

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/6/2015	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2014	CURRENT YEAR TO DATE 30/6/2015	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2014
		RM'000	RM'000	RM'000	RM'000
REVENUE		1,041,520	1,204,621	2,101,521	2,230,349
OPERATING EXPENSES		(936,360)	(1,086,793)	(1,876,263)	(2,019,365)
OTHER OPERATING INCOME		33,835	16,211	83,664	32,659
PROFIT FROM OPERATIONS		138,995	134,039	308,922	243,643
GAIN/(LOSS) ON DERIVATIVES		511	156	(2,670)	126
FINANCE INCOME		17,615	12,271	32,191	22,453
FINANCE COSTS		(26,906)	(22,483)	(52,861)	(40,485)
SHARE OF PROFIT FROM ASSOCIATES		130,577	81,454	151,145	101,556
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES		20,131	28,135	37,691	48,479
PROFIT BEFORE TAX		280,923	233,572	474,418	375,772
INCOME TAX EXPENSE	B5	(33,077)	(44,857)	(69,154)	(75,300)
PROFIT FOR THE PERIOD		247,846	188,715	405,264	300,472
ATTRIBUTABLE TO:					
- OWNERS OF THE PARENT		237,908	182,531	384,448	286,521
- NON-CONTROLLING INTERESTS		9,938	6,184	20,816	13,951
		247,846	188,715	405,264	300,472
EARNINGS PER SHARE					
(i) BASIC (sen)		13.54	10.59	22.03	16.62
(ii) DILUTED (sen)		12.65	10.19	20.59	16.10

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2014 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 30 JUNE 2015
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2015

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/6/2015	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2014	CURRENT YEAR TO DATE 30/6/2015	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2014
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	247,846	188,715	405,264	300,472
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	7,274	(8,781)	29,781	(16,668)
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	91	-	91
NET INVESTMENT HEDGE RESERVE - FAIR VALUE GAINS - FAIR VALUE OF DERIVATIVES	(6,926)	-	(6,926)	-
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS - FAIR VALUE OF DERIVATIVES	38,091	(11,886)	135,589	(21,198)
- AMOUNT RECYCLED TO PROFIT OR LOSS	(41,910)	18,503	(145,980)	29,556
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS	(3,471)	(2,073)	12,464	(8,219)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(3,471)	(2,073)	12,464	(8,219)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	244,375	186,642	417,728	292,253
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	241,570	180,979	400,992	277,256
- NON-CONTROLLING INTERESTS	2,805	5,663	16,736	14,997
	244,375	186,642	417,728	292,253

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2014 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 30 JUNE 2015
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015

	AS AT END OF CURRENT QUARTER 30/6/2015	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2014
	RM'000	RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment, and software	1,139,969	985,180
Biological assets	1,104	1,233
Investment properties	2,559,777	2,370,420
Rock reserves	6,789	6,920
Land held for property development	551,144	535,462
Investment in associates	1,645,191	1,532,485
Investment in jointly controlled entities	1,079,547	988,928
Other investments	1,147	1,846
Derivative assets	157,447	66,329
Receivables	38,989	23,937
Goodwill	319,444	319,444
Deferred tax assets	56,486	42,670
	7,557,034	6,874,854
Current assets		
Properties development costs	1,352,471	1,518,317
Inventories	641,745	579,963
Receivables, deposits & prepayments	1,942,429	1,664,241
Cash and bank balances, and short-term investments	2,163,358	1,978,200
Tax recoverable	44,801	69,870
Derivative assets	86,373	73,671
	6,231,177	5,884,262
Assets of disposal group classified as held for sale	-	98,029
TOTAL ASSETS	13,788,211	12,857,145
EQUITY AND LIABILITIES		
Current liabilities		
Payables, accruals & other current liabilities	2,069,424	2,118,023
Bank borrowings	2,616,419	2,132,891
Taxation	59,021	24,874
Derivative liabilities	-	29
	4,744,864	4,275,817
Non-current liabilities		
Long term bank borrowings	1,767,909	1,651,539
Other long term liabilities	488,761	519,406
Derivative liabilities	12,382	3,682
Deferred taxation	78,277	82,860
	2,347,329	2,257,487
Total liabilities	7,092,193	6,533,304
Equity attributable to Owners of the Parent		
Share capital	1,764,313	1,730,579
Share premium	2,708,695	2,642,213
Treasury shares	(32,334)	(29,275)
Equity contribution from non-controlling interests	51,654	51,654
Negative merger reserve	(1,192,040)	(1,192,040)
Retained profits	2,665,807	2,450,100
Other reserves	302,263	283,137
	6,268,358	5,936,368
NON-CONTROLLING INTERESTS	427,660	387,473
Total equity	6,696,018	6,323,841
TOTAL EQUITY AND LIABILITIES	13,788,211	12,857,145
Net Assets Per Share Attributable To Owners Of The Parent (RM)	3.55	3.43

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2014 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 2015

