

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30/9/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2013 RM'000	CURRENT YEAR TO DATE 30/9/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2013 RM'000
REVENUE		1,134,007	1,066,145	3,364,356	3,205,220
OPERATING EXPENSES		(1,002,420)	(1,001,212)	(3,021,785)	(2,972,336)
OTHER OPERATING INCOME		20,358	9,966	53,017	44,660
PROFIT FROM OPERATIONS		151,945	74,899	395,588	277,544
(LOSS)/GAIN ON DERIVATIVES		(60)	111	66	288
FINANCE INCOME		11,241	12,289	33,694	31,158
FINANCE COSTS		(16,384)	(18,550)	(56,869)	(61,692)
SHARE OF PROFIT FROM ASSOCIATES		22,782	19,099	124,338	116,598
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES		15,718	30,347	64,197	89,329
PROFIT BEFORE TAX		185,242	118,195	561,014	453,225
INCOME TAX EXPENSE	<b>B5</b>	(21,833)	(16,598)	(97,133)	(75,397)
PROFIT FOR THE PERIOD		163,409	101,597	463,881	377,828
ATTRIBUTABLE TO:					
- OWNERS OF THE PARENT		143,698	93,145	430,219	354,045
- NON-CONTROLLING INTERESTS		19,711	8,452	33,662	23,783
		163,409	101,597	463,881	377,828
EARNINGS PER SHARE					
(i) BASIC ( sen )		8.34	5.81	24.96	25.33
(ii) DILUTED ( sen )		7.93	5.68	24.03	24.82

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements. )

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/9/2014	PRECEDING YEAR CORRESPONDING QUARTER 30/9/2013	CURRENT YEAR TO DATE 30/9/2014	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2013
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	163,409	101,597	463,881	377,828
<b>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS</b>				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(3,736)	25,416	(20,404)	26,458
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	-	91	-
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS				
- FAIR VALUE OF DERIVATIVES	14,779	31,274	(6,419)	65,633
- AMOUNT RECYCLED TO PROFIT OR LOSS	<u>(29,329)</u>	<u>(21,912)</u>	<u>227</u>	<u>(61,382)</u>
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS, REPRESENTING OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u>(18,286)</u>	<u>34,778</u>	<u>(26,505)</u>	<u>30,709</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>145,123</u>	<u>136,375</u>	<u>437,376</u>	<u>408,537</u>
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	124,238	127,202	401,494	382,152
- NON-CONTROLLING INTERESTS	20,885	9,173	35,882	26,385
	<u>145,123</u>	<u>136,375</u>	<u>437,376</u>	<u>408,537</u>

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2013 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 SEPTEMBER 2014  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

	AS AT END OF CURRENT QUARTER 30/9/2014 RM'000	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2013 RM'000 (AUDITED)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	894,946	866,202
Biological assets	1,336	981
Investment properties	2,029,608	1,802,958
Rock reserves	6,986	7,183
Land held for property development	603,620	886,805
Investment in associates	1,459,612	1,392,713
Investment in jointly controlled entities	1,004,291	912,182
Other investments	1,835	1,839
Derivative assets	15,625	22,955
Receivables	24,614	2,305
Goodwill	319,444	319,444
Deferred tax assets	42,741	37,741
	6,404,658	6,253,308
<b>Current assets</b>		
Properties development costs	1,650,384	1,174,981
Inventories	585,825	615,822
Receivables, deposits & prepayments	1,540,446	1,455,545
Deposits, bank & cash balances	1,390,323	1,448,818
Tax recoverable	46,777	55,120
Other investments	70,000	70,000
Derivative assets	10,018	19,281
	5,293,773	4,839,567
Assets of disposal group classified as held for sale	8,684	8,686
<b>TOTAL ASSETS</b>	11,707,115	11,101,561
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Payables, accruals & other current liabilities	1,867,958	2,051,789
Bank borrowings	2,228,206	2,000,746
Taxation	51,719	21,357
Derivative liabilities	152	142
	4,148,035	4,074,034
<b>Non-current liabilities</b>		
Long term bank borrowings	924,226	794,716
Other long term liabilities	488,908	448,717
Derivative liabilities	-	66
Deferred taxation	74,141	73,994
	1,487,275	1,317,493
Liabilities of disposal group classified as held for sale	64,815	64,835
<b>Total liabilities</b>	5,700,125	5,456,362
<b>Equity attributable to Owners of the Parent</b>		
Share capital	1,724,311	1,723,524
Share premium	2,630,227	2,628,404
Treasury shares	(9,876)	-
Equity contribution from non-controlling interests	51,654	51,654
Negative merger reserve	(1,192,040)	(1,192,040)
Retained profits	2,230,551	1,885,661
Reserve of disposal group classified as held for sale	22,488	22,488
Other reserves	196,164	208,608
	5,653,479	5,328,299
<b>NON-CONTROLLING INTERESTS</b>	353,511	316,900
<b>Total equity</b>	6,006,990	5,645,199
<b>TOTAL EQUITY AND LIABILITIES</b>	11,707,115	11,101,561
<b>Net Assets Per Share Attributable To Owners Of The Parent (RM)</b>	<b>3.28</b>	<b>3.09</b>

( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	ATTRIBUTABLE TO OWNERS OF THE PARENT															DISTRIBUTABLE		NON-CONTROLLING INTERESTS		TOTAL EQUITY
	EQUITY CONTRIBUTION FROM NON-CONTROLLING INTERESTS						NON-DISTRIBUTABLE									RESERVE OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY	
	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	NEGATIVE MERGER RESERVE	OTHER RESERVES	CAPITAL RESERVE	CAPITAL REDEMPTION RESERVE	FOREIGN EXCHANGE RESERVE	FAIR VALUE RESERVE	STATUTORY RESERVE	REVALUATION RESERVE	SHARE OPTION RESERVE	CASH FLOW HEDGE RESERVE	FURNITURE & FITTINGS RESERVE	RETAINED PROFITS					RESERVE OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>PERIOD ENDED 30 SEPTEMBER 2013</b>																				
At 1 January 2013	1,292,505	2,326,509	-	51,654	(1,192,040)	163,638	34,137	98,963	(17,641)	21,712	879	22,357	3,170	(1,636)	1,697	934,375	-	3,576,641	380,862	3,957,503
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	354,045	-	354,045	23,783	377,828
Other comprehensive income	-	-	-	-	-	28,107	-	-	23,856	-	-	-	-	4,251	-	-	-	28,107	2,602	30,709
Total comprehensive income	-	-	-	-	-	28,107	-	-	23,856	-	-	-	-	4,251	-	354,045	-	382,152	26,385	408,537
Additional equity contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to exercise of warrants	115	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115	-	115
Issuance of ordinary shares pursuant to rights issue	430,869	301,815	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	732,684	-	732,684
Acquisition of interest from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,571)	-	(3,571)	(51,675)	(55,246)
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(515)	-	(515)	-	(515)
New ESOS granted	-	-	-	-	-	39,732	-	-	-	-	-	-	39,732	-	-	-	-	-	-	39,732
Dividends declared	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(77,910)	-	(77,910)	-	(77,910)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(46,217)
Transfer to capital redemption reserve	-	-	-	-	-	99	-	99	-	-	-	-	-	-	-	(99)	-	-	-	(99)
At 30 September 2013	1,723,489	2,628,324	-	51,654	(1,192,040)	231,576	34,137	99,062	6,215	21,712	879	22,357	42,902	2,615	1,697	1,206,325	-	4,649,328	309,355	4,958,683
<b>PERIOD ENDED 30 SEPTEMBER 2014</b>																				
At 1 January 2014	1,723,524	2,628,404	-	51,654	(1,192,040)	208,608	34,137	99,062	(22,541)	21,712	879	25,881	42,883	1,307	5,288	1,885,661	22,488	5,328,299	316,900	5,645,199
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	430,219	-	430,219	33,662	463,881
Other comprehensive income	-	-	-	-	-	(28,725)	-	-	(22,624)	-	-	91	-	(6,192)	-	-	-	(28,725)	2,220	(26,505)
Total comprehensive income	-	-	-	-	-	(28,725)	-	-	(22,624)	-	-	91	-	(6,192)	-	430,219	-	401,494	35,882	437,376
New ESOS granted	-	-	-	-	-	16,857	-	-	-	-	-	-	16,857	-	-	-	-	16,857	-	16,857
Issuance of ordinary shares pursuant to exercise of ESOS	765	1,790	-	-	-	(443)	-	-	-	-	-	-	(443)	-	-	-	-	2,112	-	2,112
Issuance of ordinary shares pursuant to exercise of warrants	22	33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55	-	55
Purchase of treasury shares during the year	-	-	(9,876)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,876)	-	(9,876)
Dividends declared	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(86,176)	-	(86,176)	-	(86,176)
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,190	-	1,190	11	1,201
Dilution of equity interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83	83
Issuance of redeemable preference shares to non-controlling interest by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,200	21,200
Utilisation of furniture & fittings reserve	-	-	-	-	-	(133)	-	-	-	-	-	-	-	-	-	-	-	(133)	-	(133)
Liquidation of an associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(343)	-	(343)	-	(343)
At 30 September 2014	1,724,311	2,630,227	(9,876)	51,654	(1,192,040)	196,164	34,137	99,062	(45,165)	21,712	879	25,972	59,297	(4,885)	5,155	2,230,551	22,488	5,653,479	353,511	6,006,990

[ The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.]

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	FOR THE 9 MONTHS PERIOD ENDED 30/9/2014	FOR THE 9 MONTHS PERIOD ENDED 30/9/2013
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	561,014	453,225
Adjustments for:		
- non-cash items	(99,918)	(82,048)
- finance costs	56,869	61,692
- finance income	(33,694)	(31,158)
Operating cash flows before working capital changes	484,271	401,711
Changes in working capital	(155,694)	(92,167)
Cash flow from operations	328,577	309,544
Interest received	32,537	21,305
Dividend received from jointly controlled entities and associates	99,609	109,248
Tax refunded	11,938	7,234
Tax paid	(70,238)	(87,225)
Net cash flow from operating activities	402,423	360,106
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant & equipment	8,234	3,750
Proceed from disposal of a subsidiary	20	5,333
Acquisition of land	(257,261)	(28,775)
Acquisition of property, plant and equipment and biological assets	(101,136)	(88,643)
Acquisition of intangible assets	(14)	-
Acquisition of equity interest from non-controlling interest	1,190	-
Acquisition and subsequent expenditure of investment properties	(226,648)	(252,269)
Acquisition of other investment	(3)	(5)
Investment in associates	(7,802)	(9,269)
(Advances to)/Repayment from associates, jointly controlled entity and joint venture partners	(31,457)	(26,419)
Investment in jointly controlled entities	(63,707)	(145,328)
Net cash used in investing activities	(678,584)	(541,247)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net bank and other borrowings	370,973	(124,645)
Advances from/(to) non-controlling interests of subsidiary companies	33	-
Interest paid	(55,239)	(52,371)
Proceeds from issue of redeemable preference shares to non-controlling interest by subsidiary	21,200	-
Proceeds from issue of ordinary shares	-	732,799
Proceeds from issue of shares from exercise of warrants	55	-
Proceeds from issue of shares from exercise of ESOS	2,112	-
Repurchase of shares	(9,876)	-
Dividend paid to shareholders	(86,177)	(77,550)
Dividend paid to non-controlling interests of subsidiaries	(20,420)	(46,731)
Net cash generated from financing activities	222,661	431,502
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(53,500)	250,361
EFFECTS OF EXCHANGE RATE CHANGES	9,234	3,026
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,359,099	1,063,712
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,314,833	1,317,099
Cash and cash equivalents at end of financial period comprise the following :		
Deposits, bank & cash balances	1,390,323	1,394,429
Bank overdrafts	(75,490)	(77,330)
	1,314,833	1,317,099
( The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.)		

