

SUNWAY BERHAD (Company No : 921551-D)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/3/2013	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2012	CURRENT YEAR TO DATE 31/3/2013	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2012
	RM'000	RM'000	RM'000	RM'000
REVENUE	1,021,032	814,765	1,021,032	814,765
OPERATING EXPENSES	(946,775)	(770,477)	(946,775)	(770,477)
OTHER OPERATING INCOME	11,797	16,117	11,797	16,117
PROFIT FROM OPERATIONS	<u>86,054</u>	<u>60,405</u>	<u>86,054</u>	<u>60,405</u>
GAIN ON DERIVATIVES	256	248	256	248
FINANCE INCOME	10,512	5,533	10,512	5,533
FINANCE COSTS	(22,172)	(24,137)	(22,172)	(24,137)
SHARE OF PROFIT FROM ASSOCIATES	18,698	18,875	18,698	18,875
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES	29,173	23,975	29,173	23,975
PROFIT BEFORE TAX	<u>122,521</u>	<u>84,899</u>	<u>122,521</u>	<u>84,899</u>
INCOME TAX EXPENSE	(26,342)	(18,501)	(26,342)	(18,501)
PROFIT FOR THE PERIOD	<u><u>96,179</u></u>	<u><u>66,398</u></u>	<u><u>96,179</u></u>	<u><u>66,398</u></u>
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	90,555	64,447	90,555	64,447
- NON-CONTROLLING INTERESTS	5,624	1,951	5,624	1,951
	<u><u>96,179</u></u>	<u><u>66,398</u></u>	<u><u>96,179</u></u>	<u><u>66,398</u></u>
EARNINGS PER SHARE				
(i) BASIC (sen)	<u>7.01</u>	<u>4.99</u>	<u>7.01</u>	<u>4.99</u>
(ii) DILUTED (sen)	<u>7.01</u>	<u>4.99</u>	<u>7.01</u>	<u>4.99</u>

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/3/2013	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2012	CURRENT YEAR TO DATE 31/3/2013	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2012
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	96,179	66,398	96,179	66,398
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	381	(16,750)	381	(16,750)
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS				
- FAIR VALUE OF DERIVATIVES	11,996	38,238	11,996	38,238
- AMOUNT RECYCLED TO PROFIT OR LOSS	(10,118)	(30,690)	(10,118)	(30,690)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	2,259	(9,202)	2,259	(9,202)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	98,438	57,196	98,438	57,196
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	92,475	57,116	92,475	57,116
- NON-CONTROLLING INTERESTS	5,963	80	5,963	80
	98,438	57,196	98,438	57,196

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2012 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 MARCH 2013
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013

	AS AT END OF CURRENT QUARTER 31/3/2013	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2012 (AUDITED)
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	812,302	804,698
Biological assets	587	613
Investment properties	1,314,324	1,242,519
Rock reserves	7,380	7,444
Land held for property development	599,486	598,912
Investment in associates	1,013,846	1,023,761
Investment in jointly controlled entities	505,181	516,452
Other investments	1,803	1,802
Derivative assets	4,613	2,058
Receivables	3,397	3,899
Goodwill	318,071	318,077
Deferred tax assets	32,624	33,718
	<u>4,613,614</u>	<u>4,553,953</u>
Current assets		
Properties development costs	1,005,688	991,529
Inventories	615,964	650,308
Receivables, deposits & prepayments	1,511,483	1,568,764
Deposits, bank & cash balances	1,195,155	1,158,890
Tax recoverable	52,490	47,827
Derivative assets	20,712	12,203
	<u>4,401,492</u>	<u>4,429,521</u>
TOTAL ASSETS	<u>9,015,106</u>	<u>8,983,474</u>
EQUITY AND LIABILITIES		
Current liabilities		
Payables, accruals & other current liabilities	1,578,369	1,771,850
Bank borrowings	1,870,459	1,773,155
Taxation	35,708	31,015
Derivative liabilities	-	197
	<u>3,484,536</u>	<u>3,576,217</u>
Non-current liabilities		
Long term bank borrowings	1,022,656	983,279
Other long term liabilities	424,660	412,437
Derivative liabilities	164	792
Deferred taxation	55,052	53,246
	<u>1,502,532</u>	<u>1,449,754</u>
Total liabilities	<u>4,987,068</u>	<u>5,025,971</u>
Equity attributable to Owners of the Parent		
Share capital	1,292,505	1,292,505
Share premium	2,326,509	2,326,509
Equity Contribution from non-controlling interests	51,654	51,654
Negative merger reserve	(1,192,040)	(1,192,040)
Retained profits	998,840	934,375
Other reserves	165,602	163,638
	<u>3,643,070</u>	<u>3,576,641</u>
NON-CONTROLLING INTERESTS	<u>384,968</u>	<u>380,862</u>
Total equity	<u>4,028,038</u>	<u>3,957,503</u>
TOTAL EQUITY AND LIABILITIES	<u>9,015,106</u>	<u>8,983,474</u>
Net Assets Per Share	2.82	2.77

