

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/12/2014	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2013	CURRENT YEAR TO DATE 31/12/2014	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2013
		RM'000	RM'000	RM'000	RM'000
REVENUE		1,477,520	1,329,929	4,841,876	4,721,429
OPERATING EXPENSES		(1,315,864)	(1,222,514)	(4,337,649)	(4,194,638)
OTHER OPERATING INCOME		211,548	1,067,315	264,565	1,282,703
PROFIT FROM OPERATIONS		373,204	1,174,730	768,792	1,809,494
(LOSS)/GAIN ON DERIVATIVES		(2,786)	420	(2,720)	708
FINANCE INCOME		14,744	5,079	48,438	37,550
FINANCE COSTS		(21,991)	(27,538)	(78,860)	(137,983)
SHARE OF PROFIT FROM ASSOCIATES		22,856	13,895	147,194	13,645
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES		21,805	87,630	86,002	176,959
PROFIT BEFORE TAX		407,832	1,254,216	968,846	1,900,373
INCOME TAX EXPENSE	B5	(50,826)	(61,641)	(147,959)	(137,038)
PROFIT FOR THE PERIOD		357,006	1,192,575	820,887	1,763,335
ATTRIBUTABLE TO:					
- OWNERS OF THE PARENT		313,030	1,128,648	743,249	1,490,371
- NON-CONTROLLING INTERESTS		43,976	63,927	77,638	272,964
		357,006	1,192,575	820,887	1,763,335
EARNINGS PER SHARE					
(i) BASIC ( sen )		18.12	65.49	43.09	94.51
(ii) DILUTED ( sen )		17.18	62.95	41.23	93.83

( 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 31 DECEMBER 2014  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2013 RM'000	CURRENT YEAR TO DATE 31/12/2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2013 RM'000
PROFIT FOR THE PERIOD	357,006	1,192,575	820,887	1,763,335
<b>OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS</b>				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	67,256	(6,139)	46,852	20,319
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	-	91	-
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS				
- FAIR VALUE OF DERIVATIVES	113,500	8,891	107,081	74,058
- AMOUNT RECYCLED TO PROFIT OR LOSS	(113,511)	(11,576)	(113,284)	(72,958)
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS	67,245	(8,824)	40,740	21,419
<b>OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS</b>				
SHARE OF REVALUATION SURPLUS ON LAND FROM ASSOCIATE	-	3,524	-	3,524
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	67,245	(5,300)	40,740	24,943
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	424,251	1,187,275	861,627	1,788,278
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	369,090	1,096,834	770,584	1,512,583
- NON-CONTROLLING INTERESTS	55,161	90,441	91,043	275,695
	424,251	1,187,275	861,627	1,788,278

( 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 31 DECEMBER 2014  
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	AS AT END OF CURRENT QUARTER 31/12/2014 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	1,046,785	866,202
Biological assets	1,234	981
Investment properties	2,189,585	1,802,958
Rock reserves	6,920	7,183
Land held for property development	529,191	886,805
Investment in associates	1,507,911	1,392,713
Investment in jointly controlled entities	973,092	912,182
Other investments	1,846	1,839
Derivative assets	95,132	22,955
Receivables	23,936	2,305
Goodwill	319,444	319,444
Deferred tax assets	42,368	37,741
	6,737,444	6,253,308
<b>Current assets</b>		
Properties development costs	1,772,451	1,174,981
Inventories	597,785	615,822
Receivables, deposits & prepayments	1,719,935	1,455,545
Deposits, bank & cash balances	1,978,198	1,448,818
Tax recoverable	66,666	55,120
Other investments	-	70,000
Derivative assets	43,970	19,281
	6,179,005	4,839,567
Assets of disposal group classified as held for sale	-	8,686
<b>TOTAL ASSETS</b>	12,916,449	11,101,561
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Payables, accruals & other current liabilities	2,171,893	2,051,789
Bank borrowings	2,282,891	2,000,746
Taxation	20,741	21,357
Derivative liabilities	26	142
	4,475,551	4,074,034
<b>Non-current liabilities</b>		
Long term bank borrowings	1,501,539	794,716
Other long term liabilities	519,405	448,717
Derivative liabilities	2,786	66
Deferred taxation	83,292	73,994
	2,107,022	1,317,493
Liabilities of disposal group classified as held for sale	-	64,835
<b>Total liabilities</b>	6,582,573	5,456,362
<b>Equity attributable to Owners of the Parent</b>		
Share capital	1,730,580	1,723,524
Share premium	2,642,176	2,628,404
Treasury shares	(29,275)	-
Equity contribution from non-controlling interests	51,654	51,654
Negative merger reserve	(1,192,040)	(1,192,040)
Retained profits	2,457,369	1,885,661
Reserve of disposal group classified as held for sale	-	22,488
Other reserves	284,740	208,608
	5,945,204	5,328,299
<b>NON-CONTROLLING INTERESTS</b>	388,672	316,900
<b>Total equity</b>	6,333,876	5,645,199
<b>TOTAL EQUITY AND LIABILITIES</b>	12,916,449	11,101,561
<b>Net Assets Per Share Attributable To Owners Of The Parent (RM)</b>	<b>3.44</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 31 DECEMBER 2014

