

SUNWAY BERHAD (Company No : 921551-D)
(FORMERLY KNOWN AS ALPHA SUNRISE SDN. BHD.)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2012

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-----------------------------------------------------|-----------------------------------------|---------------------------------------------------------|-----------------------------------------|--------------------------------------------------------|
| | CURRENT YEAR QUARTER 30/6/2012 | PRECEDING YEAR CORRESPONDING QUARTER 30/6/2011 | CURRENT YEAR TO DATE 30/6/2012 | PRECEDING YEAR CORRESPONDING PERIOD 30/6/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| REVENUE | 996,089 | 1,002,565 | 1,810,854 | 1,836,276 |
| OPERATING EXPENSES | (917,832) | (967,069) | (1,688,309) | (1,774,739) |
| OTHER OPERATING INCOME | 25,943 | 22,291 | 42,060 | 39,643 |
| PROFIT FROM OPERATIONS | <u>104,200</u> | <u>57,787</u> | <u>164,605</u> | <u>101,180</u> |
| (LOSS) / GAIN ON DERIVATIVES | 162 | 385 | 410 | 3,558 |
| FINANCE INCOME | 6,980 | 9,071 | 12,513 | 12,879 |
| FINANCE COSTS | (29,745) | (15,897) | (53,882) | (32,389) |
| SHARE OF PROFIT FROM ASSOCIATES | 101,516 | 56,954 | 120,391 | 74,066 |
| SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES | 10,034 | 38,707 | 34,009 | 66,932 |
| PROFIT BEFORE TAX | <u>193,147</u> | <u>147,007</u> | <u>278,046</u> | <u>226,226</u> |
| INCOME TAX EXPENSE | (30,334) | (30,690) | (48,835) | (20,988) |
| PROFIT FOR THE PERIOD | <u>162,813</u> | <u>116,317</u> | <u>229,211</u> | <u>205,238</u> |
| ATTRIBUTABLE TO: | | | | |
| - OWNERS OF THE PARENT | 154,335 | 108,415 | 218,782 | 176,704 |
| - NON-CONTROLLING INTERESTS | 8,478 | 7,902 | 10,429 | 28,534 |
| | <u>162,813</u> | <u>116,317</u> | <u>229,211</u> | <u>205,238</u> |
| EARNINGS PER SHARE | | | | |
| (i) BASIC (sen) | <u>11.94</u> | <u>8.39</u> | <u>16.93</u> | <u>13.67</u> |
| (ii) DILUTED (sen) | <u>11.94</u> | <u>6.99</u> | <u>16.93</u> | <u>11.39</u> |

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 921551-D)
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THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2012

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-------------------------------------------------------------------|-----------------------------------------|---------------------------------------------------------|-----------------------------------------|--------------------------------------------------------|
| | CURRENT YEAR QUARTER 30/6/2012 | PRECEDING YEAR CORRESPONDING QUARTER 30/6/2011 | CURRENT YEAR TO DATE 30/6/2012 | PRECEDING YEAR CORRESPONDING PERIOD 30/6/2011 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| PROFIT FOR THE PERIOD | 162,813 | 116,317 | 229,211 | 205,238 |
| FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION | 3,419 | 11,329 | (13,331) | 3,411 |
| CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS | | | | |
| - FAIR VALUE OF DERIVATIVES | 35,619 | - | 12,477 | - |
| - AMOUNT RECYCLED TO PROFIT OR LOSS | <u>(41,223)</u> | <u>-</u> | <u>(10,533)</u> | <u>-</u> |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX | <u>(2,185)</u> | <u>11,329</u> | <u>(11,387)</u> | <u>3,411</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | <u>160,628</u> | <u>127,646</u> | <u>217,824</u> | <u>208,649</u> |
| ATTRIBUTABLE TO: | | | | |
| - OWNERS OF THE PARENT | 153,928 | 119,555 | 211,044 | 182,140 |
| - NON-CONTROLLING INTERESTS | 6,700 | 8,091 | 6,780 | 26,509 |
| | <u>160,628</u> | <u>127,646</u> | <u>217,824</u> | <u>208,649</u> |

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SUNWAY BERHAD (Company No : 921551-D)
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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

| | AS AT END OF CURRENT QUARTER 30/6/2012 | AS AT PRECEDING FINANCIAL PERIOD END 31/12/2011 (Restated) |
|----------------------------------------------------|----------------------------------------------|---------------------------------------------------------------------|
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 942,805 | 960,567 |
| Biological assets | 526 | 416 |
| Investment properties | 1,007,105 | 888,896 |
| Rock reserves | 7,912 | 8,379 |
| Land held for property development | 795,207 | 1,017,292 |
| Investment in associates | 1,093,651 | 1,015,303 |
| Investment in jointly controlled entities | 405,867 | 265,896 |
| Other investments | 1,810 | 1,849 |
| Derivative assets | 46,077 | 33,600 |
| Receivables | 347 | 7,013 |
| Goodwill | 326,491 | 326,497 |
| Other intangible assets | 3,209 | - |
| Deferred tax assets | 39,742 | 33,308 |
| | 4,670,749 | 4,559,016 |
| Current assets | | |
| Properties development costs | 783,474 | 669,334 |
| Inventories | 586,353 | 451,840 |
| Receivables, deposits & prepayments | 1,481,185 | 1,319,145 |
| Deposits, bank & cash balances | 793,819 | 776,705 |
| Tax recoverable | 71,078 | 67,588 |
| | 3,715,909 | 3,284,612 |
| TOTAL ASSETS | 8,386,658 | 7,843,628 |
| EQUITY AND LIABILITIES | | |
| Current liabilities | | |
| Payables, accruals & other current liabilities | 2,072,482 | 2,005,566 |
| Bank borrowings | 487,619 | 319,222 |
| Taxation | 31,979 | 27,098 |
| Derivative liabilities | 821 | 1,554 |
| | 2,592,901 | 2,353,440 |
| Non-current liabilities | | |
| Long term bank borrowings | 2,054,288 | 1,934,472 |
| Other long term liabilities | 138,598 | 154,686 |
| Derivative liabilities | 329 | 182 |
| Deferred taxation | 46,633 | 47,914 |
| | 2,239,848 | 2,137,254 |
| Total liabilities | 4,832,749 | 4,490,694 |
| Equity attributable to Owners of the Parent | | |
| Share capital | 1,292,505 | 1,292,505 |
| Share premium | 2,326,509 | 2,326,509 |
| Equity Contribution from non-controlling interests | 35,376 | 35,376 |
| Negative merger reserve | (1,192,040) | (1,192,040) |
| Retained profits | 659,198 | 440,801 |
| Other reserves | 116,569 | 121,820 |
| | 3,238,117 | 3,024,971 |
| NON-CONTROLLING INTERESTS | 315,792 | 327,963 |
| Total equity | 3,553,909 | 3,352,934 |
| TOTAL EQUITY AND LIABILITIES | 8,386,658 | 7,843,628 |
| Net Assets Per Share | 2.51 | 2.34 |

