

SUNWAY BERHAD (Company No : 921551-D)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2018

	NOTE	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		CURRENT YEAR QUARTER 30/6/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2017 RM'000 (RESTATED)	INCREASE/ (DECREASE) %	CURRENT YEAR TO DATE 30/6/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2017 RM'000 (RESTATED)	INCREASE/ (DECREASE) %
REVENUE		1,287,062	1,240,501	4%	2,595,510	2,329,255	11%
OPERATING EXPENSES		(1,175,284)	(1,072,250)	10%	(2,375,213)	(2,063,250)	15%
OTHER OPERATING INCOME		54,224	24,540	121%	75,742	42,034	80%
PROFIT FROM OPERATIONS		166,002	192,791	(14%)	296,039	308,039	(4%)
FINANCE INCOME		56,259	43,678	29%	111,194	86,537	28%
FINANCE COSTS		(69,054)	(62,413)	11%	(131,617)	(112,011)	18%
SHARE OF PROFIT FROM ASSOCIATES		84,964	82,969	2%	112,469	109,943	2%
SHARE OF PROFIT FROM JOINT VENTURES		4,048	13,128	(69%)	15,023	29,242	(49%)
PROFIT BEFORE TAX		242,219	270,153	(10%)	403,108	421,750	(4%)
INCOME TAX EXPENSE	B5	(26,453)	(38,137)	(31%)	(49,856)	(65,357)	(24%)
PROFIT FOR THE PERIOD		215,766	232,016	(7%)	353,252	356,393	(1%)
ATTRIBUTABLE TO:							
- OWNERS OF THE PARENT		199,438	196,052	2%	321,361	302,942	6%
- NON-CONTROLLING INTERESTS		16,328	35,964	(55%)	31,891	53,451	(40%)
		215,766	232,016	(7%)	353,252	356,393	(1%)
EARNINGS PER SHARE							
(i) BASIC (sen)		4.09	4.11	(0%)	6.58	6.39	3%
(ii) DILUTED (sen)		4.09	4.09	0%	6.57	6.35	4%

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2018

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/6/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/6/2017 RM'000 (RESTATED)	CURRENT YEAR TO DATE 30/6/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/6/2017 RM'000 (RESTATED)
PROFIT FOR THE PERIOD	215,766	232,016	353,252	356,393
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(27,603)	(9,105)	(57,246)	14,160
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS				
- FAIR VALUE OF DERIVATIVES	(71,216)	101,348	(3,713)	78,401
- AMOUNT RECYCLED TO PROFIT OR LOSS	<u>66,388</u>	<u>(98,129)</u>	<u>4,022</u>	<u>(75,037)</u>
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS	(32,431)	(5,886)	(56,937)	17,524
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>183,335</u>	<u>226,130</u>	<u>296,315</u>	<u>373,917</u>
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	166,166	175,772	264,845	313,410
- NON-CONTROLLING INTERESTS	17,169	50,358	31,470	60,507
	<u>183,335</u>	<u>226,130</u>	<u>296,315</u>	<u>373,917</u>

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2017 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 2018
THE FIGURES HAVE NOT BEEN AUDITED

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER 30/6/2018	IMMEDIATE PRECEDING QUARTER 31/3/2018	INCREASE/ (DECREASE)
	RM'000	RM'000	%
REVENUE	1,287,062	1,308,448	(2%)
OPERATING EXPENSES	(1,175,284)	(1,199,929)	(2%)
OTHER OPERATING INCOME	54,224	21,518	152%
PROFIT FROM OPERATIONS	<u>166,002</u>	<u>130,037</u>	28%
FINANCE INCOME	56,259	54,935	2%
FINANCE COSTS	(69,054)	(62,563)	10%
SHARE OF PROFIT FROM ASSOCIATES	84,964	27,505	209%
SHARE OF PROFIT FROM JOINT VENTURES	4,048	10,975	(63%)
PROFIT BEFORE TAX	<u>242,219</u>	<u>160,889</u>	51%
INCOME TAX EXPENSE	(26,453)	(23,403)	13%
PROFIT FOR THE PERIOD	<u>215,766</u>	<u>137,486</u>	57%
ATTRIBUTABLE TO:			
- OWNERS OF THE PARENT	199,438	121,923	64%
- NON-CONTROLLING INTERESTS	<u>16,328</u>	<u>15,563</u>	5%
	<u>215,766</u>	<u>137,486</u>	57%
EARNINGS PER SHARE			
(i) BASIC (sen)	<u>4.09</u>	<u>2.49</u>	64%
(ii) DILUTED (sen)	<u>4.09</u>	<u>2.49</u>	64%

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2017 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 2018
 THE FIGURES HAVE NOT BEEN AUDITED

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER 30/6/2018 RM'000	IMMEDIATE PRECEDING QUARTER 31/3/2018 RM'000
PROFIT FOR THE PERIOD	215,766	137,486
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS		
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(27,603)	(29,643)
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS		
- FAIR VALUE OF DERIVATIVES	(71,216)	67,503
- AMOUNT RECYCLED TO PROFIT OR LOSS	66,388	(62,366)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	(32,431)	(24,506)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	183,335	112,980
ATTRIBUTABLE TO:		
- OWNERS OF THE PARENT	166,166	98,679
- NON-CONTROLLING INTERESTS	17,169	14,301
	183,335	112,980

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2017 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 2018
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018

	AS AT END OF	AS AT PRECEDING	
	CURRENT QUARTER	FINANCIAL PERIOD END	
	30/6/2018	31/12/2017	1/1/2017
	RM'000	RM'000	RM'000
		(RESTATED)	(RESTATED)
ASSETS			
Non-current assets			
Property, plant and equipment	2,230,203	2,050,494	1,879,929
Intangible assets	17,067	15,381	32,811
Investment properties	3,050,719	2,856,760	2,798,405
Land held for property development	1,773,352	1,682,127	1,191,512
Investment in associates	2,010,171	1,889,499	1,728,879
Investment in joint ventures	1,494,439	1,635,530	1,500,604
Goodwill	312,161	311,842	311,840
Deferred tax assets	110,710	100,828	70,758
Receivables	89,800	245,959	49,760
Derivative assets	-	34,181	164,711
Rock reserves	6,001	6,131	6,394
Other investments	66,974	813	476
Biological assets	426	616	825
	<u>11,162,023</u>	<u>10,830,161</u>	<u>9,736,904</u>
Current assets			
Properties development costs	1,023,576	1,026,242	1,170,163
Inventories	738,569	681,339	669,965
Receivables, deposits & prepayments	2,873,675	2,806,774	2,707,566
Cash and bank balances, and placement in funds	5,174,833	4,426,632	4,080,055
Tax recoverable	56,531	57,504	39,085
Derivative assets	109,390	68,378	342,944
	<u>9,976,574</u>	<u>9,066,869</u>	<u>9,009,778</u>
Assets of disposal group classified as held for sale	-	294,283	-
TOTAL ASSETS	<u>21,138,597</u>	<u>20,191,313</u>	<u>18,746,682</u>
EQUITY AND LIABILITIES			
Current liabilities			
Payables, accruals & other current liabilities	2,811,637	2,980,202	2,630,723
Bank borrowings	5,564,602	4,911,049	4,860,045
Taxation	34,247	24,895	30,616
Derivative liabilities	41,658	48,315	5,560
	<u>8,452,144</u>	<u>7,964,461</u>	<u>7,526,944</u>
Non-current liabilities			
Long term bank borrowings	3,491,469	3,348,344	2,553,122
Other long term liabilities	321,704	279,867	340,183
Derivative liabilities	3,654	4,496	3,644
Deferred taxation	130,752	121,331	94,561
	<u>3,947,579</u>	<u>3,754,038</u>	<u>2,991,510</u>
Total liabilities	<u>12,399,723</u>	<u>11,718,499</u>	<u>10,518,454</u>
Equity attributable to Owners of the Parent			
Share capital	5,372,563	5,370,606	2,063,067
Share premium	-	-	3,118,802
Treasury shares	(115,235)	(63,817)	(120,532)
Perpetual bonds	200,000	-	-
Equity contribution from non-controlling interests	51,654	51,654	51,654
Reserves	2,592,504	2,473,646	2,352,746
	<u>8,101,486</u>	<u>7,832,089</u>	<u>7,465,737</u>
NON-CONTROLLING INTERESTS	<u>637,388</u>	<u>640,725</u>	<u>762,492</u>
Total equity	<u>8,738,874</u>	<u>8,472,814</u>	<u>8,228,229</u>
TOTAL EQUITY AND LIABILITIES	<u>21,138,597</u>	<u>20,191,313</u>	<u>18,746,682</u>
Number of ordinary shares ('000)	4,919,794	4,918,491	4,813,823 *
Net Assets Per Share Attributable To Owners Of The Parent (RM)	1.65	1.59	1.55

