

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

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/3/2016	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2015	CURRENT YEAR TO DATE 31/3/2016	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2015
		RM'000	RM'000	RM'000	RM'000
REVENUE		1,069,006	1,060,001	1,069,006	1,060,001
OPERATING EXPENSES		(944,424)	(939,903)	(944,424)	(939,903)
OTHER OPERATING INCOME		25,051	49,829	25,051	49,829
PROFIT FROM OPERATIONS		149,633	169,927	149,633	169,927
LOSS ON DERIVATIVES		-	(3,181)	-	(3,181)
FINANCE INCOME		23,580	14,576	23,580	14,576
FINANCE COSTS		(39,689)	(25,955)	(39,689)	(25,955)
SHARE OF PROFIT FROM ASSOCIATES		24,247	20,568	24,247	20,568
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES		18,304	17,560	18,304	17,560
PROFIT BEFORE TAX		176,075	193,495	176,075	193,495
INCOME TAX EXPENSE	B5	(32,842)	(36,077)	(32,842)	(36,077)
PROFIT FOR THE PERIOD		143,233	157,418	143,233	157,418
ATTRIBUTABLE TO:					
- OWNERS OF THE PARENT		102,101	146,540	102,101	146,540
- NON-CONTROLLING INTERESTS		41,132	10,878	41,132	10,878
		143,233	157,418	143,233	157,418
EARNINGS PER SHARE					
(i) BASIC (sen)		5.71	8.45	5.71	8.45
(ii) DILUTED (sen)		5.46	7.96	5.46	7.96

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/3/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2015 RM'000	CURRENT YEAR TO DATE 31/3/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2015 RM'000
PROFIT FOR THE PERIOD	143,233	157,418	143,233	157,418
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(29,811)	22,507	(29,811)	22,507
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS				
- FAIR VALUE OF DERIVATIVES	(214,151)	97,498	(214,151)	97,498
- AMOUNT RECYCLED TO PROFIT OR LOSS	200,403	(104,070)	200,403	(104,070)
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS	(43,559)	15,935	(43,559)	15,935
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>99,674</u>	<u>173,353</u>	<u>99,674</u>	<u>173,353</u>
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	60,089	159,422	60,089	159,422
- NON-CONTROLLING INTERESTS	39,585	13,931	39,585	13,931
	<u>99,674</u>	<u>173,353</u>	<u>99,674</u>	<u>173,353</u>

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

SUNWAY BERHAD (Company No : 921551-D)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016
 THE FIGURES HAVE NOT BEEN AUDITED

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

	AS AT END OF CURRENT QUARTER 31/3/2016 RM'000	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2015 RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment, and intangible assets	1,367,247	1,333,563
Intangible assets	38,777	38,407
Biological assets	427	457
Investment properties	2,767,631	2,722,348
Rock reserves	6,592	6,657
Land held for property development	1,187,953	1,194,112
Investment in associates	1,701,751	1,704,118
Investment in jointly controlled entities	1,476,449	1,477,055
Other investments	980	1,164
Derivative assets	196,130	351,271
Receivables	26,394	28,371
Goodwill	320,060	320,060
Deferred tax assets	74,770	83,714
	9,165,161	9,261,297
Current assets		
Properties development costs	1,047,190	977,999
Inventories	665,009	693,133
Receivables, deposits & prepayments	2,152,461	2,326,300
Cash and bank balances, and placement in funds	2,986,482	2,630,951
Tax recoverable	54,511	55,947
Derivative assets	-	55,230
	6,905,653	6,739,560
TOTAL ASSETS	16,070,814	16,000,857
EQUITY AND LIABILITIES		
Current liabilities		
Payables, accruals & other current liabilities	2,105,343	2,450,893
Bank borrowings	4,556,898	3,070,914
Taxation	30,992	32,470
Derivative liabilities	2,202	9,874
	6,695,435	5,564,151
Non-current liabilities		
Long term bank borrowings	1,265,377	2,818,189
Other long term liabilities	287,007	306,648
Derivative liabilities	7,194	7,709
Deferred taxation	92,382	90,886
	1,651,960	3,223,432
Total liabilities	8,347,395	8,787,583
Equity attributable to Owners of the Parent		
Share capital	1,983,467	1,799,755
Share premium	3,010,066	2,771,822
Treasury shares	(69,402)	(63,604)
Equity contribution from non-controlling interests	51,654	51,654
Reserves	2,057,691	2,003,089
	7,033,476	6,562,716
NON-CONTROLLING INTERESTS	689,943	650,558
Total equity	7,723,419	7,213,274
TOTAL EQUITY AND LIABILITIES	16,070,814	16,000,857
Net Assets Per Share Attributable To Owners Of The Parent (RM)	3.55	3.65

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

SUNWAY BERHAD (Company No : 921551-D)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016
 THE FIGURES HAVE NOT BEEN AUDITED

