-	(2,495)	(2,495)	(2,495)
					1,608	56,770	53,284	53,287

**OTHERS SEGMENT:**

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	303,667	50,028	44,907	44,358	303,667	50,028	44,907	44,358
China Yuan Renminbi (RMB'000)	32,137	(942)	(942)	(744)	20,509	(601)	(601)	(475)
					324,176	49,427	44,306	43,883

The quarry segment is denominated entirely in Malaysian Ringgit.

**A9 Foreign Currency Rates**

The foreign currency exchange rates used are as follows:

Denomination	Closing rate	Average rate
United Arab Emirates Dirham	1.1720	1.1926
Australian Dollar	3.3144	3.3245
Hong Kong Dollar	0.5512	0.5628
Indonesia Rupiah ('000)	0.3230	0.3285
India Rupee	0.0667	0.0669
Japanese Yen	0.0385	0.0391
China Yuan Renminbi	0.6343	0.6382
Singapore Dollar	3.1248	3.1366
Thai Baht	0.1265	0.1267
US Dollar	4.3010	4.3764
Vietnam Dong ('000)	0.1893	0.1927

Income and expenses are translated at the average rate whereas the assets and liabilities are translated at the closing rate.

**A10 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.

**A11 Material events**

There were no material events subsequent to the current quarter ended 30 June 2017.

**A12 Changes in the Composition of the Group**

There were no material changes in the composition of the Group for the current quarter ended 30 June 2017.

**A13 Contingent Liabilities and Assets**

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

	30/6/2017 RM'000	31/12/2016 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>649,518</u>	<u>687,772</u>

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

**A14 Commitments**

(a) Capital commitment not provided for in the financial year as at 30 June 2017 is as follows:

	30/6/2017 RM'000	31/12/2016 RM'000
Amount authorised and contracted for	100,415	66,164
Amount authorised but not contracted for	<u>191,299</u>	<u>150,370</u>
	<u>291,714</u>	<u>216,534</u>

(b) Operating lease commitment not provided for in the financial year as at 30 June 2017 is as follows:

	30/6/2017 RM'000	31/12/2016 RM'000
Future minimum lease payment:		
- not later than 1 year	92,591	90,601
- later than 1 year and not later than 5 years	258,840	281,241
- later than 5 years	<u>62,615</u>	<u>90,295</u>
	<u>414,046</u>	<u>462,137</u>
Future minimum lease receipts:		
- not later than 1 year	76,450	78,069
- later than 1 year and not later than 5 years	313,943	275,663
- later than 5 years	<u>763,069</u>	<u>938,425</u>
	<u>1,153,462</u>	<u>1,292,157</u>

## B1 Review of Performance

### For the quarter

The Group recorded revenue of RM1,241.0 million and profit before tax of RM271.4 million for the current quarter ended 30 June 2017 compared to revenue of RM1,155.7 million and profit before tax of RM203.8 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 7.4% and profit before tax of 33.2%. Revenue in the current quarter was higher due to higher contribution from all business segments, except property development and quarry. Profit before tax was also higher in the current quarter across all business segments, except quarry. It was further boosted by higher fair value gains recorded by Sunway REIT, which was approximately RM33.1 million higher in the current quarter.

The property development segment reported revenue of RM271.1 million and profit before tax of RM75.2 million in the current quarter compared to revenue of RM315.1 million and profit before tax of RM60.6 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 13.9% and an increase in profit before tax of 24.1%. Revenue in the current quarter was lower mainly due to lower sales and progress billings from local development projects. However, profit before tax was higher in the current quarter mainly due to higher profit recognition from both the local and overseas projects.

The property investment segment reported revenue of RM207.4 million and profit before tax of RM84.4 million in the current quarter compared to revenue of RM160.1 million and profit before tax of RM41.3 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 29.5% and profit before tax of 104.5%. The increase in revenue was mainly contributed by additional revenue from the new Sunway Velocity Mall, which was opened in December 2016, higher visitorship to the Group's theme parks, and higher revenue from Sunway Pyramid Hotel which was re-opened progressively in 2017 following a refurbishment exercise in 2016. Although Sunway Velocity Mall successfully opened with a relatively high occupancy rate, the initial average rental rate is lower due to higher rebates given in the current competitive market condition. Hence, the profit contribution from this new mall is not expected to be positive during this initial rental period. However, the current profit before tax was still higher due to better contribution from the other operations. The higher profit before tax was also boosted by the share of higher fair value gains from revaluation of Sunway REIT properties, which was RM56.8 million in the current quarter compared to RM23.7 million in the corresponding quarter of the previous financial year.

The construction segment recorded revenue of RM310.9 million and profit before tax of RM42.3 million in the current quarter compared to revenue of RM249.3 million and profit before tax of RM34.5 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 24.7% and profit before tax of 22.8%. In line with the higher revenue due to stronger progress billings and lower intra-group revenue eliminations, profit before tax was correspondingly higher.