* On 6 October 2017, the Company issued bonus shares on a basis of four (4) bonus shares for every three (3) existing Sunway Shares held. The number of ordinary shares as at 31 December 2016 was therefore adjusted on the same basis for comparative purposes. The Company had 2,063,067,000 ordinary shares as at 31 December 2016 before adjustment.

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2017 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 2018

	NON-DISTRIBUTABLE					- ATTRIBUTABLE TO OWNERS OF THE PARENT -								DISTRIBUTABLE		TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	EQUITY CONTRIBUTION FROM NON-CONTROLLING INTERESTS					RESERVES								TOTAL RESERVES				
	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	PERPETUAL BONDS		NEGATIVE MERGER RESERVE	FOREIGN EXCHANGE RESERVE	SHARE OPTION RESERVE	HEDGE RESERVE	FURNITURE & FITTINGS RESERVE	OTHER RESERVES	RETAINED PROFITS						
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 2018																		
At 1 January 2018	5,370,606	-	(63,817)	-	51,654	(1,192,040)	113,046	10,596	(17,854)	12,536	169,919	3,389,489	2,485,692	7,844,135	643,326	8,487,461		
Effects of adopting MFRS 1 *	-	-	-	-	-	-	-	-	-	-	-	(12,046)	(12,046)	(12,046)	(2,601)	(14,647)		
At 1 January 2018	5,370,606	-	(63,817)	-	51,654	(1,192,040)	113,046	10,596	(17,854)	12,536	169,919	3,377,443	2,473,646	7,832,089	640,725	8,472,814		
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	321,361	321,361	321,361	31,891	353,252		
Other comprehensive income	-	-	-	-	-	-	(56,825)	-	309	-	-	-	(56,516)	(56,516)	(421)	(56,937)		
Total comprehensive income	-	-	-	-	-	-	(56,825)	-	309	-	-	321,361	264,845	264,845	31,470	296,315		
Issuance of ordinary shares pursuant to																		
- exercise of ESOS	1,957	-	-	-	-	-	-	(397)	-	-	-	-	(397)	1,560	-	1,560		
- exercise of warrants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Purchase of treasury shares during the year	-	-	(51,418)	-	-	-	-	-	-	-	-	-	-	(51,418)	-	(51,418)		
Dividends declared	-	-	-	-	-	-	-	-	-	-	-	(146,367)	(146,367)	(146,367)	(27,086)	(173,453)		
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	787	787	787	(7,717)	(6,930)		
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	358	(354)	4	4	(4)	-		
Transfer to furniture & fittings reserve	-	-	-	-	-	-	-	-	-	747	-	(747)	-	-	-	-		
Issuance of perpetual bonds	-	-	-	200,000	-	-	-	-	-	-	-	-	-	200,000	-	200,000		
At 30 June 2018	5,372,563	-	(115,235)	200,000	51,654	(1,192,040)	56,221	10,199	(17,545)	13,283	170,263	3,552,123	2,592,504	8,101,486	637,388	8,738,874		
^ Represents 202 warrants amounting to RM376.																		
PERIOD ENDED 30 JUNE 2017																		
At 1 January 2017	2,063,067	3,118,802	(120,532)	-	51,654	(1,192,040)	145,649	63,987	(21,794)	8,370	191,645	3,160,914	2,356,731	7,469,722	763,508	8,233,230		
Effects of adopting MFRS 1 *	-	-	-	-	-	-	-	-	-	-	-	(3,985)	(3,985)	(3,985)	(1,016)	(5,001)		
At 1 January 2017	2,063,067	3,118,802	(120,532)	-	51,654	(1,192,040)	145,649	63,987	(21,794)	8,370	191,645	3,156,929	2,352,746	7,465,737	762,492	8,228,229		
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	302,942	302,942	302,942	53,451	356,393		
Other comprehensive income	-	-	-	-	-	-	7,104	-	3,364	-	-	10,468	10,468	10,468	7,056	17,524		
Total comprehensive income	-	-	-	-	-	-	7,104	-	3,364	-	-	302,942	313,410	313,410	60,507	373,917		
Issuance of ordinary shares pursuant to																		
- exercise of ESOS	51,855	383	-	-	-	-	-	(12,579)	-	-	-	-	(12,579)	39,659	3,146	42,805		
Purchase of treasury shares during the year	-	-	(580)	-	-	-	-	-	-	-	-	-	-	(580)	-	(580)		
Dividends declared	-	-	63,676	-	-	-	-	-	-	-	-	(144,827)	(144,827)	(81,151)	-	(81,151)		
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(15,113)	(15,113)		
Share acquired by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(3,374)	(3,374)	(3,374)	2,530	(844)		
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,100)	(2,100)		
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	141	(141)	-	-	-	-		
Transfer to furniture & fittings reserve	-	-	-	-	-	-	-	-	-	(284)	-	284	-	-	-	-		
At 30 June 2017	2,114,922	3,119,185	(57,436)	-	51,654	(1,192,040)	152,753	51,408	(18,430)	8,086	191,786	3,311,813	2,505,376	7,733,701	811,462	8,545,163		

* Effects of adopting MFRS 1 includes the effects of adopting MFRS 9 and MFRS 15

(The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2018

	FOR THE 6 MONTHS PERIOD ENDED 30/6/2018 RM'000	FOR THE 6 MONTHS PERIOD ENDED 30/06/2017 RM'000 (RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	403,108	421,750
Adjustments for:		
- non-cash items	(54,693)	(68,772)
- finance costs	131,617	112,011
- finance income	(111,194)	(86,537)
Operating cash flows before working capital changes	368,838	378,452
Changes in working capital	(102,099)	(236,632)
Cash flow generated from operations	266,739	141,820
Interest received	111,194	86,537
Dividend received from joint ventures and associates	62,937	55,930
Tax refunded	1,206	(2,337)
Tax paid	(42,966)	(65,626)
Net cash flow generated from operating activities	399,110	216,324
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment, and biological assets	5,730	12,235
Proceeds from disposal of non-current assets held for sale	306,000	-
Acquisition of other investment	(66,220)	-
Acquisition of land	(243,839)	(51,269)
Acquisition of property, plant and equipment, and biological assets	(274,292)	(170,913)
Acquisition of intangible assets	(4,995)	(451)
Acquisition of goodwill	(317)	-
Acquisition of equity interest from non-controlling interest	(6,926)	-
Acquisition and subsequent expenditure of investment properties	(17,797)	(59,277)
Investment in joint ventures	(6,637)	(2,100)
Investment in associates	(81,651)	(3,275)
Advances to associates and joint ventures	(33,548)	(193,555)
Repayment of quasi-equity loan advances from joint venture	151,062	-
Net cash generated used in investing activities	(273,431)	(468,605)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	795,995	1,131,996
Redemption of preference shares held by minority shareholders in subsidiary companies	-	(2,100)
Interest paid	(131,617)	(112,011)
Proceeds from issue of shares from exercise of ESOS	1,561	42,804
Shares buyback	(51,418)	(580)
Dividend paid to shareholders	(146,367)	(81,152)
Dividend paid to non-controlling interests of subsidiaries	(27,086)	(15,113)
Issuance of perpetual bonds	200,000	-
Net cash generated from financing activities	641,068	963,844
NET INCREASE IN CASH AND CASH EQUIVALENTS	766,747	711,563
EFFECTS OF EXCHANGE RATE CHANGES	(10,657)	958
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,251,158	1,824,156
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	3,007,248	2,536,677
Bank overdrafts	119,588	170,326
Short-term investments	2,047,997	2,184,587
Cash and bank balances, and placement in funds	5,174,833	4,891,590
(The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.)		