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

	-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----												TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	NON-DISTRIBUTABLE				DISTRIBUTABLE										
	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	EQUITY CONTRIBUTION FROM NON-CONTROLLING INTERESTS	NEGATIVE MERGER RESERVE	FOREIGN EXCHANGE RESERVE	SHARE OPTION RESERVE	HEDGE RESERVE	FURNITURE & FITTINGS RESERVE	OTHER RESERVES	RETAINED PROFITS	TOTAL RESERVES			
PERIOD ENDED 31 MARCH 2016															
At 1 January 2016	1,799,755	2,771,822	(63,604)	51,654	(1,192,040)	141,245	75,166	(9,972)	4,573	181,762	2,802,355	2,003,089	6,562,716	650,558	7,213,274
Profit for the year	-	-	-	-	-	-	-	-	-	-	102,101	102,101	102,101	41,132	143,233
Other comprehensive income	-	-	-	-	-	(28,264)	-	(13,748)	-	-	-	(42,012)	(42,012)	(1,547)	(43,559)
Total comprehensive income	-	-	-	-	-	(28,264)	-	(13,748)	-	-	102,101	60,089	60,089	39,585	99,674
New ESOS granted	-	-	-	-	-	-	2,622	-	-	-	-	2,622	2,622	-	2,622
Issuance of ordinary shares pursuant to:															
- exercise of ESOS	2,123	11,257	-	-	-	-	(8,107)	-	-	-	-	(8,107)	5,273	-	5,273
- exercise of warrants	181,589	226,987	-	-	-	-	-	-	-	-	-	-	408,576	-	408,576
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(200)	(200)
Purchase of treasury shares during the year	-	-	(5,798)	-	-	-	-	-	-	-	-	-	(5,798)	-	(5,798)
Dividends declared	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shares acquired by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from statutory reserve	-	-	-	-	-	-	-	-	-	(37)	37	-	-	-	-
Transfer to furniture & fittings reserve	-	-	-	-	-	-	-	-	(441)	-	441	-	-	-	-
At 31 March 2016	1,983,467	3,010,066	(69,402)	51,654	(1,192,040)	112,980	69,681	(23,720)	4,132	181,724	2,904,934	2,057,691	7,033,476	689,943	7,723,419
PERIOD ENDED 31 MARCH 2015															
At 1 January 2015	1,730,579	2,642,213	(29,275)	51,654	(1,192,040)	33,463	69,080	(4,896)	3,728	181,762	2,450,100	1,541,197	5,936,368	387,473	6,323,841
Profit for the year	-	-	-	-	-	-	-	-	-	-	146,540	146,540	146,540	10,878	157,418
Other comprehensive income	-	-	-	-	-	19,454	-	(6,572)	-	-	-	12,882	12,882	3,053	15,935
Total comprehensive income	-	-	-	-	-	19,454	-	(6,572)	-	-	146,540	159,422	159,422	13,931	173,353
New ESOS granted	-	-	-	-	-	-	3,930	-	-	-	-	3,930	3,930	-	3,930
Issuance of ordinary shares pursuant to:															
- exercise of ESOS	4,891	11,573	-	-	-	-	(2,942)	-	-	-	-	(2,942)	13,522	-	13,522
- exercise of warrants	4,383	6,574	-	-	-	-	-	-	-	-	-	-	10,957	-	10,957
Purchase of treasury shares	-	-	(478)	-	-	-	-	-	-	-	-	-	(478)	-	(478)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(282)	(282)
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	-	(916)	(916)	(916)	(40,528)	(41,444)
At 31 March 2015	1,739,853	2,660,360	(29,753)	51,654	(1,192,040)	52,917	70,068	(11,468)	3,728	181,762	2,595,724	1,700,691	6,122,805	360,594	6,483,399

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

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

	FOR THE 3 MONTHS PERIOD ENDED 31/3/2016 RM'000	FOR THE 3 MONTHS PERIOD ENDED 31/03/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	176,075	193,495
Adjustments for:		
- non-cash items	(57,216)	(28,805)
- finance costs	39,689	25,955
- finance income	(23,580)	(14,576)
Operating cash flows before working capital changes	134,968	176,069
Changes in working capital	(97,339)	(163,243)
Cash flow from operations	37,629	12,826
Interest received	23,651	14,457
Dividend received from jointly controlled entities and associates	29,750	33,257
Tax refunded	3,187	22,157
Tax paid	(25,633)	(28,453)
Net cash flow from operating activities	68,584	54,244
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment, and biological assets	624	1,344
Proceeds from disposal of non-current assets held for sale	-	126,388
Proceeds from liquidation of subsidiaries	-	350
Acquisition of land	(1,873)	(7)
Acquisition of property, plant and equipment, and biological assets	(88,964)	(82,746)
Acquisition of intangible assets	(1,736)	-
Acquisition of equity interest from non-controlling interest	-	(41,444)
Acquisition and subsequent expenditure of investment properties	(93,054)	(77,282)
Investment in associates	(2,837)	(17,688)
(Advances to)/Repayments from associates and joint ventures	(25,678)	4,371
Net cash flow from fund placements	14,541	239,823
Net cash (used in)/generated from investing activities	(198,977)	153,109
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	127,527	80,427
Advances from non-controlling interests of subsidiary companies	-	3
Interest paid	(37,505)	(25,009)
Proceeds from issue of shares from exercise of warrants	408,576	10,957
Proceeds from issue of shares from exercise of ESOS	5,273	13,522
Repurchase of shares	(5,798)	(478)
Dividend paid to non-controlling interests of subsidiaries	(200)	(282)
Net cash generated from financing activities	497,873	79,140
NET INCREASE IN CASH AND CASH EQUIVALENTS	367,480	286,493
EFFECTS OF EXCHANGE RATE CHANGES	2,853	5,282
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,247,895	1,292,910
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,618,228	1,584,685
Cash and cash equivalents at end of financial period comprise the following :		
Deposits with licensed banks and other financial institutions	1,026,021	1,155,247
Cash at banks and on hand	712,394	516,417
Short-term investments	1,248,067	353,028
Cash and bank balances, and short-term investments	2,986,482	2,024,692
Bank overdrafts	(97,203)	(86,979)
Less: Deposit with other financial institutions with maturity of over 3 months	(22,984)	-
Less: Short-term investments	(1,248,067)	(353,028)
Cash and cash equivalents	1,618,228	1,584,685
(The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)		

