

SUNWAY™

SUNWAY CONSTRUCTION GROUP BERHAD

INTERIM FINANCIAL REPORT **SECOND QUARTER ENDED 30th JUNE 2015**

SUNWAY CONSTRUCTION GROUP BERHAD

(Company No. 1108506-W)

(Incorporated in Malaysia under the Companies Act, 1965)

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

Tel. No.: (603) 5639 9333

Fax. No.: (603) 5639 9530

Email: irsuncongroup@sunway.com.my

Website: www.sunway.com.my/suncon



CONTENT

Unaudited Condensed Consolidated Income Statements	.....	1
Unaudited Condensed Consolidated Statement of Comprehensive Income	.....	2
Unaudited Condensed Consolidated Statement of Financial Position	.....	3
Unaudited Condensed Consolidated Statement of Changes in Equity	.....	4
Unaudited Condensed Consolidated Statement of Cash Flows	.....	5
Notes to Financial Statements	.....	6 - 17

SUNWAY CONSTRUCTION GROUP BERHAD (Company No : 1108506-W)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015 (1)

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/6/2015	PRECEDING YEAR CORRESPONDING QUARTER (2) 30/6/2014	CURRENT YEAR TO DATE 30/6/2015	PRECEDING YEAR CORRESPONDING PERIOD (2) 30/6/2014
		RM'000	RM'000	RM'000	RM'000
REVENUE		500,221	N/A	996,288	N/A
OPERATING EXPENSES		(462,300)	N/A	(923,245)	N/A
OTHER OPERATING INCOME		3,385	N/A	7,440	N/A
PROFIT FROM OPERATIONS		41,306	N/A	80,483	N/A
FINANCE INCOME AND OTHER DISTRIBUTION INCOME		1,518	N/A	3,008	N/A
FINANCE COSTS		(1,152)	N/A	(2,203)	N/A
SHARE OF RESULTS OF JOINT VENTURES		(76)	N/A	(76)	N/A
PROFIT BEFORE TAX	B6	41,596	N/A	81,212	N/A
INCOME TAX EXPENSE	B5	(3,798)	N/A	(9,031)	N/A
PROFIT FOR THE PERIOD		37,798	N/A	72,181	N/A
ATTRIBUTABLE TO:					
- OWNERS OF THE PARENT		37,798	N/A	72,164	N/A
- NON-CONTROLLING INTERESTS		-	N/A	17	N/A
		37,798	N/A	72,181	N/A
EARNINGS PER SHARE					
(i) BASIC (sen) (3)	B12	2.92	N/A	5.58	N/A
(ii) DILUTED (sen)		N/A	N/A	N/A	N/A

Notes:

N/A Not Applicable

- (1) The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Accountants' Report for the financial year ended 31 December 2014 as disclosed in the Prospectus of the Company dated 29 June 2015 and the accompanying explanatory notes attached to these interim financial statements.
- (2) No comparative figures for the preceding year quarter and year-to-date are available as these are the second interim financial results for the second quarter ended 30 June 2015 being announced by the Group in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").
- (3) Based on the issued and paid-up share capital of 1,292,900,010 ordinary shares of RM0.20 each after the completion of the Acquisitions (as detailed in Note B7 (i)).

SUNWAY CONSTRUCTION GROUP BERHAD (Company No : 1108506-W)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2015 (1)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/6/2015	PRECEDING YEAR CORRESPONDING QUARTER (2) 30/6/2014	CURRENT YEAR TO DATE 30/6/2015	PRECEDING YEAR CORRESPONDING PERIOD (2) 30/6/2014
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	37,798	N/A	72,181	N/A
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	5,648	N/A	9,228	N/A
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	5,648	N/A	9,228	N/A
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	43,446	N/A	81,409	N/A
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	43,446	N/A	81,392	N/A
- NON-CONTROLLING INTERESTS	-	N/A	17	N/A
	43,446	N/A	81,409	N/A

Notes:

N/A Not Applicable

- (1) The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Accountants' Report for the financial year ended 31 December 2014 as disclosed in the Prospectus of the Company dated 29 June 2015 and the accompanying explanatory notes attached to these interim financial statements.
- (2) No comparative figures for the preceding year quarter and year-to-date are available as these are the second interim financial results for the second quarter ended 30 June 2015 being announced by the Group in compliance with the Main Market Listing Requirements of Bursa Securities.

