

SUNWAY BERHAD (Company No : 201001037627 (921551-D))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT	PRECEDING YEAR	INCREASE/ (DECREASE)	CURRENT	PRECEDING YEAR	INCREASE/ (DECREASE)
	YEAR	CORRESPONDING		YEAR	CORRESPONDING	
NOTE	QUARTER 30/06/2021	QUARTER 30/06/2020	%	TO DATE 30/06/2021	PERIOD 30/06/2020	%
	RM'000	RM'000 (RESTATED)	%	RM'000	RM'000 (RESTATED)	%
REVENUE	967,917	556,644	74%	1,984,660	1,528,083	30%
OPERATING EXPENSES	B6 (956,157)	(582,564)	64%	(1,944,383)	(1,523,428)	28%
OTHER OPERATING INCOME	B6 24,730	34,600	(29%)	45,269	71,565	(37%)
PROFIT FROM OPERATIONS	36,490	8,680	320%	85,546	76,220	12%
FINANCE INCOME	45,592	43,232	5%	84,376	84,214	0%
FINANCE COSTS	(25,700)	(53,042)	(52%)	(50,006)	(105,664)	(53%)
SHARE OF PROFIT FROM ASSOCIATES	15,894	355	4377%	32,328	31,058	4%
SHARE OF PROFIT/(LOSS) FROM JOINT VENTURES	6,708	(139)	N/A	13,914	6,742	106%
PROFIT/(LOSS) BEFORE TAX	78,984	(914)	N/A	166,158	92,570	79%
INCOME TAX EXPENSE	B5 (7,869)	(14,548)	(46%)	(24,666)	(32,196)	(23%)
PROFIT/(LOSS) FOR THE PERIOD	71,115	(15,462)	N/A	141,492	60,374	134%
ATTRIBUTABLE TO:						
- OWNERS OF THE PARENT	70,521	(20,382)	N/A	128,971	42,017	207%
- NON-CONTROLLING INTERESTS	594	4,920	(88%)	12,521	18,357	(32%)
	71,115	(15,462)	N/A	141,492	60,374	134%
EARNINGS/(LOSS) PER SHARE						
(i) BASIC (sen) ¹	1.20	(0.42)	N/A	2.20	0.86	156%
(ii) DILUTED (sen) ¹	1.20	(0.42)	N/A	2.20	0.86	156%

¹ The calculation of earnings per share (basic and diluted) includes the ordinary shares that will be issued upon the mandatory conversion of ICPS.

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 201001037627 (921551-D))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2021

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2021	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2020	CURRENT YEAR TO DATE 30/06/2021	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2020
	RM'000	RM'000 (RESTATED)	RM'000	RM'000 (RESTATED)
PROFIT/(LOSS) FOR THE PERIOD	71,115	(15,462)	141,492	60,374
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATIONS	8,818	10,102	34,664	24,106
CASH FLOW HEDGE RESERVE - FAIR VALUE GAIN				
- FAIR VALUE GAIN OF DERIVATIVES	3,112	28,978	48,397	40,577
- AMOUNT RECYCLED TO PROFIT OR LOSS	(2,366)	(29,451)	(45,391)	(49,492)
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS				
FAIR VALUE GAIN ON OTHER INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	10,815	-	11,780	-
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	-	6,663	20
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>20,379</u>	<u>9,629</u>	<u>56,113</u>	<u>15,211</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>91,494</u>	<u>(5,833)</u>	<u>197,605</u>	<u>75,585</u>
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	77,647	(11,592)	183,758	55,338
- NON-CONTROLLING INTERESTS	<u>13,847</u>	<u>5,759</u>	<u>13,847</u>	<u>20,247</u>
	<u>91,494</u>	<u>(5,833)</u>	<u>197,605</u>	<u>75,585</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 2020 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 201001037627 (921551-D))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021
 THE FIGURES HAVE NOT BEEN AUDITED

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER 30/06/2021	IMMEDIATE PRECEDING QUARTER 31/03/2021	INCREASE/ (DECREASE)
	RM'000	RM'000	%
REVENUE	967,917	1,016,743	(5%)
OPERATING EXPENSES	(956,157)	(988,226)	(3%)
OTHER OPERATING INCOME	24,730	20,539	20%
PROFIT FROM OPERATIONS	<u>36,490</u>	<u>49,056</u>	(26%)
FINANCE INCOME	45,592	38,784	18%
FINANCE COSTS	(25,700)	(24,306)	6%
SHARE OF PROFIT FROM ASSOCIATES	15,894	16,434	(3%)
SHARE OF PROFIT FROM JOINT VENTURES	6,708	7,206	(7%)
PROFIT BEFORE TAX	<u>78,984</u>	<u>87,174</u>	(9%)
INCOME TAX EXPENSE	(7,869)	(16,797)	(53%)
PROFIT FOR THE PERIOD	<u>71,115</u>	<u>70,377</u>	1%
ATTRIBUTABLE TO:			
- OWNERS OF THE PARENT	70,521	58,450	21%
- NON-CONTROLLING INTERESTS	<u>594</u>	<u>11,927</u>	(95%)
	<u>71,115</u>	<u>70,377</u>	1%
EARNINGS PER SHARE			
(i) BASIC (sen) ¹	<u>1.20</u>	<u>1.01</u>	19%
(ii) DILUTED (sen) ¹	<u>1.20</u>	<u>1.01</u>	19%

¹ The calculation of earnings per share (basic and diluted) includes the ordinary shares that will be issued upon the mandatory conversion of ICPS.

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 201001037627 (921551-D))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021
 THE FIGURES HAVE NOT BEEN AUDITED

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER 30/06/2021 RM'000	IMMEDIATE PRECEDING QUARTER 31/03/2021 RM'000
PROFIT FOR THE PERIOD	71,115	70,377
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATIONS	8,818	25,846
CASH FLOW HEDGE RESERVE - FAIR VALUE GAIN		
- FAIR VALUE GAIN OF DERIVATIVES	3,112	45,285
- AMOUNT RECYCLED TO PROFIT OR LOSS	(2,366)	(43,025)
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
FAIR VALUE GAIN ON OTHER INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	10,815	965
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	6,663
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>20,379</u>	<u>35,734</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>91,494</u>	<u>106,111</u>
ATTRIBUTABLE TO:		
- OWNERS OF THE PARENT	77,647	92,577
- NON-CONTROLLING INTERESTS	<u>13,847</u>	<u>13,534</u>
	<u>91,494</u>	<u>106,111</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 2020 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 201001037627 (921551-D))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

	AS AT END OF	AS AT PRECEDING	
	CURRENT QUARTER	FINANCIAL PERIOD END	
	30/06/2021	31/12/2020	1/1/2020
	RM'000	RM'000	RM'000
		(RESTATED)	(RESTATED)
ASSETS			
Non-current assets			
Property, plant and equipment	2,698,548	2,620,747	2,749,044
Intangible assets	23,958	25,233	19,833
Investment properties	2,098,128	2,033,400	2,327,617
Inventories	1,933,543	1,795,500	1,674,576
Investment in associates	2,718,248	2,693,171	2,458,048
Investment in joint ventures	2,062,763	1,657,507	1,627,327
Goodwill	325,435	325,435	311,808
Deferred tax assets	62,276	60,764	68,574
Receivables	1,584,998	1,974,345	1,478,793
Derivative assets	4,425	-	-
Rock reserves	5,213	5,342	5,605
Other investments	857,238	864,153	569,856
Biological assets	35	230	121
	14,374,808	14,055,827	13,291,202
Current assets			
Contract assets	92,349	91,303	76,230
Inventories	1,917,052	2,074,701	2,077,811
Receivables, deposits & prepayments	2,633,682	2,433,201	3,014,935
Cash and bank balances	1,456,648	2,238,415	2,554,746
Tax recoverable	66,325	68,594	79,257
Derivative assets	607	31,532	1,925
Other investments	115,292	100,285	376,373
	6,281,955	7,038,031	8,181,277
TOTAL ASSETS	20,656,763	21,093,858	21,472,479
EQUITY AND LIABILITIES			
Current liabilities			
Payables, accruals & other current liabilities	2,234,497	2,453,061	2,670,944
Contract liabilities	51,739	74,610	43,529
Bank borrowings	3,225,306	5,261,081	7,022,907
Lease liabilities	44,106	49,867	69,750
Taxation	50,211	37,477	5,480
Derivative liabilities	2,647	72,369	17,730
	5,608,506	7,948,465	9,830,340
Non-current liabilities			
Long term bank borrowings	3,521,125	1,650,722	872,563
Perpetual Sukuk	600,000	600,000	400,000
Lease liabilities	313,402	324,513	768,204
Other long term liabilities	95,197	134,713	59,414
Derivative liabilities	5,632	1,665	187
Deferred taxation	99,323	122,489	130,304
	4,634,679	2,834,102	2,230,672
Total liabilities	10,243,185	10,782,567	12,061,012
Equity attributable to Owners of the Parent			
Share capital	5,393,667	5,393,667	5,393,666
Irredeemable convertible preference shares	977,779	977,779	-
Treasury shares	(74,335)	(74,335)	(53,324)
Reserves	3,326,480	3,216,797	3,027,165
	9,623,591	9,513,908	8,367,507
NON-CONTROLLING INTERESTS	789,987	797,383	1,043,960
Total equity	10,413,578	10,311,291	9,411,467
TOTAL EQUITY AND LIABILITIES	20,656,763	21,093,858	21,472,479
Number of ordinary shares ('000) ¹	5,866,706	5,866,706	4,903,731
Net Assets Per Share Attributable To Owners Of The Parent (RM)	1.64	1.62	1.71

¹ Includes the ordinary shares that will be issued upon the mandatory conversion of ICPS.