NOTES TO FINANCIAL STATEMENTS

A1 Accounting Policies and Basis of Preparation

The Group has prepared its financial statements using the Financial Reporting Standards ("FRS") for the financial period ending 31 March 2016.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities, inter alia, that are within the scope of IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities").

The Group falls within the scope of Transitioning Entities. Transitioning Entities are allowed to defer the adoption of the new MFRS Framework for an additional five years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018.

The interim financial report is unaudited and is prepared in accordance with FRS134 " 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 year ended 31 December 2015. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2015.

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

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRSs Annual Improvements to FRSs 2012 - 2014 Cycle	

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

A2 Report of the Auditors

The report of the auditors of preceding annual 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 except for the leisure and hospitality segments which normally peaks during major festive seasons and holidays.

A4 Unusual Items

There were no material unusual items affecting the amounts reported for the current quarter ended 31 March 2016.

A5 Changes in Estimates

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

A6 Issuances, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities

During the financial period ended 31 March 2016, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 2,122,754 ordinary shares of RM1.00 each pursuant to the exercise of the Employees' Share Option Scheme;
- (b) issuance of 181,589,213 ordinary shares of RM1.00 each pursuant to the exercise of warrants; and
- (c) the repurchase of equity securities of 1,939,400 ordinary shares at an average price of RM2.99 per share.

Save for the above, there was no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current period under review.

A7 Dividend Paid

During the financial period ended 31 March 2016, the following payments of dividend have been made:

- (a) RM117,720,475 was paid on 28 April 2016 as interim single tier dividend of 6% per ordinary share of RM1.00 each for the financial year ended 31 December 2015.

A8 Segmental Reporting

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

	Property Development	Property Investment Division	Construction	Trading and Manufacturing	Quarry	Investment Holdings	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
BY BUSINESS SEGMENTS								
REVENUE AND EXPENSES								
Total revenue	234,091	203,874	424,351	241,773	40,344	145,758	133,348	1,423,539
Inter-segment sales	-	(34,689)	(112,913)	(48,699)	(1,599)	(144,883)	(11,750)	(354,533)
External sales	234,091	169,185	311,438	193,074	38,745	875	121,598	1,069,006
Results								
Operating segment results	55,668	36,394	35,592	8,536	6,384	(1,922)	8,981	149,633
Finance income	4,956	1,229	2,848	198	75	10,857	3,417	23,580
Finance costs	(6,382)	(31,694)	(713)	(3,387)	(313)	4,426	(1,626)	(39,689)
Share of results of:								
- associated companies	2	24,140	-	-	-	-	105	24,247
- jointly controlled entities	14,850	3,454	-	-	-	-	-	18,304
Profit before taxation	69,094	33,523	37,727	5,347	6,146	13,361	10,877	176,075
Taxation	(9,629)	(7,373)	(8,635)	(1,806)	(1,298)	(2,319)	(1,782)	(32,842)
Profit for the period	59,465	26,150	29,092	3,541	4,848	11,042	9,095	143,233
Non controlling interests	(26,729)	(1,407)	(13,278)	(83)	(57)	32	390	(41,132)
Attributable to owners of the parent	32,736	24,743	15,814	3,458	4,791	11,074	9,485	102,101

	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
	RM'000	RM'000	RM'000	RM'000
BY GEOGRAPHICAL SEGMENTS				
Malaysia	924,958	155,972	124,936	90,146
Singapore	96,837	16,967	15,583	12,783
China	15,376	(6,400)	(6,499)	(5,407)
India	16	(395)	(395)	(292)
Australia	9,476	7,925	7,922	3,431
United Arab Emirates	-	(127)	(127)	(69)
Other Countries	22,343	2,133	1,813	1,509
	1,069,006	176,075	143,233	102,101

A9 Valuation of Property, Plant and Equipment and Investment Properties

The Group adopts the fair value model for its investment properties. There is no significant and indicative change in value of the said investment properties since the last balance sheet date.