SUNWAY CONSTRUCTION GROUP BERHAD (Company No : 1108506-W)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015 (1)

	AS AT END OF CURRENT QUARTER 30/6/2015	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2014 (3)
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	167,710	178,728
Investment in joint ventures	417	24,189
Other investments	273	273
Goodwill	3,647	3,647
Deferred tax assets	7,783	7,154
	179,830	213,991
Current assets		
Inventories	19,680	20,203
Receivables	894,199	789,864
Short-term investments	10,505	14,005
Cash and bank balances	330,812	277,612
Tax recoverable	10,264	8,523
	1,265,460	1,110,207
TOTAL ASSETS	1,445,290	1,324,198
EQUITY AND LIABILITIES		
Current liabilities		
Payables	917,496	791,339
Borrowings	120,295	135,132
Tax payable	11,646	13,161
	1,049,437	939,632
Non-current liabilities		
Borrowings	-	69
Deferred taxation liabilities	4,231	4,285
	4,231	4,354
Total liabilities	1,053,668	943,986
Equity attributable to Owners of the Parent		
Share capital (2)	258,580	258,580
Negative merger reserve	(37,894)	(37,894)
Retained profits	162,542	160,378
Other reserves	8,317	(912)
	391,545	380,152
NON-CONTROLLING INTERESTS	77	60
Total equity	391,622	380,212
TOTAL EQUITY AND LIABILITIES	1,445,290	1,324,198
Net Assets Per Share Attributable To Owners Of The Parent (RM) (2)	0.30	0.29

Notes:

- (1) The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Accountants' Report for the financial year ended 31 December 2014 as disclosed in the Prospectus of the Company dated 29 June 2015 and the accompanying explanatory notes attached to these interim financial statements.
- (2) Based on the issued and paid-up share capital of 1,292,900,010 ordinary shares of RM0.20 each after the completion of the Acquisition (as detailed in Note B7).
- (3) The comparative figures for the preceding year should be read in conjunction with the Audited Report for the financial year ended 31 December 2014 of Sunway Construction Sdn. Bhd. and Sunway Construction Group Berhad. Certain comparative figures for the preceding year have been reclassified to conform with the current quarter's presentation.

Sunway Construction Group Berhad has adopted the Merger Method of Accounting in respect of acquisition of Sunway Construction Sdn. Bhd.. Under the Merger of Accounting, the Group's consolidated results comprise the consolidated results of all subsidiaries as if the merger had been affected since date of inception.

SUNWAY CONSTRUCTION GROUP BERHAD (Company No : 1108506-W)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2015 (1)

	----- ATTRIBUTABLE TO OWNERS OF THE PARENT -----						NON-CONTROLLING INTERESTS	TOTAL EQUITY	
	----- NON-DISTRIBUTABLE -----			DISTRIBUTABLE					
	SHARE CAPITAL (2)	NEGATIVE MERGER RESERVE	OTHER RESERVES, TOTAL	CAPITAL CONTRIBUTION BY IMMEDIATE HOLDING COMPANY	FOREIGN EXCHANGE RESERVE	RETAINED PROFITS			TOTAL
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
PERIOD ENDED 30 JUNE 2015									
At 1 January 2015 (3)	258,580	(37,894)	(911)	670	(1,581)	160,378	380,153	60	380,213
Profit for the year	-	-	-	-	-	72,164	72,164	17	72,181
Other comprehensive income	-	-	9,228	-	9,228	-	9,228	-	9,228
Total comprehensive income	-	-	9,228	-	9,228	72,164	81,392	17	81,409
Dividend	-	-	-	-	-	(70,000)	(70,000)	-	(70,000)
At 30 June 2015	258,580	(37,894)	8,317	670	7,647	162,542	391,545	77	391,622