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2012

| | ATTRIBUTABLE TO OWNERS OF THE PARENT | | | | | | | | | | | | | | DISTRIBUTABLE | | NON-CONTROLLING INTERESTS | TOTAL EQUITY |
|-----------------------------------------------------------------------------|----------------------------------------------------|---------------|-------------------------|-----------------------|-----------------|----------------------------|--------------------------|--------------------|-------------------|---------------------|----------------------|-------------------------|------------------------------|--------|------------------|-----------|---------------------------|--------------|
| | EQUITY CONTRIBUTION FROM NON-CONTROLLING INTERESTS | | | | | NON-DISTRIBUTABLE | | | | | | | | | RETAINED PROFITS | TOTAL | | |
| | SHARE CAPITAL | SHARE PREMIUM | NEGATIVE MERGER RESERVE | OTHER RESERVES, TOTAL | CAPITAL RESERVE | CAPITAL REDEMPTION RESERVE | FOREIGN EXCHANGE RESERVE | FAIR VALUE RESERVE | STATUTORY RESERVE | REVALUATION RESERVE | SHARE OPTION RESERVE | CASH FLOW HEDGE RESERVE | FURNITURE & FITTINGS RESERVE | | | | | |
| 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 | RM'000 | | |
| PERIOD ENDED 30 JUNE 2011 | | | | | | | | | | | | | | | | | | |
| At 1 January 2011 (as previously stated) | 1,292,505 | 2,326,509 | - | (1,173,563) | 176,800 | 109,312 | 203 | (8,002) | 49,967 | 618 | 22,501 | 2,201 | - | - | - | 2,622,251 | 385,837 | 3,008,088 |
| Effects of adopting Amendments to FRS112 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 31,331 | 31,331 | 55 | 31,386 |
| At 1 January 2011 (as restated) | 1,292,505 | 2,326,509 | - | (1,173,563) | 176,800 | 109,312 | 203 | (8,002) | 49,967 | 618 | 22,501 | 2,201 | - | - | 31,331 | 2,653,582 | 385,892 | 3,039,474 |
| Total comprehensive income | - | - | - | - | 5,436 | - | - | 5,436 | - | - | - | - | - | - | 176,704 | 182,140 | 26,509 | 208,649 |
| Dividend | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Issue of ordinary shares by subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 5,900 | 5,900 |
| New ESOS granted | - | - | - | - | 464 | - | - | - | - | - | - | 464 | - | - | - | 464 | - | 464 |
| Redemption of redeemable preference shares | - | - | - | - | 113 | - | 113 | - | - | - | - | - | - | - | (113) | - | - | - |
| Dilution of equity interest in subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (5,234) | (5,234) | 411 | (4,823) |
| Effect of FRS 139 | - | - | - | - | (1,898) | - | - | - | (1,898) | - | - | - | - | - | 459 | (1,439) | (2,789) | (4,228) |
| Dividends paid by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (2,746) | (2,746) |
| Disposal of a subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 13,430 | 13,430 |
| Acquisition of interest from non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (8,023) | (8,023) |
| Transfer to statutory reserve | - | - | - | - | 245 | - | - | - | - | 245 | - | - | - | - | (245) | - | - | - |
| Transfer to furniture & fittings reserve | - | - | - | - | 504 | - | - | - | - | - | - | - | 504 | - | (504) | - | - | - |
| Share of depreciation transfer on land, net of tax by an associated company | - | - | - | - | (144) | - | - | - | - | - | (144) | - | - | - | 193 | 49 | - | 49 |
| At 30 June 2011 (as restated) | 1,292,505 | 2,326,509 | - | (1,173,563) | 181,520 | 109,312 | 316 | (2,566) | 48,069 | 863 | 22,357 | 2,665 | - | 504 | 202,591 | 2,829,562 | 418,584 | 3,248,146 |
| PERIOD ENDED 30 JUNE 2012 | | | | | | | | | | | | | | | | | | |
| At 1 January 2012 (as previously stated) | 1,292,505 | 2,326,509 | 35,376 | (1,192,040) | 121,820 | 34,137 | 75,521 | (24,156) | 21,643 | 879 | 22,357 | 3,170 | (13,780) | 2,049 | 401,263 | 2,985,433 | 326,366 | 3,311,799 |
| Effects of adopting Amendments to FRS112 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 39,538 | 39,538 | 1,597 | 41,135 |
| At 1 January 2012 (as restated) | 1,292,505 | 2,326,509 | 35,376 | (1,192,040) | 121,820 | 34,137 | 75,521 | (24,156) | 21,643 | 879 | 22,357 | 3,170 | (13,780) | 2,049 | 440,801 | 3,024,971 | 327,963 | 3,352,934 |
| Total comprehensive income | - | - | - | - | (7,738) | - | - | (9,682) | - | - | - | - | 1,944 | - | 218,782 | 211,044 | 6,780 | 217,824 |
| Effect of FRS 139 | - | - | - | - | 2,633 | - | - | - | 2,633 | - | - | - | - | - | 4 | 2,637 | 1,755 | 4,392 |
| Dividends paid by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (3,671) | (3,671) |
| Acquisition of equity interest from non-controlling interest | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (274) | (274) | (17,035) | (17,309) |
| Transfer to furniture & fittings reserve | - | - | - | - | 115 | - | - | - | - | - | - | - | 115 | - | (115) | - | - | - |
| Utilisation of furniture & fittings reserve | - | - | - | - | (261) | - | - | - | - | - | - | - | (261) | - | - | (261) | - | (261) |
| At 30 June 2012 | 1,292,505 | 2,326,509 | 35,376 | (1,192,040) | 116,569 | 34,137 | 75,521 | (33,838) | 24,276 | 879 | 22,357 | 3,170 | (11,836) | 1,903 | 659,198 | 3,238,117 | 315,792 | 3,553,909 |

