

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2015 RM'000	CURRENT YEAR TO DATE 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2015 RM'000
REVENUE		1,363,709	1,395,826	4,725,896	4,448,390
OPERATING EXPENSES		(1,212,587)	(1,242,485)	(4,194,808)	(4,021,142)
OTHER OPERATING INCOME		100,294	103,810	195,801	259,793
PROFIT FROM OPERATIONS		251,416	257,151	726,889	687,041
FINANCE INCOME		26,553	23,602	107,842	97,857
FINANCE COSTS		(52,215)	(45,335)	(167,744)	(124,479)
SHARE OF PROFIT FROM ASSOCIATES		28,715	26,491	125,052	201,832
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES		16,147	23,079	66,977	68,111
PROFIT BEFORE TAX		270,616	284,988	859,016	930,362
INCOME TAX EXPENSE	B5	(45,964)	(30,307)	(140,394)	(130,939)
PROFIT FOR THE PERIOD		224,652	254,681	718,622	799,423
ATTRIBUTABLE TO:					
- OWNERS OF THE PARENT		185,839	214,692	585,907	732,449
- NON-CONTROLLING INTERESTS		38,813	39,989	132,715	66,974
		224,652	254,681	718,622	799,423
EARNINGS PER SHARE					
(i) BASIC (sen)		9.08	12.04	29.98	41.77
(ii) DILUTED (sen)		9.01	11.55	29.41	39.16

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2015 RM'000	CURRENT YEAR TO DATE 31/12/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2015 RM'000
PROFIT FOR THE PERIOD	224,652	254,681	718,622	799,423
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(15,671)	(16,265)	(14,167)	104,444
EXCHANGE DIFFERENCES REALISED ON DISPOSAL OF A SUBSIDIARY	11,683	-	11,683	-
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	-	3,869	-
NET INVESTMENT HEDGE RESERVE - FAIR VALUE GAINS/(LOSS) - FAIR VALUE OF DERIVATIVES	-	18,823	-	-
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS - FAIR VALUE OF DERIVATIVES	195,718	(154,988)	95,216	404,141
- AMOUNT RECYCLED TO PROFIT OR LOSS	(200,699)	187,768	(107,038)	(409,217)
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS	(8,969)	35,338	(10,437)	99,368
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>215,683</u>	<u>290,019</u>	<u>708,185</u>	<u>898,791</u>
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	173,773	252,322	573,094	835,155
- NON-CONTROLLING INTERESTS	41,910	37,697	135,091	63,636
	<u>215,683</u>	<u>290,019</u>	<u>708,185</u>	<u>898,791</u>

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2015 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 2016
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	AS AT END OF CURRENT QUARTER 31/12/2016	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2015
	RM'000	RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment	1,875,771	1,333,563
Intangible assets	30,629	38,407
Biological assets	825	457
Investment properties	2,752,942	2,722,348
Rock reserves	6,395	6,657
Land held for property development	1,191,517	1,194,112
Investment in associates	1,724,395	1,704,118
Investment in jointly controlled entities	1,498,746	1,477,055
Other investments	474	1,164
Derivative assets	164,710	351,271
Receivables	49,751	28,371
Goodwill	311,930	320,060
Deferred tax assets	71,799	83,714
	<u>9,679,884</u>	<u>9,261,297</u>
Current assets		
Properties development costs	1,209,365	977,999
Inventories	661,783	693,133
Receivables, deposits & prepayments	2,828,444	2,326,300
Cash and bank balances, and placement in funds	4,059,792	2,630,951
Tax recoverable	50,398	55,947
Derivative assets	341,727	55,230
	<u>9,151,509</u>	<u>6,739,560</u>
TOTAL ASSETS	<u>18,831,393</u>	<u>16,000,857</u>
EQUITY AND LIABILITIES		
Current liabilities		
Payables, accruals & other current liabilities	2,708,256	2,450,893
Bank borrowings	4,830,662	3,070,914
Taxation	40,013	32,470
Derivative liabilities	4,344	9,874
	<u>7,583,275</u>	<u>5,564,151</u>
Non-current liabilities		
Long term bank borrowings	2,590,505	2,818,189
Other long term liabilities	340,183	306,648
Derivative liabilities	3,644	7,709
Deferred taxation	94,561	90,886
	<u>3,028,893</u>	<u>3,223,432</u>
Total liabilities	<u>10,612,168</u>	<u>8,787,583</u>
Equity attributable to Owners of the Parent		
Share capital	2,063,067	1,799,755
Share premium	3,118,803	2,771,822
Treasury shares	(120,531)	(63,604)
Equity contribution from non-controlling interests	51,654	51,654
Reserves	2,342,726	2,003,089
	<u>7,455,719</u>	<u>6,562,716</u>
NON-CONTROLLING INTERESTS	<u>763,506</u>	<u>650,558</u>
Total equity	<u>8,219,225</u>	<u>7,213,274</u>
TOTAL EQUITY AND LIABILITIES	<u>18,831,393</u>	<u>16,000,857</u>
Net Assets Per Share Attributable To Owners Of The Parent (RM)	3.61	3.65