Notes:

- (1) The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Report for the financial year ended 31 December 2014 of Sunway Construction Sdn. Bhd. as opposed to Accountants' Report due to the circumstances arising from carved out of the consolidated financial statement of Sunway Construction Sdn. Bhd. and the accompanying explanatory notes attached to these interim financial statements.
- (2) Based on the issued and paid-up share capital of 1,292,900,010 ordinary shares of RM0.20 each after the completion of the Acquisition (as detailed in Note B7).
- (3) The comparative figures for the preceding year should be read in conjunction with the Audited Report for the financial year ended 31 December 2014 of Sunway Construction Sdn. Bhd. and Sunway Construction Group Berhad. Certain comparative figures for the preceding year have been reclassified to conform with the current quarter's presentation.

No comparative figures for the preceding year quarter and year-to-date are available as these are the second interim financial results for the second quarter ended 30 June 2015 being announced by the Group in compliance with the Main Market Listing Requirements of Bursa Securities.

SUNWAY CONSTRUCTION GROUP BERHAD (Company No : 1108506-W)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2015 (1)

	FOR THE 6 MONTHS PERIOD ENDED 30/6/2015	FOR THE 6 MONTHS PERIOD ENDED 30/6/2014 (2)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	81,212	N/A
Adjustments for:		
- non-cash items	22,263	N/A
- finance costs	2,203	N/A
- finance income	(3,008)	N/A
Operating cash flows before working capital changes	102,670	N/A
Changes in working capital	(43,169)	N/A
Cash flow generated from operations	59,501	N/A
Interest and distribution income received	3,008	N/A
Interest paid	(2,203)	N/A
Dividend received from jointly controlled entities	23,696	N/A
Tax paid	(8,711)	N/A
Net cash flow generated from operating activities	75,291	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant & equipment	2,470	N/A
Acquisition of property, plant and equipment	(11,936)	N/A
Advances to related companies	60,160	N/A
Net cash flow from placements	3,500	N/A
Net cash used in investing activities	54,194	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	(14,823)	N/A
Dividend paid to a shareholder	(70,000)	N/A
Net cash generated from financing activities	(84,823)	N/A
NET DECREASE IN CASH AND CASH EQUIVALENTS	44,662	N/A
EFFECTS OF EXCHANGE RATE CHANGES	8,538	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD *	277,612	N/A
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD *	330,812	N/A
Cash and cash equivalents at end of financial period comprise the following :		
Deposits with licensed banks and other financial institutions	113,632	N/A
Short-term investments	9,700	N/A
Cash and bank balances	217,985	N/A
Bank overdrafts	-	N/A
	341,317	-
Less: Deposit with other financial institutions with maturity of over 3 months	(805)	N/A
Less: Short-term investments	(9,700)	N/A
	330,812	N/A

Notes:

N/A Not Applicable

(1) The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Accountants' Report for the financial year ended 31 December 2014 as disclosed in the Prospectus of the Company date 29 June 2015 and the accompanying explanatory notes attached to these interim financial statements.

(2) No comparative figures for the preceding year-to-date are available as these are the second interim financial results for the second quarter ended 30 June 2015 being announced by the Group in compliance with the Main Market Listing Requirements of Bursa Securities.

NOTES TO FINANCIAL STATEMENTS

A1 Accounting Policies and Basis of Preparation

This is Sunway Construction Group Berhad's second unaudited interim financial report 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 and as such, there are no comparative figures for the preceding year's corresponding period.

The interim financial statements should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report as disclosed in the Prospectus of the Company dated 29 June 2015 and the Audited Report of Sunway Construction Sdn. Bhd. for the financial year ended 31 December 2014. These explanatory notes attached to these 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 2014.