## NOTES TO FINANCIAL STATEMENTS

### A1 Accounting Policies and Basis of Preparation

The Group has prepared its financial statements using the Financial Reporting Standards ("FRS") for the financial period ending 30 September 2014.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities, inter alia, that are within the scope of IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called "Transitioning Entities").

The Group falls within the scope of Transitioning Entities. Transitioning Entities are allowed to defer the adoption of the new MFRS Framework for an additional three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015.

The interim financial report is unaudited and is prepared in accordance with FRS134 " Interim Financial Reporting " and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013. 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 2013.

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 2013 except for the adoption of the following new FRSs, amendments to FRSs and IC Interpretations that are effective for financial statements effective from 1 January 2014, as disclosed below:

Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

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

### A2 Report of the Auditors

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

### A3 Seasonal or Cyclical Factors

The results for the current quarter under review were not materially affected by seasonal or cyclical factors except for the leisure and hospitality segments which normally peaks during major festive seasons and holidays.

**A4 Unusual Items**

There were no material unusual items affecting the amounts reported for the current quarter ended 30 September 2014 except for the following:

## a) Current and preceding year corresponding quarter

	30/9/14 RM'million	30/9/13 RM'million
Profit before tax as reported	185.2	118.2
Loss/(Gain) on derivatives <sup>1</sup>	0.1	(0.1)
Fair value of ESOS option <sup>2</sup>	5.5	39.7
Professional fees <sup>4</sup>	-	1.6
<b>Profit before tax excluding unusual items</b>	<b>190.8</b>	<b>159.4</b>
Profit after tax and non-controlling interests as reported	143.7	93.1
Loss/(Gain) on derivatives <sup>1</sup>	0.1	(0.1)
Fair value of ESOS option <sup>2</sup>	5.5	39.7
Professional fees <sup>4</sup>	-	1.6
Reversal of deferred taxation <sup>4</sup>	-	(9.9)
<b>Profit after tax and non-controlling interests excluding unusual items</b>	<b>149.3</b>	<b>124.4</b>

## b) Cumulative current and preceding year to date

	30/9/14 RM'million	30/9/13 RM'million
Profit before tax as reported	561.0	453.2
Gain on derivatives <sup>1</sup>	(0.1)	(0.3)
Fair value of ESOS option <sup>2</sup>	17.4	39.7
Fair value gain <sup>3</sup>	(61.9)	(59.7)
Professional fees <sup>4</sup>	-	1.6
<b>Profit before tax excluding unusual items</b>	<b>516.4</b>	<b>434.5</b>
Profit after tax and non-controlling interests as reported	430.2	354.0
Gain on derivatives <sup>1</sup>	(0.1)	(0.3)
Fair value of ESOS option <sup>2</sup>	17.4	39.7
Fair value gain <sup>3</sup>	(61.9)	(59.7)
Professional fees <sup>4</sup>	-	1.6
Reversal of deferred taxation <sup>4</sup>	-	(9.9)
<b>Profit after tax and non-controlling interests excluding unusual items</b>	<b>385.6</b>	<b>325.4</b>

Notes:

<sup>1</sup> The Group recognised RM0.1 million loss and RM0.1 million gain (profit before and after tax and non-controlling interests) in gain on derivatives as a result of the effects of FRS 139: Financial Instruments: Recognition and Measurement, for the quarter and 9 months ended 30 September 2014 respectively. The Group recognised a gain of RM0.1 million and RM0.3 million on derivatives for the quarter and 9 months ended 30 September 2013 respectively.

<sup>2</sup> The Group has implemented the Employees' Share Option Scheme ("ESOS") with effect from 3 September 2013, total fair value expenses of the ESOS option granted will be charged to Income Statements over 4 years. During the quarter, the Group has charged the fair value expenses of RM5.5 million (profit before tax and after tax and non-controlling interests) for ESOS option, which are included in the operating expenses item for the quarter. The Group incurred fair value expenses of ESOS option of RM11.8 million (profit before tax and after tax and non-controlling interests) for the 9 months ended 30 September 2014.

<sup>3</sup> The Group recognised RM61.9 million (profit before tax and after tax and non-controlling interests) as share of fair value gain from Sunway REIT for the 9 months ended 30 September 2014. For the corresponding 9 months ended 30 September 2013, the Group recognised RM59.7 million (profit before tax and after tax and non-controlling interests) as share of fair value gain from Sunway REIT.