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2015 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 2016
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

	ATTRIBUTABLE TO OWNERS OF THE PARENT														
	EQUITY CONTRIBUTION FROM NON-CONTROLLING INTERESTS				RESERVES								TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	NEGATIVE MERGER RESERVE	FOREIGN EXCHANGE RESERVE	SHARE OPTION RESERVE	HEDGE RESERVE	FURNITURE & FITTINGS RESERVE	OTHER RESERVES	RETAINED PROFITS	TOTAL RESERVES	NON-CONTROLLING INTERESTS	TOTAL EQUITY		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
PERIOD ENDED 31 DECEMBER 2016															
At 1 January 2016	1,799,755	2,771,822	(63,604)	51,654	(1,192,040)	141,245	75,166	(9,972)	4,573	181,762	2,802,355	2,003,089	6,562,716	650,558	7,213,274
Profit for the year	-	-	-	-	-	-	-	-	-	-	585,907	585,907	585,907	132,715	718,622
Other comprehensive income	-	-	-	-	-	(4,860)	-	(11,822)	-	3,869	-	(12,813)	(12,813)	2,376	(10,437)
Total comprehensive income	-	-	-	-	-	(4,860)	-	(11,822)	-	3,869	585,907	573,094	573,094	135,091	708,185
New ESOS granted	-	-	-	-	-	-	4,130	-	-	-	-	4,130	4,130	-	4,130
Issuance of ordinary shares pursuant to:															
- exercise of ESOS	10,666	31,174	-	-	-	-	(15,309)	-	-	-	-	(15,309)	26,531	-	26,531
- exercise of warrants	252,646	315,807	-	-	-	-	-	-	-	-	-	-	568,453	-	568,453
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(41,330)	(41,330)
Purchase of treasury shares during the year	-	-	(56,927)	-	-	-	-	-	-	-	-	-	(56,927)	-	(56,927)
Dividends declared	-	-	-	-	-	-	-	-	-	-	(219,459)	(219,459)	(219,459)	-	(219,459)
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	432	(3,721)	(3,289)	(3,289)	5,041	1,752
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	-	973	(503)	470	470	(2)	468
Transfer to furniture & fittings reserve	-	-	-	-	-	-	-	-	3,038	-	(3,038)	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	14,148	14,148
At 31 December 2016	2,063,067	3,118,803	(120,531)	51,654	(1,192,040)	136,385	63,987	(21,794)	7,611	187,036	3,161,541	2,342,726	7,455,719	763,506	8,219,225
PERIOD ENDED 31 DECEMBER 2015															
At 1 January 2015	1,730,579	2,642,213	(29,275)	51,654	(1,192,040)	33,463	69,080	(4,896)	3,728	181,762	2,450,100	1,541,197	5,936,368	387,473	6,323,841
Profit for the year	-	-	-	-	-	-	-	-	-	-	732,449	732,449	732,449	66,974	799,423
Other comprehensive income	-	-	-	-	-	107,782	-	(5,076)	-	-	-	102,706	102,706	(3,338)	99,368
Total comprehensive income	-	-	-	-	-	107,782	-	(5,076)	-	-	732,449	835,155	835,155	63,636	898,791
New ESOS granted	-	-	-	-	-	-	24,787	-	-	-	-	24,787	24,787	-	24,787
Issuance of ordinary shares pursuant to:															
- exercise of ESOS	38,490	84,836	-	-	-	-	(18,701)	-	-	-	-	(18,701)	104,625	-	104,625
- exercise of warrants	30,686	44,773	-	-	-	-	-	-	-	-	-	-	75,459	-	75,459
- rights issue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of interest from non-controlling interests	-	-	-	-	-	-	-	-	-	-	(35)	(35)	(35)	(42,986)	(43,021)
Capital reduction in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(34,329)	-	-	-	-	-	-	-	-	-	(34,329)	-	(34,329)
Dividends declared	-	-	-	-	-	-	-	-	-	-	(691,733)	(691,733)	(691,733)	-	(691,733)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,509)	(16,509)
Additional shares acquired by non-controlling interest	-	-	-	-	-	-	-	-	-	-	312,419	312,419	312,419	214,014	526,433
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	44,930	44,930
Transfer to furniture & fittings reserve	-	-	-	-	-	-	-	-	845	-	(845)	-	-	-	-
At 31 December 2015	1,799,755	2,771,822	(63,604)	51,654	(1,192,040)	141,245	75,166	(9,972)	4,573	181,762	2,802,355	2,003,089	6,562,716	650,558	7,213,274