NOTES TO FINANCIAL STATEMENTS

A1 Accounting Policies and Basis of Preparation

The Group has prepared its financial statements using the Malaysian Financial Reporting Standards ("MFRS") for the financial period ending 30 June 2018.

The interim financial report is unaudited and is prepared in accordance with MFRS134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2017. 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 2017.

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 2017 except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations that are effective for financial statements effective from 1 January 2018, as disclosed below:

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 1	Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 128	Annual Improvements to MFRS Standards 2014 - 2016 Cycle
Amendments to MFRS 140	Transfers of Investment Property
Clarifications to MFRS 15	
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

A2 First-time Adoption of MFRS

(i) Transition from Financial Reporting Standards (FRSs) to MFRS

The Company, in its consolidated financial statements, measured the assets and liabilities of subsidiaries at the same carrying amounts as in the financial statements of these subsidiaries that have adopted the MFRS framework or International Financial Reporting Standards (IFRS) earlier than the Company, after adjusting for consolidation adjustments.

The effects of first-time adoption of MFRS are primarily from the following:

MFRS 15 - Revenue from Contracts with Customers

The effects of MFRS 15 arise mainly due to the changes to the timing of revenue recognition for the property development activities of the Group. The financial effects are presented in Note A2(ii), (iii) and (iv) below.

MFRS 9 - Financial Instruments

MFRS 9 introduces the expected credit losses (%ECL+) model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model requires impairment to be recognised on initial recognition including expected future credit losses whilst the incurred loss impairment model only requires recognition of credit losses incurred as at reporting date

The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

(i) Transition from Financial Reporting Standards (FRSs) to MFRS (contd.)

MFRS 9 - Financial Instruments (contd.)

As a result, the total ECL allowances computed under MFRS 9 is higher than the total allowance for impairment under MFRS 139 as a more forward looking approach is adopted. The financial effects are presented in Note A2(ii), (iii) and (iv) below.

(ii) Reconciliation of profit of loss

	Individual quarter ended 30 June 2017			Cumulative quarter ended 30 June 2017		
	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
	Revenue	1,240,954	(453)	1,240,501	2,332,294	(3,039)
Operating expenses	(1,071,599)	(651)	(1,072,250)	(2,063,672)	422	(2,063,250)
Other operating income	24,540	-	24,540	42,034	-	42,034
Profit from operations	193,895	(1,104)	192,791	310,656	(2,617)	308,039
Finance income	43,678	-	43,678	86,537	-	86,537
Finance cost	(62,413)	-	(62,413)	(112,011)	-	(112,011)
Share of profit from associates	82,969	-	82,969	109,943	-	109,943
Share of profit from joint ventures	13,317	(189)	13,128	29,440	(198)	29,242
Profit before tax	271,446	(1,293)	270,153	424,565	(2,815)	421,750
Income tax expense	(38,158)	21	(38,137)	(65,497)	140	(65,357)
Profit after tax	233,288	(1,272)	232,016	359,068	(2,675)	356,393
Attributable to:						
- Owners of the parent	196,943	(891)	196,052	304,855	(1,913)	302,942
- Non-controlling interests	36,345	(381)	35,964	54,213	(762)	53,451
	233,288	(1,272)	232,016	359,068	(2,675)	356,393
Earnings per share:						
- Basic	4.12		4.11	6.41		6.39
- Diluted	4.07		4.09	6.33		6.35

(iii) Reconciliation of comprehensive income

	Individual quarter ended 30 June 2017			Cumulative quarter ended 30 June 2017		
	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
	Profit for the period	233,288	(1,272)	232,016	359,068	(2,675)
Foreign currency translation differences for foreign operation	(9,105)	-	(9,105)	14,160	-	14,160
Cash flow hedge reserve						
- Fair value of derivatives	101,348	-	101,348	78,401	-	78,401
- Amount recycled to profit or loss	(98,129)	-	(98,129)	(75,037)	-	(75,037)
Other comprehensive income to be reclassified to profit and loss in subsequent periods	(5,886)	-	(5,886)	17,524	-	17,524
Total comprehensive income for the period	227,402	(1,272)	226,130	376,592	(2,675)	373,917

(iii) Reconciliation of comprehensive income (contd.)

	Individual quarter ended 30 June 2017			Cumulative quarter ended 30 June 2017		
	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
	Attributable to:					
- Owners of the parent	176,663	(891)	175,772	315,323	(1,913)	313,410
- Non-controlling interests	50,739	(381)	50,358	61,269	(762)	60,507
	<u>227,402</u>	<u>(1,272)</u>	<u>226,130</u>	<u>376,592</u>	<u>(2,675)</u>	<u>373,917</u>

(iv) Reconciliation of financial position and equity

	As at 1 January 2017			As at 31 December 2017		
	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
	Non-current assets					
Investments in joint venture	1,501,055	(451)	1,500,604	1,637,047	(1,517)	1,635,530
Other non-current assets	8,236,300	-	8,236,300	9,194,631	-	9,194,631
	<u>9,737,355</u>	<u>(451)</u>	<u>9,736,904</u>	<u>10,831,678</u>	<u>(1,517)</u>	<u>10,830,161</u>
Current assets						
Property development costs	1,171,286	(1,123)	1,170,163	1,033,371	(7,129)	1,026,242
Receivables, deposits & prepayment	2,711,263	(3,697)	2,707,566	2,814,542	(7,768)	2,806,774
Other current assets	5,132,049	-	5,132,049	5,233,853	-	5,233,853
	<u>9,014,598</u>	<u>(4,820)</u>	<u>9,009,778</u>	<u>9,081,766</u>	<u>(14,897)</u>	<u>9,066,869</u>
Assets of disposal group classified as held for sale	-	-	-	294,283	-	294,283
TOTAL ASSETS	<u>18,751,953</u>	<u>(5,271)</u>	<u>18,746,682</u>	<u>20,207,727</u>	<u>(16,414)</u>	<u>20,191,313</u>
Current liabilities						
Taxation	30,885	(269)	30,616	26,662	(1,767)	24,895
Other current liabilities	7,496,328	-	7,496,328	7,939,566	-	7,939,566
	<u>7,527,213</u>	<u>(269)</u>	<u>7,526,944</u>	<u>7,966,228</u>	<u>(1,767)</u>	<u>7,964,461</u>
Non-current liabilities	2,991,510	-	2,991,510	3,754,038	-	3,754,038
Total liabilities	<u>10,518,723</u>	<u>(269)</u>	<u>10,518,454</u>	<u>11,720,266</u>	<u>(1,767)</u>	<u>11,718,499</u>
Equity attributable to Owners of the Parent						
Share capital	2,063,067	-	2,063,067	5,370,606	-	5,370,606
Share premium	3,118,802	-	3,118,802	-	-	-
Treasury shares	(120,532)	-	(120,532)	(63,817)	-	(63,817)
Equity contribution from non- Reserves	51,654	-	51,654	51,654	-	51,654
	<u>2,356,731</u>	<u>(3,985)</u>	<u>2,352,746</u>	<u>2,485,692</u>	<u>(12,046)</u>	<u>2,473,646</u>
	<u>7,469,722</u>	<u>(3,985)</u>	<u>7,465,737</u>	<u>7,844,135</u>	<u>(12,046)</u>	<u>7,832,089</u>
Non-controlling interest	763,508	(1,016)	762,492	643,326	(2,601)	640,725
Total equity	<u>8,233,230</u>	<u>(5,001)</u>	<u>8,228,229</u>	<u>8,487,461</u>	<u>(14,647)</u>	<u>8,472,814</u>
TOTAL LIABILITIES AND EQUITY	<u>18,751,953</u>	<u>(5,271)</u>	<u>18,746,682</u>	<u>20,207,727</u>	<u>(16,414)</u>	<u>20,191,313</u>
Net Assets Per Share Attributable To Owners Of The Parent (RM)	1.55		1.55	1.59		1.59