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2013

	ATTRIBUTABLE TO OWNERS OF THE PARENT														DISTRIBUTABLE		NON-CONTROLLING INTERESTS	TOTAL EQUITY
	EQUITY CONTRIBUTION FROM NON-CONTROLLING INTERESTS					NON-DISTRIBUTABLE									RETAINED PROFITS	TOTAL	RM'000	RM'000
	SHARE CAPITAL	SHARE PREMIUM		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				
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	
PERIOD ENDED 31 MARCH 2012																		
At 1 January 2012	1,292,505	2,326,509	35,376	(1,192,040)	121,820	34,137	75,521	(24,156)	21,643	879	22,357	3,170	(13,780)	2,049	440,621	3,024,791	327,963	3,352,754
Total comprehensive income	-	-	-	-	(7,331)	-	-	(14,879)	-	-	-	-	7,548	-	64,447	57,116	80	57,196
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,637)	(3,637)
Effect of FRS 139	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6	6	(54)	(48)
Acquisition of interest from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	91	91
At 31 March 2012	1,292,505	2,326,509	35,376	(1,192,040)	114,489	34,137	75,521	(39,035)	21,643	879	22,357	3,170	(6,232)	2,049	505,074	3,081,913	324,443	3,406,356
PERIOD ENDED 31 MARCH 2013																		
At 1 January 2013	1,292,505	2,326,509	51,654	(1,192,040)	163,638	34,137	98,963	(17,641)	21,712	879	22,357	3,170	(1,636)	1,697	934,375	3,576,641	380,862	3,957,503
Total comprehensive income	-	-	-	-	1,920	-	-	42	-	-	-	-	1,878	-	90,555	92,475	5,963	98,438
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,141)	(3,141)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(529)	(529)	-	(529)
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(25,561)	(25,561)	1,284	(24,277)
Utilisation of furniture & fittings reserve	-	-	-	-	44	-	-	-	-	-	-	-	-	44	-	44	-	44
At 31 March 2013	1,292,505	2,326,509	51,654	(1,192,040)	165,602	34,137	98,963	(17,599)	21,712	879	22,357	3,170	242	1,741	998,840	3,643,070	384,968	4,028,038

[The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.]