(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 2020 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 201001037627 (921551-D))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2021

	ATTRIBUTABLE TO OWNERS OF THE PARENT									TOTAL EQUITY ATTRIBUTABLE TO OWNERS				
	NON-DISTRIBUTABLE			DISTRIBUTABLE						TOTAL RESERVES	OF THE PARENT	PERPETUAL SUKUK	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	IRREDEEMABLE CONVERTIBLE SHARE CAPITAL	PREFERENCE SHARES	TREASURY SHARES	MERGER RESERVE	FOREIGN EXCHANGE RESERVE	CASH FLOW HEDGE RESERVE	FURNITURE, FITTINGS & EQUIPMENT 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	
PERIOD ENDED 30 JUNE 2021														
At 1 January 2021	5,393,667	977,779	(74,335)	(1,192,040)	166,022	(19,040)	18,481	528,569	3,741,567	3,243,559	9,540,670	-	797,837	10,338,507
Effects of Agenda Decision on IAS 23	-	-	-	-	-	-	-	-	(26,762)	(26,762)	(26,762)	-	(454)	(27,216)
At 1 January 2021 (restated)	5,393,667	977,779	(74,335)	(1,192,040)	166,022	(19,040)	18,481	528,569	3,714,805	3,216,797	9,513,908	-	797,383	10,311,291
Profit for the year	-	-	-	-	-	-	-	-	128,971	128,971	128,971	-	12,521	141,492
Other comprehensive income, net of tax	-	-	-	-	33,338	3,006	-	18,443	-	54,787	54,787	-	1,326	56,113
Total comprehensive income	-	-	-	-	33,338	3,006	-	18,443	128,971	183,758	183,758	-	13,847	197,605
Transfer to furniture & fittings reserve	-	-	-	-	-	-	421	-	(367)	54	54	-	(54)	-
Transfer to statutory reserve	-	-	-	-	-	444	-	-	(440)	4	4	-	(4)	-
Transactions with owners														
Dividends declared	-	-	-	-	-	-	-	-	(77,402)	(77,402)	(77,402)	-	-	(77,402)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(16,972)	(16,972)
Shares acquired by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	13,156	13,156
Effects of subscriptions of units in structured entities by unit holders	-	-	-	-	-	-	-	-	-	-	-	-	(9,850)	(9,850)
Acquisition of equity interest from non-controlling interests	-	-	-	-	-	-	-	-	3,269	3,269	3,269	-	(7,519)	(4,250)
Total transactions with owners	-	-	-	-	-	-	-	-	(74,133)	(74,133)	(74,133)	-	(21,185)	(95,318)
At 30 June 2021	5,393,667	977,779	(74,335)	(1,192,040)	199,360	(15,590)	18,902	547,012	3,768,836	3,326,480	9,623,591	-	789,987	10,413,578
PERIOD ENDED 30 JUNE 2020														
At 1 January 2020	5,393,666	-	(53,324)	(1,192,040)	131,185	(16,535)	20,569	195,212	3,914,135	3,052,526	8,392,868	1,150,000	631,399	10,174,267
Effects of Agenda Decision on IAS 23	-	-	-	-	-	-	-	-	(21,762)	(21,762)	(21,762)	-	(330)	(22,092)
Effects of prior year adjustments on placement in wholesale funds	-	-	-	-	-	-	-	28,139	(31,738)	(3,599)	(3,599)	(1,150,000)	412,891	(740,708)
At 1 January 2020 (restated)	5,393,666	-	(53,324)	(1,192,040)	131,185	(16,535)	20,569	223,351	3,860,635	3,027,165	8,367,507	-	1,043,940	9,411,467
Profit for the year	-	-	-	-	-	-	-	-	42,017	42,017	42,017	-	18,357	60,374
Other comprehensive income, net of tax	-	-	-	-	22,216	(8,915)	-	20	-	13,321	13,321	-	1,890	15,211
Total comprehensive income	-	-	-	-	22,216	(8,915)	-	20	42,017	55,338	55,338	-	20,247	75,585
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	3,814	3,814
Effect of subsidiary becoming joint venture	-	-	-	-	-	-	-	-	-	-	-	-	(14,486)	(14,486)
Transfer to furniture, fittings & equipment reserve	-	-	-	-	-	-	(1,179)	-	1,223	44	44	-	(44)	-
Transfer to statutory reserve	-	-	-	-	-	-	-	263	(260)	3	3	-	(3)	-
Transactions with owners														
Issuance of ordinary shares pursuant to:														
- exercise of warrants	1 #	-	-	-	-	-	-	-	-	-	1	-	-	1
Purchase of treasury shares	-	-	(3,867)	-	-	-	-	-	-	-	(3,867)	-	-	(3,867)
Dividends declared	-	-	-	-	-	-	-	-	(220,562)	(220,562)	(220,562)	-	-	(220,562)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(23,512)	(23,512)
Shares acquired by non-controlling interests	-	-	-	-	-	-	-	-	473	473	473	-	3,352	3,825
Effects of subscriptions of units in structured entities by unit holders	-	-	-	-	-	-	-	-	-	-	-	-	(66,153)	(66,153)
Effects arising from bonus issues	-	-	-	-	-	-	-	600	(327)	273	273	-	(273)	-
Total transactions with owners	1	-	(3,867)	-	-	-	-	600	(220,416)	(219,816)	(223,682)	-	(86,586)	(310,268)
At 30 June 2020	5,393,667	-	(57,191)	(1,192,040)	153,401	(25,450)	19,390	224,234	3,683,199	2,862,734	8,199,210	-	966,902	9,166,112

Represents 404 warrants amounting to RM695.

(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 2020 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2021

	FOR THE 6 MONTHS PERIOD ENDED 30/06/2021 RM'000	FOR THE 6 MONTHS PERIOD ENDED 30/06/2020 RM'000 (RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	166,158	92,570
Adjustments for:		
- non-cash items	64,023	12,863
- finance costs	50,006	105,664
- finance income	(84,376)	(84,214)
Operating cash flows before working capital changes	195,811	126,883
Changes in working capital	(224,711)	14,109
Cash flow (used in)/generated from operations	(28,900)	140,992
Interest received	58,244	84,214
Dividend received from joint ventures, associates and other investments	20,168	60,021
Tax refunded	3,748	4,449
Tax paid	(38,088)	(14,460)
Net cash flow generated from operating activities	15,172	275,216
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant & equipment	2,859	1,620
Proceeds from disposal of non-current assets held for sale	-	45,000
Proceeds from dilution of an associate	-	8,041
Net cash outflow from subsidiary become joint venture	-	(13,730)
Proceeds from redemption of shares in associate	4,033	23,450
Proceeds from disposal of other investments	18,120	283,724
Additional shares acquired by non-controlling interest	13,156	3,819
Acquisition of land	(55,746)	(9,736)
Acquisition of property, plant and equipment	(160,944)	(149,744)
Acquisition of intangible assets	(4,233)	(2,088)
Acquisition of other investment	(33,407)	(107,216)
Acquisition and subsequent expenditure of investment properties	(45,181)	(161,983)
Acquisition of equity interest from non-controlling interest	(4,250)	-
Acquisition of subsidiaries	(53,584)	(2,280)
Investment in joint ventures	(390,350)	(150)
Repayment from associates and joint ventures	301,557	84,065
Quasi-equity loan advanced to joint ventures	(6,925)	(57,224)
Net subscription and redemption of units in structured entities by the group	-	59,929
Net subscription and redemption of units in structured entities by non-controlling interests	(9,850)	(126,082)
Net cash used in investing activities	(424,745)	(120,585)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	(244,354)	220,844
Net lease liabilities	(20,884)	(49,303)
Proceeds from issuance of shares pursuant to exercise of warrants	-	1
Interest paid	(50,006)	(105,664)
Dividend paid to shareholders	(77,402)	-
Dividend paid to non-controlling interests of subsidiaries	(16,972)	(220,562)
Repayment of advances to non-controlling interests of subsidiaries	91	(13)
Share buyback	-	(3,867)
Issuance of perpetual sukuk	-	200,000
Net cash (used in)/generated from financing activities	(409,527)	41,436
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(819,100)	196,067
EFFECTS OF EXCHANGE RATE CHANGES	9,979	1,951
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,182,845	2,359,012
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,373,724	2,557,030
Bank & cash balances	542,041	531,937
Fixed deposits	914,607	2,127,931
Total cash and bank balances	1,456,648	2,659,868
Bank overdrafts	(80,316)	(98,445)
Less: Deposits with maturity of over 3 months	(2,608)	(4,393)
Cash and cash equivalents	1,373,724	2,557,030

(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 2020 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 ended 30 June 2021.

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 2020. 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 2020.

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 2020 except for the adoption of the following new MFRSs and Amendments to MFRSs that are effective for financial statements effective from 1 January 2021, as disclosed below:

Title	Effective Date
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases - <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendment to MFRS 16 Leases: <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021 *

* Early adopted by the Group.

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

Prior Year Adjustments ("PYA")

(a) Agenda Decision on IAS 23 Borrowing Costs - Over Time Transfer of Constructed Goods

In March 2019, IFRS Interpretations Committee ("IFRIC") concluded that any inventory which is available for its intended sale, despite it is still subject to transfer of control over time, is not a qualifying asset. Accordingly, the entity should not capitalise the borrowing costs on these inventories in accordance to the principles and the requirements in IAS 23 (MFRS 123).

Consequent to this Agenda Decision, Malaysian Accounting Standards Board (MASB) has decided that an entity shall apply the Agenda Decision on IAS 23 as a change in accounting policy to financial statements of annual periods beginning on or after 1 July 2020.

In previous financial years, the Group capitalised the borrowing costs incurred in the inventory (work in progress) until the completion of the units. Effective 1 January 2021, the Group had retrospectively applied the Agenda Decision on IAS 23. The Group has restated its comparatives to reflect the financial effects for the period ended 30 June 2020, as at 1 January 2020 and as at 31 December 2020 retrospectively. These are presented in Note A1(i), A1(ii) and A1(iii).

(b) PYA on placement in wholesale funds

During the previous financial year, following the reassessment of the Group's investments in the wholesale funds, the Group determined that its placement in these funds are in substance, structured entities under its control in accordance with MFRS 10 *Consolidated Financial Statements*.

The Group invested in these wholesale funds with the objective of achieving short term to long term income for its treasury management purposes. The funds are managed by the respective fund managers, who apply various investment strategies to accomplish their respective investment objectives. Their operations are financed through the creation of investee fund units, which in turn entitle the holders to variable returns and fair values in the respective wholesale fund's net assets.

