

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	NOTE	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		CURRENT YEAR	PRECEDING YEAR	INCREASE/ (DECREASE)	CURRENT YEAR	PRECEDING YEAR	INCREASE/ (DECREASE)
		QUARTER 30/09/2020	CORRESPONDING QUARTER 30/09/2019		TO DATE 30/09/2020	CORRESPONDING PERIOD 30/09/2019	
RM'000	RM'000	%	RM'000	RM'000	%		
REVENUE		1,027,221	1,226,494	(16%)	2,555,304	3,427,281	(25%)
OPERATING EXPENSES	B6	(973,074)	(1,066,582)	(9%)	(2,522,011)	(3,079,210)	(18%)
OTHER OPERATING INCOME	B6	80,963	14,280	467%	152,528	111,159	37%
PROFIT FROM OPERATIONS		135,110	174,192	(22%)	185,821	459,230	(60%)
FINANCE INCOME		50,940	67,044	(24%)	193,991	216,357	(10%)
FINANCE COSTS	B6	(45,108)	(65,974)	(32%)	(158,939)	(193,674)	(18%)
SHARE OF PROFIT FROM ASSOCIATES		16,707	37,424	(55%)	47,765	138,302	(65%)
SHARE OF PROFIT FROM JOINT VENTURES		13,699	10,631	29%	20,628	33,609	(39%)
PROFIT BEFORE TAX		171,348	223,317	(23%)	289,266	653,824	(56%)
INCOME TAX EXPENSE	B5	(25,020)	(21,058)	19%	(57,226)	(36,977)	55%
PROFIT FOR THE PERIOD		146,328	202,259	(28%)	232,040	616,847	(62%)
ATTRIBUTABLE TO:							
- OWNERS OF THE PARENT		132,831	183,418	(28%)	204,412	566,321	(64%)
- NON-CONTROLLING INTERESTS		13,497	18,841	(28%)	27,628	50,526	(45%)
		146,328	202,259	(28%)	232,040	616,847	(62%)
EARNINGS PER SHARE							
(i) BASIC (sen)		2.51	3.43	(27%)	3.52	10.90	(68%)
(ii) DILUTED (sen)		2.51	3.43	(27%)	3.52	10.90	(68%)

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 201001037627 (921551-D))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/09/2020	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2019	CURRENT YEAR TO DATE 30/09/2020	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2019
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	146,328	202,259	232,040	616,847
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(4,474)	(19,254)	19,632	(8,505)
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS/(LOSSES)				
- FAIR VALUE (LOSS)/GAIN OF DERIVATIVES	(10,107)	(4,517)	30,470	14,068
- AMOUNT RECYCLED TO PROFIT OR LOSS	17,628	4,469	(31,864)	(12,145)
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS				
FAIR VALUE GAIN ON OTHER INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	-	-	-	37,045
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	-	20	3,451
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>3,047</u>	<u>(19,302)</u>	<u>18,258</u>	<u>33,914</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>149,375</u>	<u>182,957</u>	<u>250,298</u>	<u>650,761</u>
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	119,624	164,372	220,547	600,552
- NON-CONTROLLING INTERESTS	29,751	18,585	29,751	50,209
	<u>149,375</u>	<u>182,957</u>	<u>250,298</u>	<u>650,761</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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 201001037627 (921551-D))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020
 THE FIGURES HAVE NOT BEEN AUDITED

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER 30/09/2020	IMMEDIATE PRECEDING QUARTER 30/06/2020	INCREASE/ (DECREASE)
	RM'000	RM'000	%
REVENUE	1,027,221	556,644	85%
OPERATING EXPENSES	(973,074)	(585,253)	66%
OTHER OPERATING INCOME	80,963	34,600	134%
PROFIT FROM OPERATIONS	<u>135,110</u>	<u>5,991</u>	2155%
FINANCE INCOME	50,940	59,462	(14%)
FINANCE COSTS	(45,108)	(54,710)	(18%)
SHARE OF PROFIT FROM ASSOCIATES	16,707	355	4606%
SHARE OF PROFIT FROM JOINT VENTURES	13,699	(1,000)	1470%
PROFIT BEFORE TAX	<u>171,348</u>	<u>10,098</u>	1597%
INCOME TAX EXPENSE	(25,020)	(14,690)	70%
PROFIT/(LOSS) FOR THE PERIOD	<u>146,328</u>	<u>(4,592)</u>	3287%
ATTRIBUTABLE TO:			
- OWNERS OF THE PARENT	132,831	(6,713)	2079%
- NON-CONTROLLING INTERESTS	<u>13,497</u>	<u>2,121</u>	536%
	<u>146,328</u>	<u>(4,592)</u>	3287%
EARNINGS/(LOSS) PER SHARE			
(i) BASIC (sen)	<u>2.51</u>	<u>(0.34)</u>	841%
(ii) DILUTED (sen)	<u>2.51</u>	<u>(0.34)</u>	841%

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 201001037627 (921551-D))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020
 THE FIGURES HAVE NOT BEEN AUDITED

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER 30/09/2020 RM'000	IMMEDIATE PRECEDING QUARTER 30/06/2020 RM'000
PROFIT/(LOSS) FOR THE PERIOD	146,328	(4,592)
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(4,474)	10,102
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS		
- FAIR VALUE (LOSS)/GAIN OF DERIVATIVES	(10,107)	28,978
- AMOUNT RECYCLED TO PROFIT OR LOSS	17,628	(29,451)
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>3,047</u>	<u>9,629</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>149,375</u>	<u>5,037</u>
ATTRIBUTABLE TO:		
- OWNERS OF THE PARENT	119,624	2,077
- NON-CONTROLLING INTERESTS	<u>29,751</u>	<u>2,960</u>
	<u>149,375</u>	<u>5,037</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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 201001037627 (921551-D))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	AS AT END OF CURRENT QUARTER 30/09/2020 RM'000	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,945,758	2,749,044
Intangible assets	25,891	19,833
Investment properties	2,038,587	2,327,617
Inventories	1,804,924	1,674,576
Investment in associates	2,083,196	2,123,840
Investment in joint ventures	1,702,166	1,627,026
Goodwill	308,165	311,808
Deferred tax assets	69,048	66,722
Receivables	1,914,271	1,478,793
Rock reserves	5,410	5,605
Other investments	274,444	5,023
Biological assets	75	121
	13,171,935	12,390,008
Current assets		
Contract assets	100,531	76,230
Inventories	2,098,948	2,102,056
Receivables, deposits & prepayments	2,353,254	3,014,764
Placement in funds	2,428,830	3,627,369
Cash and bank balances	2,040,645	2,261,539
Tax recoverable	67,250	79,257
Derivative assets	19,281	1,925
	9,108,739	11,163,140
Asset of disposal group classified as held for sale	368,150	-
TOTAL ASSETS	22,648,824	23,553,148
EQUITY AND LIABILITIES		
Current liabilities		
Payables, accruals & other current liabilities	2,334,643	2,716,813
Contract liabilities	72,569	43,529
Bank borrowings	6,383,737	8,026,821
Lease liabilities	71,617	67,836
Taxation	38,989	5,480
Derivative liabilities	48,074	17,730
	8,949,629	10,878,209
Non-current liabilities		
Long term bank borrowings	2,899,249	1,543,739
Lease liabilities	719,425	767,028
Other long term liabilities	171,672	59,414
Derivative liabilities	-	187
Deferred taxation	130,576	130,304
	3,920,922	2,500,672
Total liabilities	12,870,551	13,378,881
Equity attributable to Owners of the Parent		
Share capital	5,393,667	5,393,666
Treasury shares	(58,205)	(53,324)
Reserves	3,020,416	3,052,526
	8,355,878	8,392,868
PERPETUAL SUKUK	800,000	1,150,000
NON-CONTROLLING INTERESTS	622,395	631,399
Total equity	9,778,273	10,174,267
TOTAL EQUITY AND LIABILITIES	22,648,824	23,553,148
Number of ordinary shares ('000)	4,900,642	4,903,731
Net Assets Per Share Attributable To Owners Of The Parent (RM)	1.71	1.71
(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 2019 and the accompanying explanatory notes attached to the interim financial statements.)		