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2013

	FOR THE 3 MONTHS PERIOD ENDED 31/3/2013 RM'000	FOR THE 3 MONTHS PERIOD ENDED 31/03/2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	122,531	84,885
Adjustments for:		
- non-cash items	(22,917)	(16,421)
- finance costs	22,172	24,137
- finance income	(10,512)	(5,533)
Operating cash flows before working capital changes	111,273	87,068
Changes in working capital	(72,428)	(36,986)
Cash flow from operations	38,845	50,082
Interest received	3,589	1,012
Dividend received from jointly controlled entities and associates	55,559	19,619
Tax refunded	854	2,820
Tax paid	(24,265)	(18,609)
Net cash flow from operating activities	74,582	54,924
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant & equipment	334	3,744
Proceeds from other investment	-	42
Acquisition of land	(9,407)	(3,438)
Acquisition of property, plant and equipment and biological assets	(28,912)	(20,265)
Acquisition and additional investment in subsidiaries	(24,277)	-
Acquisition and subsequent expenditure of investment properties	(71,805)	(17,611)
Investment in associates	(2,999)	(2,873)
Repayment from/ (advances to) associates, jointly controlled entity and joint venture partners	6,053	(4,671)
Investment in jointly controlled entities	(9,644)	(90,047)
Net cash used in investing activities	(140,657)	(135,118)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	136,350	111,834
Interest paid	(24,838)	(27,431)
Dividend paid to non-controlling interests of subsidiaries	(1,189)	(1,200)
Net cash generated from/(used in) financing activities	110,323	83,203
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	44,248	3,009
EFFECTS OF EXCHANGE RATE CHANGES	1,410	(4,818)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,063,712	776,705
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,109,370	774,896
Cash and cash equivalents at end of financial period comprise the following :		
Deposits, bank & cash balances	1,195,155	791,836
Bank overdrafts	(85,785)	(16,940)
	1,109,370	774,896

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.)

NOTES TO FINANCIAL STATEMENTS :

A1 Accounting Policies and Basis of Preparation

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 two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

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 2014. For the financial years ending 31 March 2013 and 31 December 2013, the Group will continue to prepare financial statements using the Financial Reporting Standards ("FRS").

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 2012. 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 2012.

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 2012 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 2013, as disclosed below:

FRS 10	Consolidated Financial Statements
FRS 11 Joint Arrangements	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investment in Associates and Joint Venture
Amendments to IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 7: Disclosures	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 1	First-time Adoption of Malaysian Financial Reporting Standards – Government Loans
Amendments to FRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))
Amendments to FRS 116	Property, Plant and Equipment (Improvements to FRSs (2012))
Amendments to FRS 132	Financial Instruments: Presentation (Improvements to FRSs (2012))
Amendments to FRS 134	Interim Financial Reporting (Improvements to FRSs (2012))

Amendments to FRS 10

Consolidated Financial Statements: Transition Guidance

Amendments to FRS 11

Joint Arrangements: Transition Guidance

Amendments to FRS 12

Disclosure of Interests in Other Entities: Transition Guidance

The adoption of the above pronouncements does not have any significant impact to the Group except for:-

FRS 10: Consolidated Financial Statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127. The Group is in the process of making an assessment of the impact of this implementation.

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 March 2013 except for the following:

a) Current and preceding year corresponding quarter

	31/3/13 RM'million	31/3/12 RM'million
Profit before tax as reported	122.5	84.9
Gain on derivatives ¹	(0.3)	(0.2)
Profit before tax excluding unusual items	122.2	84.7
Profit after tax and non-controlling interests as reported	90.6	64.4
Gain on derivatives ¹	(0.3)	(0.2)
Profit after tax and non-controlling interests excluding unusual items	90.3	64.2

Notes:

¹ The Group recognised RM0.3 million (profit before and after tax and non-controlling interests) in gain on derivatives as a result of the effects of FRS 139: Financial Instruments: Recognition and Measurement. For the corresponding quarter ended 31 December 2012, the Group recognised RM0.2 million (profit before and after tax and non-controlling interests) in gain on derivatives.

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 March 2013.

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

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

A7 Dividend Paid

There was no dividend paid during the financial period ended 31 March 2013.

