

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/3/2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2016 RM'000	CURRENT YEAR TO DATE 31/3/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2016 RM'000
REVENUE		1,091,340	1,069,006	1,091,340	1,069,006
OPERATING EXPENSES		(992,073)	(944,424)	(992,073)	(944,424)
OTHER OPERATING INCOME		17,494	25,051	17,494	25,051
PROFIT FROM OPERATIONS		116,761	149,633	116,761	149,633
FINANCE INCOME		42,859	23,580	42,859	23,580
FINANCE COSTS		(49,598)	(39,689)	(49,598)	(39,689)
SHARE OF PROFIT FROM ASSOCIATES		26,974	24,247	26,974	24,247
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES		16,123	18,304	16,123	18,304
PROFIT BEFORE TAX		153,119	176,075	153,119	176,075
INCOME TAX EXPENSE	B5	(27,339)	(32,842)	(27,339)	(32,842)
PROFIT FOR THE PERIOD		125,780	143,233	125,780	143,233
ATTRIBUTABLE TO:					
- OWNERS OF THE PARENT		107,912	102,101	107,912	102,101
- NON-CONTROLLING INTERESTS		17,868	41,132	17,868	41,132
		125,780	143,233	125,780	143,233
EARNINGS PER SHARE					
(i) BASIC (sen)		5.33	5.71	5.33	5.71
(ii) DILUTED (sen)		5.28	5.46	5.28	5.46

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/3/2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2016 RM'000	CURRENT YEAR TO DATE 31/3/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2016 RM'000
PROFIT FOR THE PERIOD	125,780	143,233	125,780	143,233
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	23,265	(29,811)	23,265	(29,811)
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS				
- FAIR VALUE OF DERIVATIVES	(22,947)	(214,151)	(22,947)	(214,151)
- AMOUNT RECYCLED TO PROFIT OR LOSS	23,092	200,403	23,092	200,403
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS	23,410	(43,559)	23,410	(43,559)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	149,190	99,674	149,190	99,674
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	138,660	60,089	138,660	60,089
- NON-CONTROLLING INTERESTS	10,530	39,585	10,530	39,585
	149,190	99,674	149,190	99,674

(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 2016 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 2017
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

	AS AT END OF CURRENT QUARTER 31/3/2017 RM'000	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2016 RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment	1,953,145	1,879,929
Intangible assets	33,899	32,811
Investment properties	2,768,494	2,798,405
Land held for property development	1,222,424	1,191,512
Investment in associates	1,730,732	1,728,879
Investment in jointly controlled entities	1,518,238	1,501,055
Goodwill	311,840	311,840
Deferred tax assets	69,001	70,758
Receivables	55,022	49,760
Derivative assets	160,722	164,711
Rock reserves	6,329	6,394
Other investments	439	476
Biological assets	819	825
	9,831,104	9,737,355
Current assets		
Properties development costs	1,195,139	1,171,286
Inventories	660,403	669,965
Receivables, deposits & prepayments	2,716,861	2,711,263
Cash and bank balances, and placement in funds	4,050,255	4,080,055
Tax recoverable	50,965	39,085
Derivative assets	212,659	342,944
	8,886,282	9,014,598
TOTAL ASSETS	18,717,386	18,751,953
EQUITY AND LIABILITIES		
Current liabilities		
Payables, accruals & other current liabilities	2,239,874	2,630,723
Bank borrowings	4,587,290	4,860,045
Taxation	26,277	30,885
Derivative liabilities	653	5,560
	6,854,094	7,527,213
Non-current liabilities		
Long term bank borrowings	3,033,376	2,553,122
Other long term liabilities	335,973	340,183
Derivative liabilities	3,684	3,644
Deferred taxation	95,378	94,561
	3,468,411	2,991,510
Total liabilities	10,322,505	10,518,723
Equity attributable to Owners of the Parent		
Share capital	2,075,941	2,063,067
Share premium	3,119,185	3,118,802
Treasury shares	(121,112)	(120,532)
Equity contribution from non-controlling interests	51,654	51,654
Reserves	2,489,274	2,356,731
	7,614,942	7,469,722
NON-CONTROLLING INTERESTS	779,939	763,508
Total equity	8,394,881	8,233,230
TOTAL EQUITY AND LIABILITIES	18,717,386	18,751,953
Net Assets Per Share Attributable To Owners Of The Parent (RM)	3.68	3.62