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2012

| | FOR THE 6 MONTHS PERIOD ENDED 30/6/2012 | FOR THE 6 MONTHS PERIOD ENDED 30/6/2011 |
|------------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from operations | 1,896,981 | 1,913,614 |
| Payment to suppliers and contractors | (1,188,026) | (1,131,207) |
| Payment of operating expenses | (653,042) | (649,113) |
| Interest received | 7,409 | 16,751 |
| Dividend received from associate and jointly controlled entity | 38,071 | 47,056 |
| Cash generated from operations | 101,393 | 197,101 |
| Taxes refunded | 7,541 | 5,571 |
| Taxes paid | (62,701) | (46,553) |
| Net cash generated from operating activities | 46,233 | 156,119 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from disposal of property, plant & equipment | 8,379 | 6,854 |
| Deposit paid on additional investment in subsidiary | (9,247) | - |
| Acquisition of land | (12,356) | (61,543) |
| Acquisition of property, plant and equipment | (39,993) | (28,337) |
| Additional investment in subsidiaries | - | (12,751) |
| Net cash outflow from disposal of subsidiary | - | (96) |
| Acquisition and subsequent expenditure of investment properties | (99,683) | (19,076) |
| Investment in associates | (5,660) | (4,696) |
| Repayment from/ (advances to) associates, jointly controlled entity and joint venture partners | (1,869) | 101,329 |
| Investment in jointly controlled entities | (98,798) | (726) |
| Net cash used in investing activities | (259,227) | (19,042) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net bank and other borrowings | 212,474 | 2,670 |
| Issue of preference shares to minority shareholders of subsidiary | - | 5,900 |
| Interest paid | (59,191) | (28,814) |
| Proceeds from issuance of ordinary shares | - | 15,546 |
| Redemption of preference share in other investments | - | 10,853 |
| Dividend paid to non-controlling interests of subsidiaries | (1,360) | (2,747) |
| Net cash generated from financing activities | 151,923 | 3,408 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (61,071) | 140,485 |
| EFFECTS OF EXCHANGE RATE CHANGES | (982) | (1,261) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 776,705 | 856,193 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | 714,652 | 995,417 |
| Cash and cash equivalents at end of financial period comprise the following : | | |
| Deposits, bank & cash balances | 793,819 | 1,009,830 |
| Bank overdrafts | (79,167) | (14,413) |
| | 714,652 | 995,417 |

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.)

NOTES TO FINANCIAL STATEMENTS :

A1 Accounting Policies and Basis of Preparation

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 two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

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 2014. For the financial years ending 31 December 2012 and 31 December 2013, the Group will continue to prepare financial statements using the Financial Reporting Standards ("FRS").

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 2011. 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 2011.

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 2011 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 2012, as disclosed below:

IC Interpretation 19
Amendments to IC Interpretation 14
Amendments to FRS 1

Amendments to FRS 7
Amendments to FRS 112
FRS 124

Extinguishing Financial Liabilities with Equity Instruments
Prepayments of a Minimum Funding Requirement
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Disclosures - Transfers of Financial Assets
Deferred Tax - Recovery of Underlying Assets
Related Party Disclosures

The adoption of the above pronouncements does not have significant impact to the Group, except as described below:

Amendments to FRS 112: Deferred Tax - Recovery of Underlying Assets

The amendments clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in FRS 140: Investment Property should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in FRS 116: Property, Plant and Equipment to be always measured on a sale basis of that asset.

The effects on adoption of Amendments to FRS 112 on the opening reserves of the Group and other items of the consolidated statements of financial position as at 1 January 2012 are as follows:

| Balance Sheet as at 1 January 2012 | Before the adoption of Amendments to FRS 112 RM'000 | Effects on adoption of Amendments to FRS 112 RM'000 | After the adoption of Amendments to FRS 112 RM'000 |
|------------------------------------|--------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------|
| Retained profits | 401,263 | 39,538 | 440,801 |
| Deferred taxation | 89,049 | (41,135) | 47,914 |
| Non-controlling interests | 326,366 | 1,597 | 327,963 |

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 30 June 2012 except for the following:

a) Current and preceding year corresponding quarter

| | 30/06/12 RM'million | 30/06/11 RM'million |
|-------------------------------------------------------------------------------|------------------------|------------------------|
| Profit before tax as reported | 193.1 | 147.0 |
| Gain on derivatives ¹ | (0.2) | (0.4) |
| Fair value gain ² | (85.0) | (41.6) |
| Profit before tax excluding unusual items | 107.9 | 105.0 |
| Profit after tax and non-controlling interests as reported | 154.3 | 108.4 |
| Gain on derivatives ¹ | (0.2) | (0.4) |
| Fair value gain ² | (76.5) | (31.1) |
| Profit after tax and non-controlling interests excluding unusual items | 77.6 | 76.9 |

b) Cumulative current and preceding year to date

| | 30/06/12 RM'million | 30/06/11 RM'million |
|-------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Profit before tax as reported | 278.0 | 226.2 |
| Gain on derivatives ¹ | (0.4) | (3.6) |
| Fair value gain ² | (85.0) | (41.6) |
| Listing expenses ³ | - | 7.5 |
| Profit before tax excluding unusual items | 192.6 | 188.5 |
| Profit after tax and non-controlling interests as reported | 218.8 | 176.7 |
| Gain on derivatives ¹ | (0.4) | (3.6) |
| Fair value gain ² | (76.5) | (31.1) |
| Listing expenses ³ | - | 7.5 |
| Reversal of taxation ⁴ | - | (17.2) |
| Profit after tax and non-controlling interests excluding unusual items | 141.9 | 132.3 |

