

# **SUNWAY<sup>®</sup>**

## **CONSTRUCTION**

SUNWAY CONSTRUCTION GROUP BERHAD

### INTERIM FINANCIAL REPORT

### FIRST QUARTER ENDED 31<sup>ST</sup> MARCH 2018



**SUNWAY CONSTRUCTION GROUP BERHAD**

(Company No. 1108506-W)  
(Incorporated in Malaysia)

Level 8, Menara Sunway  
Jalan Lagoon Timur  
Bandar Sunway  
47500 Subang Jaya  
Selangor Darul Ehsan  
Malaysia

Tel. No.: (603) 5639 9696  
Fax. No.: (603) 5639 9601  
Email: [irsuncongroup@sunway.com.my](mailto:irsuncongroup@sunway.com.my)  
Website: [www.sunwayconstruction.com.my](http://www.sunwayconstruction.com.my)



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SUNWAY CONSTRUCTION GROUP BERHAD ( Company No : 1108506-W )

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

	NOTE	<----- INDIVIDUAL QUARTER ----->				<----- CUMULATIVE QUARTER ----->			
		CURRENT	IMMEDIATE		PRECEDING YEAR	CURRENT	PRECEDING YEAR		
		YEAR	PRECEDING	CHANGES	CORRESPONDING	YEAR	CORRESPONDING	CHANGES	
	31/03/2018	31/12/2017		31/03/2017		31/03/2018	31/03/2017		
		RM'000	RM'000	%	RM'000	%	RM'000	RM'000	%
			(RESTATED)		(RESTATED)		(RESTATED)	(RESTATED)	
REVENUE		529,228	748,167	(29.3%)	419,531	26.2%	529,228	419,531	26.2%
OPERATING EXPENSES		(491,072)	(715,679)	31.4%	(380,962)	(28.9%)	(491,072)	(380,962)	(28.9%)
OTHER OPERATING INCOME		4,581	5,106	(10.3%)	2,615	75.2%	4,581	2,615	75.2%
PROFIT FROM OPERATIONS		42,737	37,594	13.7%	41,184	3.8%	42,737	41,184	3.8%
FINANCE INCOME & OTHER DISTRIBUTION INCOME		3,797	5,357	(29.1%)	3,190	19.0%	3,797	3,190	19.0%
FINANCE COSTS		(2,830)	(1,779)	(59.1%)	(1,076)	(163.0%)	(2,830)	(1,076)	(163.0%)
SHARE OF RESULTS OF JOINT VENTURE		-	2,153		-		-	-	
PROFIT BEFORE TAX	B6	43,704	43,325	0.9%	43,298	0.9%	43,704	43,298	0.9%
INCOME TAX EXPENSE	B5	(7,881)	(12,045)	34.6%	(9,518)	17.2%	(7,881)	(9,518)	17.2%
PROFIT FOR THE PERIOD		35,823	31,280	14.5%	33,780	6.0%	35,823	33,780	6.0%
ATTRIBUTABLE TO:									
- OWNERS OF THE PARENT		35,850	30,956		33,793		35,850	33,793	
- NON-CONTROLLING INTERESTS		(27)	324		(13)		(27)	(13)	
		35,823	31,280		33,780		35,823	33,780	
EARNINGS PER SHARE									
(i) BASIC ( sen )	B11	2.77	2.40		2.61		2.77	2.61	
(ii) DILUTED ( sen )		2.77	2.40		2.61		2.77	2.61	

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements. )

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2018

	----- INDIVIDUAL QUARTER -----		<-- CUMULATIVE QUARTER -->	
	CURRENT YEAR QUARTER 31/03/2018	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2017	CURRENT YEAR TO DATE 31/03/2018	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2017
	RM'000	RM'000 (RESTATED)	RM'000	RM'000 (RESTATED)
PROFIT FOR THE PERIOD	35,823	33,780	35,823	33,780
<b>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS</b>				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(1,143)	5,209	(1,143)	5,209
<b>OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS</b>				
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(1,143)	5,209	(1,143)	5,209
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	34,680	38,989	34,680	38,989
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	34,707	39,002	34,707	39,002
- NON-CONTROLLING INTERESTS	(27)	(13)	(27)	(13)
	34,680	38,989	34,680	38,989

( 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 2017 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 2018  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2018