(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 2016 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 2017
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017

	----- 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			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PERIOD ENDED 31 MARCH 2017															
At 1 January 2017	2,063,067	3,118,802	(120,532)	51,654	(1,192,040)	145,649	63,987	(21,794)	8,370	191,645	3,160,914	2,356,731	7,469,722	763,508	8,233,230
Profit for the year	-	-	-	-	-	-	-	-	-	-	107,912	107,912	107,912	17,868	125,780
Other comprehensive income	-	-	-	-	-	30,604	-	144	-	-	-	30,748	30,748	(7,338)	23,410
Total comprehensive income	-	-	-	-	-	30,604	-	144	-	-	107,912	138,660	138,660	10,530	149,190
Issuance of ordinary shares pursuant to - exercise of ESOS	12,874	383	-	-	-	-	(3,362)	-	-	-	-	(3,362)	9,895	3,146	13,041
Purchase of treasury shares during the year	-	-	(580)	-	-	-	-	-	-	-	-	-	(580)	-	(580)
Shares acquired by non-controlling interest	-	-	-	-	-	-	-	-	-	-	(2,755)	(2,755)	(2,755)	2,755	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	142	(142)	-	-	-	-
Transfer to furniture & fittings reserve	-	-	-	-	-	-	-	-	(374)	-	374	-	-	-	-
At 31 March 2017	2,075,941	3,119,185	(121,112)	51,654	(1,192,040)	176,253	60,625	(21,650)	7,996	191,787	3,266,303	2,489,274	7,614,942	779,939	8,394,881
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)
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)	112,981	69,681	(23,720)	4,132	181,725	2,904,934	2,057,693	7,033,478	689,943	7,723,421

(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 2016 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2017

	FOR THE 3 MONTHS PERIOD ENDED 31/3/2017	FOR THE 3 MONTHS PERIOD ENDED 31/3/2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	153,119	176,075
Adjustments for:		
- non-cash items	(17,576)	(57,216)
- finance costs	49,598	39,689
- finance income	(42,859)	(23,580)
Operating cash flows before working capital changes	142,282	134,968
Changes in working capital	(225,252)	(97,339)
Cash flow (used in)/generated from operations	(82,970)	37,629
Interest received	42,464	23,651
Dividend received from jointly controlled entities and associates	26,670	29,750
Tax refunded	906	3,187
Tax paid	(42,158)	(25,633)
Net cash flow (used in)/generated from operating activities	(55,088)	68,584
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment, and biological assets	8,327	624
Acquisition of land	(727)	(1,873)
Acquisition of property, plant and equipment, and biological assets	(72,077)	(88,964)
Acquisition of intangible assets	(1,910)	(1,736)
Acquisition and subsequent expenditure of investment properties	(46,076)	(93,054)
Investment in joint ventures	(2,100)	-
Investment in associates	(2,239)	(2,837)
Advances to from associates and joint ventures	(170,639)	(25,678)
Net cash used in investing activities	(287,441)	(213,518)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	307,741	127,527
Withdrawal from short-term investments	-	14,541
Interest paid	(48,723)	(37,505)
Proceeds from issue of shares from exercise of warrants	-	408,576
Proceeds from issue of shares from exercise of ESOS	9,895	5,273
Repurchase of shares	(580)	(5,798)
Dividend paid to non-controlling interests of subsidiaries	-	(200)
Net cash generated from financing activities	268,333	512,414
NET INCREASE IN CASH AND CASH EQUIVALENTS	(74,196)	367,480
EFFECTS OF EXCHANGE RATE CHANGES	10,891	2,853
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,824,156	1,247,895
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,760,851	1,618,228
Bank overdrafts	104,817	97,203
Short-term investments	2,184,587	1,271,051
Cash and bank balances, and placement in funds	4,050,255	2,986,482

(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 2016 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 2017.

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 2016. 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 2016.

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 2016 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 2017, as disclosed below:

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12	Annual Improvements to FRS Standards 2016 - 2016 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 2017.

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 2017.

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

During the financial period ended 31 March 2017, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 3,940,500 ordinary shares pursuant to the exercise of the Employees' Share Option Scheme;
- (b) the repurchase of equity securities of 191,900 ordinary shares at an average price of RM3.02 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

Dividend payments made since the last financial year end are as follows:

- (a) RM81,151,797 was paid on 28 April 2017 as second interim dividend of 4 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2016.
- (b) A share dividend distribution of approximately 20.3 million treasury shares was distributed on 28 April 2017 on the basis of 1 treasury share for every 100 existing ordinary shares held.

