

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

	NOTE	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		CURRENT YEAR	PRECEDING YEAR CORRESPONDING	INCREASE/ (DECREASE)	CURRENT YEAR	PRECEDING YEAR CORRESPONDING	INCREASE/ (DECREASE)
		QUARTER 31/12/2017	QUARTER 31/12/2016		TO DATE 31/12/2017	PERIOD 31/12/2016	
		RM'000	RM'000	%	RM'000	RM'000	%
REVENUE		1,722,898	1,293,405	33%	5,374,834	4,655,592	15%
OPERATING EXPENSES		(1,592,188)	(1,167,949)	36%	(4,847,881)	(4,150,170)	17%
OTHER OPERATING INCOME		91,713	114,161	(20%)	159,690	209,668	(24%)
PROFIT FROM OPERATIONS		222,423	239,617	(7%)	686,643	715,090	(4%)
FINANCE INCOME		54,952	38,630	42%	197,687	119,919	65%
FINANCE COSTS		(45,770)	(52,374)	(13%)	(220,273)	(167,903)	31%
SHARE OF RESULTS FROM ASSOCIATES		28,762	28,572	1%	168,613	124,909	35%
SHARE OF RESULTS FROM JOINT VENTURES		517	16,147	(97%)	49,518	66,977	(26%)
PROFIT BEFORE TAX		260,884	270,592	(4%)	882,188	858,992	3%
INCOME TAX EXPENSE	B5	(54,912)	(45,964)	19%	(149,369)	(140,394)	6%
PROFIT FOR THE PERIOD		205,972	224,628	(8%)	732,819	718,598	2%
ATTRIBUTABLE TO:							
- OWNERS OF THE PARENT		183,804	185,815	(1%)	639,513	585,883	9%
- NON-CONTROLLING INTERESTS		22,168	38,813	(43%)	93,306	132,715	(30%)
		205,972	224,628	(8%)	732,819	718,598	2%
EARNINGS PER SHARE							
(i) BASIC (sen)		3.82	3.89	(2%)	13.29	12.85	3%
(ii) DILUTED (sen)		3.82	3.88	(2%)	13.25	12.74	4%

The earnings per ordinary share for the quarter/period ended 31 December 2016 had been adjusted to reflect the bonus issue of four (4) for every three (3) shares held by the entitled shareholders, which were completed on 6 October 2017.

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2016 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 2017
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2017	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2016	CURRENT YEAR TO DATE 31/12/2017	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2016
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	205,972	224,628	732,819	718,598
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(47,353)	(6,407)	(39,861)	(4,903)
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	-	-	3,869
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS				
- FAIR VALUE OF DERIVATIVES	54,634	195,718	165,827	95,216
- AMOUNT RECYCLED TO PROFIT OR LOSS	(53,929)	(200,699)	(161,885)	(107,038)
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS	(46,648)	(11,388)	(35,919)	(12,856)
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS				
SHARE OF REVALUATION SURPLUS ON LAND FROM ASSOCIATE	-	4,609	-	4,609
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	(46,648)	(6,779)	(35,919)	(8,247)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	159,324	217,849	696,900	710,351
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	146,855	176,085	606,534	575,406
- NON-CONTROLLING INTERESTS	12,469	41,764	90,366	134,945
	159,324	217,849	696,900	710,351

(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 2016 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 2017
THE FIGURES HAVE NOT BEEN AUDITED

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER 31/12/2017 RM'000	IMMEDIATE PRECEDING QUARTER 30/9/2017 RM'000	INCREASE/ (DECREASE) %
REVENUE	1,722,898	1,319,642	31%
OPERATING EXPENSES	(1,592,188)	(1,192,021)	34%
OTHER OPERATING INCOME	91,713	25,943	254%
PROFIT FROM OPERATIONS	<u>222,423</u>	<u>153,564</u>	45%
FINANCE INCOME	54,952	56,198	(2%)
FINANCE COSTS	(45,770)	(62,492)	(27%)
SHARE OF PROFIT FROM ASSOCIATES	28,762	29,908	(4%)
SHARE OF PROFIT FROM JOINT VENTURES	517	19,561	(97%)
PROFIT BEFORE TAX	<u>260,884</u>	<u>196,739</u>	33%
INCOME TAX EXPENSE	(54,912)	(28,960)	90%
PROFIT FOR THE PERIOD	<u>205,972</u>	<u>167,779</u>	23%
ATTRIBUTABLE TO:			
- OWNERS OF THE PARENT	183,804	150,854	22%
- NON-CONTROLLING INTERESTS	<u>22,168</u>	<u>16,925</u>	31%
	<u>205,972</u>	<u>167,779</u>	23%
EARNINGS PER SHARE			
(i) BASIC (sen)	<u>3.82</u>	<u>3.16</u>	21%
(ii) DILUTED (sen)	<u>3.82</u>	<u>3.14</u>	22%

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.)

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER 31/12/2017 RM'000	IMMEDIATE PRECEDING QUARTER 30/9/2017 RM'000
PROFIT FOR THE PERIOD	205,972	167,779
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	(47,353)	(6,668)
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS		
- FAIR VALUE OF DERIVATIVES	54,634	32,792
- AMOUNT RECYCLED TO PROFIT OR LOSS	<u>(53,929)</u>	<u>(32,919)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>(46,648)</u>	<u>(6,795)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>159,324</u>	<u>160,984</u>
ATTRIBUTABLE TO:		
- OWNERS OF THE PARENT	146,855	144,356
- NON-CONTROLLING INTERESTS	<u>12,469</u>	<u>16,628</u>
	<u>159,324</u>	<u>160,984</u>

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2016 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 2017
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	AS AT END OF CURRENT QUARTER 31/12/2017 RM'000	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2016 RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment	2,009,231	1,879,929
Intangible assets	17,271	32,811
Investment properties	2,844,954	2,798,405
Land held for property development	1,682,127	1,191,512
Investment in associates	1,885,820	1,728,879
Investment in joint ventures	1,636,116	1,501,055
Goodwill	309,931	311,840
Deferred tax assets	99,980	70,758
Receivables	62,748	49,760
Derivative assets	34,181	164,711
Rock reserves	6,132	6,394
Other investments	813	476
Biological assets	616	825
	10,589,920	9,737,355
Current assets		
Properties development costs	1,085,046	1,171,286
Inventories	681,339	669,965
Receivables, deposits & prepayments	2,992,713	2,711,263
Cash and bank balances, and placement in funds	4,445,556	4,080,055
Tax recoverable	56,776	39,085
Derivative assets	68,378	342,944
	9,329,808	9,014,598
Assets of disposal group classified as held for sale	294,283	-
TOTAL ASSETS	20,214,011	18,751,953
EQUITY AND LIABILITIES		
Current liabilities		
Payables, accruals & other current liabilities	2,991,497	2,630,723
Bank borrowings	4,910,261	4,860,045
Taxation	25,966	30,885
Derivative liabilities	48,315	5,560
	7,976,039	7,527,213
Non-current liabilities		
Long term bank borrowings	3,349,131	2,553,122
Other long term liabilities	280,788	340,183
Derivative liabilities	4,496	3,644
Deferred taxation	120,484	94,561
	3,754,899	2,991,510
Total liabilities	11,730,938	10,518,723
Equity attributable to Owners of the Parent		
Share capital	5,370,606	2,063,067
Share premium	-	3,118,802
Treasury shares	(63,817)	(120,532)
Equity contribution from non-controlling interests	51,654	51,654
Reserves	2,481,486	2,356,731
	7,839,929	7,469,722
NON-CONTROLLING INTERESTS	643,144	763,508
Total equity	8,483,073	8,233,230
TOTAL EQUITY AND LIABILITIES	20,214,011	18,751,953
Number of ordinary shares	4,918,491	4,813,823 *
Net Assets Per Share Attributable To Owners Of The Parent (RM)	1.59	1.55

* On 6 October 2017, the Company issued bonus shares on a basis of four (4) bonus shares for every three (3) existing Sunway Shares held. The number of ordinary shares as at 31 December 2016 was therefore adjusted on the same basis for comparative purposes. The Company had 2,063,067 ordinary shares as at 31 December 2016 before adjustment.