<sup>4</sup> During the quarter ended 30 September 2013, the Group reversed the provision of deferred taxation made pertaining to the sale of Sunway Medical Centre to Sunway REIT in the previous year, as a result of the successful tax appeal obtained from the tax authority. The Group incurred RM1.6 million professional fee in relation to it.

**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 September 2014.

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

During the financial period ended 30 September 2014, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 765,300 ordinary shares of RM1.00 each pursuant to the exercise of the Employees' Share Option Scheme; and
- (b) issuance of 22,224 ordinary shares of RM1.00 each 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.

**A7 Dividend Paid**

During the financial period ended 30 September 2014, the following payments of dividend have been made:

- (a) RM86,176,200 was paid on 30 April 2014 as interim single tier dividend of 5% per ordinary share of RM1.00 each for the financial year ended 31 December 2013.
- (b) RM86,145,500 was paid on 7 October 2014 as interim single tier dividend of 5% per ordinary share of RM1.00 each for the financial year ended 31 December 2014.



**A8 Segmental Reporting**

Segmental results for the financial period ended 30 September 2014, representing both core and non-core segmental results, are as follows:

	Property Development	Property Investment Division	Construction	Trading and Manufacturing	Quarry	Investment Holdings	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>BY BUSINESS SEGMENTS</b>									
<b>REVENUE AND EXPENSES</b>									
Revenue									
External sales	702,022	434,036	1,272,990	470,458	162,220	63	322,567	-	3,364,356
Inter-segment sales	65	113,072	81,337	110,281	2,341	299,861	30,382	(637,339)	-
<b>Total Revenue</b>	<b>702,087</b>	<b>547,108</b>	<b>1,354,327</b>	<b>580,739</b>	<b>164,561</b>	<b>299,924</b>	<b>352,949</b>	<b>(637,339)</b>	<b>3,364,356</b>
Results									
Operating segment results	189,240	77,891	78,468	30,913	20,270	(27,164)	25,970	-	395,588
Gain on derivatives	-	-	-	-	-	66	-	-	66
Finance income	9,410	3,811	1,865	281	757	9,456	8,114	-	33,694
Finance costs	(8,608)	(69,332)	(1,073)	(3,569)	-	28,016	(2,303)	-	(56,869)
Share of results of associated companies	1	123,343	-	940	-	-	54	-	124,338
jointly controlled entities	53,753	8,031	2,413	-	-	-	-	-	64,197
<b>Profit before taxation</b>	<b>243,796</b>	<b>143,744</b>	<b>81,673</b>	<b>28,565</b>	<b>21,027</b>	<b>10,374</b>	<b>31,835</b>	<b>-</b>	<b>561,014</b>
Taxation	(48,811)	(14,005)	(15,093)	(7,009)	99	(5,876)	(6,438)	-	(97,133)
<b>Profit for the period</b>	<b>194,985</b>	<b>129,739</b>	<b>66,580</b>	<b>21,556</b>	<b>21,126</b>	<b>4,498</b>	<b>25,397</b>	<b>-</b>	<b>463,881</b>
Non controlling interests	(31,259)	(2,498)	962	(140)	-	(1,853)	1,126	-	(33,662)
<b>Attributable to owners of the parent</b>	<b>163,726</b>	<b>127,241</b>	<b>67,542</b>	<b>21,416</b>	<b>21,126</b>	<b>2,645</b>	<b>26,523</b>	<b>-</b>	<b>430,219</b>

	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
	RM'000	RM'000	RM'000	RM'000
<b>BY GEOGRAPHICAL SEGMENTS</b>				
Malaysia	2,959,039	443,960	359,932	324,482
Singapore	231,714	128,786	117,228	117,228
China	75,636	(14,650)	(14,847)	(13,360)
India	89	(659)	(663)	(663)
Australia	38,015	(1,208)	(1,213)	(1,030)
United Arab Emirates	-	821	821	821
Other Countries	59,863	3,964	2,623	2,741
	<b>3,364,356</b>	<b>561,014</b>	<b>463,881</b>	<b>430,219</b>

Core segmental results (excluding unusual items as per Note A4) for the financial period ended 30 September 2014 are as follows:

	Property Development	Property Investment Division	Construction	Trading and Manufacturing	Quarry	Investment Holdings	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>BY BUSINESS SEGMENTS</b>									
<b>REVENUE AND EXPENSES</b>									
Revenue									
External sales	702,022	434,036	1,272,990	470,458	162,220	63	322,567	-	3,364,356
Inter-segment sales	65	113,072	81,337	110,281	2,341	299,861	30,382	(637,339)	-
<b>Total Revenue</b>	<b>702,087</b>	<b>547,108</b>	<b>1,354,327</b>	<b>580,739</b>	<b>164,561</b>	<b>299,924</b>	<b>352,949</b>	<b>(637,339)</b>	<b>3,364,356</b>
Results									
Operating segment results	189,235	78,388	78,468	30,913	20,270	(10,309)	25,970	-	412,935
Finance income	9,410	3,811	1,865	281	757	9,456	8,114	-	33,694
Finance costs	(8,608)	(69,332)	(1,073)	(3,569)	-	28,016	(2,303)	-	(56,869)
Share of results of associated companies	1	61,440	-	940	-	-	54	-	62,435
jointly controlled entities	53,753	8,031	2,413	-	-	-	-	-	64,197
<b>Profit before taxation</b>	<b>243,791</b>	<b>82,338</b>	<b>81,673</b>	<b>28,565</b>	<b>21,027</b>	<b>27,163</b>	<b>31,835</b>	<b>-</b>	<b>516,392</b>
Taxation	(48,811)	(14,005)	(15,093)	(7,009)	99	(5,876)	(6,438)	-	(97,133)
<b>Profit for the period</b>	<b>194,980</b>	<b>68,333</b>	<b>66,580</b>	<b>21,556</b>	<b>21,126</b>	<b>21,287</b>	<b>25,397</b>	<b>-</b>	<b>419,259</b>
Non controlling interests	(31,259)	(2,498)	962	(140)	-	(1,853)	1,126	-	(33,662)
<b>Attributable to owners of the parent</b>	<b>163,721</b>	<b>65,835</b>	<b>67,542</b>	<b>21,416</b>	<b>21,126</b>	<b>19,434</b>	<b>26,523</b>	<b>-</b>	<b>385,597</b>