A10 Material events

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

A11 Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter ended 31 March 2016.

A12 Contingent Liabilities and Assets

Details of contingent liabilities of the Group as at the date of issue of the report are as follows:

	31/3/2016 RM'000	31/12/2015 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>542,158</u>	<u>569,532</u>

There were no other material changes in contingent liabilities since the last annual reporting date.
There were no contingent assets.

A13 Commitments

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

	31/3/2016 RM'000	31/12/2015 RM'000
Amount authorised and contracted for	124,451	110,192
Amount authorised but not contracted for	<u>279,480</u>	<u>214,021</u>
	<u>403,932</u>	<u>324,213</u>

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

	31/3/2016 RM'000	31/12/2015 RM'000
Future minimum lease payment:		
- not later than 1 year	83,165	82,565
- later than 1 year and not later than 5 years	270,442	312,289
- later than 5 years	<u>108,722</u>	<u>90,805</u>
	<u>462,329</u>	<u>485,659</u>
Future minimum lease receipts:		
- not later than 1 year	74,050	56,539
- later than 1 year and not later than 5 years	271,851	258,592
- later than 5 years	<u>853,636</u>	<u>306,646</u>
	<u>1,199,537</u>	<u>621,777</u>

B1 Review of PerformanceFor the quarter

The Group recorded revenue of RM1,069.0 million and profit before tax of RM176.1 million for the current quarter ended 31 March 2016, compared to revenue of RM1,060.0 million and profit before tax of RM193.5 million in the corresponding quarter of the previous financial year. While the Group's revenue was marginally higher, the Group's current profit was lower. This was mainly due to the recognition of RM22.9 million capital gains from the disposal of two units of investment properties in the previous corresponding quarter. However, in terms of operational performance, the property development and property investment segments recorded better financial results, whereas the other segments generally recorded lower profits.

The property development segment reported revenue of RM234.1 million and profit before tax of RM69.1 million in the current quarter, compared to revenue of RM180.7 million and profit before tax of RM56.9 million in the corresponding quarter of the previous financial year. The increase in revenue was mainly contributed by sales from the Group's wholly-owned Avant Parc project in Singapore. The current profit was higher in line with the higher revenue.

The property investment segment reported revenue of RM169.2 million and profit before tax of RM33.5 million in the current quarter, compared to revenue of RM139.3 million and profit before tax of RM43.0 million in the corresponding quarter of the previous financial year. The higher revenue for the current quarter was due to higher rental contribution and better occupancy recorded from the portfolio of investment properties. In addition, the leisure division recorded higher revenue due to the increase in visitors following the opening of the Nickelodeon Lost Lagoon in the current quarter. The refurbishment of the 650 rooms at Sunway Putra Hotel was completed at the end of 2015, and has begun contributing to the Group's revenue from this quarter. However, the current profit was lower due to the recognition of RM22.9 million capital gains from the disposal of Sunway Hotel Georgetown and Wisma Sunway in the corresponding quarter of the previous financial year.

The construction segment recorded revenue of RM311.4 million and profit before tax of RM37.7 million in the current quarter, compared to revenue of RM375.3 million and profit before tax of RM52.2 million in the corresponding quarter of the previous financial year. The performance in the current quarter was lower due to lower billings from the civil and building projects, as some of them had reached or were near their completion stage.

The trading and manufacturing segment recorded revenue of RM193.1 million and profit before tax of RM5.3 million in the current quarter, compared to revenue of RM191.9 million and profit before tax of RM12.7 million in the corresponding quarter of the previous financial year. The segment continued to be affected by challenging market conditions in the current quarter, resulting in lower profits. In addition, the performance of the segment in the corresponding quarter in the previous financial year was partly boosted by higher pre-Goods and Services Tax (%GST+) demand.

The quarry segment recorded revenue of RM38.7 million and profit before tax of RM6.1 million in the current quarter, compared to revenue of RM53.8 million and profit before tax of RM7.7 million in the corresponding quarter of the previous financial year. The lower performance for the current quarter was due to a drop in sales and selling price for both aggregates and premix, following completion of some of the major infrastructure projects.

The other segments recorded revenue of RM122.5 million and profit before tax of RM24.2 million in the current quarter compared to revenue of RM119.0 million and profit before tax of RM20.9 million in the corresponding quarter of the previous financial year. The higher profit was mainly due to higher contribution from the Group's treasury operation.

B2 Material Changes in the Quarterly Results

The Group recorded revenue of RM1,069.0 million and profit before tax of RM176.1 million for the current quarter ended 31 March 2016, compared to revenue of RM1,395.8 million and profit before tax of RM285.0 million achieved in the preceding quarter. The lower financial results were mainly due to the lower profit contributions from the property development and property investment segments. The preceding quarter's profit was also boosted by the significant fair value gain from investment properties of RM55.6 million from the annual revaluation exercise done at the end of each year.