	ATTRIBUTABLE TO OWNERS OF THE PARENT															DISTRIBUTABLE			NON-CONTROLLING INTERESTS		TOTAL EQUITY
	EQUITY CONTRIBUTION FROM NON-CONTROLLING INTERESTS						NON-DISTRIBUTABLE									DISTRIBUTABLE			NON-CONTROLLING INTERESTS		TOTAL EQUITY
	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	FROM NON-CONTROLLING INTERESTS	NEGATIVE MERGER RESERVE	OTHER RESERVES, TOTAL	CAPITAL RESERVE	CAPITAL REDEMPTION RESERVE	FOREIGN EXCHANGE RESERVE	FAIR VALUE RESERVE	STATUTORY RESERVE	REVALUATION RESERVE	SHARE OPTION RESERVE	CASH FLOW HEDGE RESERVE	FURNITURE & FITTINGS RESERVE	RETAINED PROFITS	RESERVE OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	TOTAL	RM'000	RM'000	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>PERIOD ENDED 31 DECEMBER 2013</b>																					
At 1 January 2013	1,292,505	2,326,509	-	51,654	(1,192,040)	165,143	34,137	98,963	(17,641)	21,712	879	22,357	3,170	(131)	1,697	571,044	-	3,214,815	2,136,497	5,351,312	
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,490,371	-	1,490,371	272,964	1,763,335	
Other comprehensive income	-	-	-	-	-	22,212	-	-	17,588	-	-	3,524	-	1,100	-	-	-	22,212	2,731	24,943	
Total comprehensive income	-	-	-	-	-	22,212	-	-	17,588	-	-	3,524	-	1,100	-	1,490,371	-	1,512,583	275,695	1,788,278	
Additional equity contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Issuance of ordinary shares pursuant to:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- exercise of warrants	116	208	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	324	-	324	
- rights issue	430,869	301,608	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	732,477	-	732,477	
- exercise of ESOS	34	79	-	-	-	(19)	-	-	-	-	-	-	(19)	-	-	-	-	94	-	94	
Acquisition of interest from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,340)	-	(8,340)	(52,429)	(60,769)	
Reserve attributable to reserve classified as held for sale	-	-	-	-	-	(22,488)	-	-	(22,488)	-	-	-	-	-	-	-	22,488	-	-	(5,364)	
Capital reduction in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(27)	(27)	
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
New ESOS granted	-	-	-	-	-	39,732	-	-	-	-	-	39,732	-	-	-	-	-	39,732	-	39,732	
Dividends declared	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(163,724)	-	(163,724)	-	(163,724)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(180,588)	(180,588)	
Transfer to furniture & fittings reserve	-	-	-	-	-	3,591	-	-	-	-	-	-	-	3,591	-	(3,591)	-	-	713	713	
Effect of a former subsidiary becoming an associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Redemption of redeemable preference shares in a subsidiary	-	-	-	-	-	99	-	99	-	-	-	-	-	-	-	(99)	-	-	338	(1,857,597)	
At 31 December 2013	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	
<b>PERIOD ENDED 31 DECEMBER 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	743,249	-	743,249	77,638	820,887	
Other comprehensive income	-	-	-	-	-	27,335	-	-	33,447	-	-	91	-	(6,203)	-	-	-	27,335	13,405	40,740	
Total comprehensive income	-	-	-	-	-	27,335	-	-	33,447	-	-	91	-	(6,203)	-	743,249	-	770,584	91,043	861,627	
New ESOS granted	-	-	-	-	-	26,677	-	-	-	-	-	26,677	-	-	-	-	-	26,677	-	26,677	
Issuance of ordinary shares pursuant to:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
- exercise of ESOS	3,745	8,806	-	-	-	(443)	-	-	-	-	-	(443)	-	-	-	-	-	12,108	-	12,108	
- exercise of warrants	3,311	4,966	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,277	-	8,277	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(40,565)	(40,565)	
Purchase of treasury shares during the year	-	-	(29,275)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(29,275)	-	(29,275)	
Dividends declared	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(172,321)	-	(172,321)	-	(172,321)	
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,190	-	1,190	11	1,201	
Disposal of a subsidiary	-	-	-	-	-	22,488	-	-	22,488	-	-	-	-	-	-	-	(22,488)	-	-	-	
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Liquidation of a subsidiary	-	-	-	-	-	75	-	-	75	-	-	-	-	-	-	(410)	-	(335)	-	(335)	
At 31 December 2014	1,730,580	2,642,176	(29,275)	51,654	(1,192,040)	284,740	34,137	99,062	33,469	21,712	879	25,972	69,117	(4,896)	5,288	2,457,369	-	5,945,204	388,672	6,333,876	

( 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 31 DECEMBER 2014

	FOR THE 12 MONTHS PERIOD ENDED 31/12/2014	FOR THE 12 MONTHS PERIOD ENDED 31/12/2013
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	968,846	1,900,373
Adjustments for:		
- non-cash items	(231,337)	(1,126,962)
- finance costs	78,860	137,983
- finance income	(48,438)	(37,550)
Operating cash flows before working capital changes	767,931	873,844
Changes in working capital	(91,353)	256,468
Cash flow from operations	676,578	1,130,312 *
Interest received	49,678	36,798
Dividend received from jointly controlled entities and associates	193,600	53,628
Tax refunded	16,211	24,246
Tax paid	(166,679)	(151,606)
Net cash flow from operating activities	769,388	1,093,378
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant & equipment	9,540	18,416
Proceeds from disposal of land held for property development	-	951
Proceed from disposal of subsidiaries	16,171	31,479
Proceeds from liquidation of subsidiaries	5,852	-
Proceeds from disposal of other investments	70,000	-
Acquisition of land	(257,476)	(58,897)
Acquisition of property, plant and equipment and biological assets	(205,474)	(157,688)
Acquisition and additional investment in subsidiaries	-	(10,582)
Acquisition of equity interest from non-controlling interest	-	(60,769)
Acquisition and subsequent expenditure of investment properties	(314,383)	(455,252)
Acquisition of other investment	(3)	(70,032)
Investment in associates	(58,124)	(2,531)
(Advances to)/Repayment from associates, jointly controlled entity and joint venture partners	(46,869)	107,526
Investment in jointly controlled entities	(63,707)	(162,353)
Effects of former subsidiary becoming an associate	-	(70,209)
Net cash used in investing activities	(844,473)	(889,941)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net bank and other borrowings	872,947	(221,816)
Advances from/(to) non-controlling interests of subsidiary companies	27	6,421
Interest paid	(77,121)	(125,440)
Proceeds from issue of redeemable preference shares to non-controlling interest by subsidiary	21,200	-
Proceeds from issue of shares from rights issue	-	732,477
Proceeds from issue of shares from exercise of warrants	8,277	324
Proceeds from issue of shares from exercise of ESOS	12,108	94
Capital repayment to non-controlling interests of subsidiaries	-	(5,364)
Repurchase of shares	(29,275)	-
Dividend paid to shareholders	(172,321)	(163,724)
Dividend paid to non-controlling interests of subsidiaries	(40,565)	(180,588)
Net cash generated from financing activities	595,277	42,384
NET INCREASE IN CASH AND CASH EQUIVALENTS	520,192	245,821
EFFECTS OF EXCHANGE RATE CHANGES	6,469	10,966
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,359,099	1,102,312
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,885,760	1,359,099
Cash and cash equivalents at end of financial period comprise the following :		
Deposits, bank & cash balances	1,978,198	1,448,818
Bank overdrafts	(92,438)	(89,719)
	1,885,760	1,359,099

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\* Included in operating cash flows for the year ended 31 December 2013 are operating cash flows amounting to RM560,825 arising from consolidation of Sunway Reit Investment Trust ("Sunway REIT"). Operating cash flows without consolidating Sunway REIT is RM569,487.

## 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 31 December 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 five years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017.