(v) Reconciliation of cash flows

	6 months ended 30 June 2017		
	Previously stated under FRS RM'000	Effects of transition to MFRS RM'000	Restated under MFRS RM'000
	Profit before tax	424,565	(2,815)
Adjustments for:			
- non-cash items	(71,587)	2,815	(68,772)
- finance costs	112,011	-	112,011
- finance income	(86,537)	-	(86,537)
Operating cash flows before	378,452	-	378,452
Changes in working capital	(236,632)	-	(236,632)
Cash flow generated from/(used in) operations	141,820	-	141,820
Interest received	86,537	-	86,537
Dividend received from joint	55,930	-	55,930
Tax refunded	(2,337)	-	(2,337)
Tax paid	(65,626)	-	(65,626)
Net cash flow generated from/(used in) operating activities	216,324	-	216,324
Cash flows from investing activities	(468,605)	-	(468,605)
Cash flows from financing activities	963,844	-	963,844
Net decrease in cash and cash equivalents	711,563	-	711,563
Effects of exchange rate changes	958	-	958
Cash and cash equivalents at beginning of period	1,824,156	-	1,824,156
Cash and cash equivalents at end of period	2,536,677	-	2,536,677

A3 Report of the Auditors

The report of the auditors of preceding annual financial statements was not subject to any qualification.

A4 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.

A5 Unusual Items

There were no material unusual items affecting the amounts reported for the current quarter ended 30 June 2018.

A6 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 2018.

A7 Issuances, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities

During the financial period ended 30 June 2018, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 1,302,503 ordinary shares pursuant to the exercise of the Employees' Share Option Scheme;
- (b) the repurchase of equity securities of 33,060,400 ordinary shares, at an average price of RM1.56 per share, and
- (c) issuance of 202 ordinary shares pursuant to the exercise of warrants.

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

A8 Dividend Paid

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

RM146,367,485 was paid on 26 April 2018 as second interim dividend of 3 sen per ordinary share for the financial year ended 31 December 2017.

A9 Segmental Reporting

Segmental results for the financial period ended 30 June 2018 are as follows:

	Property Development RM'000	Property Investment Division RM'000	Construction RM'000	Trading and Manufacturing RM'000	Quarry RM'000	Investment Holdings RM'000	Others RM'000	Consolidated RM'000
BY BUSINESS SEGMENTS								
REVENUE AND EXPENSES								
Total revenue	396,585	519,434	1,470,929	640,958	114,635	1,087,105	409,786	4,639,432
Inter-company sales	(175,588)	(82,753)	(577,559)	(76,260)	(6,731)	(1,085,524)	(39,507)	(2,043,922)
External sales	220,997	436,681	893,370	564,698	107,904	1,581	370,279	2,595,510
Results								
Operating segment results	61,622	113,402	85,046	30,391	5,783	(36,650)	36,445	296,039
Finance income	13,490	3,124	8,901	795	64	72,795	12,025	111,194
Finance costs	(10,445)	(79,737)	(4,276)	(6,256)	(1,168)	(21,149)	(8,586)	(131,617)
Share of results of:								
- associated companies	-	111,859	-	-	-	-	610	112,469
- joint ventures	5,504	9,503	16	-	-	-	-	15,023
Profit before taxation	70,171	158,151	89,687	24,930	4,679	14,996	40,494	403,108
Taxation	(5,879)	(14,816)	(15,532)	(5,083)	(696)	(4,017)	(3,833)	(49,856)
Profit for the period	64,292	143,335	74,155	19,847	3,983	10,979	36,661	353,252
Non controlling interests	(975)	971	(29,385)	(2,332)	(80)	5	(95)	(31,891)
Attributable to owners of the parent	63,317	144,306	44,770	17,515	3,903	10,984	36,566	321,361

	Revenue RM'000	Profit before tax RM'000	Profit after tax RM'000	Attributable to owners of the parent RM'000
BY GEOGRAPHICAL SEGMENTS				
Malaysia	2,306,868	346,844	299,910	273,825
Singapore	89,458	46,906	45,620	43,748
China	127,951	39	(417)	(1,950)
India	-	(339)	(339)	(250)
Australia	17,956	870	620	291
United Arab Emirates	-	443	443	241
Other Countries	53,277	8,345	7,415	5,456
	2,595,510	403,108	353,252	321,361

Segmental results by foreign currency for the financial period ended 30 June 2018 are as follows:

PROPERTY DEVELOPMENT SEGMENT:

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	217,906	32,848	27,216	26,558	217,906	32,848	27,216	26,558
Australian Dollar (AUD'000)	62	272	190	85	189	824	577	259
Hong Kong Dollar (HKD'000)	-	(1,610)	(1,610)	(1,610)	-	(810)	(810)	(810)
India Rupee (INR'000)	-	(332)	(332)	(332)	-	(20)	(20)	(20)
China Yuan Renminbi (RMB'000)	4,695	(6,388)	(6,388)	(6,388)	2,902	(3,949)	(3,949)	(3,949)
Singapore Dollar (SGD'000)	-	13,894	13,894	13,894	-	41,280	41,280	41,280
US Dollar (USD'000)	-	(1)	(1)	-	-	(2)	(2)	(1)
					220,997	70,171	64,292	63,317

PROPERTY INVESTMENT DIVISION SEGMENT:

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	426,003	158,172	143,356	144,573	426,003	158,172	143,356	144,573
Hong Kong Dollar (HKD'000)	-	(48)	(48)	(48)	-	(24)	(24)	(24)
US Dollar (USD'000)	1,678	131	131	69	6,617	518	518	272
Vietnam Dong (VND'000,000)	23,483	(2,978)	(2,978)	(2,978)	4,061	(515)	(515)	(515)
					436,681	158,151	143,335	144,306

CONSTRUCTION SEGMENT:

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	823,581	80,730	66,039	40,353	823,581	80,730	66,039	40,353
United Arab Emirates Dirham (AED'000)	-	406	406	221	-	443	443	241
India Rupee (INR'000)	-	(3,257)	(3,257)	(1,761)	-	(196)	(196)	(106)
Singapore Dollar (SGD'000)	23,490	1,666	1,383	752	69,789	4,949	4,108	2,235
Trinidad & Tobago Dollar (TTD'000)	-	6,359	6,359	3,461	-	3,761	3,761	2,047
					893,370	89,687	74,155	44,770