The trading and manufacturing segment recorded revenue of RM226.0 million and profit before tax of RM10.3 million in the current quarter compared to revenue of RM218.5 million and profit before tax of RM6.7 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 3.5% and profit before tax of 54.4%. The performance in the current quarter has improved due to better overall market condition and sentiment, which resulted in higher sales and profit for the segment, both locally and overseas.

The quarry segment recorded revenue of RM58.7 million and profit before tax of RM3.7 million in the current quarter compared to revenue of RM60.6 million and profit before tax of RM11.3 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 3.1% and profit before tax of 67.4%. Revenue in the current quarter was marginally lower due to lower sales volume for aggregates and premix, and a slight drop in the selling price for aggregates. Profit before tax was lower in the current quarter mainly due to lower operating margin for premix.

The other segments recorded revenue of RM166.9 million and profit before tax of RM55.5 million in the current quarter compared to revenue of RM152.1 million and profit before tax of RM49.4 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 9.7% and profit before tax of 12.3%. The better performance in the current quarter was mainly due to higher contribution from the healthcare and building materials segments and Group treasury operations.

### For the 6 months period

The Group recorded revenue of RM2,332.3 million and profit before tax of RM424.6 million for the current 6 months period ended 30 June 2017 compared to revenue of RM2,224.7 million and profit before tax of RM379.9 million for the corresponding 6 months period ended 30 June 2016, representing an increase in revenue of 4.8% and profit before tax of 11.8%. The better performance in the current period was contributed by most business segments, except property development and quarry. Current period profit before tax was also boosted by higher fair value gains recorded by Sunway REIT, which was approximately RM33.1 million higher in the current period.

The property development segment reported revenue of RM414.4 million and profit before tax of RM100.3 million for the current 6 months period ended 30 June 2017 compared to revenue of RM549.1 million and profit before tax of RM129.7 million for the corresponding 6 months period ended 30 June 2016, representing a decrease in revenue of 24.5% and profit before tax of 22.7%. The performance for the current period was lower mainly due to lower sales and progress billings from local development projects. There was also no contribution from the Group's wholly-owned Avant Parc project in Singapore, which was fully sold in Q2 2016.

The property investment segment reported revenue of RM394.3 million and profit before tax of RM115.6 million for the current 6 months period ended 30 June 2017 compared to revenue of RM329.3 million and profit before tax of RM74.8 million for the corresponding 6 months period ended 30 June 2016, representing an increase in revenue of 19.7% and profit before tax of 54.5%. Revenue was higher in the current period mainly boosted by additional contributions from the newly-opened Sunway Velocity Mall, the Group's theme parks and the re-opening of the refurbished Sunway Pyramid Hotel, as mentioned above. Current period profit before tax was also boosted by the share of higher fair value gains from revaluation of Sunway REIT properties, which was RM56.8 million in the current period compared to RM23.7 million in the corresponding period.

The construction segment reported revenue of RM627.7 million and profit before tax of RM79.2 million for the current 6 months period ended 30 June 2017 compared to revenue of RM560.8 million and profit before tax of RM72.2 million for the corresponding 6 months period ended 30 June 2016, representing an increase in revenue of 11.9% and profit before tax of 9.7%. Revenue was higher in the current period due to higher progress billings and lower intra-group revenue elimination. Accordingly, the current period profit before tax was higher in line with the higher revenue.

The trading and manufacturing segment reported revenue of RM471.2 million and profit before tax of RM19.1 million for the current 6 months period ended 30 June 2017 compared to revenue of RM411.5 million and profit before tax of RM12.0 million for the corresponding 6 months period ended 30 June 2016, representing an increase in revenue of 14.5% and profit before tax of 58.8%. Revenue was higher in the current period mainly due to higher sales recorded both locally and overseas, particularly in the heavy equipment, heavy equipment parts and building materials divisions. Profit before tax was also higher in line with the higher revenue, and due to higher operating margins.

The quarry segment reported revenue of RM98.9 million and profit before tax of RM4.2 million for the current 6 months period ended 30 June 2017 compared to revenue of RM99.3 million and profit before tax of RM17.5 million for the corresponding 6 months period ended 30 June 2016, representing a decrease in revenue of 0.4% and profit before tax of 76.0%. Although revenue in the current period was largely in line with the previous corresponding period, profit before tax was lower due to lower operating margin and higher depreciation expense for additional fixed assets at some of the Group's new sites.

The other segments reported revenue of RM325.8 million and profit before tax of RM106.2 million for the current 6 months period ended 30 June 2017 compared to revenue of RM274.7 million and profit before tax of RM73.7 million for the corresponding 6 months period ended 30 June 2016, representing an increase in revenue of 18.6% and profit before tax of 44.2%. The better performance in the current period was due to higher contribution from the healthcare and building materials segments and Group treasury operations.

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

The Group recorded revenue of RM1,241.0 million and profit before tax of RM271.4 million for the current quarter compared to revenue of RM1,091.3 million and profit before tax of RM153.1 million in the preceding quarter, representing an increase in revenue of 13.7% and profit before tax of 77.3%. The higher revenue in the current quarter was mainly contributed by all segments, except the construction and trading and manufacturing segments. Profit before tax was higher across all segments, and was further boosted by the share of fair value gains from Sunway REIT of RM56.8 million in the current quarter.