(The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2016

	FOR THE 12 MONTHS PERIOD ENDED 31/12/2016 RM'000	FOR THE 12 MONTHS PERIOD ENDED 31/12/2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	859,016	930,362
Adjustments for:		
- non-cash items	(165,012)	(235,833)
- finance costs	167,744	124,479
- finance income	(107,842)	(97,857)
Operating cash flows before working capital changes	753,906	721,151
Changes in working capital	(328,670)	152,889
Cash flow from operations	425,236	874,040
Interest received	105,678	97,609
Dividend received from jointly controlled entities and associates	118,483	111,571
Tax refunded	(297)	29,637
Tax paid	(111,418)	(173,307)
Net cash flow from operating activities	537,682	939,550
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment, and biological assets	13,795	18,725
Proceeds from disposal of non-current assets held for sale	-	133,934
Proceeds from disposal of land held for property development	49,988	-
Proceeds from disposal of equity interest to non-controlling entity	-	491,431
Acquisition of land	(48,772)	(306,411)
Acquisition of property, plant and equipment, and biological assets	(288,191)	(412,908)
Acquisition of intangible assets	(4,286)	(16,943)
Acquisition and additional investment in subsidiaries	-	(44,837)
Acquisition of equity interest from non-controlling interest	(1,899)	(43,021)
Acquisition and subsequent expenditure of investment properties	(241,500)	(563,306)
Acquisition of other investment	-	688
Investment in joint ventures	(58,573)	(122,301)
Investment in associates	(5,305)	(75,127)
(Advances to)/Repayments from associates and joint ventures	(91,697)	(454,776)
Net cash flow from fund placements	(915,938)	(692,739)
Net cash (used in)/generated from investing activities	(1,592,378)	(2,087,591)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	1,457,222	1,763,774
Advances from non-controlling interests of subsidiary companies	-	4,196
Interest paid	(163,160)	(124,479)
Proceeds from issue of shares from exercise of warrants	568,453	75,459
Proceeds from issue of shares from exercise of ESOS	26,530	104,625
Repurchase of shares	(56,928)	(34,329)
Dividend paid to shareholders	(219,459)	(656,731)
Dividend paid to non-controlling interests of subsidiaries	(41,330)	(16,509)
Net cash generated from financing activities	1,571,328	1,116,006
NET INCREASE IN CASH AND CASH EQUIVALENTS	516,632	(32,035)
EFFECTS OF EXCHANGE RATE CHANGES	22,426	(12,981)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,247,894	1,292,910
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,786,952	1,247,894
Cash and cash equivalents at end of financial period comprise the following :		
Deposits with licensed banks and other financial institutions	1,359,659	832,763
Cash at banks and on hand	570,499	650,197
Short-term investments	2,129,634	1,147,991
Cash and bank balances, and short-term investments	4,059,792	2,630,951
Bank overdrafts	(71,311)	(97,466)
Less: Deposit with other financial institutions with maturity of over 3 months	(71,895)	(137,600)
Less: Short-term investments	(2,129,634)	(1,147,991)
Cash and cash equivalents	1,786,952	1,247,894
(The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2015 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 31 December 2016.

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 2018.

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 2018.

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 2015. 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 2015.

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 2015 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 2016, as disclosed below:

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRSs Annual Improvements to FRSs 2012 - 2014 Cycle	

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

A2 Report of the Auditors

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

A3 Seasonal or Cyclical Factors

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

A4 Unusual Items

There were no material unusual items affecting the amounts reported for the current quarter ended 31 December 2016.

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 2016.

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

During the financial period ended 31 December 2016, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 10,666,254 ordinary shares of RM1.00 each pursuant to the exercise of the Employees' Share Option Scheme;
- (b) issuance of 252,645,715 ordinary shares of RM1.00 each pursuant to the exercise of warrants; and
- (c) the repurchase of equity securities of 18,890,300 ordinary shares at an average price of RM3.01 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 2016, the following payments of dividend have been made:

- (a) RM117,720,475 was paid on 28 April 2016 as second interim dividend of 6% per ordinary share of RM1.00 each for the financial year ended 31 December 2015.
- (b) RM101,738,666 was paid on 27 October 2016 as first interim dividend of 5% per ordinary share of RM1.00 each for the financial year ended 31 December 2016.