Notes:

¹ The Group recognised RM0.2 million (profit before and after tax and non-controlling interests) and RM0.4 million in gain on derivatives for the current quarter ended 30 June 2012 and for the 6 months ended 30 June 2012 respectively as a result of the effects of FRS 139: Financial Instruments: Recognition and Measurement. For the corresponding quarter ended 30 June 2011 and 6 months ended 30 June 2011, the Group recognised RM0.4 million (profit before and after tax and non-controlling interests) and RM3.6 million in gain on derivatives respectively.

² The Group recognised RM85.0 million (profit before tax) and RM76.5 million (profit after tax and non-controlling interests) as share of fair value gain from Sunway Real Estate Investment Trust ("Sunway REIT"), a 36.9% associate of the Group following Sunway REIT's fair value gain amounting to RM230.2 million. For the corresponding quarter ended 30 June 2011, the Group recognised RM41.6 million (profit before tax) and RM31.1 million (profit after tax and non-controlling interests) as share of fair value gain from Sunway REIT.

³ The Group incurred listing expenses of RM7.5 million (profit before and after tax and non-controlling interests) in the corresponding quarter ended 31 March 2011 in relation to the merger exercise.

⁴ The Group reversed RM17.2 million (profit after tax and non-controlling interests) of taxation provided in the corresponding quarter ended 31 March 2011 following a successful tax appeal to the Australian Tax Office.

A5 Changes in Estimates

There were no changes in estimates that have a material effect on the amounts reported for the current quarter ended 30 June 2012.

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

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

A7 Dividend Paid

There was no dividend paid during the financial period ended 30 June 2012.

A8 Segmental Reporting

Segmental results for the financial period ended 30 June 2012 are as follows:

| | Property Development | Property Investment Division | Construction | Trading and Manufacturing | Quarry | Investment Holdings | Others | Eliminations | Consolidated |
|---------------------------------------------|-------------------------|------------------------------------|----------------|------------------------------|---------------|------------------------|----------------|------------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| BY BUSINESS SEGMENTS | | | | | | | | | |
| REVENUE AND EXPENSES | | | | | | | | | |
| Revenue | | | | | | | | | |
| External sales | 348,737 | 274,202 | 647,286 | 292,711 | 85,895 | 257 | 161,766 | - | 1,810,854 |
| Inter-segment sales | - | 38,855 | 26,212 | 58,376 | 3,307 | 43,838 | 26,134 | (196,722) | - |
| Total Revenue | 348,737 | 313,057 | 673,498 | 351,087 | 89,202 | 44,095 | 187,900 | (196,722) | 1,810,854 |
| Results | | | | | | | | | |
| Operating segment results | 45,940 | 58,707 | 25,001 | 25,023 | 3,790 | (5,990) | 12,134 | - | 164,605 |
| Gain on derivatives | - | - | 174 | - | - | 235 | 1 | - | 410 |
| Finance income | 3,021 | 2,769 | 4,706 | 329 | 70 | - | 1,618 | - | 12,513 |
| Finance costs | (2,810) | (38,064) | (1,812) | (1,990) | (283) | (5,266) | (3,657) | - | (53,882) |
| Share of results of associated companies | 2 | 120,356 | - | - | - | - | 33 | - | 120,391 |
| jointly controlled entities | 33,142 | - | 867 | - | - | - | - | - | 34,009 |
| Profit before taxation | 79,295 | 143,768 | 28,936 | 23,362 | 3,577 | (11,021) | 10,129 | - | 278,046 |
| Taxation | (11,563) | (22,965) | (4,897) | (4,075) | (3,417) | 465 | (2,383) | - | (48,835) |
| Profit for the period | 67,732 | 120,803 | 24,039 | 19,287 | 160 | (10,556) | 7,746 | - | 229,211 |
| Non controlling interests | (8,120) | 127 | (2,618) | (470) | - | 836 | (184) | - | (10,429) |
| Attributable to owners of the parent | 59,612 | 120,930 | 21,421 | 18,817 | 160 | (9,720) | 7,562 | - | 218,782 |

| | 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 | 1,522,650 | 232,944 | 190,476 | 177,558 |
| Singapore | 102,148 | 49,446 | 46,685 | 46,665 |
| China | 80,467 | (6,977) | (7,333) | (5,394) |
| India | - | (6,749) | (6,749) | (7,449) |
| Australia | 38,664 | 1,401 | 1,398 | 1,811 |
| Abu Dhabi | 12,270 | (1,429) | (1,429) | (429) |
| Other Countries | 54,655 | 9,410 | 6,163 | 6,020 |
| | 1,810,854 | 278,046 | 229,211 | 218,782 |