Based on the cost of treasury shares amounting to RM63.5 million (equivalent to approximately RM3.14 per share), the share dividend is equivalent to cash dividend of 3.14 sen per share.

A8 Segmental Reporting

Segmental results for the financial period ended 31 March 2017 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	144,346	228,122	531,021	298,814	47,610	289,298	180,600	1,719,811
Inter-company sales	(1,037)	(41,213)	(214,186)	(53,635)	(7,417)	(287,453)	(23,530)	(628,471)
External sales	143,309	186,909	316,835	245,179	40,193	1,845	157,070	1,091,340
Results								
Operating segment results	7,933	44,081	34,718	12,530	892	(3,460)	20,067	116,761
Gain on derivatives								-
Finance income	7,887	1,290	3,360	189	73	26,364	3,696	42,859
Finance costs	(3,274)	(44,344)	(1,157)	(3,936)	(463)	5,674	(2,098)	(49,598)
Share of results of:								
- associated companies	1	26,492	-	-	-	-	481	26,974
- jointly controlled entities	12,516	3,607	-	-	-	-	-	16,123
Profit before taxation	25,063	31,126	36,921	8,783	502	28,578	22,146	153,119
Taxation	(4,858)	(8,026)	(7,835)	(2,111)	(132)	(1,641)	(2,736)	(27,339)
Profit for the period	20,205	23,100	29,086	6,672	370	26,937	19,410	125,780
Non controlling interests	(5,860)	2,720	(13,577)	(1,136)	(47)	4	28	(17,868)
Attributable to owners of the parent	14,345	25,820	15,509	5,536	323	26,941	19,438	107,912

	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	934,749	131,820	106,987	93,008
Singapore	83,689	22,326	20,714	17,280
China	33,861	(4,360)	(4,550)	(4,624)
India	-	1	1	1
Australia	12,283	912	909	729
United Arab Emirates	-	(81)	(81)	(44)
Other Countries	26,758	2,501	1,800	1,562
	1,091,340	153,119	125,780	107,912

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 2017.

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 2017.

A12 Contingent Liabilities and Assets

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

	31/3/2017 RM'000	31/12/2016 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>711,033</u>	<u>687,772</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 2017 is as follows:

	31/3/2017 RM'000	31/12/2016 RM'000
Amount authorised and contracted for	62,155	66,164
Amount authorised but not contracted for	<u>239,788</u>	<u>150,370</u>
	<u>301,942</u>	<u>216,534</u>

(b) Operating lease commitment not provided for in the financial year as at 31 March 2017 is as follows:

	31/3/2017 RM'000	31/12/2016 RM'000
Future minimum lease payment:		
- not later than 1 year	93,791	90,601
- later than 1 year and not later than 5 years	284,148	281,241
- later than 5 years	<u>70,709</u>	<u>90,295</u>
	<u>448,648</u>	<u>462,137</u>
Future minimum lease receipts:		
- not later than 1 year	75,654	78,069
- later than 1 year and not later than 5 years	314,532	275,663
- later than 5 years	<u>818,523</u>	<u>938,425</u>
	<u>1,208,709</u>	<u>1,292,157</u>

B1 Review of PerformanceFor the quarter

The Group recorded revenue of RM1,091.3 million and profit before tax of RM153.1 million for the current quarter ended 31 March 2017, compared to revenue of RM1,069.0 million and profit before tax of RM176.1 million in the corresponding quarter of the previous financial year. Revenue in the current quarter was higher due to higher contribution from all business segments, except property development. However, profit before tax was lower due to lower contribution from several business segments mentioned below.

The property development segment reported revenue of RM143.3 million and profit before tax of RM25.1 million in the current quarter, compared to revenue of RM234.1 million and profit before tax of RM69.1 million in the corresponding quarter of the previous financial year. Revenue in the current quarter was lower mainly due to lower sales and progress billings from local development projects. In addition, no sales was recorded for the Group's wholly-owned Avant Parc project in Singapore in the current quarter, as the project was fully sold in the second quarter of 2016. As a result, the current profit before tax was correspondingly lower.