The property development segment recorded revenue of RM234.1 million and profit before tax of RM69.1 million in the current quarter, compared to revenue of RM420.0 million and profit before tax of RM114.2 million in the preceding quarter. The lower performance in the current quarter was mainly due to lower progress billings and profit recognition from ongoing local property development projects. In comparison, profit in the preceding quarter was boosted by profit from land sales, and completion and handover of a number of property development projects.

The property investment segment recorded revenue of RM169.2 million and profit before tax of RM33.5 million in the current quarter, compared to revenue of RM182.6 million and profit before tax of RM102.4 million in the preceding quarter. The lower performance in the current quarter was due to the seasonality factor, where the leisure and hospitality divisions delivered stronger performance in the last quarter of the year. The preceding quarter's profit before tax was also boosted by the significant fair value gain from investment properties of RM55.6 million from the annual revaluation exercise.

The construction segment recorded revenue of RM311.4 million and profit before tax of RM37.7 million in the current quarter, compared to revenue of RM405.9 million and profit before tax of RM30.0 million in the preceding quarter. The revenue in the current quarter was lower due to lower billings as some of the projects had reached or were near their completion stage. However, the current profit was better due to higher profit recognition from ongoing existing projects.

The trading and manufacturing segment recorded revenue of RM193.1 million and profit before tax of RM5.3 million in the current quarter compared to revenue of RM205.3 million and profit before tax of RM8.6 million in the preceding quarter. The financial performance of this segment was still impacted by challenging market conditions.

The quarry segment recorded revenue of RM38.7 million and profit before tax of RM6.1 million in the current quarter compared to revenue of RM57.5 million and profit before tax of 5.6 million in the preceding quarter. The lower revenue for the current quarter was due to a drop in sales for both aggregates and premix. Current profit, however, increased slightly, due to a decrease in material cost, which improved the operating margin.

The other segments recorded revenue of RM122.5 million and profit before tax of RM24.2 million in the current quarter compared to revenue of RM124.5 million and profit before tax of RM24.2 million in the preceding quarter. The performance of most of the operations was comparable to the preceding quarter's performance.

B3 Prospects

The Malaysian economy recorded a GDP growth rate of 4.2% in the first quarter of 2016, which is lower than the 4.5% recorded in the fourth quarter of 2015. Bank Negara expects the local economy to continue to grow at a moderate pace of between 4% to 4.5% for the rest of the year. However, it sees the downside risk to growth as still relatively high in view of the challenging economic environment both globally and domestically.

In view of the economic uncertainties, the property sector is expected to continue to consolidate until consumer sentiment and business confidence start to recover. However, the Government's commitment to continue to roll out high impact construction works under the 11th Malaysia Plan will bode well for the Group's construction, quarry and building materials businesses.

While the Group is well-positioned to face the challenges ahead, it will continue to adopt a cautious business strategy. It will also focus on improving its group synergies to become more resilient and competitive. Barring any unforeseen circumstances, the Group expects to deliver satisfactory performance for the next quarter in line with the business environment.

B4 Variance of Actual Profit from Profit Forecast

The Company did not issue any profit forecast or profit guarantee during the current year under review.

B5 Taxation

The current taxation does not include the tax payable for the share of profit from associates and share of profit from jointly controlled entities as the share of profit is recognised on an after tax basis.

	Current Quarter Ended 31/3/2016 RM'000	Cumulative Year To Date 31/3/2016 RM'000
Current taxation	(23,991)	(23,991)
Deferred taxation	(8,851)	(8,851)
	<u>(32,842)</u>	<u>(32,842)</u>

B6 Profit/(Loss) before Taxation

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

		Current Quarter Ended 31/3/2016 RM'000	Cumulative Year To Date 31/3/2016 RM'000
Depreciation and amortisation		(28,969)	(28,969)
Net reversal/(provision) of impairment for:			
- Trade receivables		903	903
- Inventories		(71)	(71)
- Advances to associate		6,718	6,718
Write off:			
- Property, plant and equipment		(21)	(21)
Net gain on disposal of:			
- property, plant and equipment		387	387
Net foreign exchange gain/(loss):			
- Others		(3,542)	(3,542)
- Unrealised for hedged items		200,403	200,403
Cash flow hedge reserve recycled to profit or loss		(200,403)	(200,403)
Fair value of ESOS option		(2,440)	(2,440)

B7 Status of Corporate Proposal Announced

There were no new corporate proposals announced but not completed as at the date of this report, except for the following:

B7.1 Proposed disposal of equity interest of Sunway GD Foundation Engineering Co. Ltd. ("Sunway GD"), by Sunway Global Limited ("Sunway Global")

On 12 July 2012, Sunway Global a 98.75% owned subsidiary of Sunway Holdings Sdn. Bhd. ("SHSB") which in turn is a wholly-owned subsidiary of the Company, had entered into an Equity Sale and Purchase Agreement with Mr Yu De Mao ("Purchaser") for the proposed disposal of Sunway Global's entire 60% equity interest in Sunway GD as well as its group of subsidiaries ("Proposed Disposal"), to the Purchaser for a nominal consideration after the Purchaser has discharged the liabilities of Sunway GD of RMB12,071,872 and HKD35,850,430 in 6 instalments and all accrued interest over the liabilities up to the date of payment of each of the instalments ("Liabilities").