A8 Segmental Reporting

Segmental results for the financial period ended 31 March 2013, 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
BY BUSINESS SEGMENTS									
REVENUE AND EXPENSES									
Revenue									
External sales	202,659	133,520	429,388	129,586	44,335	3,038	78,506	-	1,021,032
Inter-segment sales	-	5,280	-	33,265	960	84,042	7,276	(130,823)	-
Total Revenue	202,659	138,800	429,388	162,851	45,295	87,080	85,782	(130,823)	1,021,032
Results									
Operating segment results	25,483	22,137	27,322	9,038	4,774	(5,027)	2,327	-	86,054
Gain on derivatives	-	-	16	-	-	240	-	-	256
Finance income	5,498	2,623	1,412	47	156	(860)	1,636	-	10,512
Finance costs	(3,894)	(17,634)	(842)	(824)	(94)	2,216	(1,100)	-	(22,172)
Share of results of associated companies	(4)	18,933	-	(8)	-	-	(223)	-	18,698
jointly controlled entities	29,173	-	-	-	-	-	-	-	29,173
Profit before taxation	56,256	26,059	27,908	8,253	4,836	(3,431)	2,640	-	122,521
Taxation	(7,877)	(8,355)	(6,163)	(1,731)	(1,347)	377	(1,246)	-	(26,342)
Profit for the period	48,379	17,704	21,745	6,522	3,489	(3,054)	1,394	-	96,179
Non controlling interests	(3,718)	(1,007)	(960)	(276)	-	42	295	-	(5,624)
Attributable to owners of the parent	44,661	16,697	20,785	6,246	3,489	(3,012)	1,689	-	90,555

	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	865,889	86,259	63,696	56,996
Singapore	86,647	41,477	39,442	39,442
China	24,570	(5,564)	(5,607)	(4,627)
India	14	(943)	(978)	(978)
Australia	17,263	112	(345)	(110)
United Arab Emirates	-	(2,901)	(2,901)	(2,734)
Other Countries	26,649	4,081	2,872	2,566
	1,021,032	122,521	96,179	90,555

Core segmental results (excluding unusual items as per Note A4) for the financial period ended 31 March 2013 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
BY BUSINESS SEGMENTS									
REVENUE AND EXPENSES									
Revenue									
External sales	202,659	133,520	429,388	129,586	44,335	3,038	78,506	-	1,021,032
Inter-segment sales	-	377	-	-	-	61,679	1,738	(63,794)	-
Total Revenue	202,659	133,897	429,388	129,586	44,335	64,717	80,244	(63,794)	1,021,032
Results									
Operating segment results	25,483	22,137	27,322	9,038	4,774	(5,027)	2,327	-	86,054
Finance income	5,498	2,623	1,412	47	156	(860)	1,636	-	10,512
Finance costs	(3,894)	(17,634)	(842)	(824)	(94)	2,216	(1,100)	-	(22,172)
Share of results of associated companies	(4)	18,933	-	(8)	-	-	(223)	-	-
jointly controlled entities	29,173	-	-	-	-	-	-	-	29,173
Profit before taxation	56,256	26,059	27,892	8,253	4,836	(3,671)	2,640	-	122,265
Taxation	(7,877)	(8,355)	(6,163)	(1,731)	(1,347)	377	(1,246)	-	(26,342)
Profit for the period	48,379	17,704	21,729	6,522	3,489	(3,294)	1,394	-	95,923
Non controlling interests	(3,718)	(1,007)	(960)	(276)	-	42	295	-	(5,624)
Attributable to owners of the parent	44,661	16,697	20,769	6,246	3,489	(3,252)	1,689	-	90,299

	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	865,889	86,003	63,440	56,740
Singapore	86,647	41,477	39,442	39,442
China	24,570	(5,564)	(5,607)	(4,627)
India	14	(943)	(978)	(978)
Australia	17,263	112	(345)	(110)
United Arab Emirates	-	(2,901)	(2,901)	(2,734)
Other Countries	26,649	4,081	2,872	2,566
	1,021,032	122,265	95,923	90,299

A9 Valuation of Property, Plant and Equipment and Investment Properties

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

A10 Material events

There were no material events subsequent to the current quarter ended 31 March 2013.