SUNWAY BERHAD (Company No : 201001037627 (921551-D))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	ATTRIBUTABLE TO OWNERS OF THE PARENT									TOTAL EQUITY ATTRIBUTABLE TO OWNERS				
	NON-DISTRIBUTABLE			DISTRIBUTABLE						TOTAL RESERVES OF THE PARENT	PERPETUAL SUKUK	NON-CONTROLLING INTERESTS	TOTAL EQUITY	
	SHARE CAPITAL	TREASURY SHARES	RESERVES	NEGATIVE MERGER RESERVE	FOREIGN EXCHANGE RESERVE	SHARE OPTION RESERVE	CASH FLOW HEDGE RESERVE	FURNITURE, FITTINGS & EQUIPMENT RESERVE	OTHER RESERVES					RETAINED PROFITS
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
PERIOD ENDED 30 SEPTEMBER 2020														
At 1 January 2020	5,393,666	(53,324)	(1,192,040)	131,185	-	(16,535)	20,569	195,212	3,914,135	3,052,526	8,392,868	1,150,000	631,399	10,174,267
Profit for the year	-	-	-	-	-	-	-	-	204,412	204,412	204,412	-	27,628	232,040
Other comprehensive income/(loss), net of tax	-	-	-	17,509	-	(1,394)	-	20	-	16,135	16,135	-	2,123	18,258
Total comprehensive income	-	-	-	17,509	-	(1,394)	-	20	204,412	220,547	220,547	-	29,751	250,298
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	4,432	4,432
Effect of subsidiary becoming joint venture	-	-	-	-	-	-	-	-	-	-	-	-	(15,839)	(15,839)
Transfer to furniture & fittings reserve	-	-	-	-	-	-	(767)	-	821	54	54	-	(54)	-
Transfer to statutory reserve	-	-	-	-	-	-	-	263	(260)	3	3	-	(3)	-
Transactions with owners														
Issuance of perpetual sukuk	-	-	-	-	-	-	-	-	-	-	-	400,000	-	400,000
Issuance of ordinary shares pursuant to - exercise of warrants	1	^	-	-	-	-	-	-	-	-	1	-	-	1
Purchase of treasury shares	-	(4,881)	-	-	-	-	-	-	-	-	(4,881)	-	-	(4,881)
Dividends declared	-	-	-	-	-	-	-	-	(220,562)	(220,562)	(220,562)	-	-	(220,562)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(30,836)	(30,836)
Shares acquired by non-controlling interest	-	-	-	-	-	-	-	-	(491)	(491)	(491)	-	4,409	3,918
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	(199)	(199)	(199)	-	(591)	(790)
Redemption of perpetual sukuk	-	-	-	-	-	-	-	-	-	-	-	(750,000)	-	(750,000)
Distribution paid to holders of perpetual sukuk	-	-	-	-	-	-	-	-	(31,735)	(31,735)	(31,735)	-	-	(31,735)
Effects arising from bonus issues	-	-	-	-	-	-	-	600	(327)	273	273	-	(273)	-
Total transactions with owners	1	(4,881)	-	-	-	-	-	600	(253,314)	(252,714)	(257,594)	(350,000)	(27,291)	(634,885)
At 30 September 2020	5,393,667	(58,205)	(1,192,040)	148,694	-	(17,929)	19,802	196,095	3,865,794	3,020,416	8,355,878	800,000	622,395	9,778,273
^ Represents 404 warrants amounting to RM695.														
PERIOD ENDED 30 SEPTEMBER 2019														
At 1 January 2019	5,379,437	(140,299)	(1,192,040)	130,421	7,632	(17,681)	16,233	182,306	3,708,354	2,835,225	8,074,363	400,000	619,826	9,094,189
Effects of adopting MFRS 16	-	-	-	-	-	-	-	-	(100,040)	(100,040)	(100,040)	-	(738)	(100,778)
At 1 January 2019	5,379,437	(140,299)	(1,192,040)	130,421	7,632	(17,681)	16,233	182,306	3,608,314	2,735,185	7,974,323	400,000	619,088	8,993,411
Profit for the year	-	-	-	-	-	-	-	-	566,321	566,321	566,321	-	50,526	616,847
Other comprehensive income/(loss), net of tax	-	-	-	(8,427)	-	1,923	-	40,735	-	34,231	34,231	-	(317)	33,914
Total comprehensive income	-	-	-	(8,427)	-	1,923	-	40,735	566,321	600,552	600,552	-	50,209	650,761
Transfer to furniture, fittings & equipment reserve	-	-	-	-	-	-	3,730	-	(3,716)	14	14	-	(14)	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	(683)	(121)	(121)	-	121	-
Disposal of other investment recognised at fair value through other comprehensive income	-	-	-	-	-	-	-	(28,139)	28,139	-	-	-	-	-
Transactions with owners														
Issuance of perpetual sukuk	-	-	-	-	-	-	-	-	-	-	-	750,000	-	750,000
Issuance of ordinary shares pursuant to - exercise of ESOS	14,211	-	-	-	(2,857)	-	-	-	-	(2,857)	11,354	-	-	11,354
Purchase of treasury shares	-	(73,038)	-	-	-	-	-	-	-	-	(73,038)	-	-	(73,038)
Share buy back by a subsidiary	-	-	-	-	-	-	-	-	(2,357)	(2,357)	(2,357)	-	(3,337)	(5,694)
Dividends declared	-	91,911	-	-	-	-	-	-	(188,790)	(188,790)	(96,879)	-	-	(96,879)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(53,788)	(53,788)
Shares acquired by non-controlling interests	-	-	-	-	-	-	-	-	(500)	(500)	(500)	-	1,734	1,234
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	1,165	1,165	1,165	-	(7,678)	(6,513)
Distribution paid to holders of perpetual sukuk	-	-	-	-	-	-	-	-	(37,978)	(37,978)	(37,978)	-	-	(37,978)
Total transactions with owners	14,211	18,873	-	-	(2,857)	-	-	-	(228,460)	(231,317)	(198,233)	750,000	(63,069)	488,698
At 30 September 2019	5,393,648	(121,426)	(1,192,040)	121,994	4,775	(15,758)	19,963	195,464	3,969,915	3,104,313	8,376,535	1,150,000	606,335	10,132,870

(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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	FOR THE 9 MONTHS PERIOD ENDED 30/09/2020 RM'000	FOR THE 9 MONTHS PERIOD ENDED 30/09/2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	289,266	653,824
Adjustments for:		
- non-cash items	53,669	(56,932)
- finance costs	158,939	193,674
- finance income	(193,991)	(216,357)
Operating cash flows before working capital changes	307,883	574,209
Changes in working capital	16,923	(335,820)
Cash flow generated from operations	324,806	238,389
Interest received	193,991	216,357
Dividend received from joint ventures, associates and other investments	97,710	110,104
Tax refunded	7,789	15,743
Tax paid	(21,553)	(37,270)
Net cash flow generated from operating activities	602,743	543,323
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	5,660	27,374
Proceeds from disposal of non-current assets held for sale	45,000	495,692
Proceeds from dilution of an associate	8,224	-
Proceeds from disposal of an associate	500	-
Proceeds from disposal of shares to non-controlling interest	4,307	1,234
Proceeds from disposal of other investments	1,877	162,114
Acquisition of other investment	(271,528)	(8,634)
Acquisition of land	(12,229)	(86,874)
Acquisition of property, plant and equipment	(447,849)	(252,016)
Acquisition of biological assets	(4)	(56)
Acquisition of intangible assets	(6,865)	(5,355)
Acquisition and subsequent expenditure of investment properties	(183,756)	(77,060)
Additional shares acquired by non-controlling interests	(790)	(6,518)
Acquisition of subsidiaries	(2,455)	(57,055)
Investment in associates	-	(200)
Investment in joint ventures	(150)	(4,233)
Repayment from/(advances to) associates and joint ventures	17,896	(267,523)
Proceeds on liquidation of a subsidiary	-	7
Quasi-equity loan (advanced to) joint ventures	(48,973)	(250,705)
Net cash outflow from subsidiaries become joint ventures	(13,231)	-
Net cash outflow from loss of control of a subsidiary become associate	(2,029)	-
Proceed from redemption of shares in associate	19,406	-
Net cash used in investing activities	(886,989)	(329,808)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	(193,024)	432,280
Net lease liabilities	(50,585)	(44,139)
Issue of ordinary shares pursuant to exercise of warrants	1	-
Proceeds from issue of shares from exercise of ESOS	-	11,354
Interest paid	(158,939)	(193,674)
Dividend paid to shareholders	(220,562)	(96,879)
Dividend paid to non-controlling interests of subsidiaries	(30,836)	(53,788)
(Advances to)/Repayment from non-controlling interests of subsidiaries	(13)	1,214
Shares buyback	(4,881)	(78,733)
Issuance of perpetual sukuk	400,000	750,000
Redemption of perpetual sukuk	(750,000)	-
Distribution paid to holders of perpetual bonds	(31,735)	(37,978)
Interest paid for redemption of perpetual bond	(18,970)	-
Net cash (used in)/generated from financing activities	(1,059,544)	689,657
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,343,790)	903,172
EFFECTS OF EXCHANGE RATE CHANGES	5,486	(1,360)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,065,805	2,507,883
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	727,501	3,409,695
Bank overdrafts	110,211	99,493
Short-term investments	3,631,763	2,526,704
Cash and bank balances, and placement in funds	4,469,475	6,035,892

(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 2019 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 Malaysian Financial Reporting Standards ("MFRS") for the financial period ending 30 September 2020.

The interim financial report is unaudited and is prepared in accordance with MFRS134 "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 2019. 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 2019.

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 2019 except for the adoption of the following new MFRSs and Amendments to MFRSs that are effective for financial statements effective from 1 January 2020, as disclosed below:

Title	Effective Date
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020

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.

A4 Unusual Items

There were no material unusual items affecting the amounts reported for the current quarter ended 30 September 2020.

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 2020.

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

During the financial period ended 30 September 2020, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 404 ordinary shares pursuant to the exercise of warrants.
- (b) the repurchase of equity securities of 3,090,000 ordinary shares, at an average price of RM1.58 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:

RM220,562,219 was paid on 22 April 2020 as second interim dividend of 4.5 sen per ordinary share for the financial year ended 31 December 2019.

