

SUNWAY[®]

CONSTRUCTION

SUNWAY CONSTRUCTION GROUP BERHAD

INTERIM FINANCIAL REPORT

FOURTH QUARTER ENDED 31ST DECEMBER 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
Website: www.sunwayconstruction.com.my



CONTENT

Unaudited Condensed Consolidated Income Statements	.....	1
Unaudited Condensed Consolidated Statements of Comprehensive Income	.....	2
Unaudited Condensed Consolidated Statements of Financial Position	.....	3
Unaudited Condensed Consolidated Statements of Changes in Equity	.....	4
Unaudited Condensed Consolidated Statements of Cash Flows	.....	5
Notes to Financial Statements	.....	6 - 24
Appendix 1	.....	25

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	<----- INDIVIDUAL QUARTER ----->				<----- CUMULATIVE QUARTER ----->			
		CURRENT YEAR QUARTER	IMMEDIATE PRECEDING QUARTER	CHANGES	PRECEDING YEAR CORRESPONDING QUARTER	CHANGES	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING YEAR	CHANGES
		31/12/2018	30/09/2018		31/12/2017		31/12/2018	31/12/2017	
		RM'000	RM'000	%	RM'000	%	RM'000	RM'000	%
					(RESTATED)		(RESTATED)		
REVENUE		626,015	557,317	12.3%	748,167	(16.3%)	2,256,835	2,076,290	8.7%
OPERATING EXPENSES		(588,807)	(515,916)	(14.1%)	(717,750)	18.0%	(2,102,924)	(1,933,917)	(8.7%)
OTHER OPERATING INCOME		7,855	3,379	132.5%	5,106	53.8%	20,680	16,741	23.5%
PROFIT FROM OPERATIONS		45,063	44,780	0.6%	35,523	26.9%	174,591	159,114	9.7%
FINANCE INCOME & OTHER DISTRIBUTION INCOME		3,513	3,878	(9.4%)	5,357	(34.4%)	16,040	13,477	19.0%
FINANCE COSTS		(2,040)	(1,731)	(17.9%)	(1,779)	(14.7%)	(8,296)	(6,084)	(36.4%)
SHARE OF RESULTS OF JOINT VENTURE		731	-		2,153		731	2,153	
PROFIT BEFORE TAX	B6	47,267	46,927	0.7%	41,254	14.6%	183,066	168,660	8.5%
INCOME TAX EXPENSE	B5	(10,437)	(10,426)	(0.1%)	(12,045)	13.3%	(38,034)	(36,227)	(5.0%)
PROFIT FOR THE YEAR		36,830	36,501	0.9%	29,209	26.1%	145,032	132,433	9.5%
ATTRIBUTABLE TO:									
- OWNERS OF THE PARENT		36,573	36,413		28,886		144,693	132,296	
- NON-CONTROLLING INTERESTS		257	88		323		339	137	
		36,830	36,501		29,209		145,032	132,433	
EARNINGS PER SHARE									
(i) BASIC (sen)	B11	2.83	2.82		2.24		11.20	10.24	
(ii) DILUTED (sen)		2.83	2.82		2.24		11.20	10.24	

(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.)

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	<----- INDIVIDUAL QUARTER ----->			<-- CUMULATIVE QUARTER -->	
	CURRENT YEAR QUARTER 31/12/2018	IMMEDIATE PRECEDING QUARTER 30/09/2018	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2017	CURRENT YEAR TO DATE 31/12/2018	PRECEDING YEAR CORRESPONDING year 31/12/2017
	RM'000	RM'000	RM'000 (RESTATED)	RM'000	RM'000 (RESTATED)
PROFIT FOR THE YEAR	36,830	36,501	29,209	145,032	132,433
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT YEARS					
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(1,271)	1,909	(12,615)	415	(1,312)
RECLASSIFICATION OF FOREIGN CURRENCY TRANSLATION RESERVE TO PROFIT AND LOSS ON DEREGISTRATION OF FOREIGN BRANCHES AND SUBSIDIARIES	-		(3,508)	-	(3,508)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(1,271)</u>	<u>1,909</u>	<u>(16,123)</u>	<u>415</u>	<u>(4,820)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>35,559</u>	<u>38,410</u>	<u>13,086</u>	<u>145,447</u>	<u>127,613</u>
ATTRIBUTABLE TO:					
- OWNERS OF THE PARENT	35,302	38,322	12,833	145,108	127,546
- NON-CONTROLLING INTERESTS	<u>257</u>	<u>88</u>	<u>253</u>	<u>339</u>	<u>67</u>
	<u>35,559</u>	<u>38,410</u>	<u>13,086</u>	<u>145,447</u>	<u>127,613</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 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 YEAR ENDED 31 DECEMBER 2018
 THE FIGURES HAVE NOT BEEN AUDITED