TRADING & MANUFACTURING SEGMENT:

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	394,022	14,083	10,825	10,047	394,022	14,083	10,825	10,047
Australian Dollar (AUD'000)	5,861	18	18	12	17,766	55	55	37
Indonesia Rupiah (IDR'000,000)	99,922	10,747	8,549	8,549	28,461	3,061	2,435	2,435
China Yuan Renminbi (RMB'000)	146,630	9,148	8,418	5,934	90,642	5,655	5,204	3,668
Singapore Dollar (SGD'000)	6,620	186	37	37	19,668	554	110	110
Thai Baht (THB'000)	113,952	12,266	9,816	9,816	14,139	1,522	1,218	1,218
					564,698	24,930	19,847	17,515

INVESTMENT HOLDING SEGMENT:

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	1,581	16,047	12,034	12,034	1,581	16,047	12,034	12,034
Hong Kong Dollar (HKD'000)	-	(771)	(779)	(769)	-	(388)	(392)	(387)
China Yuan Renminbi (RMB'000)	-	(1,073)	(1,073)	(1,073)	-	(663)	(663)	(663)
					1,581	14,996	10,979	10,984

OTHERS SEGMENT:

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	335,872	40,300	36,467	36,375	335,872	40,300	36,467	36,375
China Yuan Renminbi (RMB'000)	55,660	314	314	309	34,407	194	194	191
					370,279	40,494	36,661	36,566

The quarry segment is denominated entirely in Malaysian Ringgit.

Segmental assets and liabilities for the financial period ended 30 June 2018 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
Assets								
Segment assets	4,955,256	4,132,241	1,789,140	910,676	162,361	3,857,314	1,659,757	17,466,745
Investment in associates	30,283	1,918,059	-	269	-	-	61,560	2,010,171
Investment in joint ventures	1,377,247	114,208	2,984	-	-	-	-	1,494,439
Unallocated assets								167,242
Total assets								21,138,597
Liabilities								
Segment liabilities	1,091,935	961,201	1,201,076	248,168	56,154	8,169,798	506,392	12,234,724
Unallocated liabilities								164,999
Total liabilities								12,399,723

A10 Foreign Currency Rates

The foreign currency exchange rates used are as follows:

Denomination	Closing rate	Average rate
United Arab Emirates Dirham	1.0310	1.0908
Australian Dollar	2.9793	3.0310
Hong Kong Dollar	0.5159	0.5031
Indonesia Rupiah ('000)	0.2810	0.2848
India Rupee	0.0588	0.0602
Japanese Yen	0.0367	0.0365
China Yuan Renminbi	0.6114	0.6182
Singapore Dollar	2.9649	2.9711
Thai Baht	0.1222	0.1241
US Dollar	4.0480	3.9429
Vietnam Dong ('000)	0.1765	0.1729

Income and expenses are translated at the average rate whereas the assets and liabilities are translated at the closing rate.

A11 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.

A12 Material events

There were no material events subsequent to the current quarter ended 30 June 2018.

A13 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 2018.

A14 Contingent Liabilities and Assets

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

	30/6/2018 RM'000	31/12/2017 RM'000
Guarantees given to third parties in respect of contracts and trade performance	806,619	796,322

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

A15 Commitments

(a) Capital commitment not provided for in the financial year as at 30 June 2018 is as follows:

	30/6/2018 RM'000	31/12/2017 RM'000
Amount authorised and contracted for	87,754	427,723
Amount authorised but not contracted for	183,876	298,665
	<u>271,630</u>	<u>726,388</u>

(b) Operating lease commitment not provided for in the financial year as at 30 June 2018 is as follows:

	30/6/2018 RM'000	31/12/2017 RM'000
Future minimum lease payment:		
- not later than 1 year	104,177	92,007
- later than 1 year and not later than 5 years	231,767	228,656
- later than 5 years	69,983	40,759
	<u>405,927</u>	<u>361,422</u>
Future minimum lease receipts:		
- not later than 1 year	71,232	80,060
- later than 1 year and not later than 5 years	320,961	317,675
- later than 5 years	844,067	801,957
	<u>1,236,260</u>	<u>1,199,692</u>

B1 Review of Performance

For the quarter

The Group recorded revenue of RM1,287.1 million and profit before tax of RM242.2 million for the current quarter ended 30 June 2018 compared to revenue of RM1,240.5 million and profit before tax of RM270.2 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 3.8% and decrease in profit before tax of 10.3%. The increase in revenue in the current quarter was primarily due to higher contributions from the construction and trading and manufacturing segments. The lower profit before tax was mainly due to the adoption of MFRS 15 on one of the Group's Singapore property development projects, for which the Group can only recognise the development profits upon its completion. As a result, the progressive profits of RM28.3 million from this project, which could have been recognised in the current quarter under the progressive revenue recognition treatment, has to be deferred accordingly. The other segments with lower profit contributions were building materials and the Group's treasury operations.

However, the Group recorded profit after tax and minority interest (%PATMI) of RM199.4 million in the current quarter compared to PATMI of RM196.1 million in the corresponding quarter of the previous financial year, representing an increase in PATMI of 1.7%. The marginally higher Group PATMI, unlike the lower profit before tax recorded, was mainly due to the lower share of minority interest profit for some local property development projects in the current quarter compared to the previous corresponding quarter. The Group PATMI would have been higher by 16.2% if not for the adoption of MFRS 15, as mentioned above.

The property development segment reported revenue of RM88.7 million and profit before tax of RM46.4 million in the current quarter compared to revenue of RM270.7 million and profit before tax of RM74.9 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 67.2% and profit before tax of 38.0%. Performance in the current quarter was lower due to lower progress billings from local development projects. The performance in the corresponding quarter of the previous financial year was also boosted by the completion and handover of a local development project during the quarter. As mentioned above, the performance was also impacted by the adoption of MFRS 15 on one of the Group's Singapore property development projects.

The property investment segment reported revenue of RM216.7 million and profit before tax of RM102.5 million in the current quarter compared to revenue of RM207.4 million and profit before tax of RM93.4 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 4.5% and profit before tax of 9.8%. The higher revenue in the current quarter was mainly due to higher occupancy at the Group's portfolio of investment properties, and additional contribution from new properties such as Sunway Velocity Hotel and Sunway Geo in Sunway South Quay. The profit before tax was higher mainly due to better performance registered by Sunway Velocity Mall as compared to the initial period, as well as share of higher fair value gains from revaluation of Sunway REIT properties, which was RM59.2 million in the current quarter compared to RM56.8 million in the corresponding quarter of the previous financial year.

The construction segment recorded revenue of RM449.7 million and profit before tax of RM49.6 million in the current quarter compared to revenue of RM310.9 million and profit before tax of RM46.2 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 44.6% and profit before tax of 7.2%. Revenue in the current quarter was higher mainly due to higher progress billings from local construction projects and lower intra-group eliminations. Profit before tax, however, was only marginally higher in the current quarter mainly due to lower profit contribution from the precast division.

The trading and manufacturing segment recorded revenue of RM286.4 million and profit before tax of RM13.4 million in the current quarter compared to revenue of RM226.0 million and profit before tax of RM12.0 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 26.7% and profit before tax of 11.7%. Recovery in market conditions helped drive higher sales for the segment, both locally and overseas, improving its financial performance in the current quarter.