A8

Segmental Reporting

Segmental results for the financial period ended 30 September 2020 are as follows:

	Property Development RM'000	Property Investment RM'000	Construction RM'000	Trading and Manufacturing RM'000	Quarry RM'000	Healthcare RM'000	Investment Holdings RM'000	Others RM'000	Adjustments/ eliminations RM'000	Consolidated RM'000
BY BUSINESS SEGMENTS										
REVENUE AND EXPENSES										
Revenue										
Sales to external customers	310,753	287,930	565,627	566,282	211,617	442,287	3,301	167,507	-	2,555,304
Inter-segment revenue	26,187	80,585	683,460	77,601	18,574	7,435	404,947	40,293	(1,339,082)	-
Total revenue	336,940	368,515	1,249,087	643,883	230,191	449,722	408,248	207,800	(1,339,082)	2,555,304
Results										
Operating segment results	42,506	76,359	57,785	18,704	5,371	6,482	(30,042)	8,656	-	185,821
Finance income	38,408	46,698	14,742	8,023	3,981	5,640	174,981	9,356	(107,838)	193,991
Finance costs	(9,383)	(111,264)	(6,656)	(12,712)	(2,112)	(17,050)	(101,391)	(6,209)	107,838	(158,939)
Share of results of:										
- associated companies	4	47,529	252	-	(11)	-	-	(9)	-	47,765
- joint ventures	18,433	(84)	-	-	2,279	-	-	-	-	20,628
Profit/(Loss) before taxation	89,968	59,238	66,123	14,015	9,508	(4,928)	43,548	11,794	-	289,266
Taxation	(18,492)	(5,322)	(16,582)	(2,250)	(2,376)	(7)	(8,042)	(4,155)	-	(57,226)
Profit/(Loss) for the period	71,476	53,916	49,541	11,765	7,132	(4,935)	35,506	7,639	-	232,040
Non-controlling interests	(6,100)	695	(21,765)	(797)	307	(108)	(6)	146	-	(27,628)
Attributable to owners of the parent	65,376	54,611	27,776	10,968	7,439	(5,043)	35,500	7,785	-	204,412
BY GEOGRAPHICAL SEGMENTS										
	Revenue RM'000	Profit/(Loss) before tax RM'000	Profit/(Loss) after tax RM'000	Attributable to owners of the parent RM'000						
Malaysia	2,216,219	204,413	149,598	145,046						
Singapore	79,545	17,847	17,766	10,876						
China	171,829	3,462	2,189	1,616						
India	-	35,971	35,971	19,627						
Australia	21,455	7,941	7,893	3,440						
Indonesia	25,023	(303)	(31)	(31)						
United Kingdom	17,221	31,126	30,118	30,000						
Other countries	24,012	(11,191)	(11,464)	(6,162)						
	2,555,304	289,266	232,040	204,412						

A8 Segmental Reporting (contd.)

Segmental results by foreign currency for the financial period ended 30 September 2020 are as follows:

PROPERTY DEVELOPMENT SEGMENT:

	Foreign currency				RM'000			
	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	264,766	85,894	67,450	65,803	264,766	85,894	67,450	65,803
Australian Dollar (AUD'000)	-	2,823	2,806	1,262	-	8,145	8,097	3,643
Hong Kong Dollar (HKD'000)	-	161	161	161	-	88	88	88
India Rupee (INR'000)	-	52	52	52	-	3	3	3
China Yuan Renminbi (RMB'000)	75,831	(4,564)	(4,564)	(4,564)	45,987	(2,768)	(2,768)	(2,768)
Singapore Dollar (SGD'000)	-	(455)	(455)	(455)	-	(1,392)	(1,392)	(1,392)
US Dollar (USD'000)	-	-	-	-	-	(2)	(2)	(1)
					310,753	89,968	71,476	65,376

PROPERTY INVESTMENT SEGMENT:

Malaysia Ringgit (RM'000)	265,100	27,200	22,886	22,480	265,100	27,200	22,886	22,480
Pound Sterling (GBP'000)	3,188	5,762	5,575	5,553	17,221	31,126	30,118	30,000
Hong Kong Dollar (HKD'000)	-	(71)	(71)	(71)	-	(39)	(39)	(39)
Singapore Dollar (SGD'000)	-	1,485	1,485	1,485	-	4,542	4,542	4,542
US Dollar (USD'000)	900	(604)	(604)	(317)	3,822	(2,566)	(2,566)	(1,347)
Vietnam Dong (VND'000,000)	9,797	(5,620)	(5,620)	(5,620)	1,787	(1,025)	(1,025)	(1,025)
					287,930	59,238	53,916	54,611

CONSTRUCTION SEGMENT:

Malaysia Ringgit (RM'000)	510,397	24,015	7,433	4,802	510,397	24,015	7,433	4,802
United Arab Emirates Dirham (AED'000)	-	(8,681)	(8,681)	(4,736)	-	(10,371)	(10,371)	(5,658)
India Rupee (INR'000)	-	628,323	628,323	342,811	-	35,968	35,968	19,624
Singapore Dollar (SGD'000)	18,052	4,942	4,942	2,696	55,230	15,120	15,120	8,249
					565,627	66,123	49,541	27,776

TRADING & MANUFACTURING SEGMENT:

Malaysia Ringgit (RM'000)	362,373	4,569	3,589	3,536	362,373	4,569	3,589	3,536
Australian Dollar (AUD'000)	7,435	(69)	(69)	(69)	21,455	(200)	(200)	(200)
Indonesia Rupiah (IDR'000,000)	86,286	(1,045)	(107)	(107)	25,023	(303)	(31)	(31)
China Yuan Renminbi (RMB'000)	189,328	12,093	10,134	8,941	114,817	7,334	6,146	5,422
Singapore Dollar (SGD'000)	7,913	447	421	414	24,210	1,368	1,287	1,267
Thai Baht (THB'000)	127,810	11,287	9,253	9,253	17,156	1,515	1,242	1,242
Vietnam Dong (VND'000,000)	6,842	(1,469)	(1,469)	(1,469)	1,248	(268)	(268)	(268)
					566,282	14,015	11,765	10,968

QUARRY SEGMENT:

Malaysia Ringgit (RM'000)	211,617	9,372	6,996	7,303	211,617	9,372	6,996	7,303
Trinidad & Tobago Dollar (TTD'000)	-	214	214	214	-	136	136	136
					211,617	9,508	7,132	7,439

HEALTHCARE SEGMENT:

Malaysia Ringgit (RM'000)	442,180	(3,137)	(3,144)	(3,252)	442,180	(3,137)	(3,144)	(3,252)
Singapore Dollar (SGD'000)	35	(585)	(585)	(585)	107	(1,791)	(1,791)	(1,791)
					442,287	(4,928)	(4,935)	(5,043)

INVESTMENT HOLDING SEGMENT:

Malaysia Ringgit (RM'000)	1,911	41,894	33,935	33,935	1,911	41,894	33,935	33,935
Hong Kong Dollar (HKD'000)	-	1,916	1,764	1,753	-	1,049	966	960
China Yuan Renminbi (RMB'000)	2,292	998	998	998	1,390	605	605	605
					3,301	43,548	35,506	35,500

OTHERS SEGMENT:

Malaysia Ringgit (RM'000)	157,871	14,644	10,489	10,478	157,871	14,644	10,489	10,478
China Yuan Renminbi (RMB'000)	15,889	(4,700)	(4,700)	(4,441)	9,636	(2,850)	(2,850)	(2,693)
					167,507	11,794	7,639	7,785

A8 **Segmental Reporting (contd.)**

Segmental assets and liabilities for the financial period ended 30 September 2020 are as follows:

	Property Development RM'000	Property Investment RM'000	Construction RM'000	Trading and Manufacturing RM'000	Quarry RM'000	Healthcare RM'000	Investment Holdings RM'000	Others RM'000	Adjustments/ eliminations RM'000	Consolidated RM'000
Assets										
Segment assets	5,527,812	3,628,510	1,863,709	850,200	414,813	1,572,525	15,165,816	938,894	(11,235,114)	18,727,165
Investment in associates	-	2,023,269	-	-	-	-	-	59,927	-	2,083,196
Investment in joint ventures	1,497,109	145,913	44,759	-	14,385	-	-	-	-	1,702,166
Unallocated assets										136,297
Total assets										22,648,824
Liabilities										
Segment liabilities	4,452,439	4,142,401	1,305,955	565,747	326,133	939,693	11,601,903	545,949	(11,179,233)	12,700,987
Unallocated liabilities										169,564
Total liabilities										12,870,551

A9 Foreign Currency Rates

The foreign currency exchange rates used are as follows:

Denomination	Closing rate	Average rate
United Arab Emirates Dirham	1.1330	1.1947
Australian Dollar	2.9767	2.8856
Pound Sterling	5.3547	5.4024
Hong Kong Dollar	0.5367	0.5475
Indonesia Rupiah ('000)	0.2800	0.2900
India Rupee	0.0564	0.0572
Macau Pataca	0.5212	0.5321
China Yuan Renminbi	0.6104	0.6064
Singapore Dollar	3.0441	3.0594
Thai Baht	0.1316	0.1342
US Dollar	4.1580	4.2466
Vietnam Dong ('000)	0.1793	0.1824

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 September 2020 other than the reimplementation of the Conditional Movement Control Order ("CMCO") starting from 14 October 2020 due to the "COVID-19" pandemic.