The property development segment recorded revenue of RM271.1 million and profit before tax of RM75.2 million in the current quarter compared to revenue of RM143.3 million and profit before tax of RM25.1 million in the preceding quarter, representing an increase in revenue of 89.2% and profit before tax of 200.0%. The better performance in the current quarter was mainly due to higher sales and better profit recognition from progress billings for the local projects.

The property investment segment recorded revenue of RM207.4 million and profit before tax of RM84.4 million in the current quarter compared to revenue of RM186.9 million and profit before tax of RM31.1 million in the preceding quarter, representing an increase in revenue of 10.9% and profit before tax of 171.3%. The increase in revenue was mainly contributed by better occupancy and higher visitorship to the Group's portfolio of investment properties, and higher revenue from Sunway Pyramid Hotel which had more rooms re-opened in the current quarter. The current profit before tax was higher mainly due to share of fair value gains from revaluation of Sunway REIT properties of RM56.8 million in the current quarter.

The construction segment recorded revenue of RM310.9 million and profit before tax of RM42.3 million in the current quarter compared to revenue of RM316.8 million and profit before tax of RM36.9 million in the preceding quarter, representing a decrease in revenue of 1.9% and an increase in profit before tax of 14.6%. The higher current profit before tax was largely due to the lower intra-group profit elimination compared with the preceding quarter.

The trading and manufacturing segment recorded revenue of RM226.0 million and profit before tax of RM10.3 million in the current quarter compared to revenue of RM245.2 million and profit before tax of RM8.8 million in the preceding quarter, representing a decrease in revenue of 7.8% and an increase in profit before tax of 17.6%. Revenue in the current quarter was lower due to lower sales both locally and overseas, particularly in the building materials and heavy equipment parts divisions and the Winstar group of companies. However, profit before tax was marginally higher in the current quarter due to improvements in the operating margins.

The quarry segment recorded revenue of RM58.7 million and profit before tax of RM3.7 million in the current quarter compared to revenue of RM40.2 million and profit before tax of RM0.5 million in the preceding quarter, representing an increase in revenue of 46.0% and profit before tax of 634.5%. The improved financial performance in the current quarter was contributed by the higher sales volume for aggregates and premix, and higher selling price for aggregates.

The other segments recorded revenue of RM166.9 million and profit before tax of RM55.5 million in the current quarter compared to revenue of RM158.9 million and profit before tax of RM50.7 million in the preceding quarter, representing an increase in revenue of 5.0% and profit before tax of 9.4%. Revenue in the current quarter was higher due to higher contribution from the healthcare and building materials segments, whilst current profit before tax was higher mainly due to higher operating margin in the building materials segment.

**B3 Prospects**

Malaysia's economy recorded a stronger growth rate of 5.8% in the second quarter of this year, following a commendable GDP growth rate of 5.6% in the preceding quarter. This was driven by continued strong domestic demand and private expenditure. In comparison, the economy only grew by 4% in the corresponding quarter of the previous year. Based on the aforesaid, the Malaysian economy is expected to remain resilient and grow above 5% for 2017. Such growth prospect augurs well for the Group.

Although the local property market condition is still consolidating, there are indications to suggest that the market has started to bottom out. With the right product at suitable location, the Group is confident of achieving commendable sales for its upcoming new launches during the year. The Group is also using its strong financial position to expand its landbank in the Klang Valley. The current soft property market has provided opportunities for the Group to acquire several pieces of land at good locations at reasonable valuation.

On the construction front, the Group's construction segment is well positioned to benefit from the government's continued roll-out of infrastructure related development expenditure that focus on improving public transportation. The Group is confident in replenishing its strong order book based on its proven track record.

In June 2017, Sunway was reclassified from the Properties sector to the Trading/Services sector on the Main Market of Bursa Securities to better reflect the Group's strategic ambition going forward to grow its non-property related businesses to become market leaders in their respective sectors. The Group's strength as a conglomerate with diverse yet complementary businesses will help the Group to sustain its competitive edge.

Based on the above and barring any unforeseen circumstances, the Group is expected to continue to deliver satisfactory performance in 2017, underpinned by the unbilled property sales of RM1.2 billion and outstanding construction order book of RM4.3 billion as at 30 June 2017.

**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 30/6/2017 RM'000	Cumulative Year To Date 30/6/2017 RM'000
Current taxation	(42,954)	(69,687)
Deferred taxation	4,796	4,190
	<u>(38,158)</u>	<u>(65,497)</u>

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

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

	Current Quarter Ended 30/6/2017 RM'000	Cumulative Year To Date 30/6/2017 RM'000
Depreciation and amortisation	(33,272)	(67,827)
Net reversal/(provision) of impairment for:		
- Trade receivables	5,073	844
- Inventories	(378)	(915)
Write off:		
- Trade receivables	-	(124)
- Property, plant and equipment	62	(304)
Net gain on disposal of:		
- property, plant and equipment	753	1,147
Net foreign exchange gain/(loss):		
- Others	250	1,179
- Unrealised for hedged items	51,946	75,037
Cash flow hedge reserve recycled to profit or loss	(51,946)	(75,037)

**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 Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. with Sunway Serene Sdn. Bhd. (formerly known as 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.**

Sunway Subang 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
Sunway Serene Sdn. Bhd. (formerly known as Sunway Dimension Stones Sdn. Bhd.) ("%SSSB")	Hakmilik H.S.(D) 182796, PT 7 in Pekan Subang, Daerah Petaling, Negeri Selangor measuring approximately 8,523 square metres (%RT 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 (%RT 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 (%RT 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 SSSB, 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.