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 March 2013.

A12 Contingent Liabilities and Assets

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

	31/3/2013 RM'000	31/12/2012 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>2,965,105</u>	<u>2,984,633</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 March 2013 is as follows:

	31/3/2013 RM'000	31/12/2012 RM'000
Amount authorised and contracted for	128,430	77,571
Amount authorised but not contracted for	<u>899,475</u>	<u>876,450</u>
	<u>1,027,906</u>	<u>954,021</u>

(b) Operating lease commitment not provided for in the financial year as at 31 March 2013 is as follows:

	31/3/2013 RM'000	31/12/2012 RM'000
Future minimum lease payment:		
- not later than 1 year	76,097	76,361
- later than 1 year and not later than 5 years	281,244	260,557
- later than 5 years	<u>195,590</u>	<u>233,453</u>
	<u>552,931</u>	<u>570,371</u>
Future minimum lease receipts:		
- not later than 1 year	43,655	47,994
- later than 1 year and not later than 5 years	194,144	196,541
- later than 5 years	<u>365,964</u>	<u>370,890</u>
	<u>603,763</u>	<u>615,425</u>

B1 Review of Performance

For the quarter

The Group (after excluding unusual items as per Note A4) recorded revenue of RM1,021.0 million and profit before tax of RM122.2 million for the current quarter ended 31 March 2013 as compared to revenue of RM814.8 million and profit before tax of RM84.7 million for the corresponding quarter ended 31 December 2012. The higher current quarter revenue was mainly due to higher property sales and construction revenue. As a result, the Group registered a higher current quarter profit before tax.

The property development segment reported revenue of RM202.7 million and profit before tax of RM56.3 million in the current quarter as compared to revenue of RM160.1 million and profit before tax of RM41.4 million in the corresponding quarter of the previous financial year. The higher revenue recorded in the current quarter was mainly due to strong sales recorded from some of the recently launched projects. As a result, the current profit before tax was higher but the overall increase was also boosted by higher profit contribution from the Singapore development projects.

The property investment segment reported revenue of RM133.5 million and profit before tax of RM26.1 million for the current quarter as compared to revenue of RM130.5 million and profit before tax of RM23.4 million in the corresponding quarter of the previous financial year. The overall performance of this segment was satisfactory and the higher profit was due to better cost management.

The construction segment reported revenue of RM429.4 million and profit before tax of RM27.9 million during the current quarter as compared to revenue of RM259.0 million and profit before tax of RM8.4 million in the corresponding quarter in the previous financial year. The increase in revenue was due to stronger progress billings of infrastructure and building works, and stronger sales of precast products. As a result, the current profit before tax improved accordingly.

The trading and manufacturing segment reported a current quarter revenue of RM129.6 million and profit before tax of RM8.3 million as compared to the revenue of RM147.7 million and profit before tax of RM11.5 million in the corresponding quarter in the previous financial year. The performance of this segment was mainly affected by the difficult trading environment in the overseas markets, namely Australia and Indonesia due to the slowdown in their mining industry which affected the sales of related products.

The quarry segment reported a current quarter revenue of RM44.3 million and profit before tax of RM4.8 million as compared to revenue of RM37.4 million and profit before tax of RM0.9 million in the corresponding quarter in the previous financial year. The higher revenue was due to stronger sales volume and better selling prices. The higher profit before tax was also helped by better cost management.

The other segment reported a current quarter revenue of RM78.5 million and profit before tax of RM2.6 million as compared to revenue of RM80.0 million and profit before tax of RM4.0 million in the corresponding quarter in the previous financial year. The lower profit before tax for the current quarter was mainly due to the rental expense incurred by the healthcare unit subsequent to the disposal of the hospital building to Sunway Real Estate Investment Trust ("SW REIT") which was completed at the end of 2012 and higher losses in the building material division at China as a result of slower market condition.

