

# **SUNWAY®**

**SUNWAY CONSTRUCTION GROUP BERHAD**

## **INTERIM FINANCIAL REPORT** **FIRST QUARTER ENDED 31<sup>ST</sup> MARCH 2016**

**SUNWAY CONSTRUCTION GROUP BERHAD**

(Company No. 1108506-W)

(Incorporated in Malaysia under the Companies Act, 1965)

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**SUNWAY CONSTRUCTION GROUP BERHAD ( Company No : 1108506-W )**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2016**

|  | NOTE       | INDIVIDUAL QUARTER              |   | CUMULATIVE QUARTER              |  |
|--|------------|---------------------------------|---|---------------------------------|--|
|  |            | CURRENT YEAR QUARTER 31/03/2016 | PRECEDING YEAR CORRESPONDING QUARTER 31/03/2015 | CURRENT YEAR TO DATE 31/03/2016 | PRECEDING YEAR CORRESPONDING PERIOD 31/03/2015 |
|  |            | RM'000                          | RM'000  | RM'000                          | RM'000   |
| REVENUE                                      |            | 424,351                         | 496,067   | 424,351                         | 496,067  |
| OPERATING EXPENSES                           |            | (399,205)                       | (460,945)                                       | (399,205)                       | (460,945)                                      |
| OTHER OPERATING INCOME                       |            | 10,240                          | 4,055   | 10,240                          | 4,055  |
| PROFIT FROM OPERATIONS                       |            | <u>35,386</u>                   | <u>39,177</u>                                   | <u>35,386</u>                   | <u>39,177</u>                                  |
| FINANCE INCOME AND OTHER DISTRIBUTION INCOME |            | 2,848                           | 1,490   | 2,848                           | 1,490  |
| FINANCE COSTS                                |            | (713)                           | (1,051)   | (713)                           | (1,051)  |
| PROFIT BEFORE TAX                            | <b>B6</b>  | <u>37,521</u>                   | <u>39,616</u>                                   | <u>37,521</u>                   | <u>39,616</u>                                  |
| INCOME TAX EXPENSE                           | <b>B5</b>  | (8,466)                         | (5,233)   | (8,466)                         | (5,233)  |
| PROFIT FOR THE PERIOD                        |            | <u>29,055</u>                   | <u>34,383</u>                                   | <u>29,055</u>                   | <u>34,383</u>                                  |
| ATTRIBUTABLE TO:                             |            |                                 |   |                                 |  |
| - OWNERS OF THE PARENT                       |            | 29,055                          | 34,366  | 29,055                          | 34,366   |
| - NON-CONTROLLING INTERESTS                  |            | -                               | 17  | -                               | 17   |
|  |            | <u>29,055</u>                   | <u>34,383</u>                                   | <u>29,055</u>                   | <u>34,383</u>                                  |
| EARNINGS PER SHARE                           |            |                                 |   |                                 |  |
| (i) BASIC ( sen )                            | <b>B11</b> | <u>2.25</u>                     | <u>2.66</u>                                     | <u>2.25</u>                     | <u>2.66</u>                                    |
| (ii) DILUTED ( sen )                         |            | <u>2.25</u>                     | <u>2.66</u>                                     | <u>2.25</u>                     | <u>2.66</u>                                    |

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

SUNWAY CONSTRUCTION GROUP BERHAD ( Company No : 1108506-W )  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2016