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

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

In prior year, pursuant to the adoption of FRS 10, the Group has performed an assessment and considered that it had control over Sunway Real Estate Investment Trust ("Sunway REIT") as Sunway REIT Management Sdn Bhd ("SRM"), which acts as the Manager of Sunway REIT, was a wholly owned subsidiary of the Group. Accordingly, the Group was required to consolidate the financial position and financial results of Sunway REIT and the adjustments were to be made retrospectively. However, no consolidation was required for the financial year ended 31 December 2013 upon the disposal of 20% in SRM as the Group was viewed to have a joint control in SRM.

The financial effects of the implementation of this standard for financial year ended 31 December 2013 are as follows:

**Statements of comprehensive income for the year ended 31 December 2013**

	9 months period ended 30.09.2013			3 months period ended 31.12.2013			12 months period ended 31.12.2013		
	As announced RM'000	FRS 10 adjustment RM'000	As restated RM'000	Before FRS 10 adjustments RM'000	FRS 10 adjustment RM'000	As announced/ audited RM'000	Before FRS 10 adjustments RM'000	FRS 10 adjustment RM'000	As announced/ audited RM'000
Revenue	3,205,220	186,280	3,391,500	1,310,192 *	19,737	1,329,929	4,515,412 *	206,017	4,721,429
Operating expenses	(2,972,336)	212	(2,972,124)	(1,225,699)	3,185	(1,222,514)	(4,198,035)	3,397	(4,194,638)
Other operating income	44,660	170,728	215,388	381,605	685,710	1,067,315	426,265	856,438	1,282,703
Profit from operations	277,544	357,220	634,764	466,098	708,632	1,174,730	743,642	1,065,852	1,809,494
Gain on derivatives	288	-	288	420	-	420	708	-	708
Finance income	31,158	1,313	32,471	4,916	163	5,079	36,074	1,476	37,550
Finance costs	(61,692)	(48,753)	(110,445)	(20,486)	(7,052)	(27,538)	(82,178)	(55,805)	(137,983)
Share of profit from associates	116,598	(116,848)	(250)	22,071	(8,176)	13,895	138,669	(125,024)	13,645
Share of profit from jointly controlled entities	89,329	-	89,329	87,630	-	87,630	176,959	-	176,959
Profit before tax	453,225	192,932	646,157	560,649	693,567	1,254,216	1,013,874	886,499	1,900,373
Income tax expense	(75,397)	-	(75,397)	(51,639)	(10,002)	(61,641)	(127,036)	(10,002)	(137,038)
<b>Profit for the year</b>	<b>377,828</b>	<b>192,932</b>	<b>570,760</b>	<b>509,010</b>	<b>683,565</b>	<b>1,192,575</b>	<b>886,838</b>	<b>876,497</b>	<b>1,763,335</b>
Attributable to:-									
- Owners of the parents	354,045	7,678	361,723	475,072	653,576	1,128,648	829,117	661,254	1,490,371
- Non-controlling interests	23,783	185,254	209,037	33,938	29,989	63,927	57,721	215,243	272,964
	<b>377,828</b>	<b>192,932</b>	<b>570,760</b>	<b>509,010</b>	<b>683,565</b>	<b>1,192,575</b>	<b>886,838</b>	<b>876,497</b>	<b>1,763,335</b>
<b>Profit for the year</b>	<b>377,828</b>	<b>192,932</b>	<b>570,760</b>	<b>509,010</b>	<b>683,565</b>	<b>1,192,575</b>	<b>886,838</b>	<b>876,497</b>	<b>1,763,335</b>
Foreign currency translation differences for foreign operation	26,458	-	26,458	(6,139)	-	(6,139)	20,319	-	20,319
<b>Other comprehensive income to be reclassified to profit and loss in subsequent periods</b>									
Cash flow hedge reserve - Fair value gains									
- Fair value from derivatives	65,633	(466)	65,167	10,268	(1,377)	8,891	75,901	(1,843)	74,058
- Amount recycled to profit or loss	(61,382)	-	(61,382)	(11,576)	-	(11,576)	(72,958)	-	(72,958)
<b>Other comprehensive income not to be reclassified to profit and loss in subsequent periods</b>									
Share of revaluation surplus on land from associate	-	-	-	3,524	-	3,524	3,524	-	3,524
Other comprehensive income for the year, net of income tax	30,709	(466)	30,243	(3,923)	(1,377)	(5,300)	26,786	(1,843)	24,943
<b>Total comprehensive income for the year</b>	<b>408,537</b>	<b>192,466</b>	<b>601,003</b>	<b>505,087</b>	<b>682,188</b>	<b>1,187,275</b>	<b>913,624</b>	<b>874,654</b>	<b>1,788,278</b>
Attributable to:-									
- Owners of the parents	382,152	33,597	415,749	471,020	625,814	1,096,834	853,172	659,411	1,512,583
- Non-controlling interests	26,385	158,869	185,254	34,067	56,374	90,441	60,452	215,243	275,695
	<b>408,537</b>	<b>192,466</b>	<b>601,003</b>	<b>505,087</b>	<b>682,188</b>	<b>1,187,275</b>	<b>913,624</b>	<b>874,654</b>	<b>1,788,278</b>

\* Revenue as per Note B1.

Below is the unaudited condensed consolidated income statements for the period ended 31 December 2014, where the preceding year corresponding period is without consolidating Sunway REIT:

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR QUARTER 31/12/2014	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2013		CURRENT YEAR TO DATE 31/12/2014	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2013	
		(Before FRS 10 Adjustment)	(After FRS 10 Adjustment)		(Before FRS 10 Adjustment)	(After FRS 10 Adjustment)
	RM'000	RM'000		RM'000	RM'000	
REVENUE	1,477,520	1,310,192	1,329,929	4,841,876	4,515,412	4,721,429
OPERATING EXPENSES	(1,315,864)	(1,225,699)	(1,222,514)	(4,337,649)	(4,198,035)	(4,194,638)
OTHER OPERATING INCOME	211,548	381,605 *	1,067,315	264,565	426,265 *	1,282,703
PROFIT FROM OPERATIONS	373,204	466,098	1,174,730	768,792	743,642	1,809,494
(LOSS)/GAIN ON DERIVATIVES	(2,786)	420	420	(2,720)	708	708
FINANCE INCOME	14,744	4,916	5,079	48,438	36,074	37,550
FINANCE COSTS	(21,991)	(20,486)	(27,538)	(78,860)	(82,178)	(137,983)
SHARE OF PROFIT FROM ASSOCIATES	22,856	22,071	13,895	147,194	138,669	13,645
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES	21,805	87,630	87,630	86,002	176,959	176,959
PROFIT BEFORE TAX	407,832	560,649	1,254,216	968,846	1,013,874	1,900,373
INCOME TAX EXPENSE	(50,826)	(51,639)	(61,641)	(147,959)	(127,036)	(137,038)
PROFIT FOR THE PERIOD	357,006	509,010	1,192,575	820,887	886,838	1,763,335
ATTRIBUTABLE TO:						
- OWNERS OF THE PARENT	313,030	475,072	1,128,648	743,249	829,117	1,490,371
- NON-CONTROLLING INTERESTS	43,976	33,938	63,927	77,638	57,721	272,964
	357,006	509,010	1,192,575	820,887	886,838	1,763,335