A8 Segmental Reporting

Segmental results for the financial period ended 31 December 2016 are as follows:

	Property Development	Property Investment Division	Construction	Trading and Manufacturing	Quarry	Investment Holdings	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
BY BUSINESS SEGMENTS								
REVENUE AND EXPENSES								
Total revenue	1,209,780	866,991	2,389,109	1,035,303	226,046	840,727	677,008	7,244,964
Inter-segment sales	(333)	(174,974)	(1,206,045)	(201,954)	(18,667)	(814,752)	(102,343)	(2,519,068)
External sales	1,209,447	692,017	1,183,064	833,349	207,379	25,975	574,665	4,725,896
Results								
Operating segment results	273,081	162,539	129,197	51,029	26,725	15,043	69,275	726,889
Gain on derivatives	-	-	-	-	-	-	-	-
Finance income	25,600	4,223	11,244	1,301	60	53,331	12,083	107,842
Finance costs	(24,350)	(142,432)	(6,375)	(16,672)	(1,789)	31,425	(7,551)	(167,744)
Share of results of:	-	-	-	-	-	-	-	-
- associated companies	6	120,870	-	-	-	-	4,176	125,052
- jointly controlled entities	53,511	13,466	-	-	-	-	-	66,977
Profit before taxation	327,848	158,666	134,066	35,658	24,996	99,799	77,983	859,016
Taxation	(57,482)	(27,018)	(26,050)	(10,648)	(5,854)	(5,053)	(8,289)	(140,394)
Profit for the period	270,366	131,648	108,016	25,010	19,142	94,746	69,694	718,622
Non controlling interests	(77,881)	(4,345)	(49,338)	(1,095)	(243)	(385)	572	(132,715)
Attributable to owners of the parent	192,485	127,303	58,678	23,915	18,899	94,361	70,266	585,907

	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
	RM'000	RM'000	RM'000	RM'000
BY GEOGRAPHICAL SEGMENTS				
Malaysia	4,113,331	762,701	632,480	523,874
Singapore	395,407	74,352	66,933	55,652
China	86,525	14,594	14,147	15,385
India	-	(18,114)	(18,114)	(18,114)
Australia	42,154	345	345	(4,894)
United Arab Emirates	-	19,384	19,384	10,560
Other Countries	88,479	5,754	3,447	3,444
	4,725,896	859,016	718,622	585,907

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 total net fair value gain of RM37.4 million recognised during the year based on a professional valuer's opinion.

A10 Material events

There were no material events subsequent to the current quarter ended 31 December 2016.

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 2016.

A12 Contingent Liabilities and Assets

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

	31/12/2016 RM'000	31/12/2015 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>677,257</u>	<u>569,532</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 2016 is as follows:

	31/12/2016 RM'000	31/12/2015 RM'000
Amount authorised and contracted for	68,831	110,192
Amount authorised but not contracted for	<u>153,101</u>	<u>214,021</u>
	<u>221,931</u>	<u>324,213</u>

(b) Operating lease commitment not provided for in the financial year as at 31 December 2016 is as follows:

	31/12/2016 RM'000	31/12/2015 RM'000
Future minimum lease payment:		
- not later than 1 year	90,601	82,565
- later than 1 year and not later than 5 years	281,241	312,289
- later than 5 years	<u>90,295</u>	<u>90,805</u>
	<u>462,137</u>	<u>485,659</u>
Future minimum lease receipts:		
- not later than 1 year	78,069	56,539
- later than 1 year and not later than 5 years	275,663	258,592
- later than 5 years	<u>938,425</u>	<u>306,646</u>
	<u>1,292,157</u>	<u>621,777</u>

B1 Review of PerformanceFor the quarter

The Group recorded revenue of RM1,363.7 million and profit before tax of RM270.6 million for the current quarter ended 31 December 2016, compared to revenue of RM1,395.8 million and profit before tax of RM285.0 million in the corresponding quarter of the previous financial year. The Group's revenue and profit before tax for the current quarter were largely in line with the corresponding quarter of the previous financial year.

The property development segment reported revenue of RM412.7 million and profit before tax of RM135.9 million in the current quarter compared to revenue of RM420.0 million and profit before tax of RM114.2 million in the corresponding quarter of the previous financial year. Revenue was lower in the current quarter mainly due to lower contributions from the Group's wholly-owned Avant Parc project in Singapore, which was fully sold in the second quarter of this year. The higher profit before tax, however, was contributed mainly by higher progress billings from local projects, sale of land to Sunway REIT and the completion of several local development projects during the current quarter.

The property investment segment reported revenue of RM172.8 million and profit before tax of RM38.0 million in the current quarter compared to revenue of RM182.6 million and profit before tax of RM102.4 million in the corresponding quarter of the previous financial year. Revenue in the current quarter was marginally lower mainly due to the closure of Sunway Pyramid Hotel for renovations during the year. Profit before tax was lower partly due to the lower fair value gains recorded from revaluation of investment properties, which was RM37.4 million in the current quarter compared to RM55.6 million in the corresponding quarter. Current profit before tax was also lower due to pre-opening expenses incurred for Sunway Velocity Mall which was opened in December 2016, provisions made for the termination of Sunway International Vacation Club, and impairment for the BRT Park N' Ride facilities. The foregoing pre-opening expenses and provisions amounted to approximately RM40 million.