(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 2016 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 2017
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2017

	ATTRIBUTABLE TO OWNERS OF THE PARENT												TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY	
	NON-DISTRIBUTABLE				RESERVES											TOTAL RESERVES
	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	EQUITY CONTRIBUTION FROM NON-CONTROLLING INTERESTS	NEGATIVE MERGER RESERVE	FOREIGN EXCHANGE RESERVE	SHARE OPTION RESERVE	HEDGE RESERVE	FURNITURE & FITTINGS RESERVE	OTHER RESERVES	RETAINED PROFITS					
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
PERIOD ENDED 31 DECEMBER 2017																
At 1 January 2017	2,063,067	3,118,802	(120,532)	51,654	(1,192,040)	145,649	63,987	(21,794)	8,370	191,645	3,160,914	2,356,731	7,469,722	763,508	8,233,230	
Profit for the year	-	-	-	-	-	-	-	-	-	-	639,513	639,513	639,513	93,306	732,819	
Other comprehensive income	-	-	-	-	-	(36,921)	-	3,942	-	-	-	(32,979)	(32,979)	(2,940)	(35,919)	
Total comprehensive income	-	-	-	-	-	(36,921)	-	3,942	-	-	639,513	606,534	606,534	90,366	696,900	
Issuance of ordinary shares pursuant to																
- exercise of ESOS	188,352	383	-	-	-	-	(53,391)	-	-	-	-	(53,391)	135,344	-	135,344	
- exercise of warrants	2	-	-	-	-	-	-	-	-	-	-	-	2	-	2	
Bonus issue of shares	2,799,886	(2,799,886)	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(48,164)	(48,164)	
Share buy back by a subsidiary	-	-	-	-	-	-	-	-	-	-	(581)	(581)	(581)	(713)	(1,294)	
Purchase of treasury shares during the year	-	-	(6,961)	-	-	-	-	-	-	-	-	-	(6,961)	-	(6,961)	
Dividends declared	-	-	63,676	-	-	-	-	-	-	-	(291,822)	(291,822)	(228,146)	-	(228,146)	
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	319	319	
Shares acquired by non-controlling interest	-	-	-	-	-	-	-	-	-	-	(3,442)	(3,442)	(3,442)	4,528	1,086	
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	(21,980)	(110,924)	(132,904)	(132,904)	(140,407)	(273,311)	
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(23,300)	(23,300)	
Disposal of a subsidiary	-	-	-	-	-	(122)	-	-	-	-	483	361	361	7	368	
Transfer to furniture & fittings reserve	-	-	-	-	-	-	-	-	4,166	-	(4,166)	-	-	-	-	
Redemption of equity contribution by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,000)	(3,000)	
Transfer pursuant to Companies Act 2016 *	319,299	(319,299)	-	-	-	-	-	-	-	-	-	-	-	-	-	
At 31 December 2017	5,370,606	-	(63,817)	51,654	(1,192,040)	108,606	10,596	(17,852)	12,536	169,665	3,389,975	2,481,486	7,839,929	643,144	8,483,073	
* With the introduction of the Companies Act 2016 effective 31 January 2017, the balance within the share premium account of RM319,299,000, after taking into consideration bonus issue of shares during the financial period, have been transferred to the share capital account. Notwithstanding this provision, the Company may utilise its share premium account for purposes stipulated in Section 618(3) and Section 618(4) of the Companies Act 2016 for a transitional period of 24 months from 31 January 2017.*																
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	-	-	-	-	-	-	-	-	-	-	585,883	585,883	585,883	132,715	718,598	
Other comprehensive income	-	-	-	-	-	(7,133)	-	(11,822)	-	8,478	-	(10,477)	(10,477)	2,230	(8,247)	
Total comprehensive income	-	-	-	-	-	(7,133)	-	(11,822)	-	8,478	585,883	575,406	575,406	134,945	710,351	
New ESOS granted	-	-	-	-	-	-	4,130	-	-	-	-	4,130	4,130	-	4,130	
Issuance of ordinary shares pursuant to																
- exercise of ESOS	10,666	31,173	-	-	-	-	(15,309)	-	-	-	-	(15,309)	26,530	-	26,530	
- exercise of warrants	252,646	315,807	-	-	-	-	-	-	-	-	-	-	568,453	-	568,453	
Purchase of treasury shares during the year	-	-	(56,928)	-	-	-	-	-	-	-	-	-	(56,928)	-	(56,928)	
Dividends declared	-	-	-	-	-	-	-	-	-	-	(219,459)	(219,459)	(219,459)	-	(219,459)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(41,325)	(41,325)	
Disposal of a subsidiary	-	-	-	-	-	11,537	-	-	-	(70)	-	11,467	11,467	14,294	25,761	
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	-	441	(2,593)	(2,593)	5,036	2,443	
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	-	1,034	(1,034)	-	-	-	-	
Transfer to furniture & fittings reserve	-	-	-	-	-	-	-	-	3,797	-	(3,797)	-	-	-	-	
At 31 December 2016	2,063,067	3,118,802	(120,532)	51,654	(1,192,040)	145,649	63,987	(21,794)	8,370	191,645	3,160,914	2,356,731	7,469,722	763,508	8,233,230	

(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 2016 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 2017
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2017

	FOR THE 12 MONTHS PERIOD ENDED 31/12/2017	FOR THE 12 MONTHS PERIOD ENDED 31/12/2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	882,188	858,992
Adjustments for:		
- non-cash items	(85,561)	(113,134)
- finance costs	220,273	167,903
- finance income	(197,687)	(119,919)
Operating cash flows before working capital changes	819,213	793,842
Changes in working capital	(235,721)	(251,161)
Cash flow generated from operations	583,492	542,681
Interest received	197,687	115,592
Dividend received from joint ventures and associates	120,265	118,482
Tax refunded	3,221	5,928
Tax paid	(178,499)	(114,604)
Net cash flow generated from operating activities	726,166	668,079
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment, and biological assets	56,541	63,626
Proceeds from disposal of intangible assets	-	174
Proceeds from disposal of land held for property development	-	17,693
Proceeds from disposal of other investments	-	913
Net cash flow from disposal of subsidiaries	761	(193)
Acquisition of subsidiaries	-	(2,962)
Acquisition of land	(230,909)	(26,238)
Acquisition of property, plant and equipment, and biological assets	(507,941)	(365,069)
Acquisition of intangible assets	(10,466)	(8,215)
Acquisition of equity interest from non-controlling interest	(273,297)	2,443
Acquisition and subsequent expenditure of investment properties	(88,887)	(156,199)
Additional shares acquired by non-controlling interest	(962)	-
Investment in joint ventures	(8,927)	(62,178)
Investment in associates	(99,927)	(4,634)
Repayment from/(Advances to) associates and joint ventures	25,803	(195,337)
Repayment of quasi-equity loan advances from joint venture	14,329	-
Net cash used in investing activities	(1,123,882)	(736,176)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	1,241,177	1,427,436
Placement of short-term investments	-	(898,997)
Redemption of preference shares held by minority shareholders in subsidiary companies	(23,314)	-
Interest paid	(220,273)	(167,903)
Proceeds from issue of shares from exercise of warrants	-	568,453
Proceeds from issue of shares from exercise of ESOS	138,491	26,530
Repurchase of shares	(6,961)	(56,928)
Dividend paid to shareholders	(228,146)	(219,459)
Dividend paid to non-controlling interests of subsidiaries	(48,164)	(41,325)
Repayment to non-controlling interests of subsidiaries	(146,702)	-
Repayment of equity contribution to non-controlling interests of subsidiaries	(3,000)	-
Net cash generated from financing activities	703,108	637,807
NET INCREASE IN CASH AND CASH EQUIVALENTS	305,392	569,710
EFFECTS OF EXCHANGE RATE CHANGES	(2,287)	6,552
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,824,156	1,247,894
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	2,127,261	1,824,156
Bank overdrafts	133,707	71,311
Short-term investments	2,184,588	2,184,588
Cash and bank balances, and placement in funds	4,445,556	4,080,055

(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 2016 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 ended 31 December 2017.

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 2016. 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 2016.

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 2016 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 2017, as disclosed below:

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRS 12	Annual Improvements to FRS Standards 2014 - 2016 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 2017.

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 2017.

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

During the financial period ended 31 December 2017, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 55,537,314 ordinary shares pursuant to the exercise of the Employees' Share Option Scheme;
- (b) the repurchase of equity securities of 4,166,800 ordinary shares, which consist of:
 - (i) 191,900 ordinary shares were repurchased before the bonus issue on 6 October 2017 at an average price of RM3.02
 - (i) 3,974,900 ordinary shares were repurchased after the bonus issue on 6 October 2017 at an average price of RM1.61 per share.
- (c) issuance of 2,799,885,894 ordinary shares pursuant to bonus issue of shares on 6 October 2017; and
- (d) issuance of 1,106 ordinary shares pursuant to the exercise of warrants.