\* Other operating income including fair value gain on remeasurement of remaining equity interest upon change in control of SRM amounting to RM108,371,000



**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 31 December 2014 except for the following:

## a) Current and preceding year corresponding quarter

	31/12/2014 RM'million	31/12/2013 RM'million
Profit before tax as reported	407.8	1,254.2
Loss/(Gain) on derivatives <sup>1</sup>	2.8	(0.4)
Fair value of ESOS option <sup>2</sup>	10.7	(1.4)
Fair value gain from investment properties <sup>4</sup>	(140.1)	(188.4)
Results arising from consolidation of Sunway REIT <sup>5</sup>	-	(39.5)
Fair value gain on remeasurement of the remaining equity interest upon change in control:		
- in a jointly controlled entity <sup>6</sup>	-	(108.4)
- in an associate <sup>6</sup>	-	(661.3)
Gain on disposal of a subsidiary <sup>6</sup>	-	(27.1)
<b>Profit before tax excluding unusual items</b>	<b>281.2</b>	<b>227.7</b>
Profit after tax and non-controlling interests as reported	313.0	1,128.6
Loss/(Gain) on derivatives <sup>1</sup>	2.8	(0.4)
Fair value of ESOS option <sup>2</sup>	10.7	(1.4)
Fair value gain from investment properties <sup>4</sup>	(120.4)	(181.9)
Results arising from consolidation of Sunway REIT <sup>5</sup>	-	10.4
Fair value gain on remeasurement of the remaining equity interest upon change in control:		
- in a jointly controlled entity <sup>5</sup>	-	(108.4)
- in an associate <sup>5</sup>	-	(661.3)
Gain on disposal of a subsidiary <sup>5</sup>	-	(27.1)
<b>Profit after tax and non-controlling interests excluding unusual items</b>	<b>206.1</b>	<b>158.5</b>

## b) Cumulative current and preceding year to date

	31/12/2014 RM'million	31/12/2013 RM'million
Profit before tax as reported	968.8	1,900.4
Loss/(Gain) on derivatives <sup>1</sup>	2.7	(0.7)
Fair value of ESOS option <sup>2</sup>	28.1	38.3
Share of fair value gain from associate <sup>3</sup>	(61.9)	(59.7)
Fair value gain from investment properties <sup>4</sup>	(140.1)	(188.4)
Results arising from consolidation of Sunway REIT <sup>5</sup>	-	(230.9)
Fair value gain on remeasurement of the remaining equity interest upon change in control:		
- in a jointly controlled entity <sup>6</sup>	-	(108.4)
- in an associate <sup>6</sup>	-	(661.3)
Gain on disposal of a subsidiary <sup>6</sup>	-	(27.1)
<b>Profit before tax excluding unusual items</b>	<b>797.6</b>	<b>662.2</b>
Profit after tax and non-controlling interests as reported	743.2	1,490.4
Loss/(Gain) on derivatives <sup>1</sup>	2.7	(0.7)
Fair value of ESOS option <sup>2</sup>	28.1	38.3
Share of fair value gain from associate <sup>3</sup>	(61.9)	(59.7)
Fair value gain from investment properties <sup>4</sup>	(120.4)	(181.9)
Results arising from consolidation of Sunway REIT <sup>5</sup>	-	(5.7)
Fair value gain on remeasurement of the remaining equity interest upon change in control:		
- in a jointly controlled entity <sup>6</sup>	-	(108.4)
- in an associate <sup>6</sup>	-	(661.3)
Gain on disposal of a subsidiary <sup>6</sup>	-	(27.1)
<b>Profit after tax and non-controlling interests excluding unusual items</b>	<b>591.7</b>	<b>483.9</b>

## Notes:

<sup>1</sup> The Group recognised RM2.8 million and RM2.7 million loss (profit before and after tax and non-controlling interests respectively) as a result of the effects of FRS 139: Financial Instruments: Recognition and Measurement, for the quarter and year ended 31 December 2014 respectively. The Group recognised a gain of RM0.4 million and RM0.7 million on derivatives for the quarter and year ended 31 December 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 RM10.7 million (profit before 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 RM28.1 million (profit before and after tax and non-controlling interests) for the year ended 31 December 2014. The Group has made a reversal of RM1.4 million and incurred a total fair value expense of RM38.3 million (profit before and after tax and non-controlling interests) for the quarter and year ended 31 December 2013 respectively.

<sup>3</sup> The Group recognised RM61.9 million (profit before and after tax and non-controlling interests) as share of fair value gain from Sunway REIT for the year ended 31 December 2014. For the corresponding year ended 31 December 2013, the Group recognised RM59.7 million (profit before and after tax and non-controlling interests) as share of fair value gain from Sunway REIT.

<sup>4</sup> During the quarter ended 31 December 2014, the Group recognised RM140.1 million (profit before tax) and RM120.4 million (profit after tax and non-controlling interests) of fair value from its investment properties, as explained in Note A9. For the corresponding quarter ended 31 December 2013, the Group recognised RM188.4 million (profit before tax) and RM181.9 million (profit after tax and non-controlling interests) of fair value gain from its investment properties respectively.

<sup>5</sup> In prior year, pursuant to the adoption of FRS 10, the Group is required to consolidate the financial position and financial results of Sunway REIT and the adjustments are to be made retrospectively. However, no consolidation is required upon the change in control after the disposal of 20% in SRM, as the Group is viewed to have a joint control in SRM. Consequently, the Group recognised accounting adjustments amounting to RM39.5 million (profit before tax) and RM10.4 million (profit after tax and non-controlling interests) taken up in the previous financial years during the quarter ended 31 December 2013 and RM230.9 million (profit before tax) and RM5.7 million (profit after tax and non-controlling interests) taken up in the previous financial years are reversed for the year ended 31 December 2013.

<sup>6</sup> In prior year, the Group recognised a gain of RM27.1 million (profit before tax and profit after tax and non-controlling interests) on the disposal of 20% equity interest in SRM. The Group also recognised fair value gains of RM108.4 million and RM661.3 million (profit before and after tax and non-controlling interests) arising from the re-measurement of the Group's remaining interest in SRM and the shareholding at Sunway REIT, respectively upon the change in control. This is in accordance with the requirements of FRS 10.