The quarry segment reported revenue of RM57.9 million and profit before tax of RM2.9 million in the current quarter compared to revenue of RM58.7 million and profit before tax of RM4.0 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 1.4% and profit before tax of 27.3%. The financial performance of the segment in the current quarter was lower mainly due to lower sales volume for aggregates and premix, and lower selling price for aggregates.

The other segments recorded revenue of RM187.7 million and profit before tax of RM27.4 million in the current quarter compared to revenue of RM166.9 million and profit before tax of RM39.6 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 12.5% and decrease in profit before tax of 30.8%. Revenue was higher in the current quarter mainly due to higher contributions from the healthcare and building materials segments. The decrease in profit before tax was primarily attributable to lower contribution from the Group's treasury operations and lower operating margins in the building materials segment.

For the 6 months period

The Group recorded revenue of RM2,595.5 million and profit before tax of RM403.1 million for the current 6 months period ended 30 June 2018 compared to revenue of RM2,329.3 million and profit before tax of RM421.8 million in the corresponding 6 months period ended 30 June 2017, representing an increase in revenue of 11.4% and decrease in profit before tax of 4.4%. The increase in revenue in the current period was contributed by most business segments, except property development. Current period profit before tax was lower, however, mainly due to lower profit contribution from the property development segment, which was also impacted by the adoption of MFRS 15 on one of the Group's Singapore property development projects, as mentioned above.

The Group, however, recorded PATMI of RM321.4 million for the current 6 months period ended 30 June 2018 compared to PATMI of RM302.9 million in the corresponding 6 months period ended 30 June 2017, representing an increase in PATMI of 6.1%. The higher PATMI was mainly due to the lower share of minority interest profit for some local property development projects in the current period. The Group PATMI would have been higher by 15.4% in the current period if not for the adoption of MFRS 15.

The property development segment reported revenue of RM221.0 million and profit before tax of RM70.2 million for the current 6 months period ended 30 June 2018 compared to revenue of RM411.4 million and profit before tax of RM103.3 million in the corresponding 6 months period ended 30 June 2017, representing a decrease in revenue of 46.3% and profit before tax of 32.0%. The lower financial performance was mainly due to lower progress billings from local development projects in the current period, and completion and handover of a local development project in the corresponding period of the previous year. Further, following the adoption of MFRS 15, as mentioned above, the progressive profits from one of the Group's Singapore property development projects can only be recognised upon completion.

The property investment segment reported revenue of RM436.7 million and profit before tax of RM158.2 million for the current 6 months period ended 30 June 2018 compared to revenue of RM394.3 million and profit before tax of RM133.0 million in the corresponding 6 months period ended 30 June 2017, representing an increase in revenue of 10.8% and profit before tax of 18.9%. The higher revenue in the current period was mainly due to higher contribution from Sunway Pyramid Hotel, which was operating at full inventory following its refurbishment exercise, and additional contribution from new properties such as Sunway Velocity Hotel and Sunway Geo in Sunway South Quay. Revenue was also boosted by higher occupancy at the Group's portfolio of investment properties, and the opening of additional room inventory at The Banjaran Hotsprings Retreat & Spa in Ipoh. The profit before tax was higher mainly due to better performance registered by Sunway Velocity Mall as compared to the initial period, better contribution from the other operations, as well as share of higher fair value gains from revaluation of Sunway REIT properties, as mentioned above.

The construction segment recorded revenue of RM893.4 million and profit before tax of RM89.7 million for the current 6 months period ended 30 June 2018 compared to revenue of RM627.7 million and profit before tax of RM86.7 million in the corresponding 6 months period ended 30 June 2017, representing an increase in revenue of 42.3% and profit before tax of 3.5%. Although revenue was significantly higher in the current period due to higher progress billings and lower intra-group eliminations, profit before tax was only marginally higher mainly due to lower profit contribution from the precast division.

The trading and manufacturing segment recorded revenue of RM564.7 million and profit before tax of RM24.9 million for the current 6 months period ended 30 June 2018 compared to revenue of RM471.2 million and profit before tax of RM21.9 million in the corresponding 6 months period ended 30 June 2017, representing an increase in revenue of 19.8% and profit before tax of 13.7%. The financial performance of the segment in the current period was better due to improved overall market condition and sentiment, which resulted in higher sales and profit for the segment, both locally and overseas.

The quarry segment reported revenue of RM107.9 million and profit before tax of RM4.7 million for the current 6 months period ended 30 June 2018 compared to revenue of RM98.9 million and profit before tax of RM4.9 million in the corresponding 6 months period ended 30 June 2017, representing an increase in revenue of 9.1% and decrease in profit before tax of 4.9%. The higher revenue in the current period was primarily driven by higher sales volume and average selling price for premix. However, profit before tax was marginally lower mainly due to lower operating margin.

The other segments recorded revenue of RM371.9 million and profit before tax of RM55.5 million for the current 6 months period ended 30 June 2018 compared to revenue of RM325.8 million and profit before tax of RM72.0 million in the corresponding 6 months period ended 30 June 2017, representing an increase in revenue of 14.1% and decrease in profit before tax of 22.9%. Revenue was higher in the current period mainly due to higher contributions from the healthcare and building materials segments. The lower profit before tax, however, was primarily attributable to lower operating margins in the building materials segment and lower contribution from the Group's treasury operations.

B2 **Material Changes in the Quarterly Results**

The Group recorded revenue of RM1,287.1 million and profit before tax of RM242.2 million for the current quarter compared to revenue of RM1,308.4 million and profit before tax of RM160.9 million in the preceding quarter, representing a decrease in revenue of 1.6% and increase in profit before tax of 50.6%. Revenue was lower in the current quarter mainly due to lower contribution from the property development segment, while profit before tax was higher due to higher contributions from most business segments and share of fair value gains from revaluation of Sunway REIT properties of RM59.2 million recorded in the current quarter.

The Group recorded PATMI of RM199.4 million in the current quarter compared to PATMI of RM121.9 million in the preceding quarter, representing an increase in PATMI of 63.6%. The increase was mainly due to the share of fair value gains mentioned above and lower share of minority interest profit for some local property development projects.

The property development segment reported revenue of RM88.7 million and profit before tax of RM46.4 million for the current quarter compared to revenue of RM132.3 million and profit before tax of RM23.8 million in the preceding quarter, representing a decrease in revenue of 33.0% and increase in profit before tax of 95.4%. The lower revenue in the current quarter was mainly due to lower progress billings from local development projects, following the completion and handover of a local development project in the preceding quarter. However, profit before tax for the current quarter was higher primarily due to higher contribution from realisation of the foreign exchange gains from the accumulated profits arising from its Singapore property development projects. Further, profit before tax would have been even higher if not for the adoption of MFRS 15, as mentioned previously.

The property investment segment reported revenue of RM216.7 million and profit before tax of RM102.5 million for the current quarter compared to revenue of RM220.0 million and profit before tax of RM55.6 million in the preceding quarter, representing a decrease in revenue of 1.5% and increase in profit before tax of 84.3%. Revenue was largely in line with the previous quarter. Profit before tax, however, was boosted by share of fair value gains from revaluation of Sunway REIT properties of RM59.2 million in the current quarter. However, this was partly offset by lower contributions from the other operations in the current quarter.

The construction segment recorded revenue of RM449.7 million and profit before tax of RM49.6 million for the current quarter compared to revenue of RM443.7 million and profit before tax of RM40.1 million in the preceding quarter, representing an increase in revenue of 1.3% and profit before tax of 23.5%. Revenue was higher in the current quarter mainly due to higher progress billings from local construction projects, while profit before tax was higher in line with the higher revenue and due to lower intra-group eliminations.