	ATTRIBUTABLE TO OWNERS OF THE PARENT																			TOTAL EQUITY
	NON-DISTRIBUTABLE						DISTRIBUTABLE									NON-CONTROLLING INTERESTS		TOTAL EQUITY		
	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	EQUITY CONTRIBUTION FROM NON-CONTROLLING INTERESTS	NEGATIVE MERGER RESERVE	OTHER RESERVES, TOTAL	CAPITAL RESERVE	CAPITAL REDEMPTION RESERVE	FOREIGN EXCHANGE RESERVE	FAIR VALUE RESERVE	STATUTORY RESERVE	REVALUATION RESERVE	SHARE OPTION RESERVE	HEDGE RESERVE	FURNITURE & FITTINGS RESERVE	RETAINED PROFITS	RESERVE OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE		TOTAL	
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	RM'000	RM'000	RM'000	
PERIOD ENDED 30 JUNE 2014																				
At 1 January 2014	1,723,524	2,628,404	-	51,654	(1,192,040)	208,608	34,137	99,062	(22,541)	21,712	879	25,881	42,883	1,307	5,288	1,885,661	22,488	5,328,299	316,900	5,645,199
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	286,521	-	286,521	13,951	300,472
Other comprehensive income	-	-	-	-	-	(9,265)	-	-	(17,714)	-	-	91	-	8,358	-	-	-	(9,265)	1,046	(8,219)
Total comprehensive income	-	-	-	-	-	(9,265)	-	-	(17,714)	-	-	91	-	8,358	-	286,521	-	277,256	14,997	292,253
Issuance of ordinary shares pursuant to:																				
- exercise of warrants	20	31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	51	-	51
- exercise of ESOS	273	634	-	-	-	(157)	-	-	-	-	-	(157)	-	-	-	-	-	750	-	750
New ESOS granted	-	-	-	-	-	11,240	-	-	-	-	-	11,240	-	-	-	-	-	11,240	-	11,240
Dividends declared	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(86,177)	-	(86,177)	-	(86,177)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,431)	(20,431)
Dilution of equity interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83	83
Issuance of redeemable preference shares to non-controlling interest by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,200
Utilisation of furniture & fittings reserve	-	-	-	-	-	(157)	-	-	-	-	-	-	-	-	(157)	-	-	(157)	-	(157)
Liquidation of an associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(343)	-	(343)	-	(343)
At 30 June 2014	1,723,817	2,629,069	-	51,654	(1,192,040)	210,269	34,137	99,062	(40,255)	21,712	879	25,972	53,966	9,665	5,131	2,085,682	22,488	5,530,919	332,749	5,863,668
PERIOD ENDED 30 JUNE 2015																				
At 1 January 2015	1,730,579	2,642,213	(29,275)	51,654	(1,192,040)	283,137	34,137	99,062	33,463	21,712	879	25,972	69,080	(4,896)	3,728	2,450,100	-	5,936,368	387,473	6,323,841
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	384,448	-	384,448	20,816	405,264
Other comprehensive income	-	-	-	-	-	16,544	-	-	33,861	-	-	-	-	(17,317)	-	-	-	16,544	(4,080)	12,464
Total comprehensive income	-	-	-	-	-	16,544	-	-	33,861	-	-	-	-	(17,317)	-	384,448	-	400,992	16,736	417,728
New ESOS granted	-	-	-	-	-	12,819	-	-	-	-	-	-	12,819	-	-	-	-	12,819	-	12,819
Issuance of ordinary shares pursuant to:																				
- exercise of ESOS	18,461	43,731	-	-	-	(11,170)	-	-	-	-	-	-	(11,170)	-	-	-	-	51,022	-	51,022
- exercise of warrants	15,273	22,751	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,024	-	38,024
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(282)	(282)
Purchase of treasury shares during the year	-	-	(3,059)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,059)	-	(3,059)
Dividends declared	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(138,849)	-	(138,849)	-	(138,849)
Additional shares acquired by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(28,043)	-	(28,043)	64,261	36,218
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(916)	-	(916)	(40,528)	(41,444)
Transfer to furniture & fittings reserve	-	-	-	-	-	933	-	-	-	-	-	-	-	-	933	(933)	-	-	-	-
At 30 June 2015	1,764,313	2,708,695	(32,334)	51,654	(1,192,040)	302,263	34,137	99,062	67,324	21,712	879	25,972	70,729	(22,213)	4,661	2,665,807	-	6,268,358	427,660	6,696,018

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2015

	FOR THE 6 MONTHS PERIOD ENDED 30/6/2015	FOR THE 6 MONTHS PERIOD ENDED 30/6/2014
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	474,418	375,772
Adjustments for:		
- non-cash items	(152,669)	(86,417)
- finance costs	52,861	40,485
- finance income	(32,191)	(22,453)
Operating cash flows before working capital changes	342,419	307,387
Changes in working capital	(67,152)	(76,274)
Cash flow from operations	275,267	231,113
Interest received	33,088	21,011
Dividend received from jointly controlled entities and associates	58,734	69,592
Tax refunded	23,572	8,520
Tax paid	(51,909)	(61,924)
Net cash flow from operating activities	338,752	268,312
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant & equipment	2,754	7,990
Proceeds from disposal of non-current assets held for sale	126,154	-
Proceed from disposal of subsidiaries	-	3,201
Proceeds from disposal of equity interest to non-controlling entity	1,216	-
Acquisition of land	-	(257,038)
Acquisition of property, plant and equipment and biological assets	(185,078)	(78,922)
Acquisition of intangible assets	(1,641)	(14)
Acquisition of equity interest from non-controlling interest	(41,444)	-
Acquisition and subsequent expenditure of investment properties	(282,665)	(143,027)
Acquisition of other investment	-	(3)
Investment in associates	(21,075)	(2,624)
(Advances to)/Repayment from associates, jointly controlled entity and joint venture partners	(45,001)	20,333
Investment in jointly controlled entities	(56,133)	(53,480)
Net cash flow from fund placements	125,993	459,257
Net cash used in investing activities	(376,920)	(44,327)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	411,772	398,607
(Repayment to)/Advances from non-controlling interests of subsidiary companies	(16,076)	33
Interest paid	(47,987)	(37,945)
Proceeds from issue of redeemable preference shares to non-controlling interest by subsidiary	-	21,200
Proceeds from issue of shares from exercise of warrants	38,024	31
Proceeds from issue of shares from exercise of ESOS	51,022	770
Repurchase of shares	(3,059)	-
Dividend paid to shareholders	(103,847)	(86,177)
Dividend paid to non-controlling interests of subsidiaries	(282)	(20,431)
Net cash generated from financing activities	329,567	276,088
NET INCREASE IN CASH AND CASH EQUIVALENTS	291,399	500,073
EFFECTS OF EXCHANGE RATE CHANGES	17,875	1,662
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,292,909	801,666
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,602,183	1,303,401
Cash and cash equivalents at end of financial period comprise the following :		
Deposits with licensed banks and other financial institutions	1,088,777	516,871
Cash at banks and on hand	623,257	864,409
Short-term investments	451,324	98,176
Cash and bank balances, and short-term investments	2,163,358	1,479,456
Bank overdrafts	(94,316)	(77,879)
Less: Deposit with other financial institutions with maturity of over 3 months	(15,535)	-
Less: Short-term investments	(451,324)	(98,176)
Cash and cash equivalents	1,602,183	1,303,401

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2014 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 30 June 2015.

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 2017.

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 2017.

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 2014. 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 2014.

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 2014 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 2015, as disclosed below:

Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Amendment to FRS 1	First-time Adoption of Financial Reporting Standards (Annual Improvements to FRSs 2011-2013 Cycle)
Amendment to FRS 2	Share-based Payment (Annual Improvements to FRSs 2010-2012 Cycle)
Amendment to FRS 3	Business Combinations (Annual Improvements to FRSs 2010-2012 Cycle)
Amendment to FRS 3	Business Combinations (Annual Improvements to FRSs 2011-2013 Cycle)
Amendment to FRS 8	Operating Segments (Annual Improvements to FRSs 2010-2012 Cycle)
Amendment to FRS 13	Fair Value Measurement (Annual Improvements to FRSs 2010-2012 Cycle)
Amendment to FRS 13	Fair Value Measurement (Annual Improvements to FRSs 2011-2013 Cycle)
Amendment to FRS 116, Amendment to FRS 138	Property, Plant & Equipment; Intangible Assets (Annual Improvements to FRSs 2010-2012 Cycle)

Amendment to FRS 124

Related Party Disclosures (Annual Improvements to FRSs 2010-2012 Cycle)

Amendment to FRS 140

Investment Property (Annual Improvements to FRSs 2011-2013 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 30 June 2015.

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 2015.

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

During the financial period ended 30 June 2015, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 18,460,691 ordinary shares of RM1.00 each pursuant to the exercise of the Employees' Share Option Scheme;
- (b) issuance of 15,273,199 ordinary shares of RM1.00 each pursuant to the exercise of warrants; and
- (c) the repurchase of equity securities of 913,300 ordinary shares at an average price of RM3.35 per share.