B2 Material Changes in the Quarterly Results

The Group (after excluding unusual items as per Note A4) recorded revenue of RM1,021.0 million and profit before tax of RM122.2 million for the current quarter ended 31 March 2013 as compared to revenue of RM1,171.9 million and profit before tax of RM189.1 million achieved in the preceding quarter. The lower current quarter revenue was mainly due to lower property sales and property investment revenue, which was partly mitigated by higher construction revenue.

The property development segment reported revenue of RM202.7 million and profit before tax of RM56.3 million in the current quarter as compared to revenue of RM384.8 million and profit before tax of RM139.5 million in the immediate preceding quarter. The lower revenue recorded in the current quarter was mainly due to lower new sales recorded which was partly impacted by the uncertainties generated by the impending general elections. The lower current profit before tax was also due to lower profit contribution from the Singapore development projects as compared to the previous quarter.

The property investment segment reported revenue of RM133.5 million and profit before tax of RM26.1 million for the current quarter as compared to revenue of RM162.8 million and profit before tax of RM46.6 million in the immediate preceding quarter. The lower performance in the current quarter as compared to the previous quarter was mainly due to seasonal factors as the leisure and hospitality businesses generate their peak earnings in the last quarter of the financial year. In view of such trend, this segment has performed satisfactorily.

The construction segment reported revenue of RM429.4 million and profit before tax of RM27.9 million in the current quarter as compared to revenue of RM360.3 million and profit before tax of RM17.2 million in the immediate preceding quarter. The higher revenue in the current quarter was due to higher progress billings of infrastructure and building works. The higher profit before tax was also boosted by the finalisation of accounts of some projects which gave rise to additional profit.

The trading and manufacturing segment reported revenue of RM129.6 million and profit before tax of RM8.3 million in the current quarter as compared to the revenue of RM122.7 million and profit before tax of RM7.7 million in the immediate preceding quarter. Despite the challenging economic environment, the performance of the current quarter has started to stabilise and improved slightly as compared to the previous quarter.

The quarry segment reported a current quarter revenue of RM44.3 million and profit before tax of RM4.8 million as compared to revenue of RM57.2 million and profit before tax of RM5.1 million in the preceding quarter. Despite the lower revenue, the current profit before tax remained relatively resilient due to better margins achieved.

The other segment reported a current quarter revenue of RM78.5 million and profit before tax of RM2.6 million as compared to a revenue of RM78.5 million and loss before tax of RM1.5 million in the preceding quarter. The loss for the preceding quarter was mainly due to the impairment provisions made by Sunway Global in China. For the current quarter, the healthcare unit reported lower profit due to lower patient admissions during the festive season and the rental expense incurred subsequent to the disposal of the hospital building to Sunway REIT.

B3 Prospects

Bank Negara recently announced that the gross domestic product ("GDP") growth rate for the first quarter of 2013 was 4.1% as compared to 5.1% recorded in the same quarter last year. The weaker growth was due to lower exports caused by a weaker global environment.

Going forward however, the Government is still forecasting a GDP growth rate of between 5% to 6% for this year. In order to achieve such growth target, the domestic economic activities would have to be much stronger in the second half of the year. Accordingly, the Group expects the Government to accelerate the implementation of more Economic Transformation Programme ("ETP") projects which will augur well for the local economy and the Group.

Barring any unforeseen circumstances, the Group is expected to continue to perform satisfactorily as it is well positioned to capitalize on the improving domestic economy which will also benefit from the strong performance of the local stock market.