**B7.1 Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. with Sunway Serene Sdn. Bhd. (formerly known as 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.)**

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

- (a) SSSB 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) SSSB 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:

- (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 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 and the Proposed Joint Venture were completed on 29 June 2016 and 24 May 2017 respectively. The remainder of the Proposed Property Acquisition has not been completed as at the date of this report.

**B7.2 Sale and Purchase Agreement between Sunway Innopark Sdn. Bhd. (formerly known as (Sun-Block Batang Kali) Sdn. Bhd.), LGT Sdn. Bhd., Tan Sri Lim Kok Thay, Puan Sri Datin Seri Lim (Nee Lee) Kim Hua, Yarraville Sdn. Bhd., Dandenong Sdn. Bhd. and Ripponlea Sdn. Bhd.**

On 13 July 2017, Sunway Innopark Sdn Bhd (formerly known as Sun-Block (Batang Kali) Sdn Bhd) (%Purchaser+), a wholly-owned subsidiary of Sunway City Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement (%SPA+) with LGT Sdn Bhd (%the Registered Owner+) and Tan Sri Lim Kok Thay, Puan Sri Datin Seri Lim (Nee Lee) Kim Hua, Yarraville Sdn Bhd (%Yarraville+), Dandenong Sdn Bhd (%Dandenong+) and Ripponlea Sdn Bhd (%Ripponlea+) (collectively %the Beneficial Owners+) for the acquisition of a freehold land held under Geran No.78658, Lot No. 20010, Seksyen 69 Bandar Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 18,332 square meters (%the Land+) free from encumbrances on an as is where is basis for a total purchase consideration of RM165,000,000 (excluding Goods and Services Tax) (%Purchase Price+).

**B7.2 Sale and Purchase Agreement between Sunway Innopark Sdn. Bhd. (formerly known as Sun-Block (Batang Kali) Sdn. Bhd.), LGT Sdn. Bhd., Tan Sri Lim Kok Thay, Puan Sri Datin Seri Lim (Nee Lee) Kim Hua, Yarraville Sdn. Bhd., Dandenong Sdn. Bhd. and Ripponlea Sdn. Bhd. (contd.)**

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

- (a) An earnest deposit of RM3,300,000 already paid to the Registered Owner prior to the execution of the SPA and balance deposit of RM13,200,000 paid to the Registered Owner upon execution of the SPA; and
- (b) The balance Purchase Price of RM148,500,000 shall be paid to the Vendor's solicitors within 3 months from the date of the SPA (the last day of which shall hereinafter referred to as the Completion Date). If the Purchaser 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 the Purchaser paying an interest at the prevailing base lending rate of Malayan Banking Berhad per annum on the outstanding amount, calculated on a daily basis.

The proposed development on the Land (Proposed Development) will comprise mainly serviced apartments with some lifestyle retail units. The estimated gross development value of the Proposed Development is RM1.1 billion, comprising RM1.05 billion of serviced apartments and RM50 million of retail units. The entire development is expected to be developed within a 5-year development period.

The Proposed Land Acquisition will add 4.53 acres of freehold prime land in Kuala Lumpur to Sunway's land bank, providing further visibility to the future earnings of the Group. The Land is strategically located in Kuala Lumpur city center and within 3 km from landmarks like the Bukit Bintang shopping belt, KL Sentral transport hub and Perdana Botanical Gardens.

The Land will be acquired with approvals obtained for a mixed-use development with a plot ratio of 8.81 times. While amendments will be made to the approvals obtained to modify the product mix, the Group believes this development will be ready for launch by second half of 2018. The ability to launch this project quickly will improve the internal rate of return of the Proposed Development.

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

**B7.3 Proposed bonus issue of shares and proposed bonus issue of warrants of the Company**

On 14 June 2017, the Company proposes to undertake the following:

- (i) Proposed bonus issue of up to 2,804,471,128 new ordinary shares in Sunway (Sunway Shares+or Shares+) (Bonus Shares+) on the basis of four (4) Bonus Shares for every three (3) existing Sunway Shares held on an entitlement date to be determined later (Entitlement Date+) (Proposed Bonus Issue of Shares+); and
- (ii) Proposed bonus issue of up to 631,006,003 free warrants in Sunway (Warrants+) on the basis of three (3) Warrants for every ten (10) existing Sunway Shares held on the same Entitlement Date as the Proposed Bonus Issue of Shares (Proposed Bonus Issue of Warrants+).