|   | INDIVIDUAL QUARTER                       |  | CUMULATIVE QUARTER                       |   |
|---|--|--|--|---|
|   | CURRENT<br>YEAR<br>QUARTER<br>31/03/2016 | PRECEDING YEAR<br>CORRESPONDING<br>QUARTER<br>31/03/2015 | CURRENT<br>YEAR<br>TO DATE<br>31/03/2016 | PRECEDING YEAR<br>CORRESPONDING<br>PERIOD<br>31/03/2015 |
|   | RM'000                                   | RM'000   | RM'000                                   | RM'000  |
| PROFIT FOR THE PERIOD   | 29,055                                   | 34,383   | 29,055                                   | 34,383  |
| <b>OTHER COMPREHENSIVE INCOME TO BE<br/>RECLASSIFIED TO PROFIT AND LOSS IN<br/>SUBSEQUENT PERIODS</b> |  |  |  |   |
| FOREIGN CURRENCY TRANSLATION<br>DIFFERENCES FOR FOREIGN OPERATION                                     | (17)                                     | 3,580  | (17)                                     | 3,580   |
| OTHER COMPREHENSIVE INCOME<br>FOR THE PERIOD  | <u>(17)</u>                              | <u>3,580</u>   | <u>(17)</u>                              | <u>3,580</u>  |
| TOTAL COMPREHENSIVE INCOME<br>FOR THE PERIOD  | <u>29,038</u>                            | <u>37,963</u>  | <u>29,038</u>                            | <u>37,963</u>   |
| ATTRIBUTABLE TO:  |  |  |  |   |
| - OWNERS OF THE PARENT  | 29,038                                   | 37,946   | 29,038                                   | 37,946  |
| - NON-CONTROLLING INTERESTS   | -  | 17   | -  | 17  |
|   | <u>29,038</u>                            | <u>37,963</u>  | <u>29,038</u>                            | <u>37,963</u>   |

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

SUNWAY CONSTRUCTION GROUP BERHAD ( Company No : 1108506-W )  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2016

|   | AS AT END OF<br>CURRENT QUARTER<br>31/03/2016<br>RM'000 | AS AT PRECEDING<br>FINANCIAL PERIOD END<br>31/12/2015<br>RM'000<br>(AUDITED) |
|---|---|--|
| <b>ASSETS</b>   |   |  |
| <b>Non-current assets</b>   |   |  |
| Property, plant and equipment, and software                               | 155,810   | 162,529  |
| Other investments   | 273   | 273  |
| Goodwill  | 3,647   | 3,647  |
| Deferred tax assets   | 8,215   | 13,760   |
|   | 167,945   | 180,209  |
| <b>Current assets</b>   |   |  |
| Inventories   | 20,787  | 17,293   |
| Receivables, deposits and prepayments                                     | 842,326   | 717,089  |
| Tax recoverable   | 17,705  | 14,370   |
| Placement in funds  | 85,000  | 78,000   |
| Cash and bank balances  | 243,177   | 390,477  |
|   | 1,208,995   | 1,217,229  |
| <b>TOTAL ASSETS</b>   | 1,376,940   | 1,397,438  |
| <b>EQUITY AND LIABILITIES</b>   |   |  |
| <b>Current liabilities</b>  |   |  |
| Payables, accruals and other current liabilities                          | 852,571   | 795,566  |
| Borrowings  | 30,258  | 136,841  |
| Tax payable   | 9,300   | 9,258  |
|   | 892,129   | 941,665  |
| <b>Non-current liabilities</b>  |   |  |
| Deferred taxation liabilities   | 4,095   | 4,095  |
|   | 4,095   | 4,095  |
| <b>Total liabilities</b>  | 896,224   | 945,760  |
| <b>Equity attributable to Owners of the Parent</b>                        |   |  |
| Share capital   | 258,580   | 258,580  |
| Negative merger reserve   | (37,894)  | (37,894)   |
| Retained profits  | 246,597   | 217,542  |
| Other reserves  | 12,799  | 12,816   |
|   | 480,082   | 451,044  |
| <b>NON-CONTROLLING INTERESTS</b>  | 634   | 634  |
| <b>Total equity</b>   | 480,716   | 451,678  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                       | 1,376,940   | 1,397,438  |
| <b>Net Assets Per Share Attributable To Owners Of<br/>The Parent (RM)</b> | <b>0.37</b>   | <b>0.35</b>  |