In relation to this, the Group holds 100% in most of these wholesale funds, which are all established in Malaysia. The Group is exposed to, or has rights to variable returns from its involvements in these funds. Accordingly, the Group has consolidated these funds in the financial statements of the Group for the financial year ended 31 December 2020 and restated its comparatives via prior year adjustments retrospectively. The Group has also restated its comparatives to reflect the above prior year adjustments retrospectively and the financial effects are presented in Note A1(i) and A1(ii).

(i) Reconciliation of profit of loss for the period ended 30 June 2020

	Quarter ended 30 June 2020				Cumulative quarter ended 30 June 2020			
	As previously stated	PYA on placement in wholesale funds	Effects of Agenda Decision on IAS 23	Restated	As previously stated	PYA on placement in wholesale funds	Effects of Agenda Decision on IAS 23	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	556,644	-	-	556,644	1,528,083	-	-	1,528,083
Operating expenses	(585,253)	522	2,167	(582,564)	(1,548,937)	18,970	6,539	(1,523,428)
Other operating income	34,600	-	-	34,600	71,565	-	-	71,565
Profit from operations	5,991	522	2,167	8,680	50,711	18,970	6,539	76,220
Finance income	59,462	(16,230)	-	43,232	143,051	(58,837)	-	84,214
Finance cost	(54,710)	6,679	(5,011)	(53,042)	(113,831)	18,364	(10,197)	(105,664)
Share of profit from associates	355	-	-	355	31,058	-	-	31,058
Share of (loss)/profit from joint ventures	(1,000)	-	861	(139)	6,929	-	(187)	6,742
Profit/(Loss) before tax	10,098	(9,029)	(1,983)	(914)	117,918	(21,503)	(3,845)	92,570
Income tax expense	(14,690)	-	142	(14,548)	(32,206)	-	10	(32,196)
(Loss)/Profit after tax	(4,592)	(9,029)	(1,841)	(15,462)	85,712	(21,503)	(3,835)	60,374
Attributable to:								
- Owners of the parent	(6,713)	(11,895)	(1,774)	(20,382)	71,581	(25,858)	(3,706)	42,017
- Non-controlling interests	2,121	2,866	(67)	4,920	14,131	4,355	(129)	18,357
	(4,592)	(9,029)	(1,841)	(15,462)	85,712	(21,503)	(3,835)	60,374
Earnings per share:								
- Basic	(0.34)			(0.42)	1.02			0.86
- Diluted	(0.34)			(0.42)	1.02			0.86

(ii) Reconciliation of comprehensive income for the period ended 30 June 2020

	Quarter ended 30 June 2020				Cumulative quarter ended 30 June 2020			
	As previously stated	PYA on placement in wholesale funds	Effects of Agenda Decision on IAS 23	Restated	As previously stated	PYA on placement in wholesale funds	Effects of Agenda Decision on IAS 23	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period	(4,592)	(9,029)	(1,841)	(15,462)	85,712	(21,503)	(3,835)	60,374
<u>Other comprehensive income to be reclassified to profit and loss in subsequent periods</u>								
Foreign currency translation differences for foreign operations	10,102	-	-	10,102	24,106	-	-	24,106
Cash flow hedge reserve - Fair value gain								
- Fair value gain of derivatives	28,978	-	-	28,978	40,577	-	-	40,577
- Amount recycled to profit or loss	(29,451)	-	-	(29,451)	(49,492)	-	-	(49,492)
<u>Other comprehensive income not to be reclassified to profit and loss in subsequent periods</u>								
Revaluation of property, plant and equipment	-	-	-	-	20	-	-	20
	9,629	-	-	9,629	15,211	-	-	15,211
Total comprehensive income/(loss) for the period	5,037	(9,029)	(1,841)	(5,833)	100,923	(21,503)	(3,835)	75,585
Attributable to:								
- Owners of the parent	2,077	(11,895)	(1,774)	(11,592)	84,902	(25,858)	(3,706)	55,338
- Non-controlling interests	2,960	2,866	(67)	5,759	16,021	4,355	(129)	20,247
	5,037	(9,029)	(1,841)	(5,833)	100,923	(21,503)	(3,835)	75,585

(iii) Reconciliation of financial position and equity as at 1 January 2020 and 31 December 2020

	As at 1 January 2020			As at 31 December 2020		
	As previously stated	Effects of Agenda Decision on IAS 23	Restated	As previously stated	Effects of Agenda Decision on IAS 23	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Investment in joint ventures	1,627,026	301	1,627,327	1,659,178	(1,671)	1,657,507
Deferred tax assets	66,722	1,852	68,574	59,589	1,175	60,764
Other non-current assets	11,595,301	-	11,595,301	12,337,556	-	12,337,556
Non-current assets	13,289,049	2,153	13,291,202	14,056,323	(496)	14,055,827
Inventories	2,102,056	(24,245)	2,077,811	2,101,421	(26,720)	2,074,701
Other current assets	6,103,466	-	6,103,466	4,963,330	-	4,963,330
Current assets	8,205,522	(24,245)	8,181,277	7,064,751	(26,720)	7,038,031
TOTAL ASSETS	21,494,571	(22,092)	21,472,479	21,121,074	(27,216)	21,093,858
Current liabilities	9,830,340	-	9,830,340	7,948,465	-	7,948,465
Non-current liabilities	2,230,672	-	2,230,672	2,834,102	-	2,834,102
Total liabilities	12,061,012	-	12,061,012	10,782,567	-	10,782,567
Equity attributable to Owners of the Parent						
Share capital	5,393,666	-	5,393,666	5,393,667	-	5,393,667
Irredeemable convertible preference shares	-	-	-	977,779	-	977,779
Treasury shares	(53,324)	-	(53,324)	(74,335)	-	(74,335)
Reserves	3,048,927	(21,762)	3,027,165	3,243,559	(26,762)	3,216,797
	8,389,269	(21,762)	8,367,507	9,540,670	(26,762)	9,513,908
Non-controlling interest	1,044,290	(330)	1,043,960	797,837	(454)	797,383
Total equity	9,433,559	(22,092)	9,411,467	10,338,507	(27,216)	10,311,291
TOTAL LIABILITIES AND EQUITY	21,494,571	(22,092)	21,472,479	21,121,074	(27,216)	21,093,858
Net Assets Per Share Attributable To Owners Of The Parent (RM)	1.71		1.71	1.63		1.62

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 Total Lockdown and Phase 1 of the National Recovery Plan ("NRP") starting from 1 June 2021 and 15 June 2021 respectively due to the "COVID-19" pandemic.

A4 Unusual Items

There were no material unusual items affecting the amounts reported for the current quarter ended 30 June 2021.

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 2021.

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

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

A7 Dividend Paid

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

- a) RM73,333,947 was paid on 28 April 2021 as first interim single tier cash dividend of 1.50 sen per ordinary share for the financial year ended 31 December 2020; and
- b) RM4,067,562 was paid on 28 April 2021 as preferential dividend of 5.25% per annum, based on the issue price of RM1.00 per irredeemable convertible preference share ("ICPS"), for the period from 3 December 2020 (being the issue date) up to and including 31 December 2020.

A8 Segmental Reporting										
Segmental results for the financial period ended 30 June 2021 are as follows:										
	Property Development RM'000	Property Investment RM'000	Construction RM'000	Trading and Manufacturing RM'000	Quarry RM'000	Healthcare RM'000	Investment Holdings RM'000	Others RM'000	Adjustments/ eliminations RM'000	Consolidated RM'000
BY BUSINESS SEGMENTS										
REVENUE AND EXPENSES										
Revenue										
Sales to external customers	244,524	120,993	539,449	423,436	147,706	371,248	2,300	135,004	-	1,984,660
Inter-segment revenue	17,463	23,766	517,789	77,185	15,541	7,215	195,806	43,624	(898,389)	-
Total revenue	261,987	144,759	1,057,238	500,621	163,247	378,463	198,106	178,628	(898,389)	1,984,660
Results										
Operating segment results	28,689	(23,588)	31,975	23,721	2,467	47,080	(33,142)	8,344	-	85,546
Finance income	17,883	35,195	6,784	4,515	3,118	5,604	99,624	5,388	(93,735)	84,376
Finance costs	(19,836)	(73,758)	(2,454)	(6,055)	(3,650)	(11,203)	(21,549)	(5,236)	93,735	(50,006)
Share of results of:										
- associated companies	2	32,749	-	-	-	-	-	(423)	-	32,328
- joint ventures	16,812	(3,473)	-	-	575	-	-	-	-	13,914
Profit/(Loss) before taxation	43,550	(32,875)	36,305	22,181	2,510	41,481	44,933	8,073	-	166,158
Taxation	(6,942)	16,023	(9,575)	(3,572)	(198)	(68)	(17,332)	(3,002)	-	(24,666)
Profit/(Loss) for the period	36,608	(16,852)	26,730	18,609	2,312	41,413	27,601	5,071	-	141,492
Non-controlling interests	1,011	(95)	(8,894)	(1,019)	(106)	(254)	(2,827)	(337)	-	(12,521)
Attributable to owners of the parent	37,619	(16,947)	17,836	17,590	2,206	41,159	24,774	4,734	-	128,971
BY GEOGRAPHICAL SEGMENTS										
	Revenue RM'000	Profit/(Loss) before tax RM'000	Profit/(Loss) after tax RM'000	Attributable to owners of the parent RM'000						
Malaysia	1,752,811	175,765	158,322	131,332						
Singapore	81,774	3,192	3,051	2,942						
China	84,675	7,712	6,401	6,032						
India	-	(24,403)	(24,718)	(12,138)						
Australia	17,333	924	(3,830)	(1,336)						
Indonesia	19,980	1,395	933	933						
United Kingdom	10,798	1,176	1,057	980						
Other countries	17,289	397	276	226						
	1,984,660	166,158	141,492	128,971						

A8 Segmental Reporting (contd.)