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 September 2020.

A13 Contingent Liabilities and Assets

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

	30/09/2020	31/12/2019
	RM'000	RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>966,994</u>	<u>949,805</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 September 2020 is as follows:

	30/09/2020	31/12/2019
	RM'000	RM'000
Amount authorised and contracted for	250,961	191,650
Amount authorised but not contracted for	<u>231,179</u>	<u>249,000</u>
	<u>482,140</u>	<u>440,650</u>

A14 **Commitments (contd.)**

The Group's share of capital commitments in associates are as follows:

	30/09/2020 RM'000	31/12/2019 RM'000
Amount authorised and contracted for	220,329	121,972
Amount authorised but not contracted for	22,435	66,089
	<u>242,764</u>	<u>188,061</u>

The Group's share of capital commitments in joint ventures are as follows:

	30/09/2020 RM'000	31/12/2019 RM'000
Amount authorised and contracted for	2,895	1,938
Amount authorised but not contracted for	9,797	11,844
	<u>12,692</u>	<u>13,782</u>

(b) Operating lease commitment not provided for in the financial year as at 30 September 2020 is as follows:

	30/09/2020 RM'000	31/12/2019 RM'000
Future minimum lease receipts:		
- not later than 1 year	49,302	54,911
- later than 1 year and not later than 5 years	223,926	217,372
- later than 5 years	129,270	119,883
	<u>402,498</u>	<u>392,166</u>

B1 **Review of Performance**

Revenue and profit before tax of the respective operating business segments for the current quarter are analysed as follows:

For the quarter

	Quarter ended		Increase/ Decrease (%)
	30/09/2020 RM'000	30/09/2019 RM'000 (Restated)	
Revenue			
Property Development	103,435	126,232	-18.1%
Property Investment	98,108	209,715	-53.2%
Construction	255,045	315,581	-19.2%
Trading and Manufacturing	230,970	246,225	-6.2%
Quarry	105,580	114,864	-8.1%
Healthcare	167,951	154,375	8.8%
Others	66,132	59,502	11.1%
	<u>1,027,221</u>	<u>1,226,494</u>	-16.2%
Profit before tax			
Property Development	24,965	59,006	-57.7%
Property Investment	63,010	66,968	-5.9%
Construction	36,978	37,107	-0.3%
Trading and Manufacturing	7,358	13,760	-46.5%
Quarry	7,861	4,866	61.5%
Healthcare	15,516	15,788	-1.7%
Others	15,660	25,822	-39.4%
	<u>171,348</u>	<u>223,317</u>	-23.3%

The Group recorded revenue of RM1,027.2 million and profit before tax of RM171.3 million for the current quarter ended 30 September 2020 compared to revenue of RM1,226.5 million and profit before tax of RM223.3 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 16.2% and profit before tax of 23.3%. Revenue was lower in the current quarter due to lower contributions from most business segments except healthcare and others segments. Profit before tax was lower mainly due to lower contributions from most business segments except quarry. It should be noted that development profits on one of the Group's Singapore and China property development projects, which were earlier deferred due to the adoption of MFRS 15, will be recognised upon completion and handover of the projects in the fourth quarter of 2020.

B1 Review of Performance (contd.)

When the Recovery Movement Control Order ("RMCO") commenced from 10 June 2020, following the more restrictive Conditional Movement Control Order which ended on 9 June 2020, most of the business units of the Group resumed operations. Our hospitality and leisure businesses under the Property Investment segment which were worst hit by the impact of the Movement Control Order ("MCO") only resumed operations in early July. The recovery rates of our various business segments were varied due to the different adaptation and compliance requirements imposed by the authorities for the various economic sectors.

The property development segment reported revenue of RM103.4 million and profit before tax of RM25.0 million in the current quarter compared to revenue of RM126.2 million and profit before tax of RM59.0 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 18.1% and profit before tax of 57.7%. The financial performance for the current quarter was lower mainly due to lower sales, progress billings and profit recognition from the local development projects.

The property investment segment reported revenue of RM98.1 million and profit before tax of RM63.0 million in the current quarter compared to revenue of RM209.7 million and profit before tax of RM67.0 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 53.2% and profit before tax of 5.9%. The financial performance of our leisure and hospitality segment continued to be impacted by low visitor arrivals due to the restrictive border controls, travel restrictions and stringent COVID-19 containment measures. Further, the performance of our associate company, Sunway REIT was also adversely affected due to lower rental income from its retail and hotel segments. This resulted in a lower share of profit from associates in the current quarter. However, the aforesaid adverse financial impact was mitigated by a gain of RM57.5 million on remeasurement of leases as per MFRS 16. Please refer to note B6 for more information.

The construction segment recorded revenue of RM255.0 million and profit before tax of RM37.0 million in the current quarter compared to revenue of RM315.6 million and profit before tax of RM37.1 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 19.2% and profit before tax of 0.3%. The revenue in the current quarter was lower mainly due to higher intra-group eliminations as the proportion of in-house projects was higher. However, the current profit before tax was comparable to the previous corresponding quarter due to the reversal of intra-group profit eliminated earlier on property development projects which has better profit margin.

The trading and manufacturing segment recorded revenue of RM231.0 million and profit before tax of RM7.4 million in the current quarter compared to revenue of RM246.2 million and profit before tax of RM13.8 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 6.2% and profit before tax of 46.5%. The financial performance was lower in the current quarter mainly due to lower sales from subdued local and overseas market conditions and consequential lower margins brought on by the COVID-19 pandemic. It should be noted that profit before tax in the previous corresponding quarter included a one-off disposal gain on one of its subsidiaries' factory of RM6.3 million.

The quarry segment reported revenue of RM105.6 million and profit before tax of RM7.9 million in the current quarter compared to revenue of RM114.9 million and profit before tax of RM4.9 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 8.1% and increase in profit before tax of 61.5%. The financial performance in the current quarter was better due to higher profit margin from premix sales as most of the local council projects were resumed in the current quarter.

The healthcare segment reported revenue of RM168.0 million and profit before tax of RM15.5 million in the current quarter compared to revenue of RM154.4 million and profit before tax of RM15.8 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 8.8% and decrease in profit before tax of 1.7%. The revenue in the current quarter was higher due to improved contribution from Sunway Medical Centre Velocity which commenced operations in September 2019. However, profit before tax was only marginally lower despite the COVID-19 pandemic which resulted in lower number of admissions at Sunway Medical Centre. The higher revenue per bed achieved helped to offset the lower number of admissions. The performance of Sunway Medical Centre Velocity continued to improve, registering a lower operating loss of RM6.6 million compared to the loss of RM6.8 million in the corresponding quarter of the previous financial year.

The other segments recorded revenue of RM66.1 million and profit before tax of RM15.7 million in the current quarter compared to revenue of RM59.5 million and profit before tax of RM25.8 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 11.1% and decrease in profit before tax of 39.4%. Revenue in the current quarter was higher mainly due to higher contribution from most of the business segments. Profit before tax, however, was lower due to lower contribution from the Group's Treasury functions.

B1 **Review of Performance (contd.)**

For 9 months period

	For 9 months period ended		Increase/ Decrease (%)
	30/09/2020 RM'000	30/09/2019 RM'000 (Restated)	
Revenue			
Property Development	310,753	327,672	-5.2%
Property Investment	287,930	582,528	-50.6%
Construction	565,627	955,222	-40.8%
Trading and Manufacturing	566,282	727,601	-22.2%
Quarry	211,617	211,696	0.0%
Healthcare	442,287	421,960	4.8%
Others	170,808	200,602	-14.9%
	<u>2,555,304</u>	<u>3,427,281</u>	-25.4%
Profit before tax			
Property Development	89,968	129,121	-30.3%
Property Investment	59,238	246,693	-76.0%
Construction	66,123	120,197	-45.0%
Trading and Manufacturing	14,015	26,901	-47.9%
Quarry	9,508	8,726	9.0%
Healthcare	(4,928)	50,457	-109.8%
Others	55,342	71,729	-22.8%
	<u>289,266</u>	<u>653,824</u>	-55.8%

The Group recorded revenue of RM2,555.3 million and profit before tax of RM289.3 million for the current 9 months period ended 30 September 2020 compared to revenue of RM3,427.3 million and profit before tax of RM653.8 million in the corresponding 9 months period ended 30 September 2019, representing a decrease in revenue of 25.4% and profit before tax of 55.8%. Revenue was lower in the current period due to lower contributions from most business segments except healthcare. Current period profit before tax was lower mainly due to lower profit contributions from most business segments except quarry. It should be noted that development profits on one of the Group's Singapore and China property development projects, which were earlier deferred due to the adoption of MFRS 15, will be recognised upon completion and handover of the projects in the fourth quarter of 2020.