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

A7 Dividend Paid

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

- (a) RM81,151,797 was paid on 28 April 2017 as second interim dividend of 4 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2016.
- (b) A share dividend distribution of approximately 20.3 million treasury shares was distributed on 28 April 2017 on the basis of 1 treasury share for every 100 existing ordinary shares held.

Based on the cost of treasury shares amounting to RM63.7 million (equivalent to approximately RM3.14 per share), the share dividend is equivalent to cash dividend of 3.14 sen per share.

- (c) RM146,994,145 was paid on 26 October 2017 as first interim dividend of 3 sen per ordinary share for the financial year ended 31 December 2017 after the bonus issue of new ordinary shares on the basis of four (4) bonus shares for every three (3) existing Sunway shares held. The aforesaid cash dividend before the bonus issue of new ordinary shares is equivalent to 7 sen per ordinary share.

A8 Segmental Reporting

Segmental results for the financial period ended 31 December 2017 are as follows:

	Property Development RM'000	Property Investment Division RM'000	Construction RM'000	Trading and Manufacturing RM'000	Quarry RM'000	Investment Holdings RM'000	Others RM'000	Consolidated RM'000
BY BUSINESS SEGMENTS								
REVENUE AND EXPENSES								
Total revenue	1,093,077	1,046,714	2,856,613	1,289,391	214,759	607,978	784,225	7,892,757
Inter-company sales	(103,416)	(181,323)	(1,228,957)	(292,923)	(12,688)	(602,766)	(95,850)	(2,517,923)
External sales	989,661	865,391	1,627,656	996,468	202,071	5,212	688,375	5,374,834
Results								
Operating segment results	199,313	208,461	166,042	58,146	7,471	(33,631)	80,841	686,643
Finance income	30,501	4,983	13,958	1,119	209	126,888	20,029	197,687
Finance costs	(23,583)	(180,959)	(6,230)	(15,330)	(2,232)	21,438	(13,377)	(220,273)
Share of results of:								
- associated companies	2	166,135	-	-	-	-	2,476	168,613
- joint ventures	34,862	14,075	581	-	-	-	-	49,518
Profit before taxation	241,095	212,695	174,351	43,935	5,448	114,695	89,969	882,188
Taxation	(51,741)	(37,412)	(35,585)	(12,481)	2,860	(5,947)	(9,063)	(149,369)
Profit for the period	189,354	175,283	138,766	31,454	8,308	108,748	80,906	732,819
Non controlling interests	(33,551)	8,766	(65,309)	(2,731)	(180)	45	(346)	(93,306)
Attributable to owners of the parent	155,803	184,049	73,457	28,723	8,128	108,793	80,560	639,513

	Revenue RM'000	Profit before tax RM'000	Profit after tax RM'000	Attributable to owners of the parent RM'000
BY GEOGRAPHICAL SEGMENTS				
Malaysia	4,871,484	801,599	659,692	580,130
Singapore	194,784	66,570	64,400	55,981
China	156,799	(6,503)	(7,585)	(8,438)
India	-	(58)	(58)	(58)
Australia	42,048	4,352	3,998	2,316
United Arab Emirates	-	5,112	5,112	2,713
Other Countries	109,719	11,116	7,260	6,869
	5,374,834	882,188	732,819	639,513

Segmental results by foreign currency for the financial period ended 31 December 2017 are as follows:

PROPERTY DEVELOPMENT SEGMENT:

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	978,685	200,852	149,368	117,504	978,685	200,852	149,368	117,504
Australian Dollar (AUD'000)	-	1,012	934	420	-	3,333	3,076	1,384
Hong Kong Dollar (HKD'000)	-	(4,919)	(4,919)	(4,919)	-	(2,714)	(2,714)	(2,714)
India Rupee (INR'000)	-	45	45	45	-	3	3	3
China Yuan Renminbi (RMB'000)	17,262	(7,359)	(7,359)	(7,359)	10,976	(4,679)	(4,679)	(4,679)
Singapore Dollar (SGD'000)	-	14,195	14,195	14,195	-	44,313	44,313	44,313
US Dollar (USD'000)	-	(3)	(3)	(2)	-	(13)	(13)	(8)
					989,661	241,095	189,354	155,803

PROPERTY INVESTMENT DIVISION SEGMENT:

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	842,784	213,167	175,641	184,802	842,784	213,167	175,641	184,802
Hong Kong Dollar (HKD'000)	-	(743)	(743)	(743)	-	(410)	(410)	(410)
US Dollar (USD'000)	3,302	167	194	102	14,156	717	831	436
Vietnam Dong (VND'000,000)	44,779	(4,128)	(4,128)	(4,128)	8,451	(779)	(779)	(779)
					865,391	212,695	175,283	184,049

CONSTRUCTION SEGMENT:

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	1,479,196	137,333	103,555	54,364	1,479,196	137,333	103,555	54,364
United Arab Emirates Dirham (AED'000)	-	4,376	4,376	2,322	-	5,112	5,112	2,713
India Rupee (INR'000)	53,854	117,898	117,898	64,165	3,562	7,798	7,798	4,244
Singapore Dollar (SGD'000)	46,415	7,722	7,144	3,888	144,898	24,108	22,301	12,136
					1,627,656	174,351	138,766	73,457

TRADING & MANUFACTURING SEGMENT:

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	718,516	24,277	17,005	15,153	718,516	24,277	17,005	15,153
Australian Dollar (AUD'000)	12,764	316	287	286	42,048	1,042	945	942
Indonesia Rupiah (IDR'000,000)	189,285	21,469	13,453	13,453	60,587	6,872	4,306	4,306
China Yuan Renminbi (RMB'000)	155,548	11,155	9,471	8,093	98,905	7,093	6,022	5,146
Singapore Dollar (SGD'000)	15,980	625	476	476	49,887	1,951	1,485	1,485
Thai Baht (THB'000)	209,140	21,288	13,333	13,333	26,525	2,700	1,691	1,691
					996,468	43,935	31,454	28,723

INVESTMENT HOLDING SEGMENT:

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	3,268	120,889	114,952	114,951	3,268	120,889	114,952	114,951
Hong Kong Dollar (HKD'000)	-	(6,642)	(6,660)	(6,577)	-	(3,665)	(3,675)	(3,629)
China Yuan Renminbi (RMB'000)	3,057	(3,977)	(3,977)	(3,977)	1,944	(2,529)	(2,529)	(2,529)
					5,212	114,695	108,748	108,793

OTHERS SEGMENT:

	Foreign currency				RM'000			
	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	643,400	89,907	80,844	80,522	643,400	89,907	80,844	80,522
China Yuan Renminbi (RMB'000)	70,732	(13)	(13)	(50)	44,975	(8)	(8)	(32)
					688,375	89,969	80,906	80,560

The quarry segment is denominated entirely in Malaysian Ringgit.

Segmental assets and liabilities for the financial period ended 31 December 2017 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
Assets								
Segment assets	4,836,988	4,315,239	1,783,620	796,182	162,684	3,040,605	1,600,000	16,535,318
Investment in associates	26,838	1,798,143	-	269	-	-	60,570	1,885,820
Investment in joint ventures	1,523,411	112,705	-	-	-	-	-	1,636,116
Unallocated assets								156,757
Total assets								20,214,011
Liabilities								
Segment liabilities	1,194,181	1,039,544	1,170,717	229,771	53,931	7,335,157	561,187	11,584,488
Unallocated liabilities								146,450
Total liabilities								11,730,938

A9 **Foreign Currency Rates**

The foreign currency exchange rates used are as follows:

Denomination	Closing rate	Average rate
United Arab Emirates Dirham	1.1078	1.1682
Australian Dollar	3.1748	3.2942
Hong Kong Dollar	0.5202	0.5518
Indonesia Rupiah ('000)	0.3000	0.3201
India Rupee	0.0634	0.0661
Japanese Yen	0.0361	0.0384
China Yuan Renminbi	0.6226	0.6359
Singapore Dollar	3.0443	3.1218
Thai Baht	0.1244	0.1268
US Dollar	4.0650	4.2870
Vietnam Dong ('000)	0.1790	0.1887

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

A10 **Valuation of Property, Plant and Equipment and Investment Properties**

The Group adopts the fair value model for its investment properties. There is no significant and indicative change in value of the said investment properties since the last balance sheet date, except for the total net fair value gain of RM18.2 million recognised during the year based on a professional valuer's opinion.