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

SUNWAY CONSTRUCTION GROUP BERHAD ( Company No : 1108506-W )  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2016

|                                   | ----- ATTRIBUTABLE TO OWNERS OF THE PARENT ----- |                         |                       |   |                          | ----- DISTRIBUTABLE ----- |         |                           |              |
|-----------------------------------|--|-------------------------|-----------------------|---|--------------------------|---------------------------|---------|---------------------------|--------------|
|                                   | ----- NON-DISTRIBUTABLE -----                    |                         |                       | CAPITAL CONTRIBUTION BY IMMEDIATE HOLDING COMPANY |                          | RETAINED PROFITS          | TOTAL   | NON-CONTROLLING INTERESTS | TOTAL EQUITY |
|                                   | SHARE CAPITAL                                    | NEGATIVE MERGER RESERVE | OTHER RESERVES, TOTAL | BY IMMEDIATE HOLDING COMPANY                      | FOREIGN EXCHANGE RESERVE |                           |         |                           |              |
| RM'000                            | RM'000   | RM'000                  | RM'000                | RM'000  | RM'000                   | RM'000                    | RM'000  | RM'000                    | RM'000       |
| <b>PERIOD ENDED 31 MARCH 2016</b> |  |                         |                       |   |                          |                           |         |                           |              |
| At 1 January 2016                 | 258,580  | (37,894)                | 12,816                | 670   | 12,146                   | 217,542                   | 451,044 | 634                       | 451,678      |
| Profit for the year               | -  | -                       | -                     | -   | -                        | 29,055                    | 29,055  | -                         | 29,055       |
| Other comprehensive income        | -  | -                       | (17)                  | -   | (17)                     | -                         | (17)    | -                         | (17)         |
| Total comprehensive income        | -  | -                       | (17)                  | -   | (17)                     | 29,055                    | 29,038  | -                         | 29,038       |
| At 31 March 2016                  | 258,580  | (37,894)                | 12,799                | 670   | 12,129                   | 246,597                   | 480,082 | 634                       | 480,716      |
| <b>PERIOD ENDED 31 MARCH 2015</b> |  |                         |                       |   |                          |                           |         |                           |              |
| At 1 January 2015                 | 258,580  | (37,894)                | (911)                 | 670   | (1,581)                  | 160,378                   | 380,153 | 60                        | 380,213      |
| Profit for the year               | -  | -                       | -                     | -   | -                        | 34,366                    | 34,366  | 17                        | 34,383       |
| Other comprehensive income        | -  | -                       | 3,580                 | -   | 3,580                    | -                         | 3,580   | -                         | 3,580        |
| Total comprehensive income        | -  | -                       | 3,580                 | -   | 3,580                    | 34,366                    | 37,946  | 17                        | 37,963       |
| At 31 March 2015                  | 258,580  | (37,894)                | 2,669                 | 670   | 1,999                    | 194,744                   | 418,099 | 77                        | 418,176      |

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

**SUNWAY CONSTRUCTION GROUP BERHAD ( Company No : 1108506-W )**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2016**

