

SUNWAY[®]

CONSTRUCTION

SUNWAY CONSTRUCTION GROUP BERHAD

INTERIM FINANCIAL REPORT

FOURTH QUARTER ENDED 31ST DECEMBER 2019



SUNWAY CONSTRUCTION GROUP BERHAD

Company No. 201401032422 (1108506-W)
(Incorporated in Malaysia)

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SUNWAY CONSTRUCTION GROUP BERHAD (Company No : 201401032422 (1108506-W))

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	<----- INDIVIDUAL QUARTER ----->					<----- CUMULATIVE QUARTER ----->			
		CURRENT	IMMEDIATE		PRECEDING YEAR		CURRENT	PRECEDING YEAR	
	NOTE	YEAR QUARTER 31/12/2019	PRECEDING QUARTER 30/9/2019	CHANGES	CORRESPONDING QUARTER 31/12/2018	CHANGES	TO DATE 31/12/2019	YEAR CORRESPONDING 31/12/2018	CHANGES
	RM'000	RM'000	%	RM'000	%	RM'000	RM'000	%	
					(RESTATED)			(RESTATED)	
REVENUE		485,935	402,582	20.7%	626,015	(22.4%)	1,768,727	2,256,835	(21.6%)
OPERATING EXPENSES		(463,713)	(371,499)	(24.8%)	(588,646)	21.2%	(1,647,839)	(2,102,319)	21.6%
OTHER OPERATING INCOME		8,608	3,294	161.3%	7,842	9.8%	20,136	20,667	(2.6%)
PROFIT FROM OPERATIONS		30,830	34,377	(10.3%)	45,211	(31.8%)	141,024	175,183	(19.5%)
FINANCE INCOME & OTHER DISTRIBUTION INCOME		8,661	5,113	69.4%	3,513	146.5%	25,160	16,040	56.9%
FINANCE COSTS		(3,399)	(3,928)	13.5%	(2,272)	(49.6%)	(13,203)	(9,223)	(43.2%)
SHARE OF PROFIT FROM AN ASSOCIATE		4,316	-		-		4,316	-	
SHARE OF RESULTS OF JOINT VENTURES		99	-		731		99	731	
PROFIT BEFORE TAX	B6	40,507	35,562	13.9%	47,183	(14.1%)	157,396	182,731	(13.9%)
INCOME TAX EXPENSE	B5	(7,806)	(2,538)	(207.6%)	(10,429)	25.2%	(27,066)	(37,966)	28.7%
PROFIT FOR THE YEAR		32,701	33,024	(1.0%)	36,754	(11.0%)	130,330	144,765	(10.0%)
ATTRIBUTABLE TO:									
- OWNERS OF THE PARENT		31,639	33,482		36,497		129,324	144,426	
- NON-CONTROLLING INTERESTS		1,062	(458)		257		1,006	339	
		32,701	33,024		36,754		130,330	144,765	
EARNINGS PER SHARE									
(i) BASIC (sen)	B12	2.45	2.60		2.82		10.02	11.18	
(ii) DILUTED (sen)		2.45	2.60		2.82		10.02	11.18	