The trading and manufacturing segment recorded revenue of RM286.4 million and profit before tax of RM13.4 million for the current quarter compared to revenue of RM278.3 million and profit before tax of RM11.5 million in the preceding quarter, representing an increase in revenue of 2.9% and profit before tax of 16.3%. Revenue was higher in the current quarter mainly due to higher sales recorded both locally and overseas. Profit before tax was also higher in line with the higher revenue, and due to higher operating margins.

The quarry segment reported revenue of RM57.9 million and profit before tax of RM2.9 million for the current quarter compared to revenue of RM50.0 million and profit before tax of RM1.8 million in the preceding quarter, representing an increase in revenue of 15.8% and profit before tax of 65.9%. The financial performance of the segment was better in the current quarter due to higher sales volume for aggregates and premix, coupled with higher selling price for premix.

The other segments recorded revenue of RM187.7 million and profit before tax of RM27.4 million for the current quarter compared to revenue of RM184.2 million and profit before tax of RM28.1 million in the preceding quarter, representing an increase in revenue of 1.9% and decrease in profit before tax of 2.5%. The increase in revenue in the current quarter was mainly attributable to the healthcare segment, while the decrease in profit before tax was mainly due to lower contribution from the Group's treasury operations in the current quarter.

B3 **Prospects**

The Group did well by registering a Group PATMI of RM321.4 million for the first half of the year, compared to RM302.9 million in the corresponding period of last year, representing an increase of 6.1%. The Group PATMI would have been higher by 15.4% in the current period if not for the adoption of MFRS 15.

The Malaysian economy expanded by 4.5% in the second quarter of 2018, following a 5.4% growth in the preceding quarter. However, with the new government's commitment and efforts in improving governance, accountability and transparency, it will boost domestic consumer and business confidence, which will help to underpin the economic growth momentum going forward.

Such positive development will augur well for the Group's diverse yet complementary businesses. Barring any unforeseen circumstances, the Group will continue to deliver satisfactory performance for the second half of this 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 joint ventures as the share of profit is recognised on an after tax basis.

	Current Quarter Ended 30/6/2018 RM'000	Cumulative Year To Date 30/6/2018 RM'000
Current taxation	(26,249)	(54,922)
Deferred taxation	(204)	5,066
	<u>(26,453)</u>	<u>(49,856)</u>

B6 Profit/(Loss) before Taxation

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

	Current Quarter Ended 30/6/2018 RM'000	Cumulative Year To Date 30/6/2018 RM'000
Depreciation and amortisation	(37,240)	(73,821)
Net reversal/(provision) of impairment for:		
- Trade receivables	1,794	(278)
- Inventories	(489)	(805)
- Advances to joint venture	(1,007)	(1,991)
Write off:		
- Trade receivables	(546)	(986)
- Inventories	(91)	(91)
- Property, plant and equipment	(125)	(142)
Net gain on disposal of:		
- property, plant and equipment	(141)	953
- non-current asset held for sale	-	1,630
Net foreign exchange gain/(loss):		
- Others	28,878	27,959
- Unrealised for hedged items	(66,388)	(4,022)
Cash flow hedge reserve recycled to profit or loss	66,388	4,022

B7 Status of Corporate Proposal Announced

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

B7.1 Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. with Sunway Serene Sdn. Bhd., View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd.

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

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

B7.1 Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. with Sunway Serene Sdn. Bhd., View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd. (contd.)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Proposed Property Acquisition of PT2049 and the Proposed Joint Venture were completed on 29 June 2016 and 24 May 2017 respectively. The remainder of the Proposed Property Acquisition has not been completed as at the date of this report.

B7.2 Collective purchase of land, all the units and the common property in the development known as Brookvale Park comprised in Lots 4267K, 4268N, 4269X and 4270K of Mukim 5, Singapore ("Brookvale Park")

On 15 February 2018, Hoi Hup Realty Pte. Ltd. (Hoi Hup) and Sunway Developments Pte. Ltd. (a wholly-owned subsidiary of Sunway Holdings Sdn. Bhd., which in turn wholly-owned by the Company) (SDPL) had entered into a Collective Sale and Purchase Agreement with the collective majority owners of Brookvale Park to acquire Brookvale Park (the Property) for a total consideration of S\$530.0 million (equivalent to approximately RM1.59 billion). The completion of the agreement is subject to fulfillment of conditions precedent and authorities approval.

Brookvale Park, located on 999-year leasehold land in Clementi, Singapore, is currently a 160-unit private residential estate with a land area of 34,654 square meter. The Property will be redevelop into a new private residential development with an allowed plot ratio of 1.6 times, subject to authorities approval (the Proposed Project).

The Collective Sale and Purchase Agreement has not been completed as at the date of this report.

B7.3 Proposed acquisition of residential units by Sunglobal Resources Sdn. Bhd.

On 25 May 2018, Sunglobal Resources Sdn Bhd (Sunglobal) entered into a Master Sale and Purchase Agreement (SPA) with Setapak Heights Development Sdn Bhd (Setapak Heights) for the acquisition of 47 completed individual residential units of Residensi Infiniti 3 (Parcels) developed by Setapak Heights on a leasehold land of 99 years expiring on 24 February 2109 held under Pajakan Negeri 50980 Lot 200649 Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan (land) on an as is where is basis and free from encumbrances and with vacant possession (Proposed Acquisition) for a total purchase consideration of RM45,795,860 ("Contract Price").

The Contract Price shall be satisfied by Sunglobal in the following manner:

- (a) A sum of RM4,579,586 (Initial Payment) paid to Setapak Heights upon execution of the SPA as part payment of the Contract Price;
- (b) Payment of RM20,608,137 shall be paid to Setapak Heights within 12 months from the date of the SPA towards part payment of the Contract Price; and
- (c) Payment of the remaining balance of the Contract Price of RM20,608,137 shall be paid to Setapak Heights within 18 months from the date the SPA.

The SPA is conditional upon the discharge of the assignment of the Parcels in favour of Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad within one month from the date of the SPA or such further period as may be granted by Sunglobal (Cut-Off Period). Setapak Heights and Sunglobal shall treat the sale and purchase of the Parcels as being completed on the date this condition is fulfilled notwithstanding that the Contract Price has yet to be paid in full. If the condition is not fulfilled by the expiry of the Cut-Off Period, Setapak Heights is to refund the Initial Payment to Sunglobal and Sunglobal shall have the right to terminate the SPA.

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

B7.4 Disposal of entire 30% equity interest held by a subsidiary in Hoi Hup Sunway Novena Pte Ltd ("HHSN")

On 26 June 2018, Sunway Developments Pte. Ltd. (SDPL), a wholly-owned subsidiary of Sunway Holdings Sdn Bhd which in turn is a wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement (SPA) with Hoi Hup Realty Pte Ltd (Hoi Hup) for the purpose of disposing its entire 300,000 ordinary shares representing 30% equity interest in HHSN to Hoi Hup for a cash consideration of SGD39,881,490.78 (equivalent to approximately RM118.2 million) (Proposed Disposal).

The Proposed Disposal has been completed as at the date of this report.