#### **A5 Changes in Estimates**

There were no changes in estimates that have a material effect on the amounts reported for the current quarter ended 31 December 2014.

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

During the financial period ended 31 December 2014, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 3,744,631 ordinary shares of RM1.00 each pursuant to the exercise of the Employees' Share Option Scheme;
- (b) issuance of 3,310,994 ordinary shares of RM1.00 each pursuant to the exercise of warrants; and
- (c) the repurchase of equity securities of 8,919,400 ordinary shares at prices ranging from RM3.15 to RM3.53 per share.

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

#### **A7 Dividend Paid**

During the financial period ended 31 December 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 31 December 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	1,198,304	594,473	1,751,005	639,393	236,697	3,162	418,842	-	4,841,876
Inter-segment sales	65	212,458	141,536	147,466	3,877	365,905	93,162	(964,469)	-
<b>Total Revenue</b>	<b>1,198,369</b>	<b>806,931</b>	<b>1,892,541</b>	<b>786,859</b>	<b>240,574</b>	<b>369,067</b>	<b>512,004</b>	<b>(964,469)</b>	<b>4,841,876</b>
Results									
Operating segment results	285,843	260,187	133,285	38,617	35,932	(19,825)	34,753	-	768,792
Gain on derivatives	-	-	-	-	-	(2,720)	-	-	(2,720)
Finance income	14,004	5,442	3,645	281	1,087	12,569	11,410	-	48,438
Finance costs	(11,657)	(95,398)	(2,173)	(4,503)	-	38,050	(3,179)	-	(78,860)
Share of results of associated companies	5	146,018	-	946	-	-	225	-	147,194
jointly controlled entities	72,391	10,924	2,687	-	-	-	-	-	86,002
<b>Profit before taxation</b>	<b>360,586</b>	<b>327,173</b>	<b>137,444</b>	<b>35,341</b>	<b>37,019</b>	<b>28,074</b>	<b>43,209</b>	<b>-</b>	<b>968,846</b>
Taxation	(70,067)	(26,086)	(23,967)	(9,794)	(2,280)	(8,652)	(7,113)	-	(147,959)
<b>Profit for the period</b>	<b>290,519</b>	<b>301,087</b>	<b>113,477</b>	<b>25,547</b>	<b>34,739</b>	<b>19,422</b>	<b>36,096</b>	<b>-</b>	<b>820,887</b>
Non controlling interests	(61,347)	(16,926)	1,283	(349)	(224)	(1,782)	1,707	-	(77,638)
<b>Attributable to owners of the parent</b>	<b>229,172</b>	<b>284,161</b>	<b>114,760</b>	<b>25,198</b>	<b>34,515</b>	<b>17,640</b>	<b>37,803</b>	<b>-</b>	<b>743,249</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	4,289,602	834,437	703,752	632,091
Singapore	316,674	125,377	110,281	110,281
China	97,794	(13,925)	(14,165)	(15,445)
India	105	(338)	(340)	(340)
Australia	55,932	5,456	5,068	1,146
United Arab Emirates	1,291	2,857	2,857	2,857
Other Countries	80,478	14,982	13,434	12,659
	<b>4,841,876</b>	<b>968,846</b>	<b>820,887</b>	<b>743,249</b>

Core segmental results (excluding unusual items as per Note A4) for the financial period ended 31 December 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	1,198,304	594,473	1,751,005	639,393	236,697	3,162	418,842	-	4,841,876
Inter-segment sales	65	212,458	141,536	147,466	3,877	365,905	93,162	(964,469)	-
<b>Total Revenue</b>	<b>1,198,369</b>	<b>806,931</b>	<b>1,892,541</b>	<b>786,859</b>	<b>240,574</b>	<b>369,067</b>	<b>512,004</b>	<b>(964,469)</b>	<b>4,841,876</b>
Results									
Operating segment results	287,309	128,250	138,711	40,041	36,738	(12,528)	38,216	-	656,737
Finance income	14,004	5,442	3,645	281	1,087	12,569	11,410	-	48,438
Finance costs	(11,657)	(95,398)	(2,173)	(4,503)	-	38,050	(3,179)	-	(78,860)
Share of results of associated companies	3	84,115	-	946	-	-	225	-	85,289
jointly controlled entities	72,391	10,924	2,687	-	-	-	-	-	86,002
<b>Profit before taxation</b>	<b>362,050</b>	<b>133,333</b>	<b>142,870</b>	<b>36,765</b>	<b>37,825</b>	<b>38,091</b>	<b>46,672</b>	<b>-</b>	<b>797,606</b>
Taxation	(70,059)	(19,212)	(23,952)	(9,794)	(2,280)	(8,652)	(7,017)	-	(140,966)
<b>Profit for the period</b>	<b>291,991</b>	<b>114,121</b>	<b>118,918</b>	<b>26,971</b>	<b>35,545</b>	<b>29,439</b>	<b>39,655</b>	<b>-</b>	<b>656,640</b>
Non controlling interests	(61,347)	(4,276)	1,283	(349)	(224)	(1,782)	1,707	-	(64,988)
<b>Attributable to owners of the parent</b>	<b>230,644</b>	<b>109,845</b>	<b>120,201</b>	<b>26,622</b>	<b>35,321</b>	<b>27,657</b>	<b>41,362</b>	<b>-</b>	<b>591,652</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	4,289,602	662,040	538,349	479,338
Singapore	316,674	126,174	111,078	111,078
China	97,794	(13,725)	(13,965)	(15,246)
India	105	(338)	(340)	(340)
Australia	55,932	5,456	5,068	1,146
United Arab Emirates	1,291	2,988	2,988	2,988
Other Countries	80,478	15,011	13,462	12,688
	<b>4,841,876</b>	<b>797,606</b>	<b>656,640</b>	<b>591,652</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, except for the following directors' revaluation during the year based on a professional valuer's opinion:

Property	Fair value	Carrying	Fair value gain	Fair value gain after tax and non-controlling interests
	as at	amount		
	31.12.2014	as at 31.12.2014		
	RM'Mil	RM'Mil	RM'Mil	RM'Mil
Sun U Campus	407.0	366.0	41.0	38.9
Sunway Pinnacle	336.0	333.8	2.2	2.1
Monash U Campus	308.5	308.3	0.2	0.2
SMUR Hostel	241.0	210.6	30.4	17.3
Sun U Residence Condo (168 units)	104.8	93.8	11.1	10.5
Open Car Park, SLRH	77.4	75.3	2.1	2.0
Carpark land, Jalan Ampang (Sw Tower 1)	74.0	32.2	41.8	39.7
Sunway Giza Mall	46.5	44.1	2.4	1.4
Sunway Villa	32.6	26.5	6.1	5.8
Lagoon View Condo (20 units)	14.1	13.7	0.3	0.3
Others and group elimination	547.7	545.2	2.5	2.2
	<u>2,189.6</u>	<u>2,049.5</u>	<u>140.1</u>	<u>120.4</u>