(Collectively referred to as the "Proposals")

On 24 July 2017, Bursa Securities had, vide its letter dated 24 July 2017, resolved to approve the following:

- (a) Listing of up to 2,804,471,128 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares;
- (b) Admission to the Official List and the listing and quotation of up to 631,006,003 Warrants to be issued pursuant to the Proposed Bonus Issue of Warrants; and
- (c) Listing of up to 631,006,003 new Sunway Shares to be issued pursuant to the exercise of the Warrants.

The approval of Bursa Securities for the Proposals is subject to conditions set out in its letter.

The Proposals have not been completed as at the date of this report.

#### B7.4 Proposed acquisition of land by Sunway Supply Chain Enterprise Sdn. Bhd.

On 31 July 2017, Sunway Supply Chain Enterprise Sdn Bhd (~~SSCE~~), a wholly-owned subsidiary of Sunway Holdings Sdn Bhd which in turn is a wholly-owned subsidiary of the Company, entered into an agreement (~~Agreement~~) with Premier Place Property Sdn Bhd (~~PPP~~), a wholly-owned subsidiary of JAKS Resources Berhad whereby PPP and SSCE or its related corporation agree to execute a sale and purchase agreement (~~SPA~~) within 21 days from the date of the Agreement or such extended time period as the parties shall mutually agree in writing to acquire the following 4 parcels of freehold land totaling 5.988 hectares or 644,575.24 square feet for a total purchase consideration of RM167,589,760 (excluding Goods and Services Tax) (~~Proposed Land Acquisition~~):

- (i) Geran Mukim 85 Lot 526, Tempat Sungei Penaga, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 1.214 hectares or 130,673.87 square feet (~~Land 1~~);
  - (ii) Geran Mukim 84 Lot 527, Tempat Sungei Penaga, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 1.214 hectares or 130,673.87 square feet (~~Land 2~~);
  - (iii) Geran Mukim 83 Lot 528, Tempat Sungei Penaga, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 1.214 hectares or 130,673.87 square feet (~~Land 3~~); and
  - (iv) Geran Mukim 319 Lot 62506 Tempat Sungei Penaga, Pekan Subang Jaya, Daerah Petaling, Negeri Selangor measuring approximately 2.346 hectares or 252,553.63 square feet (~~Land 4~~).
- (Land 1, Land 2, Land 3 and Land 4 shall collectively be referred as "the Lands")

The SPA shall be conditional upon PPP obtaining the approval of the shareholders of JAKS Resources Berhad in a general meeting for the disposal of the Lands by PPP to SSCE within 4 months from the date of the SPA or such extended time period as the parties thereto shall mutually agree in writing. The SPA shall become unconditional upon the fulfilment of this condition precedent and receipt of a written notification of the same by SSCE (~~Unconditional Date~~).

SSCE had on 17 August 2017 signed the SPA for the Proposed Land Acquisition.

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

#### B7.5 Acquisition of land and buildings by Daksina Harta Sdn. Bhd. from Concept Housing Development (M) Sdn. Bhd., a related party.

On 1 August 2017, Daksina Harta Sdn Bhd (~~Purchaser~~), a subsidiary of the Company, entered into a Sale and Purchase Agreement (~~SPA~~) with Concept Housing Development (M) Sdn Bhd (~~Vendor~~) for the acquisition of a freehold land held under Geran No. 47813, Lot No. 1, Mukim Kajang, Daerah Ulu Langat, Negeri Selangor measuring approximately 24,281.1 square metres (before taking into account/deducting the portion of the land that was compulsorily acquired by the relevant authority measuring 2,928 square metres) (~~the Land~~) together with a partially completed commercial complex comprising a 3-storey podium (3 units of office space) including 1 unit of Tenaga Nasional Berhad substation, a 20-storey office Block A (17 units of office space), a 12-storey office Block B (9 units of office space) and a 10-storey car park (~~the Buildings~~) free from encumbrances and with vacant possession for a total purchase consideration of RM63,000,000 (excluding Goods and Services Tax) (~~Proposed Property Acquisition~~). The Land and the Buildings shall be collectively be referred to as "the Property"

Pursuant to the SPA, the Purchaser will acquire the Property from the Vendor free from encumbrances and with vacant possession for a total purchase consideration of RM63,000,000 (excluding Goods and Services Tax) (~~Purchase Price~~).

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

- (a) A deposit of RM6,300,000 paid to the Vendor's solicitors as stakeholder upon execution of the SPA which shall be refunded to the Purchaser interest free in the event the condition precedents are not met; and
- (b) The balance Purchase Price of RM56,700,000 shall be paid to the Vendor's solicitors as stakeholder within 3 months from the date of fulfillment of the conditions precedent (~~Completion Date~~). If the Purchaser 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 the Purchaser paying interest of 5% per annum on the outstanding amount.

The Company had on 10 August 2017 evening received a letter from the solicitors for Steelwell Development Sdn. Bhd. ("Steelwell") claiming that Steelwell's consent is required for the sale of the Property by the Vendor as there was a settlement agreement between the Vendor and Steelwell, and that the Purchaser is not to take any further action under the SPA until settlement between the Vendor and Steelwell with regards to the Property.