A11 **Material events**

There were no material events subsequent to the current quarter ended 31 December 2017.

A12 **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 2017.

A13 **Contingent Liabilities and Assets**

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

	31/12/2017 RM'000	31/12/2016 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>791,410</u>	<u>677,257</u>

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

A14 **Commitments**

(a) Capital commitment not provided for in the financial year as at 31 December 2017 is as follows:

	31/12/2017 RM'000	31/12/2016 RM'000
Amount authorised and contracted for	126,060	68,831
Amount authorised but not contracted for	<u>314,609</u>	<u>153,101</u>
	<u>440,669</u>	<u>221,932</u>

(b) Operating lease commitment not provided for in the financial year as at 31 December 2017 is as follows:

	31/12/2017 RM'000	31/12/2016 RM'000
Future minimum lease payment:		
- not later than 1 year	92,065	90,601
- later than 1 year and not later than 5 years	228,816	281,241
- later than 5 years	<u>40,819</u>	<u>90,295</u>
	<u>361,700</u>	<u>462,137</u>
Future minimum lease receipts:		
- not later than 1 year	76,178	78,069
- later than 1 year and not later than 5 years	314,937	275,663
- later than 5 years	<u>801,957</u>	<u>938,425</u>
	<u>1,193,072</u>	<u>1,292,157</u>

B1 Review of Performance

For the quarter

The Group recorded revenue of RM1,722.9 million and profit before tax of RM260.9 million for the current quarter ended 31 December 2017 compared to revenue of RM1,293.4 million and profit before tax of RM270.6 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 33.2% and decrease in profit before tax of 3.6%. Revenue in the current quarter was higher due to higher contributions from most business segments, except the Quarry division. Profit before tax was lower in the current quarter, however, mainly due to the property development, trading and manufacturing, and quarry segments which registered lower profits.

The property development segment reported revenue of RM413.0 million and profit before tax of RM105.4 million in the current quarter compared to revenue of RM406.3 million and profit before tax of RM136.2 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 1.7% and decrease in profit before tax of 22.6%. Although revenue was marginally higher in the current quarter, profit before tax was lower mainly due to lower profit recognition from local projects. In addition, profit before tax in the corresponding quarter of the previous financial year was boosted by the sale of land in Penang to Sunway REIT.

The property investment segment reported revenue of RM245.7 million and profit before tax of RM47.1 million in the current quarter compared to revenue of RM172.9 million and profit before tax of RM37.7 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 42.1% and profit before tax of 25.0%. The higher revenue in the current quarter was mainly contributed by additional revenue from the new Sunway Velocity Mall, which was only opened in December 2016, and higher revenue from Sunway Pyramid Hotel which was fully re-opened in 2017 following a refurbishment exercise in 2016. Although profit contribution from the new Sunway Velocity Mall is not expected to be positive during the initial rental period due to higher rebates given in the current competitive market condition, and fair value gains from the revaluation of investment properties was lower in the current quarter at RM14.9 million compared to RM37.4 million in the corresponding quarter, the current profit before tax was still higher due to better contribution from the other operations.

The construction segment recorded revenue of RM583.3 million and profit before tax of RM54.1 million in the current quarter compared to revenue of RM288.7 million and profit before tax of RM29.7 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 102.0% and profit before tax of 82.2%. The financial performance of the segment in the current quarter was better mainly due to higher progress billings from local construction projects and lower intra-group eliminations.

The trading and manufacturing segment recorded revenue of RM232.4 million and profit before tax of RM10.6 million in the current quarter compared to revenue of RM215.1 million and profit before tax of RM16.3 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 8.0% and decrease in profit before tax of 34.8%. Revenue was higher in the current quarter mainly due to improvements in the overall market condition and sentiment, which resulted in higher sales for the segment, both locally and overseas. Profit before tax was lower, however, as profit in the corresponding quarter of the previous financial year was boosted by a provision write-back for inventories of the Winstar group of companies.

The quarry segment recorded revenue of RM52.9 million and loss before tax of RM1.2 million in the current quarter compared to revenue of RM54.1 million and profit before tax of RM0.8 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 2.2% and profit before tax of 245.1%. The lower performance in the current quarter was mainly due to lower sales volume for aggregates and premix, which was affected by the temporary halt in operations at the Rawang quarry due to closure of the access road for the final stage of construction of a new highway.

The other segments recorded revenue of RM195.6 million and profit before tax of RM44.9 million in the current quarter compared to revenue of RM156.3 million and profit before tax of RM49.9 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 25.2% and decrease in profit before tax of 9.9%. Revenue was higher in the current quarter mainly due to higher contributions from the healthcare and building materials segments, while profit before tax was flat due to provisions for impairment of receivables made by the Group's leasing business.

For the 12 months period

The Group recorded revenue of RM5,374.8 million and profit before tax of RM882.2 million for the current 12 months period ended 31 December 2017 compared to revenue of RM4,655.6 million and profit before tax of RM859.0 million for the corresponding 12 months period ended 31 December 2016, representing an increase in revenue of 15.4% and profit before tax of 2.7%. Performance in the current period was better due to higher contributions from most business segments, except the property development and quarry segments.

The property development segment reported revenue of RM989.7 million and profit before tax of RM241.1 million for the current 12 months period ended 31 December 2017 compared to revenue of RM1,203.0 million and profit before tax of RM328.2 million for the corresponding 12 months period ended 31 December 2016, representing a decrease in revenue of 17.7% and profit before tax of 26.5%. The performance for the current period was lower mainly due to lower sales and progress billings from local development projects.

The property investment segment reported revenue of RM865.4 million and profit before tax of RM212.7 million for the current 12 months period ended 31 December 2017 compared to revenue of RM692.1 million and profit before tax of RM158.4 million for the corresponding 12 months period ended 31 December 2016, representing an increase in revenue of 25.0% and profit before tax of 34.3%. Revenue was higher in the current period mainly due to the additional contribution from Sunway Velocity Mall (which opened in December 2016), an increase in the number of visitors to the Group's theme parks, and the re-opening of the refurbished Sunway Pyramid Hotel in 2017. Although profit contribution from the new Sunway Velocity Mall is not expected to be positive during the initial rental period due to higher rebates given in the current competitive market condition, profit before tax in the current period was higher due to better contribution from the other operations, and boosted by the share of higher fair value gains from revaluation of investment properties and Sunway REIT properties in the current period of RM71.7 million compared to RM61.1 million in the corresponding period.

The construction segment reported revenue of RM1,627.7 million and profit before tax of RM174.4 million for the current 12 months period ended 31 December 2017 compared to revenue of RM1,137.4 million and profit before tax of RM134.1 million for the corresponding 12 months period ended 31 December 2016, representing an increase in revenue of 43.1% and profit before tax of 30.0%. Performance of this segment in the current period was better due to stronger progress billings from local construction projects and lower intra-group eliminations.

The trading and manufacturing segment reported revenue of RM996.5 million and profit before tax of RM43.9 million for the current 12 months period ended 31 December 2017 compared to revenue of RM833.3 million and profit before tax of RM35.6 million for the corresponding 12 months period ended 31 December 2016, representing an increase in revenue of 19.6% and profit before tax of 23.3%. Improvements in the overall market condition and sentiment resulted in higher sales and profit for the segment, both locally and overseas.

The quarry segment reported revenue of RM202.1 million and profit before tax of RM5.4 million for the current 12 months period ended 31 December 2017 compared to revenue of RM207.4 million and profit before tax of RM25.0 million for the corresponding 12 months period ended 31 December 2016, representing a decrease in revenue of 2.6% and profit before tax of 78.2%. Revenue in the current period was marginally lower due to lower sales volume for aggregates and premix, while profit before tax was lower mainly due to lower operating margins. The performance of this segment was also negatively affected by the temporary halt in operations at the Rawang quarry, as mentioned above, and cessation / relocation of two other quarry sites during the year.

The other segments reported revenue of RM693.4 million and profit before tax of RM204.7 million for the current 12 months period ended 31 December 2017 compared to revenue of RM582.4 million and profit before tax of RM177.7 million for the corresponding 12 months period ended 31 December 2016, representing an increase in revenue of 19.1% and profit before tax of 15.1%. The improved performance in the current period was mainly due to higher contribution from the healthcare and building materials segments, and the Group's treasury operations.