Core segmental results (excluding unusual items as per Note A4) for the financial period ended 30 June 2012 are as follows:

| | Property Development | Property Investment Division | Construction | Trading and Manufacturing | Quarry | Investment Holdings | Others | Eliminations | Consolidated |
|---------------------------------------------|-------------------------|------------------------------------|----------------|------------------------------|---------------|------------------------|----------------|------------------|------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| BY BUSINESS SEGMENTS | | | | | | | | | |
| REVENUE AND EXPENSES | | | | | | | | | |
| Revenue | | | | | | | | | |
| External sales | 348,737 | 274,202 | 647,286 | 292,711 | 85,895 | 257 | 161,766 | - | 1,810,854 |
| Inter-segment sales | - | 38,855 | 26,212 | 58,376 | 3,307 | 43,838 | 26,134 | (196,722) | - |
| Total Revenue | 348,737 | 313,057 | 673,498 | 351,087 | 89,202 | 44,095 | 187,900 | (196,722) | 1,810,854 |
| Results | | | | | | | | | |
| Operating segment results | 45,940 | 58,707 | 25,001 | 25,023 | 3,790 | (5,990) | 12,129 | - | 164,600 |
| Finance income | 3,022 | 2,769 | 4,706 | 329 | 70 | - | 1,617 | - | 12,513 |
| Finance costs | (2,810) | (38,064) | (1,812) | (1,990) | (283) | (5,266) | (3,657) | - | (53,882) |
| Share of results of associated companies | 2 | 35,338 | - | - | - | - | 33 | - | - |
| jointly controlled entities | 33,142 | - | 867 | - | - | - | - | - | 35,373 |
| Profit before taxation | 79,296 | 58,750 | 28,762 | 23,362 | 3,577 | (11,256) | 10,122 | - | 192,613 |
| Taxation | (11,563) | (14,463) | (4,897) | (4,075) | (3,417) | 465 | (2,383) | - | (40,333) |
| Profit for the period | 67,733 | 44,287 | 23,865 | 19,287 | 160 | (10,791) | 7,739 | - | 152,280 |
| Non controlling interests | (8,120) | 127 | (2,618) | (470) | - | 836 | (184) | - | (10,429) |
| Attributable to owners of the parent | 59,613 | 44,414 | 21,247 | 18,817 | 160 | (9,955) | 7,555 | - | 141,851 |

| | 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 | 1,522,650 | 147,511 | 113,545 | 100,627 |
| Singapore | 102,148 | 49,446 | 46,685 | 46,665 |
| China | 80,467 | (6,977) | (7,333) | (5,394) |
| India | - | (6,749) | (6,749) | (7,449) |
| Australia | 38,664 | 1,401 | 1,398 | 1,811 |
| Abu Dhabi | 12,270 | (1,429) | (1,429) | (429) |
| Other Countries | 54,655 | 9,410 | 6,163 | 6,020 |
| | 1,810,854 | 192,613 | 152,280 | 141,851 |

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 30 June 2012.

A11 Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter ended 30 June 2012 except for the following:

- (a) On 18 May 2012, Sunway Holdings (Vietnam) Sdn. Bhd., a subsidiary of the Company, had entered into an Equity Sale and Purchase Agreement with HaTay Trading Production Construction Joint Stock Company for the disposal of 86% equity interest in Sunway Hatay Construction & Building Materials JV Co. Ltd. ("Sunway Hatay") for a total cash consideration of USD3,500,000 (equivalent to approximately RM10,983,000) based on the financial statements of Sunway Hatay as at 31 December 2011 or the final purchase price to be agreed after the fulfillment of the conditions precedent and prior to completion. Upon completion, Sunway Hatay will cease to be a subsidiary of the Company.
- (b) On 31 May 2012, Sunway Enterprise (1988) Sdn. Bhd. and Sunway Marketing Sdn. Bhd., both subsidiaries of the Company, incorporated a limited company known as PT Sunway Indoquip ("Sunway Indoquip") which was approved for incorporation by the relevant authority in Indonesia via notification on 20 June 2012. The authorised capital of Sunway Indoquip is Rp18,326,000,000 (equivalent to USD2,000,000) and the proposed paid-up capital of Sunway Indoquip is Rp4,581,500,000 (equivalent to USD500,000).

A12 Contingent Liabilities and Assets

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

| | 30/6/2012 RM'000 | 31/12/2011 RM'000 |
|---------------------------------------------------------------------------------|---------------------|----------------------|
| Guarantees given to third parties in respect of contracts and trade performance | <u>2,107,052</u> | <u>2,275,002</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 30 June 2012 is as follows:

| | 30/6/2012 RM'000 | 31/12/2011 RM'000 |
|------------------------------------------|---------------------|----------------------|
| Amount authorised and contracted for | 72,112 | 39,043 |
| Amount authorised but not contracted for | <u>1,111,577</u> | <u>1,094,913</u> |
| | <u>1,183,689</u> | <u>1,133,956</u> |

(b) Operating lease commitment not provided for in the financial year as at 30 June 2012 is as follows:

| | 30/6/2012 RM'000 | 31/12/2011 RM'000 |
|------------------------------------------------|---------------------|----------------------|
| Future minimum lease payment: | | |
| - not later than 1 year | 57,773 | 62,217 |
| - later than 1 year and not later than 5 years | 190,352 | 186,367 |
| - later than 5 years | <u>127,690</u> | <u>143,818</u> |
| | <u>375,815</u> | <u>392,402</u> |

Future minimum lease receipts:

| | | |
|------------------------------------------------|----------------|----------------|
| - not later than 1 year | 42,173 | 29,753 |
| - later than 1 year and not later than 5 years | 238,349 | 126,863 |
| - later than 5 years | 175,943 | 323,313 |
| | <u>456,465</u> | <u>479,929</u> |

B1 Review of Performance

For the quarter

The Group recorded revenue of RM996.1 million and profit before tax of RM107.9 million (after excluding unusual items as per Note A4) for the current quarter ended 30 June 2012 as compared to revenue of RM1,002.6 million and profit before tax of RM105.0 million (see Note A4) for the corresponding quarter ended 30 June 2011. The Group's current quarter revenue was slightly lower but the profit before tax was marginally higher. Essentially, the Group managed to sustain its overall profitability even though the business environment was more challenging as compared to last year.

The property development segment reported revenue of RM188.6 million and profit before tax of RM37.9 million in the current quarter as compared to revenue of RM236.6 million and profit before tax of RM42.8 million in the corresponding quarter in the previous financial year. The lower revenue recorded in the current quarter were mainly due to lower sales achieved in Malaysia and China. However, the lower property development profit was partly mitigated by the higher profit contribution from the Singapore property projects.