**A10 Material events**

There were no material events subsequent to the current quarter ended 31 December 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 31 December 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:

	31/12/2014	31/12/2013
	RM'000	RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>2,313,384</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 31 December 2014 is as follows:

	31/12/2014	31/12/2013
	RM'000	RM'000
Amount authorised and contracted for	74,959	71,745
Amount authorised but not contracted for	<u>340,206</u>	<u>635,582</u>
	<u>415,165</u>	<u>707,327</u>

(b) Operating lease commitment not provided for in the financial year as at 31 December 2014 is as follows:

	31/12/2014 RM'000	31/12/2013 RM'000
Future minimum lease payment:		
- not later than 1 year	77,993	77,753
- later than 1 year and not later than 5 years	286,123	281,704
- later than 5 years	115,073	161,246
	<u>479,189</u>	<u>520,703</u>
Future minimum lease receipts:		
- not later than 1 year	56,341	54,664
- later than 1 year and not later than 5 years	196,737	189,059
- later than 5 years	285,542	338,825
	<u>538,620</u>	<u>582,548</u>

## B1 Review of Performance

### For the quarter

The Group recorded revenue of RM1,477.6 million and profit before tax of RM281.2 million (after excluding unusual items as per Note A4) for the current quarter ended 31 December 2014, compared to revenue of RM1,310.2 million (after excluding FRS 10 adjustments as per Note A1) and profit before tax of RM227.7 million (after excluding unusual items as per Note A4) in the corresponding quarter in the previous financial year. The higher revenue in the current quarter was mainly due to higher revenue recorded from most of the business segments. However, the higher profit contribution was mainly from the construction, property investment and quarry segments which more than offset the lower profit contribution from the property development segment.

The property development segment reported revenue of RM491.3 million and profit before tax of RM118.3 million in the current quarter compared to revenue of RM417.8 million and profit before tax of RM131.5 million in the corresponding quarter of the previous financial year. The higher revenue in the current quarter was mainly due to higher progress billings recorded from the local development projects. Besides the higher revenue, profit was also boosted by higher profit realised from the completion of several local development projects during the current quarter. However, the stronger local development profit was dampened by an impairment loss provision of RM22.2 million for its completed property inventories in Singapore due to the lower current market price there.

The property investment segment reported revenue of RM165.4 million and profit before tax of RM51.0 million in the current quarter compared to revenue of RM165.8 million and profit before tax of RM42.5 million in the corresponding quarter of the previous financial year. Although the revenue for the current quarter was flat, the profit was much higher than the previous corresponding quarter. The higher profit was mainly due to increased rental income from some of the investment properties following their rental reversion and better performance in the hospitality business which helped to offset the lower contribution from the leisure division.

The construction segment recorded revenue of RM478.0 million and profit before tax of RM61.2 million in the current quarter compared to revenue of RM443.0 million and profit before tax of RM19.5 million in the corresponding quarter of the previous financial year. The increase in revenue was due to stronger progress billings from the local infrastructure projects, building projects and precast concrete products. However, the higher profit contribution was mainly from the local infrastructure projects and precast concrete products. In comparison, the lower profit in the corresponding quarter of the previous year was largely due to the provision of doubtful debts made in respect of the Abu Dhabi project of approximately RM24.0 million.

The trading and manufacturing segment recorded revenue of RM168.9 million and profit before tax of RM8.2 million for the current quarter compared to revenue of RM133.7 million and profit before tax of RM9.5 million in the corresponding quarter of the previous financial year. The performance from its local operations was satisfactory but the overseas operations remained challenging which dampened the overall profit of this business segment.

The quarry segment recorded revenue of RM74.5 million and profit before tax of RM16.8 million for the current quarter compared to revenue of RM50.5 million and profit before tax of RM4.8 million in the corresponding quarter of the previous financial year. The better performance was boosted by the stronger sales of premix and from profit realised from the sale of the 2 quarry operations in Vietnam. However, the higher profit was partly offset by provision made in relation to the receivables from the Caribbean operation which ceased operation in the early part of 2014.

The other segments recorded revenue of RM99.5 million and profit before tax of RM25.7 million for the current quarter compared to revenue of RM100.0 million and profit before tax of RM20.0 million in the corresponding quarter of the previous financial year. The improved performance was due to higher contribution from Group's treasury operation, healthcare and building material divisions.

#### For the 12 months period

The Group recorded revenue of RM4,841.9 million and profit before tax of RM797.6 million (after excluding unusual items as per Note A4) for the current 12 months period ended 31 December 2014 compared to revenue of RM4,515.4 million (after excluding FRS 10 adjustments as per Note A1) and profit before tax of RM662.2 million (after excluding unusual items as per Note A4) for the corresponding 12 months period ended 31 December 2013. The stronger financial performance was due to improved performance recorded by all the business segments except for the trading and manufacturing segment. Furthermore, the higher profit was also boosted by an increased profit contribution from the Group's treasury operation.

The property development segment reported revenue of RM1,198.3 million and profit before tax of RM362.1 million for the current 12 months period compared to revenue of RM1,167.1 million and profit before tax of RM350.0 million in the corresponding 12 months period ended 31 December 2013. Although the revenue recorded for the current period was slightly higher, the profit contribution from the local property development projects increased significantly due to improved profit margin achieved. The higher local development profit was, however, partly offset by the substantially lower profit contribution from the Singapore property development projects which was further dampened by the RM22.2 million impairment loss provision.

The property investment segment reported revenue of RM594.5 million and profit before tax of RM133.3 million for the current 12 months period compared to revenue of RM578.2 million and profit before tax of RM125.7 million in the corresponding 12 months period ended 31 December 2013. The better financial performance was mainly due to increased rental income following the rental reversion of some of the investment properties and stronger profit contribution from the hospitality business. Such improved performance helped to offset the losses incurred from the operation of Sunway Pinnacle.

The construction segment reported revenue of RM1,751.0 million and profit before tax of RM142.9 million for the current 12 months period compared to revenue of RM1,621.7 million and profit before tax of RM81.3 million in the corresponding 12 months period ended 31 December 2013. The stronger financial performance was mainly due to higher profit contribution from the local infrastructure projects and precast concrete products. In comparison, the lower profit in the corresponding previous period was partly due to the provision of doubtful debts made in respect of the Abu Dhabi project of approximately RM24.0 million.