The Company is currently seeking legal advice in relation to its rights under the SPA.

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

**B7.6 Proposed disposal of the Sunway Clio property by Sunway Forum Hotel Sdn. Bhd., proposed lease by Sunway Resort Hotel Sdn. Bhd. of the hotel property for an initial term of 10 years and proposed tenancy by Sunway Leisure Sdn. Bhd. of the multi-storey car park in the Sunway Clio property (collectively referred to as "Proposals")**

On 3 August 2017, RHB Investment Bank Berhad announced on behalf of the Group that the following agreements have been entered into:

- (i) A conditional sale and purchase agreement entered into between Sunway Forum Hotel Sdn. Bhd. (a wholly-owned subsidiary of Sunway) ("Vendor") and RHB Trustees Berhad (as the trustee of Sunway Real Estate Investment Trust (%Sunway REIT+)) (%Trustee+), for the proposed disposal by the Vendor to the Trustee of a parcel of leasehold land under H.S. (D) 259881, Lot No. PT 1333, Bandar Sunway, District of Petaling, Selangor Darul Ehsan together with a 27-storey building with a lower ground floor (and all services infrastructure, fixtures and fittings affixed or located or used in the property) comprising:
- (a) a 19-storey 4-star rated hotel with 401 hotel rooms and facilities including a swimming pool, an exercise area, a dining area and meeting rooms known as Sunway Clio Hotel ("Hotel Property");
  - (b) 3-storey (including 1 storey at lower ground floor) retail lots known as Sunway Pyramid West ("Retail Space"); and
  - (c) a 6-storey podium car park ("Podium Car Park") and 4-storey basement car park (collectively "Multi-storey Car Park") (collectively, the Sunway Clio Property).

for a cash consideration of RM340 million (%SPA+);

- (ii) A conditional hotel lease agreement entered into between Sunway Resort Hotel Sdn. Bhd. (a wholly-owned subsidiary of Sunway) ("Lessee"), the Trustee ("Lessor") and Sunway REIT Management Sdn. Bhd. (as the manager of Sunway REIT), for the lease of the Hotel Property for an initial term of 10 years commencing from the day immediately after the completion of the SPA (%Completion Date+) with an option to renew for a further term of 10 years; and
- (iii) A conditional car park tenancy agreement entered into between Sunway Leisure Sdn. Bhd. (a wholly-owned subsidiary of Sunway) ("Tenant") and the Trustee ("Landlord"), for the tenancy of the Multi-storey Car Park for a period of 3 years commencing from the day immediately after the Completion Date with an option to renew for a further term of 3 years.

The Proposals have not been completed as at the date of this report.

**B7.7 Subscription and shareholders' agreement between Sunglobal Resources Sdn. Bhd. ("Sunglobal"), Sunway City Sdn. Bhd. ("Suncity") and Huatland Sdn. Bhd. ("Huatland"), and proposed acquisition of land by Sunglobal.**

On 16 August 2017, Suncity, which is a wholly-owned subsidiary of the Company, has entered into a Subscription and Shareholders' Agreement (%SSA+) with Huatland and Sunglobal, a wholly-owned subsidiary of Suncity, for the purpose of establishing a joint venture via Sunglobal to jointly carry out and undertake a proposed mixed development project on a freehold land held under No. Hakmilik H.S.(M) 73476, Lot 30353 in Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 17,578 square meters (%the Land+) as well as to regulate the relationship between Suncity and Huatland as the shareholders of the Sunglobal (%Proposed Joint Venture+).

Sunglobal has also on even date, entered into a Sale and Purchase Agreement (%SPA+) with Setapak Heights Development Sdn Bhd (%Vendor+) for the acquisition of the Land free from encumbrances and with vacant possession for a total purchase consideration of RM51,070,000 (excluding Goods and Services Tax) (%Proposed Land Acquisition+).

The salient terms of the SSA are as follows:

- (a) Under the Proposed Joint Venture, SCSB and Huatland shall subscribe for the following shares for cash in the share capital of the JVCo:

Shareholders	Number of Ordinary Shares	Number of Redeemable Preference Shares	Shareholding Ratio
SCSB	*275,000	8,151,550	55%
Huatland	225,000	6,669,450	45%
<b>Total</b>	<b>500,000</b>	<b>14,821,000</b>	<b>100%</b>

\* Include 1 ordinary share currently held by SCSB in the JVCo.

- (b) SCSB and Huatland shall be entitled to nominate and appoint 3 directors and 2 directors respectively in the JVCo.  
(c) SCSB shall nominate the Chairman of the Board.