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY CONSTRUCTION GROUP BERHAD (Company No : 201401032422 (1108506-W))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	<----- INDIVIDUAL QUARTER ----->			<-- CUMULATIVE QUARTER -->	
	CURRENT YEAR QUARTER 31/12/2019	IMMEDIATE PRECEDING QUARTER 30/9/2019	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2018	CURRENT YEAR TO DATE 31/12/2019	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2018
	RM'000	RM'000	RM'000 (RESTATED)	RM'000	RM'000 (RESTATED)
PROFIT FOR THE YEAR	32,701	33,024	36,754	130,330	144,765
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT YEARS					
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(570)	(0)	(1,271)	(551)	415
OTHER COMPREHENSIVE INCOME FOR THE YEAR	(570)	(0)	(1,271)	(551)	415
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>32,131</u>	<u>33,024</u>	<u>35,483</u>	<u>129,779</u>	<u>145,180</u>
ATTRIBUTABLE TO:					
- OWNERS OF THE PARENT	31,069	33,482	35,226	128,773	144,841
- NON-CONTROLLING INTERESTS	<u>1,062</u>	<u>(458)</u>	<u>257</u>	<u>1,006</u>	<u>339</u>
	<u>32,131</u>	<u>33,024</u>	<u>35,483</u>	<u>129,779</u>	<u>145,180</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 2018 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY CONSTRUCTION GROUP BERHAD (Company No : 201401032422 (1108506-W))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	NOTE	AS AT FINANCIAL YEAR ENDED 31/12/2019 RM'000 (UNAUDITED)	AS AT FINANCIAL YEAR ENDED 31/12/2018 RM'000 (RESTATED)	AS AT FINANCIAL YEAR ENDED 1/1/2018 RM'000 (RESTATED)
ASSETS				
Non-current assets				
Property, plant, equipment, software and right of use assets		138,715	176,956	166,559
Investment in associate		4,124	-	-
Investment in joint ventures		44,262	44,739	-
Other investments		273	273	273
Goodwill		3,647	3,647	3,647
Deferred tax assets		4,161	5,265	2,526
		<u>195,182</u>	<u>230,880</u>	<u>173,005</u>
Current assets				
Inventories		25,094	29,981	24,429
Receivables, deposits and prepayments	B9	970,388	1,000,171	1,118,293
Tax recoverable		21,721	22,100	21,922
Cash and bank balances		692,638	484,869	487,240
		<u>1,709,841</u>	<u>1,537,121</u>	<u>1,651,884</u>
TOTAL ASSETS		<u>1,905,023</u>	<u>1,768,001</u>	<u>1,824,889</u>
EQUITY AND LIABILITIES				
Current liabilities				
Payables, lease liabilities and other current liabilities		885,237	939,609	1,121,115
Borrowings	B7	233,394	113,631	134,659
Tax payable		1,376	9,496	5,156
Derivative liabilities	B8	187	-	469
		<u>1,120,194</u>	<u>1,062,736</u>	<u>1,261,399</u>
Non-current liabilities				
Borrowings	B7	52,656	-	-
Other long term liabilities		95,833	96,314	-
Lease liabilities	B11	8,897	10,739	13,053
Deferred taxation liabilities		2,272	6,536	7,009
		<u>159,658</u>	<u>113,589</u>	<u>20,062</u>
Total liabilities		<u>1,279,852</u>	<u>1,176,325</u>	<u>1,281,461</u>
Equity attributable to owners of the parent				
Share capital		258,580	258,580	258,580
Treasury shares	A6	(6,990)	(1,295)	(1,295)
Merger reserve		(37,894)	(37,894)	(37,894)
Retained profits	B11	398,838	359,871	312,363
Other reserves		10,421	10,972	10,571
		<u>622,955</u>	<u>590,234</u>	<u>542,325</u>
NON-CONTROLLING INTERESTS		2,216	1,442	1,103
Total equity		<u>625,171</u>	<u>591,676</u>	<u>543,428</u>
TOTAL EQUITY AND LIABILITIES		<u>1,905,023</u>	<u>1,768,001</u>	<u>1,824,889</u>
Net Assets Per Share Attributable To Owners Of The Parent (RM)		0.48	0.46	0.42

(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 2018 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY CONSTRUCTION GROUP BERHAD (Company No : 201401032422 (1108506-W))

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	----- 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 2019										
At 1 January 2019	258,580	(1,295)	(37,894)	10,972	656	10,316	360,713	591,076	1,442	592,518
Effects of adopting MFRS16	-	-	-	-	-	-	(842)	(842)	-	(842)
At 1 January 2019 (As restated)	258,580	(1,295)	(37,894)	10,972	656	10,316	359,871	590,234	1,442	591,676
Profit for the year	-	-	-	-	-	-	129,324	129,324	1,006	130,330
Other comprehensive income, net of tax	-	-	-	(551)	-	(551)	0	(551)	(0)	(551)
Total comprehensive income	-	-	-	(551)	-	(551)	129,324	128,773	1,006	129,779
Transactions with owners										
Increase in capital by non-controlling interests	-	-	-	-	-	-	-	-	38	38
Dividends paid	-	-	-	-	-	-	(90,357)	(90,357)	(270)	(90,627)
Purchase of treasury shares	-	(5,695)	-	-	-	-	-	(5,695)	-	(5,695)
At 31 December 2019	258,580	(6,990)	(37,894)	10,421	656	9,765	398,838	622,955	2,216	625,171
YEAR ENDED 31 DECEMBER 2018										
At 1 January 2018	258,580	(1,295)	(37,894)	10,571	670	9,901	312,950	542,912	1,103	544,015
Effects of adopting MFRS16	-	-	-	-	-	-	(587)	(587)	-	(587)
At January 2018 (As restated)	258,580	(1,295)	(37,894)	10,571	670	9,901	312,363	542,325	1,103	543,428
Profit for the year	-	-	-	-	-	-	144,426	144,426	339	144,765
Other comprehensive income, net of tax	-	-	-	415	-	415	-	415	-	415
Total comprehensive income	-	-	-	415	-	415	144,426	144,841	339	145,180
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	359,871	590,234	1,442	591,676