The trading and manufacturing segment reported revenue of RM639.4 million and profit before tax of RM36.8 million for the current 12 months period compared to revenue of RM586.8 million and profit before tax of RM43.3 million in the corresponding 12 months period ended 31 December 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 RM236.7 million and profit before tax of RM37.8 million for the current 12 months period compared to revenue of RM197.7 million and profit before tax of RM21.9 million in the corresponding 12 months period ended 31 December 2013. This segment continued to perform well due to strong local demand underpinned by the buoyant construction sector and public roadworks. The strong profit was also boosted by the realised gain from the sale of the 2 quarry operations in Vietnam. However, the higher profit was partly offset by provision made in relation to the receivables from the Caribbean operation which ceased operation in the early part of 2014.

The other segments reported revenue of RM422.0 million and profit before tax of RM84.8 million for the current 12 months period compared to revenue of RM363.9 million and profit before tax of RM40.4 million in the corresponding 12 months period ended 31 December 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 RM1,477.6 million and profit before tax of RM281.2 million (after excluding unusual items as per Note A4) for the current quarter ended 31 December 2014 compared to revenue of RM1,134.0 million and profit before tax of RM190.8 million achieved in the preceding quarter. The higher revenue for the current quarter was mainly due to the significantly higher revenue recorded from the property development segment which increased by more than RM310.0 million over the preceding quarter. However, the higher profit contribution was from improved performance by all the business segments except for the trading and manufacturing segment.



The property development segment recorded revenue of RM491.3 million and profit before tax of RM118.3 million in the current quarter compared to revenue of RM178.0 million and profit before tax of RM99.2 million in the preceding quarter. The significantly higher revenue was mainly due to stronger progress billings which was also boosted by higher construction progress. Besides the higher progress billings, the increase in profit was also due to the higher profit realised from the completion of several local development projects during the current quarter. However, the stronger local development profit was dampened by an impairment loss provision of RM22.2 million for its completed property inventories in Singapore due to the lower current market price there.

The property investment segment recorded revenue of RM165.4 million and profit before tax of RM51.0 million for the current quarter compared to revenue of RM151.8 million and profit before tax of RM31.7 million in the preceding quarter. The improved performance was mainly due to increased rental income following the rental reversion of some of the investment properties and stronger profit contribution from the hospitality business which generally performed well during the year end festive and school holiday season.

The construction segment recorded revenue of RM478.0 million and profit before tax of RM61.2 million in the current quarter compared to revenue of RM488.2 million and profit before tax of RM17.7 million in the preceding quarter. The lower revenue for the current quarter was partly due to the higher intra-group revenue elimination as compared to the preceding quarter. The higher profit was mainly due to stronger profit recognition from the local infrastructure and building projects.

The trading and manufacturing segment recorded revenue of RM168.9 million and profit before tax of RM8.2 million in the current quarter compared to revenue of RM159.4 million and profit before tax of RM10.4 million in the preceding quarter. The lower performance of the current quarter was impacted by the reduced profit contribution from one of its main divisions, while the rest of the other operations performed within expectation.

The quarry segment recorded revenue of RM74.5 million and profit before tax of RM16.8 million in the current quarter compared to revenue of RM56.3 million and profit before tax of RM6.8 million in the preceding quarter. The better performance was boosted by stronger sales of premix and from profit realised from the sale of the 2 quarry operations in Vietnam. However, the higher profit was partly offset by provision made in relation to the receivables from the Caribbean operation which ceased operation in the early part of 2014.

The other segments recorded revenue of RM98.3 million and profit before tax of RM25.7 million in the current quarter compared to revenue of RM100.3 million and profit before tax of RM25.0 million in the preceding quarter. The performance of most of the operations was satisfactory and comparable to the preceding quarter's performance.

### **B3 Prospects**

The Malaysian economy did well in 2014 and recorded a commendable Gross Domestic Product (GDP) growth rate of 6%. However, the outlook for 2015 is expected to be less sanguine and more challenging in view of the uncertain global environment and the volatile crude oil prices and capital flows, which may impact the domestic economy.

In the recent 2015 Budget Review, the Government revised down the GDP growth from 5% - 6% to a range of 4.5% - 5.5% in view of the tougher external economic conditions. Although some of the expenditure in the 2015 Budget was trimmed, the allocation for all the major infrastructure projects which were announced earlier remained intact. This bodes well for the Group's construction arm as it is well positioned to bid competitively for such projects.

In view of the uncertain economic outlook, the Group will be more cautious and stay focused on its key strengths and continue to improve its synergistic diversity to become more resilient and competitive. However, based on the strong performance carried forward from last year, the Group is cautiously optimistic that the momentum will enable delivery of a satisfactory performance for 2015.

### **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 31/12/2014 RM'000	Cumulative Year To Date 31/12/2014 RM'000
Current taxation	(41,660)	(144,732)
Deferred taxation	(9,166)	(3,227)
	<u>(50,826)</u>	<u>(147,959)</u>

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

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

	Current Quarter Ended 31/12/2014 RM'000	Cumulative Year To Date 31/12/2014 RM'000
Depreciation and amortisation	(33,324)	(114,289)
Reversal/(Provision) of impairment for:		
- Trade receivables	(9,449)	(12,003)
- Stock obsolescence	(731)	(1,061)
- Investment in jointly controlled entities/associates	(5,463)	(5,463)
Write off:		
- Inventories	(123)	(225)
Net gain on disposal of:		
- property, plant and equipment	299	1,772
- asset held for resale	14,793	16,129
Foreign exchange gain/(loss):		
- Others	3,012	4,434
- Unrealised for hedged items	(113,511)	(113,284)
Cash flow hedge reserve recycled to profit or loss	113,511	113,284

**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 it has been completed during the year.

**Subscription and Shareholders' Agreement between Sunway City Sdn. Bhd. 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 ("IB") 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 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.

**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 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 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 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 Disposal.

The Disposal of equity interest has been completed during the year.