**B7.7 Subscription and shareholders' agreement between Sunglobal Resources Sdn. Bhd. ("Sunglobal"), Sunway City Sdn. Bhd. ("Suncity") and Huatland Sdn. Bhd. ("Huatland"), and proposed acquisition of land by Sunglobal. (contd.)**

The completion of the sale and purchase of the Land shall be conditional upon the following conditions precedent (Conditions Precedent) being fulfilled or obtained or waived by mutual agreement of the parties by 3 months from the date of the SPA or such extended date as the parties may mutually agree:

- (a) The Vendor having obtained a revised development order or development approval in its name with an approved plot ratio of not less than 5.0 times and the Vendor having provided the documentary evidence that all premium and development charges in respect of such revised development order or development approval have been fully settled; and
- (b) The Vendor and the Sunglobal having successfully registered with the Royal Malaysian Customs Department as a Goods and Services Tax registrant.

The Purchase Price shall be satisfied by Sunglobal on or before the completion date to the Vendor's solicitors as stakeholders i.e. 1 month after the Conditions Precedent have been fulfilled or obtained or waived, or such other extended date as the parties may mutually agree

**B8 Group Borrowings and Debt Securities**

The Group borrowings as at 30 June 2017 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
<b>Secured borrowings</b>			
<u>Islamic:</u>			
Term loan	597,839	982,625	1,580,464
<u>Conventional:</u>			
Bank overdrafts	169,767	-	169,767
Term loan	1,237,027	650,760	1,887,787
Revolving credits	764,081	-	764,081
Medium term notes	-	480,000	480,000
Bankers' acceptances	4,985	-	4,985
Hire purchase	1,216	583	1,799
	<b>2,177,076</b>	<b>1,131,343</b>	<b>3,308,419</b>
<b>Total secured borrowings</b>	<b>2,774,915</b>	<b>2,113,968</b>	<b>4,888,883</b>
<b>Unsecured borrowings</b>			
<u>Islamic:</u>			
Revolving credits	80,000	-	80,000
Medium term notes	-	470,000	470,000
Commercial papers	1,470,000	-	1,470,000
	<b>1,550,000</b>	<b>470,000</b>	<b>2,020,000</b>
<u>Conventional:</u>			
Term loan	3,752	-	3,752
Medium term notes	150,000	450,000	600,000
Bankers' acceptances	128,259	-	128,259
Commercial papers	638,000	-	638,000
Bills discounting	100,482	-	100,482
	<b>1,020,493</b>	<b>450,000</b>	<b>1,470,493</b>
<b>Total unsecured borrowings</b>	<b>2,570,493</b>	<b>920,000</b>	<b>3,490,493</b>
<b>Total borrowings</b>	<b>5,345,408</b>	<b>3,033,968</b>	<b>8,379,376</b>
Islamic borrowings	2,147,839	1,452,625	3,600,464
Conventional borrowings	3,197,569	1,581,343	4,778,912
<b>Total borrowings</b>	<b>5,345,408</b>	<b>3,033,968</b>	<b>8,379,376</b>

Included in the Group borrowings as at 30 June 2017 are amounts denominated in foreign currency as follows:

Secured	Foreign currency		RM'000		
	Current	Non-current	Current	Non-current	Total
US Dollar (USD $\phi$ 00) *					
- Term loan	219,000	219,000	941,919	941,919	1,883,838
- Revolving credit	4,300		18,494	-	18,494
Singapore Dollar (SGD $\phi$ 00) #					
- Term loan	-	90,000	-	281,232	281,232
Chinese Renminbi (RMB $\phi$ 00) **					
- Term loan	40,777	4,539	25,865	2,879	28,744
Indonesian Rupiah (RP $\phi$ 00) **					
- Term loan	13,828,410	-	4,467	-	4,467
Australia Dollar (AUD $\phi$ 00) **					
- Term loan	568	-	1,883	-	1,883
			992,627	1,226,030	2,218,657

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

	Current RM'000	Non-current RM'000	Total RM'000
<b>Secured borrowings</b>			
<u>Islamic:</u>			
Term loan	261,593	301,796	563,389
<u>Conventional:</u>			
Bank overdrafts	161,058	-	161,058
Term loan	1,141,434	1,500,887	2,642,321
Revolving credits	456,486	-	456,486
Bankers' acceptances	8,541	-	8,541
Medium term notes	-	232,453	232,453
Hire purchase	1,904	2,002	3,906
	1,769,423	1,735,342	3,504,765
<b>Total secured borrowings</b>	<b>2,031,016</b>	<b>2,037,138</b>	<b>4,068,154</b>
<b>Unsecured borrowings</b>			
<u>Islamic:</u>			
Revolving credits	80,000	-	80,000
Medium term notes	-	70,000	70,000
Commercial paper	1,375,000	-	1,375,000
Bills discounting	-	-	-
	1,455,000	70,000	1,525,000
<u>Conventional:</u>			
Term loan	4,025	-	4,025
Medium term notes	-	250,000	250,000
Commercial paper	763,000	-	763,000
Bills discounting	74,612	-	74,612
Bankers' acceptances	137,970	-	137,970
	979,607	250,000	1,229,607
<b>Total unsecured borrowings</b>	<b>2,434,607</b>	<b>320,000</b>	<b>2,754,607</b>
<b>Total borrowings</b>	<b>4,465,623</b>	<b>2,357,138</b>	<b>6,822,761</b>
Islamic borrowings	1,716,593	371,796	2,088,389
Conventional borrowings	2,749,030	1,985,342	4,734,372
<b>Total borrowings</b>	<b>4,465,623</b>	<b>2,357,138</b>	<b>6,822,761</b>