(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 2018 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTE	FOR THE YEAR ENDED 31/12/2019 RM'000 (UNAUDITED)	FOR THE YEAR ENDED 31/12/2018 RM'000 (RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		157,396	182,731
Adjustments for:			
- non-cash items		40,374	56,975
- finance costs		13,203	9,223
- finance income and other distribution income		(25,160)	(16,040)
Operating cash flows before working capital changes		185,813	232,889
Changes in working capital		27,878	(10,435)
Cash flows generated from operations		213,691	222,454
Interest and other distribution income received		25,160	16,040
Interest paid		(13,203)	(9,223)
Dividend received from a jointly controlled entity		790	731
Tax refunded		6,396	284
Tax paid		(44,765)	(37,678)
Net cash generated from operating activities	B7	188,069	192,608
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment & software		3,500	1,393
Proceed from disposal of a subsidiary		-	(3)
Acquisitions of property, plant and equipment and software		(8,271)	(56,169)
Additional shares acquired by non-controlling interest		38	-
(Repayment)/Advances to related companies		(46,618)	24,413
Investment in a jointly controlled entity		-	(44,110)
Net cash flow from placement in funds		-	240
Net cash used in investing activities		(51,351)	(74,236)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net bank and other borrowings		167,898	(24,528)
Repurchases of shares		(5,695)	-
Dividends paid to shareholders		(90,357)	(96,918)
Dividend paid to non-controlling interests of subsidiaries		(270)	-
Net cash from/(used in) financing activities		71,576	(121,446)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		208,294	(3,074)
EFFECTS OF EXCHANGE RATE CHANGES		(525)	943
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		484,667	486,798
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR		692,436	484,667
Cash and cash equivalents at end of financial year comprise the following :			
Deposits with licensed banks and other financial institutions		514,446	428,386
Cash and bank balances		178,192	56,483
Cash and bank balances and placement in funds		692,638	484,869
Less: Deposits with other financial institutions with maturity of over 3 months		(202)	(202)
Cash and cash equivalents		692,436	484,667

(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 2018 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 2019. 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 2018. 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 2018.

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 2018 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 2019, as disclosed below:

Title

MFRS 16 *Leases*

IC Interpretation 23 *Uncertainty over Income Tax Treatments*

Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*

Amendments to MFRS 9 *Prepayment Features with Negative Compensation*

Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015-2017 Cycle*

Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015-2017 Cycle*

Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*

Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*

Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*

Amendments to MFRS 9, MFRS 139, and MFRS 7 *Interest Rate Benchmark Reform*

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements, except for MFRS 16 as described in B11.

A2 Report of the Auditors

The report of the auditors of preceding audited financial statements was not subjected 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 year ended 31 December 2019 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 year ended 31 December 2019.

A6 Repurchases of Debt and Equity Securities

We have repurchased 654,000 shares in 2017 and in second quarter 2019, we have purchased 2,886,900 shares at an average of price of RM1.973 per share. There were no repurchase activities during the current quarter. The Group's debt status is as disclosed in Note B7.

A7 Dividend paid

	As at 31 December 2019 RM'000 (Unaudited)	As at 31 December 2018 RM'000 (Audited)
<u>Dividends recognised for the year (Net of tax)</u>		
2017 - 4.0 cents per share (Note 1)	-	51,690
2018 - 3.5 cents per share (Note 2)	-	45,229
2018 - 3.5 cents per share (Note 3)	45,229	
2019 - 3.5 cents per share (Note 4)	45,128	
<u>Dividends in respect of year ended (Net of tax)</u>		
3.5 cents per share -declared and paid (Note 2)	-	45,229
3.5 cents per share -declared and paid (Note 3)	-	45,229
3.5 cents per share -declared and paid (Note 4)	45,128	
3.5 cents per share -declared and payable (Note 5)	45,128	

Note 1: 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 2: 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 ended 31 December 2018. The interim dividend of RM45,228,610 was paid on 27 September 2018.

Note 3: 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 was paid on 17 April 2019.

Note 4: On 19 August 2019, 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 2019. The interim dividend of RM45,127,569 was paid on 26 September 2019.

Note 5: On 20 February 2020, 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 2019. The interim dividend of RM45,127,569 will be paid on 8 April 2020.

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 2018. Dividend under note 3 and 4 have been accounted for in equity as appropriation of retained profits in the current year ended 31 December 2019.

A8 Segmental Reporting

	<----- YTD DEC'19 ----->			<----- YTD DEC'18 ----->		
	(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	2,395,926	272,149	2,668,075	2,815,462	233,573	3,049,035
Inter-segment revenue	(777,012)	(122,336)	(899,348)	(692,300)	(99,900)	(792,200)
External revenue	1,618,914	149,813	1,768,727	2,123,162	133,673	2,256,835
Results						
Operating segment results	135,259	5,765	141,024	173,923	1,260	175,183
Finance income & other distribution income	24,703	457	25,160	16,022	18	16,040
Finance costs	(10,425)	(2,778)	(13,203)	(8,912)	(311)	(9,223)
Share of profit from associate	4,316	-	4,316	-	-	-
Share of results of joint venture	790	(691)	99	731	-	731
Profit before tax	154,643	2,753	157,396	181,764	967	182,731
Income tax expense	(27,693)	627	(27,066)	(38,129)	163	(37,966)
Profit after tax	126,950	3,380	130,330	143,635	1,130	144,765
Non controlling interests	(1,006)		(1,006)	(339)	-	(339)
Attributable to owners of the parent	125,944	3,380	129,324	143,296	1,130	144,426
TOTAL ASSETS						
Unallocated assets	1,625,031	254,110	1,879,141	1,551,139	189,497	1,740,636
	-	-	25,882	-	-	27,365
	1,625,031	254,110	1,905,023	1,551,139	189,497	1,768,001
TOTAL LIABILITIES						
Unallocated liabilities	1,101,791	174,413	1,276,204	1,079,899	80,394	1,160,293
	-	-	3,648	-	-	16,032
	1,101,791	174,413	1,279,852	1,079,899	80,394	1,176,325

A8 Segmental Reporting (Contd.)