Segmental results by foreign currency for the financial period ended 30 June 2021 are as follows:

PROPERTY DEVELOPMENT SEGMENT:

	Foreign currency				RM'000			
	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	244,162	43,797	41,609	40,126	244,162	43,797	41,609	40,126
Australian Dollar (AUD'000)	-	69	(1,431)	(644)	-	220	(4,534)	(2,041)
China Yuan Renminbi (RMB'000)	568	328	328	328	362	209	209	209
Singapore Dollar (SGD'000)	-	(218)	(218)	(218)	-	(674)	(674)	(674)
US Dollar (USD'000)	-	-	-	-	-	(2)	(2)	(1)
					244,524	43,550	36,608	37,619

PROPERTY INVESTMENT SEGMENT:

Malaysia Ringgit (RM'000)	105,371	(36,978)	(20,836)	(20,726)	105,371	(36,978)	(20,836)	(20,726)
Pound Sterling (GBP'000)	1,885	73	52	39	10,798	417	298	221
Singapore Dollar (SGD'000)	-	1,325	1,325	1,325	-	4,095	4,095	4,095
US Dollar (USD'000)	915	66	66	35	3,768	271	271	143
Vietnam Dong (VND'000,000)	5,912	(3,807)	(3,807)	(3,807)	1,056	(680)	(680)	(680)
					120,993	(32,875)	(16,852)	(16,947)

CONSTRUCTION SEGMENT:

Malaysia Ringgit (RM'000)	479,501	60,718	51,457	30,015	479,501	60,718	51,457	30,015
United Arab Emirates Dirham (AED'000)	-	(152)	(152)	(83)	-	(170)	(170)	(93)
India Rupee (INR'000)	-	(434,622)	(440,214)	(216,189)	-	(24,404)	(24,718)	(12,139)
Singapore Dollar (SGD'000)	19,393	53	53	17	59,948	163	163	54
					539,449	36,305	26,730	17,836

TRADING & MANUFACTURING SEGMENT:

Malaysia Ringgit (RM'000)	283,169	10,750	9,208	8,565	283,169	10,750	9,208	8,565
Australian Dollar (AUD'000)	5,471	222	222	222	17,333	704	704	704
Indonesia Rupiah (IDR'000,000)	69,415	4,847	3,241	3,241	19,980	1,395	933	933
China Yuan Renminbi (RMB'000)	107,962	10,968	8,917	8,327	68,804	6,990	5,683	5,307
Singapore Dollar (SGD'000)	7,015	465	420	420	21,684	1,438	1,297	1,297
Thai Baht (THB'000)	79,864	5,715	4,812	4,812	10,606	759	639	639
Vietnam Dong (VND'000,000)	10,413	812	812	812	1,860	145	145	145
					423,436	22,181	18,609	17,590

QUARRY SEGMENT:

Malaysia Ringgit (RM'000)	147,706	2,435	2,237	2,131	147,706	2,435	2,237	2,131
Trinidad & Tobago Dollar (TTD'000)	-	146	146	146	-	75	75	75
					147,706	2,510	2,312	2,206

HEALTHCARE SEGMENT:

Malaysia Ringgit (RM'000)	371,105	42,552	42,484	42,230	371,105	42,552	42,484	42,230
Singapore Dollar (SGD'000)	46	(346)	(346)	(346)	143	(1,071)	(1,071)	(1,071)
					371,248	41,481	41,413	41,159

INVESTMENT HOLDING SEGMENT:

Malaysia Ringgit (RM'000)	1,280	44,221	26,893	24,070	1,280	44,221	26,893	24,070
Hong Kong Dollar (HKD'000)	-	880	873	865	-	467	463	459
China Yuan Renminbi (RMB'000)	1,601	384	384	384	1,020	245	245	245
					2,300	44,933	27,601	24,774

OTHERS SEGMENT:

Malaysia Ringgit (RM'000)	120,517	8,273	5,271	4,923	120,517	8,273	5,271	4,923
China Yuan Renminbi (RMB'000)	22,732	(314)	(314)	(297)	14,487	(200)	(200)	(189)
					135,004	8,073	5,071	4,734

A8 Segmental Reporting (contd.)

Segmental assets and liabilities for the financial period ended 30 June 2021 are as follows:

	Property Development RM'000	Property Investment RM'000	Construction RM'000	Trading and Manufacturing RM'000	Quarry RM'000	Healthcare RM'000	Investment Holdings RM'000	Others RM'000	Adjustments/ eliminations RM'000	Consolidated RM'000
Assets										
Segment assets	5,696,766	2,823,590	1,740,909	809,834	376,034	1,733,911	14,590,004	1,155,461	(13,179,358)	15,747,151
Investment in associates	-	2,649,599	-	-	-	-	-	68,649	-	2,718,248
Investment in joint ventures	1,860,522	141,284	45,281	-	15,676	-	-	-	-	2,062,763
Unallocated assets										128,601
Total assets										<u>20,656,763</u>
Liabilities										
Segment liabilities	4,406,888	3,950,400	1,143,091	504,644	292,709	1,074,943	11,187,475	627,774	(13,094,273)	10,093,651
Unallocated liabilities										149,534
Total liabilities										<u>10,243,185</u>

A9 Foreign Currency Rates

The foreign currency exchange rates used are as follows:

Denomination	Closing rate as at 30 June 2021	Average rate for the year 2021
United Arab Emirates Dirham	1.1330	1.1217
Australian Dollar	3.1310	3.1683
Pound Sterling	5.7642	5.7279
Hong Kong Dollar	0.5357	0.5305
Indonesia Rupiah ('000)	0.2870	0.2878
India Rupee	0.0560	0.0562
China Yuan Renminbi	0.6436	0.6373
Singapore Dollar	3.0944	3.0912
Thai Baht	0.1297	0.1328
US Dollar	4.1580	4.1165
Vietnam Dong ('000)	0.1806	0.1786

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

A10 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.

A11 Material events subsequent to the end of the reporting period

There were no material events subsequent to the current quarter ended 30 June 2021.

A12 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 2021.

A13 Contingent Liabilities and Assets

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

	30/06/2021 RM'000	31/12/2020 RM'000
Guarantees given to third parties in respect of trade and contracts	788,398	841,053
Guarantees given to financial institutions for borrowings obtained by joint ventures	1,706,476	920,000
	<u>2,494,874</u>	<u>1,761,053</u>

There were no contingent assets since the last annual reporting date.

A14 Commitments

(a) Capital commitment not provided for in the financial year as at 30 June 2021 is as follows:

	30/06/2021 RM'000	31/12/2020 RM'000
Approved and contracted for property, plant and equipment and investment properties	268,071	280,400
Approved but not contracted for property, plant and equipment and investment properties	391,088	431,914
	<u>659,159</u>	<u>712,314</u>

The Group's share of capital commitments in associates are as follows:

	30/06/2021 RM'000	31/12/2020 RM'000
Approved and contracted for property, plant and equipment and investment properties	185,288	230,717
Approved but not contracted for property, plant and equipment and investment properties	60,976	62,889
	<u>246,264</u>	<u>293,606</u>

A14 Commitments (contd.)

The Group's share of capital commitments in joint ventures are as follows:

	30/06/2021 RM'000	31/12/2020 RM'000
Approved and contracted for property, plant and equipment and investment properties	376	6,174
Approved but not contracted for property, plant and equipment and investment properties	9,475	6,460
	<u>9,851</u>	<u>12,634</u>

(b) Operating lease commitment not provided for in the financial year as at 30 June 2021 is as follows:

	30/06/2021 RM'000	31/12/2020 RM'000
Future minimum lease receipts:		
- not later than 1 year	58,356	57,233
- later than 1 year and not later than 5 years	225,108	223,670
- later than 5 years	86,564	115,440
	<u>370,028</u>	<u>396,343</u>

A15 Significant Related Party Transactions

(a) Sale/(Purchase) transactions with joint ventures and associates

	Current Quarter Ended		Cumulative Year To Date	
	30/06/2021 RM'000	30/06/2020 RM'000	30/06/2021 RM'000	30/06/2020 RM'000
(i) Sunway Real Estate Investment Trust ("Sunway REIT") (RHB Trustees Bhd)				
Lease of Sunway Resort Hotel & Spa	(1,462)	(4,893)	(3,518)	(14,946)
Lease of Sunway Hotel Seberang Jaya	-	(1,040)	-	(1,497)
Lease of Sunway Putra Hotel	(2,703)	(2,703)	(5,409)	(5,407)
Lease of Sunway Hotel Georgetown	(823)	(823)	(1,645)	(1,645)
Lease of Sunway Plaza's ice rink	160	(397)	(240)	(794)
Leasing/Rental of properties in respect of:				
Sunway Medical Center building	(6,453)	(6,203)	(12,839)	(12,407)
Menara Sunway and accommodation for security staff	(1,786)	(1,809)	(3,342)	(3,858)
Rental and management of car parks and related services	(3,818)	(3,868)	(8,428)	(10,116)
Rental of office space premises and related services	179	191	345	459
Provision of property management and related services	565	223	1,236	232
Provision of hotel and related services	41	-	84	228
Sales of financial, human resources and IT related services	423	249	962	659
Marketing, distribution and sales of construction related products and industrial products	587	42	1,215	135
Provision of ticketing and tour related services	71	75	113	195
Construction, marketing, mechanical engineering, engineering related design and build, civil engineering, building works and related services	23,102	1,287	72,504	12,774
Provision of loyalty card points	371	350	612	700
Management services	1,854	1,743	5,894	4,931
Distribution income from perpetual note	2,931	2,914	5,830	5,846
(ii) Sunway Iskandar Sdn. Bhd. Group				
Construction, marketing, mechanical engineering, engineering related design and build, civil engineering, building works and related services	15,594	5,497	19,756	23,801
Management services	1,643	1,049	3,093	2,413
Sales of financial, human resources and IT related services	73	373	146	560
Marketing, distribution and sales of construction related products and industrial products	-	58	45	402
Property management and related services	384	-	619	131
Lease of land for precast plant	(150)	(139)	(292)	(283)

A15 Significant Related Party Transactions (contd.)
(a) Sale/(Purchase) transactions with joint ventures and associates (contd.)