	NOTE	AS AT FINANCIAL PERIOD ENDED 31/03/2018 RM'000 (UNAUDITED)	AS AT FINANCIAL YEAR ENDED 31/12/2017 RM'000 (RESTATED)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment, and software		174,924	152,061
Investment in joint ventures		2,910	-
Other investments		273	273
Goodwill		3,647	3,647
Deferred tax assets		2,483	2,341
		<u>184,237</u>	<u>158,322</u>
<b>Current assets</b>			
Inventories		29,826	24,429
Receivables, deposits and prepayments	<b>B8</b>	1,011,727	1,190,042
Tax recoverable		26,440	21,922
Cash and bank balances		502,311	487,240
		<u>1,570,304</u>	<u>1,723,633</u>
<b>TOTAL ASSETS</b>		<u>1,754,541</u>	<u>1,881,955</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Payables, accruals and other current liabilities		1,108,705	1,185,053
Borrowings	<b>B7</b>	45,647	134,659
Tax payable		7,824	5,156
Derivative liabilities		469	469
		<u>1,162,645</u>	<u>1,325,337</u>
<b>Non-current liabilities</b>			
Deferred taxation liabilities		7,607	7,009
		<u>7,607</u>	<u>7,009</u>
<b>Total liabilities</b>		<u>1,170,252</u>	<u>1,332,346</u>
<b>Equity attributable to Owners of the Parent</b>			
Share capital		258,580	258,580
Treasury shares	<b>A6</b>	(1,295)	(1,295)
Negative merger reserve		(37,894)	(37,894)
Retained profits	<b>B10</b>	354,376	318,526
Other reserves		9,428	10,571
		<u>583,195</u>	<u>548,488</u>
<b>NON-CONTROLLING INTERESTS</b>		<u>1,094</u>	<u>1,121</u>
<b>Total equity</b>		<u>584,289</u>	<u>549,609</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,754,541</u>	<u>1,881,955</u>
<b>Net Assets Per Share Attributable To Owners Of The Parent (RM)</b>			
		<b>0.45</b>	<b>0.42</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 2017 and the accompanying explanatory notes attached to the interim financial statements. )

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR PERIOD 31 MARCH 2018

	----- ATTRIBUTABLE TO OWNERS OF THE PARENT -----									
	<----- NON-DISTRIBUTABLE ----->				DISTRIBUTABLE					
	SHARE CAPITAL	TREASURY SHARES	NEGATIVE MERGER RESERVE	OTHER RESERVES TOTAL	CAPITAL CONTRIBUTION BY IMMEDIATE HOLDING COMPANY	FOREIGN EXCHANGE RESERVE	RETAINED PROFITS	TOTAL	NON- CONTROLLING INTERESTS	TOTAL EQUITY
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>PERIOD ENDED 31 MARCH 2018</b>										
At 1 January 2018	258,580	(1,295)	(37,894)	10,571	670	9,901	321,988	551,950	1,121	553,071
Effects of adopting MFRS9	-	-	-	-	-	-	(3,462)	(3,462)	-	(3,462)
At 1 January 2018 (As restated)	258,580	(1,295)	(37,894)	10,571	670	9,901	318,526	548,488	1,121	549,609
Profit for the year	-	-	-	-	-	-	35,850	35,850	(27)	35,823
Other comprehensive income	-	-	-	(1,143)	-	(1,143)	-	(1,143)	-	(1,143)
Total comprehensive income	-	-	-	(1,143)	-	(1,143)	35,850	34,707	(27)	34,680
At 31 March 2018	258,580	(1,295)	(37,894)	9,428	670	8,758	354,376	583,195	1,094	584,289
<b>PERIOD ENDED 31 MARCH 2017</b>										
At 1 January 2017	258,580	-	(37,894)	15,321	670	14,651	257,022	493,029	753	493,782
Effects of adopting MFRS9	-	-	-	-	-	-	(1,774)	(1,774)	-	(1,774)
At 1 January 2017 (As restated)	258,580	-	(37,894)	15,321	670	14,651	255,248	491,255	753	492,008
Profit for the year	-	-	-	-	-	-	33,793	33,793	(13)	33,780
Other comprehensive income	-	-	-	5,209	-	5,209	-	5,209	-	5,209
Total comprehensive income	-	-	-	5,209	-	5,209	33,793	39,002	(13)	38,989
At 31 March 2017	258,580	-	(37,894)	20,530	670	19,860	289,041	530,257	740	530,997

( 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 2017 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 2018**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2018**