	<----- YTD DEC'19 ----->				<----- YTD DEC'18 ----->			
	(Unaudited)				(Restated)			
	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
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
GEOGRAPHICAL SEGMENTS								
Malaysia	1,616,918	159,245	131,291	130,218	2,123,162	172,878	134,912	134,573
Singapore	149,813	(660)	414	481	133,673	5,270	5,270	5,270
India	843	(6,289)	(6,458)	(6,458)	-	3,198	3,198	3,198
United Arab Emirates	-	5,093	5,093	5,093	-	1,166	1,166	1,166
Trinidad & Tobago	-	-	-	-	-	242	242	242
Myanmar	1,153	7	(10)	(10)	-	(23)	(23)	(23)
	1,768,727	157,396	130,330	129,324	2,256,835	182,731	144,765	144,426

A8 Segmental Reporting (Contd.)

Segmental results by foreign currency for the financial year ended 31 December 2019 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)		1,616,918	155,616	128,174	127,101	1,616,918	155,616	128,174	127,101
United Arab Emirates (AED'000)	1.1316	-	4,501	4,501	4,501	-	5,093	5,093	5,093
India Rupee (INR'000)	0.0589	14,312	(106,774)	(109,643)	(109,643)	843	(6,289)	(6,458)	(6,458)
Singapore Dollar (SGD'000)	3.0449	-	71	50	72	-	216	151	218
Trinidad & Tobago Dollar (TT\$'000)	0.6172	-	-	-	-	-	-	-	-
Myanmar (USD'000)	4.1465	278	2	(2)	(2)	1,153	7	(10)	(10)
						<u>1,618,914</u>	<u>154,643</u>	<u>126,950</u>	<u>125,944</u>

	FOREIGN EXCHANGE RATE	TOTAL ASSETS		TOTAL LIABILITIES	
		FC'000	RM'000	FC'000	RM'000
Malaysia Ringgit (RM'000)		1,622,404	1,622,404	1,078,468	1,078,468
United Arab Emirates (AED'000)	1.1191	169	189	12,806	14,330
India Rupee (INR'000)	0.0576	8,275	477	154,572	8,903
Singapore Dollar (SGD'000)	3.0508	441	1,340	(16)	(49)
Trinidad & Tobago Dollar (TT\$'000)	0.6137	40	24	-	-
Myanmar (USD'000)	4.1070	145	597	34	139
			<u>1,625,031</u>		<u>1,101,791</u>

PRECAST 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 before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)		-	3,629	3,117	3,117	-	3,629	3,117	3,117
Singapore Dollar (SGD'000)	3.0449	49,201	(288)	86	86	149,813	(876)	263	263
						<u>149,813</u>	<u>2,753</u>	<u>3,380</u>	<u>3,380</u>

	FOREIGN EXCHANGE RATE	TOTAL ASSETS		TOTAL LIABILITIES	
		FC'000	RM'000	FC'000	RM'000
Malaysia Ringgit (RM'000)		69,326	69,326	32,136	32,136
Singapore Dollar (SGD'000)	3.0508	60,569	184,784	46,636	142,277
			<u>254,110</u>		<u>174,413</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 2018 are as follows:

CONSTRUCTION SEGMENT:

	FOREIGN EXCHANGE RATE	<----- FC'000 ----->				<----- RM'000 ----->			
		(Restated)				(Restated)			
		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	175,950	137,821	137,482	2,123,162	175,950	137,821	137,482
United Arab Emirates (AED'000)	1.1098	-	1,051	1,051	1,051	-	1,166	1,166	1,166
India Rupee (INR'000)	0.0593	-	53,929	53,929	53,929	-	3,198	3,198	3,198
Singapore Dollar (SGD'000)	3.0007	-	410	410	410	-	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>181,764</u>	<u>143,635</u>	<u>143,296</u>

	FOREIGN EXCHANGE RATE	TOTAL ASSETS (Restated)		TOTAL LIABILITIES (Restated)	
		FC'000	RM'000	FC'000	RM'000
		Malaysia Ringgit (RM'000)		1,528,377	1,528,377
United Arab Emirates (AED'000)	1.1311	19,131	21,639	231	262
India Rupee (INR'000)	0.0594	4,461	265	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>1,551,139</u>		<u>1,079,899</u>

PRECAST SEGMENT:

	FOREIGN EXCHANGE RATE	<----- FC'000 ----->				<----- RM'000 ----->			
		(Restated)				(Restated)			
		Revenue	Profit before tax	Profit 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)		-	(3,072)	(2,909)	(2,909)	-	(3,072)	(2,909)	(2,909)
Singapore Dollar (SGD'000)	3.0007	44,547	1,346	1,346	1,346	133,673	4,039	4,039	4,039
						<u>133,673</u>	<u>967</u>	<u>1,130</u>	<u>1,130</u>

	FOREIGN EXCHANGE RATE	TOTAL ASSETS (Restated)		TOTAL LIABILITIES (Restated)	
		FC'000	RM'000	FC'000	RM'000
		Malaysia Ringgit (RM'000)		69,963	69,963
Singapore Dollar (SGD'000)	3.0435	39,275	119,534	8,377	25,495
			<u>189,497</u>		<u>80,394</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 year ended 31 December 2019.