The construction segment recorded revenue of RM334.4 million and profit before tax of RM29.7 million in the current quarter compared to revenue of RM405.9 million and profit before tax of RM30.0 million in the corresponding quarter of the previous financial year. Revenue in the current quarter was lower due to higher intra-group eliminations. Despite the lower revenue, profit before tax in the current quarter was only marginally lower due to higher profit recognition from local construction projects.

The trading and manufacturing segment recorded revenue of RM215.1 million and profit before tax of RM16.4 million in the current quarter compared to revenue of RM205.3 million and profit before tax of RM8.6 million in the corresponding quarter of the previous financial year. Revenue in the current quarter has improved, as the performance in the corresponding quarter of the previous financial year was impacted by the post Goods and Services tax (GST) adjustment environment. Besides the higher revenue, profit in the current quarter was also boosted by provision write-back for inventories of the Winstar group of companies.

The quarry segment recorded revenue of RM54.1 million and profit before tax of RM0.8 million in the current quarter compared to revenue of RM57.5 million and profit before tax of RM5.6 million in the corresponding quarter of the previous financial year. The lower performance in the current quarter was mainly due to a drop in the selling prices for both aggregates and premix. Profit before tax was also lower due to higher accelerated depreciation expense for fixed assets at one of the sites, as the Group has plans to exit this quarry in 2017.

The other segments recorded revenue of RM174.6 million and profit before tax of RM49.8 million in the current quarter compared to revenue of RM124.5 million and profit before tax of RM24.2 million in the corresponding quarter of the previous financial year. The better performance in the current quarter was mainly due to improved contributions from the healthcare and building materials segments, as well as higher contributions from the Group's treasury operations.

For the 12 months period

The Group recorded revenue of RM4,725.9 million and profit before tax of RM859.0 million for the current 12 months period ended 31 December 2016 compared to revenue of RM4,448.4 million and profit before tax of RM930.4 million for the corresponding 12 months period ended 31 December 2015. The increase in revenue was contributed by better performance in the property development, property investment, trading and manufacturing, healthcare, building materials and treasury operations. Despite the higher revenue, however, profit before tax was lower mainly due to lower fair value gains from the revaluation of investment properties and a share of lower fair value gains recorded by Sunway REIT. The combined fair value gains was approximately RM105.3 million lower in the current period compared to the corresponding 12 months period. The performance in the 12 months period ended 31 December 2015 was also boosted by realized capital gains of RM22.9 million from the sale of two properties to Sunway REIT in the first quarter of the year.

The property development segment reported revenue of RM1,209.4 million and profit before tax of RM327.8 million for the current 12 months period ended 31 December 2016 compared to revenue of RM1,195.7 million and profit before tax of RM262.6 million for the corresponding 12 months period ended 31 December 2015. Revenue was largely in line with the corresponding period, while profit before tax was higher due to higher profit recognition from local projects, sale of land to Sunway REIT and the completion of several local development projects during the current quarter.

The property investment segment reported revenue of RM692.0 million and profit before tax of RM158.7 million for the current 12 months period ended 31 December 2016 compared to revenue of RM638.9 million and profit before tax of RM315.6 million for the corresponding 12 months period ended 31 December 2015. Revenue was higher in the current period due to higher rental contribution and better occupancy at the Group's portfolio of investment properties, and an increase in the number of visitors to Sunway Lagoon following the opening of Nickelodeon Lost Lagoon in 2016. Profit before tax, however, was lower in the current period mainly due to lower fair value gains from revaluation of investment properties and Sunway REIT properties, as mentioned above. Profit before tax was also impacted by pre-opening expenses incurred for Sunway Velocity Mall which was opened in December 2016, provisions made for the termination of Sunway International Vacation Club, and impairment for the BRT Park N' Ride facilities. In absence of the additional costs and provisions above, the profit before tax of the division in the current period would be only slightly lower than the corresponding period of the previous financial year.

The construction segment reported revenue of RM1,183.1 million and profit before tax of RM134.1 million for the current 12 months period ended 31 December 2016 compared to revenue of RM1,222.1 million and profit before tax of RM162.7 million for the corresponding 12 months period ended 31 December 2015. The lower revenue was due to lower revenue recognition from local construction projects and higher intra-group eliminations in the current period. Profit before tax in the current period was lower in line with the lower revenue.

The trading and manufacturing segment reported revenue of RM833.3 million and profit before tax of RM35.7 million for the current 12 months period ended 31 December 2016 compared to revenue of RM650.0 million and profit before tax of RM24.1 million for the corresponding 12 months period ended 31 December 2015. The better performance in the current 12 months period was mainly due to full year contributions from the Winstar group of companies, which was acquired in September 2015. Profit before tax in the current period was also boosted by provision write-back for inventories of the Winstar group of companies.