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 of the Company for the financial year ended 31 December 2014 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 2015, as disclosed below:

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Amendment to MFRS 2	Share-based Payment (Annual Improvements to MFRSs 2010-2012 Cycle)
Amendment to MFRS 3	Business Combinations (Annual Improvements to MFRSs 2010-2012 Cycle)
Amendment to MFRS 3	Business Combinations (Annual Improvements to MFRSs 2011-2013 Cycle)
Amendment to MFRS 8	Operating Segments (Annual Improvements to MFRSs 2010-2012 Cycle)
Amendment to MFRS 13	Fair Value Measurement (Annual Improvements to MFRSs 2011-2013 Cycle)
Amendment to MFRS 116, Amendment to MFRS 138	Property, Plant & Equipment; Intangible Assets (Annual Improvements to MFRSs 2010-2012 Cycle)
Amendment to MFRS 124	Related Party Disclosures (Annual Improvements to MFRSs 2010-2012 Cycle)
Amendment to MFRS 140	Investment Property (Annual Improvements to MFRSs 2011-2013 Cycle)

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

A2 Report of the Auditors

There was no audit qualification reported in the Auditors' Report on the financial statements of the Company and its subsidiaries for the financial year ended 31 December 2014.

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 June 2015.

A5 Changes in Estimates

There were no changes in estimates that have a material effect on the amounts reported for the current quarter ended 30 June 2015.

A6 Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter ended 30 June 2015 except for those disclosed in Note B7.

A7 Dividend Paid

During the financial period ended 30 June 2015, the following payments of dividend have been made:

- (a) RM70,000,000 was paid on 20 May 2015 as interim single tier dividend of 36.091% per ordinary share of RM1 each for the financial year ended 31 December 2014 by Sunway Construction Sdn. Bhd. to Sunway Holdings Sdn. Bhd..

A8 Segmental Reporting

Segmental results for the financial period ended 30 June 2015 are as follows:

	Construction RM'000	Precast Concrete RM'000	Elimination RM'000	Consolidated RM'000
BY BUSINESS SEGMENTS				
REVENUE AND EXPENSES				
Total revenue	852,407	143,881	-	996,288
Inter-segment sales	230,057	35,254	(265,311)	-
External sales	1,082,464	179,135	(265,311)	996,288
Results				
Operating segment results	44,106	36,377	-	80,483
Finance income	2,987	21	-	3,008
Finance costs	(2,152)	(51)	-	(2,203)
Share of results of:				
- joint ventures	(76)	-	-	(76)
Profit before tax	44,865	36,347	-	81,212
Income tax expense	(4,302)	(4,729)	-	(9,031)
Profit after tax	40,563	31,618	-	72,181
Non controlling interests	(17)	-	-	(17)
Attributable to owners of the parent	40,546	31,618	-	72,164

	Revenue RM'000	Profit before tax RM'000	Profit after tax RM'000	Attributable to owners of the parent RM'000
BY GEOGRAPHICAL SEGMENTS				
Malaysia	852,407	60,955	55,654	55,637
Singapore	143,881	20,838	17,108	17,108
India	-	(485)	(485)	(485)
United Arab Emirates	-	(96)	(96)	(96)
	996,288	81,212	72,181	72,164

A9 Material events

Save as disclosed in Note B7 on the Status of Corporate Proposal Announced, there were no material events subsequent to the current quarter ended 30 June 2015.

A10 Changes in the Composition of the Group

Save as disclosed in Note B7 on the Status of Corporate Proposal Announced, there were no material changes in the composition of the Group for the current quarter ended 30 June 2015.

A11 Contingent Liabilities and Assets

There was no change in contingent liabilities since the last combined financial statements for the financial year ended 31 December 2014 to 30 June 2015, except for the following:

	As at 30 June 2015 RM'000 (Unaudited)	As at 31 December 2014 RM'000 (Audited)
Guarantees given to third parties in relation of contracts and trade performance	<u>292,571</u>	<u>307,560</u>

There were no contingent assets.