The Proposed Disposal is conditional upon, amongst others, the Purchaser having discharge the Liabilities within a period of 22 months from the payment of the first instalment of the liabilities (i.e. 7 days from the date of signing the Equity Sale and Purchase Agreement). Upon completion of the Proposed Disposal, Sunway GD and its group of subsidiaries will cease to be subsidiaries of the Company.

Sunway GD was incorporated in Macau on 4 November 2005 with a total registered capital of MOP\$31,000,000. The principal activities of Sunway GD is to carry out foundation and construction works.

The Proposed Disposal is not expected to have any material effect on the earnings per share and net assets per share of the Company, and it has no effect on the Company's share capital and substantial shareholders' shareholding.

The Proposed Disposal does not require approval from the shareholders of the Company.

The Proposed Disposal of equity interest has not been completed as at the date of this report.

B7.2 Share sale and purchase agreement between Sunway Holdings Sdn. Bhd. ("SHSB"), a wholly-owned subsidiary of the Company and Lean Hoen Sew, Chew Pek Teong and Mohd Bakri Bin Ab Muda @ Nazri (collectively, known as "Pasir Mas Vendors")

On 9 April 2015, SHSB entered into a Share Sale and Purchase Agreement (the Agreement) with Pasir Mas Vendors for the acquisition of 50,000 ordinary shares of RM1.00 each representing 100% of the equity interest in Pasir Mas Holdings Sdn Bhd ("Pasir Mas") for a total cash consideration of RM1,750,000 (hereinafter referred to as "the Pasir Mas Acquisition").

Pasir Mas was incorporated on 10 October 1989 and its authorised and paid-up share capital are both RM50,000. Pasir Mas operates a petrol station and a motor vehicle workshop in Bandar Sunway.

Pasir Mas and Chevron Malaysia Limited have entered into an agreement for the sale and purchase of the land where the petrol station is operating as well as an agreement for the sale and purchase of the petrol station equipment, both of which are pending the satisfaction of the conditions precedent and thereafter completion. Sunway believes that Pasir Mas is operating from a strategic location, being opposite Sunway Pyramid Shopping Mall facing the New Pantai Expressway, and the land has re-development potential in future. Meanwhile, the existing businesses comprising mainly the sale of petroleum products and motor vehicle repair services are generating steady recurring income that will mitigate the holding cost of the land.

The Pasir Mas Acquisition is not expected to have any immediate material effect on the earnings per share and net assets per share of Sunway and it has no effect on Sunway's share capital and substantial shareholders' shareholding.

On 2 February 2016, SHSB entered into a Supplemental Letter in respect of the SSA with the Vendors to record and effect the following variations and amendments to the SSA:-

- (i) the Conditional Period be extended from 6 months from the date of the SSA to 12 months from the date of the SSA and thus, the Conditional Period will expire on 9 April 2016;
- (ii) SHSB consents to the increase in the issued and paid-up share capital of Pasir Mas to RM150,000 comprising 150,000 ordinary shares of RM1.00 each by the issuance of 100,000 ordinary shares of RM1.00 each as bonus shares by way of capitalisation of the retained profits to the Vendors in their shareholding proportion; and
- (iii) the Purchase Price remains unchanged.

The Pasir Mas Acquisition has been completed as at the date of this report.

B7.3 Sale and Purchase Agreement Between Sunway Dimension Stones Sdn. Bhd. ("SDSSB") and Tamura Electronics (M) Sdn. Bhd

On 19 February 2016, SDSSB, a wholly-owned subsidiary of SHSB, which in turn is a wholly-owned subsidiary of the Company, had entered into a Sale and Purchase Agreement (the SPA) with Tamura Electronics (M) Sdn. Bhd. (Tamura) for the acquisition of a freehold land held under H.S.(D) 79345, PT No. 4974, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 210,790 square feet together with the buildings erected thereon (the Property) on an as is where isq basis free from all encumbrances and with vacant possession for a total purchase consideration of RM35,820,000 (excluding Goods and Services Tax) (the Proposed Property Acquisition).

The Purchase Price shall be satisfied by SDSSB in the following manner:

- (a) An earnest deposit of RM720,000 already paid to Tamura at the time of submission of the tender by SDSSB and balance deposit of RM2,862,000 paid to Tamura upon execution of the SPA; and
- (b) The balance Purchase Price of RM32,238,000 shall be paid within 3 months from the Unconditional Date (as defined below). If SDSSB fails to pay the balance Purchase Price or any remaining part thereof on or before the Completion Date, an extension period of 1 month shall be granted subject to SDSSB paying an interest of 8% per annum on the outstanding amount, calculated on a daily basis.

The SPA shall become unconditional upon receipt of the State Authority consent (the Unconditional Date).