	Current Quarter Ended		Cumulative Year To Date	
	30/06/2021 RM'000	30/06/2020 RM'000	30/06/2021 RM'000	30/06/2020 RM'000
(iii) Sunway Velocity Two Sdn. Bhd. Construction, marketing, mechanical engineering, engineering related design and build, civil engineering, building works and related services Property management and related services	26,847 4,510	- 253	57,226 6,158	- 1,478
(iv) Sunway Velocity Mall Sdn. Bhd. Construction, marketing, mechanical engineering, engineering related design and build, civil engineering, building works and related services Sales of financial, human resources and IT related services Provision of loyalty points Property management and related services	4 61 76 80	5,697 75 57 60	963 140 118 80	19,447 193 114 60
(v) Sunway Velocity Hotel Sdn. Bhd. Sales of financial, human resources and IT related services Provision of hotel and related services	21 19	46 100	36 49	67 220
(vi) Sunway Artessa Sdn. Bhd. (Formerly known as Sunway Avila Sdn. Bhd.) Sales of financial, human resources and IT related services Property management and related services Provision of loyalty points	40 - 25	47 3 94	87 19 36	65 7 105
(vii) Daksina Harta Sdn. Bhd. Management services	50	50	101	101
(viii) Monumental Production Sdn. Bhd. Management services	32	81	63	81

(b) Sale/(Purchase) Transactions with shareholders and their related companies

	Current Quarter Ended		Cumulative Year To Date	
	30/06/2021 RM'000	30/06/2020 RM'000	30/06/2021 RM'000	30/06/2020 RM'000
(i) Sunway Technology Sdn. Bhd. Group ("STSB Group") Information systems products and consultancy fees Sales of financial and IT related services Rental of office equipment, motor vehicles and other related services Provision of ticketing and tour related services Rendering of recreational club facilities, theme park, timesharing services and related services Provision of medical services	(2,374) 199 13 - 2 2	(3,233) 66 568 - 1 12	(5,381) 317 50 2 4 16	(5,559) 152 1,112 43 188 15
(ii) Jef-San Enterprise Sdn. Bhd. Provision of medical services	6	21	8	21
(iii) Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling Distribution paid in respect of Perpetual Sukuk	(7,678)	(7,679)	(15,273)	(13,501)

A15 Significant Related Party Transactions (contd.)

- (I) The wholly-owned subsidiary of the Group, Sunway REIT Holdings Sdn. Bhd., is a major unit holder of Sunway REIT. Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih, Evan Cheah Yean Shin, Adrian Cheah Yean Sun, Sungei Way Corporation Sdn. Bhd. and Active Equity Sdn. Bhd., being major shareholders of the Group, also have deemed interests in Sunway REIT via Sunway REIT Holdings Sdn. Bhd..

Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng is the spouse while Sarena Cheah Yean Tih, Evan Cheah Yean Shin and Adrian Cheah Yean Sun are the children of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling.

- (II) Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Evan Cheah Yean Shin are Directors of Sunway Technology Sdn. Bhd. ("STSB"). Evan Cheah Yean Shin is also a Director in several subsidiaries of STSB. Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Evan Cheah Yean Shin are major shareholders of STSB via their interests in Active Equity Sdn. Bhd..

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling is a Director and major shareholder of the Group as well as Director in several subsidiaries of the Group. Evan Cheah Yean Shin is a Director in several subsidiaries of the Group and a major shareholder of the Group.

- (III) Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Sarena Cheah Yean Tih and Evan Cheah Yean Shin are Directors and major shareholders of Jef-San Enterprise Sdn. Bhd.. Adrian Cheah Yean Sun is a major shareholder of Jef-San Enterprise Sdn. Bhd..

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Sarena Cheah Yean Tih are Directors and major shareholders of the Group as well as Directors in several subsidiaries of the Group. Evan Cheah Yean Shin and Adrian Cheah Yean Sun are Directors in several subsidiaries of the Group and major shareholders of the Group.

B1 Review of Performance

Revenue and profit/(loss) before tax of the respective operating business segments for the current quarter are analysed as follows:

For the quarter

	Quarter ended		Increase/ (Decrease) (%)
	30/06/2021 RM'000	30/06/2020 RM'000 (Restated)	
Revenue			
Property Development	147,365	68,141	116.3
Property Investment	62,324	55,508	12.3
Construction	218,060	92,555	135.6
Trading and Manufacturing	198,915	141,130	40.9
Quarry	70,466	31,888	121.0
Healthcare	200,619	125,133	60.3
Others	70,168	42,289	65.9
	<u>967,917</u>	<u>556,644</u>	73.9
Profit/(loss) before tax			
Property Development	22,873	20,035	14.2
Property Investment	(16,017)	(37,848)	57.7
Construction	8,625	6,560	31.5
Trading and Manufacturing	9,950	6,043	64.7
Quarry	(546)	(1,465)	62.7
Healthcare	27,490	(16,023)	N/A
Others	26,609	21,784	22.1
	<u>78,984</u>	<u>(914)</u>	N/A

The Group recorded revenue of RM967.9 million for the current quarter ended 30 June 2021 compared to revenue of RM556.6 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 73.9% and improved from loss before tax of RM0.9 million in the corresponding quarter of the previous financial year to profit before tax of RM79.0 million for the current quarter ended 30 June 2021. The financial performance was higher in the current quarter due to higher contributions from all business segments.

The overall improvement in the Group's financial performance in the current quarter was mainly due to the business units being able to adjust and adapt their business operational process to continue operating, albeit at a lower capacity, when the Movement Control Order ("MCO") was reinstated due to the resurgence of COVID-19 cases. This was unlike the previous corresponding quarter whereby most of the economic activities came to a standstill as businesses were unprepared for MCO 1.0 when it was implemented. However, the hospitality and leisure businesses under the property investment segment continued to be impacted by the consequences of the MCO.

B1 Review of Performance (contd.)

It should be noted that due to the adoption of MFRS 15, the development profit on two of the Group's Singapore property development projects which were launched recently will only be recognised upon completion and handover of the projects. As a result, the accumulated progressive profit of these projects as at the end of the current quarter which amounted to RM17.7 million, of which RM3.9 million was recorded in the current quarter, was not recognised.

The property development segment reported revenue of RM147.4 million and profit before tax of RM22.9 million in the current quarter compared to revenue of RM68.1 million and profit before tax of RM20.0 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 116.3% and profit before tax of 14.2%. The financial performance for the current quarter was higher due to higher sales and progress billings from local development projects.

The property investment segment reported revenue of RM62.3 million and loss before tax of RM16.0 million in the current quarter compared to revenue of RM55.5 million and loss before tax of RM37.8 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 12.3% and decrease in loss before tax of 57.7%. As mentioned above, the financial performance of the leisure and hospitality businesses continued to be impacted by the consequences of the MCO. In comparison, the higher loss before tax in the corresponding quarter of the previous financial year was mainly due to the share of fair value loss from the Sunway REIT properties which amounted to RM16.5 million, which did not recur in the current quarter.

The construction segment recorded revenue of RM218.1 million and profit before tax of RM8.6 million in the current quarter compared to revenue of RM92.6 million and profit before tax of RM6.6 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 135.6% and profit before tax of 31.5%. The financial performance in the current quarter was higher mainly due to higher progress billings from local construction projects, which resulted in higher profitability.

The trading and manufacturing segment recorded revenue of RM198.9 million and profit before tax of RM10.0 million in the current quarter compared to revenue of RM141.1 million and profit before tax of RM6.0 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 40.9% and profit before tax of 64.7%. The financial performance improved in the current quarter mainly due to higher sales from the local market and better operating margins.

The quarry segment reported revenue of RM70.5 million and loss before tax of RM0.5 million in the current quarter compared to revenue of RM31.9 million and loss before tax of RM1.5 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 121.0% and decrease in loss before tax of 62.7%. The financial performance in the current quarter was better mainly due to higher sales volume of aggregates and premix and higher average selling price for premix.

The healthcare segment reported revenue of RM200.6 million and profit before tax of RM27.5 million in the current quarter compared to revenue of RM125.1 million and loss before tax of RM16.0 million in the corresponding quarter of the previous financial year. The better financial performance in the current quarter was due to strong recovery in hospital activities with higher number of admissions and outpatient treatments at Sunway Medical Centre ("SMC") and Sunway Medical Centre Velocity ("SMCV"). As a result, the profit of SMC rebounded strongly, while the operating loss of SMCV reduced from RM9.5 million to RM4.3 million in the current quarter.

The other segments recorded revenue of RM70.2 million and profit before tax of RM26.6 million in the current quarter compared to revenue of RM42.3 million and profit before tax of RM21.8 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 65.9% and profit before tax of 22.1%. The financial performance in the current quarter was better due to higher contribution from the building materials segment and the Group's treasury functions.

For 6 months period

	For 6 months period ended		Increase/ (Decrease) (%)
	30/06/2021 RM'000	30/06/2020 RM'000 (Restated)	
Revenue			
Property Development	244,524	207,318	17.9
Property Investment	120,993	189,822	(36.3)
Construction	539,449	310,582	73.7
Trading and Manufacturing	423,436	335,312	26.3
Quarry	147,706	106,037	39.3
Healthcare	371,248	274,336	35.3
Others	137,304	104,676	31.2
	<u>1,984,660</u>	<u>1,528,083</u>	29.9

B1 Review of Performance (contd.)

For 6 months period

	For 6 months period ended		Increase/ (Decrease) (%)
	30/06/2021 RM'000	30/06/2020 RM'000 (Restated)	
Profit/(loss) before tax			
Property Development	43,550	52,835	(17.6)
Property Investment	(32,875)	(8,652)	(280.0)
Construction	36,305	29,145	24.6
Trading and Manufacturing	22,181	6,277	253.4
Quarry	2,510	1,488	68.7
Healthcare	41,481	(20,494)	N/A
Others	53,006	31,971	65.8
	<u>166,158</u>	<u>92,570</u>	79.5

The Group recorded revenue of RM1,984.7 million and profit before tax of RM166.2 million for the current 6 months period ended 30 June 2021 compared to revenue of RM1,528.1 million and profit before tax of RM92.6 million in the corresponding 6 months period ended 30 June 2020, representing an increase in revenue of 29.9% and profit before tax of 79.5%. Revenue was higher in the current period due to higher contributions from most business segments except property investment segment. Current period profit before tax was higher mainly due to higher profit contributions from most business segments except property development and property investment segments.