|  | <b>FOR THE<br/>3 MONTHS<br/>PERIOD<br/>ENDED<br/>31/03/2016<br/>RM'000</b> | <b>FOR THE<br/>3 MONTHS<br/>PERIOD<br/>ENDED<br/>31/03/2015<br/>RM'000</b> |
|--|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |  |
| Profit before tax  | 37,521   | 39,616   |
| Adjustments for:   |  |  |
| - non-cash items   | 3,569  | 10,255   |
| - finance costs  | 713  | 1,051  |
| - finance income and other distribution income   | (2,848)  | (1,490)  |
| Operating cash flows before working capital changes  | 38,955   | 49,432   |
| Changes in working capital   | (63,466)   | (46,591)   |
| Cash flow (used in)/generated from operations  | (24,511)   | 2,841  |
| Interest and other distribution income received  | 2,848  | 1,490  |
| Interest paid  | (713)  | (1,051)  |
| Dividend received from jointly controlled entities   | -  | 6,445  |
| Tax paid   | (6,214)  | (3,270)  |
| Net cash flow (used in)/generated from operating activities  | (28,590)   | 6,455  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |  |  |
| Proceeds from disposal of property, plant and equipment  | 55   | 1,237  |
| Acquisition of property, plant and equipment   | (3,418)  | (8,501)  |
| Advances to related companies  | (2,022)  | (19,796)   |
| Advances to associates, jointly controlled entity and joint venture partners   | -  | (8,037)  |
| Net cash flow from placement in funds  | (7,131)  | 13,200   |
| Net cash used in investing activities  | (12,516)   | (21,897)   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |  |  |
| Net bank and other borrowings  | (106,583)  | 16,196   |
| Net cash (used in)/generated from financing activities   | (106,583)  | 16,196   |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS   | (147,689)  | 754  |
| EFFECTS OF EXCHANGE RATE CHANGES   | 258  | 3,400  |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD   | 389,672  | 277,612  |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD   | 242,241  | 281,766  |
| Cash and cash equivalents at end of financial period comprise the following :  |  |  |
| Deposits with licensed banks and other financial institutions  | 197,441  | 183,383  |
| Placement in funds   | 85,000   | -  |
| Cash and bank balances   | 45,736   | 99,188   |
| Cash and bank balances, and placement in funds   | 328,177  | 282,571  |
| Less: Deposit with other financial institutions with maturity of over 3 months   | (936)  | (805)  |
| Less: Placement in funds   | (85,000)   | -  |
| Cash and cash equivalents  | 242,241  | 281,766  |
| ( The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.) |  |  |

## NOTES TO FINANCIAL STATEMENTS

### A1 Accounting Policies and Basis of Preparation

The interim financial report is unaudited and is prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 "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 financial year ended 31 December 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2015 except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations that are effective for financial statements effective from 1 January 2016, as disclosed below:

|   |   |
|---|---|
| MFRS14  | Regulatory Deferral Accounts  |
| Amendment to MFRS 116 and<br>Amendment to MFRS 138    | Clarification of Acceptable Methods of Depreciation and<br>Amortisation |
| Amendment to MFRS 11                                  | Accounting for Acquisitions of Interests in Joint Operations            |
| Amendment to MFRS 127                                 | Equity Method in Separate Financial Statements                          |
| Amendment to MFRS 101                                 | Disclosure Initiative   |
| Amendment to MFRS 10, 12 and<br>Amendment to MFRS 128 | Investment Entities: Applying the Consolidation Exception               |
| Amendment to MFRSs                                    | Annual Improvements to MFRS 2012 - 2014 Cycle                           |

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

### A2 Report of the Auditors

The report of the auditors of preceding audited 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 31 March 2016.

### A5 Changes in Estimates

There were no changes in estimates that have a material effect on the amounts reported for the current quarter ended 31 March 2016.

### A6 Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter ended 31 March 2016 except for those disclosed in Note B7.



**A7 Segmental Reporting**

Segmental results for the financial period ended 31 March 2016 are as follows:

|  | Construction | Precast Concrete | Consolidated |
|--|--------------|------------------|--------------|
|  | RM'000       | RM'000           | RM'000       |
| <b>BY BUSINESS SEGMENTS</b>                  |              |                  |              |
| <b>REVENUE AND EXPENSES</b>                  |              |                  |              |
| Total revenue                                | 479,844      | 59,873           | 539,717      |
| Inter-segment sales                          | (106,017)    | (9,349)          | (115,366)    |
| External sales                               | 373,827      | 50,524           | 424,351      |
| <b>Results</b>                               |              |                  |              |
| Operating segment results                    | 23,872       | 11,514           | 35,386       |
| Finance income and other distribution income | 2,842        | 6                | 2,848        |
| Finance costs                                | (713)        | -                | (713)        |
| Profit before tax                            | 26,001       | 11,520           | 37,521       |
| Income tax expense                           | (6,172)      | (2,294)          | (8,466)      |
| Profit after tax                             | 19,829       | 9,226            | 29,055       |
| Non controlling interests                    | -            | -                | -            |
| Attributable to owners of the parent         | 19,829       | 9,226            | 29,055       |