**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 the Company ("SunHoldings"), to be the listing vehicle to acquire the entire shareholdings in SunCon (including its subsidiaries, jointly controlled entities, unincorporated joint ventures and unincorporated consortium) (collectively, the "SunCon Group"). In conjunction with the proposed listing of SCG, the following will be undertaken:

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

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

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

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

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

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

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

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

### Proposed disposal of Sunway Hotel Georgetown and Wisma Sunway

On 8 December 2014, the Group entered into the following agreements with RHB Trustees Berhad (Trustee), as Trustee for Sunway REIT:-

- (i) Sunway Biz Hotel Sdn Bhd (formerly known as Sunway Hotel (Penang) Sdn Bhd) (SBH), a subsidiary of the Company had entered into a sale and purchase agreement (1st SPA) with the Trustee to dispose 2 parcels of freehold land held under GRN 63519 Lot 2220, Seksyen 12, Bandar Georgetown, Daerah Timor Laut, Pulau Pinang and GRN 35332 Lot 1754, Seksyen 12, Bandar Georgetown, Daerah Timor Laut, Negeri Pulau Pinang together with a 16-storey building comprising 250-room hotel erected thereon known as Sunway Hotel Georgetown ("Sunway Hotel Georgetown Property"); and
- (ii) SunwayMas Sdn Bhd and Daksina Harta Sdn Bhd (both subsidiaries of the Company) had entered into a sale and purchase agreement (2nd SPA) with the Trustee to dispose of all the individual strata titles for the various floors/storeys of all that office building known as Wisma Sunway located at No. 1, Jalan Tengku Ampuan Zabedah C9/C, Seksyen 9, 40100 Shah Alam, Selangor ("Wisma Sunway Property").

In addition, SBH had simultaneously with the 1st SPA, entered into a master lease agreement (MLA) on 8 December 2014 with the Trustee and SRM, as the Manager of Sunway REIT for the leaseback of Sunway Hotel Georgetown Property from the Trustee for a period of 10 years commencing from the commencement date with an option to renew for a further term of 10 years.

The disposal of Sunway Hotel Georgetown Property has been completed on 28 January 2015 in accordance with the terms and conditions of the 1st SPA and the commencement date of the lease under the MLA shall be on 28 January 2015.

The proposed disposal of Wisma Sunway Property has not been completed as at the date of his report.

### 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 31 December 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
	<u>732,477</u>	<u>732,477</u>	<u>-</u>	

**B8 Group Borrowings and Debt Securities**

The Group borrowings as at 31 December 2014 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Borrowings:</b>			
- Current	1,474,663	808,228	2,282,891
- Non-current	1,501,539	-	1,501,539
	2,976,202	808,228	3,784,430
- Conventional	2,062,426	808,228	2,870,654
- Islamic	913,776	-	913,776
	2,976,202	808,228	3,784,430

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 $\phi$ 00) *	250,000	251,000	874,750	878,249
Singapore Dollar (SGD $\phi$ 00) #	502	90,069	1,329	238,189
Chinese Renminbi (RMB $\phi$ 00) **	99,098	-	55,941	-
Australia Dollar (AUD $\phi$ 00) **	1,226	5	3,513	16
<u>Unsecured</u>				
Indonesian Rupiah (RP $\phi$ 00) **	5,971,717	-	1,678	-
			937,211	1,116,453

Notes:

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

\*\* Borrowings obtained by overseas subsidiaries.

# Borrowings partially obtained by overseas subsidiaries. Those obtained by local subsidiaries have entered into cross currency swap contracts.

**B9 Derivative Financial Instruments**

The Group's outstanding derivatives as at 31 December 2014 were as follows:

Type of Derivatives	Contract/ Notional RM'000	Fair Value RM'000	Gains/(Losses) for the period RM'000	Cash Flow Hedge Reserve RM'000
<b>Foreign currency forward contracts</b>				
- Less than 1 year	-	-	-	
<b>Cross currency swap contracts (Pending drawdown)</b>				
- Less than 1 year	70,060	52	52	
- 1 year to 3 years	-	-	(3,682)	
<b>Interest rate swap contracts</b>				
- Less than 1 year	3,658	(3)	63	
- 1 year to 3 years	650,000	847	847	
<b>Cross currency swap contracts (Drawn down)</b>				
- Less than 1 year	1,186,757	126,776		(9,075)
- 1 year to 3 years	177,456	8,618		2,872
<b>Total derivatives</b>		136,290	(2,720)	(6,203)

### **Foreign currency forward contracts**

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

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

### **Interest rate swap contracts**

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

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

### **Cross currency swap contracts**

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

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

## **B10 Changes in Material Litigation**

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

- (a) On 4 September 2008, the solicitors of Sunway Construction Sdn Bhd (SunCon) had been served with a Statement of Claim (Statement of Claim) by Shristi Infrastructure Development Corporation Ltd (Claimant). The Statement of Claim was received by SunCon's office in Malaysia on 8 September 2008.

Pursuant to an agreement signed between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of NH-25 to a four-lane configuration in the state of Uttar Pradesh being a part of the East-West Corridor Project, SunCon had entered into a work order with the Claimant for the upgrading and rehabilitation of the stretch of NH-25 from 143.6 km to 170.0 km, of which the Claimant has provided two bank guarantees (Bank Guarantees) to SunCon.

The Claimant has failed to carry out its obligations under the work order and SunCon has terminated the work order and cashed the Bank Guarantees. The Claimant had filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The Supreme Court had appointed a sole arbitrator and two preliminary sittings have been held to date. The Claimant then filed its Statement of Claim on 4 September 2008.

The Statement of Claim was raised in respect of various claims (including claiming the refund of the amount cashed on the Bank Guarantees) and the total amount claimed is Rs891.5 million (approximately equivalent to 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:

	31/12/2014 RM'000	31/12/2013 RM'000
Total retained profit of the Group:-		
Realised	1,308,715	1,076,548
Unrealised	116,828	100,455
Total share of retained profits from associated companies:		
Realised	326,988	179,794
Unrealised	494,293	494,293
Total share of retained profits from Jointly Controlled Entities:		
Realised	472,978	398,144
Unrealised	108,371	108,370
Less: Consolidation adjustments	(370,804)	(471,943)
Total Group's retained profits as per consolidated accounts	2,457,369	1,885,661

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, a second interim dividend of 6% per ordinary share of RM1 each for the financial period ended 31 December 2014 has been proposed by the Board of Directors. The proposed dividend will be paid on a date to be determined.

#### B13 Earnings per share

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

	Current Quarter Ended 31/12/2014 RM'000	Cumulative Year To Date 31/12/2014 RM'000
<b><u>Basic earnings per share</u></b>		
Profit attributable to members of the Company	313,030	743,249
Weighted Average Number of Ordinary Shares	1,727,906	1,724,906
Earnings per share ( Basic ) (sen)	18.12	43.09
<b><u>Diluted earnings per share</u></b>		
Profit attributable to members of the Company	313,030	743,249
Weighted Average Number of Ordinary Shares	1,821,574	1,802,672
Earnings per share ( Diluted ) (sen)	17.18	41.23

**By Order of the Board**

**Tan Kim Aun  
Chin Lee Chin**

**Secretaries**