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

	NOTE	AS AT FINANCIAL YEAR ENDED 31/12/2018 RM'000 (UNAUDITED)	AS AT FINANCIAL YEAR ENDED 31/12/2017 RM'000 (RESTATED)	AS AT FINANCIAL YEAR ENDED 1/1/2017 RM'000 (RESTATED)
ASSETS				
Non-current assets				
Property, plant and equipment, and software		163,690	152,061	140,688
Investment in joint ventures		44,739	-	-
Other investments		273	273	273
Goodwill		3,647	3,647	3,647
Deferred tax assets		2,938	2,341	10,502
		<u>215,287</u>	<u>158,322</u>	<u>155,110</u>
Current assets				
Inventories		29,980	24,429	23,950
Receivables, deposits, prepayments and contract assets	B8	1,059,459	1,184,448	934,435
Tax recoverable		22,856	21,922	12,737
Cash and bank balances		484,869	487,240	465,768
		<u>1,597,164</u>	<u>1,718,039</u>	<u>1,436,890</u>
TOTAL ASSETS		<u>1,812,451</u>	<u>1,876,361</u>	<u>1,592,000</u>
EQUITY AND LIABILITIES				
Current liabilities				
Payables, other current liabilities and contract liabilities		994,793	1,185,053	954,972
Borrowings	B7	113,631	134,659	136,515
Tax payable		14,147	5,156	11,418
Derivative liabilities		469	469	-
		<u>1,123,040</u>	<u>1,325,337</u>	<u>1,102,905</u>
Non-current liabilities				
Other long term liabilities		96,314	-	-
Deferred taxation liabilities		568	7,009	608
		<u>96,882</u>	<u>7,009</u>	<u>608</u>
Total liabilities		<u>1,219,922</u>	<u>1,332,346</u>	<u>1,103,513</u>
Equity attributable to Owners of the Parent				
Share capital		258,580	258,580	258,580
Treasury shares	A6	(1,295)	(1,295)	-
Merger reserve		(37,894)	(37,894)	(37,894)
Retained profits	B10	360,725	312,950	251,744
Other reserves		10,972	10,571	15,321
		<u>591,088</u>	<u>542,912</u>	<u>487,751</u>
NON-CONTROLLING INTERESTS				
		1,441	1,103	736
Total equity		<u>592,529</u>	<u>544,015</u>	<u>488,487</u>
TOTAL EQUITY AND LIABILITIES		<u>1,812,451</u>	<u>1,876,361</u>	<u>1,592,000</u>
Net Assets Per Share Attributable To Owners Of The Parent (RM)				
		0.46	0.42	0.38

(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 ENDED 31 DECEMBER 2018

	----- ATTRIBUTABLE TO OWNERS OF THE PARENT -----									
	<----- NON-DISTRIBUTABLE ----->					DISTRIBUTABLE				
	SHARE CAPITAL	TREASURY SHARES	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	
YEAR ENDED 31 DECEMBER 2018										
At 1 January 2018 (As restated)	258,580	(1,295)	(37,894)	10,571	670	9,901	312,950	542,912	1,103	544,015
Profit for the financial year	-	-	-	-	-	-	144,693	144,693	339	145,032
Other comprehensive income, net of tax	-	-	-	415	-	415	-	415	-	415
Total comprehensive income	-	-	-	415	-	415	144,693	145,108	339	145,447
Disposal of subsidiary	-	-	-	(14)	(14)	-	-	(14)	-	(14)
Dividends paid	-	-	-	-	-	-	(96,918)	(96,918)	-	(96,918)
At 31 December 2018	258,580	(1,295)	(37,894)	10,972	656	10,316	360,725	591,088	1,441	592,529
YEAR ENDED 31 DECEMBER 2017										
At 1 January 2017	258,580	-	(37,894)	15,321	670	14,651	257,022	493,029	753	493,782
Effects of adopting MFRS9	-	-	-	-	-	-	(5,278)	(5,278)	(17)	(5,295)
At 1 January 2017 (As restated)	258,580	-	(37,894)	15,321	670	14,651	251,744	487,751	736	488,487
Profit for the year	-	-	-	-	-	-	132,296	132,296	137	132,433
Other comprehensive income, net of tax	-	-	-	(4,750)	-	(4,750)	-	(4,750)	(70)	(4,820)
Total comprehensive income	-	-	-	(4,750)	-	(4,750)	132,296	127,546	67	127,613
Acquisition of interest from non-controlling interests	-	-	-	-	-	-	-	-	300	300
Dividends paid	-	-	-	-	-	-	(71,090)	(71,090)	-	(71,090)
Purchase of treasury shares	-	(1,295)	-	-	-	-	-	(1,295)	-	(1,295)
At 31 December 2017 (As restated)	258,580	(1,295)	(37,894)	10,571	670	9,901	312,950	542,912	1,103	544,015