The property investment segment reported revenue of RM186.9 million and profit before tax of RM31.1 million in the current quarter, compared to revenue of RM169.2 million and profit before tax of RM33.5 million in the corresponding quarter of the previous financial year. The higher revenue in the current quarter was mainly due to additional revenue from the new Sunway Velocity Mall, which was opened in December 2016. Profit before tax was marginally lower, however, due to higher opening and operating expenses incurred for Sunway Velocity Mall.

The construction segment recorded revenue of RM316.8 million and profit before tax of RM36.9 million in the current quarter, compared to revenue of RM311.4 million and profit before tax of RM37.7 million in the corresponding quarter of the previous financial year. The financial performance of this segment in the current quarter was largely in line with the corresponding quarter of the previous financial year.

The trading and manufacturing segment recorded revenue of RM245.2 million and profit before tax of RM8.8 million in the current quarter, compared to revenue of RM193.1 million and profit before tax of RM5.3 million in the corresponding quarter of the previous financial year. The performance of the current quarter has improved due to better overall market condition and sentiment, which resulted in higher sales for the segment, both locally and overseas.

The quarry segment recorded revenue of RM40.2 million and profit before tax of RM0.5 million in the current quarter, compared to revenue of RM38.7 million and profit before tax of RM6.1 million in the corresponding quarter of the previous financial year. Although revenue in the current quarter was higher due to higher sales volume of aggregates and premix, profit before tax was lower due to lower operating margin.

The other segments recorded revenue of RM158.9 million and profit before tax of RM50.7 million in the current quarter compared to revenue of RM122.5 million and profit before tax of RM24.4 million in the corresponding quarter of the previous financial year. The better performance in the current quarter was due to higher contribution from the healthcare and building materials segments and Group treasury operations.

B2 Material Changes in the Quarterly Results

The Group recorded revenue of RM1,091.3 million and profit before tax of RM153.1 million for the current quarter ended 31 March 2017, compared to revenue of RM1,293.4 million and profit before tax of RM270.6 million achieved in the preceding quarter. The overall lower performance in the current quarter was mainly due to the lower contribution from the property development segment.

The property development segment recorded revenue of RM143.3 million and profit before tax of RM25.1 million in the current quarter, compared to revenue of RM406.3 million and profit before tax of RM136.2 million in the preceding quarter. The performance of the current quarter was lower due to lower sales and progress billings. The better performance of the preceding quarter was also boosted by the completion of several local projects with better margins and profit from sale of a piece of land to Sunway REIT.

The property investment segment recorded revenue of RM186.9 million and profit before tax of RM31.1 million in the current quarter, compared to revenue of RM172.9 million and profit before tax of RM37.7 million in the preceding quarter. Revenue was higher in the current quarter mainly due to additional contributions from the newly-opened Sunway Velocity Mall. However, the current profit before tax was lower, compared to the preceding quarter's profit which was boosted by fair value gains from the year-end revaluation of investment properties.

The construction segment recorded revenue of RM316.8 million and profit before tax of RM36.9 million in the current quarter, compared to revenue of RM288.7 million and profit before tax of RM29.7 million in the preceding quarter. Revenue was higher in the current quarter mainly due to lower intra-group revenue elimination. The higher profit before tax was in line with the higher revenue.

The trading and manufacturing segment recorded revenue of RM245.2 million and profit before tax of RM8.8 million in the current quarter compared to revenue of RM215.1 million and profit before tax of RM16.3 million in the preceding quarter. Revenue increased in the current quarter due to stronger sales from its local and overseas operations. Current profit before tax was lower, however, as the preceding quarter's profit was boosted by provision write-back from the Winstar group of companies.

The quarry segment recorded revenue of RM40.2 million and profit before tax of RM0.5 million in the current quarter compared to revenue of RM54.1 million and profit before tax of RM0.8 million in the preceding quarter. The financial performance of this segment was lower in the current quarter due to lower sales volume of aggregates and premix.

The other segments recorded revenue of RM158.9 million and profit before tax of RM50.7 million in the current quarter compared to revenue of RM156.3 million and profit before tax of RM49.9 million in the preceding quarter. The overall performance of the current quarter was comparable to the preceding quarter.

B3 Prospects

The Malaysian economy grew at its fastest pace in two years by recording a robust growth rate of 5.6% in the first quarter of 2017, boosted by strong domestic demand, higher private and public sector expenditure and rise in manufacturing activity. In comparison, the preceding quarter and the corresponding quarter of last year only expanded by 4.5% and 4.1%, respectively. However, Bank Negara did not revise its annual economic forecast higher despite the strong growth recorded in the first quarter. It only expects the local economy to grow between 4.3% to 4.8% for 2017.