|                                 | Revenue | Profit before tax | Profit after tax | Attributable to owners of the parent |
|---------------------------------|---------|-------------------|------------------|--------------------------------------|
|                                 | RM'000  | RM'000            | RM'000           | RM'000                               |
| <b>BY GEOGRAPHICAL SEGMENTS</b> |         |                   |                  |                                      |
| Malaysia                        | 373,827 | 30,742            | 23,534           | 23,534                               |
| Singapore                       | 50,524  | 7,131             | 5,873            | 5,873                                |
| India                           | -       | (225)             | (225)            | (225)                                |
| United Arab Emirates            | -       | (127)             | (127)            | (127)                                |
|                                 | 424,351 | 37,521            | 29,055           | 29,055                               |

**A8 Material events**

There were no material events subsequent to the current quarter ended 31 March 2016.

**A9 Contingent Liabilities and Assets**

There was no change in contingent liabilities since the last combined financial statements for the financial year ended 31 December 2015 to 31 March 2016, except for the following:

|   | As at<br>31 March<br>2016<br>RM'000<br>(Unaudited) | As at<br>31 December<br>2015<br>RM'000<br>(Audited) |
|---|--|---|
| Guarantees given to third parties in respect of contracts and trade performance     | 379,504  | 418,241   |
| Guarantees given to related companies in respect of contracts and trade performance | 44,618   | 50,845  |
|   | <u>424,122</u>                                     | <u>469,086</u>                                      |

The Group does not have any material contingent assets to be disclosed as at 31 March 2016.

**A10 Commitments**

(a) Capital commitment not provided for in the financial year as at 31 March 2016 and 31 December 2015 is as follows:

|                                 | As at<br>31 March<br>2016<br>RM'000<br>(Unaudited) | As at<br>31 December<br>2015<br>RM'000<br>(Audited) |
|---------------------------------|--|---|
| Approved and contracted for     | 3,725  | 208   |
| Approved but not contracted for | 45,294   | 5,860   |
|                                 | <u>49,019</u>                                      | <u>6,068</u>  |

(b) Operating lease commitment not provided for in the financial year as at 31 March 2016 and 31 December 2015 is as follows:

|  | As at<br>31 March<br>2016<br>RM'000<br>(Unaudited) | As at<br>31 December<br>2015<br>RM'000<br>(Audited) |
|--|--|---|
| Future minimum lease payment:                  |  |   |
| - not later than 1 year                        | 7,395  | 7,583   |
| - later than 1 year and not later than 5 years | 4,480  | 7,350   |
|  | <u>11,875</u>                                      | <u>14,933</u>                                       |

## **B1 Review of Performance**

### For the quarter

The Group recorded revenue of RM424.4 million and profit before tax of RM37.5 million for the current quarter ended 31 March 2016, compared to revenue of RM496.1 million and profit before tax of RM39.6 million in the corresponding quarter of the previous financial year.

The construction segment reported revenue of RM373.8 million and profit before tax of RM26 million compared to revenue of RM421 million and profit before tax of RM17.6 million in the corresponding quarter of the previous financial year. The lower revenue was mainly due to lower billings from the civil and building projects as some of them had reached or were near their completion stage. However, the current profit before tax was higher as there was no provision for loss making project in the current quarter compared to the previous corresponding quarter.

The precast segment reported revenue of RM50.5 million and profit before tax of RM11.5 million compared to revenue of RM75.1 million and profit before tax of RM22 million in the corresponding quarter of the previous financial year. The lower revenue was due to lower delivery volume of existing projects, while the lower current profit was due to lower revenue and profit margin.

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

The Group recorded revenue of RM424.4 million and profit before tax of RM37.5 million for the current quarter ended 31 March 2016, compared to revenue of RM470.3 million and profit before tax of RM29.4 million in the preceding quarter.