(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.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	FOR THE	FOR THE
		YEAR	YEAR
		ENDED	ENDED
		31/12/2018	31/12/2017
		RM'000	RM'000
		(UNAUDITED)	(RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		183,066	168,660
Adjustments for:			
- non-cash items		52,711	41,165
- finance costs		8,296	6,084
- finance income and other distribution income		(16,040)	(13,477)
Operating cash flows before working capital changes		228,033	202,432
Changes in working capital		(10,517)	(112,032)
Cash flows generated from operations		217,516	90,400
Interest and other distribution income received		16,040	13,477
Interest paid		(8,296)	(6,084)
Dividend received from a jointly controlled entity		731	2,153
Tax refunded		284	145
Tax paid		(37,299)	(37,257)
Net cash generated from operating activities	B7	188,976	62,834
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment & software		1,393	6,246
Acquisitions of property, plant and equipment, and software		(56,169)	(54,688)
Advances from related companies		24,825	83,314
Investment in a jointly controlled entity		(44,110)	-
(Withdrawals) of deposits from licensed bank		240	(7)
Net cash (used in)/from investing activities		(73,821)	34,865
CASH FLOWS FROM FINANCING ACTIVITIES			
Net bank and other borrowings		(21,114)	(1,856)
Repurchases of shares		-	(1,295)
Dividends paid to shareholders		(96,918)	(71,090)
Proceeds of ordinary shares held by NCI		-	300
Net cash used in financing activities		(118,032)	(73,941)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,877)	23,758
EFFECTS OF EXCHANGE RATE CHANGES		745	(2,293)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		486,798	465,333
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		484,666	486,798
Cash and cash equivalents at end of financial year comprise the following :			
Deposits with licensed banks and other financial institutions		428,386	411,670
Cash and bank balances		56,483	75,570
Cash and bank balances and placement in funds		484,869	487,240
Less: Deposits with other financial institutions with maturity of over 3 months		(203)	(442)
Cash and cash equivalents		484,666	486,798
(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 year ended 31 December 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 - 2017 Cycle
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 128	Annual Improvements to MFRS Standards 2014 - 2017 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 a total of RM10.8 million against retained earning with RM5.5 million against retained profit for financial year ended 2017 and RM5.3 million against retained profit for financial year ended 2016 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 December 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 December 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 year ended. The Group's debt status is as disclosed in Note B7.

A7 Dividend paid

	As at 31 December 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	-
2018 - 3.5 cents per share (Note 4)	45,229	
<u>Dividends in respect of year ended (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
3.5 cents per share -declared and paid (Note 4)	45,229	-
3.5 cents per share -declared and payable (Note 5)	45,229	

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 of RM51,689,840 was paid on 19 April 2018.

Note 4: On 16 August 2018, the Board of Directors declared a first interim single-tier dividend of 3.5 cents per ordinary shares for the financial year ending 31 December 2018. The interim dividend of RM45,228,610 was paid on 27 September 2018.

Note 5: On 25 February 2019, the Board of Directors declared a second interim single-tier dividend of 3.5 cents per ordinary shares for the financial year ended 31 December 2018. The interim dividend of RM45,228,610 will be paid on 17 April 2019.

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 and 4 have been accounted for in equity as appropriation of retained profits in the current year ended.

A8 Segmental Reporting

	<----- YTD Dec 2018 ----->			<----- YTD Dec 2017 ----->		
	(Unaudited)			(Restated)		
	Construction RM'000	Precast Concrete RM'000	Consolidated RM'000	Construction RM'000	Precast Concrete RM'000	Consolidated RM'000
BY BUSINESS SEGMENTS						
REVENUE AND EXPENSES						
Total revenue	2,815,462	233,573	3,049,035	2,453,287	237,027	2,690,314
Inter-segment revenue	(692,300)	(99,900)	(792,200)	(521,895)	(92,129)	(614,024)
External revenue	2,123,162	133,673	2,256,835	1,931,392	144,898	2,076,290
Results						
Operating segment results	173,506	1,085	174,591	131,690	27,424	159,114
Finance income & other distribution income	16,022	18	16,040	13,414	63	13,477
Finance costs	(8,212)	(84)	(8,296)	(6,084)	-	(6,084)
Share of results of joint venture	731	-	731	2,153	-	2,153
Profit before tax	182,047	1,019	183,066	141,173	27,487	168,660
Income tax expense	(39,112)	1,078	(38,034)	(33,026)	(3,201)	(36,227)
Profit after tax	142,935	2,097	145,032	108,147	24,286	132,433
Non controlling interests	(339)	-	(339)	(137)	-	(137)
Attributable to owners of the parent	142,596	2,097	144,693	108,010	24,286	132,296
TOTAL ASSETS						
Unallocated assets	1,600,965	185,692	1,786,657	1,683,528	168,570	1,852,098
	-	-	25,794	-	-	24,263
	1,600,965	185,692	1,812,451	1,683,528	168,570	1,876,361
TOTAL LIABILITIES						
Unallocated liabilities	1,157,655	47,552	1,205,207	1,259,669	60,512	1,320,181
	-	-	14,715	-	-	12,165
	1,157,655	47,552	1,219,922	1,259,669	60,512	1,332,346

A8 Segmental Reporting (Contd.)

	YTD Dec 2018 (Unaudited)				YTD Dec 2017 (Restated)			
	Revenue	Profit / (loss) before tax	Profit / (loss) after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GEOGRAPHICAL SEGMENTS								
Malaysia	2,123,162	173,213	135,179	134,840	1,927,831	134,615	101,948	101,811
Singapore	133,673	5,270	5,270	5,270	144,898	24,217	20,657	20,657
India	-	3,198	3,198	3,198	3,561	5,059	5,059	5,059
United Arab Emirates	-	1,166	1,166	1,166	-	4,769	4,769	4,769
Trinidad & Tobago	-	242	242	242	-	-	-	-
Myanmar	-	(23)	(23)	(23)	-	-	-	-
	2,256,835	183,066	145,032	144,693	2,076,290	168,660	132,433	132,296

A8 Segmental Reporting (Contd.)