	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
	RM'000	RM'000	RM'000	RM'000
<b>BY GEOGRAPHICAL SEGMENTS</b>				
Malaysia	2,959,039	399,153	315,125	279,675
Singapore	231,714	128,786	117,228	117,228
China	75,636	(14,650)	(14,847)	(13,360)
India	89	(659)	(663)	(663)
Australia	38,015	(1,208)	(1,213)	(1,030)
United Arab Emirates	-	821	821	821
Other Countries	59,863	4,149	2,808	2,926
	<b>3,364,356</b>	<b>516,392</b>	<b>419,259</b>	<b>385,597</b>

**A9 Valuation of Property, Plant and Equipment and Investment Properties**

The Group adopts the fair value model for its investment properties. There is no significant and indicative change in value of the said investment properties since the last balance sheet date.

**A10 Material events**

There were no material events subsequent to the current quarter ended 30 September 2014.

**A11 Changes in the Composition of the Group**

There were no material changes in the composition of the Group for the current quarter ended 30 September 2014.

**A12 Contingent Liabilities and Assets**

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

	30/9/2014 RM'000	31/12/2013 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>2,326,889</u>	<u>2,125,176</u>

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

**A13 Commitments**

(a) Capital commitment not provided for in the financial year as at 30 September 2014 is as follows:

	30/9/2014 RM'000	31/12/2013 RM'000
Amount authorised and contracted for	49,374	71,745
Amount authorised but not contracted for	<u>389,350</u>	<u>635,582</u>
	<u>438,723</u>	<u>707,327</u>

(b) Operating lease commitment not provided for in the financial year as at 30 September 2014 is as follows:

	30/9/2014 RM'000	31/12/2013 RM'000
Future minimum lease payment:		
- not later than 1 year	77,389	77,753
- later than 1 year and not later than 5 years	279,186	281,704
- later than 5 years	<u>116,188</u>	<u>161,246</u>
	<u>472,763</u>	<u>520,703</u>
Future minimum lease receipts:		
- not later than 1 year	59,295	54,664
- later than 1 year and not later than 5 years	196,856	189,059
- later than 5 years	<u>292,310</u>	<u>338,825</u>
	<u>548,461</u>	<u>582,548</u>

## **B1 Review of Performance**

### For the quarter

The Group recorded revenue of RM1,134.0 million and profit before tax of RM190.8 million (after excluding unusual items as per Note A4) for the current quarter ended 30 September 2014 compared to revenue of RM1,066.1 million and profit before tax of RM159.4 million in the corresponding quarter in the previous financial year. The better performance was due to higher profit contribution from most of the Group's business segments and the Group's treasury operation.

The property development segment reported revenue of RM178.0 million and profit before tax of RM99.2 million in the current quarter compared to revenue of RM260.3 million and profit before tax of RM90.4 million in the corresponding quarter of the previous financial year. The lower revenue recorded in the current quarter was mainly due to slower progress billings, which is expected to improve in the next quarter. But profit on the other hand, was much stronger. This was attributed to the higher profit recognition in some of the projects, which was further boosted by the lower common infrastructure cost allocated to the property development component within some of the integrated projects undertaken by the Group. However, the stronger development profit in Malaysia was partly offset by the much lower profit contribution from the Singapore property projects.

The property investment segment reported revenue of RM151.8 million and profit before tax of RM31.7 million in the current quarter compared to revenue of RM137.1 million and profit before tax of RM24.6 million in the corresponding quarter of the previous financial year. While the occupancy rate of Sunway Pinnacle has improved in the current quarter, it was not strong enough to enable it to break even yet. However, the rest of the other operations in this business segment recorded better performance. This was mainly due to the higher contribution from Sunway REIT and stronger profits from the leisure and hospitality business, which achieved higher visitorship and better hotel occupancy rates.

The construction segment recorded revenue of RM488.2 million and profit before tax of RM17.7 million in the current quarter compared to revenue of RM376.5 million and profit before tax of RM15.5 million in the corresponding quarter in the previous financial year. The increase in revenue was mainly due to higher sales of precast concrete products in Singapore and higher progress billings of its on-going local civil engineering and building projects. As a result, the profit for the current quarter was higher although the profit margin was slightly lower. Incidentally, an estimated RM10 million of intra-company construction profits were excluded from the financial results in the current quarter. This was done in compliance with IFRS 127, which requires all the intra-company construction profits related to the construction of fixed assets for the Group to be eliminated.