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 to 31 December 2019, except for the following:

	As at 31 December 2019 RM'000 (Unaudited)	As at 31 December 2018 RM'000 (Audited)
Guarantees given to third parties in respect of contracts and trade performance	491,737	440,332
Guarantees given to related companies in respect of contracts and trade performance	90,091	71,524
	<u>581,828</u>	<u>511,856</u>

The Group does not have any material contingent assets to be disclosed as at 31 December 2019.

A11 Commitments

(a) Capital commitment not provided for in the financial year ended 31 December 2019 and financial year ended 31 December 2018 are as follows:

	As at 31 December 2019 RM'000 (Unaudited)	As at 31 December 2018 RM'000 (Audited)
Approved and contracted for	193,091	-
Approved but not contracted for	491	198,647
	<u>193,582</u>	<u>198,647</u>

Included in commitments are 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.

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 2019 RM'000 (Unaudited)	Cumulative Year To Date 31 December 2018 RM'000 (Audited)
Contract revenue from:		
Related companies	415,699	262,513
Related parties	188,605	166,336
Rental income of plant and machinery from:		
Related companies	68	95
Interest income from:		
Related company	-	-
Purchases of goods/services from:		
Related companies	(78,457)	(115,092)
Related parties	(1,575)	(1,103)
Rental of office space from:		
Related companies	(1,867)	(2,961)
Related party	(1,994)	(1,565)
Interest expense charge by:		
Related companies	(4,324)	(4,119)
Management fees charged by:		
Intermediate holding company	(19,941)	(18,921)
Service Level Agreement fees paid to:		
Related companies	(4,953)	(4,545)

B1 Review of Performance

For the quarter

<u>Total Group</u>	<u>Q4 2019</u>	<u>Q4 2018</u> <u>(Restated)</u>	<u>Changes</u>
Revenue (RM'mil)	485.9	626.0	(22.4%)
PBT (RM'mil)	40.5	47.2	(14.1%)
PBT Margin (%)	8.3%	7.5%	

The Group recorded revenue of RM485.9 million and profit before tax of RM40.5 million for the current quarter ended 31 December 2019, compared to revenue of RM626.0 million and profit before tax of RM47.2 million in the corresponding quarter of the preceding financial year. The Group's revenue decreased by 22.4% due to construction segment. The Group's blended margin improved for the current quarter under comparison.

<u>Construction Segment</u>	<u>Q4 2019</u>	<u>Q4 2018</u> <u>(Restated)</u>	<u>Changes</u>
Revenue (RM'mil)	440.5	595.3	(26.0%)
PBT (RM'mil)	38.0	50.1	(24.2%)
PBT Margin (%)	8.6%	8.4%	

Construction segment reported revenue of RM440.5 million and profit before tax of RM38.0 million compared to revenue of RM595.3 million and profit before tax of RM50.1 million in the corresponding quarter of the preceding financial year. Lower revenue in the current quarter was due to majority of existing projects which are at its initial stages. Profit margin for both quarters under comparison were broadly the same.

<u>Precast Segment</u>	<u>Q4 2019</u>	<u>Q4 2018</u> <u>(Restated)</u>	<u>Changes</u>
Revenue (RM'mil)	45.4	30.7	47.9%
PBT/(LBT) (RM'mil)	2.5	(2.9)	>100%
PBT Margin (%)	5.5%	-9.4%	

Precast segment reported revenue of RM45.4 million and returned to profit position of RM2.5 million compared to revenue of RM30.7 million and loss before tax of RM2.9 million in the corresponding quarter of the preceding financial year. Revenue recorded for the current quarter was higher by 47.9% due to present order book. On profitability side, precast reversed its situation from loss as old projects with slimmer margins were completed.

B1 Review of Performance (Contd.)

For the full year

<u>Total Group</u>	<u>YTD 4Q19</u>	<u>YTD 4Q18</u> <u>(Restated)</u>	<u>Changes</u>
Revenue (RM'mil)	1,768.7	2,256.8	(21.6%)
PBT (RM'mil)	157.4	182.7	(13.9%)
PBT Margin (%)	8.9%	8.1%	

The Group recorded revenue of RM1,768.7 million and profit before tax of RM157.4 million for full year ended December 2019, compared to revenue of RM2,256.8 million and profit before tax of RM182.7 million in the corresponding preceding financial year ended. Both revenue and profit saw a decline due to construction segment. However, the Group's overall margin for the current year ended was better as compared to corresponding preceding financial year ended.

<u>Construction Segment</u>	<u>YTD 4Q19</u>	<u>YTD 4Q18</u> <u>(Restated)</u>	<u>Changes</u>
Revenue (RM'mil)	1,618.9	2,123.1	(23.7%)
PBT (RM'mil)	154.6	181.7	(14.9%)
PBT Margin (%)	9.5%	8.6%	

Construction segment reported revenue of RM1,618.9 million and profit before tax of RM154.6 million compared to revenue of RM2,123.1 million and profit before tax of RM181.7 million in the corresponding preceding financial year ended. Lower revenue by 23.7% was mainly due to building division as existing jobs were mostly at their early stages. However, profit margins for the current year ended was higher due to higher recognition of final account.