Segmental results by foreign currency for the financial year ended 31 December 2018 are as follows:

CONSTRUCTION SEGMENT:

	FOREIGN EXCHANGE RATE	<----- FC'000 ----->				<----- RM'000 ----->			
		Revenue	Profit / (loss) before tax	Profit / (loss) after tax	Attributable to owners of the parent	Revenue	Profit / (loss) before tax	Profit / (loss) after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)		2,123,162	176,233	137,121	136,782	2,123,162	176,233	137,121	136,782
United Arab Emirates (AED'000)	1.1098	-	1,054	1,054	1,054	-	1,166	1,166	1,166
India Rupee (INR'000)	0.0593	-	55,319	55,319	55,319	-	3,198	3,198	3,198
Singapore Dollar (SGD'000)	3.0007	-	239	239	239	-	1,231	1,231	1,231
Trinidad & Tobago Dollar (TT\$'000)	0.6065	-	399	399	399	-	242	242	242
Myanmar (USD'000)	4.0427	-	(6)	(6)	(6)	-	(23)	(23)	(23)
						<u>2,123,162</u>	<u>182,047</u>	<u>142,935</u>	<u>142,596</u>

	FOREIGN EXCHANGE RATE	TOTAL ASSETS		TOTAL LIABILITIES	
		FC'000	RM'000	FC'000	RM'000
Malaysia Ringgit (RM'000)		1,578,670	1,578,670	1,154,611	1,154,611
United Arab Emirates (AED'000)	1.1311	18,807	21,273	216	245
India Rupee (INR'000)	0.0594	2,754	164	45,903	2,727
Singapore Dollar (SGD'000)	3.0435	206	627	16	48
Trinidad & Tobago Dollar (TT\$'000)	0.6136	40	24	-	-
Myanmar (USD'000)	4.1510	50	207	6	24
			<u>1,600,965</u>		<u>1,157,655</u>

PRECAST SEGMENT:

	FOREIGN EXCHANGE RATE	<----- FC'000 ----->				<----- RM'000 ----->			
		Revenue	(Loss) / profit before tax	(Loss) / profit after tax	Attributable to owners of the parent	Revenue	(Loss) / profit before tax	(Loss) / profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)		-	(3,020)	(1,942)	(1,942)	-	(3,020)	(1,942)	(1,942)
Singapore Dollar (SGD'000)	3.0007	44,547	1,318	1,318	1,318	133,673	4,039	4,039	4,039
						<u>133,673</u>	<u>1,019</u>	<u>2,097</u>	<u>2,097</u>

	FOREIGN EXCHANGE RATE	TOTAL ASSETS		TOTAL LIABILITIES	
		FC'000	RM'000	FC'000	RM'000
Malaysia Ringgit (RM'000)		67,133	67,133	22,721	22,721
Singapore Dollar (SGD'000)	3.0435	38,955	118,559	8,159	24,831
			<u>185,692</u>		<u>47,552</u>

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

A8 Segmental Reporting (Contd.)

Segmental results by foreign currency for the financial year ended 31 December 2017 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)		1,927,831	132,818	99,895	99,757	1,927,831	127,449	94,526	94,389
United Arab Emirates (AED'000)	1.1682	-	4,082	4,082	4,082	-	4,769	4,769	4,769
India Rupee (INR'000)	0.0661	53,847	76,480	76,480	76,480	3,561	5,059	5,059	5,059
Singapore Dollar (SGD'000)	3.1218	-	1,248	1,215	1,215	-	3,896	3,793	3,793
						<u>1,931,392</u>	<u>141,173</u>	<u>108,147</u>	<u>108,010</u>

	FOREIGN EXCHANGE RATE	TOTAL ASSETS		TOTAL LIABILITIES	
		FC'000	RM'000	FC'000	RM'000
Malaysia Ringgit (RM'000)		1,645,595	1,636,419	1,229,457	1,230,173
United Arab Emirates (AED'000)	1.1078	24,330	26,483	12,873	14,261
India Rupee (INR'000)	0.0634	324,060	20,545	235,157	14,848
Singapore Dollar (SGD'000)	3.0443	27	81	54	166
Trinidad & Tobago Dollar (TT\$'000)	0.6136	0	0	360	221
			<u>1,683,528</u>		<u>1,259,669</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)		-	7,166	7,423	7,423	-	7,166	7,423	7,423
Singapore Dollar (SGD'000)	3.1218	46,415	6,516	5,409	5,409	144,898	20,321	16,863	16,863
						<u>144,898</u>	<u>27,487</u>	<u>24,286</u>	<u>24,286</u>

	FOREIGN EXCHANGE RATE	TOTAL ASSETS		TOTAL LIABILITIES	
		FC'000	RM'000	FC'000	RM'000
Malaysia Ringgit (RM'000)		68,945	68,916	35,124	35,124
Singapore Dollar (SGD'000)	3.0443	32,735	99,654	8,340	25,388
			<u>168,570</u>		<u>60,512</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 December 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 2018, except for the following:

	As at 31 December 2018 RM'000 (Unaudited)	As at 31 December 2017 RM'000 (Audited)
Guarantees given to third parties in respect of contracts and trade performance	446,261	503,145
Guarantees given to related companies in respect of contracts and trade performance	71,524	40,506
	<u>517,785</u>	<u>543,651</u>

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

A11 Commitments

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

	As at 31 December 2018 RM'000 (Unaudited)	As at 31 December 2017 RM'000 (Audited)
Approved and contracted for	-	31,657
Approved but not contracted for	210,047	5,440
	<u>210,047</u>	<u>37,097</u>

Included in commitments under approved and not contracted for is investment in joint venture for the proposed Singapore Integrated Construction Precast Hub building and plant and machinery in Singapore which will be expended from 2019 to 2021. In addition, our plant and machinery workshop will be relocated from Subang to Dengkil as the land which is rented from our parent company, Sunway Berhad, will be returned due to their proposed plans to develop the land for the future Sunway International School.

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

	As at 31 December 2018 RM'000 (Unaudited)	As at 31 December 2017 RM'000 (Audited)
Future minimum lease payment:		
- not later than 1 year	2,648	5,107
- later than 1 year and not later than 5 years	3,762	1,908
	<u>6,410</u>	<u>7,015</u>

A12 Significant Related Party Transactions

The Group had the following transactions with related parties during the financial year ended 31 December:

	Cumulative Year To Date 31 December 2018 RM'000 (Unaudited)	Cumulative Year To Date 31 December 2017 RM'000 (Audited)
Contract revenue from:		
Related companies	295,912	366,052
Related parties	165,380	169,846
Rental income of plant and machinery from:		
Related companies	95	145
Interest income from:		
Related company	-	68
Purchases of goods/services from:		
Related companies	(115,034)	(117,302)
Related parties	(1,103)	(961)
Rental of office space from:		
Related companies	(2,960)	(3,239)
Related party	(1,565)	(2,191)
Interest expense charge by:		
Related companies	(4,152)	(2,625)
Management fees charged by:		
Intermediate holding company	(18,921)	(18,348)
Service Level Agreement fees paid to:		
Related companies	(4,496)	(4,307)

B1 Review of Performance

For the quarter

<u>Total Group</u>	<u>Q4 2018</u>	<u>Q4 2017</u>	<u>Changes</u>
Revenue (RM'mil)	626.0	748.2	(16.3%)
PBT (RM'mil)	47.3	41.3	14.6%
PBT Margin (%)	7.6%	5.5%	

The Group recorded revenue of RM626.0 million and profit before tax of RM47.3 million for the current quarter ended 31 December 2018, compared to revenue of RM748.2 million and profit before tax of RM41.3 million in the corresponding quarter of the preceding financial year. The Group's revenue decreased by 16.3% contributed by construction segment. The Group's blended margin however improved from 5.5% to 7.6% in this current quarter ended due to construction segment.

<u>Construction Segment</u>	<u>Q4 2018</u>	<u>Q4 2017</u>	<u>Changes</u>
Revenue (RM'mil)	595.3	721.8	(17.5%)
PBT (RM'mil)	50.2	38.3	31.1%
PBT Margin (%)	8.4%	5.3%	

Construction segment reported revenue of RM595.3 million and profit before tax of RM50.2 million compared to revenue of RM721.8 million and profit before tax of RM38.3 million in the corresponding quarter of the preceding financial year. The lower revenue in current quarter was due to completing project in the building division namely Putrajaya Parcel F project which will be handed over in the 1st quarter 2019 . Profit margin in this current quarter ended performed better due to finalisation of account of a project.

<u>Precast Segment</u>	<u>Q4 2018</u>	<u>Q4 2017</u>	<u>Changes</u>
Revenue (RM'mil)	30.7	26.4	16.3%
(LBT) / PBT (RM'mil)	(2.9)	3.0	>(100%)
(LBT) / PBT Margin (%)	(9.4%)	11.4%	

Precast segment reported revenue of RM30.7 million and loss before tax of RM2.9 million compared to revenue of RM26.4 million and profit before tax of RM3.0 million in the corresponding quarter of the preceding financial year. Revenue recorded for the current quarter was higher due to present work schedule for on-going jobs. Precast made a loss for the current quarter as the current projects are yielding low margin, absence of final account, as well as management fees paid to parent company this current quarter.

B1 Review of Performance (Contd.)**For the full year**

<u>Total Group</u>	<u>YTD 4Q18</u>	<u>YTD 4Q17</u>	<u>Changes</u>
Revenue (RM'mil)	2,256.8	2,076.3	8.7%
PBT (RM'mil)	183.1	168.7	8.5%
PBT Margin (%)	8.1%	8.1%	

The Group recorded revenue of RM2,256.8 million and profit before tax of RM183.1 million for full year ended 31 December 2018, compared to revenue of RM2,076.3 million and profit before tax of RM168.7 million in the corresponding 12 months of the preceding financial year. Higher revenue for the current year to-date by 8.7% was mainly due to construction segment which compensated the reduction in revenue from precast segment. Group's overall margin for the current year ended was the same as the corresponding full year of the preceding financial year.