A12 Commitments

(a) Capital commitment not provided for in the financial year as at 30 June 2015 and 31 December 2014 is as follows:

	As at 30 June 2015 RM'000 (Unaudited)	As at 31 December 2014 RM'000 (Audited)
Approved and contracted for	14,756	266
Approved but not contracted for	12,915	33,682
	<u>27,671</u>	<u>33,948</u>

(b) Operating lease commitment not provided for in the financial year as at 30 June 2015 and 31 December 2014 is as follows:

	As at 30 June 2015 RM'000 (Unaudited)	As at 31 December 2014 RM'000 (Audited)
Future minimum lease payment:		
- not later than 1 year	7,861	9,419
- later than 1 year and not later than 5 years	3,808	6,490
	<u>11,669</u>	<u>15,909</u>

B1 Review of Performance

For the quarter

The Group recorded revenue of RM500.2 million and profit before taxation of RM41.6 million for the current quarter ended 30 June 2015. The construction segment reported revenue of RM431.4 million and profit before taxation of RM27.3 million in the current quarter, while the precast segment reported revenue of RM68.8 million and profit before taxation of RM14.3 million in the current quarter.

The revenue and profit before taxation for the current quarter were mainly contributed by our on-going local construction projects and our supplies of precast concrete products to projects in Singapore.

No comparative figures are presented for the preceding year's corresponding periods as these are the second interim financial results for the second quarter ended 30 June 2015 being announced by the Group in compliance with the Main Market Listing Requirements of Bursa Securities.

B2 Material Changes in the Quarterly Results

The Group recorded revenue of RM500.2 million and profit before taxation of RM41.6 million for the current quarter ended 30 June 2015 compared to revenue of RM496.1 million and profit before tax of RM39.6 million achieved in the preceding quarter.

The construction segment reported revenue of RM431.4 million and profit before taxation of RM27.3 million in the current quarter compared to revenue of RM421.0 million and profit before taxation of RM17.6 million in the preceding quarter. The higher revenue was due to higher progress billings from the civil/infrastructure projects. The improved profit was also boosted by higher profit recognition from the civil/infrastructure projects.

The precast concrete segment reported revenue of RM68.8 million and profit before taxation of RM14.3 million in the current quarter compared to revenue of RM75.1 million and profit before taxation of RM22.0 million in the preceding quarter. The lower performance for the current quarter was due to lower sales recorded.

B3 Prospects

The growth in the construction sector in the country will be primarily driven by the Government initiated projects to be rolled out under the Economic Transformation Programme, the revised Budget 2015 announced earlier in January 2015 and the 11th Malaysia Plan (2016-2020) announced in May 2015 which outlined the nation's development expenditure until 2020. The Government has reiterated that the major infrastructure projects such as MRT Line 2, LRT 3 and the High-Speed Rail KL-Singapore will continue to proceed based on their respective timelines. Such developments bode well for the Group's prospects as it is well positioned to bid competitively for such projects given its proven track record in building them.

Barring any unforeseen circumstances and with the order book secured, the Group is confident it will be able to deliver a satisfactory performance for the rest of the financial year.

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 results of joint ventures as the share of profit is recognised on an after tax basis.

	Current Quarter Ended 30 June 2015 RM'000 (Unaudited)	Cumulative Year To Date 30 June 2015 RM'000 (Unaudited)
Current taxation	(3,701)	(9,981)
Deferred taxation	(97)	950
	<u>(3,798)</u>	<u>(9,031)</u>

The effective tax rate for the current period is lower than the statutory tax rate of 25% mainly due to deferred tax assets not recognised for tax reporting purposes and lower tax rate payable by its Singapore subsidiary.

B6 Profit/(Loss) before Taxation

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

	Current Quarter Ended 30 June 2015 RM'000 (Unaudited)	Cumulative Year To Date 30 June 2015 RM'000 (Unaudited)
Depreciation and amortisation	(9,458)	(19,397)
Write off:		
- Property, plant and equipment	(122)	(122)
Net gain/(loss) on disposal of:		
- property, plant and equipment	109	786
- asset held for resale	-	(252)
Foreign exchange gain/(loss):		
- realised	82	(1,993)
- unrealised	(660)	(660)
Reversal of impairment of asset held for sale	-	613
Fair value of ESOS option	(993)	(1,986)
Listing expenses	(1,200)	(1,200)