The property investment segment reported revenue of RM143.7 million and profit before tax of RM35.4 million for the current quarter as compared to revenue of RM116.4 million and profit before tax of RM41.2 million in the corresponding quarter in the previous financial year. The lower current quarter profit was due to the higher interest cost incurred by this division although at operation level, current quarter profit was higher by approximately RM6.6 million.

The construction segment registered revenue of RM388.3 million and profit before tax of RM20.3 million during the current quarter as compared to revenue of RM386.6 million and profit before tax of RM19.9 million in the corresponding quarter in the previous financial year. Although the current quarter profit was maintained as compared to the prior year quarter, the bulk of the current profit contribution was from local projects while the prior year profit contribution was mainly from overseas projects in Abu Dhabi and Singapore.

The trading and manufacturing segment reported a current quarter revenue of RM145.0 million and profit before tax of RM11.9 million as compared to the revenue of RM140.2 million and profit before tax of RM12.0 million in the corresponding quarter in the previous financial year. Despite the ongoing uncertain economic environment, this segment managed to sustain its performance.

The quarry segment reported a current quarter revenue of RM48.5 million and profit before tax of RM2.7 million as compared to revenue of RM47.6 million and profit before tax of RM3.3 million in the corresponding quarter in the previous financial year. Despite the higher revenue reported this current quarter, the profit was slightly lower due to the lower contribution from its overseas operation in Trinidad & Tobago and higher operating losses in Vietnam.

The other segment reported a current quarter revenue of RM81.7 million and profit before tax of RM6.1 million as compared to revenue of RM75.2 million and profit before tax of RM3.4 million in the corresponding quarter in the previous financial year. The improved performance were mainly due to the contribution in the healthcare unit which continued to show improved performance and better profit contribution from the building materials unit.

For the 6 month period

The Group recorded revenue of RM1,810.8 million and profit before tax of RM192.6 million (after excluding unusual items as per Note A4) for the current 6 months ended 30 June 2012 as compared to revenue of RM1,836.3 million and profit before tax of RM188.5 million (see Note A4) for the corresponding 6 months ended 30 June 2011.

The property development segment reported revenue of RM348.7 million and profit before tax of RM79.3 million for the 6 month period ended June 2012 as compared to the revenue of RM439.7 million and profit before tax of RM78.3 million reported for the 6 month period ended June 2011. The lower revenue were mainly due to lower sales achieved in Malaysia and China. However, the Singapore property projects continued to contribute strongly which more than offset the lower contribution from Malaysia and the losses incurred in China.

The property investment segment reported revenue of RM274.2 million and profit before tax of RM58.7 million for the 6 month period ended June 2012 as compared to the revenue of RM225.3 million and profit before tax of RM71.6 million reported for the 6 month period ended June 2011. The higher revenue was mainly contributed by the leisure and hospitality divisions. However, the profit before tax was lower due to the higher interest cost incurred by this division although at operation level, current 6 month profit was higher by approximately RM11.6 million.

The construction segment reported revenue of RM 647.3 million and profit before tax of RM 28.7 million for the 6 month period ended June 2012 as compared to the revenue of RM 663.6 million and profit before tax of RM 35.9 million reported for the 6 month period ended June 2011. The lower current revenue and profit was mainly due to the poor first quarter in the current year. As explained in the first quarter results, the construction profit was affected by slower progress buildings of some of the local projects and delay in the commencement work of the Light Rail Transit project ("LRT").

The trading and manufacturing segment reported revenue of RM292.7 million and profit before tax of RM23.4 million for the current 6 month period as compared to the revenue of RM273.3 million and project before tax of RM23.7 million for the corresponding period in the previous financial year. The profit contributed in the current 6 month period was commendable as the segment continued to demonstrate resilience despite the challenging economic environment.

The quarry segment reported revenue of RM85.9 million and profit before tax of RM3.6 million for the current 6 month period as compared to revenue of RM88.3 million and profit before tax of RM3.4 million for the corresponding period in the previous financial year. The current 6 month profit was slightly better due to the lower forex loss incurred from its Vietnam operations as compared to the corresponding 6 months ended 30 June 2011.

The other segment reported revenue of RM161.7 million and profit before tax of RM10.1 million for the current 6 month period as compared to revenue of RM144.0 million and profit before tax of RM3.4 million for the corresponding period in the previous financial year. The improved performance was mainly due to the turnaround in the healthcare unit from a loss of RM2.1 mil in the previous year to a current year profit before tax of RM4.3 million.

B2 Material Changes in the Quarterly Results

The Group recorded revenue of RM996.1 million and profit before tax of RM107.9 million for the current quarter ended 30 June 2012 as compared to revenue of RM814.7 million and profit before tax of RM84.7 million achieved in the preceding quarter.

The property development segment reported revenue of RM188.6 million and profit before tax of RM37.9 million in the current quarter as compared to revenue of RM160.1 million and profit before tax of RM41.4 million in the immediate preceding quarter. The higher revenue was mainly due to the higher progressive billings from the integrated development in Sunway Nexis and Sunway Velocity and the condominium projects in Sunway South Quay. However, profit before tax was lower due to the weaker profit contribution from the Singapore property projects as compared to the preceding quarter. The lower contribution from Singapore was due to timing difference which resulted in lower progress billing in one of the projects.

The property investment segment reported revenue of RM143.7 million and profit before tax of RM35.4 million in the current quarter as compared to revenue of RM130.5 million and profit before tax of RM23.4 million in the immediate preceding quarter. The higher revenue and profit before tax was largely due to seasonality factors as the leisure and hospitality businesses under the property investment segment achieved higher visitorship and occupancy rates during the current quarter.

The construction segment reported revenue of RM388.3 million and profit before tax of RM20.3 million in the current quarter as compared to revenue of RM259.0 million and profit before tax of RM8.4 million in the immediate preceding quarter. The higher revenue and profit before tax in the current quarter was largely due to improved progress billings and higher profit contribution from the local projects undertaken in Malaysia.