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

A7 Dividend Paid

During the financial period ended 30 June 2015, the following payments of dividend have been made:

- (a) RM103,847,007 was paid on 30 April 2015 as interim single tier dividend of 6% per ordinary share of RM1.00 each for the financial year ended 31 December 2014.
- (b) 175,009,901 ordinary shares of RM0.20 each in Sunway Construction Group held by the Company was distributed to entitled shareholders of the Company on 15 May 2015 by way of dividend-in-specie on the basis of 1 distribution share for every 10 existing ordinary shares of RM1.00 each as at 8 May 2015 amounting to RM35,001,980 for the financial year ended 31 December 2015.

A8 Segmental Reporting

Segmental results for the financial period ended 30 June 2015 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	504,857	344,757	996,288	385,635	119,371	279,250	299,476	2,929,634
Inter-segment sales	(12)	(60,645)	(376,878)	(71,395)	(1,501)	(278,374)	(39,308)	(828,113)
External sales	504,845	284,112	619,410	314,240	117,870	876	260,168	2,101,521
Results								
Operating segment results	76,750	72,894	108,881	14,815	23,098	(16,077)	28,561	308,922
Gain on derivatives	-	-	-	-	-	(2,670)	-	(2,670)
Finance income	8,527	2,974	3,008	265	206	9,845	7,366	32,191
Finance costs	(7,077)	(56,706)	(2,203)	(3,073)	(53)	17,876	(1,625)	(52,861)
Share of results of:								
- associated companies	-	149,701	-	-	-	-	1,444	151,145
- jointly controlled entities	31,759	7,069	(1,137)	-	-	-	-	37,691
Profit before taxation	109,959	175,932	108,549	12,007	23,251	8,974	35,746	474,418
Taxation	(25,225)	(12,978)	(12,333)	(3,652)	(4,460)	(4,034)	(6,472)	(69,154)
Profit for the period	84,734	162,954	96,216	8,355	18,791	4,940	29,274	405,264
Non controlling interests	(17,611)	(2,620)	(1,300)	186	(125)	70	584	(20,816)
Attributable to owners of the parent	67,123	160,334	94,916	8,541	18,666	5,010	29,858	384,448

	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	1,829,513	419,540	354,676	338,868
Singapore	169,705	51,430	47,274	47,274
China	39,855	(9,350)	(9,352)	(7,784)
India	25	(1,069)	(1,069)	(1,069)
Australia	23,111	7,784	7,781	2,125
United Arab Emirates	-	(2,543)	(2,543)	(2,543)
Other Countries	39,312	8,626	8,497	7,577
	2,101,521	474,418	405,264	384,448

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 2015.

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 2015.

A12 Contingent Liabilities and Assets

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

	30/6/2015 RM'000	31/12/2014 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>2,301,576</u>	<u>2,315,922</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 2015 is as follows:

	30/6/2015 RM'000	31/12/2014 RM'000
Amount authorised and contracted for	61,342	74,935
Amount authorised but not contracted for	<u>295,674</u>	<u>365,816</u>
	<u>357,016</u>	<u>440,751</u>

(b) Operating lease commitment not provided for in the financial year as at 30 June 2015 is as follows:

	30/6/2015 RM'000	31/12/2014 RM'000
Future minimum lease payment:		
- not later than 1 year	81,007	78,658
- later than 1 year and not later than 5 years	285,236	289,583
- later than 5 years	<u>133,648</u>	<u>110,003</u>
	<u>499,891</u>	<u>478,244</u>
Future minimum lease receipts:		
- not later than 1 year	55,850	56,406
- later than 1 year and not later than 5 years	234,321	196,737
- later than 5 years	<u>304,892</u>	<u>285,542</u>
	<u>595,063</u>	<u>538,685</u>

B1 Review of PerformanceFor the quarter

The Group recorded revenue of RM1,041.5 million and profit before tax of RM280.9 million for the current quarter ended 30 June 2015, compared to revenue of RM1,204.6 million and profit before tax of RM233.6 million in the corresponding quarter of the previous financial year. The overall performance of the current quarter was better than the corresponding quarter of the previous financial year despite the lower revenue recorded. The lower revenue was mainly due to the higher elimination of intra-group construction revenue which increased by RM230 million in the current quarter and the lower revenue from the trading and manufacturing segment. However, profit before tax was higher, which was boosted by the Group's share of higher fair value gain recorded by Sunway REIT and better contributions from most of the business segments except for the property development and trading and manufacturing business units.

The property development segment reported revenue of RM324.2 million and profit before tax of RM53.1 million in the current quarter compared to revenue of RM301.7 million and profit before tax of RM75.7 million in the corresponding quarter of the previous financial year. The increase in revenue was mainly contributed by the higher progress billings from local projects. However, the current quarter profit before tax was lower due to the lower profit recognition from local projects and lower profit contribution from the Singapore property projects.

The property investment segment reported revenue of RM144.8 million and profit before tax of RM132.9 million in the current quarter compared to revenue of RM146.0 million and profit before tax of RM87.5 million in the corresponding quarter of the previous financial year. The higher profit for the current quarter was mainly due to the share of higher fair value gain from the annual revaluation exercise done on Sunway REIT properties which was RM49 million more than the corresponding quarter of the previous year.

The construction segment recorded revenue of RM244.1 million and profit before tax of RM56.3 million in the current quarter compared to revenue of RM426.1 million and profit before tax of RM32.9 million in the corresponding quarter of the previous financial year. The lower revenue was due to higher intra-group revenue elimination which increased by RM230 million as compared to the corresponding quarter of the previous financial year. Although the revenue was lower, higher profit recognition from local projects contributed to the higher profit.

The trading and manufacturing segment recorded revenue of RM122.3 million and loss before tax of RM0.7 million in the current quarter compared to revenue of RM162.1 million and profit before tax of RM9.8 million in the corresponding quarter of the previous financial year. Operations in Malaysia for the current quarter was lower mainly due to higher pre- Goods and Services Tax (GST) demand in the previous quarter. The overseas operations also did not perform well due to poor market conditions and one off provision for warehouse relocation and staff redundancy costs due to cost cutting measures.

The quarry segment recorded revenue of RM64.1 million and profit before tax of RM15.5 million in the current quarter compared to revenue of RM54.7 million and profit before tax of RM9.5 million in the corresponding quarter of the previous financial year. The better performance was mainly due to the strong demand of premix and the reversal of provisions made for the Caribbean operation that ceased in 2014.

The other segments recorded revenue of RM142.0 million and profit before tax of RM23.8 million in the current quarter compared to revenue of RM114.0 million and profit before tax of RM18.2 million in the corresponding quarter of the previous financial year. The better overall performance was partly due to higher contribution from the Group's treasury operation.