The property development segment reported revenue of RM244.5 million and profit before tax of RM43.6 million for the current 6 months period ended 30 June 2021 compared to revenue of RM207.3 million and profit before tax of RM52.8 million in the corresponding 6 months period ended 30 June 2020, representing an increase in revenue of 17.9% and decrease in profit before tax of 17.6%. Revenue in the current period was higher due to higher sales and progress billings from local development projects. The profit before tax in the current period was lower mainly due to higher profit recognition in the corresponding period of the previous financial year from the completion and handover of a local development project.

The property investment segment reported revenue of RM121.0 million and loss before tax of RM32.9 million for the current 6 months period ended 30 June 2021 compared to revenue of RM189.8 million and loss before tax of RM8.7 million in the corresponding 6 months period ended 30 June 2020, representing a decrease in revenue of 36.3% and increase in loss before tax of 280.0%. As mentioned above, the various phases of MCO had adversely impacted the financial performance of the Group's hospitality and leisure businesses. Revenue and profit in the current period was also lower due to lower rental income after the disposal of The Pinnacle Sunway to Sunway REIT, which was completed on 20 November 2020. Further, the performance of our associate company, Sunway REIT was also affected by the pandemic.

The construction segment recorded revenue of RM539.4 million and profit before tax of RM36.3 million for the current 6 months period ended 30 June 2021 compared to revenue of RM310.6 million and profit before tax of RM29.1 million in the corresponding 6 months period ended 30 June 2020, representing an increase in revenue of 73.7% and profit before tax of 24.6%. The financial performance was better in the current period mainly due to higher progress billings from local construction projects.

The trading and manufacturing segment recorded revenue of RM423.4 million and profit before tax of RM22.2 million for the current 6 months period ended 30 June 2021 compared to revenue of RM335.3 million and profit before tax of RM6.3 million in the corresponding 6 months period ended 30 June 2020, representing an increase in revenue of 26.3% and profit before tax of 253.4%. The financial performance was better in the current period mainly due to higher sales from the local and overseas markets and better operating margins.

The quarry segment reported revenue of RM147.7 million and profit before tax of RM2.5 million for the current 6 months period ended 30 June 2021 compared to revenue of RM106.0 million and profit before tax of RM1.5 million in the corresponding 6 months period ended 30 June 2020, representing an increase in revenue of 39.3% and profit before tax of 68.7%. The improved financial performance was mainly due to higher sales volume achieved for aggregates and pre-mix and higher average selling price for pre-mix.

The healthcare segment reported revenue of RM371.2 million and profit before tax of RM41.5 million for the current 6 months period ended 30 June 2021 compared to revenue of RM274.3 million and loss before tax of RM20.5 million in the corresponding 6 months period ended 30 June 2020. The better financial performance in the current period was due to strong recovery in hospital activities with higher number of admissions and outpatient treatments at Sunway Medical Centre ("SMC") and Sunway Medical Centre Velocity ("SMCV"). As a result, the profit of SMC rebounded strongly, while the operating loss of SMCV reduced from RM21.5 million to RM8.4 million in the current period.

The other segments recorded revenue of RM137.3 million and profit before tax of RM53.0 million for the current 6 months period ended 30 June 2021 compared to revenue of RM104.7 million and profit before tax of RM32.0 million in the corresponding 6 months period ended 30 June 2020, representing an increase in revenue of 31.2% and profit before tax of 65.8%. The financial performance in the current period was higher due to higher contribution by the building materials and other business segments. Further, profit before tax for the current period was boosted by higher contribution from the Group's treasury functions.

B2 Material Changes in the Quarterly Results

	Quarter ended		Increase/ (Decrease) (%)
	30/06/2021 RM'000	31/03/2021 RM'000	
Revenue			
Property Development	147,365	97,159	51.7
Property Investment	62,324	58,669	6.2
Construction	218,060	321,389	(32.2)
Trading and Manufacturing	198,915	224,521	(11.4)
Quarry	70,466	77,240	(8.8)
Healthcare	200,619	170,629	17.6
Others	70,168	67,136	4.5
	<u>967,917</u>	<u>1,016,743</u>	(4.8)
Profit/(loss) before tax			
Property Development	22,873	20,677	10.6
Property Investment	(16,017)	(16,858)	5.0
Construction	8,625	27,680	(68.8)
Trading and Manufacturing	9,950	12,231	(18.6)
Quarry	(546)	3,056	(117.9)
Healthcare	27,490	13,991	96.5
Others	26,609	26,397	0.8
	<u>78,984</u>	<u>87,174</u>	(9.4)

The Group recorded revenue of RM967.9 million and profit before tax of RM79.0 million for the current quarter compared to revenue of RM1,016.7 million and profit before tax of RM87.2 million in the preceding quarter, representing a decrease in revenue of 4.8% and profit before tax of 9.4%. The financial performance was lower in the current quarter was mainly due to lower contributions from construction, trading and manufacturing and quarry segments.

The property development segment reported revenue of RM147.4 million and profit before tax of RM22.9 million for the current quarter compared to revenue of RM97.2 million and profit before tax of RM20.7 million in the preceding quarter, representing an increase in revenue of 51.7% and profit before tax of 10.6%. The financial performance in the current quarter was better mainly due to higher sales and progress billings from local development projects.

The property investment segment reported revenue of RM62.3 million and loss before tax of RM16.0 million for the current quarter compared to revenue of RM58.7 million and loss before tax of RM16.9 million in the preceding quarter, representing an increase in revenue of 6.2% and decrease in loss before tax of 5.0%. The financial performance in the current quarter was marginally better than the preceding quarter due to improved occupancy rates for the hotels. However, travel restrictions and stringent social distancing requirements continued to impact the leisure and hospitality businesses.

The construction segment recorded revenue of RM218.1 million and profit before tax of RM8.6 million for the current quarter compared to revenue of RM321.4 million and profit before tax of RM27.7 million in the preceding quarter, representing a decrease in revenue of 32.2% and profit before tax of 68.8%. The financial performance in the current quarter was lower mainly due to lower progress billings from local construction projects, which resulted in lower profit contribution for the current quarter.

The trading and manufacturing segment recorded revenue of RM198.9 million and profit before tax of RM10.0 million for the current quarter compared to revenue of RM224.5 million and profit before tax of RM12.2 million in the preceding quarter, representing a decrease in revenue of 11.4% and profit before tax of 18.6%. The financial performance in the current quarter was impacted by lower sales from subdued local and overseas market conditions.

The quarry segment reported revenue of RM70.5 million and loss before tax of RM0.5 million for the current quarter compared to revenue of RM77.2 million and profit before tax of RM3.1 million in the preceding quarter, representing a decrease in revenue of 8.8% and loss before tax of 117.9%. The financial performance in the current quarter was lower due to lower aggregates and premix sales volumes.

The healthcare segment reported revenue of RM200.6 million and profit before tax of RM27.5 million for the current quarter compared to revenue of RM170.6 million and profit before tax of RM14.0 million in the preceding quarter, representing an increase in revenue of 17.6% and profit before tax of 96.5%. The financial performance in the current quarter was better due to higher admission and outpatient treatments at Sunway Medical Centre. The performance of Sunway Medical Centre Velocity in the current quarter was stable compared to the preceding quarter.

The other segments recorded revenue of RM70.2 million and profit before tax of RM26.6 million for the current quarter compared to revenue of RM67.1 million and profit before tax of RM26.4 million in the preceding quarter, representing an increase in revenue of 4.5% and profit before tax of 0.8%. The overall financial performance in the current quarter was comparable to the preceding quarter.

B3 Prospects

Malaysia's gross domestic product (GDP) for the second quarter of 2021 grew by 16.1%. The high growth rate was mainly attributed to the low base in the corresponding previous quarter.

It is encouraging to note that the mass vaccination rollout has started to ramp-up steadily after the initial slow start. A speedy and successful vaccination programme will enable the domestic economy to reopen faster. Based on the latest government statistics as at 21 August 2021, 54.3% of the adult population have been fully vaccinated. The government aims to vaccinate a significant majority of the adult population by the end of October this year. The gradual reopening of the economy is expected to gather momentum in the later part of the third quarter and improve further going into the remaining last quarter.

To-date, the Group has managed to get 95% of its workforce fully vaccinated and is well positioned to capitalise on the anticipated strong recovery in the later part of this year. Barring any unforeseen circumstances, the Group expects the financial performance of the second half of this year to be satisfactory.

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		Cumulative Year To Date	
	30/06/2021 RM'000	30/06/2020 RM'000	30/06/2021 RM'000	30/06/2020 RM'000
Current taxation	(28,929)	(9,173)	(46,739)	(25,102)
Over/(Under) provision of tax in prior years	226	(11,747)	(385)	(11,637)
Deferred taxation *	20,834	6,372	22,458	4,543
	<u>(7,869)</u>	<u>(14,548)</u>	<u>(24,666)</u>	<u>(32,196)</u>

* Provision for deferred taxation pertaining to timing difference and RPGT was reversed during the quarter subsequent to the completion of the disposal of an investment property during the last quarter of the previous financial year.