<u>Precast Segment</u>	<u>YTD 4Q19</u>	<u>YTD 4Q18</u> <u>(Restated)</u>	<u>Changes</u>
Revenue (RM'mil)	149.8	133.7	12.0%
PBT (RM'mil)	2.8	1.0	>100%
PBT Margin (%)	1.9%	0.7%	

Precast segment reported revenue of RM149.8 million and profit before tax of RM2.8 million compared to revenue of RM133.7 million and profit before tax of RM1.0 million in the corresponding preceding financial year ended. This segment's profit margin for current year ended under review started to improve as projects with slimmer margins were completed.

B2 Material Changes in the Quarterly Results

<u>Total Group</u>	<u>Q4 2019</u>	<u>Q3 2019</u>	<u>Changes</u>
Revenue (RM'mil)	485.9	402.6	20.7%
PBT (RM'mil)	40.5	35.6	13.9%
PBT Margin (%)	8.3%	8.8%	

The Group recorded revenue of RM485.9 million and profit before tax of RM40.5 million for the current quarter ended 31 December 2019, compared to revenue of RM402.6 million and profit before tax of RM35.6 million in the immediate preceding quarter. Both revenue and profitability recorded an increase due to both construction and precast segment.

<u>Construction Segment</u>	<u>Q4 2019</u>	<u>Q3 2019</u>	<u>Changes</u>
Revenue (RM'mil)	440.5	365.1	20.7%
PBT (RM'mil)	38.0	35.4	7.3%
PBT Margin (%)	8.6%	9.7%	

Construction segment reported revenue of RM440.5 million and profit before tax of RM38.0 million compared to revenue of RM365.1 million and profit before tax of RM35.4 million in the immediate preceding quarter. Revenue saw an improvement as new building projects were slowly contributing more coupled with civil division with LRT3 package GS0708, which saw a significant increase in certification in the current quarter. Profitability was higher in the immediate preceding quarter due to final account recognition.

<u>Precast Segment</u>	<u>Q4 2019</u>	<u>Q3 2019</u>	<u>Changes</u>
Revenue (RM'mil)	45.4	37.5	21.1%
PBT (RM'mil)	2.5	0.2	>100%
PBT Margin (%)	5.5%	0.5%	

Precast segment reported revenue of RM45.4 million with profit before tax of RM2.5 million compared to revenue of RM37.5 million with profit before tax of RM0.2 million in the immediate preceding quarter. There is a turnaround in profitability this current quarter due to the commencement of several better yielding projects. Revenue recorded for the current quarter was higher due to present order book.

B3 Prospects

SunCon secured a total of RM1.8 billion new order book for the financial year ended 2019. Our outstanding order book now stands at RM5.2 billion.

The Malaysian economic growth has moderated to 4.3% for full year 2019 (2018 : 4.7%) with construction sector showing a growth in fourth quarter 2019 of 1.0% (3Q 2019 : -0.5%). Construction sector recovered to 1.0%, due to higher capital spending in the civil engineering and residential segment. SunCon will continue to expand overseas and rely on its in-house pipeline projects by its intermediate holding company, Sunway Group for its sustained growth.

Singapore's economy grew by 0.7% year on year in 2019 (2018 : 3.4%) while the construction sector grew by 2.8% (2018 : -3.5%) on the back of public sector construction activities. The Housing and Development Board (HDB) reported that a total of 14,591 units of flats have been launched up to November 2019 (2018 : 15,811; 2017 : 17,593; 2016 : 17,891). Around 16,000 to 17,000 Build-To-Order (BTO) flats will be launched in 2020, which 3,095 BTO flats have been launched for sales as of February 2020, to meet the additional demand following key policy changes. The household income cap for BTO flats and executive condominiums (ECs) have been raised by \$2,000, to \$14,000 and \$16,000 respectively.

Based on the above, barring any unforeseen circumstances, the Group will continue to deliver satisfactory performance for the coming year 2020.

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 2019 RM'000 (Unaudited)	Immediate Preceding Quarter Ended 30 September 2019 RM'000 (Unaudited)	Cumulative Year To Date 31 December 2019 RM'000 (Unaudited)
Current taxation	(8,633)	(11,037)	(35,901)
Over provision in prior years	984	5,746	6,730
Deferred taxation	(157)	2,753	2,105
	<u>(7,806)</u>	<u>(2,538)</u>	<u>(27,066)</u>
Effective tax rate	19.3%	7.1%	17.2%
Statutory tax rate :			
- Malaysia	24.0%	24.0%	24.0%
- Singapore	17.0%	17.0%	17.0%

The effective tax rate for the year ended 31 December 2019 of 17.2% was lower than Malaysia's statutory tax rate of 24% mainly due to interest income which is tax exempted and over provision of tax in 2018.