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 effective tax rate for the current quarter is 21.5%. The lower effective tax rate was mainly due to the following:

- (a) the recognition of share of profit from certain jointly controlled entities which shares result on a profit after tax basis

	Current Quarter Ended 31/3/2013 RM'000	Cumulative Year To Date 31/3/2013 RM'000
Current taxation	(25,263)	(25,263)
Deferred taxation	(1,079)	(1,079)
	(26,342)	(26,342)

B6 Profit/(Loss) before Taxation

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

	Current Quarter Ended 31/3/2013 RM'000	Cumulative Year To Date 31/3/2013 RM'000
Depreciation and amortisation	(24,226)	(24,226)
Provision/Impairment for:		
- Trade receivables	(623)	(623)
- Inventories	(286)	(286)
Write off:		
- Trade receivables	(51)	(51)
Gain/(loss) on disposal of:		
- property, plant and equipment	199	199
Foreign exchange gain/(loss):		
- Others	(565)	(565)
- Unrealised for hedged items	(10,118)	(10,118)
Cash flow hedge reserve recycled to profit or loss	10,118	10,118

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 renounceable rights issue of up to 594,552,301 new ordinary shares of RM1.00 each in Sunway Berhad ("Rights Shares") and proposed establishment of an Employees' Share Option Scheme ("ESOS")

On 5 April 2013, Sunway Berhad ("Company") had announced its proposal to undertake a renounceable rights issue of up to 594,552,301 Rights Shares at an issue price of RM1.70 per Rights Shares ("Issue Price"), on the basis of one Rights Share for every three existing ordinary shares of RM1.00 each ("Sunway Shares"), held by the shareholders of the Company on an entitlement date to be determined later ("Entitlement Date") ("Entitled Shareholders").

The Proposed Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements for the Rights Shares in full or in part.

The maximum number of 594,552,301 Rights Shares was arrived at after taking into account the following:

- (a) issued and paid-up share capital of the Company as at 31 March 2013 of RM1,292,505,152 comprising 1,292,505,152 Sunway Shares;
- (b) assuming the full exercise of all 258,500,852 outstanding Company warrants 2011/2016 ("Sunway Warrants") as at 31 March 2013 ("Outstanding Sunway Warrants") into 258,500,852 new Sunway Shares prior to the implementation of the Proposed ESOS;
- (c) assuming 232,650,900 ESOS Options (as defined below), being the maximum number of ESOS Options (as defined below) made available under the Proposed ESOS (15% of the then issued and paid-up share capital of the Company), are fully granted in a single tranche, and fully vested and exercised into 232,650,900 new Sunway Shares; and
- (d) the ESOS Shares (as defined below) are allotted prior to the Entitlement Date.

Any unsubscribed Rights Shares shall be made available for excess applications by other Entitled Shareholders and/or their renounee(s). It is the intention of the Board of Directors of the Company ("the Board") to allocate the excess Rights Shares, if any, in a fair and equitable manner as they may deem fit or expedient, and in the best interest of the Company.

Any fractional entitlements of the Rights Shares under the Proposed Rights Issue will be disregarded and shall be dealt with in such manner as the Board shall in their absolute discretion deems fit or expedient and in the best interest of the Company.

The Proposed Rights Issue would enable the Company to raise funds to part finance its capital expenditure including for the development of its investment properties, land bank acquisitions and purchase of property, plant and equipment, repayment of existing borrowings and for its general working capital requirements which are expected to contribute positively to the future profitability of the Group.

On the same date, the Company proposed to establish and implement an ESOS for the granting of option(s) ("ESOS Option(s)") to subscribe for new Sunway Shares to the eligible executive directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries) (collectively referred to as "Participating Sunway Group") who fulfil the eligibility criteria ("Eligible Persons"), subject to the terms and conditions of the by-laws governing the Proposed ESOS ("By-Laws").

The number of ESOS Options to be vested onto the Grantee in each Annual Vesting is based on the Grantee's level of performance for the calendar year prior to the date of such Annual Vesting.