For the 6 months period

The Group recorded revenue of RM2,101.5 million and profit before tax of RM474.4 million for the current 6 months period ended 30 June 2015 compared to revenue of RM2,230.3 million and profit before tax of RM375.8 million for the corresponding 6 months period ended 30 June 2014. The overall performance for the current 6 months period was better despite the lower revenue recorded. The lower revenue was mainly due to the higher elimination of intra-group construction revenue. The higher current profit before tax was mainly boosted by the realized capital gains of RM22.9 million from the sale of two properties in the first quarter and the share of higher fair value gain recorded by Sunway REIT. The performance of the business segments was also better except for property development and trading and manufacturing business units.

The property development segment reported revenue of RM504.9 million and profit before tax of RM110.0 million for the current 6 months period compared to revenue of RM524.0 million and profit before tax of RM144.6 million in the corresponding 6 months period ended 30 June 2014. The current performance was lower due to the lower profit recognition from local projects as well as lower profit contribution from the Singapore property projects.

The property investment segment reported revenue of RM284.1 million and profit before tax of RM175.9 million for the current 6 months period compared to revenue of RM282.2 million and profit before tax of RM112.0 million in the corresponding 6 months period ended 30 June 2014. The higher current profit before tax was mainly boosted by the realized capital gains and share of higher fair value gain mentioned above. However, operating profit was lower due to Sunway Putra Hotel being partly closed for major refurbishment works.

The construction segment reported revenue of RM619.4 million and profit before tax of RM108.6 million for the current 6 months period compared to revenue of RM784.8 million and profit before tax of RM64.1 million in the corresponding 6 months period ended 30 June 2014. The lower revenue was due to higher intra-group revenue elimination as compared to the corresponding 6 months period ended 30 June 2014. Although the revenue was lower, the higher profit recognition from local projects contributed to the higher profit.

The trading and manufacturing segment reported revenue of RM314.2 million and profit before tax of RM12.0 million for the current 6 months period compared to revenue of RM311.1 million and profit before tax of RM18.2 million in the corresponding 6 months period ended 30 June 2014. Although the revenue was slightly increased, which was mainly attributed by its Malaysian operations, the overall financial performance of this segment was lower due to the challenging market conditions faced by its overseas operations in Singapore, Australia and China.

The quarry segment reported revenue of RM117.9 million and profit before tax of RM23.2 million for the current 6 months period compared to revenue of RM103.0 million and profit before tax of RM14.2 million in the corresponding 6 months period ended 30 June 2014. This segment continued to sustain its commendable performance due to the strong local demand for aggregates and premix. The better profit was also boosted by the reversal of provisions made for its Caribbean operation that ceased in early part of 2014.

Other segments reported revenue of RM261.0 million and profit before tax of RM44.7 million for the current 6 months period compared to revenue of RM225.2 million and profit before tax of RM22.7 million in the corresponding 6 months period ended 30 June 2014. The improved performance was contributed by the healthcare and building material divisions and from higher contribution from the Group's treasury operation.

B2 Material Changes in the Quarterly Results

The Group recorded revenue of RM1,041.5 million and profit before tax of RM280.9 million for the current quarter ended 30 June 2015 compared to revenue of RM1,060.0 million and profit before tax of RM193.5 million achieved in the preceding quarter. The lower current revenue was mainly due to higher elimination of intra-group construction revenue. The higher current profit before tax was mainly due to the share of higher fair value gain from Sunway REIT.

The property development segment recorded revenue of RM324.2 million and profit before tax of RM53.1 million in the current quarter compared to revenue of RM180.7 million and profit before tax of RM56.9 million in the preceding quarter. The higher revenue was mainly due to higher progress billings from local projects. However, the current profit was lower due to lower profit recognition from local projects.

The property investment segment recorded revenue of RM144.8 million and profit before tax of RM132.9 million in the current quarter compared to revenue of RM139.3 million and profit before tax of RM43.0 million in the preceding quarter. The higher current profit before tax was mainly due to the share of fair value gain from Sunway REIT.

The construction segment recorded revenue of RM244.1 million and profit before tax of RM56.3 million in the current quarter compared to revenue of RM375.3 million and profit before tax of RM52.3 million in the preceding quarter. The lower revenue was due to higher intra-group revenue elimination as compared to the preceding quarter. Although the revenue was lower, the current profit was better due to higher profit recognition from local projects.

The trading and manufacturing segment recorded revenue of RM122.3 million and loss before tax of RM0.7 million in the current quarter compared to revenue of RM191.9 million and profit before tax of RM12.7 million in the preceding quarter. The financial performance of this segment was impacted by the lower demand from its operations in Malaysia. The better performance in the preceding quarter was mainly due to the strong pre GST demand.

The quarry segment recorded revenue of RM64.1 million and profit before tax of RM15.5 million in the current quarter compared to revenue of RM53.8 million and profit before tax of RM7.7 million in the preceding quarter. The stronger performance recorded for the current quarter was mainly due to higher sales of premix. The profit before tax was also boosted by the reversal of provisions made for the Caribbean operation that ceased in 2014.

The other segments recorded revenue of RM142.0 million and profit before tax of RM23.8 million in the current quarter compared to revenue of RM119.0 million and profit before tax of RM20.9 million in the preceding quarter. The better overall performance was mainly due to higher contribution from the Group's treasury operation.

B3 Prospects

The Malaysian economy grew at 4.9% in the second quarter of this year compared with 5.6% in the preceding quarter. It is anticipated that growth will continue to moderate in the second half of 2015 due to slowdown in domestic demand following the implementation of the GST in April and the poor sentiment caused by the weakening Ringgit.

Nevertheless, the Group expects the Government to maintain its spending on high-impact construction works such as the infrastructural rail projects planned for the Klang Valley under the 11th Malaysia Plan. This will bode well for the Group's construction, quarry and building material divisions which are well positioned to capitalise on such opportunities.

Going forward, however, the Group will continue to adopt a cautious business strategy and strengthen its operational efficiency to meet the economic challenges ahead. Although the market outlook is expected to moderate, the Group expects to achieve a satisfactory performance for the second half of this financial year.

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 30/6/2015 RM'000	Cumulative Year To Date 30/6/2015 RM'000
Current taxation	(25,754)	(67,066)
Deferred taxation	(7,323)	(2,088)
	<u>(33,077)</u>	<u>(69,154)</u>

B6 Profit/(Loss) before Taxation

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

	Current Quarter Ended 30/6/2015 RM'000	Cumulative Year To Date 30/6/2015 RM'000
Depreciation and amortisation	(30,320)	(59,442)
Reversal/(Provision) of impairment for:		
- Trade receivables	-	502
Write off:		
- Inventories	(123)	(123)
Net gain on disposal of:		
- property, plant and equipment	133	721
- asset held for resale ¹	(11)	22,936
Net foreign exchange gain/(loss):		
- Others	6,271	626
- Unrealised for hedged items	(41,910)	(145,980)
Cash flow hedge reserve recycled to profit or loss	41,910	145,980
Fair value of ESOS option	(8,889)	(12,819)
Listing expenses	(1,200)	(1,200)
Share of fair value gain from associate	110,798	110,798
Gain/(Loss) on derivatives	511	(2,670)

¹ During the period ended 30 June 2015, the Group recognised RM22,947,000 of profits upon completion of the disposal of the Group's interest in the land and building of Sunway Hotel Georgetown and Wisma Sunway to Sunway Real Investment Trust.