The quarry segment reported revenue of RM207.4 million and profit before tax of RM25.0 million for the current 12 months period ended 31 December 2016 compared to revenue of RM242.1 million and profit before tax of RM39.2 million for the corresponding 12 months period ended 31 December 2015. The lower performance in the current period was due to a drop in the selling prices for aggregates and premix as well as lower sales volume for aggregates. The current period profit before tax was also lower compared to the previous corresponding period which benefited from provision write-back from the Caribbean operations.

The other segments reported revenue of RM600.7 million and profit before tax of RM177.7 million for the current 12 months period ended 31 December 2016 compared to revenue of RM499.6 million and profit before tax of RM126.2 million for the corresponding 12 months period ended 31 December 2015. The improved performance was mainly contributed by the healthcare and building materials segments and from higher contribution from the Group's treasury operations.

B2 Material Changes in the Quarterly Results

The Group recorded revenue of RM1,363.7 million and profit before tax of RM270.6 million for the current quarter compared to revenue of RM1,137.5 million and profit before tax of RM208.5 million in the preceding quarter. The higher revenue in the current quarter was mainly from the property development, construction, trading and manufacturing, healthcare and treasury operations. Profit before tax in the current quarter was higher in line with the higher revenue and boosted by the fair value gains from revaluation of investment properties of approximately RM37.4 million.

The property development segment recorded revenue of RM412.7 million and profit before tax of RM135.9 million in the current quarter compared to revenue of RM247.6 million and profit before tax of RM62.2 million in the preceding quarter. The stronger performance in the current quarter was due to higher progress billings and higher sales from local projects, as well as completion of several local development projects during the current quarter. Profit before tax was also boosted by sale of land to Sunway REIT in the current quarter.

The property investment segment recorded revenue of RM172.8 million and profit before tax of RM38.0 million in the current quarter compared to revenue of RM189.9 million and profit before tax of RM45.9 million in the preceding quarter. Revenue and profit before tax in the current quarter were lower mainly due to lower occupancy rates at the Group's hotels in Sunway City compared to the preceding quarter which benefitted from peak demand from the Middle East market. Although the division recognised fair value gains from revaluation of investment properties of RM37.4 million in the current quarter, profit before tax was lower due to pre-opening expenses incurred for Sunway Velocity Mall which opened in December 2016, provisions made for the termination of Sunway International Vacation Club, and impairment for the BRT Park N' Ride facilities. In absence of the additional costs and provisions above, the profit before tax of the division in the current quarter would be comparable to the preceding quarter.

The construction segment recorded revenue of RM334.4 million and profit before tax of RM29.7 million in the current quarter compared to revenue of RM287.9 million and profit before tax of RM32.2 million in the preceding quarter. The higher revenue in the current quarter was mainly due to higher progress billings from local construction projects. Current profit before tax was generally in line with the preceding quarter.

The trading and manufacturing segment recorded revenue of RM215.1 million and profit before tax of RM16.4 million in the current quarter compared to revenue of RM206.7 million and profit before tax of RM7.3 million in the preceding quarter. The better performance in the current quarter was mainly due to higher contributions and provision write-back from the Winstar group of companies.

The quarry segment recorded revenue of RM54.1 million and profit before tax of RM0.8 million in the current quarter compared to revenue of RM54.0 million and profit before tax of RM6.7 million in the preceding quarter. Although revenue was in line with the preceding quarter, profit before tax was lower mainly due to higher accelerated depreciation expense for fixed assets at one of the sites, as the Group has plans to exit this quarry in 2017.

The other segments recorded revenue of RM174.6 million and profit before tax of RM49.8 million in the current quarter compared to revenue of RM151.4 million and profit before tax of RM54.2 million in the preceding quarter. The higher revenue in the current quarter was mainly contributed by the healthcare and Group treasury operations. Despite the higher revenue, however, profit before tax was marginally lower due to lower contributions from the Group's treasury operations.

B3 Prospects

The Malaysian economy expanded by 4.5% in the fourth quarter of this year compared with 4.3% in the preceding quarter. However, for the year ended 2016, the economic growth moderated to 4.2% from 5% in the previous year.

Bank Negara expects the global economy to continue to improve at a moderate pace, while the domestic economy will continue to be driven by the ongoing implementation of infrastructure projects and private investment and consumption. Based on the consensus forecast, the local economy is expected to continue to grow at a moderate pace of between 4% to 5% for 2017.

While the economic outlook remains modest, the Group, being a diversified conglomerate, is nevertheless well positioned to capitalise on any improvement in the domestic economy. Barring any unforeseen circumstances, the Group is expected to deliver satisfactory performance for 2017.