B2 Material Changes in the Quarterly Results

The Group recorded revenue of RM1,722.9 million and profit before tax of RM260.9 million for the current quarter compared to revenue of RM1,319.6 million and profit before tax of RM196.7 million in the preceding quarter, representing an increase in revenue of 30.6% and profit before tax of 32.6%. The improved performance in the current quarter was mainly contributed by the property development and construction segments.

The property development segment recorded revenue of RM413.0 million and profit before tax of RM105.4 million in the current quarter compared to revenue of RM162.2 million and profit before tax of RM35.5 million in the preceding quarter, representing an increase in revenue of 154.6% and profit before tax of 197.3%. Performance in the current quarter was better mainly due to completion and handover of several local development projects during the current quarter.

The property investment segment recorded revenue of RM245.7 million and profit before tax of RM47.1 million in the current quarter compared to revenue of RM225.4 million and profit before tax of RM50.0 million in the preceding quarter, representing an increase in revenue of 9.0% and decrease in profit before tax of 5.8%. Revenue in the current quarter was higher mainly due to higher visitorship to the Group's theme parks. Profit before tax, however, was flat despite fair value gains from the revaluation of investment properties of RM14.9 million recorded in the current quarter, as the gains were offset by impairment for the BRT Park N' Ride facilities.

The construction segment recorded revenue of RM583.3 million and profit before tax of RM54.1 million in the current quarter compared to revenue of RM416.6 million and profit before tax of RM41.0 million in the preceding quarter, representing an increase in revenue of 40.0% and profit before tax of 31.8%. Revenue was higher in the current quarter mainly due to higher progress billings from local construction projects. Profit before tax was higher in line with the higher revenue.

The trading and manufacturing segment recorded revenue of RM232.4 million and profit before tax of RM10.6 million in the current quarter compared to revenue of RM292.9 million and profit before tax of RM14.2 million in the preceding quarter, representing a decrease in revenue of 20.7% and profit before tax of 24.9%. Revenue and profit before tax for this segment were lower in the current quarter, impacted by lower sales both locally and overseas. Particularly, sales of the segment's building materials, heavy equipment parts and industrial hardware was lower in the current quarter.

The quarry segment recorded revenue of RM52.9 million and loss before tax of RM1.2 million in the current quarter compared to revenue of RM50.3 million and profit before tax of RM2.5 million in the preceding quarter, representing an increase in revenue of 5.2% and decrease in profit before tax of 148.9%. Revenue increased in the current quarter mainly due to the higher selling price and sales volume for premix. Profit before tax, however, was negatively impacted by lower operating margins and allowances for impairment of receivables recorded in the current quarter.

The other segments recorded revenue of RM195.6 million and profit before tax of RM44.9 million in the current quarter compared to revenue of RM172.2 million and profit before tax of RM53.5 million in the preceding quarter, representing an increase in revenue of 13.6% and decrease in profit before tax of 16.3%. The higher revenue was mainly contributed by the healthcare and building materials segments. Profit before tax was lower, however, due to provisions for impairment of receivables made by the Group's leasing business.

B3 Prospects

The Malaysian economy expanded by 5.9% in the fourth quarter of 2017, which is above market expectation. It is higher than the 4.5% growth rate recorded in the corresponding quarter of 2016. This brings 2017's annual growth rate to 5.9% compared with the moderate 4.2% recorded in 2016.

Looking ahead, the growth rate for the local economy is expected to remain favourable. It will continue to be sustained by domestic demand and ongoing implementation of infrastructure projects by the government. The expected stronger global growth will also continue to benefit Malaysia's exports, with positive spillovers to the domestic economy.

The Group is well-positioned to capitalise on such positive economic prospects. It will also benefit from the government's roll out of more infrastructure projects and initiatives to promote the tourism and healthcare tourism sectors, which augurs well for the Group. Although the property sector is still consolidating, demand is expected to improve on the back of sustained economic growth and improving sentiment as the local currency recovers and starts to stabilise.

Hence, barring any unforeseen circumstances, the Group is expected to continue to deliver satisfactory performance in 2018.

B4 Variance of Actual Profit from Profit Forecast

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

B5 Taxation

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

	Current Quarter Ended 31/12/2017 RM'000	Cumulative Year To Date 31/12/2017 RM'000
Current taxation	(64,009)	(160,532)
Deferred taxation	9,097	11,163
	<u>(54,912)</u>	<u>(149,369)</u>

B6 Profit/(Loss) before Taxation

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

	Current Quarter Ended 31/12/2017 RM'000	Cumulative Year To Date 31/12/2017 RM'000
Depreciation and amortisation	(35,288)	(139,106)
Net reversal/(provision) of impairment for:		
- Trade receivables	(7,149)	(10,149)
- Inventories	493	(1,286)
Write off:		
- Trade receivables	-	(1,458)
- Property, plant and equipment	(1,443)	(2,151)
Net gain on disposal of:		
- property, plant and equipment	5,427	7,701
Impairment of intangible assets	(18,173)	(18,173)
Net foreign exchange gain/(loss):		
- Others	3,427	5,189
- Unrealised for hedged items	53,929	161,885
Cash flow hedge reserve recycled to profit or loss	(53,929)	(161,885)

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 Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. with Sunway Serene Sdn. Bhd. (formerly known as 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.

Sunway Subang 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
Sunway Serene Sdn. Bhd. (formerly known as Sunway Dimension Stones Sdn. Bhd.) ("SSSB")	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 SSSB, 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.

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

- (a) SSSB 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) SSSB 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.

B7.1 Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. with Sunway Serene Sdn. Bhd. (formerly known as 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.)

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 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 and the Proposed Joint Venture were completed on 29 June 2016 and 24 May 2017 respectively. The remainder of the Proposed Property Acquisition has not been completed as at the date of this report.

B7.2 Proposed acquisition of land by Sunway Supply Chain Enterprise Sdn. Bhd.

On 31 July 2017, Sunway Supply Chain Enterprise Sdn Bhd ("SSCE"), a wholly-owned subsidiary of Sunway Holdings Sdn Bhd which in turn is a wholly-owned subsidiary of the Company, entered into an agreement ("Agreement") with Premier Place Property Sdn Bhd ("PPP"), a wholly-owned subsidiary of JAKS Resources Berhad whereby PPP and SSCE or its related corporation agree to execute a sale and purchase agreement ("SPA") within 21 days from the date of the Agreement or such extended time period as the parties shall mutually agree in writing to acquire the following 4 parcels of freehold land totaling 5.988 hectares or 644,575.24 square feet for a total purchase consideration of RM167,589,760 (excluding Goods and Services Tax) ("Proposed

- (i) Geran Mukim 85 Lot 526, Tempat Sungei Penaga, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 1.214 hectares or 130,673.87 square feet ("Land 1");
- (ii) Geran Mukim 84 Lot 527, Tempat Sungei Penaga, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 1.214 hectares or 130,673.87 square feet ("Land 2");
- (iii) Geran Mukim 83 Lot 528, Tempat Sungei Penaga, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 1.214 hectares or 130,673.87 square feet ("Land 3"); and
- (iv) Geran Mukim 319 Lot 62506 Tempat Sungei Penaga, Pekan Subang Jaya, Daerah Petaling, Negeri Selangor measuring approximately 2.346 hectares or 252,553.63 square feet ("Land 4").
- (Land 1, Land 2, Land 3 and Land 4 shall collectively be referred as "the Lands")

The SPA shall be conditional upon PPP obtaining the approval of the shareholders of JAKS Resources Berhad in a general meeting for the disposal of the Lands by PPP to SSCE within 4 months from the date of the SPA or such extended time period as the parties thereto shall mutually agree in writing. The SPA shall become unconditional upon the fulfilment of this condition precedent and receipt of a written notification of the same by SSCE ("Unconditional Date").

SSCE had on 17 August 2017 signed the SPA for the Proposed Land Acquisition.

SSCE had on 1 February 2018 entered into a supplemental agreement with PPP ("Supplemental Agreement") to vary and amend certain terms and conditions of the SPA dated 17 August 2017 in relation to the Proposed Land Acquisition.

B7.2 Proposed acquisition of land by Sunway Supply Chain Enterprise Sdn. Bhd. (contd.)