The construction segment reported revenue of RM373.8 million and profit before tax of RM26 million compared to revenue of RM417.6 million and profit before tax of RM9.4 million in the preceding quarter. The lower revenue was mainly due to lower billings from the civil and building projects as some of them had reached or were near their completion stage. However, the improvement in profit before tax was mainly due to higher profit recognition from the existing civil and infrastructure projects.

The precast segment reported revenue of RM50.5 million and profit before tax of RM11.5 million compared to revenue of RM52.6 million and profit before tax of RM20.1 million in the preceding quarter. The current profit was lower due to the normalisation of profit margin in the current quarter as the previous corresponding quarter benefited from the finalisation of a few completed projects which boosted the profit margin.

## **B3 Prospects**

As at to date, the Group was recently awarded the second line MRT V201 package valued at RM1.2 billion, which increased its outstanding order book to a high of RM5 billion. In addition, the Group has been shortlisted to tender for several more mega infrastructure projects such as Pan Borneo, LRT 3, Damansara-Shah Alam Elevated Expressway (DASH) and Sungai Besi-Ulu Kelang Elevated Expressway (SUKE).

If the Group managed to secure some of the projects mentioned above and coupled with the steady flow of in-house projects from the Sunway Group, the expected order book value will improve further, which will augur well for the Group's earnings going forward.

## **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**

|                   | Current Quarter Ended<br>31 March<br>2016<br>RM'000<br>(Unaudited) | Cumulative<br>Year To Date<br>31 March<br>2016<br>RM'000<br>(Unaudited) |
|-------------------|--|---|
| Current taxation  | (4,455)  | (4,455)   |
| Deferred taxation | (4,011)  | (4,011)   |
|                   | <b>(8,466)</b>   | <b>(8,466)</b>  |

The effective tax rate for the current period is lower than the statutory tax rate of 24% mainly due to the lower tax rate payable by its Singapore subsidiary.

**B6 Profit before Taxation**

The following amounts have been included in arriving at profit before taxation:

|                                 | Current<br>Quarter Ended<br>31 March<br>2016<br>RM'000<br>(Unaudited) | Cumulative<br>Year To Date<br>31 March<br>2016<br>RM'000<br>(Unaudited) |
|---------------------------------|---|---|
| Interest income                 | 2,848   | 2,848   |
| Interest expense                | (713)   | (713)   |
| Depreciation and amortisation   | (9,842)   | (9,842)   |
| Reversal of impairment for:     |   |   |
| - Trade receivables             | 1,551   | 1,551   |
| - Advances to associates        | 6,718   | 6,718   |
| Write off:                      |   |   |
| - Trade receivables             | (321)   | (321)   |
| - Property, plant and equipment | (14)  | (14)  |
| Net gain on disposal of:        |   |   |
| - property, plant and equipment | 45  | 45  |
| Foreign exchange gain:          |   |   |
| - realised                      | 222   | 222   |
| Fair value of ESOS option       | (531)   | (531)   |

**B7 Group Borrowings and Debt Securities**

The Group borrowings as at 31 March 2016 are as follows:

|                     | Secured<br>RM'000 | Unsecured<br>RM'000 | Total<br>RM'000 |
|---------------------|-------------------|---------------------|-----------------|
| Borrowings:         |                   |                     |                 |
| - Current           |                   |                     |                 |
| - Bills discounting | 30,258            | -                   | 30,258          |

## B8 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.

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 Rs.781,394,628.61 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.

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 and the petition was served on SunCon's solicitors on 5th May 2016. SunCon is now taking legal advice.

- (b) Sunway Creative Stones Sdn Bhd ("Sunway Creative Stone"), being the nominated sub-contractor for the stone works for the Palazzo, is claiming against Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd ("SPYTL"), being the main contractor, for the unpaid interim certificates, work done yet to be certified, unfixed materials and refund of wrongfully imposed back-charges following determination of the main contractor's employment under the main contractor.

Sunway Creative Stones has in October 2011 filed its claim against SPYTL for the sum of RM4,968,417.05 and interest and costs. SPYTL is counter-claiming for the loss and damage of RM11,600,000.00 for Sunway Creative Stones' delay and back charges of RM35,340.00 and interest and costs or alternatively for the liquidated and ascertained damages in the sum of RM33,600,000.00 at the rate of RM105,000.00 per day for 320 days and back charges of RM35,340.00 and interest and costs.