B6 Profit/(Loss) before Taxation

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

	Current Quarter Ended 30/06/2021 RM'000	Cumulative Year To Date 30/06/2021 RM'000
Depreciation and amortisation	(52,633)	(106,386)
Net provision of impairment for:		
- Trade receivables	(3,527)	(4,526)
- Other receivables	(11)	(23)
- Inventories	(2,215)	(2,696)
- Advances to joint ventures	(15)	(29)
Write off:		
- Trade receivables	(863)	(863)
- Other receivables	(2)	(2)
- Inventories	(342)	(369)
- Property, plant and equipment	(334)	(648)
- Biological assets	(88)	(88)
Net gain on disposal of:		
- Property, plant and equipment	328	1,903
Net foreign exchange gain/(loss):		
- Others	969	2,319
- Unrealised for hedged items	(2,366)	(45,391)
Cash flow hedge reserve recycled to profit or loss	2,366	45,391
Net (loss)/gain on derivatives	(2)	151

B7 Status of Corporate Proposal Announced**B7.1 Rights Issue and utilisation of ICPS of the Company**

The status of utilisation of proceeds is as follows:

Use Of Proceeds	Proposed Utilisation	Utilisation As At 30 June 2021	Balance As At 30 June 2021	Variation #	Revised balance	Status/Estimated Timeframe For Utilisation From 8 December 2020
	RM'000	RM'000	RM'000	RM'000	RM'000	
Repayment of borrowings	596,979	(596,979)	-	164,175	164,175	Within 12 months
Capital expenditure to expand and develop hospitals	200,000	(35,825)	164,175	(164,175)	-	Completed
Property development and property investment expenditure	179,200	(179,200)	-	-	-	Completed
Defray estimated expenses for the Corporate Exercises	1,600	(1,600)	-	-	-	Completed
TOTAL	977,779	(813,604)	164,175	-	164,175	

As announced to the Bursa Malaysia Securities Berhad on 29 July 2021, the Board of Directors had approved for the unutilised balance of RM164.2 million included under capital expenditure to expand and develop hospitals to be reallocated to repayment of borrowings.

The utilisation of proceeds as disclosed above should be read in conjunction with the Abridged Prospectus of the Company dated 6 November 2020. The utilisation as at 30 June 2021 included reimbursement of advances made from 30 September 2020 till the completion of the Right Issue of ICPS.

B7.2 Proposed investment by Greenwood Capital Pte. Ltd. ("Greenwood"), an indirect wholly owned subsidiary of GIC (Ventures) Pte. Ltd., in Sunway Healthcare Holdings Sdn. Bhd. ("Sunway Healthcare"), a wholly owned subsidiary of Sunway City Sdn. Bhd. ("Sunway City") which in turn is a wholly owned subsidiary of the Group, for a total consideration of RM750 million in cash ("Proposed Investment")

On 23 June 2021, Maybank Investment Bank Berhad ("Maybank IB") had, on behalf of our Board, Sunway, Sunway City, Sunway Healthcare and Greenwood have today entered into a share subscription agreement for the subscription of 100,000,000 ordinary shares in Sunway Healthcare, 10,000,000 irredeemable convertible preference shares in Sunway Healthcare ("ICPS") and 1 cumulative irredeemable dividend convertible preference share in Sunway Healthcare (collectively, "Subscription Shares") by Greenwood for a total subscription consideration of RM750 million in cash ("Subscription Amount") ("SSA").

The Subscription Amount will be paid over 5 tranches subject to the satisfaction of the closing conditions of the respective tranches in accordance with the SSA as follows:

- (i) RM33.88 upon the Initial Closing;
- (ii) the 1st tranche of RM199,999,994.32 on the later of the date falling 6 months after the date of the SSA and the date of the Initial Closing ("1st Closing");
- (iii) the 2nd tranche of RM100,000,000.00 on the date falling 18 months after the date of the SSA ("2nd Closing");
- (iv) the 3rd tranche of RM168,000,000.00 on the date falling 18 months after the date of the 2nd Closing ("3rd Closing"); and
- (v) the 4th tranche of RM281,999,971.80 on the date falling 6 months after the date of the 3rd Closing ("4th Closing").

The Proposed Investment is subject to the following approvals, waivers and/or consents being obtained from:

- (i) the Ministry of Health;
- (ii) our shareholders at our forthcoming Extraordinary General Meeting ("EGM"); and
- (iii) any other relevant authorities and/or parties, where required.

Upon completion of the Initial Closing, Sunway Healthcare will become a joint venture company of the Group.

On 29 July 2021 Maybank IB announced that in conjunction with the Proposed Investment, Sunway is proposing to provide financial assistance to the Proposed Sunway Healthcare Group in the form of corporate guarantees of up to RM5,650 million ("Proposed Financial Assistance") to facilitate the expansion plans of the Proposed Sunway Healthcare Group. The Proposed Financial Assistance is subject to the approval of the shareholders of the Group which will be obtained at the same EGM to be convened for the Proposed Investment.

The Proposed Investment has not been completed at the date of this Report.

B8 Group Borrowings and Debt Securities

The Group borrowings as at 30 June 2021 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
Secured borrowings			
<u>Islamic:</u>			
Medium term notes	900,000	1,245,000	2,145,000
Revolving credits	-	415,800	415,800
	900,000	1,660,800	2,560,800
<u>Conventional:</u>			
Bank overdrafts	80,317	-	80,317
Term loan	-	390,143	390,143
Revolving credits	291,564	840,807	1,132,371
Bankers' acceptances	1,400	-	1,400
Hire purchase	438	455	893
	373,719	1,231,405	1,605,124
Total secured borrowings	1,273,719	2,892,205	4,165,924
Unsecured borrowings			
<u>Islamic:</u>			
Medium term notes	235,000	245,000	480,000
Commercial papers	720,000	-	720,000
Bills discounting	18,000	-	18,000
	973,000	245,000	1,218,000
<u>Conventional:</u>			
Term loan	548,166	77,360	625,526
Revolving credits	237,700	306,560	544,260
Bankers' acceptances	136,721	-	136,721
Commercial papers	56,000	-	56,000
	978,587	383,920	1,362,507
Total unsecured borrowings	1,951,587	628,920	2,580,507
Total borrowings	3,225,306	3,521,125	6,746,431
Islamic borrowings	1,873,000	1,905,800	3,778,800
Conventional borrowings	1,352,306	1,615,325	2,967,631
Total borrowings	3,225,306	3,521,125	6,746,431
Perpetual sukuk	-	600,000	600,000
Total borrowings and perpetual sukuk	3,225,306	4,121,125	7,346,431

Included in the Group borrowings as at 30 June 2021 are amounts denominated in foreign currency as follows:

	Foreign currency		RM'000		
	Current	Non-current	Current	Non-current	Total
<u>Secured</u>					
US Dollar (USD'000) *					
- Revolving credits	111,167	80,000	462,232	332,640	794,872
Singapore Dollar (SGD'000) **					
- Term loan	-	22,000	-	68,077	68,077
- Revolving credits	11,450	-	35,431	-	35,431
Australia Dollar (AUD'000) **					
- Bankers' acceptance	447	-	1,400	-	1,400
Pound Sterling (GBP'000) **					
- Term loan	-	55,874	-	322,067	322,067

B8 Group Borrowings and Debt Securities (contd.)

	Foreign currency		RM'000		
	Current	Non-current	Current	Non-current	Total
<u>Unsecured</u>					
US Dollar (USD'000) *					
- Revolving credits	-	50,000	-	207,900	207,900
Singapore Dollar (SGD'000) **					
- Term loan	11,000	25,000	34,038	77,360	111,398
- Revolving credits	11,495	-	35,570	-	35,570
China Yuan Renminbi (RMB'000) **					
- Revolving credits	874	-	562	-	562
Australia Dollar (AUD'000) *					
- Revolving credits	7,500	21,700	23,483	67,943	91,426
			592,716	1,075,987	1,668,703

The Group borrowings as at 30 June 2020 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
Secured borrowings			
<u>Islamic:</u>			
Term loan	214,550	-	214,550
Medium term notes	2,020,000	50,000	2,070,000
Bankers' acceptance	8,500	-	8,500
Revolving credits	429,100	-	429,100
	2,672,150	50,000	2,722,150
<u>Conventional:</u>			
Bank overdrafts	98,445	-	98,445
Term loan	382,657	257,115	639,772
Revolving credits	1,158,207	-	1,158,207
Bankers' acceptances	2,541	-	2,541
Hire purchase	135	607	742
	1,641,985	257,722	1,899,707
Total secured borrowings	4,314,135	307,722	4,621,857
Unsecured borrowings			
<u>Islamic:</u>			
Commercial papers	1,440,000	-	1,440,000
<u>Conventional:</u>			
Term loan	637,042	-	637,042
Revolving credits	964,384	-	964,384
Bankers' acceptances	131,657	-	131,657
Commercial papers	156,000	-	156,000
Bills discounting	96,186	-	96,186
Bills payable	3,030	-	3,030
	1,988,299	-	1,988,299
Total unsecured borrowings	3,428,299	-	3,428,299
Total borrowings	7,742,433	307,722	8,050,156
Islamic borrowings	4,112,150	50,000	4,162,150
Conventional borrowings	3,630,283	257,722	3,888,006
Total borrowings	7,742,433	307,722	8,050,156
Perpetual sukuk	-	600,000	600,000
Total borrowings and perpetual sukuk	7,742,433	907,722	8,650,156

B8 Group Borrowings and Debt Securities (contd.)

Included in the Group borrowings as at 30 June 2020 are amounts denominated in foreign currency as follows:

	Foreign currency		RM'000		
	Current	Non-current	Current	Non-current	Total
<u>Secured</u>					
US Dollar (USD'000) *					
- Term loan	50,000	-	214,550	-	214,550
- Revolving credits	130,000	-	557,830	-	557,830
Singapore Dollar (SGD'000) **					
- Term loan	-	22,000	-	67,861	67,861
- Revolving credits	12,400	-	38,249	-	38,249
Australia Dollar (AUD'000) #					
- Revolving credits	152,180	-	449,663	-	449,663
- Bankers' acceptance	860	-	2,541	-	2,541
Pound Sterling (GBP'000) **					
- Term loan	20,000	35,797	105,738	189,254	294,992
<u>Unsecured</u>					
US Dollar (USD'000) *					
- Revolving credits	72,000	-	308,952	-	308,952
Singapore Dollar (SGD'000) **					
- Term loan	25,000	-	77,115	-	77,115
- Revolving credits	62,500	-	192,788	-	192,788
Indonesian Rupiah (RP'000) **					
- Term loan	10,000,000	-	3,030	-	3,030
Australia Dollar (AUD'000) *					
- Revolving credits	21,700	-	64,119	-	64,119
			2,014,575	257,115	2,271,690

Notes:

* Borrowings obtained by local subsidiaries include those entered into cross currency swap contracts.