B6 Profit before Taxation

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

	Current Quarter Ended 31 December 2019 RM'000 (Unaudited)	Immediate Preceding Quarter Ended 30 September 2019 RM'000 (Unaudited)	Cumulative Year To Date 31 December 2019 RM'000 (Unaudited)
Interest income	8,661	5,113	25,160
Interest expense	(3,399)	(3,927)	(13,203)
Depreciation and amortisation	(3,899)	(9,995)	(40,263)
Allowance for impairment losses for:			
- Receivables	(1,224)	(788)	(2,302)
- Others	(4,839)	214	(6,633)
Reversal gain of impairment for:			
- Receivables	3,299	1,726	5,892
Write off gain/(loss) :			
- Receivables	(27)	(212)	(267)
- Property, plant and equipment, and software	(5,914)	(1,118)	(7,111)
Arbitration gain	1,580	(2,052)	2,334
Net gain on disposal of:			
- Property, plant and equipment, and software	2,720	70	3,075
Accretion of financial assets and financial liabilities	(121)	(763)	1,348
Foreign exchange gain/(loss):			
- realised	93	(50)	276
- unrealised	(579)	(3)	(512)
	<u>(579)</u>	<u>(3)</u>	<u>(512)</u>

Material foreign currency transactions exposures are hedged, mainly with derivative financial instruments such as interest rate swap contracts.

B7 Group Borrowings and Debt Securities

The borrowings breakdown of the Group are as follows:

	As at 31 December 2019 RM'000 (Unaudited)	As at 31 December 2018 RM'000 (Audited)
Current liabilities:		
Unsecured		
- Bills discounting (RM denominated)	157,124	107,544
- Revolving credits (SGD denominated)	-	6,087
Secured		
- Short term loan (SGD denominated)	76,270	-
	<u>233,394</u>	<u>113,631</u>
Non current liabilities		
Secured		
- Long term loan (SGD denominated)	<u>52,656</u>	<u>-</u>

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

- Bills discounting (RM denominated)	3.81%	3.94%
- Revolving credits (SGD denominated)	-	3.62%
- Short term loan (SGD denominated)	2.62%	-
- Long term loan (SGD denominated)	2.25%	-

Net cash generated from operating activities for the year ended 31 December 2019 stood at RM188.1 million compared to RM192.6 million recorded in the preceding financial year. Operating cash flow remained relatively the same for both financial year despite the lower profit has been recorded for current financial year.

B8 Derivative Financial Instruments

The Group's outstanding derivatives as at 31 December 2019 were as follows:

Type of Derivatives	Contract/ Notional Value RM'000	Fair Value RM'000	Gains/(Losses) for the period RM'000
Interest rate swap contracts			
- Less than 1 year	-	-	-
- 1 year to 3 years (SGD denominated)	61,016	(187)	(187)
- More than 3 years	-	-	-
Total derivatives		<u>(187)</u>	<u>(187)</u>

Interest rate swap contracts

The Group entered into interest rate swap contracts to manage its interest rate risk arising primarily from interest-bearing borrowings. Borrowings at floating rate expose the Group to the fluctuation of market interest rate and the hedging contract minimises its impact on the cash flow. The above interest rate hedging contracts are executed with credit-worthy financial institutions which are governed by appropriate policies and procedures.

The derivatives arising from the interest rate swap contracts are computed using the present value of the difference between the floating rates and fixed rates applied to the principal amounts over the duration of swap expiring subsequent to period end. Any changes in fair value of derivatives during the year are taken directly to the income statement.

B9 Receivables, deposits and prepayments

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

	As at 31 December 2019 RM'000 (Unaudited)	As at 31 December 2018 RM'000 (Audited)
Current	731,494	700,832
1 to 30 days past due	23,875	57,481
31 to 60 days past due	17,045	3,365
61 to 90 days past due	20,028	46,037
91 to 120 days past due	13,286	19,937
More than 121 days past due	35,651	85,408
	<u>109,885</u>	<u>212,228</u>
Total trade receivables	841,379	913,060
Less: Allowance for impairment	(23,443)	(28,701)
Other receivables	29,266	32,296
Amounts due from intermediate holding company	415	1,711
Amount due from related companies	102,160	60,640
Amount due from an associate	15,534	21,073
Amount due from a joint venture	5,077	92
	<u><u>970,388</u></u>	<u><u>1,000,171</u></u>

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

B10 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 and cross examination has been completed on 7 October 2017.

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

SunCon has filed an appeal with the High Court of New Delhi in early July 2019 to set aside the arbitral award. Shristi has also filed an execution application against SunCon for enforcement of the arbitral award. The hearing fixed on 31 October 2019 is postponed to 10 February 2020.

On 10 February 2020, the Honorable Court has directed SunCon to deposit, on a without prejudice basis, the decretal amount with up to date interest with the Registrar General of the High Court of Delhi within 6 weeks from 10 February 2020. Subject to compliance of the said direction, the Honorable Court has stayed the Arbitral Award dated 9 April 2019. The matter has now been re-notified for 17 April 2020.