The salient features of the Proposed ESOS, which will be governed by the By-Laws, are as follows:

- (a) the Eligibility of the executive director(s) and employee(s) of the Participating Sunway Group;
- (b) maximum number of new Sunway Shares available under the Proposed ESOS shall not exceed in aggregate 15% of the total issued and paid-up share capital of the Company ("Maximum ESOS Shares Available");
- (c) the allocation of new Sunway Shares to be made available for the granting of ESOS Options;
- (d) the duration of the Proposed ESOS;
- (e) the ESOS Option price;
- (f) the ranking of the new ESOS Shares;
- (g) the listing and quotation of new ESOS Shares;
- (h) the utilisation of the gross proceeds from the exercise of the ESOS Options will be made towards the Group's working capital requirements.

The Board believes the implementation of the Proposed ESOS would align the interests of the Eligible Persons with the Company's effort to enhance its shareholders' value.

Barring any unforeseen circumstances, and subject to the receipt of all the approvals of the relevant parties and authorities, the Proposals are expected to be completed by the fourth quarter of 2013.

B8 Group Borrowings and Debt Securities

The Group borrowings as at 31 March 2013 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Borrowings:			
- Current	1,395,815	474,644	1,870,459
- Non-current	838,390	184,266	1,022,656
	2,234,205	658,910	2,893,115

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

<u>Secured</u>	Foreign currency		RM'000	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
US Dollar (USD'000) *	275,000	80,000	850,988	247,560
Singapore Dollar (SGD'000) **	2,692	-	6,709	-
Trinidad & Tobago Dollar (TTD'000) **	8,940	-	4,339	-
Chinese Renminbi (RMB'000) **	74,884	2,516	37,307	1,254
Indonesian Rupiah (RP'000) **	8,625,786	-	2,743	-
Australia Dollar (AUD'000) **	1,000	12,208	3,227	39,385
<u>Unsecured</u>				
Singapore Dollar (SGD'000) **	27,193	-	67,758	-
			973,071	288,199

Notes:

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

** Borrowings obtained by overseas subsidiaries.

B9 Derivative Financial Instruments

The Group's outstanding derivatives as at 31 March 2013 were as follows:

Type of Derivatives	Contract/ Notional RM'000	Fair Value RM'000	Gains/(Losses) Fair Value for the period RM'000
Foreign currency forward contracts			
- Less than 1 year	5,976	120	135
Interest rate swap contracts			
- 1 year to 3 year	16,368	(164)	121
Total losses on derivatives as per Note A4			256
Cross currency swap contracts			
- 1 year to 3 year	1,073,318	25,205	1,878
Total derivatives		25,161	2,134

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.

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 RM51 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 RM45 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:

	31/3/2013	31/12/2012
	RM'000	RM'000
Total retained profit of the Group:-		
Realised	584,851	564,591
Unrealised	191,308	103,612
Total share of retained profits from associated companies:		
Realised	119,671	100,742
Unrealised	126,683	126,683
Total share of retained profits from Jointly Controlled Entities:		
Realised	270,144	241,014
Unrealised	-	-
Less: Consolidation adjustments	(293,817)	(202,267)
Total Group's retained profits as per consolidated accounts	<u>998,840</u>	<u>934,375</u>

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

B12 Dividend

The Board of Directors has declared an interim single tier dividend of 6% per ordinary share of RM1.00 each for the financial year ended 31 December 2012, which was paid on 30 April 2013.

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 31/3/2013 RM'000	Cumulative Year To Date 31/3/2013 RM'000
<u>Basic earnings per share</u>		
Profit attributable to members of the Company	90,555	90,555
Weighted Average Number of Ordinary Shares	1,292,505	1,292,505
Earnings per share (Basic) (sen)	7.01	7.01
<u>Diluted earnings per share</u>		
Profit attributable to members of the Company	90,555	90,555
Weighted Average Number of Ordinary Shares	1,292,505	1,292,505
Earnings per share (Diluted) (sen)	7.01	7.01

By Order of the Board

**Tan Kim Aun
Chin Lee Chin**

Secretaries