The property development segment reported revenue of RM310.8 million and profit before tax of RM90.0 million for the current 9 months period ended 30 September 2020 compared to revenue of RM327.7 million and profit before tax of RM129.1 million in the corresponding 9 months period ended 30 September 2019, representing a decrease in revenue of 5.2% and profit before tax of 30.3%. Revenue in the current period was lower due to lower sales and progress billings from local development projects, which were impacted by the COVID-19 pandemic. As a result, profit before tax in the current period was lower.

The property investment segment reported revenue of RM287.9 million and profit before tax of RM59.2 million for the current 9 months period ended 30 September 2020 compared to revenue of RM582.5 million and profit before tax of RM246.7 million in the corresponding 9 months period ended 30 September 2019, representing a decrease in revenue of 50.6% and profit before tax of 76.0%. The MCO which commenced from 18 March 2020 has adversely impacted the Group's hospitality and leisure businesses, as well as our associate, Sunway REIT's rental income from its retail segment. The resulting adverse financial impact from the disruption of the business operations and share of fair value loss from revaluation of Sunway REIT properties was however, partly mitigated by a gain of RM57.5 million on remeasurement of leases as per MFRS 16. It should also be noted that the profit before tax of the corresponding period of the previous year was boosted by a disposal gain of Sunway University assets of RM37.7 million.

The construction segment recorded revenue of RM565.6 million and profit before tax of RM66.1 million for the current 9 months period ended 30 September 2020 compared to revenue of RM955.2 million and profit before tax of RM120.2 million in the corresponding 9 months period ended 30 September 2019, representing a decrease in revenue of 40.8% and profit before tax of 45.0%. Revenue in the current period was lower mainly due to lower progress billings from local construction projects as a result of the MCO closure, which correspondingly resulted in lower profit before tax in the current period.

The trading and manufacturing segment recorded revenue of RM566.2 million and profit before tax of RM14.0 million for the current 9 months period ended 30 September 2020 compared to revenue of RM727.6 million and profit before tax of RM26.9 million in the corresponding 9 months period ended 30 September 2019, representing a decrease in revenue of 22.2% and profit before tax of 47.9%. The financial performance was lower in the current period mainly due to lower sales amidst the challenging market conditions as a result of the COVID-19 pandemic.

B1 Review of Performance (contd.)

The quarry segment reported revenue of RM211.6 million and profit before tax of RM9.5 million for the current 9 months period ended 30 September 2020 compared to revenue of RM211.7 million and profit before tax of RM8.7 million in the corresponding 9 months period ended 30 September 2019, representing a marginal decrease in revenue and increase in profit before tax of 9.0%. The financial performance of the quarry segment was better in the current period primarily due to higher profit margin from premix sales.

The healthcare segment reported revenue of RM442.3 million and loss before tax of RM4.9 million for the current 9 months period ended 30 September 2020 compared to revenue of RM422.0 million and profit before tax of RM50.5 million in the corresponding 9 months period ended 30 September 2019, representing an increase in revenue of 4.8% and increase in loss before tax of 109.8%. Revenue in the current period was higher due to higher contribution from Sunway Medical Centre Velocity which commenced operations in September 2019. The healthcare segment registered a loss before tax in the current period due to the COVID-19 pandemic and the MCO period which resulted in a sharp drop in the number of admissions and outpatient treatments at Sunway Medical Centre. Sunway Medical Centre Velocity recorded RM28.1 million operating loss for the current period.

The other segments recorded revenue of RM170.8 million and profit before tax of RM55.3 million for the current 9 months period ended 30 September 2020 compared to revenue of RM200.6 million and profit before tax of RM71.7 million in the corresponding 9 months period ended 30 September 2019, representing a decrease in revenue of 14.9% and profit before tax of 22.8%. The financial performance in the current period was lower mainly due to lower contribution from the building materials segment and the Group's Treasury functions.

B2 Material Changes in the Quarterly Results

	Quarter ended		Increase/ Decrease (%)
	30/09/2020 RM'000	30/06/2020 RM'000	
Revenue			
Property Development	103,435	68,141	51.8%
Property Investment	98,108	55,508	76.7%
Construction	255,045	92,555	175.6%
Trading and Manufacturing	230,970	141,130	63.7%
Quarry	105,580	31,888	231.1%
Healthcare	167,951	125,133	34.2%
Others	66,132	42,289	56.4%
	<u>1,027,221</u>	<u>556,644</u>	84.5%
Profit before tax			
Property Development	24,965	25,902	-3.6%
Property Investment	63,010	(35,763)	276.2%
Construction	36,978	6,560	463.7%
Trading and Manufacturing	7,358	6,157	19.5%
Quarry	7,861	(1,425)	651.6%
Healthcare	15,516	(15,989)	197.0%
Others	15,660	24,656	-36.5%
	<u>171,348</u>	<u>10,098</u>	1596.9%

The Group recorded revenue of RM1,027.2 million and profit before tax of RM171.3 million for the current quarter compared to revenue of RM556.6 million and profit before tax of RM10.1 million in the preceding quarter, representing an increase in revenue of 84.5% and profit before tax of 1,596.8%. Revenue was higher in the current quarter due to higher contributions from all business segments as business operations recover from the preceding quarter which was impacted by MCO closure. Profit before tax was higher mainly due to higher contributions from most business segments except property development and others segments.

The property development segment reported revenue of RM103.4 million and profit before tax of RM25.0 million for the current quarter compared to revenue of RM68.1 million and profit before tax of RM25.9 million in the preceding quarter, representing an increase in revenue of 51.8% and decrease in profit before tax of 3.6%. The revenue in the current quarter was higher mainly due to higher sales and progress billings from local development projects. Profit before tax, however, was slightly lower in the current quarter as the bulk of the preceding quarter's profit were boosted by one-off cost saving measures.

The property investment segment reported revenue of RM98.1 million and profit before tax of RM63.0 million for the current quarter compared to revenue of RM55.5 million and loss before tax of RM35.8 million in the preceding quarter, representing an increase in revenue of 76.7% and profit before tax of 276.2%. Revenue in the current quarter improved across the leisure and hospitality segments which were impacted by the COVID-19 pandemic and MCO closure in the preceding quarter. Profit before tax in the current quarter was further boosted by a gain of RM57.5 million on remeasurement of leases as per MFRS 16. Loss before tax in the preceding quarter recorded a share of fair value loss from revaluation of Sunway REIT properties of RM16.5 million.

B2 Material Changes in the Quarterly Results (contd.)

The construction segment recorded revenue of RM255.0 million and profit before tax of RM37.0 million for the current quarter compared to revenue of RM92.6 million and profit before tax of RM6.6 million in the preceding quarter, representing an increase in revenue of 175.6% and profit before tax of 463.7%. Revenue in the current quarter was higher mainly due to higher progress billings from local construction projects as construction operations resumed post-MCO, which correspondingly resulted in higher profit before tax for the current quarter.

The trading and manufacturing segment recorded revenue of RM231.0 million and profit before tax of RM7.4 million for the current quarter compared to revenue of RM141.1 million and profit before tax of RM6.2 million in the preceding quarter, representing an increase in revenue of 63.7% and profit before tax of 19.5%. The financial performance in the current quarter improved from the preceding quarter which was impacted by the COVID-19 pandemic and MCO closure.

The quarry segment reported revenue of RM105.6 million and profit before tax of RM7.9 million for the current quarter compared to revenue of RM31.9 million and loss before tax of RM1.4 million in the preceding quarter, representing an increase in revenue of 231.1% and profit before tax of 651.6%. The financial performance in the current quarter was better compared to the preceding quarter mainly due to higher sales volume and better profit margins of aggregates and premix sales.

The healthcare segment reported revenue of RM168.0 million and profit before tax of RM15.5 million for the current quarter compared to revenue of RM125.1 million and loss before tax of RM16.0 million in the preceding quarter, representing an increase in revenue of 34.2% and profit before tax of 197.0%. The financial performance in the current quarter was better due to higher number of admissions and outpatient treatments at Sunway Medical Centre following the implementation of the less restrictive RMCO. The operating loss incurred by Sunway Medical Centre Velocity in the current quarter is also lower compared to the preceding quarter as business volume has improved with higher number of admissions.

The other segments recorded revenue of RM66.1 million and profit before tax of RM15.7 million for the current quarter compared to revenue of RM42.3 million and profit before tax of RM24.7 million in the preceding quarter, representing an increase in revenue of 56.4% and decrease in profit before tax of 36.5%. Revenue in the current quarter was higher mainly due to higher contribution from building materials segment. However, the profit before tax was lower in the current quarter mainly due to lower contribution from the Group's Treasury functions.

B3 Prospects

Malaysia's economy contracted 2.7% in the third quarter of 2020 compared with the sharp drop of 17.1% in the preceding quarter. While the economy has recovered from the impact of the COVID-19 pandemic in the third quarter, the strength of the recovery for the fourth quarter may be adversely affected by the current resurgence in coronavirus infection.

The Group's performance will be determined, to a certain extent, by the rate of recovery of the domestic economy. Hence, the Group will continue to adopt a prudent business strategy and focus on becoming more cost efficient to face the challenges ahead.

Barring any unforeseen circumstances, the Group expects the performance in the last quarter of the year to be 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 joint ventures as the share of profit is recognised on an after tax basis.