In light of the above order, the Honorable Court had also disposed of the enforcement petition filed by Shristi as the Arbitral Award has been stayed.

B10 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.

The Arbitrator published his award on 18 March 2019 and awarded Sunway Creative Stone RM4,954,584.86 plus pre-award interest of RM1,942,326.36 and the cost of the arbitration award of RM138,000 and post award interest.

Sunway Creative Stone has filed an application to enforce the Arbitration Award and SPYTL has filed an application to set aside the Arbitration Award. On 7 November 2019, the High Court dismissed SPYTL's application to set aside the Arbitration Award and allowed Sunway Creative Stones' application to enforce the Arbitration Award. SPYTL has submitted an appeal on 29 Nov 2019 and have paid us a sum of RM7,675,615.69 on 17 Dec 2019 pending this appeal process. Case management on SPYTL appeal is scheduled on 25 February 2020.

- (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 is 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 3 – 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 13 March 2020.

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.

B10 Changes in Material Litigation (Contd.)

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

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

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

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

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

The Court has scheduled a further case management on 23 January 2020 to provide further pre-trial on case management directions. The solicitors acting for SunCon, after taking into consideration the evidence available, a review of the Statement of Claim, documents with client and a review of the law, are of the considered opinion that the Plaintiff's claim for the sum of RM711,367,434.46 is likely to be dismissed.

The next case management is scheduled on 5 March 2020.

B11 Comparatives

	As previously stated RM'000	Effects of MFRS 16 RM'000	As restated RM'000
As at 1 January 2018 :			
<u>Statement of financial position</u>			
Right-of-use of assets	-	14,498	14,498
Deferred tax assets	2,341	185	2,526
Lease liabilities - current liabilities	-	2,217	2,217
Lease liabilities - non current liabilities	-	13,053	13,053
Retained earnings	312,950	(587)	312,363
As at 31 December 2018 :			
<u>Statement of financial position</u>			
Right-of-use of assets	-	13,268	13,268
Deferred tax assets	5,000	265	5,265
Lease liabilities - current liabilities	-	3,636	3,636
Lease liabilities - non current liabilities	-	10,739	10,739
Retained earnings	360,713	(842)	359,871
<u>Income statement</u>			
Operating Expense	(2,102,911)	592	(2,102,319)
Interest Expense	(8,296)	(927)	(9,223)
Income Tax Expense	(38,046)	80	(37,966)

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 are no longer required. This Standard introduces a single accounting model, requiring the lessee to recognise the right-of-use of the underlying lease assets and the future lease payments liabilities in the statements of financial position. For a lessor, MFRS 16 continues to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.

Right-of-use assets comprise premises and equipment. Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities. The right-of-use assets are measured at an amount equal to the lease liabilities.

Lease liabilities arising from the premises are recognised and discounted using the weighted average incremental borrowing rate of the Group of 5.12% - 5.32%. Subsequent to initial recognition, the Group measure the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

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 year.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31 December 2019 RM'000	Preceding Year Quarter 31 December 2018 RM'000	Current Year To Date 31 December 2019 RM'000	Preceding Year To Date 31 December 2018 RM'000
<u>Basic earnings per share</u>		(Restated)		(Restated)
Profit attributable to members of the Company	31,639	36,497	129,324	144,426
Weighted Average Number of Ordinary Shares ('000)	1,289,359	1,292,246	1,290,536	1,292,246
Earnings per share (sen)	2.45	2.82	10.02	11.18

By Order of the Board
Tan Kim Aun
Soh Ke Yi
Secretaries

As at Dec 2019 (RM mil)	Completion	Contract Sum	O/S Orderbook	
Building			1,247	24%
Putrajaya Parcel F	1Q 2019	1,610	33	
PPA1M Kota Bharu	2Q 2021	582	76	
TNB HQ Campus (Ph 2)	2Q 2021	781	704	
PLC	2Q 2021	310	299	
Oxley Tower (MEP)	2Q 2022	68	67	
IOI Mall (MEP)	2Q 2021	68	68	
Infrastructure/Piling			2,026	39%
MRT V201 + S201	2Q 2021	1,213	163	
LRT 3 : Package GS07-08	2Q 2021	2,178	1,718	
Piling works	Various	99	24	
GS06,09 + 7MD7 (Piling)	Various	99	65	
Sentul West Station (MEP)	1Q 2021	57	57	
Internal			1,654	32%
SMC 4	4Q 2021	512	379	
Sunway Serene	3Q 2021	449	261	
Velo 2	4Q 2021	352	300	
Velocity 3C4	2Q 2021	100	75	
Sunway GEOLake	1Q 2021	223	82	
Carnival Mall Ext	1Q 2021	286	226	
SMC Seberang Jaya	1Q 2021	180	146	
BB Solar	4Q 2019	8	-	
Big Box Hotel	3Q 2020	100	72	
Parcel CP2 (piling)	3Q 2021	119	111	
Sw Pyramid Solar	2Q 2020	3	3	
Singapore			304	5%
Precast	Various	331	157	
New Order 2019	Various	160	147	
Grand Total		9,886	5,231	
Red : Secured in 2019		1,772	1,593	