<u>Construction Segment</u>	<u>YTD 4Q18</u>	<u>YTD 4Q17</u>	<u>Changes</u>
Revenue (RM'mil)	2,123.1	1,931.4	9.9%
PBT (RM'mil)	182.1	141.2	29.0%
PBT Margin (%)	8.6%	7.3%	

Construction segment reported revenue of RM2,123.1 million and profit before tax of RM182.1 million compared to revenue of RM1,931.4 million and profit before tax of RM141.2 million in the corresponding full year ended of the preceding financial year. Higher revenue in the current year ended by 9.9% was mainly due to higher contribution from all divisions from this segment e.g., Civil division (the on-going KVMRT V201 from Sg Buloh to Persiaran Dagang), Geotechnical division (with piling job from LRT 3 GS0708 from Kawasan 17 to Sri Andalas and various piling projects from Bukit Bintang City Centre development) and Building division in both Central (International School of Kuala Lumpur, Ampang which was handed over in August 2018 and Parcel F, Putrajaya which will be handed over early 2019) and Northern region (which commenced activities this year from the award of Sunway Carnival Mall Extension and Sunway Medical Centre in Seberang Jaya) and our Mechanical, Electrical and Plumbing division (completion of Gas District Cooling System Plant 1 & 2, Precinct 1, Putrajaya 2). Profit margins for the current year ended was higher due to finalisation of account from a completed project.

<u>Precast Segment</u>	<u>YTD 4Q18</u>	<u>YTD 4Q17</u>	<u>Changes</u>
Revenue (RM'mil)	133.7	144.9	(7.7%)
PBT (RM'mil)	1.0	27.5	(96.4%)
PBT Margin (%)	0.7%	19.0%	

Precast segment reported revenue of RM133.7 million and profit before tax of RM1.0 million compared to revenue of RM144.9 million and profit before tax of RM27.5 million in the corresponding 12 months ended of the preceding financial year. Year ended revenue decreased by 7.7% mainly due to completion of several projects. This segment's profit margins for current year ended under review was affected due to lower margin projects secured earlier when competition was keen.

B2 Material Changes in the Quarterly Results

<u>Total Group</u>	<u>Q4 2018</u>	<u>Q3 2018</u>	<u>Changes</u>
Revenue (RM'mil)	626.0	557.3	12.3%
PBT (RM'mil)	47.3	46.9	0.7%
PBT Margin (%)	7.6%	8.4%	

The Group recorded revenue of RM626.0 million and profit before tax of RM47.3 million for the current quarter ended 31 December 2018, compared to revenue of RM557.3 million and profit before tax of RM46.9 million in the immediate preceding quarter. Revenue recorded a growth of 12.3% from construction segment but profitability was slightly lower this quarter due to both construction and precast segment.

<u>Construction Segment</u>	<u>Q4 2018</u>	<u>Q3 2018</u>	<u>Changes</u>
Revenue (RM'mil)	595.3	524.1	13.6%
PBT (RM'mil)	50.2	48.8	2.9%
PBT Margin (%)	8.4%	9.3%	

Construction segment reported revenue of RM595.3 million and profit before tax of RM50.2 million compared to revenue of RM524.1 million and profit before tax of RM48.8 million in the immediate preceding quarter. Slightly higher revenue recorded in current quarter was mainly due to turnover from our Northern Region in Penang from the Sunway Carnival Mall Extension, Seberang Jaya. This segment's profit margin for the current quarter is within the normal mean margin.

<u>Precast Segment</u>	<u>Q4 2018</u>	<u>Q3 2018</u>	<u>Changes</u>
Revenue (RM'mil)	30.7	33.2	(7.5%)
(LBT) (RM'mil)	(2.9)	(1.9)	(52.6%)
(LBT) Margin (%)	(9.4%)	(5.7%)	

Precast segment reported revenue of RM30.7 million and loss before tax of RM2.9 million compared to revenue of RM33.2 million and loss before tax of RM1.9 million in the immediate preceding quarter. Revenue declined due completion of 2 projects whilst new project secured this year can only take off in 2nd half 2019. Precast continued to have losses due to earlier contracts secured with slim margins, lower turnover and management fees incurred in this quarter.

B3 Prospects

SunCon secured RM1.6 billion new order book for the year ended 2018. For year ending 2019, we are targeting RM1.5 billion new order. To-date we have bagged RM781 million order which comprise of the proposed TNB Campus, Bangsar Kuala Lumpur. With this new award, our outstanding book now stands at RM6 billion.

Malaysia's gross domestic product (GDP) expanded at 4.7% in fourth quarter 2018 (3Q : 4.4%) resulting in an annual growth for 2018 at 4.7% (2017 : 5.9%) with construction sector seeing a decline in fourth quarter growth of 2.6% compared to 4.6% in third quarter 2018. Construction registered a lower growth in fourth quarter 2018 as the civil engineering sector was impacted by delays in highway construction. As announced in Budget 2019 presentation on the 2 November 2018, Malaysia will be revising downwards our projected GDP growth rate from the previously announced 5.0-5.5% to 4.8% in 2018 and 4.9% in 2019 against the backdrop of an increasingly challenging external environment. At the construction front, there have been various decisions by the Government to reduce cost, to cancel and to put on hold certain mega projects as an on-going effort for debt rationalisation. Despite this, there are still pockets of opportunity in Malaysia with the Large Scale Solar 3 (LSS3) worth about RM2 billion, development of hospital by JKR worth RM29 billion and the Subang Aerotech Park by Khazanah.