B7 Status of Corporate Proposal Announced

In conjunction with, and as an integral part of the Company's listing on the Main Market of Bursa Securities, the following listing scheme was undertaken by the Company:

(i) Acquisition

Acquisition of Sunway Construction Sdn. Bhd. ("SunCon")

The Company acquired the entire issued and paid-up share capital in SunCon comprising of 193,954,000 ordinary shares of RM1.00 each for total purchase consideration of RM258,580,000, which will be satisfied entirely via the issuance of 1,292,900,000 new shares at an issue price of RM0.20 per share. ("Acquisition")

The Acquisition was completed on 15 May 2015.

(ii) Offering

An offering of up to 573,715,301 ordinary shares, subject to over-allotment option of up to 59,805,700 shares, representing approximately 44.37% of the Company's enlarged issued and paid-up share capital at a retail price of RM1.20 per share was undertaken in the following manner:

- (a) 175,009,901 shares, representing approximately 13.54% of the Company's enlarged issued and paid-up share capital, for distribution to the entitled shareholders of Sunway Berhad, which was completed on 5 June 2015;
- (b) 51,716,000 shares, representing approximately 4.00% of the Company's enlarged issued and paid-up share capital to the Malaysian public;
- (c) 19,393,500 shares, representing approximately 1.50% of the Company's enlarged issued and paid-up share capital, to the eligible Directors and employees of the Company and its subsidiaries and eligible employees of Sunway Berhad;
- (d) 191,841,300 shares, representing approximately 14.84% of the Company's enlarged issued and paid-up share capital, to the institutional and selected investors; and
- (e) 135,754,600 shares, representing approximately 10.50% of the Company's enlarged issued and paid-up share capital, to the Bumiputera investors approved by the Ministry of International Trade and Industry.

(iii) Listing

The listing of and quotation for the Company's entire enlarged issued and paid-up share capital of RM258,580,002 comprising of 1,292,900,010 ordinary shares of RM0.20 each on the Main Market of Bursa Securities which had taken place on 28 July 2015.

The Offering raised proceeds of approximately RM478.4 million, subject to over-allotment option of up to 59,805,700 shares. All the proceeds of the Offering shall accrue entirely to Sunway Holdings Sdn. Bhd. and no part of the proceeds is receivable by the Company. The expenses relating to the listing of the Company on the Main Market of Bursa Securities are estimated to be RM15.5 million, of which RM1.2 million is to be borne by the Company whilst the remaining balance of RM14.3 million will be borne by Sunway Holdings Sdn. Bhd..

B8 Group Borrowings and Debt Securities

The Group borrowings as at 30 June 2015 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Borrowings: - Current - Bills discounting	-	120,295	120,295

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 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.

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

- (b) Sunway Engineering Sdn Bhd ("Sunway Engineering"), being the nominated sub-contractor for the extra low voltage systems for the Project known as "*Cadangan Pembangunan 2 Blok Pangsapuri 20 Tingkat (160 unit), Tempat Letak Kereta 4 Tingkat, Kemudahan Penduduk dan Tembok Penahan di atas Lot 48629 (F2), Jalan Sri Hartamas 3, Mukim Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur*" ("**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 Engineering has in October 2011 claimed for the sum of RM3,405,966.29 and interest and costs. SPYTL is counter-claiming for the loss and damage of RM11,600,000.00 for Sunway Engineering's delay and back charges of RM56,695.00 and interest and costs or alternatively for the liquidated and ascertained damages in the sum of RM36,540,000.00 at the rate of RM105,000.00 per day for 348 days and back charges of RM56,695.00 and interest and costs.

Hearing of the arbitration proceeding had been completed. The Respondent's written submission in reply was served on 17 July 2015.

- (c) Sunway Creative Stones Sdn Bhd ("Sunway Creative Stone"), being the nominated sub-contractor for the stone works for the Palazzo, is claiming against 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. Sunway Creative Stones and SPTYL have filed its written submission on 29 January 2015 and both parties filed its submission in reply on 1 June 2015. The solicitors acting for Sunway Creative Stones is of the view that Sunway Creative Stones has a fairly good case against SPYTL.