	<b>FOR THE 3 MONTHS PERIOD ENDED 31/03/2018</b>	<b>FOR THE 3 MONTHS PERIOD ENDED 31/03/2017</b>
	<b>RM'000 (UNAUDITED)</b>	<b>RM'000 (RESTATED)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	43,704	43,298
Adjustments for:		
- non-cash items	8,206	13,097
- finance costs	2,830	1,076
- finance income and other distribution income	(3,797)	(3,190)
Operating cash flows before working capital changes	50,943	54,281
Changes in working capital	135,460	(59,607)
Cash flow generated from/(used in) operations	186,403	(5,326)
Interest and other distribution income received	3,797	3,190
Interest paid	(2,830)	(1,076)
Tax refunded	-	99
Tax paid	(9,274)	(10,490)
Net cash generated from/(used in) operating activities	178,096	(13,603)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment & software	1,206	190
Acquisitions of property, plant and equipment, and software	(37,033)	(6,777)
Advances from related companies	(34,112)	(34,677)
Investment in jointly controlled entities	(2,910)	-
Net cash flow from placement in funds	-	(7)
Net cash used in investing activities	(72,849)	(41,271)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net bank and other borrowings	(89,012)	(42,999)
Net cash used in financing activities	(89,012)	(42,999)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	16,235	(97,873)
EFFECTS OF EXCHANGE RATE CHANGES	(1,165)	5,516
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	486,799	465,333
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	501,869	372,976
Cash and cash equivalents at end of financial period comprise the following :		
Deposits with licensed banks and other financial institutions	440,239	259,169
Cash and bank balances	62,072	114,249
Cash and bank balances, and placement in funds	502,311	373,418
Less: Deposits with other financial institutions with maturity of over 3 months	(442)	(442)
Cash and cash equivalents	501,869	372,976

( 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 2017 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 31 March 2018. 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 financial year ended 31 December 2017. 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 2017.

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 2017 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 2018, as disclosed below:

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 1	Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 128	Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

The adoption of the above pronouncements does not have any significant impact to the Group except for MFRS 9 whereby we have adjusted RM3.5 million against opening retained profit as disclosed in Note B10.

### 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 2018 except for those disclosed in Note B6.

### 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 2018.

### A6 Repurchases of Debt and Equity Securities

During the financial year ended 31 December 2017, the Company repurchased its equity securities of 654,000 issued ordinary shares at an average price of RM1.98 per share. There were no subsequent repurchases done in the current quarter. The Group's debt status is as disclosed in Note B7.



A7 Dividend paid

	As at 31 March 2018 RM'000 (Unaudited)	As at 31 December 2017 RM'000 (Audited)
<u>Dividends recognised for the year (Net of tax)</u>		
2016 - 2.5 cents per share (Note 1)	-	32,323
2017 - 3.0 cents per share (Note 2)	-	38,767
2017 - 4.0 cents per share (Note 3)	51,690	-
<u>Dividends in respect of year ending (Net of tax)</u>		
3.0 cents per share -declared and paid (Note 2)	-	38,767
4.0 cents per share -declared and paid (Note 3)	-	51,690

**Note 1:** On 23 February 2017, the Board of Directors declared a second interim single-tier dividend of 2.5 cents per ordinary shares for the financial year ended 31 December 2016. The interim dividend of RM32,322,500 was paid on 20 April 2017.

**Note 2:** On 24 August 2017, the Board of Directors declared a first interim single-tier dividend of 3.0 cents per ordinary shares for the financial year ended 31 December 2017. The interim dividend of RM38,767,380 was paid on 28 September 2017.

**Note 3:** On 26 February 2018, the Board of Directors declared a second interim single-tier dividend of 4.0 cents per ordinary shares for the financial year ended 31 December 2017. The interim dividend was paid on 19 April 2018.

Dividend under note 1 and 2 above have been accounted for in equity as an appropriation of retained earnings in the year ended 31 December 2017. Dividend under note (3) will be accounted for in equity as appropriation of retained profits in the subsequent quarter.

## A8 Segmental Reporting

Segmental results for the financial period ended 31 March 2018 are as follows:

	Construction RM'000	Precast Concrete RM'000	Consolidated RM'000
<b><u>BY BUSINESS SEGMENTS</u></b>			
<b>REVENUE AND EXPENSES</b>			
Total revenue	628,934	64,298	693,232
Inter-segment revenue	(136,850)	(27,154)	(164,004)
External revenue	492,084	37,144	529,228
Results			
Operating segment results	39,168	3,569	42,737
Finance income and other distribution income	3,789	8	3,797
Finance costs	(2,830)	-	(2,830)
Share of results of joint venture	-	-	-
Profit before tax	40,127	3,577	43,704
Income tax expense	(7,443)	(438)	(7,881)
Profit after tax	32,684	3,139	35,823
Non controlling interests	27	-	27
Attributable to owners of the parent	32,711	3,139	35,850
<b>TOTAL ASSETS</b>	1,545,455	180,163	1,725,618
Unallocated assets	-	-	28,923
	1,545,455	180,163	1,754,541
<b>TOTAL LIABILITIES</b>	1,086,856	67,965	1,154,821
Unallocated liabilities	-	-	15,431
	1,086,856	67,965	1,170,252