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:

Subscription and Shareholders' Agreement between Sunway City Sdn. Bhd. and Iskandar Assets Sdn. Bhd. in relation to the development of Pendas Land

Sunway City Sdn. Bhd. ("SunCity"), a wholly-owned subsidiary of the Company has on 4 December 2012, entered into a Subscription and Shareholders' Agreement ("SSA") with Iskandar Assets Sdn. Bhd. ("IASB"), a wholly-owned subsidiary of Iskandar Investment Berhad ("IIB") and Sunway Iskandar Development Sdn. Bhd. ("SID") with the intention of establishing a joint venture via SID ("Proposed Joint Venture") to jointly undertake a mixed development project on the following parcels of freehold land located in Iskandar Malaysia ("the Land") as well as to regulate the relationship of SunCity and IASB as shareholders of SID:

- (i) Land held under HSD 452850, PTD 75802, Mukim of Pulai, District of Johor Bahru, measuring approximately 412.75 acres ("Pendas North Land"); and
- (ii) Portion of the Land held under HSD 452656, PTD 2398, Mukim of Tanjung Kupang, District of Johor Bahru measuring approximately 366.32 acres ("Western Pendas South Land").

SID has also on even date, entered into 2 Sale and Purchase Agreements ("SPA") with IASB for the acquisition of the Land on an "as is" basis and free from encumbrances but otherwise subject only to the express or implied conditions of the land title and restrictions-in interest endorsed on the land title or otherwise affecting the Land for a total purchase consideration of up to RM412,727,480.

Salient terms of the SSA includes, inter-alia, the following:

- (a) SunCity and IASB agree to hold ordinary shares and redeemable preference shares in SID in the proportion of 60:40. The Company will provide a shareholder advance to SID equivalent to 60% of the amount of the deposits under the SPA to enable SID to pay the deposits and IASB will deem the amount equivalent to 40% of the deposits as being paid. The shareholder advance and 40% of the deposit will be capitalized into ordinary shares and redeemable preference shares when the SSA becomes unconditional.
- (b) SunCity and IASB agree that the balance purchase consideration for the Land will be funded in the following manner:-
 - (i) SunCity and IASB to subscribe for new securities or zero coupon bonds or such other securities as may be agreed between the parties in SID free from all encumbrances and with all rights and benefits attaching thereto in the agreed proportion and/or SunCity and IASB to provide shareholders' loan in the proportion of 60:40; and
 - (ii) external financing.

The total purchase consideration shall be satisfied by SID in the following manner:

- (a) the purchase consideration of up to RM221,280,444 for Pendas North Land is to be paid in 6 instalments with the deposit to be paid upon 14 days from the date of the SPA and the balance in 5 annual instalments within a period of 60 months from the date of the SPA; and
- (b) the purchase consideration of up to RM191,447,036 for Western Pendas South Land is to be paid in 6 instalments with the deposit to be paid upon 14 days from the date of the SPA and the balance in 5 annual instalments commencing 72 months from the date of the SPA to 120 months from the date of the SPA.

The amount of the purchase consideration is subject to adjustments upon verification by IASB relating to the conditions of the Land.

Subsequent to the abovementioned, IASB had agreed to sell and SID had agreed to purchase the balance of the land held under HSD 452656, PTD 2398, Mukim of Tanjung Kupang, District of Johor Bahru measuring approximately 300 acres ("Second Plot"). For this purpose, SunCity had on 23 January 2013 entered into a Supplemental Subscription and Shareholders' Agreement ("Supplemental SSA") with IASB and SID to amend the SSA to document the additional equity to be injected by SunCity and IASB into SID to finance part of the purchase

Subscription and Shareholders' Agreement between Sunway City Sdn. Bhd. and Iskandar Assets Sdn. Bhd. in relation to the development of Pendas Land (cont.)

SID had on even date, entered into a Supplemental Agreement to the Western Pendas South Land SPA (Supplemental SPA) with IASB for the acquisition of the Second Plot on an as is where is+basis and free from encumbrances but otherwise subject only to the express or implied conditions of the land title and restrictions-in interest endorsed on the land title or otherwise affecting the Second Plot for a total purchase consideration of up to RM183,882,441.

Salient terms of the Supplemental SPA includes, inter-alia, the following:

- (a) SID will acquire the Second Plot from IASB on an as is where is+basis and free from encumbrances but otherwise subject only to the express or implied conditions of the land title and restrictions-in interest endorsed on the land title or otherwise affecting the Second Plot for a total purchase consideration of up to RM183,882,441.
- (b) The total purchase consideration of the land under the Western Pendas South Land SPA as supplemented by the Supplemental SPA of RM375,329,477 shall be satisfied by SID in 7 instalments whereby the deposit for the Western Pendas South Land was paid within 14 days from the date of the SPA, the deposit for the Second Plot is to be paid within 14 days of the date of the Supplemental SPA and the balance in 5 annual instalments within a period of 120 months from the date of the SPA.

The amount of the purchase consideration is subject to adjustments upon verification by IASB relating to the conditions of the Second Plot.

The proposed acquisition of the Land has been completed as at the date of this report. However, full payment has not been made as at the date of this report.

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

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

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

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

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

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

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

Listing of Sunway Construction Group Berhad ("SCG"), an indirect wholly-owned subsidiary of the Group on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities")

On 19 September 2014, the Group announced the proposed listing of its construction division which is currently held under its indirect wholly-owned subsidiary, Sunway Construction Sdn Bhd (SunCon) on the Main Market of Bursa Securities. A new company, SCG, has been incorporated by Sunway Holdings Sdn Bhd, a wholly-owned subsidiary of the Company (SunHoldings), to be the listing vehicle to acquire the entire shareholdings in SunCon (including its subsidiaries, jointly controlled entities, unincorporated joint ventures and unincorporated consortium) (collectively, the SunCon Group).

Listing of Sunway Construction Group Berhad ("SCG"), an indirect wholly-owned subsidiary of the Group on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (cont.)

In conjunction with the proposed listing of SCG, the following will be undertaken:

- (a) proposed disposal of the entire issued and paid-up share capital of SunCon (including its subsidiaries, jointly controlled entities, unincorporated joint ventures and unincorporated consortium) by SunHoldings to SCG (~~Proposed Transfer of SunCon~~).
- (b) proposed offering of up to 573.4 million ordinary shares of RM0.20 each in SCG (~~SCG Shares~~) comprising a proposed distribution of at least 172.4 million SCG Shares to the entitled shareholders of the Company and a proposed offer for sale of up to 401.0 million SCG Shares to the retail and institutional investors, subject to the over-allotment option and clawback and reallocation provisions ("Proposed Offering"); and
- (c) proposed listing of and quotation for the entire issued and paid-up share capital of SCG on the Main Market of Bursa Securities ("Proposed Listing").