The total project cost for LRT 3 is RM16.6 billion as mentioned during the Budget 2019 speech which is a 47% reduction from the earlier cost of RM 31.45 billion. During the current quarter, our LRT 3 Package GS 0708 from Kawasan 17 to Sri Andalas was progressing albeit at a slower pace as certain works could not proceed due to the on-going review to redesign the 6 stations in our alignment. We do not know the impact of this cost review to our contract yet but we expect to get clarity from our client soon. As for our KVMRT V201 from Sg Buloh to Persiaran Dagang, our client MMC Gamuda has confirmed that the above ground works will continue and hence this project will progress as planned albeit some reduction to those scope relating to the stations.

SunCon will be mitigating the anticipated slowdown in the local construction growth from our proposed overseas expansion in the ASEAN region coupled with in-house projects by our holding company, Sunway Berhad. Our parent company is now on an aggressive stance to expand its medical centre and developing its Penang and Seberang Jaya land bank. Despite the subdued mood surrounding the construction sector, we are confident on SunCon's prospect for year ending 2019.

On the risk aspect, average price of steel bar prices has dropped by approximately 20% this year with closing price of RM2,160. Ready mixed concrete price also saw a decline of approximately 5% for the year. We expect raw material cost to be soft for the coming year and this should result in more competitive pricing.

Singapore's GDP growth in fourth quarter 2018 is estimated at 2.2% (3Q : 2.3%; 2Q 2018 : 4.1%, 2017 : 3.6%, 2016 : 2.4%) with construction sector having a negative growth of -2.2% (3Q : -2.5%; 2Q 2018 : -4.0%, 2017 : -8.4%, 2016: 0.2%). Our precast unit which predominantly operates in Singapore should be resilient due to it's healthy outstanding order which stands at RM286 million (*refer to appendix 1*). The Housing and Development Board (HDB) reported that a total of 15,811 units of flats have been launched up to November 2018 (2017 : 17,593; 2016 : 17,891) and for FYE 2019, HDB will launch about 15,000 new flats, in which, they have launched 3,739 flats in the first exercise. A wide selection of flats will be offered across mature and non-mature estates, including Sengkang, Jurong West and Kallang Whampoa, to meet the diverse housing needs of Singaporeans. Our new order book todate obtained under precast amounted to only RM229 million (2017 : RM163 million). For year ending 2019, this segment will continue to have margin pressure due to low margin jobs secured earlier. Newer projects secured in FYE 2018 have better pricing but will only start contributing to the earnings of SunCon one year later.

Based on the above and barring any unforeseen circumstances, SunCon expects to perform satisfactorily in financial year ending 2019.

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 31 December 2018 RM'000 (Unaudited)	Immediate Preceding Quarter Ended 30 September 2018 RM'000 (Unaudited)	Cumulative Year To Date 31 December 2018 RM'000 (Unaudited)
Current taxation	(19,144)	(8,219)	(45,170)
Deferred taxation	8,707	(2,207)	7,136
	<u>(10,437)</u>	<u>(10,426)</u>	<u>(38,034)</u>
Effective tax rate	22.1%	22.2%	20.8%
Statutory tax rate :			
- Malaysia	24.0%	24.0%	24.0%
- Singapore	17.0%	17.0%	17.0%

The effective tax rate for the cumulative year to date 31 December 2018 of 20.8% is lower than Malaysia's statutory tax rate of 24% mainly due to foreign income which is not taxable, interest income which is tax free and the incremental tax at lower rates for our local Malaysia entity.

B6 Profit before Taxation

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

	Current Quarter Ended 31 December 2018 RM'000 (Unaudited)	Immediate Preceding Quarter Ended 30 September 2018 RM'000 (Unaudited)	Cumulative Year To Date 31 December 2018 RM'000 (Unaudited)
Interest income	3,513	3,878	16,040
Interest expense	(2,040)	(1,731)	(8,296)
Depreciation and amortisation	(9,868)	(10,148)	(39,964)
Allowance for impairment losses for:			
- Trade receivables	(6,242)	(2,510)	(8,794)
Reversal gain of impairment for:			
- Trade receivables	3,759	32	4,089
Write off gain/(loss) :			
- Trade receivables	(3,733)	1,489	(2,542)
Arbitration gain	510	54	4,112
Net gain / (loss) on disposal of:			
- Property, plant and equipment, and software	235	(51)	1,274
Accretion of financial assets and financial liabilities	(2,727)	(763)	(4,622)
Foreign exchange gain/(loss):			
- realised	1,071	(762)	(139)
- unrealised	(28)	667	635
	<u>(28)</u>	<u>667</u>	<u>635</u>

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 breakdown are as follows:

	As at 31 December 2018 RM'000 (Unaudited)	As at 31 December 2017 RM'000 (Audited)
Borrowings:		
Current (Unsecured)		
- Bills discounting (RM denominated)	107,544	134,659
- Short term loan (SGD denominated)	6,087	-
	<u>113,631</u>	<u>134,659</u>

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

- Bills discounting	3.94%	3.88%
- Short term loan	3.62%	-

Net cash generated from operating activities for the year ended 31 December 2018 stood at RM189.0 million compared to RM62.8 million recorded in the corresponding 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 year.