The trading and manufacturing segment recorded revenue of RM159.4 million and profit before tax of RM10.4 million for the current quarter compared to revenue of RM151.9 million and profit before tax of RM10.8 million in the corresponding quarter in the previous financial year. The performance remained satisfactory from its local operations but the overseas operations continued to remain challenging. Hence, the overall profitability was slightly weaker for this current quarter.

The quarry segment recorded revenue of RM56.3 million and profit before tax of RM6.8 million for the current quarter compared to revenue of RM47.1 million and profit before tax of RM5.4 million in the corresponding quarter in the previous financial year. The better performance was boosted by the stronger sales of premix, which partly offset the slower sales of aggregates.

The other segments recorded revenue of RM100.3 million and profit before tax of RM25.0 million for the current quarter compared to revenue of RM93.3 million and profit before tax of RM12.7 million in the corresponding quarter in the previous financial year. The strong increase in profit was mainly due to improved performance from the healthcare and building material division in Malaysia as well as higher contribution from the Group's treasury operation.

### For the 9 months period

The Group recorded revenue of RM3,364.4 million and profit before tax of RM516.4 million (after excluding unusual items as per Note A4) for the current 9 months period ended 30 September 2014 compared to revenue of RM3,205.2 million and profit before tax of RM434.5 million for the corresponding 9 months period ended 30 September 2013. The better financial performance was partly due to the stronger results from the property development, construction, quarry and healthcare segments. The Group's treasury operation also contributed strongly to the improved performance.

The property development segment reported revenue of RM702.0 million and profit before tax of RM243.8 million for the current 9 months period compared to revenue of RM749.9 million and profit before tax of RM216.8 million in the corresponding 9 months period ended 30 September 2013. The lower revenue recorded in the current period was mainly due to the slower progress billings in the current third quarter. However, the corresponding profit on the other hand, was much stronger, despite the lower profit contribution from the Singapore property projects. The stronger profit was mainly boosted by the lower common infrastructure cost allocated to the property development component as explained in the earlier commentary and higher profit recognition from the local projects.

The property investment segment reported revenue of RM434.0 million and profit before tax of RM82.3 million for the current 9 months period compared to revenue of RM412.4 million and profit before tax of RM83.2 million in the corresponding 9 months period ended 30 September 2013. The higher revenue was contributed by the improved performance in the hospitality and leisure division and rental income from Sunway Pinnacle. Despite the increase in revenue, the profit was impacted by the lower share of profit from Sunway REIT Management Sdn Bhd and the losses incurred from the operation of Sunway Pinnacle.

The construction segment reported revenue of RM1,273.0 million and profit before tax of RM81.7 million for the current 9 months period compared to revenue of RM1,178.7 million and profit before tax of RM61.7 million in the corresponding 9 months period ended 30 September 2013. The financial performance for the current period was better despite the elimination of an estimated RM10 million of intra-company construction profits from the financial results in the current quarter as explained earlier.

The trading and manufacturing segment reported revenue of RM470.5 million and profit before tax of RM28.6 million for the current 9 months period compared to revenue of RM453.1 million and profit before tax of RM33.8 million in the corresponding 9 months period ended 30 September 2013. While the performance of its local operations continued to remain strong, the overall financial result was impacted by the challenging operating environment experienced by its overseas operations.

The quarry segment reported revenue of RM162.2 million and profit before tax of RM21.0 million for the current 9 months period compared to revenue of RM147.2 million and profit before tax of RM17.1 million in the corresponding 9 months period ended 30 September 2013. This segment continued to sustain its commendable performance due to the strong local demand underpinned by the buoyant construction sector.

The other segments reported revenue of RM322.7 million and profit before tax of RM59.0 million for the current 9 months period compared to revenue of RM263.9 million and profit before tax of RM21.9 million in the corresponding 9 months period ended 30 September 2013. The strong performance was mainly due to improved performance from the healthcare and building material divisions in Malaysia and higher contribution from the Group's treasury operation.

## **B2 Material Changes in the Quarterly Results**

The Group recorded revenue of RM1,134.0 million and profit before tax of RM190.8 million (after excluding unusual items as per Note A4) for the current quarter ended 30 September 2014 compared to revenue of RM1,204.6 million and profit before tax of RM177.1 million achieved in the preceding quarter. The lower revenue for the current quarter was mainly due to the lower revenue recorded by the property development segment as a result of slower progress billings in the current quarter. However, current profit was better due to higher profit contributions from all the business segments other than the construction and quarry segments.

The property development segment recorded revenue of RM178.0 million and profit before tax of RM99.2 million in the current quarter compared to revenue of RM301.7 million and profit before tax of RM75.7 million in the preceding quarter. Despite the lower revenue in the current quarter, which was due to slower progress billings, the profit for the quarter was much stronger. This was mainly due to higher profit recognition in some of the projects which was further boosted by the lower common infrastructure cost allocated to the property development component as explained in the earlier commentary above.

The property investment segment recorded revenue of RM151.8 million and profit before tax of RM31.7 million for the current quarter compared to revenue of RM146.0 million and profit before tax of RM25.5 million in the preceding quarter. The improved performance of this segment was mainly due to the higher contribution from Sunway REIT and stronger profit from the leisure business which achieved higher visitorship.