Details of the Supplemental Agreement include, inter-alia, the following:

- (a) SSCE noted that the respective areas of Land 1, Land 2 and Land 3 may not be in accordance with the details as specified in the issue documents of title of Land 1, Land 2 and Land 3 respectively. In particular, PPP and SSCE agree that part of the major road known as Persiaran Subang 1 is situated on part of Land 1, Land 2 and Land 3. The aggregate area of the affected portions is approximately 49,857 square feet (the "Affected Portions"). PPP is using its best endeavors to obtain a written confirmation from the relevant authorities to confirm the actual areas of Land 1, Land 2 and Land 3 in order to resolve the uncertainty ("Written Confirmation from Authorities").
- (b) Pending the issuance of the Written Confirmation from Authorities, the parties agree, inter alia, that a total sum of RM13,000,000 ("Escrow Amount") and estimated expenses of RM780,000/- ("Estimated Expenses") out of the balance purchase price shall be deposited with SSCE's solicitors to hold as stakeholders in an interest bearing account on or before the completion date or the expiry of the extended period as mutually agreed by the parties, as the case may be. The Escrow Amount and Estimated Expenses will be dealt with after the issue documents of title for Land 1, Land 2 and Land 3 are extracted from the relevant Land Registry following the registration of the transfer in favour of SSCE.

On 15 December 2017, the SPA has become unconditional as the condition precedent has been fulfilled. The Proposed Land Acquisition has been completed but payment has not been as at the date of this report.

B7.3 Acquisition of land and buildings by Daksina Harta Sdn. Bhd. from Concept Housing Development (M) Sdn. Bhd., a related party.

On 1 August 2017, Daksina Harta Sdn Bhd ("Purchaser"), a subsidiary of the Company, entered into a Sale and Purchase Agreement ("SPA") with Concept Housing Development (M) Sdn Bhd ("Vendor") for the acquisition of a freehold land held under Geran No. 47813, Lot No. 1, Mukim Kajang, Daerah Ulu Langat, Negeri Selangor measuring approximately 24,281.1 square metres (before taking into account/deducting the portion of the land that was compulsorily acquired by the relevant authority measuring 2,928 square metres) ("the Land") together with a partially completed commercial complex comprising a 3-storey podium (3 units of office space) including 1 unit of Tenaga Nasional Berhad substation, a 20-storey office Block A (17 units of office space), a 12-storey office Block B (9 units of office space) and a 10-storey car park ("the Buildings") free from encumbrances and with vacant possession for a total purchase consideration of RM63,000,000 (excluding Goods and Services Tax) ("Proposed Property Acquisition"). The Land and the Buildings shall be collectively be referred to as "the Property".

Pursuant to the SPA, the Purchaser will acquire the Property from the Vendor free from encumbrances and with vacant possession for a total purchase consideration of RM63,000,000 (excluding Goods and Services Tax) ("Purchase Price").

The Purchase Price shall be satisfied by the Purchaser in the following manner:

- (a) A deposit of RM6,300,000 paid to the Vendor's solicitors as stakeholder upon execution of the SPA which shall be refunded to the Purchaser interest free in the event the condition precedents are not met; and
- (b) The balance Purchase Price of RM56,700,000 shall be paid to the Vendor's solicitors as stakeholder within 3 months from the date of fulfillment of the conditions precedent ("Completion Date"). If the Purchaser fails to pay the balance Purchase Price or any remaining part thereof on or before the Completion Date, an extension period of 1 month shall be granted subject to the Purchaser paying interest of 5% per annum on the outstanding amount.

The Company had on 10 August 2017 evening received a letter from the solicitors for Steelwell Development Sdn. Bhd. ("Steelwell") claiming that Steelwell's consent is required for the sale of the Property by the Vendor as there was a settlement agreement between the Vendor and Steelwell, and that the Purchaser is not to take any further action under the SPA until settlement between the Vendor and Steelwell with regards to the Property.

The Company is currently seeking legal advice in relation to its rights under the SPA.

The Proposed Property Acquisition has not been completed as at the date of this report.

B7.4 Proposed disposal of the Sunway Clio property by Sunway Forum Hotel Sdn. Bhd., proposed lease by Sunway Resort Hotel Sdn. Bhd. of the hotel property for an initial term of 10 years and proposed tenancy by Sunway Leisure Sdn. Bhd. of the multi-storey car park in the Sunway Clio property (collectively referred to as "Proposals")

On 3 August 2017, RHB Investment Bank Berhad announced on behalf of the Group that the following agreements have been entered into:

- (i) A conditional sale and purchase agreement entered into between Sunway Forum Hotel Sdn. Bhd. (a wholly-owned subsidiary of Sunway) ("Vendor") and RHB Trustees Berhad (as the trustee of Sunway Real Estate Investment Trust ("Sunway REIT")) ("Trustee"), for the proposed disposal by the Vendor to the Trustee of a parcel of leasehold land under H.S. (D) 259881, Lot No. PT 1333, Bandar Sunway, District of Petaling, Selangor Darul Ehsan together with a 27-storey building with a lower ground floor (and all services infrastructure, fixtures and fittings affixed or located or used in the property) comprising:
- (a) a 19-storey 4-star rated hotel with 401 hotel rooms and facilities including a swimming pool, an exercise area, a dining area and meeting rooms known as Sunway Clio Hotel ("Hotel Property");
 - (b) 3-storey (including 1 storey at lower ground floor) retail lots known as Sunway Pyramid West ("Retail Space"); and
 - (c) a 6-storey podium car park ("Podium Car Park") and 4-storey basement car park (collectively "Multi-storey Car Park") (collectively, the Sunway Clio Property).

for a cash consideration of RM340 million ("SPA");

- (ii) A conditional hotel lease agreement ("HLA") entered into between Sunway Resort Hotel Sdn. Bhd. (a wholly-owned subsidiary of Sunway) ("Lessee"), the Trustee ("Lessor") and Sunway REIT Management Sdn. Bhd. (as the manager of Sunway REIT), for the lease of the Hotel Property for an initial term of 10 years commencing from the day immediately after the completion of the SPA ("Completion Date") with an option to renew for a further term of 10 years; and
- (iii) A conditional car park tenancy agreement ("CTA") entered into between Sunway Leisure Sdn. Bhd. (a wholly-owned subsidiary of Sunway) ("Tenant") and the Trustee ("Landlord"), for the tenancy of the Multi-storey Car Park for a period of 3 years commencing from the day immediately after the Completion Date with an option to renew for a further term of 3 years.

Separately, the Trustee, Manager and Lessee have via a letter dated 9 February 2018, mutually agreed to further extend the conditions precedent fulfilment period under the HLA for a further 6 months commencing from 3 February 2018 to 3 August 2018. The registration of the lease of the Hotel Property shall take place after the conditions precedent have been fulfilled in accordance with the terms of the HLA.

Nonetheless, both the Proposed Lease of Hotel and the Proposed Tenancy of Car Park will commence on 10 February 2018, being the day immediately after the Completion Date, in accordance with the respective terms of the HLA and CTA.

The Proposals have been completed as at the date of this report.

B7.5 Subscription and shareholders' agreement between Sunglobal Resources Sdn. Bhd. ("Sunglobal"), Sunway City Sdn. Bhd. ("Suncity") and Huatland Sdn. Bhd. ("Huatland"), and proposed acquisition of land by Sunglobal.

On 16 August 2017, Suncity, which is a wholly-owned subsidiary of the Company, has entered into a Subscription and Shareholders' Agreement ("SSA") with Huatland and Sunglobal, a wholly-owned subsidiary of Suncity, for the purpose of establishing a joint venture via Sunglobal to jointly carry out and undertake a proposed mixed development project on a freehold land held under No. Hakmilik H.S.(M) 73476, Lot 30353 in Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 17,578 square meters ("the Land") as well as to regulate the relationship between Suncity and Huatland as the shareholders of the Sunglobal ("Proposed Joint Venture").

Sunglobal has also on even date, entered into a Sale and Purchase Agreement ("SPA") with Setapak Heights Development Sdn Bhd ("Vendor") for the acquisition of the Land free from encumbrances and with vacant possession for a total purchase consideration of RM51,070,000 (excluding Goods and Services Tax) ("Proposed Land Acquisition").

The salient terms of the SSA are as follows:

- (a) Under the Proposed Joint Venture, SCSB and Huatland shall subscribe for the following shares for cash in the share capital of the JVCo:

Shareholders	Number of Ordinary Shares	Number of Redeemable Preference Shares	Shareholding Ratio
SCSB	*275,000	8,151,550	55%
Huatland	225,000	6,669,450	45%
Total	500,000	14,821,000	100%

* Include 1 ordinary share currently held by SCSB in the JVCo.

- (b) SCSB and Huatland shall be entitled to nominate and appoint 3 directors and 2 directors respectively in the JVCo.
- (c) SCSB shall nominate the Chairman of the Board.