Hearing of the arbitration proceeding had been completed and award on this arbitration is pending. The solicitors acting for Sunway Creative Stones is of the view that Sunway Creative Stones has a fairly good case against SPYTL.

- (c) Sunway Construction Caribbean Limited ("Sunway Construction Caribbean") was awarded a contract to carry out the fit-out works by the Urban Development Corporation of Trinidad and Tobago ("UDCTT") in 2009 at a fixed design-build contract price of TTD298,138,765.48. By wrongfully repudiating the contract, the design fees and standby costs for the package 6 of the interior fit-out works payable by UDCTT from October 2009 to March 2011 remained unpaid by UDCTT. In December 2013, Sunway Construction Caribbean filed a claim at the High Court of Justice, Republic of Trinidad and Tobago, against UDCTT for an accumulated sum of TTD55,006,143.00, being loss and damages arising from UDCTT's wrongful repudiation of the contract.

On 18th November 2015, UDCTT had changed its advocates. Security for costs in the sum of TTD750,000.00 has been paid into court by Claimant on 5 August 2015.

An oral submission on Evidential Objections is to be heard on 4 December 2015. Trial of this matter fixed for Monday 25 April 2016, Tuesday 26 April 2016, Wednesday 27 April 2016 and Friday 29 April 2016.

On 4 December 2015, the High Court of Justice issued a notice of re-assignment on change of judge. After the status hearing on 28 January 2016, the date for evidential objections pre trial review (for decision) is fixed on the 12 July 2016 and trial dates are fixed for 19 and 20 July 2016 in Trinidad and Tobago.

The solicitors acting for Sunway Construction Caribbean is of the view that the chances of success is in favour of Sunway Construction Caribbean although the full amount of Sunway Construction Caribbean's claim may not be recoverable based on the information before them.

- (d) SunCon was awarded a contract for the execution of the rehabilitation and upgrading of km 406 to km 449.15 of highway NH-76 in the State of Rajasthan, India to four-lane configuration ("**NH-76 Highway Project**") by the National Highways Authority ("**NHA**") in 2005. SunCon commenced 7 separate arbitration proceedings against NHA on various disputes arising from the NH-76 Highway Project (each, a "**Reference**"). The following sets out the nature of SunCon's claims and the current status of the proceedings:

- (a) Reference 1 – In November 2009, SunCon claimed against NHA for the payment of the completed construction of fly ash for the highway embankment. The Arbitral Tribunal had, via an award dated 28 June 2011, awarded SunCon a sum of Rs.43,090,350.00. NHA appealed against the Arbitral Tribunal's decision to the High Court of Delhi. In 2012, the High Court ruled in favour of NHA and set aside SunCon's award.

SunCon appealed to the Supreme Court of India and was granted leave of appeal. The next hearing date is 28 July 2016. The solicitors acting for SunCon is of the view that SunCon has a good case on the merits and a correspondingly high probability of success before the Supreme Court.

- (b) Reference 2 – In April 2009, SunCon commenced an arbitration proceeding against NHA for the loss suffered as a result of the adjustment made by the engineer on the payment of a monthly interim payment certificate without taking into consideration the component of excise duty. The Arbitral Tribunal had, via an award dated 3 October 2011, awarded SunCon a sum of Rs.25,840,810.00. We have not received the award sum to-date.

- (c) Reference 3 – In April 2009, SunCon claimed against NHA for the reimbursement of the toll tax imposed on all vehicles deployed for the execution of the NH-76 Highway Project. The Arbitral Tribunal had, via an award dated 3 October 2011, awarded SunCon a sum of Rs.14,329,148.00.

Aggrieved by the Arbitral Tribunal's award dated 3 October 2011 for both Reference 2 and Reference 3, NHA appealed to the High Court in year 2012. The hearing date of the appeal has yet to be fixed. The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996, is of the view that SunCon has a high chance of success in both Reference 2 and Reference 3.