The construction segment recorded revenue of RM488.2 million and profit before tax of RM17.7 million in the current quarter compared to revenue of RM426.1 million and profit before tax of RM32.7 million in the preceding quarter. The increase in revenue in the current quarter was mainly due to the higher sales of precast concrete products and higher billings of the local civil engineering and building projects. However, the overall profit for the current quarter was lower than the preceding quarter. This was mainly due to the elimination of all the intra-company construction profits from the financial result in the current quarter.

The trading and manufacturing segment recorded revenue of RM159.4 million and profit before tax of RM10.4 million in the current quarter compared to revenue of RM162.1 million and profit before tax of RM9.9 million in the preceding quarter. The higher profit was mainly contributed by the local operations, while the overseas operations remained challenging.

The quarry segment recorded revenue of RM56.3 million and profit before tax of RM6.8 million in the current quarter compared to revenue of RM57.6 million and profit before tax of RM9.5 million in the preceding quarter. Although the financial result moderated in the current quarter, the performance was still commendable.

The other segments recorded revenue of RM100.3 million and profit before tax of RM25.0 million in the current quarter compared to revenue of RM111.1 million and profit before tax of RM23.8 million in the preceding quarter. The performance of most of the operations in this segment such as the healthcare and building material division as well as the Group's treasury operation was satisfactory and comparable to the preceding quarter's performance.

### B3 Prospects

Bank Negara recently released the third quarter GDP figure which recorded a growth rate of 5.6% for the Malaysian economy. As a result, the GDP growth for 2014 is expected to be between 5.5% to 6%. The Governor of Bank Negara also indicated that the GDP growth in 2015 could range between 5% to 6%, depending on the performance of the export sector. Such commendable economic growth expectations will continue to augur well for the Group's prospects.

In the recent Malaysian Budget 2015, the Government announced that several infrastructure projects will be launched in next year, among them are the roll out of MRT Line 2, LRT 3, and several highway projects throughout the country. Given the proven track record of the Group's construction arm, it will be well positioned to bid competitively for such projects.

Barring any unforeseen circumstances, the Group is expected to continue to perform well in the last quarter of this financial year.

### B4 Variance of Actual Profit from Profit Forecast

The Company did not issue any profit forecast or profit guarantee during the current year under review.

### B5 Taxation

The current taxation does not include the tax payable for the share of profit from associates and share of profit from jointly controlled entities as the share of profit is recognised on an after tax basis.

	Current Quarter Ended 30/9/2014 RM'000	Cumulative Year To Date 30/9/2014 RM'000
Current taxation	(34,197)	(103,076)
Deferred taxation	12,364	5,943
	(21,833)	(97,133)

**B6 Profit/(Loss) before Taxation**

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

	Current Quarter Ended 30/9/2014 RM'000	Cumulative Year To Date 30/9/2014 RM'000
Depreciation and amortisation	(27,652)	(80,851)
Provision/Impairment for:		
- Trade receivables	(434)	(2,554)
- Stock obsolescence	(330)	(330)
Write off:		
- Inventories	(1)	(102)
Net gain on disposal of:		
- property, plant and equipment	41	1,474
- asset held for resale	507	1,336
Foreign exchange gain/(loss):		
- Others	1,696	1,421
- Unrealised for hedged items	(29,329)	227
Cash flow hedge reserve recycled to profit or loss	29,329	(227)

**B7 Status of Corporate Proposal Announced**

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

**Proposed disposal of equity interest of Sungei Way Ocean Joint Venture Company Limited by Sunway Holdings (Vietnam) Sdn. Bhd.**

Sunway Holdings (Vietnam) Sdn. Bhd., a wholly-owned subsidiary of Sunway Holdings Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company, had on 28 November 2013, entered into an equity sale and purchase agreement with Huong Phong Tourism-Manufacturing-Trading Company Limited ("the Purchaser") for the disposal of its 70% equity interest in Sungei Way Ocean Joint Venture Company Limited ("Sungei Way Ocean") to the Purchaser for a total cash consideration of USD1,000,000 (equivalent to approximately RM3,160,000) (based on the audited account of Sungei Way Ocean for the period ended 31 December 2012) [hereinafter referred to as "the Proposed Disposal"].

Upon the completion of the Proposed Disposal, Sungei Way Ocean will cease to be a subsidiary of the Company.

Sungei Way Ocean was incorporated in Vietnam on 15 January 1997 with a charter capital of USD2,733,000. The principal activities of Sungei Way Ocean are quarrying and production of building stones.

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

The Proposed Disposal does not require approval from the shareholders of the Company and has not been completed as at the date of this report.

**Subscription and Shareholders' Agreement between SunCity and Iskandar Assets Sdn. Bhd. in relating to the development of Pendas Land**

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

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

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

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

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

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

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

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

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



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

The Supplemental SSA was entered into by SunCity, IASB and SID to amend the terms and conditions of the SSA, to include the terms for the additional equity injection by SunCity and IASB for purposes of the acquisition of the Second Plot.

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

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

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

The proposed acquisition of the Lands has not been completed as at the date of this report.

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

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

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

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

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

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

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

**Proposed disposal of equity interest of Sunway Hatay Construction & Building Materials JV Co. Ltd. ("Sunway Hatay"), by Sunway Holdings (Vietnam) Sdn. Bhd.**

On 18 May 2012, Sunway Holdings (Vietnam) Sdn. Bhd., a wholly-owned subsidiary of SHSB, which in turn is a wholly-owned subsidiary of the Company, had entered into an equity sale and purchase agreement with Hatay Trading Production Construction Joint Stock Company ("Purchaser") for the disposal of 86% equity interest in Sunway Hatay to the Purchaser for a total cash consideration of USD3,500,000 (equivalent to approximately RM10,983,000) or the final purchase price to be agreed after the fulfillment of the conditions precedent and prior to completion (hereinafter referred to as "the Proposed Disposal"). Upon the completion of the Proposed Disposal, Sunway Hatay will cease to be a subsidiary of the Company.