Based on the above forecast by Bank Negara and coupled with the improving global economic forecast by IMF, the Malaysian economy is expected to remain resilient, if not stronger going forward. This will augur well for the Group, which will benefit from any better than expected growth from the domestic economy. Barring any unforeseen circumstances, the Group is expected to deliver a satisfactory performance in the next quarter.

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 31/3/2017 RM'000	Cumulative Year To Date 31/3/2017 RM'000
Current taxation	(26,733)	(26,733)
Deferred taxation	(606)	(606)
	<u>(27,339)</u>	<u>(27,339)</u>

B6 Profit/(Loss) before Taxation

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

	Current Quarter Ended 31/3/2017 RM'000	Cumulative Year To Date 31/3/2017 RM'000
Depreciation and amortisation	(34,555)	(34,555)
Net reversal/(provision) of impairment for:		
- Trade receivables	(4,229)	(4,229)
- Inventories	(537)	(537)
Write off:		
- Property, plant and equipment	(365)	(365)
Net gain on disposal of:		
- property, plant and equipment	395	395
Net foreign exchange gain/(loss):		
- Others	929	929
- Unrealised for hedged items	23,092	23,092
Cash flow hedge reserve recycled to profit or loss	(23,092)	(23,092)

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 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.

B7.1 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 of PT2049 was completed as at the date of this report. The remainder of 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 2017 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Borrowings:			
- Current	2,232,877	2,354,413	4,587,290
- Non-current	1,640,019	1,393,357	3,033,376
	3,872,896	3,747,770	7,620,666
- Conventional	3,257,126	1,867,770	5,124,896
- Islamic	615,770	1,880,000	2,495,770
	3,872,896	3,747,770	7,620,666

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 (USD) *	328,000	148,000	1,453,040	655,640
Singapore Dollar (SGD) #	117	76,510	370	242,826
Chinese Renminbi (RMB) **	43,602	-	28,058	-
Indonesian Rupiah (RP) **	8,027,966	-	2,673	-
Australia Dollar (AUD) **	645	-	2,186	-
			1,486,327	898,466

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 2017 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
Commodity futures				
- Less than 1 year	1,892	379	-	
Interest rate swap contracts				
- Less than 1 year *	916,130	(869)	-	
Foreign currency forward contracts				
- Less than 1 year	79,069	1,072	-	866
- 1 year to 3 years	2,337	(54)	(69)	-
Cross currency swap contracts #				
- Less than 1 year	1,227,799	208,023		(1,061)
- 1 year to 5 years	733,838	160,493		50
Total derivatives		369,044	(69)	(145)

* Includes a contract which has expired during the period.

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

Commodity futures

The commodity futures were entered into with the objective of managing and hedging the Company's exposure to adverse price movements in commodities. The fair values of this component have been determined based on published market prices or prices quoted from reputable financial institutions.

The above derivative is initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.

Foreign currency forward contracts

The Group entered into foreign currency forward contracts to minimise its exposure to foreign currency risks as a results 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 RM61 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 RM52 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:

	31/3/2017 RM'000	31/12/2016 RM'000
Total retained profit of the Group:-		
Realised	3,696,529	3,521,707
Unrealised	846,396	853,333
Total share of retained profits from associated companies:		
Realised	4,574	3,167
Unrealised	192,271	192,274
Total share of retained profits from Jointly Controlled Entities:		
Realised	161,948	145,292
Unrealised	(18,447)	(18,075)
Less: Consolidation adjustments	(1,616,968)	(1,536,784)
Total Group's retained profits as per consolidated accounts	<u>3,266,303</u>	<u>3,160,914</u>

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

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 2017.

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 31/3/2017 RM'000	Cumulative Year To Date 31/3/2017 RM'000
<u>Basic earnings per share</u>		
Profit attributable to members of the Company	107,912	107,912
Weighted Average Number of Ordinary Shares	2,025,253	2,025,253
Earnings per share (Basic) (sen)	5.33	5.33
<u>Diluted earnings per share</u>		
Profit attributable to members of the Company	107,912	107,912
Weighted Average Number of Ordinary Shares	2,044,940	2,044,940
Earnings per share (Diluted) (sen)	5.28	5.28

By Order of the Board

**Tan Kim Aun
Chin Lee Chin**

Secretaries