- (d) Reference 4 – In October 2010, SunCon claimed against NHA for the additional cost incurred on account due to the deduction of royalty for mining minerals and change in legislation, which is to be reimbursed by NHA. The Arbitral Tribunal had, via an award dated 1 March 2012, awarded SunCon a sum of Rs.37,068,467.00. NHA appealed against the Arbitral Tribunal's decision to the High Court of Delhi and the Arbitral Tribunal's decisions has been upheld by the High Court of Delhi.

Notwithstanding SunCon has received payment in full of the sum awarded, NHA has subsequently appealed to the Supreme Court of India. On 24 April 2015, the Supreme Court had dismissed NHA appeal and judgement pronounced in favour of SunCon.

The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996 and the fact that the Arbitral Tribunal's decision has been upheld by the Single Bench as well as the Division Bench of the High Court of Delhi, is of the view that SunCon has a high chance of success in this Reference 4.

- (e) Reference 5 – In November 2012, SunCon claimed against NHA for the loss and expenses incurred during the extended project period which was due to NHA's delay. The Arbitral Tribunal had, via an award dated 29 April 2014, awarded SunCon a sum of Rs.310,347,836.00.

NHA appealed against the Arbitral Tribunal's award to the High Court. On 13 April 2015, the matter came up for scrutiny before the Registrar of the High Court. NHA requested for time to file the rejoinder. The hearing will be on 26 May 2016.

The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996, is of the view that SunCon has a high chance of success in this Reference 5.

- (f) Reference 6 – In March 2013, SunCon claimed against NHA for short payment for work done due to the differences in the rate of the Bill of Quantities. The Arbitral Tribunal had, via an award dated 29 April 2014, awarded SunCon a sum of Rs.124,531,651.00.

NHA appealed against the Arbitral Tribunal's award to the High Court. The matter is fixed for hearing on 26 May 2016. The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996, is of the view that SunCon has a high chance of success in this Reference 6.

#### B9 Realised and Unrealised Profits

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

|   | 31 March<br>2016<br>RM'000<br>(Unaudited) | 31 December<br>2015<br>RM'000<br>(Audited) |
|---|---|--|
| Total retained profits of the Group:-                       |   |  |
| Realised  | 242,477                                   | 204,432                                    |
| Unrealised  | 4,120                                     | 13,110                                     |
| Total Group's retained profits as per consolidated accounts | <u>246,597</u>                            | <u>217,542</u>                             |

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.

#### B10 Dividend

On 25 February 2016, the Board of Directors declared an interim single-tier dividend of 20% for each ordinary share of RM0.20 each for the financial year ended 31 December 2015. The total dividend payable amount to RM51,716,000. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016. The interim dividend was paid on 21 April 2016.

**B11 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.

|   | INDIVIDUAL QUARTER                                    |   | CUMULATIVE QUARTER                                    |   |
|---|---|---|---|---|
|   | Current Year<br>Quarter<br>31 March<br>2016<br>RM'000 | Preceding Year<br>Quarter<br>31 March<br>2015<br>RM'000 | Current<br>Year-To-Date<br>31 March<br>2016<br>RM'000 | Preceding<br>Year-To-Date<br>31 March<br>2015<br>RM'000 |
| <b><u>Basic earnings per share</u></b>            |   |   |   |   |
| Profit attributable to members of the Company     | 29,055  | 34,366  | 29,055  | 34,366  |
| Weighted Average Number of Ordinary Shares ('000) | 1,292,900   | 1,292,900   | 1,292,900   | 1,292,900   |
| Earnings per share (Basic) (sen)                  | 2.25  | 2.66  | 2.25  | 2.66  |

There is no diluted earnings per share as the Group does not have any convertible financial instruments as at the end of the financial period ended 31 March 2016.

**By Order of the Board**

**Tan Kim Aun  
Chin Lee Chin**

**Secretaries**