B7.5 Subscription and shareholders' agreement between Sunglobal Resources Sdn. Bhd. ("Sunglobal"), Sunway City Sdn. Bhd. ("Suncity") and Huatland Sdn. Bhd. ("Huatland"), and proposed acquisition of land by Sunglobal. (contd.)

The completion of the sale and purchase of the Land shall be conditional upon the following conditions precedent ("Conditions Precedent") being fulfilled or obtained or waived by mutual agreement of the parties by 3 months from the date of the SPA or such extended date as the parties may mutually agree:

- (a) The Vendor having obtained a revised development order or development approval in its name with an approved plot ratio of not less than 5.0 times and the Vendor having provided the documentary evidence that all premium and development charges in respect of such revised development order or development approval have been fully settled; and
- (b) The Vendor and the Sunglobal having successfully registered with the Royal Malaysian Customs Department as a Goods and Services Tax registrant.

The Purchase Price shall be satisfied by Sunglobal on or before the completion date to the Vendor's solicitors as stakeholders i.e. 1 month after the Conditions Precedent have been fulfilled or obtained or waived, or such other extended date as the parties may mutually agree

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

B7.6 Share sale agreement ("SSA") between Sunway Lagoon Sdn. Bhd. ("SLSB") and Kuwait Finance House (Malaysia) Berhad ("KFH")

On 10 October 2017, SLSB, a subsidiary of the Company, entered into an SSA with KFH where SLSB agrees to acquire 50,000 ordinary shares held by KFH in Sunway South Quay Sdn Bhd ("SSQ"), representing 20% of the share capital of SSQ, at a purchase consideration of RM136,649,000 and repay on behalf of SSQ, a sum of RM73,351,000 in cash towards the settlement of the Musyarakah Capital invested by KFH in SSQ ("Proposed Acquisition").

Pursuant to the SSA, SLSB will acquire 50,000 ordinary shares from KFH, representing 20% equity interest in SSQ on an "as is where is" basis free from all encumbrances at a total consideration of RM136,649,000 ("Purchase Consideration") and repay on behalf of SSQ, a sum of RM73,351,000 in cash towards the settlement of the Musyarakah Capital invested by KFH in SSQ.

SLSB shall pay KFH in the following manner:

- (a) upon execution of the SSA, SLSB shall pay RM27,329,800 as part payment of the Purchase Consideration and RM14,670,200 towards part settlement of the Musyarakah Capital; and
- (b) on 15 December 2017 or such other date as may be agreed upon between the parties, SLSB will pay RM109,319,200 towards settlement of the balance of the Purchase Consideration and RM58,680,800 towards settlement of the balance Musyarakah Capital.

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

B7.7 Share sale agreement ("SSA") between Sunway Lagoon Sdn. Bhd. ("SLSB") and Employees Provident Fund Board

On 24 October 2017, SLSB, a subsidiary of the Company, had on 24 October 2017 entered into an SSA with EPF where SLSB agrees to acquire 50,000 ordinary shares held by EPF in Sunway South Quay Sdn Bhd ("SSQ"), representing 20% of the share capital of SSQ, at a purchase consideration of RM136,649,000 and repay on behalf of SSQ, a sum of RM73,351,000 in cash towards the settlement of the Musyarakah Capital invested by EPF in SSQ ("Proposed Acquisition").

Pursuant to the SSA, SLSB will acquire 50,000 ordinary shares from EPF, representing 20% equity interest in SSQ on an "as is where is" basis free from all encumbrances at a total consideration of RM136,649,000 ("Purchase Consideration") and repay on behalf of SSQ, a sum of RM73,351,000 in cash towards the settlement of the Musyarakah Capital invested by EPF in SSQ.

SLSB shall pay EPF in the following manner:

- (a) upon execution of the SSA, SLSB shall pay RM27,329,800 as part payment of the Purchase Consideration and RM14,670,200 towards part settlement of the Musyarakah Capital; and
- (b) on 15 December 2017 or such other date as may be agreed upon between the parties, SLSB will pay RM109,319,200 towards settlement of the balance of the Purchase Consideration and RM58,680,800 towards settlement of the balance Musyarakah Capital.

Upon completion of the SSA and KFH SSA, SSQ will become a wholly-owned subsidiary of SLSB.

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

B7.8 Sale of shares agreement between Sunway Holdings Sdn. Bhd. (a subsidiary of Sunway) ("SHSB") and Klaus Gunther Neuendorff and Vanessa Anne Marcus ("The Vendors")

On 20 December 2017, SHSB entered into a Sale of Shares Agreement ("SSA") with The Vendors for the acquisition of 1,000,000 ordinary shares representing 100% of the issued and paid-up share capital in Telipok Concrete Sdn Bhd (formerly known as Telipok Lumber Industries Sdn Bhd) ("TCSB") (Company No. 192044-U) free from all encumbrances at a total purchase consideration of RM2,900,001 comprising RM1 being consideration for the purchase of the shares and RM2,900,000 being settlement of all amount due from TCSB to TCSB's Directors ("Proposed Acquisition").

Pursuant to the SSA, SHSB will acquire 1,000,000 ordinary shares representing 100% of the issued and paid-up share capital in TCSB free from all encumbrances at a total purchase consideration of RM2,900,001 comprising RM1 being consideration for the purchase of the shares and RM2,900,000 being settlement of all amount due from TCSB to TCSB's Directors.

The purchase consideration shall be satisfied by SHSB in the following manner:-

- (a) An earnest deposit of RM58,000 already paid to The Vendors prior to the execution of the SSA;
- (b) The balance deposit of RM232,000 paid to SHSB's solicitors as stakeholder upon execution of the SSA; and
- (c) The balance purchase price of RM2,610,001 shall be paid to The Vendors' solicitors as stakeholder within 90 days from the date the SSA becomes unconditional upon fulfillment of condition precedents ("Completion Period"). If SHSB fails to pay the balance purchase price on the Completion Period, an extension period of 30 days shall be granted subject to SHSB paying an interest of 8% per annum calculated on a daily rest basis from the Completion Period until the date of full settlement of the balance purchase price.

Upon completion of the Proposed Acquisition, TCSB shall become a wholly-owned subsidiary of SHSB.

The Proposed Acquisition has not been completed as at the date of this report.

B7.9 Collective purchase of land, all the units and the common property in the development known as Brookvale Park comprised in Lots 4267K, 4268N, 4269X and 4270K of Mukim 5, Singapore ("Brookvale Park")

On 15 February 2018, Hoi Hup Realty Pte Ltd ("Hoi Hup") and Sunway Developments Pte Ltd ("SDPL") had entered into a Collective Sale and Purchase Agreement with the collective majority owners of Brookvale Park to acquire Brookvale Park ("the Property") for a total consideration of S\$530.0 million (equivalent to approximately RM1.59 billion). The completion of the agreement is subject to fulfillment of conditions precedent and authorities' approval.

Brookvale Park, located on 999-year leasehold land in Clementi, Singapore, is currently a 160-unit private residential estate with a land area of 34,654 square meter. The Property will be redevelop into a new private residential development with an allowed plot ratio of 1.6 times, subject to authorities' approval ("the Proposed Project").

The Collective Sale and Purchase Agreement has not been completed as at the date of this report.