B8 Receivables, deposits and prepayments

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

	As at 31 December 2018 RM'000 (Unaudited)	As at 31 December 2017 RM'000 (Restated)
Current	700,731	933,264
1 to 30 days past due	57,480	11,036
31 to 60 days past due	3,365	23,727
61 to 90 days past due	46,037	9,050
91 to 120 days past due	19,937	76
More than 121 days past due	85,408	35,214
	<u>212,227</u>	<u>79,103</u>
Total trade receivables	912,958	1,012,367
Less: Allowance for impairment	(28,226)	(22,049)
Contract assets	58,921	65,584
Other receivables	28,673	39,537
Amounts due from intermediate holding companies	1,683	309
Amount due from related companies	64,377	62,489
Amount due from an associate	21,073	26,026
Amount due from a joint venture	-	185
	<u>1,059,459</u>	<u>1,184,448</u>

The Group's credit year is generally for a year of 30 days to 90 days for both its related parties and external customers. The increase of debt due mainly culminated from a civil infrastructure project which was received partial after year ended.

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 the late Mr H.L. Agarwal as the sole arbitrator. The Claimant then filed its Statement of Claim on 4 September 2008.

The Statement of Claim was raised in respect of various claims (including claiming the refund of the amount cashed on the Bank Guarantees) and the total amount claimed is Rs.89,14,55,047.83 in addition to interest and cost.

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.78,13,94,628.61 in addition to interest and cost for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

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

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

The proceedings had advanced for final arguments on 6 March 2018 to 9 March 2018. Further final and rejoinder argument was heard on 12, 13 and 14 April 2018. Arguments stand concluded. 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) 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 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.

SunCon appealed to the Supreme Court of India and was granted leave of appeal. Next date of hearing to be fixed. 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. On 22 January 2019 the High Court set aside the arbitral award and SunCon has made a decision to not appeal.
- (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. On 22 January 2019 the High Court upheld the arbitral award and we are proceeding with the execution of this order.

B9 Changes in Material Litigation (Contd.)

(d) Reference 4 – In November 2012, SunCon claimed against NHA for the loss and expenses incurred during the extended project year 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. The case is now further adjourned to 9 May 2019.

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

	As previously stated RM'000	Reclassification RM'000	As restated RM'000
As at 1 January 2017 :			
<u>Statement of financial position</u>			
Receivables, deposits, prepayments and contract assets	939,730	(5,295)	934,435
Retained earnings	257,022	(5,278)	251,744
As at 31 December 2017 :			
<u>Statement of financial position</u>			
Receivables, deposits, prepayments and contract assets	1,189,983	(5,535)	1,184,448
Retained earnings	318,484	(5,534)	312,950
<u>Income statement</u>			
Provision for doubtful debt	(83)	(5,535)	(5,618)

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 year.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 Dec 2018 RM'000	Preceding Year Quarter 31 Dec 2017 RM'000	Current Year To Date 31 Dec 2018 RM'000	Preceding Year To Date 31 Dec 2017 RM'000
<u>Basic earnings per share</u>		(RESTATED)		(RESTATED)
Profit attributable to members of the Company	36,573	28,886	144,693	132,296
Weighted Average Number of Ordinary Shares ('000)	1,292,246	1,292,246	1,292,246	1,292,553
Earnings per share (Basic/Diluted) (sen)	2.83	2.24	11.20	10.24

By Order of the Board

Tan Kim Aun

Soh Ke Yi

Secretaries

As at Dec 2018 (RM mil)	Completion	Contract Sum	O/S Orderbook	
Building			433	8%
Putrajaya Parcel F	1Q 2019	1,610	170	
PPA1M Kota Bharu	1Q 2020	582	180	
Nippon Express	4Q 2019	70	48	
GDC (Plant 2)	3Q 2019	14	14	
Others		487	21	
Infrastructure/Piling			2,530	49%
MRT V201 + S201	2Q 2021	1,213	459	
BCC Piling Works	4Q 2018	88	-	
LRT 3 : Package GS07-08	2Q 2021	2,178	1,969	
Others		87	3	
Piling works	Various	128	99	
Internal			1,971	38%
Velocity Medical Centre	2Q 2019	185	32	
SMC 4	4Q 2019	512	439	
Emerald Residences	4Q 2018	175	15	
Big Box - Iskandar	4Q 2019	170	74	
Sunway Serene	4Q 2020	449	339	
Velo 2	4Q 2021	352	352	
3C4	2Q 2021	100	99	
Sunway GEOLake	1Q 2021	223	177	
Carnival Mall Ext	4Q 2020	286	256	
SMC Seberang Jaya	4Q 2020	180	167	
Velocity Ecodeck	4Q 2018	11	10	
M&E works	4Q 2018	30	11	
Singapore			286	5%
Precast	Various	331	53	
New Order 2018		229	233	
Grand Total @ Dec 2018		9,688	5,219	
TNB HQ Campus		781	781	
Outstanding order book to-date		10,469	6,001	
Red : Secured in 2018		1,553	1,418	
Blue : Secured in 2019		781	781	