B8 **Group Borrowings and Debt Securities**

The Group borrowings as at 30 June 2018 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
Secured borrowings			
<u>Islamic:</u>			
Term loan	748,880	-	748,880
Revolving credits	404,800	-	404,800
	1,153,680	-	1,153,680
<u>Conventional:</u>			
Bank overdrafts	119,588	-	119,588
Term loan	530,751	920,958	1,451,709
Revolving credits	371,426	-	371,426
Medium term notes	-	480,000	480,000
Bankers' acceptances	6,941	-	6,941
Hire purchase and lease liabilities	516	511	1,027
	1,029,222	1,401,469	2,430,691
Total secured borrowings	2,182,902	1,401,469	3,584,371
Unsecured borrowings			
<u>Islamic:</u>			
Medium term notes	-	1,480,000	1,480,000
Bankers' acceptances	-	-	-
Revolving credits	-	-	-
Commercial papers	1,275,000	-	1,275,000
Bills discounting	117,620	-	117,620
	1,392,620	1,480,000	2,872,620
<u>Conventional:</u>			
Term loan	157,897	-	157,897
Revolving credits	364,698	-	364,698
Medium term notes	-	610,000	610,000
Bankers' acceptances	172,541	-	172,541
Commercial papers	1,288,000	-	1,288,000
Bills discounting	5,944	-	5,944
	1,989,080	610,000	2,599,080
Total unsecured borrowings	3,381,700	2,090,000	5,471,700
Total borrowings	5,564,602	3,491,469	9,056,071
Islamic borrowings	2,546,300	1,480,000	4,026,300
Conventional borrowings	3,018,302	2,011,469	5,029,771
Total borrowings	5,564,602	3,491,469	9,056,071

Included in the Group borrowings as at 30 June 2018 are amounts denominated in foreign currency as follows:

Secured	Foreign currency		RM'000		
	Current	Non-current	Current	Non-current	Total
US Dollar (USD ϕ 00) *					
- Term loan	528,000	100,000	2,137,344	404,800	2,542,144
Singapore Dollar (SGD ϕ 00) #					
- Term loan	90,000	-	266,841	-	266,841
Indonesian Rupiah (RP ϕ 00) **					
- Term loan	1,787,086	-	502	-	502
Australia Dollar (AUD ϕ 00) **					
- Bankers' acceptance	939	-	2,798	-	2,798
			2,407,485	404,800	2,812,285

The Group borrowings as at 30 June 2017 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
Secured borrowings			
<u>Islamic:</u>			
Term loan	597,839	982,625	1,580,464
<u>Conventional:</u>			
Bank overdrafts	169,767	-	169,767
Term loan	1,237,027	650,760	1,887,787
Revolving credits	764,081	-	764,081
Bankers' acceptances	4,985	-	4,985
Medium term notes	-	480,000	480,000
Hire purchase	1,216	583	1,799
	2,177,076	1,131,343	3,308,419
Total secured borrowings	2,774,915	2,113,968	4,888,883
Unsecured borrowings			
<u>Islamic:</u>			
Medium term notes	-	470,000	470,000
Commercial paper	1,470,000	-	1,470,000
Revolving credits	80,000	-	80,000
	1,550,000	470,000	2,020,000
<u>Conventional:</u>			
Term loan	3,752	-	3,752
Revolving credits	-	-	-
Medium term notes	150,000	450,000	600,000
Commercial paper	638,000	-	638,000
Bills discounting	100,482	-	100,482
Bankers' acceptances	128,259	-	128,259
	1,020,493	450,000	1,470,493
Total unsecured borrowings	2,570,493	920,000	3,490,493
Total borrowings	5,345,408	3,033,968	8,379,376
Islamic borrowings	2,147,839	1,452,625	3,600,464
Conventional borrowings	3,197,569	1,581,343	4,778,912
Total borrowings	5,345,408	3,033,968	8,379,376

Included in the Group borrowings as at 30 June 2017 are amounts denominated in foreign currency as follows:

Secured	Foreign currency		RM'000		Total
	Current	Non-current	Current	Non-current	
US Dollar (USD'000) *					
- Term loan	219,000	219,000	941,919	941,919	1,883,838
- Revolving credit	4,300	-	18,494	-	18,494
Singapore Dollar (SGD'000) #					
- Term loan	-	90,000	-	281,232	281,232
Chinese Renminbi (RMB'000) **					
- Term loan	40,777	4,539	25,865	2,879	28,744
Indonesian Rupiah (RP'000) **					
- Term loan	13,828,410	-	4,467	-	4,467
Australia Dollar (AUD'000) **					
- Term loan	568	-	1,883	-	1,883
			992,627	1,226,030	2,218,657

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.

Overall, the total borrowing of the Group has increased by RM0.26 billion, from RM7.62 billion as at 30 June 2017 to RM7.88 billion as at 30 June 2018.

The increase in Group's borrowing is mainly to fund the development cost of its on-going projects in Sunway Velocity, Sunway Iskandar, Sunway Serene and expansion cost in Sunway Medical Centre.

The weighted average interest rate of borrowings as at 30 June 2018 is 4.12%. 33% of the Group's total borrowing are fixed rate instruments, whereas 67% are floating rate instruments.

Out of the total borrowings of RM7.62 billion, RM2.74 billion (Current: RM2.48 billion ; Non-current: RM0.26 billion) are denominated in foreign currencies. The group entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings, which was entered into for minimising the interest cost. The average exchange rate entered for USD borrowings is 3.923 and SGD borrowings is 2.573.

B9 Derivative Financial Instruments

The Group's outstanding derivatives as at 30 June 2018 were as follows:

Type of Derivatives	Contract/ Notional Value RM'000	Fair Value RM'000	Gains/(Losses) for the period RM'000	Cash Flow Hedge Reserve RM'000
Interest rate swap contracts				
- Less than 1 year *	916,130	(45)	-	
Foreign currency forward contracts				
- Less than 1 year	49,945	(923)	231	-
- 1 year to 3 years	16,233	(84)	361	-
Cross currency swap contracts[#]				
- Less than 1 year	1,805,602	68,702		(309)
- 1 year to 5 years	-	(3,572)		-
Total derivatives		64,078	592	(309)

* Includes a contract which has expired during the period.

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

Commodity futures

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

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

Foreign currency forward contracts

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

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

Interest rate swap contracts

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

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

Cross currency swap contracts

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

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

B11 Ageing Analysis of Trade Receivables

The aging analysis of the Group's trade receivables are as follows:

	30/6/2018 RM'000	31/12/2017 RM'000 (Restated)
Neither past due nor impaired	1,299,610	1,676,075
1 to 30 days past due not impaired	141,500	110,633
31 to 60 days past due not impaired	107,057	80,431
61 to 90 days past due not impaired	48,889	37,033
91 to 120 days past due not impaired	31,185	19,119
More than 120 days past due not impaired	78,144	50,543
	406,775	297,759
Impaired	97,876	93,263
Total trade receivables	1,804,261	2,067,097
Less: Allowance for impairment	(97,876)	(93,263)
Net trade receivables	1,706,385	1,973,834
Other receivables	376,595	301,907
Amounts due from associates	39,149	41,904
Amounts due from joint ventures	841,346	735,088
Total receivables	2,963,475	3,052,733
Non-current receivables	89,800	245,959
Current receivables	2,873,675	2,806,774
Total receivables	2,963,475	3,052,733

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 RM52 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 RM47 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 Dividend

Other than the dividend paid as disclosed in note A8, the Board of Directors has declared a first interim dividend of 3.50 sen per share for the financial year ending 31 December 2018.

B12 Earnings per share

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

	Current Quarter Ended 30/6/2018 RM'000	Cumulative Year To Date 30/6/2018 RM'000
<u>Basic earnings per share</u>		
Profit attributable to members of the Company	199,438	321,361
Weighted Average Number of Ordinary Shares	4,871,189	4,881,702
Earnings per share (Basic) (sen)	4.09	6.58
<u>Diluted earnings per share</u>		
Profit attributable to members of the Company	199,438	321,361
Weighted Average Number of Ordinary Shares	4,875,917	4,887,822
Earnings per share (Diluted) (sen)	4.09	6.57

By Order of the Board

Tan Kim Aun
Chin Lee Chin
Secretaries