	Revenue RM'000	Profit before tax RM'000	Profit after tax RM'000	Attributable to owners of the parent RM'000
<b><u>BY GEOGRAPHICAL SEGMENTS</u></b>				
Malaysia	492,084	39,155	31,712	31,739
Singapore	37,144	2,446	2,008	2,008
India	-	(146)	(146)	(146)
United Arab Emirates	-	492	492	492
Trinidad & Tobago	-	1,757	1,757	1,757
	529,228	43,704	35,823	35,850

A8 Segmental Reporting (Contd.)

Segmental results by foreign currency for the financial period ended 31 March 2018 are as follows:

**CONSTRUCTION SEGMENT:**

	FOREIGN EXCHANGE RATE	<----- FC'000 ----->				<----- RM'000 ----->			
		Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)		492,084	38,156	30,713	30,740	492,084	38,156	30,713	30,740
United Arab Emirates (AED'000)	1.1066	-	445	445	445	-	492	492	492
India Rupee (INR'000)	0.0608	-	(2,403)	(2,403)	(2,403)	-	(146)	(146)	(146)
Singapore Dollar (SGD'000)	2.9695	-	(44)	(44)	(44)	-	(132)	(132)	(132)
Trinidad & Tobago Dollar (TT\$'000)	0.5855	-	3,000	3,000	3,000	-	1,757	1,757	1,757
						<u>492,084</u>	<u>40,127</u>	<u>32,684</u>	<u>32,711</u>

	FOREIGN EXCHANGE RATE	TOTAL ASSETS		TOTAL LIABILITIES	
		FC'000	RM'000	FC'000	RM'000
Malaysia Ringgit (RM'000)		1,496,466	1,496,466	1,061,872	1,061,872
United Arab Emirates (AED'000)	1.1054	24,747	27,354	13,241	14,637
India Rupee (INR'000)	0.0606	323,909	19,627	167,148	10,128
Singapore Dollar (SGD'000)	2.9539	96	285	4	12
Trinidad & Tobago Dollar (TT\$'000)	0.5744	3,000	1,723	360	207
			<u>1,545,455</u>		<u>1,086,856</u>

**PRECAST SEGMENT:**

	FOREIGN EXCHANGE RATE	<----- FC'000 ----->				<----- RM'000 ----->			
		Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)		-	999	999	999	-	999	999	999
Singapore Dollar (SGD'000)	2.9695	12,509	868	720	720	<u>37,144</u>	<u>2,578</u>	<u>2,140</u>	<u>2,140</u>
						<u>37,144</u>	<u>3,577</u>	<u>3,139</u>	<u>3,139</u>

	FOREIGN EXCHANGE RATE	TOTAL ASSETS		TOTAL LIABILITIES	
		FC'000	RM'000	FC'000	RM'000
Malaysia Ringgit (RM'000)		80,662	80,662	43,092	43,092
Singapore Dollar (SGD'000)	2.9539	33,680	99,501	8,420	24,873
			<u>180,163</u>		<u>67,965</u>

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

**A9 Material events**

There were no material events subsequent to the current quarter ended 31 March 2018.

**A10 Contingent Liabilities and Assets**

There were no change in contingent liabilities since the last financial statements for the financial year ended 31 December 2017 to 31 March 2018, except for the following:

	<b>As at 31 March 2018 RM'000 (Unaudited)</b>	<b>As at 31 December 2017 RM'000 (Audited)</b>
Guarantees given to third parties in respect of contracts and trade performance	415,266	503,145
Guarantees given to related companies in respect of contracts and trade performance	59,602	40,506
	<u>474,868</u>	<u>543,651</u>

The Group does not have any material contingent assets to be disclosed as at 31 March 2018.

**A11 Commitments**

(a) Capital commitment not provided for in the financial period 31 March 2018 and financial year 31 December 2017 are as follows:

	<b>As at 31 March 2018 RM'000 (Unaudited)</b>	<b>As at 31 December 2017 RM'000 (Audited)</b>
Approved and contracted for	15,649	31,657
Approved but not contracted for	18,145	5,440
	<u>33,794</u>	<u>37,097</u>

(b) Operating lease commitment not provided for in the financial period 31 March 2018 and financial year 31 December 2017 are as follows:

	<b>As at 31 March 2018 RM'000 (Unaudited)</b>	<b>As at 31 December 2017 RM'000 (Audited)</b>
Future minimum lease payment:		
- not later than 1 year	4,137	5,107
- later than 1 year and not later than 5 years	1,598	1,908
	<u>5,735</u>	<u>7,015</u>