The trading and manufacturing segment reported a current quarter revenue of RM145.0 million and profit before tax of RM11.9 million in the current quarter as compared to the revenue of RM147.7 million and profit before tax of RM11.5 million in the immediate preceding quarter. Basically, the overall performance of this segment was sustained on a quarterly basis.

The quarry segment reported a current quarter revenue of RM48.5 million and profit before tax of RM2.7 million as compared to revenue of RM37.4 million and profit before tax of RM0.9 million in the immediate preceding quarter. In tandem with the higher revenue, the current profit before tax was higher due to the improved performance from its local operation.

The other segment reported a current quarter revenue of RM81.7 million and profit before tax of RM6.1 million as compared to revenue of RM80.0 million and profit before tax of RM4.0 million in the immediate preceding quarter. Basically, both the healthcare and building materials units have shown improved performance during the current quarter.

B3 Prospects

After weathering a slow first quarter due to the ongoing uncertain global economic outlook caused by the sovereign debt crisis in Europe and the stricter lending guidelines rolled-out by Bank Negara, the Group managed to achieve a stronger second quarter financial results. Notwithstanding this, the Group remains cautious as the operating economic environment is still challenging. While the local property market sentiment continued to remain subdued, there are some indications which seemed to suggest that demand has tentatively started to return especially for property projects which offer the right products at a fair or affordable price range. In view of this development, the Group will increase its focus in this area accordingly.

Save for the property development segment which may continue to consolidate, the other businesses of the Group are expected to deliver satisfactory financial results barring any unforeseen circumstances. The leisure and hospitality units under the property investment segment are expected to remain resilient, while the share of results and management fees from Sunway REIT will be steady. The performance of the construction segment will be underpinned by the LRT and Mass Rapid Transit ("MRT") projects which have commenced work. The other remaining businesses are also expected to contribute satisfactory financial results in line with the economic condition.

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 effective tax rate for the current quarter is 15.7%. The lower effective tax rate was mainly due to the following:

- (a) the recognition of share of profit from certain jointly controlled entities which shares result on a profit after tax basis; and
- (b) the provision of deferred tax for fair value gain from Sunway REIT based on the real property gains tax rate following the amendments to FRS 112: Deferred Tax - Recovery of Underlying Assets.

| | Current Quarter Ended 30/6/2012 RM'000 | Cumulative Year To Date 30/6/2012 RM'000 |
|-------------------|----------------------------------------------|------------------------------------------------|
| Current taxation | (31,562) | (48,325) |
| Deferred taxation | 1,228 | (510) |
| | (30,334) | (48,835) |

B6 Profit/(Loss) before Taxation

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

| | Current Quarter Ended 30/6/2012 RM'000 | Cumulative Year To Date 30/6/2012 RM'000 |
|----------------------------------------------------|----------------------------------------------|------------------------------------------------|
| Depreciation and amortisation | (21,737) | (47,053) |
| Provision for: | | |
| Trade Receivables | (4,593) | (4,891) |
| Write off: | | |
| - Trade Receivables | (405) | (627) |
| - Inventories | (44) | (44) |
| - Property, plant and equipment | (123) | (255) |
| Gain/(loss) on disposal of: | | |
| - property, plant and equipment | (479) | 1,264 |
| Foreign exchange gain/(loss): | | |
| - Others | 1,358 | (938) |
| - Unrealised for hedged items | (41,223) | (10,533) |
| Cash flow hedge reserve recycled to profit or loss | 41,223 | 10,533 |

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:

Proposed Acquisition of 48% Equity Interest in Sunway Pyramid Sdn Bhd ("SPSB")

On 12 July 2010, SCB entered into a Share Sale Agreement ("SSA") with Reco Pyramid (M) Sdn Bhd ("RPSB") to acquire 48 million ordinary shares of RM1.00 each in SPSB ("SPSB Sale Shares) representing 48% equity interest in SPSB for the SPSB Consideration as per following:

Salient terms and conditions of the SPSB SSA

Completion of the Proposed Acquisition of SPSB will occur on the last business day of the month immediately following the month (or such other date as the Company and RPSB may mutually agree in writing) in which:

- (i) the condition precedent, namely the completion of the Proposed Acquisition of Sunway Leisure Sdn Bhd (formerly known as Mega Capacity Sdn Bhd), is fulfilled; and
- (ii) all the pre-closing events are completed.

The Proposed Acquisition is yet to be completed.

B8 Group Borrowings and Debt Securities

The Group borrowings as at 30 June 2012 are as follows:

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|---------------|-------------------|---------------------|-----------------|
| Borrowings: | | | |
| - Current | 291,108 | 196,511 | 487,619 |
| - Non-current | 1,634,726 | 419,562 | 2,054,288 |
| | 1,925,834 | 616,073 | 2,541,907 |

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

| <u>Secured</u> | Foreign currency | | RM'000 | |
|------------------------------------|------------------|--------------------|----------------|--------------------|
| | <u>Current</u> | <u>Non-current</u> | <u>Current</u> | <u>Non-current</u> |
| US Dollar (USD'000) | - | 324,740 | - | 1,039,006 |
| Singapore Dollar (SGD'000) | 10,451 | 12,902 | 26,150 | 32,283 |
| Trinidad & Tobago Dollar (TTD'000) | 8,940 | 4,470 | 4,463 | 2,231 |
| Chinese Renminbi (RMB'000) | 96,068 | 53,870 | 48,360 | 27,118 |
| Indonesian Rupiah (RP'000) | 7,180,082 | - | 2,441 | - |
| Australia Dollar (AUD'000) | 1,773 | 63 | 5,695 | 202 |
| <u>Unsecured</u> | | | | |
| Singapore Dollar (SGD'000) | 5,461 | 93 | 13,664 | 233 |

B9 Derivative Financial Instruments

The Group's outstanding derivatives as at 30 June 2012 were as follows:

| Type of Derivatives | Contract/ Notional RM'000 | Fair Value RM'000 | Gains/(Losses) Fair Value for the period RM'000 |
|---------------------------------------------------|---------------------------------|-------------------------|----------------------------------------------------------|
| Foreign currency forward contracts | | | |
| - Less than 1 year | 12,471 | (312) | 175 |
| Interest rate swap contracts | | | |
| - Less than 1 year | 100,000 | (509) | |
| - 1 year to 3 year | 21,816 | (329) | |
| | 121,816 | (838) | 235 |
| Total losses on derivatives as per Note A4 | | | 410 |
| Cross currency swap contracts | | | |
| - 1 year to 3 year | 966,868 | 46,077 | 1,944 |
| Total derivatives | | 44,927 | 2,354 |

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.