Included in the Group borrowings as at 30 June 2016 are amounts denominated in foreign currency as follows:

Secured	Foreign currency		RM'000		
	Current	Non-current	Current	Non-current	Total
US Dollar (USD $\phi$ 00) *					
- Term loan	303,000	296,000	1,219,424	1,191,252	2,410,676
- Revolving credit			-	-	-
Singapore Dollar (SGD $\phi$ 00) #					
- Term loan	-	91,209	-	272,852	272,852
- Hire purchase	9	-	26	-	26
Chinese Renminbi (RMB $\phi$ 00) **					
- Revolving credit	72,500	-	43,993	-	43,993
Australia Dollar (AUD $\phi$ 00) **					
- Bank overdraft	13	-	39	-	39
- Bankers' acceptances	303	-	910	-	910
			1,264,392	1,464,104	2,728,496

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.

Overall, the total borrowing of the Group has increased by RM1.56 billion, from RM6.82 billion as at 30 June 2016 to RM8.38 billion as at 30 June 2017.

The increase in the Group's borrowing is mainly to fund the development cost of its on-going commercial and hospital projects in Sunway Velocity, Sunway Iskandar and Sunway Medical Centre in Sunway City.

The weighted average interest rate of borrowings as at 30 June 2017 is 4.05%. The Group has entered into interest rate swap ("IRS") to exchange floating interest rate for fixed interest rate in order to minimise the exposure from fluctuation of interest rate. After taking into consideration the IRS, 42% of the total borrowing are at fixed rate, whereas 58% are at floating rate. Weighted average interest rate for fixed rate borrowings and floating rate borrowings is 4.32% and 3.85% respectively.

Out of the total borrowings of RM8.38 billion, RM2.28 billion (Current: RM1.02 billion ; Non-current: RM1.26 billion) are denominated in foreign currencies. However, the group entered into cross currency swap contracts to fully hedge the foreign currency borrowings against any foreign exchange rate risk at the average exchange rate of 3.757 for USD borrowings and 2.573 for SGD borrowings.

## B9 Derivative Financial Instruments

The Group's outstanding derivatives as at 30 June 2017 were as follows:

Type of Derivatives	Contract/ Notional Value 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	379	-	
<b>Interest rate swap contracts</b>				
- Less than 1 year *	916,130	(464)	-	
<b>Foreign currency forward contracts</b>				
- Less than 1 year	44,702	900	-	866
- 1 year to 3 years	35,629	282	(35)	-
<b>Cross currency swap contracts #</b>				
- Less than 1 year	907,759	107,239		(5,056)
- 1 year to 5 years	733,838	133,354		826
<b>Total derivatives</b>		241,690	(35)	(3,364)

\* 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 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 RM61 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 RM52 million) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.



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

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

#### B11 Realised and Unrealised Profits

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

	30/6/2017 RM'000	31/12/2016 RM'000
Total retained profit of the Group:-		
Realised	3,611,372	3,521,707
Unrealised	847,861	853,333
Total share of retained profits from associated companies:		
Realised	3,830	3,167
Unrealised	249,055	192,274
Total share of retained profits from Jointly Controlled Entities:		
Realised	173,815	145,292
Unrealised	(18,444)	(18,075)
Less: Consolidation adjustments	(1,549,778)	(1,536,784)
Total Group's retained profits as per consolidated accounts	3,317,711	3,160,914

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, the Board of Directors has declared a first interim cash dividend of 7.00 sen per share for the financial year ending 31 December 2017, which will be paid on a date to be determined.

As disclosed in note B7.3, the Company has proposed to undertake a bonus issue of new ordinary shares on the basis of four (4) Bonus Shares for every three (3) existing Sunway Shares held, and a bonus issue of free warrants on the basis of three (3) warrants for every ten (10) existing Sunway Shares held. In the event the entitlement date for the proposed bonus issue of shares and warrants is prior to the entitlement date for the first interim cash dividend, the aforesaid cash dividend of 7.00 sen per share will be adjusted accordingly to 3.00 sen per share to take into consideration of the enlarged number of shares of the Company following the proposed bonus issue of shares.

#### B13 Earnings per share

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

	Current Quarter Ended 30/6/2017 RM'000	Cumulative Year To Date 30/6/2017 RM'000
<b><u>Basic earnings per share</u></b>		
Profit attributable to members of the Company	196,943	304,855
Weighted Average Number of Ordinary Shares	2,048,203	2,036,729
Earnings per share ( Basic ) (sen)	9.62	14.97
<b><u>Diluted earnings per share</u></b>		
Profit attributable to members of the Company	196,943	304,855
Weighted Average Number of Ordinary Shares	2,076,214	2,065,414
Earnings per share ( Diluted ) (sen)	9.49	14.76

#### By Order of the Board

Tan Kim Aun  
Chin Lee Chin

Secretaries