**A12 Significant Related Party Transactions**

The Group had the following transactions with related parties during the financial period ended 31 March:

	<b>Cumulative Year To Date 31 March 2018 RM'000 (Unaudited)</b>	<b>Cumulative Year To Date 31 March 2017 RM'000 (Unaudited)</b>
<b>Contract revenue from:</b>		
Related companies	59,122	98,942
Related parties	36,163	35,995
<b>Rental income of plant and machinery from:</b>		
Related companies	52	19
<b>Interest income from:</b>		
Related company	-	44
<b>Purchases of goods/services from:</b>		
Related companies	(26,653)	(29,016)
Related parties	(73)	(56)
<b>Rental of office space from:</b>		
Related party	(405)	(310)
Related companies	(701)	(525)
<b>Interest expense charge by:</b>		
Related companies	(1,249)	(188)
<b>Management fees charged by:</b>		
Intermediate holding company	(4,625)	(4,374)
<b>Service Level Agreement fees paid to:</b>		
Related companies	(1,503)	(1,694)

## B1 Review of Performance

For the quarter

<u>Total Group</u>	<u>Q1 2018</u>	<u>Q1 2017</u>	<u>Changes</u>
Revenue (RM'mil)	529.2	419.5	26.2%
PBT (RM'mil)	43.7	43.3	0.9%
PBT Margin (%)	8.3%	10.3%	

The Group recorded revenue of RM529.2 million and profit before tax of RM43.7 million for the current quarter ended 31 March 2018, compared to revenue of RM419.5 million and profit before tax of RM43.3 million in the corresponding quarter of the preceding financial year. The Group's revenue increased by 26.2% mainly due to construction segment which offset with the decline from precast segment. The group's margins was slightly affected due to decline in profitability in the precast segment.

<u>Construction Segment</u>	<u>Q1 2018</u>	<u>Q1 2017</u>	<u>Changes</u>
Revenue (RM'mil)	492.1	350.7	40.3%
PBT (RM'mil)	40.1	27.5	45.8%
PBT Margin (%)	8.1%	7.8%	

The construction segment reported revenue of RM492.1 million and profit before tax of RM40.1 million compared to revenue of RM350.7 million and profit before tax of RM27.5 million in the corresponding quarter of the preceding financial year. The higher revenue in the current quarter by 40.3% was due to higher contribution from Building division in Central region due to higher progress of work mainly from Parcel F, Putrajaya and International School of Kuala Lumpur. Construction profit margin for both quarters under review remained relatively the same.

<u>Precast Segment</u>	<u>Q1 2018</u>	<u>Q1 2017</u>	<u>Changes</u>
Revenue (RM'mil)	37.1	68.8	(46.1%)
PBT (RM'mil)	3.6	15.8	(77.2%)
PBT Margin (%)	9.7%	23.0%	

The precast segment reported revenue of RM37.1 million and profit before tax of RM3.6 million compared to revenue of RM68.8 million and profit before tax of RM15.8 million in the corresponding quarter of the preceding financial year. The lower revenue in the current quarter by 46.1% was due to a longer delivery period on its existing outstanding order book. Precast's profit margin for the current quarter was impacted due to higher steel bar prices compared to tender price as steel content contributes to approximately 30% of its total cost and the stiff competition on pricing.

## B2 Material Changes in the Quarterly Results

<u>Total Group</u>	<u>Q1 2018</u>	<u>Q4 2017</u>	<u>Changes</u>
Revenue (RM'mil)	529.2	748.2	(29.3%)
PBT (RM'mil)	43.7	43.3	0.9%
PBT Margin (%)	8.3%	5.8%	

The Group recorded revenue of RM529.2 million and profit before tax of RM43.7 million for the current quarter ended 31 March 2018, compared to revenue of RM748.2 million and profit before tax of RM43.3 million in the immediate preceding quarter. The group's revenue decreased by 29.3% mainly due to construction segment. The group's profit margin for this current quarter registered an improvement due to construction segment.

## B2 Material Changes in the Quarterly Results (contd.)

<u>Construction Segment</u>	<u>Q1 2018</u>	<u>Q4 2017</u>	<u>Changes</u>
Revenue (RM'mil)	492.1	721.7	(31.8%)
PBT (RM'mil)	40.1	40.2	(0.2%)
PBT Margin (%)	8.1%	5.6%	

The construction segment reported revenue of RM492.1 million and profit before tax of RM40.1 million compared to revenue of RM721.7 million and profit before tax of RM40.2 million in the immediate preceding quarter. Higher revenue recorded in immediate preceding quarter was mainly due to finalisation of accounts for our earlier completed KVMRT V4 from Seksyen 16 to Semantan Portal. The segment's profit margin for the current quarter under review was higher compared to the immediate preceding quarter due to recognition of profit for a few projects that have reached the internal threshold set during the quarter coupled with better margins from our on-projects.