The Proposed Property Acquisition has not been completed as at the date of this report.

B7.4 Sales and Purchase Agreements between Ekuiti Meranti (M) Sdn. Bhd. with Sunway Dimension Stones Sdn. Bhd., View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd.

Ekuiti Meranti (M) Sdn. Bhd. (the JVCo), a wholly-owned subsidiary of Sunway City Sdn. Bhd. (SunCity), which in turn is a wholly-owned subsidiary of the Company, had on 19 February 2016, entered into the following Sale and Purchase Agreements (SPAs) for the acquisition of the undermentioned parcels of leasehold land (60 years tenure) free from encumbrances for a total purchase consideration of RM32,725,000 (excluding Goods and Services Tax) (Proposed Property Acquisition):

Vendors	Details of the lands	Purchase Consideration RM'000
SDSSB	Hakmilik H.S.(D) 182796, PT 7 in Pekan Subang, Daerah Petaling, Negeri Selangor measuring approximately 8,523 square metres (PT 7)	12,500
View2pick Sdn. Bhd. (V2P)	Hakmilik H.S.(D) 113417, PT 8 in Pekan Subang, Daerah Petaling, Negeri Selangor measuring approximately 0.9105 hectares (PT 8)	9,000
Chen Yew Plastics Sdn. Bhd. (CYP)	Hakmilik H.S.(M) 6476, PT 2049 in Mukim Sungai Buluh, Daerah Petaling, Negeri Selangor measuring approximately 2 acres together with buildings erected thereon (PT 2049)	11,225
TOTAL		32,725

PT 7, PT 8 and PT 2049 shall collectively be referred to as the Lands.

SunCity had on even date, entered into a Shareholders Agreement (SA) with V2P for the purpose of establishing a joint venture via the JVCo to develop industrial properties on the Lands (Development) as well as to regulate the relationship between SunCity and V2P with respect to the joint venture (Proposed Joint Venture).

Salient terms of the SPAs include, inter-alia, the following:

Pursuant to the SPAs, the JVCo would acquire the Lands from SDSSB, V2P and CYP free from encumbrances for a total purchase consideration of RM32,725,000 (excluding Goods and Services Tax).

The SPA for PT 2049 is conditional upon, amongst others, CYP having obtained the State Authority's approval whether unconditionally or subject to conditions acceptable to the JVCo and the discharge of the charge over PT 2049.

The SPAs for PT 7 and PT 8 shall become unconditional when the following conditions have been fulfilled:

- (a) SDSSB and CYP having obtained the State Authority's approval, whether unconditionally or subject to conditions acceptable to the JVCo;
- (b) the execution and fulfilment of the conditions precedent set out for PT 7 and PT 8;
- (c) SDSSB and V2P having obtained the State Authority's approval in accordance with the relevant provisions of the National Land Code in respect of the application for (i) amalgamation or (ii) surrender and re-alienation of PT 7, PT 8 and PT 2049 into one single issue document of title with a leasehold period of 99 years commencing from the date of issuance of the relevant new issue document of title; and
- (d) V2P having procured the registration of the discharge of the charge created over PT 8.

The completion of the acquisition of PT 7 and PT 8 are inter-conditional with one another while PT 2049 would be acquired independent of the acquisition of PT 7 and PT 8.

B7.4 Sales and Purchase Agreements between Ekuiti Meranti (M) Sdn. Bhd. with Sunway Dimension Stones Sdn. Bhd., View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd. (contd.)

Salient terms of the SA include, inter-alia, the following:

- (a) Under the Proposed Joint Venture, SunCity and V2P shall subscribe for the following ordinary shares of RM1 each for cash in the share capital of the JVCo:

Shareholders	Number of shares	Shareholding Ratio
SunCity	79,000	80% *
V2P	20,000	20%

* Included 1,000 ordinary shares of RM1 each currently held by SunCity in the JVCo.

- (b) SunCity and V2P shall be entitled to nominate and appoint 3 directors and 1 director respectively in the JVCo.
- (c) SunCity shall nominate the Chairman of the Board.
- (d) The JVCo to enter into a management agreement with Sunway Integrated Properties Sdn. Bhd., a wholly-owned subsidiary of SunCity to undertake the tasks stipulated in the SA at a management fee equivalent to 1% of gross development value (%GDV+) of the Development.

The SA shall become unconditional when the following conditions have been fulfilled:

- (a) Execution of the SPAs and fulfilment of the conditions precedent of the SPAs in relation to PT 7, PT 8 and PT 2049; and
- (b) Approval of the relevant authorities granted to the JVCo for the amalgamation or surrender and re-alienation of the Lands and the extension of the leasehold period of the Lands to 99 years.

The Proposed Property Acquisition and Proposed Joint Venture have not been completed as at the date of this report.