B10 Changes in Material Litigation

Except for the following claims, there was no pending material litigation.

- (a) A suit was filed by Affin Bank Berhad ("Affin") against, inter alia, Yap Yee Ping and Ng Kam Hung ("Plaintiffs") for payment of an amount of RM27.7 million and/or any other amount to Affin. The Plaintiffs are seeking, inter alia, certain declarations and also an order that SunwayMas Sdn Bhd ("SunwayMas"), a wholly-owned subsidiary of the Group, indemnifies the Plaintiffs for all claims brought against them by Affin in relation to a tripartite agreement executed amongst Cindai Unggul Sdn Bhd ("Employer"), SunwayMas and BSN Commercial Bank Bhd (now vested in Affin) on 2 May 2000. SunwayMas was appointed as a Project Manager to revive, manage and coordinate the development and construction of the Employer on a piece of land in the Mukim of Pulai, District of Johor Bahru, Johor.

Arising from this suit, the Plaintiffs have filed a counterclaim action against Affin and SunwayMas as the second defendant on 9 May 2008. Thereafter, the Plaintiffs have served a Statement of Defence and Counterclaim ("Counterclaim") on SunwayMas. SunwayMas intends to defend this Counterclaim and at the advice of their solicitors, an order to strike out the case has been submitted, followed by a statement of defense on 4 December 2008. The hearing for case management which was fixed on 27 July 2009, was adjourned to 30 September 2009. On the said date, the hearing for case management was fixed on 4 February 2010 and it has been struck out with costs. The employer filed an appeal against the decision on 2 March 2010. The hearing date for the appeal is yet to be fixed by the Court.

SunwayMas's solicitors are of the opinion that the chances of success of the Plaintiffs' claim against SunwayMas are negligible.

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

- (b) 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 RM70 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 Rs78,13,94,628.61 (approximately equivalent to RM60 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.

On 5 January 2011, Shristi did not produce its Witness Statement and has been directed to file it by 7 February 2011. The hearing was then adjourned to 11 March 2011 for compliance and finalizing the bundles, etc. The cross examination dates are 28 and 29 March 2011, to be followed on 11 and 12 April 2011. Shristi has to submit a statement of its assets as at 31 December 2010 supported by an affidavit before the next date of the hearing.

On 28 March 2011, the Arbitrator had directed the following:

- (i) Admission or denial by Shristi or SunCon of each other's documents to be completed by 4 April 2011.
- (ii) Further documents to be filed by both parties by 12 April 2011.
- (iii) List of witnesses and Supplemental Affidavit to be filed by Shristi by 12 April 2011 and Shristi's witness to be present on 12 April 2011.

On the 12 April 2011 hearing, both sides were allowed to file further documents, if any, within the next 3 weeks, as the final submission. The next hearing date was 16 May 2011 for noting compliance of directions and thereafter, cross-examination of their first witness was on 1 and 2 July 2011. However, Shristi and their solicitor did not show up for the hearing on 1 July 2011 but they showed up for the hearing on 28 and 29 July 2011. The hearing continued on 15 and 16 September 2011 and 20 September 2011 for the cross examination of Shristi's 1st witness. The hearings scheduled in October and November 2011 was subsequently postponed to 13 till 15 December 2011 and was duly held. The procedural hearing was held on 5 December 2011 for noting compliance and subsequent hearings were held on 15 and 16 February 2012.

On 9 May 2012, the Arbitrator held a further procedural hearing. Further hearings were held on 10, 12, 24 to 25 July 2012 and 7 August 2012. The hearings scheduled for 13 July 2012, 8 and 22 August 2012 were cancelled.

The next hearing dates fixed are 6 to 7 and 11 to 12 September 2012 and 22, 25 to 26 and 31 October 2012.

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:

| | 30/6/2012 RM'000 | 30/6/2011 RM'000 |
|-------------------------------------------------------------------|---------------------|---------------------|
| Total retained profit of the Group:- | | |
| Realised | 291,585 | 191,248 |
| Unrealised | 11,805 | (5,575) |
| Total share of retained profits from associated companies: | | |
| Realised | 112,180 | 32,401 |
| Unrealised | 83,330 | 41,665 |
| Total share of retained profits from Jointly Controlled Entities: | | |
| Realised | 131,555 | 66,932 |
| Unrealised | - | - |
| Less: Consolidation adjustments | 28,743 | (124,080) |
| Total Group's retained profits as per consolidated accounts | 659,198 | 202,591 |

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

No dividend has been proposed by the Board of Directors for the financial period ended 30 June 2012.

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 30/6/2012 RM'000 | Cumulative Year To Date 30/6/2012 RM'000 |
|-----------------------------------------------|-------------------------------------------------|---------------------------------------------------|
| <u>Basic earnings per share</u> | | |
| Profit attributable to members of the Company | 154,335 | 218,782 |
| Weighted Average Number of Ordinary Shares | 1,292,505 | 1,292,505 |
| Earnings per share (Basic) (sen) | 11.94 | 16.93 |
| <u>Diluted earnings per share</u> | | |
| Profit attributable to members of the Company | 154,335 | 218,782 |
| Weighted Average Number of Ordinary Shares | 1,292,505 | 1,292,505 |
| Earnings per share (Diluted) (sen) | 11.94 | 16.93 |

By Order of the Board

**Tan Kim Aun
Lee Suan Choo
Secretaries**