	Current Quarter Ended		Cumulative Year To Date	
	30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
Current taxation	(19,637)	(8,297)	(56,386)	(47,558)
Deferred taxation	(5,383)	(12,761)	(840)	10,581 *
	<u>(25,020)</u>	<u>(21,058)</u>	<u>(57,226)</u>	<u>(36,977)</u>

* Provision for deferred taxation pertaining to balancing charge was reversed during the second quarter in the previous year due to a disposal of an investment property.

B6 Profit/(Loss) before Taxation

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

	Current Quarter Ended 30/09/2020 RM'000	Cumulative Year To Date 30/09/2020 RM'000
Depreciation and amortisation ¹	(55,996)	(176,780)
Net provision of impairment for:		
- Trade receivables	(6,125)	(10,186)
- Other receivables	2,043	(295)
- Inventories	(2,076)	(3,430)
- Advances to joint ventures	(1,321)	(3,831)
Write off:		
- Trade receivables	(707)	(752)
- Inventories	(202)	(329)
- Property, plant and equipment	(131)	(447)
Net gain on disposal of:		
- property, plant and equipment	2,706	3,418
Net foreign exchange gain/(loss):		
- Others	2,077	60
- Unrealised for hedged items	17,628	(31,864)
Cash flow hedge reserve recycled to profit or loss	(17,628)	31,864
Net gain/(loss) on derivatives	284	(1,450)
Gain on remeasurement of leases ¹	46,161	46,161

¹ The total gain of RM57.507 million on remeasurement of leases as per MFRS 16, included the effects to depreciation RM4.383 million and finance cost RM6.963 million. The remeasurement arose as a result of the expiry of the Master Lease Agreements ("MLA") for some of the hotels and the entrance of new MLA.

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 acquisition of Dolomite Granite Quarry Sdn. Bhd.

On 3 June 2019, Sunway Holdings Sdn. Bhd. ("SunHoldings"), a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement ("SSA") with Dolomite Industries Company Sdn. Bhd. ("the Vendor"), a subsidiary of Dolomite Corporation Berhad, to acquire 100 ordinary shares in Dolomite Granite Quarry Sdn. Bhd. ("Dolomite Quarry") ("Sale Shares") representing 100% of the total issued and paid-up share capital of Dolomite Quarry together with 4 parcels of leasehold lands measuring approximately 784 acres ("Lands") and the plants and machinery located on the Lands but excluding premix plant and mobile machinery and equipment and stocks located on the Lands as listed in the SSA ("Plant and Machinery"), free from all charges and encumbrances in the following manner ("Proposed Acquisition"):

- a) RM100 for the Sale Shares; and
- b) RM125,000,000 towards payment for the Lands and the Plant and Machinery.

The Lands are held under the following titles:

- a) Pajakan Negeri 113181, Lot 53066 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor;
- b) Pajakan Negeri 113182, Lot 53068 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor;
- c) Pajakan Negeri 113183, Lot 53065 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor; and
- d) Pajakan Negeri 113184, Lot 53069 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor.

Pursuant to the SSA, SHSB will acquire the Sale Shares, the Lands as well as Plant and Machinery from the Vendor free from all charges and encumbrances at the following consideration:

- a) RM100 for the Sale Shares; and
- b) RM125,000,000 towards payment of the purchase price for the Lands together with the Plant and Machinery. SHSB or its related company will advance the sum of RM125,000,000 to Dolomite Quarry to enable Dolomite Quarry to pay the purchase price to the Vendor pursuant to a sale and purchase agreement dated 27 December 2018 made between the Vendor and Dolomite Quarry ("SPA").

B7 Status of Corporate Proposal Announced (contd.)

B7.1 Proposed acquisition of Dolomite Granite Quarry Sdn. Bhd. (contd.)

The Proposed Acquisition is conditional upon the fulfilment of the conditions precedent set out in the SSA within 3 months from the date of the SSA or such other date as may be mutually agreed by SunHoldings and the Vendor. The conditions precedent include:

- a) The Vendor having procured the approval of the shareholders of Dolomite Corporation Berhad, its ultimate holding company and Dolomite Quarry, in a general meeting, for the sale of the Sale Shares;
- b) The Vendor having obtained and delivered the following documents to SunHoldings:
 - (i) a written confirmation from Maybank International Labuan Branch ("Maybank Labuan") confirming the redemption sum payable to MayBank Labuan to fully redeem and discharge the Lands ("Redemption Sum"); and
 - (ii) a written undertaking from Maybank Labuan to release its security interest created over the Sale Shares, the Lands as well as the Plant and Machinery subject to payment to Maybank Labuan of the Redemption Sum.
- c) Dolomite Quarry having completed the SPA in accordance with its terms including the transfer and registration of the Lands as well as Plant and Machinery in favour of Dolomite Quarry; and
- d) The Vendor having procured the issuance of new issue documents of title for the Lands with a leasehold tenure of not less than 58 years.

The SSA shall become unconditional on the date when all the conditions precedent have been obtained/fulfilled or waived.

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

B7.2 Proposed acquisition of land by Sunway Medical Centre Kota Bharu Sdn. Bhd.

On 28 July 2020, Sunway Medical Centre Kota Bharu Sdn. Bhd., a subsidiary of the Company, entered into a Sale and Purchase Agreement with Liziz Standaco Sdn. Bhd., to acquire a leasehold land of 99 years expiring on 20 August 2102 held under Pajakan Negeri 12272 Lot 10047, Seksyen 17, Bandar Kota Bharu, Jajahan Kota Bharu, Negeri Kelantan measuring approximately 3.811 hectares (38,110 square metres) for a purchase consideration of RM28,704,410 free from encumbrances and with vacant possession ("Proposed Acquisition").

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

B7.3 Proposed Rights Issue of Irredeemable Convertible Preference Shares ("ICPS") and proposed amendments to the constitution of the Company ("Sunway")

On 27 May 2020, Sunway proposes to undertake a renounceable rights issue of up to 1,112,777,962 new irredeemable convertible preference shares ("ICPS") in Sunway at an issue price of RM1 per ICPS on the basis of one ICPS for every five existing ordinary shares in Sunway held by the entitled shareholders of Sunway on an entitlement date to be determined later ("Proposed Rights Issue of ICPS").

In conjunction with the Proposed Rights Issue of ICPS, Sunway proposes to amend the Constitution of the Company to facilitate the creation and issuance of the ICPS.

On 6 July 2020, the Board resolved to and have announced the following:

- (i) the Proposed Rights Issue of ICPS is to be undertaken on a minimum subscription basis instead of a full subscription basis to raise a minimum of RM612.7 million; and
- (ii) the Conversion Price will be fixed on a date to be determined and announced by our Board after all relevant approvals have been obtained and at the lower of:
 - (a) RM1 per Sunway Share; and
 - (b) an RM amount equivalent to up to 20% discount to the 5-day volume weighted average market price of existing ordinary shares in Sunway ("Sunway Shares") immediately before the price-fixing date.

On 10 August 2020, Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 7 August 2020 approved the following:

- (i) admission of up to 1,112,777,962 ICPS to the Official List of Bursa Securities;
- (ii) listing and quotation of the following on the Main Market of Bursa Securities:
 - (a) up to 1,112,777,962 ICPS;
 - (b) up to 1,390,972,453 new Sunway Shares to be issued pursuant to the conversion of the ICPS;
 - (c) up to 67,495,505 additional warrants to be issued pursuant to the adjustment to the outstanding warrant 2017/2024 issued by the Company on 4 October 2017 ("Warrants") to be issued pursuant to the adjustment arising from the Proposed Rights Issue of ICPS; and
 - (d) up to 67,495,505 new Shares to be issued pursuant to the exercise of the additional Warrants,

B7 Status of Corporate Proposal Announced (contd.)

B7.3 Proposed Rights Issue of Irredeemable Convertible Preference Shares ("ICPS") and proposed amendments to the constitution of the Company ("Sunway") (contd.)

The approval of Bursa Securities for the above is subject to the following conditions:

- (i) Sunway and RHB Investment Bank must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Rights Issue of ICPS;
- (ii) Sunway and RHB Investment Bank to inform Bursa Securities upon the completion of the Proposed Rights Issue of ICPS;
- (iii) Sunway and RHB Investment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Rights Issue of ICPS is completed; and
- (iv) Sunway to furnish Bursa Securities on a quarterly basis a summary of the total number of Sunway shares listed pursuant to the conversion of ICPS as at the end of each quarter together with a detailed computation of the listing fees payable.

Following the Extraordinary General Meeting held on 2 September 2020 where the shareholders of Sunway had approved, amongst others, the Proposed Rights Issue of ICPS, Sunway had received requests from certain shareholders for the ICPS to be a Shariah compliant security to enable them to subscribe for their entitlements to the ICPS. In consideration of the shareholders' requests, the Board has resolved to obtain the endorsement from the Shariah Advisory Council of the Securities Commission Malaysia ("SC") for the ICPS to be a Shariah compliant security ("Shariah Endorsement").

In this regard, on 9 September 2020, RHB Investment Bank had submitted an application to the SC to seek for the Shariah Endorsement. On 2 October 2020, the Board announced that the Shariah Advisory Council of the SC had, vide its letter dated 2 October 2020, informed that it has no objection to the ICPS being Shariah compliant.