B8 Group Borrowings and Debt Securities

The Group borrowings as at 31 December 2017 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
Secured borrowings			
<u>Islamic:</u>			
Term loan	752,028	12,910	764,938
Revolving credits	406,500	-	406,500
	1,158,528	12,910	1,171,438
<u>Conventional:</u>			
Bank overdrafts	133,707	-	133,707
Term loan	770,012	1,165,987	1,935,999
Revolving credits	80,975	-	80,975
Medium term notes	-	480,000	480,000
Bankers' acceptances	17,424	-	17,424
Hire purchase and lease liabilities	552	234	786
	1,002,670	1,646,221	2,648,891
Total secured borrowings	2,161,198	1,659,131	3,820,329
Unsecured borrowings			
<u>Islamic:</u>			
Medium term notes	-	1,080,000	1,080,000
Bankers' acceptances	966	-	966
Revolving credits	80,000	-	80,000
Commercial papers	900,000	-	900,000
Bills discounting	134,659	-	134,659
	1,115,625	1,080,000	2,195,625
<u>Conventional:</u>			
Term loan	298,410	-	298,410
Revolving credits	230,000	-	230,000
Medium term notes	1,278	610,000	611,278
Bankers' acceptances	119,526	-	119,526
Commercial papers	980,000	-	980,000
Bills discounting	4,224	-	4,224
	1,633,438	610,000	2,243,438
Total unsecured borrowings	2,749,063	1,690,000	4,439,063
Total borrowings	4,910,261	3,349,131	8,259,392
Islamic borrowings	2,274,153	1,092,910	3,367,063
Conventional borrowings	2,636,108	2,256,221	4,892,329
Total borrowings	4,910,261	3,349,131	8,259,392

Included in the Group borrowings as at 31 December 2017 are amounts denominated in foreign currency as follows:

Secured	Foreign currency		RM'000		Total
	Current	Non-current	Current	Non-current	
US Dollar (USD'000) *					
- Term loan	576,000	-	2,477,376	-	2,477,376
Singapore Dollar (SGD'000) #					
- Term loan	-	90,000	-	281,232	281,232
Chinese Renminbi (RMB'000) **					
- Term loan	20,041	-	12,712	-	12,712
Indonesian Rupiah (RP'000) **					
- Term loan	14,020,897	-	4,529	-	4,529
Australia Dollar (AUD'000) **					
- Bankers' acceptance	355	-	1,177	-	1,177
			2,495,793	281,232	2,777,025

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

	Current RM'000	Non-current RM'000	Total RM'000
Secured borrowings			
<u>Islamic:</u>			
Term loan	624,097	-	624,097
<u>Conventional:</u>			
Bank overdrafts	71,311	-	71,311
Term loan	1,548,839	1,631,996	3,180,835
Revolving credits	267,945	-	267,945
Bankers' acceptances	100,606	-	100,606
Hire purchase	1,626	1,126	2,752
	1,990,327	1,633,122	3,623,449
Total secured borrowings	2,614,424	1,633,122	4,247,546
Unsecured borrowings			
<u>Islamic:</u>			
Medium term notes	-	470,000	470,000
Commercial paper	1,335,000	-	1,335,000
	1,335,000	470,000	1,805,000
<u>Conventional:</u>			
Term loan	6,106	-	6,106
Medium term notes	150,000	450,000	600,000
Commercial paper	618,000	-	618,000
Bills discounting	136,515	-	136,515
	910,621	450,000	1,360,621
Total unsecured borrowings	2,245,621	920,000	3,165,621
Total borrowings	4,860,045	2,553,122	7,413,167
Islamic borrowings	1,959,097	470,000	2,429,097
Conventional borrowings	2,900,948	2,083,122	4,984,070
Total borrowings	4,860,045	2,553,122	7,413,167

Included in the Group borrowings as at 31 December 2016 are amounts denominated in foreign currency as follows:

Secured	Foreign currency		RM'000		
	Current	Non-current	Current	Non-current	Total
US Dollar (USD'000) *					
- Term loan	426,000	198,000	1,912,953	889,119	2,802,072
Singapore Dollar (SGD'000) #					
- Term loan	-	90,000	-	279,918	279,918
Chinese Renminbi (RMB'000) **					
- Revolving credit	42,501	-	27,460	-	27,460
Australia Dollar (AUD'000) **					
- Bankers' acceptances	565	-	1,838	-	1,838
			1,942,251	1,169,037	3,111,288

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.

Overall, the total borrowing of the Group has increased by RM0.85 billion, from RM7.41 billion as at 31 December 2016 to RM8.26 billion as at 31 December 2017.

The increase in Group's borrowing is mainly to fund the development cost of its on-going projects in Sunway Velocity, Sunway Iskandar, Sunway Serene and expansion cost in Sunway Medical Centre.

The weighted average interest rate of borrowings as at 31 December 2017 is 4.02%. The Group has entered into interest rate swap to exchange floating interest rate for fixed interest rate in order to minimise the exposure from fluctuation of interest rate. Taking into consideration the interest rate swap, 33% of the total borrowing are fixed rate instruments, whereas 67% are floating rate instruments.

Out of the total borrowings of RM8.26 billion, RM2.78 billion (Current: RM2.50 billion ; Non-current: RM0.28 billion) are denominated in foreign currencies. The group entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings, which was entered into for minimising the interest cost. The average exchange rate entered for USD borrowings is 4.006 and SGD borrowings is 2.573.

B9 Derivative Financial Instruments

The Group's outstanding derivatives as at 31 December 2017 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	-	-	(380)	
Interest rate swap contracts				
- Less than 1 year *	916,130	(45)	823	
Foreign currency forward contracts				
- Less than 1 year	51,201	(919)	(4,593)	866
- 1 year to 3 years	23,481	(925)	(445)	-
Cross currency swap contracts #				
- Less than 1 year	1,710,645	21,027		(3,529)
- 1 year to 5 years	194,258	30,610		(1,279)
Total derivatives		49,748	(4,595)	(3,942)

* Includes a contract which has expired during the period.

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

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.

B11 Ageing Analysis of Trade Receivables

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

	31/12/2017 RM'000	31/12/2016 RM'000
Neither past due nor impaired	1,653,046	1,335,895
1 to 30 days past due not impaired	85,313	95,380
31 to 60 days past due not impaired	89,906	56,627
61 to 90 days past due not impaired	44,604	28,793
91 to 120 days past due not impaired	17,948	20,701
More than 120 days past due not impaired	86,515	43,982
	324,286	245,483
Impaired	91,384	61,900
Total trade receivables	2,068,716	1,643,278
Less: Allowance for impairment	(91,384)	(61,900)
Net trade receivables	1,977,332	1,581,378
Other receivables	301,137	359,892
Amounts due from associates	41,904	39,194
Amounts due from joint ventures	735,088	780,559
Total receivables	3,055,461	2,761,023
Non-current receivables	62,748	49,760
Current receivables	2,992,713	2,711,263
Total receivables	3,055,461	2,761,023

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 RM59 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 RM52 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.

SunCon was notified by its solicitors that an arbitration petition has been filed by Shristi on 7 January 2016 in the Supreme Court of India for the appointment of a new arbitrator and the petition was served on SunCon's solicitors on 5 May 2016. Matter was not listed on 17 October 2016. Hearing continued on 5 January 2017 and the Supreme Court appointed Hon'ble Mr Justice Vikramajit Sen (Former Judge of the Supreme Court) as arbitrator in place of the late Justice H.L. Agrawal (Retd.) for adjudication of the disputes and differences between the parties. Sitting on 24 February 2017 went on as scheduled and cross examination has been completed on 7 October 2017.

On 7 October 2017, the Claimant and SunCon confirmed that evidence stands concluded except for the fact that answers to certain questions was to furnished by affidavit by SunCon's witness within 30 days from 7 October 2017. Parties are to file a synopsis of arguments and exchange them on or before 31 January 2018. SunCon submitted the synopsis to the arbitration on 30 January 2018.

The proceedings should advance to the next stage for final arguments. The Tribunal shall convene from 5 March 2018 to 6 March 2018 for Claimant's final arguments and thereafter from 7 March 2018 to March 2018 for SunCon's arguments. Rejoinder argument shall be heard on 9 March 2018.

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:

	31/12/2017 RM'000	31/12/2016 RM'000
Total retained profit of the Group:-		
Realised	4,024,282	3,521,707
Unrealised	634,553	853,333
Total share of retained profits from associated companies:		
Realised	7,047	3,167
Unrealised	248,702	192,274
Total share of retained profits from joint ventures:		
Realised	243,670	145,292
Unrealised	1,555	(18,075)
Less: Consolidation adjustments	(1,769,834)	(1,536,784)
Total Group's retained profits as per consolidated accounts	<u>3,389,975</u>	<u>3,160,914</u>

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

B12 Dividend

Other than the dividend paid as disclosed in note A7, the Board of Directors has declared a second interim cash dividend of 3.00 sen per share for the financial year ending 31 December 2017.

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 31/12/2017 RM'000	Cumulative Year To Date 31/12/2017 RM'000
Basic earnings per share		
Profit attributable to members of the Company	183,804	639,513
Weighted Average Number of Ordinary Shares	4,807,733	4,812,608
Earnings per share (Basic) (sen)	3.82	13.29

	Current Quarter Ended 31/12/2017 RM'000	Cumulative Year To Date 31/12/2017 RM'000
<u>Diluted earnings per share</u>		
Profit attributable to members of the Company	183,804	639,513
Weighted Average Number of Ordinary Shares	4,813,957	4,827,254
Earnings per share (Diluted) (sen)	3.82	13.25

By Order of the Board

**Tan Kim Aun
Chin Lee Chin**

Secretaries