On 7 November 2014, SCG and SunHoldings have entered into a conditional share sale agreement ("SunCon SSA") setting out the terms and conditions of the Proposed Transfer of SunCon. SunHoldings will sell and transfer its entire 193,954,000 ordinary shares of RM1.00 each in SunCon to SCG at an aggregate sale and purchase consideration of RM258,580,000, which will be satisfied entirely via the issuance of 1,292,900,000 new SCG Shares at an issue price of RM0.20 per SCG Share.

On 12 November 2014, the Group announced that the issued and paid-up share capital of the Company (excluding treasury shares) has changed resulting in the number of SCG Shares being offered under the Proposed Offering to be revised.

The revised number of SCG Shares being offered under the Proposed Offering has been computed based on the issued and paid-up share capital of the Company as at 30 September 2014 and takes into consideration, among others, the following:

- (a) number of new ordinary shares of RM1.00 each in the Company ("Sunway Shares") to be allotted and issued pursuant to the exercise of the options granted under the Employees' Share Option Scheme and exercise of the Warrants 2011/2016 of the Company; and
- (b) maximum number Sunway Shares which Sunway is authorised by its shareholders to buy back (i.e. up to 10% of the issued and paid-up share capital of Sunway).

On 18 November 2014, SCG had submitted the following applications to the relevant authorities:

- (i) the Securities Commission ("SC") for the Proposed Transfer of SunCon, Proposed Offering and Proposed Listing; and
- (ii) the SC (Equity Compliance Unit) under the equity requirement for public companies for the Proposed Offering and Proposed Listing.

On 9 February 2015, SCG announced that SC had, vide its letter dated 5 February 2015 (which was received on 6 February 2015), approved the Proposed Listing pursuant to Subsection 214(1) of the Capital Markets and Services Act 2007, subject to the following conditions:

- (i) SCG to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Proposed Listing;
- (ii) Prior to the registration of the prospectus, SCG to:
 - (a) confirm and demonstrate that it has positive net cash flow from operating activities for the financial year ended 31 December 2014;
 - (b) appoint additional independent director(s) so that the board composition comprises majority of independent directors;
 - (c) ensure that all trade debts exceeding normal credit period and all non-trade debts owing by the interested persons (except for amount owing by Sunway Treasury Sdn Bhd) are settled; and
 - (d) confirm and demonstrate that it is independent from the Company and other corporations within the Group in terms of its operations (including purchases and sales of goods, management, management policies and finance); and

Listing of Sunway Construction Group Berhad ("SCG"), an indirect wholly-owned subsidiary of the Group on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (cont.)

(iii) SCG to allocate shares equivalent to at least 12.5% of its enlarged issued and paid-up share capital at the point of listing to Bumiputra investors. This includes the shares offered under the balloted public offer portion, of which 50% are to be offered to Bumiputra investors.

The SC had also vide the abovementioned letter, approved the equity requirement for public companies application and granted its approval-in-principle for the registration of SCG's prospectus.

SCG had on 6 March 2015, submitted the initial listing application to Bursa Securities in relation to the admission of SCG to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of SCG on the Main Market of Bursa Securities.

Bursa Securities had, vide its letter dated 6 April 2015, approved the admission to the Official List and the listing of and quotation for the entire enlarged issued and paid-up share capital of SCG of 1,292,900,010 ordinary shares of RM0.20 each in SCG on the Construction sector of the Main Market of Bursa Securities.

SCG had on 26 February 2015, appointed DatoqIr Goh Chye Koon, who is a Senior Independent Non-Executive Director of SCG as the new Chairman of SCG in place of DatoqChew Chee Kin. Following the change of Chairman of the Board of SCG from a non-independent director to an independent director, RHB Investment Bank on behalf of SCG, sought approval from the SC on 20 March 2015 for a revision of one of the conditions imposed by the SC in its approval letter dated 5 February 2015 for the proposed listing of SCG. In the approval letter, SCG was required to appoint additional independent director(s) so that the board composition comprises majority of independent director prior to the registration of the prospectus for the Proposed Offering and the Proposed Listing.

SC had, vide its letter dated 6 April 2015, approved the revision to the abovementioned condition on the basis that DatoqIr Goh Chye Koon, who is currently a Senior Independent Non-Executive Director of SCG, be appointed as the new Chairman of SCG in lieu of the appointment of additional independent directors.

The Company had on 20 April 2015, obtained its shareholders approval on the following:-

- (i) proposed distribution of at least 155,966,700 ordinary shares of RM0.20 each in SCG ("Distribution Shares") to be held by the Company to its entitled shareholders by way of dividend-in-specie on the basis of 1 distribution share for every 10 existing ordinary shares of RM1 each held in the Company as at 5.00 p.m. on an entitlement date to be determined later (Distribution);
- (ii) proposed offer for sale of up to 415,264,600 ordinary shares of RM0.20 each in SCG (OFS Shares) held by SHSB, in the following manner:
 - (a) institutional offering of up to 344,155,100 OFS Shares to Malaysian and foreign institutional and selected investors, including Bumiputera investors approved by the Ministry of International Trade and Industry at the institutional price to be determined by way of bookbuilding; and
 - (b) retail offering of 71,109,500 OFS Shares to the eligible directors and employees of SCG and its subsidiaries and our company and the Malaysian public; and
- (iii) Proposed Listing of SCG on the main market of Bursa Securities.

The reference price of the Sunway Shares had been adjusted for the Distribution on 6 May 2015, being the ex-date of the Entitlement Date.

On 8 May 2015, SunCon SSA became unconditional and following thereto, the Proposed Transfer of SunCon was completed on 15 May 2015 in accordance with the terms of the SunCon SSA.

On 28 July 2015, the listing of SCG was completed following the listing of and quotation for the entire issued and paid-up share capital of SCG of 1,292,900,010 ordinary shares of RM0.20 each in SCG on the Main Market of Bursa Securities.

Dividend in specie

On 22 April 2015, the Group announced the distribution of ordinary shares of RM0.20 each in SCG ("Distribution Shares") to be held by the Company to the entitled shareholders of the Company by way of dividend-in-specie on a basis of 1 distribution share for every 10 existing ordinary shares of RM1.00 each held in Sunway as at 5pm on 8 May 2015.

The Distribution Shares will be distributed free from encumbrances. Any fractional entitlements will be disregarded and will be dealt with in such manner as the Board of Directors of the Company at its discretion deems expedient, in the best interest of the Company.

Barring unforeseen circumstances, the Company intends to credit the unlisted Distribution Shares into the central depository system accounts of the entitled shareholders of the Company ("Entitled Shareholders") pursuant to the Distribution on 5 June 2015, which is within 1 month from the entitlement date as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Entitled Shareholders will only be able to trade the Distribution Shares on Bursa Securities commencing from the completion of the proposed listing of and quotation for the entire issued and paid-up share capital of SCG on the Main Market of Bursa Securities.