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 31/12/2016 RM'000	Cumulative Year To Date 31/12/2016 RM'000
Current taxation	(44,454)	(124,596)
Deferred taxation	(1,510)	(15,798)
	<u>(45,964)</u>	<u>(140,394)</u>

B6 Profit/(Loss) before Taxation

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

	Current Quarter Ended 31/12/2016 RM'000	Cumulative Year To Date 31/12/2016 RM'000
Depreciation and amortisation	(14,124)	(113,859)
Net reversal/(provision) of impairment for:		
- Trade receivables	(2,789)	(3,415)
- Inventories	(945)	(1,211)
- Advances to associate	5,979	18,900
Write off:		
- Inventories	823	(3,022)
- Property, plant and equipment	(139)	(677)
Net gain on disposal of:		
- property, plant and equipment	(4,189)	(3,331)
Net foreign exchange gain/(loss):		
- Others	6,931	1,953
- Unrealised for hedged items	(200,699)	(107,038)
Cash flow hedge reserve recycled to profit or loss	200,699	107,038
Fair value of ESOS option	3,486	(5,712)

B7 Status of Corporate Proposal Announced

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

B7.1 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").

B7.1 Proposed disposal of equity interest of Sunway GD Foundation Engineering Co. Ltd. ("Sunway GD"), by Sunway Global Limited ("Sunway Global") (Contd)

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 been completed as at the date of this report.

B7.2 Sales and Purchase Agreements between Ekuiti Meranti (M) Sdn. Bhd. with Sunway Dimension Stones Sdn. Bhd., View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd.

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

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

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

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

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

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

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

B7.2 Sales and Purchase Agreements between Ekuiti Meranti (M) Sdn. Bhd. with Sunway Dimension Stones Sdn. Bhd., View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd. (Contd)

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

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

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

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

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

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

* *Included 1,000 ordinary shares of RM1 each currently held by SunCity in the JVCo.*

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

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

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

The Proposed Property Acquisition of PT2049 was completed as at the date of this report. The remainder of the Proposed Property Acquisition and Proposed Joint Venture have not been completed as at the date of this report.

B7.3 Proposed Disposal of a parcel of land adjacent to Sunway Carnival Shopping Mall located in Seberang Jaya, Penang ("Proposed Disposal")

On 20 June 2016, Commercial Parade Sdn. Bhd., a subsidiary of Sunway, entered into a sale and purchase agreement ("SPA") with RHB Trustees Berhad as trustee for Sunway Real Estate Investment Trust ("SunREIT") to dispose a parcel of vacant land held under Pajakan Negeri 1814, Lot 5493, Mukim 1, Seberang Perai Tengah, Pulau Pinang which is adjacent to Sunway Carnival Shopping Mall ("Sunway Carnival") situated in Seberang Jaya, Penang for a total consideration of RM17,200,000 to be fully satisfied in cash.

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

B7.4 Subscription and Shareholders' Agreement ("SSA") between SunCity, Low Peng Kiat ("LPK"), CRSC Property Sdn. Bhd. ("CRSC") and Austral Meridian Property Sdn. Bhd. ("AMP") and Put Option Agreement between SCB, LPK and CRSC

On 10 February 2017, SunCity, a wholly-owned subsidiary of the Company entered into a SSA with LPK, CRSC and AMP with intention of establishing a joint venture via AMP to jointly undertake an integrated development project on the parcels of leasehold land owned by AMP held under H.S.(D) 119806, PT 486 and H.S.(D) 119793, PT 487, Seksyen 90 in Bandar Kuala Lumpur, Daerah Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur measuring in aggregate approximately 31,630 square metres in area, together with a portion of land measuring approximately 0.63 acres which is to be alienated or transferred by the Government of Malaysia to AMP (collectively, the said lands are referred to as "Project Land") ("Proposed Joint Venture"). The SSA also regulates the commitments of SCB, LPK and CRSC with regards to the subscription of shares in AMP as well as their rights and responsibilities as shareholders of AMP.

SunCity has on even date, entered into a Put Option Agreement ("POA") with LPK and CRSC to outline the put option arrangements between the parties in the shares of AMP.

The Salient terms of the SSA and POA are as follows:

a) SSA

SunCity, LPK, CRSC and AMP have entered into the SSA to set out the commitments of SunCity, LPK and CRSC in respect of their subscription of shares in AMP, to undertake the Proposed Joint Venture as well as to regulate their rights and responsibilities as shareholders of AMP.