<u>Precast Segment</u>	<u>Q1 2018</u>	<u>Q4 2017</u>	<u>Changes</u>
Revenue (RM'mil)	37.1	26.5	40.0%
PBT (RM'mil)	3.6	3.1	16.1%
PBT Margin (%)	9.7%	11.7%	

The precast segment reported revenue of RM37.1 million and profit before tax of RM3.6 million compared to revenue of RM26.5 million and profit before tax of RM3.1 million in the immediate preceding quarter. Revenue improved in the current quarter in line with our delivery work schedule. Profit margin for both period remained broadly the same.

## B3 Prospects

The Group's outstanding order book as at March 2018 amounted to RM6.1 billion (refer to appendix 1) with RM542 million new order book win in first quarter 2018. We maintain our new order book target of RM1.5 billion to RM2.0 billion for the financial year 2018.

Bank Negara Malaysia ("BNM") has raised its forecast for Malaysia's economic growth this year to 5.5% to 6.0% (2017: 5.9%, 2016 : 4.2%). In its 2017 Annual Report, the central bank said its optimistic outlook was due to continued expansion in domestic demand and key economic sectors as well as strengthening exports that will ensure its current account surplus is sustained. As to the construction sector, BNM's forecast for 2018 is at 7.3% (2017 : 6.7%, 2016 : 7.4%) driven primarily by large new and existing multi-year civil engineering projects. Based on this, going forward in 2018, we expect the construction sector to sustain its growth momentum.

On risk aspect, price of steel bar prices did not change much during the first quarter 2018 as compared to December 2017 month's price of RM2,700 per tonne.

At Singapore front, the GDP growth in first quarter 2018 was at 4.3% (2017 : 3.6%, 2016 : 2.4%) with construction sector having a negative growth of -4.4% (2017: -8.4%, 2016: 0.2%). Despite the negative growth in construction segment seen in Singapore for first quarter 2018, it is expected that the construction section is likely to bottom out, as property market is forecast to recover in 2018. Our precast unit which predominantly operates in Singapore should be resilient due to its healthy outstanding order which stands at RM203 million (refer to appendix 1). This translates to approximately one year of turnover which is a norm based on its shorter contract duration. As per Housing and Development Board (HDB), a total of 3,664 units of flats have been launched in February 2018 (2017 : 17,593; 2016 : 17,891 units). This is the first tranche of 17,000 BTO flats to be launched in 2018. Due to the healthy flow of HDB unit launches reported keeping supply steady, prospect of this division for year ending 2018 should be encouraging, albeit margin pressure due to stiff competition and higher rebar prices.

Based on the above and barring any unforeseen circumstances, SunCon expects to perform satisfactorily in the coming financial year 2018.

**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**

	<b>Current Quarter Ended 31 March 2018 RM'000 (Unaudited)</b>	<b>Immediate Preceding Quarter Ended 31 December 2017 RM'000 (Audited)</b>	<b>Cumulative Year To Date 31 March 2018 RM'000 (Unaudited)</b>
Current taxation	(7,547)	(8,693)	(7,547)
Deferred taxation	(334)	(3,352)	(334)
	<u>(7,881)</u>	<u>(12,045)</u>	<u>(7,881)</u>
Effective tax rate	18.0%	27.3%	18.0%
Statutory tax rate :			
- Malaysia	24.0%	24.0%	24.0%
- Singapore	17.0%	17.0%	17.0%

The effective tax rate for the current quarter ended 31 March 2018 of 18% is lower than Malaysia's statutory tax rate of 24% mainly due to the lower tax rate payable of 17% by our Singapore subsidiary and interest income which is tax free.