Share Sale Agreement between Sunway Holdings Sdn. Bhd. and Khoo Ah Thim @ Khoo Chai Thiam, Khoo Chai Ee, Khoo Chai Heng, Khoo Chai Kiat, Khoo Chai Pek, Lee Bang Sing, Peng Gai Hock, Soh Tian Song and Toh Soon Seng (collectively, "Winstar Vendors")

On 9 April 2015, SHSB, a wholly-owned subsidiary of the Company entered into a Share Sale Agreement (~~Winstar SSA~~) with Winstar Vendors for the acquisition of 6,717,472 ordinary shares of RM1 each, representing 100% of the total issued and paid-up share capital of Winstar Trading Sdn. Bhd. (~~WTSB~~) at an estimated purchase consideration of approximately RM130,953,294 ("the Proposed Winstar Acquisition").

The estimated purchase consideration for the Proposed Winstar Acquisition was arrived at based on aggregate net asset value (excluding minority interests) (~~NAV~~) of WTSB and its group of subsidiaries (~~WTSB Group~~) as at 31 December 2013 together with goodwill (~~Pre-Adjustment Purchase Consideration~~). The amount of the purchase consideration is subject to adjustments and will be payable by SHSB in 3 tranches as follows:

- (i) On the completion date of the first tranche, SHSB shall acquire 60% of the total issued and paid-up share capital of WTSB by paying part of the consideration amounting to RM78,571,972.50 (~~First Tranche Consideration~~) or the adjusted first tranche consideration, as the case may be, which shall be computed in
 - (a) In the event the NAV of WTSB Group is less than the Pre-Adjustment Purchase Consideration after deduction of the goodwill, there shall be a corresponding downwards adjustment of the First Tranche Consideration; and
 - (b) In the event the NAV of WTSB Group is greater than the Pre-Adjustment Purchase Consideration after deduction of the goodwill, there shall be no adjustment in the First Tranche Consideration.

The completion date of the first tranche shall mean the business day falling 45 days after the Winstar SSA becomes unconditional or such other date as may be agreed by the parties.

- (ii) On the completion date of the second tranche, SHSB shall acquire another 20% of the total issued and paid-up share capital of WTSB by paying an amount equivalent to 20% of 5 times the average EBITDA of WTSB Group as recorded in its audited consolidated financial statements for the 2 financial years ending 31 December immediately preceding the second tranche completion date.

The completion date of the second tranche shall mean the second anniversary of the first tranche completion date or such other date as may be agreed upon by the parties.

- (iii) On the completion date of the third tranche, SHSB shall acquire the remaining 20% of the total issued and paid-up share capital of WTSB by paying an amount equivalent to 20% of 5 times the average EBITDA of WTSB Group as recorded in its audited consolidated financial statements for the 2 financial years ending 31 December immediately preceding the third tranche completion date.

The completion date of the third tranche shall mean the third anniversary of the first tranche completion date or such other date as may be agreed upon by the parties.

Share Sale Agreement between Sunway Holdings Sdn. Bhd. and Khoo Ah Thim @ Khoo Chai Thiam, Khoo Chai Ee, Khoo Chai Heng, Khoo Chai Kiat, Khoo Chai Pek, Lee Bang Sing, Peng Gai Hock, Soh Tian Song and Toh Soon Seng (collectively, "Winstar Vendors") (contd.)

Upon the completion of the Proposed Winstar Acquisition, WTSB Group will become subsidiaries of SHSB.

Under the Winstar SSA, the Winstar Vendors have jointly and severally guaranteed that WTSB Group will achieve profit after tax (~~(PAT)~~) of RM15.0 million per annum (~~(Profit Guarantee)~~) for the financial years ending 31 December 2015, 2016 and 2017, failing which Winstar Vendors will pay SHSB an amount equivalent to, the difference between the Profit Guarantee and actual PAT achieved for the respective financial year, multiplied by the shareholding of SHSB in WTSB in the respective financial year.

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

Share Sale Agreement between Sunway Holdings Sdn. Bhd. and Lim Poh Lo, Lau Chor Geok, Lim Hwee Guan, Khoo Chai Ee, Khoo Chai Pek and Peng Gai Hock (collectively, "PND Vendors")

On 9 April 2015, SHSB, a wholly-owned subsidiary of the Company entered into a Share Sale Agreement (~~(PND SSA)~~) with PND Vendors for the acquisition of 500,000 ordinary shares of S\$1 each, representing 100% of the total issued and paid-up share capital of PND Hardware & Trading Pte Ltd (~~(PND)~~) at an estimated purchase consideration of approximately S\$2,567,192 ("the Proposed PND Acquisition").

The estimated purchase consideration for the Proposed PND Acquisition was arrived at based on net asset value (excluding minority interests) (~~(NAV)~~) of PND as at 31 December 2013 together with goodwill (~~(Pre-Adjustment Purchase Consideration)~~). The amount of the purchase consideration is subject to adjustments and will be payable by SHSB in 3 tranches as follows:

- (i) On the completion date of the first tranche, SHSB shall acquire 60% of the total issued and paid-up share capital of PND by paying part of the consideration amounting to S\$1,540,315.20 (~~(First Tranche Consideration)~~) or the adjusted first tranche consideration, as the case may be, which shall be computed in the following manner:
 - (a) In the event the NAV of PND is less than the Pre-Adjustment Purchase Consideration after deduction of the goodwill, there shall be a corresponding downwards adjustment of the First Tranche Consideration; and
 - (b) In the event the NAV of PND is greater than the Pre-Adjustment Purchase Consideration after deduction of the goodwill, there shall be no adjustment in the First Tranche Consideration.

The completion date of the first tranche shall mean the business day falling 45 days after the PND SSA becomes unconditional or such other date as may be agreed by the parties.

- (ii) On the completion date of the second tranche, SHSB shall acquire another 20% of the total issued and paid-up share capital of PND by paying an amount equivalent to 20% of 5 times the average EBITDA of PND as recorded in its audited financial statements for the 2 financial years ending 31 December immediately preceding the second tranche completion date.

The completion date of the second tranche shall mean the second anniversary of the first tranche completion date or such other date as may be agreed upon by the parties.

- (iii) On the completion date of the third tranche, SHSB shall acquire the remaining 20% of the total issued and paid-up share capital of PND by paying an amount equivalent to 20% of 5 times the average EBITDA of PND as recorded in its audited financial statements for the 2 financial years ending 31 December immediately preceding the third tranche completion date.

The completion date of the third tranche shall mean the third anniversary of the first tranche completion date or such other date as may be agreed upon by the parties.

Upon the completion of the Proposed PND Acquisition, PND will become a subsidiary of SHSB.

Share Sale Agreement between Sunway Holdings Sdn. Bhd. and Lim Poh Lo, Lau Chor Geok, Lim Hwee Guan, Khoo Chai Ee, Khoo Chai Pek and Peng Gai Hock (collectively, "PND Vendors") (contd.)