Under the Proposed Joint Venture, SunCity shall subscribe 500,001 ordinary shares in AMP, representing 50%+ 1 share of the equity interest in AMP for a total consideration of RM500,001 ("Proposed Share Subscription"). Upon the subscription, the shareholding structure of AMP shall be as follows:

Sharaholders	Number of Shares	Percentage of Shareholding
SunCity	500,001	50% + 1 share
LPK	400,000	40%
CRSC	100,000	10%

b) POA

The POA sets out the put option arrangements between the parties in AMP. LPK and CRSC have the right to require SunCity to purchase the option shares at the option price within the option period as stated below:

First put option shares of 100,000 ordinary shares representing 10% of the enlarged paid-up capital of AMP following the completion of the Proposed Share Subscription at a total option price of RM91,350,000 (subject to adjustment in accordance with the POA) within the option period of 1 month commencing from the business day immediately following the fourth anniversary of the completion of the Proposed Share Subscription and ending on the day falling 1 month thereafter; and

Second put option shares of 100,000 ordinary shares representing 10% of the enlarged paid-up capital of AMP following the completion of the Proposed Share Subscription at a total option price of RM91,350,000 (subject to adjustment in accordance with the POA) within the option period of 5 years commencing from the business day immediately following the eighth anniversary of the completion of the Proposed Share Subscription and ending on the day falling 5 years thereafter.

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

B8 Group Borrowings and Debt Securities

The Group borrowings as at 31 December 2016 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Borrowings:			
- Current	2,735,040	2,095,622	4,830,662
- Non-current	1,670,505	920,000	2,590,505
	4,405,545	3,015,622	7,421,167
- Conventional	3,781,448	1,210,622	4,992,070
- Islamic	624,097	1,805,000	2,429,097
	4,405,545	3,015,622	7,421,167

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) *	429,000	148,000	1,926,425	664,594
Singapore Dollar (SGD'000) #	117	76,536	364	238,042
Chinese Renminbi (RMB'000) **	37,491	-	24,223	-
Australia Dollar (AUD'000) **	565	-	1,838	-
			1,952,850	902,636

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 2016 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
Commodity futures				
- Less than 1 year	1,892	380	380	
Interest rate swap contracts				
- Less than 1 year *	816,130	(795)	(966)	
- 1 year to 3 years	100,000	(74)	(74)	
Foreign currency forward contracts				
- Less than 1 year	63,984	(1,427)	1,983	11,499
- 1 year to 3 years	1,654	15	4,327	-
Cross currency swap contracts #				
- Less than 1 year	1,570,585	339,224		(2,323)
- 1 year to 5 years	733,838	161,126		2,646
Total derivatives		498,449	5,650	11,822

* Includes a contract which has expired during the period.

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

B9 Derivative Financial Instruments (Contd)

Commodity futures

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

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

Foreign currency forward contracts

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

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

Interest rate swap contracts

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

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

Cross currency swap contracts

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

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

B10 Changes in Material Litigation

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

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

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

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

The Statement of Claim was raised in respect of various claims (including claiming the refund of the amount cashed on the Bank Guarantees) and the total amount claimed is Rs891.5 million (approximately equivalent to RM53 million).

At the hearing on 2 February 2009, the arbitrator recorded SunCon's filing of the Statement of Defence and Counterclaim. In the counterclaim, SunCon is seeking for Rs781,394,628.61 (approximately equivalent to RM47 million) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

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

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

B11 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:

	31/12/2016 RM'000	31/12/2015 RM'000
Total retained profit of the Group:-		
Realised	1,643,840	1,764,021
Unrealised	913,712	399,476
Total share of retained profits from associated companies:		
Realised	(28,825)	(146)
Unrealised	192,274	168,582
Total share of retained profits from Jointly Controlled Entities:		
Realised	93,916	178,702
Unrealised	(21,757)	(20,877)
Less: Consolidation adjustments	368,381	312,597
Total Group's retained profits as per consolidated accounts	3,161,541	2,802,355

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 first interim dividend paid (5.00 sen per share) as disclosed in note A7, the Directors declared the following dividends in respect of financial year ended 31 December 2016:

- a) A second interim cash dividend of 4.00 sen per share. Its entitlement and payment dates are 6 April 2017 and 28 April 2017 respectively; and
- b) A share dividend distribution of approximately 20.3 million treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held.

Based on the cost of treasury shares amounting to RM63.5 million (equivalent to approximately RM3.14 per share), the share dividend is equivalent to cash dividend of 3.14 sen per share. Its entitlement and payment dates are 13 April 2017 and 28 April 2017 respectively.

Hence, the total second interim dividend would be equivalent to approximately 7.14 sen per share and the total dividend declared / paid in respect of financial year ended 31 December 2016 is 12.14 sen per share.

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 31/12/2016 RM'000	Cumulative Year To Date 31/12/2016 RM'000
<u>Basic earnings per share</u>		
Profit attributable to members of the Company	185,839	585,907
Weighted Average Number of Ordinary Shares	2,046,337	1,954,426
Earnings per share (Basic) (sen)	9.08	29.98
<u>Diluted earnings per share</u>		
Profit attributable to members of the Company	185,839	585,907
Weighted Average Number of Ordinary Shares	2,062,719	1,992,197
Earnings per share (Diluted) (sen)	9.01	29.41

By Order of the Board

**Tan Kim Aun
Chin Lee Chin**

Secretaries