**B6 Profit before Taxation**

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

	Current Quarter Ended 31 March 2018 RM'000 (Unaudited)	Immediate Preceding Quarter Ended 31 December 2017 RM'000 (Restated)	Cumulative Year To Date 31 March 2018 RM'000 (Unaudited)
Interest income	3,797	5,357	3,797
Interest expense	(2,830)	(1,779)	(2,830)
Depreciation and amortisation	(9,710)	(9,814)	(9,710)
Allowance for impairment losses for:			
- Trade receivables	(17)	621	(17)
Net reversal gain of impairment for:			
- Trade receivables	-	331	-
Write off gain/(loss) :			
- Trade receivables	-	511	-
- Property, plant and equipment, and software	-	(192)	-
Arbitration gain	1,757	-	1,757
Net gain on disposal of:			
- Property, plant and equipment, and software	971	93	971
Reclassification of foreign currency translation reserve to profit and loss on deregistration of foreign branches and subsidiaries	-	3,508	-
Accretion of financial assets and financial liabilities	-	(2,940)	-
Foreign exchange (loss):			
- realised	(330)	(548)	(330)
- unrealised	(4)	(202)	(4)
	(4)	(202)	(4)

Material foreign currency transactions exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

**B7 Group Borrowings and Debt Securities**

The Group borrowings as at 31 March 2018 are as follows:

	As at 31 March 2018 RM'000 (Unaudited)	As at 31 March 2017 RM'000 (Unaudited)
Borrowings:		
Current (Unsecured)		
- Bills discounting	45,647	93,516

The weighted average interest rates that was effective as at reporting date were as follows:

- Bills discounting	4.05%	3.89%
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The borrowings are all denominated in RM.

Net cash generated from operating activities for the current quarter stood at RM 178.1 million compared to negative RM13.6 million recorded in the corresponding quarter of the preceding financial year. The increase is from the improvement in collection mainly from collection of milestone payment, bullet payment and advance money collected during the said quarter.

**B8 Receivables, deposits and prepayments**

The ageing analysis of the Group's trade receivables and other receivables breakdown are as follows:

	<b>As at 31 March 2018 RM'000 (Unaudited)</b>	<b>As at 31 December 2017 RM'000 (Restated)</b>
Neither past due nor impaired	795,039	994,182
1 to 30 days past due not impaired	16,297	11,036
31 to 60 days past due not impaired	17,057	23,727
61 to 90 days past due not impaired	14,184	9,050
91 to 120 days past due not impaired	4,515	76
More than 121 past due not impaired	24,137	22,605
	76,190	66,494
Impaired	17,863	17,846
Total trade receivables	889,092	1,078,522
Less: Allowance for impairment	(17,863)	(17,846)
Other receivables	33,052	39,834
Amounts due from intermediate holding companies	425	309
Amount due from related companies	80,033	62,559
Amount due from an associate	26,778	26,479
Amount due from a joint venture	210	185
	<u>1,011,727</u>	<u>1,190,042</u>

The Group's credit period is generally for a period of 30 days to 90 days for both its related parties and external customers.

## B9 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. 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 Rs.891.5 million.

At the hearing on 2 February 2009, the arbitrator recorded SunCon's filing of the Statement of Defense and Counterclaim. In the counterclaim, SunCon is seeking for Rs.781.4 million for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

75 hearings had been held and on 11 January 2013, the arbitrator that presided over the case passed away. The Claimant and SunCon were able to 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 5 May 2016. Matter was not listed on 17 October 2016. Hearing continued on 5 January 2017 and the Supreme Court appointed Hon'ble Mr Justice Vikramajit Sen (Former Judge of the Supreme Court) as arbitrator in place of the late Justice H.L. Agrawal (Retd.) for adjudication of the disputes and differences between the Parties. Sitting on 24 February 2017 went on as scheduled and cross examination has been completed on 7 October 2017.

On 7 October 2017, the Claimant and SunCon confirmed that evidence stands concluded except for the fact that answers to certain questions was to be furnished by affidavit by SunCon's witness within 30 days from 7 October 2017. Parties are to file a synopsis of arguments and exchange them on or before 31 January 2018. SunCon submitted the synopsis to the arbitrator on 30 January 2018.

The proceedings have advanced to the next stage for final arguments on 6 March 2018 to 9 March 2018. Further final and rejoinder argument heard on 12, 13 and 14 April 2018. Arguments stand was concluded. Parties are requested to identify the papers filed by them respectively, in the course of their arguments in the chambers of Arbitral Tribunal. Parties are to file their table of cost by 28 April 2018. Matters are reserved for passing of the Award.

## B9 Changes in Material Litigation (Contd.)

- (b) Sunway Creative Stones Sdn Bhd ("Sunway Creative Stones"), 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 18 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, evidential objections pre trial review came up on the 12 July 2016. On 4 April 2017, the parties advised the Honorable Justice that the matter had been sent to Judicial Settlement Conference on 15 March 2018. Meanwhile, the High Court of Justice has granted a settlement order in terms of the draft order. Hearing date for the pre-trial review is adjourned to 29 June 2018.

- (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 favor of NHA and set aside SunCon's award.