Under the PND SSA, the PND Vendors have jointly and severally guaranteed that PND will achieve profit after tax (%PAT+) of S\$250,000 per annum (%Profit Guarantee+) for the financial years ending 31 December 2015, 2016 and 2017, failing which PND Vendors will pay SHSB an amount equivalent to, the difference between the Profit Guarantee and actual PAT achieved for the respective financial year, multiplied by the shareholding of SHSB in PND in the respective financial year.

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

Share Sale and Purchase Agreement between Sunway Dimension Stones Sdn Bhd (a subsidiary of the Company) and Kelana Resorts Sdn Bhd ("KRSB") and Sale and Purchase Agreement between Sunway Dimension Stones Sdn Bhd and Viva Variasi Sdn Bhd (a wholly-owned subsidiary of KRSB)

Sunway Dimension Stones Sdn Bhd, (%SDSSB+), a wholly-owned subsidiary of SHSB which in turn is a wholly-owned subsidiary of the Company had on 11 May 2015, entered into the following agreements:

(a) a Share Sale and Purchase Agreement (%SSPA") with Kelana Resorts Sdn Bhd (%KRSB+) to acquire 293,653 ordinary shares of RM1 each, representing 100% of the issued and paid-up share capital of Cleaver Fortune Sdn Bhd (%CFSB+) from KRSB at a purchase consideration of RM282,636,030 (%Proposed Share Acquisition+) free from all encumbrances, charges and/or liens on the basis that CFSB is the beneficial owner of the following 4 plots of leasehold land measuring approximately 731,634 square feet:

- (i) PN 92838 Lot No. 72241 Seksyen 40 (approximately 722,689 square feet) (%Lot 72241+);
- (ii) H.S.(D) 238244 PT No. 194 (approximately 2,379 square feet) (%PT No. 194+);
- (iii) H.S.(D) 238243 PT No. 193 (approximately 797 square feet); and
- (iv) H.S.(D) 240048 PT No. 215 (approximately 5,769 square feet),

all in Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor (%Land 1+)

(b) a Sale and Purchase Agreement (%SPA+) with Viva Variasi Sdn Bhd (%Viva+), a wholly-owned subsidiary of KRSB, for the acquisition of a freehold land held under H.S. (D) 63419, PT 252, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 8,708 square feet (%Land 2+) on an as is where is basis, free from all encumbrances, charges and/or liens for a total purchase consideration of RM3,363,970/- (%Proposed Property Acquisition+).

Lot 72241, PT No. 194 and Land 2 are adjacent to each other.

Salient terms of the SSPA includes, inter-alia, the following:

- (a) Pursuant to the SSPA, SDSSB will acquire 293,653 ordinary shares of RM1 each, representing 100% equity interest in the share capital of CFSB from KRSB at a purchase consideration of RM282,636,030 free from all encumbrances, charges and/or liens on the basis that CFSB is the beneficial owner of Land 1.
- (b) The Proposed Share Acquisition is expected to be completed within 6 months from the date of the SSPA (%Completion Period+) and shall be automatically extended by a further period of 1 month in the event the balance purchase price of 90% is not paid on or before the expiry of the Completion Period.
- (c) Upon the completion of the Proposed Share Acquisition, CFSB will become a wholly-owned subsidiary of SDSSB.

Salient terms of the SPA includes, inter-alia, the following:

- (a) SDSSB has entered into the SPA with Viva to acquire Land 2 at a total purchase consideration of RM3,363,970.
- (b) The SPA shall become unconditional when the State Authority consent for transfer of Land 2 is obtained by Viva which is expected to be within 4 months from the date of the SPA (%Unconditional Date+) while the completion of the SPA shall be within 6 months from the Unconditional Date (%Completion Period+). In the event the balance purchase price of 90% is not paid on or before the expiry of the Completion Period, the Completion Period shall be automatically extended by a further period of 1 month.

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

B8 Group Borrowings and Debt Securities

The Group borrowings as at 30 June 2015 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Borrowings:			
- Current	1,205,142	1,411,277	2,616,419
- Non-current	1,747,909	20,000	1,767,909
	2,953,051	1,431,277	4,384,328
- Conventional	1,951,097	1,431,277	3,382,374
- Islamic	1,001,954	-	1,001,954
	2,953,051	1,431,277	4,384,328

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 (USDφ00) *	170,000	321,000	642,345	1,212,899
Singapore Dollar (SGDφ00) #	116	90,006	327	252,943
Chinese Renminbi (RMBφ00) **	89,449	-	54,465	-
Australia Dollar (AUDφ00) **	1,450	5	4,211	16
<u>Unsecured</u>				
Indonesian Rupiah (RPφ00) **	2,383,902	-	675	-
			702,023	1,465,857

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 30 June 2015 were as follows:

Type of Derivatives	Contract/ Notional RM'000	Fair Value RM'000	Gains/(Losses) for the period RM'000	Cash Flow Hedge Reserve RM'000
Foreign currency forward contracts				
- Less than 1 year	29,052	162	146	
- 1 year to 3 years	1,790	(22)	(22)	
Interest rate swap contracts				
- Less than 1 year *	-	-	2	
- 1 year to 3 years	650,000	(1,949)	(2,796)	
Cross currency swap contracts #				
- Less than 1 year	549,708	81,651		805
- 1 year to 5 years	1,239,729	151,595		(11,196)
Total derivatives		231,438	(2,670)	(10,391)

* Includes a contract which has expired during the period.

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

Foreign currency forward contracts

The Group entered into foreign currency forward contracts to minimise its exposure to foreign currency risks as a 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 RM53 million).

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

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

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

B11 Realised and Unrealised Profits

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

	30/6/2015 RM'000	31/12/2014 RM'000
Total retained profit of the Group:-		
Realised	1,584,321	1,308,931
Unrealised	16,268	116,828
Total share of retained profits from associated companies:		
Realised	478,132	326,988
Unrealised	494,293	494,293
Total share of retained profits from Jointly Controlled Entities:		
Realised	510,822	473,132
Unrealised	108,371	108,370
Less: Consolidation adjustments	(526,400)	(378,442)
Total Group's retained profits as per consolidated accounts	2,665,807	2,450,100

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, an interim dividend of 5% per ordinary share of RM1 each for the financial period ended 30 June 2015 has been proposed by the Board of Directors, which will be paid on a date to be determined.

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 30/6/2015 RM'000	Cumulative Year To Date 30/6/2015 RM'000
<u>Basic earnings per share</u>		
Profit attributable to members of the Company	237,908	384,448
Weighted Average Number of Ordinary Shares	1,756,878	1,745,116
Earnings per share (Basic) (sen)	13.54	22.03
<u>Diluted earnings per share</u>		
Profit attributable to members of the Company	237,908	384,448
Weighted Average Number of Ordinary Shares	1,880,764	1,867,416
Earnings per share (Diluted) (sen)	12.65	20.59

By Order of the Board

Tan Kim Aun
Chin Lee Chin
Secretaries