Sunway Hatay was incorporated in Vietnam on 11 April 1995 with a charter capital of USD5,959,286. The principal activities of Sunway Hatay are quarrying and manufacturing of ready-mixed concrete.

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

None of the directors or substantial shareholders of the Company or persons connected with them has any interest, whether direct or indirect, in the Proposed Disposal.

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

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

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

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

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

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

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

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

#### Status of utilisation of proceeds from the Rights Issue

On August 2013, the Rights Issue was completed with the listing on the Main Market of Bursa Securities. The total gross proceeds raised from the Rights Issue amounted to RM732,477,000. The status of the utilisation of proceeds as at 30 September 2014 is as follow:

Details of utilisation	Approved utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000	Timeframe for utilisation
Capital expenditure				
(i) Acquisition of land	170,000	170,000	-	Within 36 months
(ii) Development of investment properties	70,000	70,000	-	Within 30 months
(iii) Development costs for property development projects	70,000	70,000	-	Within 24 months
(iv) Acquisition of property, plant and equipment	90,000	90,000	-	Within 18 months
Repayment of existing borrowings	300,000	300,000	-	Within 12 months
General working capital of our Group	31,706	31,706	-	Within 12 months
Estimated expenses in relation to the Rights Issue	771	771	-	Within 6 months
	<b>732,477</b>	<b>732,477</b>	<b>-</b>	

#### B8 Group Borrowings and Debt Securities

The Group borrowings as at 30 September 2014 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Borrowings:			
- Current	1,473,330	754,876	2,228,206
- Non-current	924,226	-	924,226
	<b>2,397,556</b>	<b>754,876</b>	<b>3,152,432</b>
- Conventional	1,682,943	754,876	2,437,819
- Islamic	714,613	-	714,613
	<b>2,397,556</b>	<b>754,876</b>	<b>3,152,432</b>

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

Secured	Foreign currency		RM'000	
	Current	Non-current	Current	Non-current
US Dollar (USD'000) *	252,192	170,616	811,048	548,701
Singapore Dollar (SGD'000) **	2,192	28,616	5,647	73,729
Chinese Renminbi (RMB'000) **	67,751	39,593	35,061	20,489
Australia Dollar (AUD'000) **	807	13	2,448	38
<u>Unsecured</u>				
Singapore Dollar (SGD'000) **	644	-	1,659	-
Indonesian Rupiah (RP'000) **	10,842,446	-	2,906	-
			858,769	642,959

Notes:

\* Borrowings in which cross currency swap contracts have been entered into.

\*\* Borrowings obtained by overseas subsidiaries.

#### B9 Derivative Financial Instruments

The Group's outstanding derivatives as at 30 September 2014 were as follows:

Type of Derivatives	Contract/ Notional RM'000	Fair Value RM'000	Gains/(Losses) Fair Value for the period RM'000
<b>Foreign currency forward contracts</b>			
- Less than 1 year	1,233	(101)	-
<b>Interest rate swap contracts</b>			
- Less than 1 year	5,474	(10)	66
<b>Total losses on derivatives as per Note A4</b>			66
<b>Cross currency swap contracts</b>			
- Less than 1 year	479,647	9,977	1,437
- 1 year to 3 years	884,566	15,625	(7,629)
<b>Total derivatives</b>		25,491	(6,126)

#### Foreign currency forward contracts

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

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

**Interest rate swap contracts**

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

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

**Cross currency swap contracts**

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

**B10 Changes in Material Litigation**

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

- (a) 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 RM47 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 RM42 million) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

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

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

**B11 Realised and Unrealised Profits**

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

	30/9/2014 RM'000	31/12/2013 RM'000
Total retained profit of the Group:-		
Realised	1,421,665	1,076,548
Unrealised	116,518	100,455
Total share of retained profits from associated companies:		
Realised	303,140	179,794
Unrealised	494,293	494,293
Total share of retained profits from Jointly Controlled Entities:		
Realised	462,340	398,144
Unrealised	108,371	108,370
Less: Consolidation adjustments	(675,776)	(471,943)
Total Group's retained profits as per consolidated accounts	<u>2,230,551</u>	<u>1,885,661</u>

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

**B12 Dividend**

Other than the dividend paid as disclosed in note A7, no dividend has been propose by the Board of Directors for the financial period ended 30 September 2014.

**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 30/9/2014 RM'000	Cumulative Year To Date 30/9/2014 RM'000
<b><u>Basic earnings per share</u></b>		
Profit attributable to members of the Company	143,698	430,219
Weighted Average Number of Ordinary Shares	1,723,987	1,723,729
Earnings per share ( Basic ) (sen)	8.34	24.96
<b><u>Diluted earnings per share</u></b>		
Profit attributable to members of the Company	143,698	430,219
Weighted Average Number of Ordinary Shares	1,811,645	1,790,307
Earnings per share ( Diluted ) (sen)	7.93	24.03

**By Order of the Board**

**Tan Kim Aun  
Chin Lee Chin  
Secretaries**