** Borrowings obtained by overseas subsidiaries.

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

Overall, the total borrowing of the Group has decreased by RM1.30 billion, from RM8.05 billion as at 30 June 2020 to RM6.75 billion as at 30 June 2021.

The weighted average interest rate of borrowings as at 30 June 2021 is 2.56%. 59% of the Group's total borrowing are fixed rate instruments, whereas 41% are floating rate instruments.

Out of the total borrowings of RM6.75 billion, RM1.67 billion (Current: RM0.59 billion ; Non-current: RM1.08 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. The average exchange rate entered for cross currency swap contracts for USD borrowings is 4.140 and AUD borrowings is 3.190.

B9 Derivative Financial Instruments

The Group's outstanding derivatives as at 30 June 2021 were as follows:

Type of Derivatives	Contract/ Notional Value RM'000	Fair Value RM'000	Gains arising from for the period RM'000	Cash Flow Hedge Reserve RM'000
Interest rate swap contracts				
- 1 year to 3 years	61,016	(1,261)	-	-
Foreign currency forward contracts				
- Less than 1 year	7,108	1	135	-
- 1 year to 3 years	1,972	(5)	16	-
Cross currency swap contracts #				
- Less than 1 year	459,950	951	-	(4,921)
- 1 year to 5 years	609,081	(2,933)	-	1,915
Total derivatives		(3,247)	151	(3,006)

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

Interest rate swap contracts

An interest rate swap is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flow. During the financial year, the Group had entered into interest rate swap to exchange floating interest rate for fixed interest rate in order to minimise the exposure from fluctuation of interest rate. This interest rate swap received floating interest rate equals to Singapore Swap Offer Rate ("SOR") per annum and paid fixed rate of interest of 1.49% and 1.58% per annum.

The fair values of the interest rate swap contracts are determined by using the mark to market values at the end of the reporting period and changes in the fair value is recognised in the profit or loss.

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

Foreign currency forward contracts

The Group entered into foreign currency forward contracts to manage some of the transaction exposure. These contracts are entered into for periods consistent with currency transaction exposure and fair value changes exposure. The Group also uses foreign currency forward contracts as derivatives to hedge future changes in currency exposure of cash flows from foreign operations.

Forward currency contracts are valued using a valuation technique with market observable inputs. The derivatives arising from the forward currency contracts are stated at fair value using the prevailing market rate. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

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 into 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 profit or loss. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the profit or loss.

Cross currency swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

B10 Ageing Analysis of Trade Receivables

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

	30/06/2021 RM'000	31/12/2020 RM'000
Current	1,095,158	1,273,747
1 to 30 days past due	156,123	169,557
31 to 60 days past due	105,434	72,343
61 to 90 days past due	93,370	43,094
91 to 120 days past due	33,190	21,399
More than 120 days past due	161,075	148,215
	<u>549,192</u>	<u>454,608</u>
Gross trade receivables	1,644,350	1,728,355
Impaired	(100,857)	(96,696)
Total trade receivables	<u>1,543,493</u>	<u>1,631,659</u>
Other receivables	497,937	317,630
Amounts due from associates	47,079	49,865
Amounts due from joint ventures	2,130,171	2,408,392
Total receivables	<u>4,218,680</u>	<u>4,407,546</u>
Non-current receivables	1,584,998	1,974,345
Current receivables	2,633,682	2,433,201
Total receivables	<u>4,218,680</u>	<u>4,407,546</u>

B11 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").

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. The Supreme Court had appointed the late Mr H.L. Agarwal as the sole arbitrator.

The Statement of Claim was raised in respect of various claims and the total amount claimed is Rs.89,14,55,047.83 (approximately equivalent to RM49.9 million) in addition to interest and cost.

In the counterclaim, SunCon is seeking for Rs.78,13,94,628.61 (approximately equivalent to RM43.7 million) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

On 11 January 2013, the arbitrator that presided over the case passed away and 75 hearings had been held.

SunCon was notified by its solicitors that an arbitration petition has been filed by Shristi on 7 January 2016 in the Supreme Court of India for the appointment of a new arbitrator. The Supreme Court of India by an order dated 5 January 2017 appointed Hon'ble Mr Justice Vikramajit Sen (a former Judge of the Supreme Court of India) as arbitrator. The first hearing before Mr Justice Vikramajit Sen was held on 24 February 2017 and cross examination has been completed on 7 October 2017.

The Arbitrator published his award on 9 April 2019 and awarded the Claimant Rs.12,84,41,929.37 (approximately equivalent to RM7.2 million).

SunCon has filed an appeal with the High Court of New Delhi in early July 2019 to set aside the arbitral award. Shristi has also filed an execution application against SunCon for enforcement of the arbitral award.

On 10 February 2020, the Honorable Court has directed SunCon to deposit, on a without prejudice basis, the decretal amount with interest with the Registrar General of the High Court of Delhi. SunCon has deposited Rs.13,56,77,784.64 (approximately equivalent to RM7.6 million) on 26 February 2020 and the amount has been fully provided in the accounts on prudence grounds. Subject to compliance of the said direction, the Honorable Court has stayed the Arbitral Award dated 9 April 2019. Case is further adjourned to 8 September 2021.

B11 Changes in Material Litigation (contd.)

(a) contd.

The Claimant filed an application in the High Court of Delhi to permit the Claimant to withdraw the decretal amount deposited by SunCon on 4 March 2020 for release of Rs.6,72,89,597 (approximately equivalent to RM3.8 million) from the deposited Award Amount.

On 27 August 2020, the Court directed the release of Rs.6,71,95,972 (approximately equivalent to RM3.8 million) on the basis of a corporate guarantee to the furnished by Srei Infrastructure Finance Ltd. The balance is to be released subject to furnishing of a bank guarantee. On 3 November 2020, the court place on record the corporate guarantee issued on 21 September 2020 and directed the registry to release the amount in terms of the Court order dated 27 August 2020. On 18 November 2020, Shristi withdrew their application for withdrawal without a bank guarantee and it has been dismissed accordingly.

(b) PNSB Acmar Sdn. Bhd. ("Plaintiff") has on 14 November 2019 served a Writ of Summon and a Statement of Claim both dated 8 November 2019 on Prasarana Malaysia Berhad ("Prasarana") (1st Defendant) and Sunway Construction Sdn. Bhd. ("SunCon") (2nd Defendant).

The Plaintiff is claiming that all the construction works in relation to the project known as "Construction and Completion of Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia" ("Project") and the structures such as the Project's poles, bars, and LRT stations had trespassed and/or encroached into the Plaintiff's own development project area and has resulted in losses and damages towards the Plaintiff.

Prasarana is the owner of the Project and SunCon is the awarded Works Package Contractor for the contract known as "Contract No. Prasarana/GSC/CTT/2.06080/2017: Construction and Completion of Guideway, Stations Iconic Bridge, Park and Rides, Ancillary Buildings and other Associated Works for Package GS07-08 for Light Rail Transit 3 (LRT3) from Bandar Utama to Johan Setia" in relation to the Project.

The Plaintiff is claiming, amongst other, for the following:-

- (i) Special damages of RM711,367,434.46;
- (ii) The costs between the solicitor and client amounts to RM400,000.00;
- (iii) Interest rate of 5% per year from the date of trespass i.e. 30 April 2018 until the full settlement; and
- (iv) Court's declarations, injunctions, orders and other reliefs that the Honorable Court deems fit and proper.

On the case management on 5 March 2020, the Court had directed SunCon to file the application to strike out the case by 19 March 2020. On 30 October 2020, the striking out application by Prasarana and SunCon is dismissed and matter is to proceed for full trial. On 9 December 2020, the Plaintiff filed an application for discovery against the Defendants. Based on decision published on 11 May 2021, the court has dismissed Plaintiff's application for discovery against SunCon with cost of RM2,000 to be paid to SunCon. On 19 February 2021, SunCon filed applications to include MRCB George Kent Sdn. Bhd. ("MRCBGK") as co-defendant and third party to the suit.

On 21 July 2021, the Court has allowed SunCon's Application for Leave to issue Third Party Notice to MRCBGK. The Court has further directed for SunCon to file and serve its Statement of Claim on MRCBGK within 14 days. With regard to the Plaintiff's Application to amend the Statement of Claim to RM643,851,825.01, the Court has allowed the Plaintiff's Application with no order as to cost. The Court has dismissed SunCon's Application for Further and Better Particulars with cost of RM3,000 to be paid to the Plaintiff. On 28 July 2021, the Court has disallowed SunCon's application to include MRCBGK as co-defendant with cost of RM4,000.

The next case management is set on 29 September 2021.

B12 Dividend

Other than the dividend as disclosed in note A7, the Board of Directors has declared the following dividends in respect of financial year ending 31 December 2021:

- a) A first interim single tier cash dividend of 1.00 sen per ordinary share; and
- b) A preferential dividend of 5.25% per annum (based on the issue price of RM1.00) per irredeemable convertible preference share ("ICPS") in respect of the financial period from 1 January 2021 to 30 June 2021.

The entitlement and payment dates in respect of the aforesaid dividends will be determined later.

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 30/06/2021 RM'000	Cumulative Year To Date 30/06/2021 RM'000
<u>Basic earnings per share</u>		
Profit attributable to members of the Company	70,521	128,971
Weighted Average Number of Ordinary Shares ('000)	5,866,706	5,866,706
Earnings per share (Basic) (sen) ¹	1.20	2.20
<u>Diluted earnings per share</u>		
Profit attributable to members of the Company	70,521	128,971
Weighted Average Number of Ordinary Shares ('000)	5,866,706	5,866,706
Earnings per share (Diluted) (sen) ¹	1.20	2.20

¹ The calculation of earnings per share (basic and diluted) includes the ordinary shares that will be issued upon the mandatory conversion of ICPS.

By Order of the Board

**Tan Kim Aun
Chin Lee Chin**

Secretaries