On 22 October 2020, the Board had announced that:

- (i) the Board had resolved to fix the Conversion Price at RM1.00 per Sunway Share, being the lower of RM1.00 per Sunway Share and RM1.10 per Sunway Share which represents approximately 20% discount to the five-day VWAP of Sunway Shares up to and including 21 October 2020, being the last trading date immediately before the price fixing date, of RM1.37 per Sunway Share; and
- (ii) the Entitlement Date for the Rights Issue of ICPS has been fixed at 5.00 p.m. on 6 November 2020.

On 22 October 2020 as well, the Board had announced the important relevant dates for the Proposed Rights Issue of ICPS. The Proposed Rights Issue of ICPS has not been completed at the date of this Report.

B7.4 Proposed disposal of The Pinnacle Sunway by Sunway Integrated Properties Sdn. Bhd. and Sunway Pinnacle Sdn. Bhd.

Sunway Integrated Properties Sdn. Bhd. and Sunway Pinnacle Sdn. Bhd. (collectively, the "Vendors"), both of which are wholly-owned indirect subsidiaries of the Company, had on 29 June 2020 entered into a conditional sale and purchase agreement ("SPA") with RHB Trustees Berhad, being the trustee of Sunway Real Estate Investment Trust ("Sunway REIT") ("Trustee"), for the disposal of The Pinnacle Sunway for a cash consideration of RM450 million ("Proposed Disposal").

- a) The SPA is conditional upon the following being fulfilled or obtained by the date falling six months after the date of the SPA, or such other extended date as the parties may mutually agree upon in writing ("Cut-Off Date"):
 - (A) the Trustee obtains the following approvals from the unitholders of Sunway REIT ("Unitholders") at Sunway REIT's Unitholders' meeting to be convened:
 - (1) the proposed acquisition of The Pinnacle Sunway by Trustee from the Vendors; and
 - (2) the specific allotment of new units in Sunway REIT ("Placement Units") to Sunway REIT Holdings Sdn Bhd, or if the allotment and issuance of Placement Units in Sunway REIT is not obtained, the proposed private placement exercise to be undertaken by the Trustee ("Proposed Private Placement") (which includes allotment and issuance of the Placement Units);
 - (B) the approval of Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of the Placement Units;
 - (C) the completion of the Proposed Private Placement (including the receipt of net proceeds raised from the Proposed Private Placement by the Trustee);
 - (D) the Vendors obtain the approval of the state authority for the transfer of The Pinnacle Sunway to the Trustee; and
 - (E) any other approvals of any authorities as may be deemed necessary by the parties and agreed in writing.(collectively, the "Conditions Precedent").
- b) If any approval or consent referred to in Sections (a) (B), (D) or (E) above, is given upon terms and conditions that are unacceptable to the Trustee, the Trustee may within a period of 21 days after being notified on such terms and conditions, submit or require that an appeal be submitted, if avenues for such appeal exist.
- c) The Trustee shall be entitled to waive in whole or in part and conditionally or unconditionally, to the extent permitted by law or applicable regulations, the requirement to satisfy the conditions set out in Section (a) above.
- d) If the Conditions Precedent set out in Section (a) above are granted or obtained by the Cut-Off Date, either unconditionally or subject to conditions acceptable by the Trustee, then the SPA will become unconditional in the following manner:

B7.4 Proposed disposal of The Pinnacle Sunway by Sunway Integrated Properties Sdn. Bhd. and Sunway Pinnacle Sdn. Bhd. (contd.)

(A) if the Conditions Precedent are granted unconditionally, on the business day after the day upon which the Conditions Precedent set out in Section (a) above have been fulfilled/obtained; or

(B) if any approval or consent is granted subject to any condition, on the business day after the day upon which the Trustee accepts such condition.

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

B8 Group Borrowings and Debt Securities

The Group borrowings as at 30 September 2020 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
Secured borrowings			
<u>Islamic:</u>			
Term loan	87,300	-	87,300
Bankers' acceptance	1,900	-	1,900
Medium term notes	950,000	1,470,000	2,420,000
Revolving credits	415,800	-	415,800
	1,455,000	1,470,000	2,925,000
<u>Conventional:</u>			
Bank overdrafts	110,211	-	110,211
Term loan	270,329	258,769	529,098
Revolving credits	1,103,654	-	1,103,654
Bankers' acceptances	1,483	-	1,483
Hire purchase	941	480	1,421
	1,486,618	259,249	1,745,867
Total secured borrowings	2,941,618	1,729,249	4,670,867
Unsecured borrowings			
<u>Islamic:</u>			
Term loan	403	-	403
Revolving credits	-	-	-
Medium term notes	-	1,170,000	1,170,000
Commercial papers	1,485,000	-	1,485,000
	1,485,403	1,170,000	2,655,403
<u>Conventional:</u>			
Term loan	590,229	-	590,229
Revolving credits	886,981	-	886,981
Bankers' acceptances	105,200	-	105,200
Commercial papers	281,000	-	281,000
Bills discounting	92,186	-	92,186
Bills payable	1,120	-	1,120
	1,956,716	-	1,956,716
Total unsecured borrowings	3,442,119	1,170,000	4,612,119
Total borrowings	6,383,737	2,899,249	9,282,986
Islamic borrowings	2,940,403	2,640,000	5,580,403
Conventional borrowings	3,443,334	259,249	3,702,583
Total borrowings	6,383,737	2,899,249	9,282,986

Included in the Group borrowings as at 30 September 2020 are amounts denominated in foreign currency as follows:

	Foreign currency		RM'000		Total
	Current	Non-current	Current	Non-current	
Secured					
US Dollar (USD'000) *					
- Term loan	41,000	-	170,478	-	170,478
- Revolving credits	243,000	-	1,010,394	-	1,010,394
Singapore Dollar (SGD'000) **					
- Term loan	-	22,000	-	66,970	66,970
- Revolving credits	12,400	-	37,747	-	37,747
Australia Dollar (AUD'000) #					
- Revolving credits	146,996	-	437,562	-	437,562
- Bankers' acceptance	498	-	1,483	-	1,483
Pound Sterling (GBP'000) **					
- Term loan	20,000	35,819	107,094	191,799	298,893

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

	Foreign currency		RM'000		
	Current	Non-current	Current	Non-current	Total
Unsecured					
US Dollar (USD'000) *					
- Revolving credits	89,000	-	370,062	-	370,062
Singapore Dollar (SGD'000) **					
- Term loan	25,000	-	76,103	-	76,103
- Revolving credits	64,590	-	196,618	-	196,618
Indonesian Rupiah (RP'000) **					
- Bills discounting	3,999,990	-	1,120	-	1,120
Australia Dollar (AUD'000) *					
- Revolving credits	21,700	-	64,594	-	64,594
			2,473,255	258,769	2,732,024

The Group borrowings as at 30 September 2019 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
Secured borrowings			
<u>Islamic:</u>			
Term loan	377,370	-	377,370
Revolving credits	419,300	-	419,300
	796,670	-	796,670
<u>Conventional:</u>			
Bank overdrafts	99,493	-	99,493
Term loan	770,993	40,961	811,954
Revolving credits	556,503	-	556,503
Bankers' acceptances	12,686	-	12,686
Hire purchase	182	388	570
	1,439,857	41,349	1,481,206
Total secured borrowings	2,236,527	41,349	2,277,876
Unsecured borrowings			
<u>Islamic:</u>			
Medium term notes	1,430,000	1,370,000	2,800,000
Commercial papers	1,695,000	-	1,695,000
	3,125,000	1,370,000	4,495,000
<u>Conventional:</u>			
Term loan	463,000	-	463,000
Revolving credits	559,428	-	559,428
Medium term notes	-	610,000	610,000
Bankers' acceptances	124,674	-	124,674
Commercial papers	610,000	-	610,000
Bills discounting	110,943	-	110,943
	1,868,045	610,000	2,478,045
Total unsecured borrowings	4,993,045	1,980,000	6,973,045
Total borrowings	7,229,572	2,021,349	9,250,921
Islamic borrowings	3,921,670	1,370,000	5,291,670
Conventional borrowings	3,307,902	651,349	3,959,251
Total borrowings	7,229,572	2,021,349	9,250,921

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

Included in the Group borrowings as at 30 September 2019 are amounts denominated in foreign currency as follows:

	Foreign currency		RM'000		Total
	Current	Non-current	Current	Non-current	
Secured					
US Dollar (USD'000) *					
- Term loan	220,000	-	922,460	-	922,460
- Revolving credits	255,000	-	1,069,215	-	1,069,215
Singapore Dollar (SGD'000) *					
- Term loan	25,000	13,474	75,998	40,960	116,958
- Revolving credits	71,500	-	217,353	-	217,353
Indonesian Rupiah (RP'000) **					
- Term loan	9,581,000	-	2,836	-	2,836
- Bills payable	15,403,982	-	4,560	-	4,560
Australia Dollar (AUD'000) #					
- Revolving credits	88,578	-	251,553	-	251,553
- Bankers' acceptance	720	-	2,045	-	2,045
			2,546,020	40,960	2,586,980

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 RM0.03 billion, from RM9.25 billion as at 30 September 2019 to RM9.28 billion as at 30 September 2020.