## B9 Changes in Material Litigation (Contd.)

SunCon appealed to the Supreme Court of India and was granted leave of appeal. Matter was not listed on 28 July 2016 and 13 September 2016. On 9 August 2017, the case was not listed due to non availability of Justice U.U. Lalit. Case was scheduled for 29 January 2018 but not listed. 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 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 case is now adjourned to 24 July 2018.

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 4.

## B10 Comparatives

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

	As previously stated RM'000	Reclassification RM'000	As restated RM'000
<b>As at 31 December 2016 :</b>			
<b><u>Statement of financial position</u></b>			
Retained earnings	257,022	(1,774)	255,248
<b>As at 31 December 2017 :</b>			
<b><u>Statement of financial position</u></b>			
Receivables, deposits and prepayments	1,193,504	(3,462)	1,190,042
Retained earnings	321,988	(3,462)	318,526
<b><u>Income statement</u></b>			
Provision for doubtful debt (1.10.2017 to 31.12.2017)	1,487	(866)	621
Provision for doubtful debt (1.1.2017 to 31.12.2017)	(83)	(3,462)	(3,545)
<b>As at 31 March 2017 :</b>			
<b><u>Statement of financial position</u></b>			
Receivables, deposits and prepayments	776,017	(866)	775,151
Retained earnings	289,907	(866)	289,041
<b><u>Income statement</u></b>			
Provision for doubtful debt (1.1.2017 to 31.3.2017)	(2,886)	(866)	(3,752)

MFRS 9 : Financial Instruments introduces the expected credit losses ("ECL") model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model requires impairment to be recognised on initial recognition including expected future credit losses whilst the incurred loss impairment model only requires recognition of credit losses incurred as at reporting date.

The Group has reassessed the classification of its trade receivables in accordance with MFRS 9 : Financial Instruments retrospectively and resulting therefrom, changes to provisions to trade receivable and retained profits were made. The comparatives have been reclassified retrospectively to conform with current year's presentation.

**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 Quarter 31 March 2018 RM'000	Preceding Year Quarter 31 March 2017 RM'000	Current Year To Date 31 March 2018 RM'000	Preceding Year To Date 31 March 2017 RM'000
<b><u>Basic earnings per share</u></b>				
Profit attributable to members of the Company	35,850	33,793	35,850	33,793
Weighted Average Number of Ordinary Shares ('000)	1,292,246	1,292,900	1,292,246	1,292,900
Earnings per share (Basic/Diluted) (sen)	2.77	2.61	2.77	2.61

**By Order of the Board**

**Tan Kim Aun**

**Soh Ke Yi**

**Secretaries**

As at Mar 2018 (RM mil)	Completion	Contract Sum	O/S Orderbook	
<b>Infrastructure/Piling</b>			<b>3,011</b>	<b>49%</b>
MRT V201 + S201 (Sg Buloh-Persiaran Dagang)	2Q 2021	1,213	813	
MRT V201 - Advance Works	4Q 2017	53	16	
SUKE + DASH (Bore Piling)	2Q 2018	34	14	
BBCC (Bore Piling)	1Q 2018	88	61	
LRT 3 : Package GS07-08	4Q 2020	2,178	2,108	
<b>Building</b>			<b>1,412</b>	<b>23%</b>
Putrajaya Parcel F	3Q 2018	1,610	559	
KLCC (NEC + Package 2 & 2a)	2Q 2018	646	71	
HUKM (MEP works)	2Q 2018	66	36	
International School of Kuala Lumpur	2Q 2018	268	86	
Gas District Cooling (Plant 1)	3Q 2018	152	80	
PPA1M project in Kota Bharu	1Q 2020	582	512	
Warehouse in Shah Alam	3Q 2019	70	69	
<b>Internal</b>			<b>1,517</b>	<b>25%</b>
Sunway Velocity Medical Centre	4Q 2018	185	117	
Sunway Medical Centre 4 (2 towers)	1Q 2019	428	377	
Sunway Iskandar - Emerald Residences	2Q 2018	175	32	
Sunway Iskandar - Retail Complex/Big Box	4Q 2017	170	140	
Sunway Serene - Serviced Residences	4Q 2020	449	355	
<b>Sunway GEOLake</b>	<b>4Q 2020</b>	<b>223</b>	<b>223</b>	
<b>Sunway Carnival Ext</b>	<b>3Q 2020</b>	<b>274</b>	<b>274</b>	
<b>Singapore</b>			<b>203</b>	<b>3%</b>
Precast	Various	374	203	
<b>Grand Total</b>		<b>9,237</b>	<b>6,143</b>	

**Red : Secured in 2018**