B8 Group Borrowings and Debt Securities

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Borrowings:			
- Current	2,459,366	2,097,532	4,556,898
- Non-current	945,377	320,000	1,265,377
	3,404,743	2,417,532	5,822,275
- Conventional	1,326,100	2,417,532	3,743,632
- Islamic	2,078,643	-	2,078,643
	3,404,743	2,417,532	5,822,275

Included in the above are borrowings which are denominated in a foreign currency as follows:

Secured	Foreign currency		RM'000	
	Current	Non-current	Current	Non-current
US Dollar (USD000) *	443,000	97,000	1,744,534	381,986
Singapore Dollar (SGD000) #	19	90,000	54	262,845
Chinese Renminbi (RMB000) **	32,829	-	20,006	-
Australia Dollar (AUD000) **	283	-	857	-
			1,765,451	644,831

Notes:

* Borrowings in which cross currency swap contracts have been entered into.

** Borrowings obtained by overseas subsidiaries.

Borrowings partially obtained by overseas subsidiaries. Those obtained by local subsidiaries have entered into cross currency swap contracts.

B9 Derivative Financial Instruments

The Group's outstanding derivatives as at 31 March 2016 were as follows:

Type of Derivatives	Contract/ Notional RM'000	Fair Value RM'000	Gains/(Losses) for the period RM'000	Cash Flow Hedge Reserve RM'000
Foreign currency forward contracts				
- Less than 1 year	30,107	(414)	-	-
- 1 year to 3 years	29,790	(2,143)	-	-
Interest rate swap contracts				
- Less than 1 year *	50,000	-	-	
- 1 year to 3 years	916,130	(3,464)	-	
Cross currency swap contracts #				
- Less than 1 year	1,591,020	113,042		(5,528)
- 1 year to 5 years	519,953	79,712		(8,220)
Total derivatives		186,734	-	(13,748)

* Includes a contract which has expired during the period.

Include contracts which have not been drawn down during the period.

Foreign currency forward contracts

The Group entered into foreign currency forward contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from normal business activities. These are done in accordance with the Group's foreign currency hedging policy and are executed with credit-worthy financial institutions which are governed by appropriate policies and procedures.

The derivatives arising from the foreign currency forward contracts are stated at fair value, using the prevailing market rates. Derivatives with positive market values are included under current assets and derivatives with negative market values are included under current liabilities. Any changes in fair value of derivatives during the period are taken directly to the income statement.

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 fair value interest rates and the hedging contract minimises the fluctuation of cash flow due to changes in the market interest rates. 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 period are taken directly to the income statement.

Cross currency swap contracts

The Group entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings which was entered to minimise the interest cost. The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuations over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognised directly in other comprehensive income until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the income statement. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the income statement.

Cash flow hedge accounting could not be applied where the hedge instruments were entered into prior to the loan drawdown. Changes in fair value of these hedge instruments are therefore recognised in the income statement.

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 a sole arbitrator and two preliminary sittings have been held to date. The Claimant then filed its Statement of Claim on 4 September 2008.

The Statement of Claim was raised in respect of various claims (including claiming the refund of the amount cashed on the Bank Guarantees) and the total amount claimed is Rs891.5 million (approximately equivalent to RM53 million).

At the hearing on 2 February 2009, the arbitrator recorded SunCon's filing of the Statement of Defence and Counterclaim. In the counterclaim, SunCon is seeking for Rs781,394,628.61 (approximately equivalent to RM46 million) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

75 hearings had been held and on 11 January 2013, the arbitrator that presided over the case passed away. The Claimant and SunCon may now proceed to appoint another arbitrator that is agreeable by both parties, failing such agreement an application can be filed to the Supreme Court for an appointment.

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

B11 Realised and Unrealised Profits

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

	31/3/2016 RM'000	31/12/2015 RM'000
Total retained profit of the Group:-		
Realised	1,466,470	1,764,021
Unrealised	789,322	399,476
Total share of retained profits from associated companies:		
Realised	(4,081)	(146)
Unrealised	168,582	168,582
Total share of retained profits from Jointly Controlled Entities:		
Realised	176,507	178,702
Unrealised	(18,924)	(20,877)
Less: Consolidation adjustments	327,058	312,597
Total Group's retained profits as per consolidated accounts	2,904,934	2,802,355

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

B12 Dividend

Other than the dividend paid as disclosed in note A7, no dividend has been proposed by the Board of Directors for the financial period ended 31 March 2016.

B13 Earnings per share

The calculation of the earnings per share for the Group is based on profit after taxation and non-controlling interests on the weighted average number of ordinary shares in issue during the period.

	Current Quarter Ended 31/3/2016 RM'000	Cumulative Year To Date 31/3/2016 RM'000
<u>Basic earnings per share</u>		
Profit attributable to members of the Company	102,101	102,101
Weighted Average Number of Ordinary Shares	1,786,636	1,786,636
Earnings per share (Basic) (sen)	5.71	5.71
<u>Diluted earnings per share</u>		
Profit attributable to members of the Company	102,101	102,101
Weighted Average Number of Ordinary Shares	1,869,650	1,869,650
Earnings per share (Diluted) (sen)	5.46	5.46

By Order of the Board

**Tan Kim Aun
Chin Lee Chin
Secretaries**