The weighted average interest rate of borrowings as at 30 September 2020 is 2.82%. 44% of the Group's total borrowing are fixed rate instruments, whereas 56% are floating rate instruments.

Out of the total borrowings of RM9.28 billion, RM2.73 billion (Current: RM2.47 billion ; Non-current: RM0.26 billion) are denominated in foreign currencies. The group entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings, which was entered into for minimising the interest cost. The average exchange rate entered for USD borrowings is 4.306, AUD borrowings is 2.886, SGD borrowings is 3.053 and GBP borrowings is 5.355.

B9 **Derivative Financial Instruments**

The Group's outstanding derivatives as at 30 September 2020 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
Interest rate swap contracts				
- 1 year to 3 years	61,016	(1,909)	(1,927)	-
Foreign currency forward contracts				
- Less than 1 year	28,836	(323)	442	-
- 1 year to 3 years	41	-	35	-
Cross currency swap contracts #				
- Less than 1 year	1,271,594	(26,561)	-	1,394
Total derivatives		(28,793)	(1,450)	1,394

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

B9 Derivative Financial Instruments (contd.)**Interest rate swap contracts**

An interest rate swap is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flow. During the financial year, the Group had entered into interest rate swap to exchange floating interest rate for fixed interest rate in order to minimise the exposure from fluctuation of interest rate. This interest rate swap received floating interest rate equals to Singapore Swap Offer Rate ("SOR") per annum and paid fixed rate of interest of 1.49% per annum.

The fair values of the interest rate swap contracts are determined by using the mark to market values at the end of the reporting period and changes in the fair value is recognised in the profit or loss.

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

Foreign currency forward contracts

The Group entered into foreign currency forward contracts to manage some of the transaction exposure. These contracts are entered into for periods consistent with currency transaction exposure and fair value changes exposure. The Group also uses foreign currency forward contracts as derivatives to hedge future changes in currency exposure of cash flows from foreign operations. The effective portions of the change in fair value of the derivatives are recognised in the foreign currency translation reserve. Any ineffective portions of net investment hedges are recognised immediately in the profit or loss.

Forward currency contracts are valued using a valuation technique with market observable inputs. The derivatives arising from the forward currency contracts are stated at fair value using the prevailing market rate. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

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 Ageing Analysis of Trade Receivables

The aging analysis of the Group's trade receivables are as follows:

	30/09/2020	31/12/2019
	RM'000	RM'000
Current	1,180,316	1,353,880
1 to 30 days past due	139,336	168,764
31 to 60 days past due	70,129	105,117
61 to 90 days past due	33,459	54,290
91 to 120 days past due	11,943	36,513
More than 120 days past due	194,524	147,051
	<u>449,391</u>	<u>511,735</u>
Gross trade receivables	1,629,707	1,865,615
Impaired	(95,328)	(87,121)
Total trade receivables	<u>1,534,379</u>	<u>1,778,494</u>
Other receivables	373,677	354,866
Amounts due from associates	36,182	35,145
Amounts due from joint ventures	2,323,287	2,325,052
Total receivables	<u>4,267,525</u>	<u>4,493,557</u>
Non-current receivables	1,914,271	1,478,793
Current receivables	<u>2,353,254</u>	<u>3,014,764</u>
Total receivables	<u>4,267,525</u>	<u>4,493,557</u>

B11 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 the late Mr. H.L. Agarwal as the sole arbitrator. 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 Rs89,14,55,047.83 (approximately equivalent to RM50 million) in addition to interest and cost.

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 Rs78,13,94,628.61 (approximately equivalent to RM44 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.

On 11 January 2013, the arbitrator that presided over the case passed away and 75 hearings had been held.

SunCon was notified by its solicitors that an arbitration petition has been filed by Shristi on 7 January 2016 in the Supreme Court of India for the appointment of a new arbitrator. The Supreme Court of India by an order dated 5 January 2017 appointed Hon'ble Mr. Justice Vikramajit Sen (a former Judge of the Supreme Court of India) as arbitrator in place of the late Justice H.L. Agrawal (Retd.) for adjudication of the disputes and differences between the Parties. The first hearing before Mr. Justice Vikramajit Sen was held on 24 February 2017 and cross examination has been completed on 7 October 2017.

The proceedings had advanced for final arguments on 6 March 2018 to 9 March 2018. Further final and rejoinder argument was heard on 12, 13 and 14 April 2018. Arguments stand concluded. The Arbitrator published his award on 9 April 2019 and awarded the Claimant Rs. 12,84,41,929.37 (approximately equivalent to RM7.2 million).

SunCon has filed an appeal with the High Court of New Delhi in early July 2019 to set aside the arbitral award. Shristi has also filed an execution application against SunCon for enforcement of the arbitral award.

On 10 February 2020, the Honourable Court has directed SunCon to deposit, on a without prejudice basis, the decretal amount with up to date interest with the Registrar General of the High Court of Delhi within 6 weeks from 10 February 2020. SunCon has deposited Rs13,56,77,784.64 (approximately equivalent to RM7.7 million) on 26 February 2020. Subject to compliance of the said direction, the Honourable Court has stay the Arbitral Award dated 9 April 2019. In light of the above order, the Honourable Court was pleased to dispose of the enforcement petition filed by Shristi as non maintainable at this stage in as much as the Arbitral Award has been stayed. The matter has now been postponed until further notice due to the "COVID-19" pandemic.

Subsequently, the Claimant filed an application in the High Court of Delhi to permit the Claimant to withdraw the decretal amount deposited by SunCon on 4 March 2020, or pass an order directing the release of Rs. 67,289,597 (approximately equivalent to RM3.8 million) from the deposited Award Amount. There were several hearings and the next hearing is adjourned to 18 August 2020.

On 27 August 2020, the Court directed the release of Rs.6,71,95,972 (approximately equivalent to RM3.8 million) on the basis of a corporate guarantee to the furnished by Srei Infrastructure Finance Ltd. The balance Rs.6,12,46,957 (approximately equivalent to RM3.5 million) to be released subject to furnishing of a bank guarantee. Matter is listed on 25 September 2020 for verification of corporate guarantee from SIFC and bank guarantee. Matter did not get listed on 5 October 2020. The said matter came up on 9 October and adjourned to 3 December 2020.

- (b) PNSB Acmar Sdn Bhd ("Plaintiff") has on 14 November 2019 served a Writ of Summon and a Statement of Claim both dated 8 November 2019 on Prasarana Malaysia Berhad ("Prasarana") (1st Defendant) and Sunway Construction Sdn Bhd ("SunCon") (2nd Defendant).

The Plaintiff is claiming that all the construction works in relation to the project known as "Construction and Completion of Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia" ("Project") and the structures such as the Project's poles, bars, and LRT stations had trespassed and/or encroached into the Plaintiff's own development project area and has resulted in losses and damages towards the Plaintiff.

Prasarana is the owner of the Project and SunCon is the awarded Works Package Contractor for the contract known as "Contract No. Prasarana/GSC/CTT/2.06080/2017: Construction and Completion of Guideway, Stations Iconic Bridge, Park and Rides, Ancillary Buildings and other Associated Works for Package GS07-08 for Light Rail Transit 3 (LRT3) from Bandar Utama to Johan Setia" in relation to the Project.

B11 Changes in Material Litigation (contd.)

The Plaintiff is claiming, amongst other, for the following:-

- (i) Special damages of RM711,367,434.46 and/or to be determined by the Senior Assistant Registrar or Deputy Registrar of the High Court of Malaya;
- (ii) The costs between the solicitor and client amounts to RM400,000.00 or cost to be determined by the Honorable Court;
- (iii) Interest rate of 5% per year from the date of trespass i.e. 30 April 2018 until the date of filing of the writ and from the date of the Honorable Court's order until the full settlement; and
- (iv) Court's declarations, injunctions, orders and other reliefs that the Honorable Court deems fit and proper. (collectively, "PNSB's Claim")

The Court had scheduled a further case management on 23 January 2020 to provide further pre-trial on case management directions. On the case management on 5 March 2020, the Court had directed SunCon to file the application to strike out the case by 19 March 2020. The Court had scheduled a further case management on 21 May 2020 and will provide further directions. On 29 May 2020, SunCon filed an application to strike out the Plaintiff's claim. During case management on 17 July 2020, the Court has scheduled a further case management on 17 Aug 2020 and the hearing of both ours and Prasarana's application to strike out the suit was on 22 September 2020. On 30 October 2020, the striking out application by Prasarana and SunCon is dismissed and matter is to proceed for full trial. The next case management hearing is fixed on 16 December 2020.

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 2020.

B13 Earnings per share

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

	Current Quarter Ended 30/09/2020 RM'000	Cumulative Year To Date 30/09/2020 RM'000
<u>Basic/Diluted earnings per share</u>		
Profit attributable to members of the Company	132,831	204,412
Distribution to holders of perpetual sukuk	(9,982)	(31,735)
Net earnings for the period	122,849	172,677
Weighted Average Number of Ordinary Shares ('000)	4,901,374	4,901,780
Earnings per share (Basic/Diluted) (sen)	2.51	3.52

By Order of the Board

**Tan Kim Aun
Chin Lee Chin**

Secretaries