- (d) 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.

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.

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.

- (e) Sunway Construction Caribbean was awarded a contract to construct the Ministry of Legal Affairs Tower ("MLA Tower") by the UDCTT in year 2006. Sunway Construction Caribbean has, via a letter of award dated 12 January 2006 ("MLA Tower Sub-Contract"), sub-contracted ANSA MCAL Enterprises Limited ("AMEL") for, inter alia, the provision and installation of curtain walling, facade panelling and window washing equipment in respect of the MLA Tower at the contract price of TTD81,229,508.00. AMEL has alleged, inter-alia, that Sunway Construction Caribbean was in breach of the MLA Tower Sub-Contract by failing to (a) pay the balance of retention sum and continues withholding the retention sum from AMEL and (b) review the shop drawings in a timely manner which has resulted the delays of AMEL's works.

AMEL had via a claim form and statement of case dated 29 August 2014 and 15 December 2014 respectively, filed its claim against Sunway Construction Caribbean at the High Court of Justice, Republic of Trinidad and Tobago, for an accumulated sum of TTD35,289,007.12, being loss and damages arising from the alleged Sunway Construction Caribbean's breach of the MLA Tower Sub-Contract. Sunway Construction Caribbean had on 6 May 2015 filed its defence and counter claim against AMEL for inter alia a total accumulated sum of TTD16,979,960.40.

A case management conference for the above claim is rescheduled to 22 September 2015 at the High Court of Justice, Port-of-Spain, Trinidad and Tobago. The solicitors acting for Sunway Construction Caribbean is of the view it would be premature to express their view on the case as at this juncture prior to the filing of AMEL's defence to Sunway Construction Caribbean's counter claim.

- (f) 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 hearing for the appeal is re-notified to July 2015 for arguments. 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.

- (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 14 October 2015.

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 14 October 2015. 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.

- (g) Reference 7 – In November 2013, SunCon claimed against NHA for the outstanding payment on account of its final bill. The Arbitral Tribunal had, via an award dated 30 September 2014, awarded SunCon a sum of Rs.84,557,733.00.

NHA appealed against the Arbitral Tribunal's award to the High Court. NHA's petition to appeal was subsequently dismissed by the High Court on 13 March 2015.

NHA appealed was dismissed on 17 July 2015 and judgement pronounced in favour of SunCon.

B10 Realised and Unrealised Profits

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

	30 June 2015 RM'000 (Unaudited)	31 December 2014 RM'000 (Unaudited)
Total retained profit of the Group:-		
Realised	143,134	141,260
Unrealised	1,664	1,374
Total share of retained profits from Joint Ventures:		
Realised	17,744	17,744
Unrealised	-	-
Total Group's retained profits as per consolidated accounts	<u>162,542</u>	<u>160,378</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.

B11 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 June 2015.

B12 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 30 June 2015 RM'000	Preceding Year Quarter 30 June 2014 ⁽¹⁾ RM'000	Current Year-To-Date 30 June 2015 RM'000	Preceding Year-To-Date 30 June 2014 ⁽¹⁾ RM'000
<u>Basic earnings per share</u>				
Profit attributable to members of the Company	37,798	N/A	72,164	N/A
Weighted Average Number of Ordinary Shares ('000)*	1,292,900	N/A	1,292,900	N/A
Earnings per share (Basic) (sen)	2.92	N/A	5.58	N/A

Notes:

N/A Not applicable

* Based on the issued and paid-up share capital after completion of the Acquisitions as detailed in Note B7 (i) but prior to the Offering as detailed in Note B7 (ii).

(1) No comparative figures for the preceding year quarter and year-to-date are available as these are the second interim financial results for the second quarter ended 30 June 2015 being announced by the Group in compliance with the Main Market Listing Requirements of Bursa Securities.

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 30 June 2015.

By Order of the Board

**Tan Kim Aun
Chin Lee Chin**

Secretaries