

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	CURRENT YEAR	PRECEDING YEAR	INCREASE/ (DECREASE)	CURRENT YEAR	PRECEDING YEAR	INCREASE/ (DECREASE)
	QUARTER	CORRESPONDING QUARTER		TO DATE	CORRESPONDING PERIOD	
NOTE	30/06/2020	30/06/2019	%	30/06/2020	30/06/2019	%
	RM'000	RM'000		RM'000	RM'000	
REVENUE	556,644	1,077,178	(48%)	1,528,083	2,200,787	(31%)
OPERATING EXPENSES	(585,253)	(980,272)	(40%)	(1,548,937)	(2,012,628)	(23%)
OTHER OPERATING INCOME	34,600	70,369	(51%)	71,565	96,879	(26%)
PROFIT FROM OPERATIONS	5,991	167,275	(96%)	50,711	285,038	(82%)
FINANCE INCOME	59,462	70,592	(16%)	143,051	149,313	(4%)
FINANCE COSTS	(54,710)	(66,771)	(18%)	(113,831)	(127,700)	(11%)
SHARE OF PROFIT FROM ASSOCIATES	355	70,430	(99%)	31,058	100,878	(69%)
SHARE OF PROFIT FROM JOINT VENTURES	(1,000)	11,715	(109%)	6,929	22,978	(70%)
PROFIT BEFORE TAX	10,098	253,241	(96%)	117,918	430,507	(73%)
INCOME TAX EXPENSE	B5 (14,690)	9,401	(256%)	(32,206)	(15,919)	102%
(LOSS)/PROFIT FOR THE PERIOD	<u>(4,592)</u>	<u>262,642</u>	(102%)	<u>85,712</u>	<u>414,588</u>	(79%)
ATTRIBUTABLE TO:						
- OWNERS OF THE PARENT	(6,713)	246,491	(103%)	71,581	382,903	(81%)
- NON-CONTROLLING INTERESTS	2,121	16,151	(87%)	14,131	31,685	(55%)
	<u>(4,592)</u>	<u>262,642</u>	(102%)	<u>85,712</u>	<u>414,588</u>	(79%)
(LOSS)/EARNINGS PER SHARE						
(i) BASIC (sen)	<u>(0.34)</u>	<u>4.72</u>	(107%)	<u>1.02</u>	<u>7.43</u>	(86%)
(ii) DILUTED (sen)	<u>(0.34)</u>	<u>4.72</u>	(107%)	<u>1.02</u>	<u>7.43</u>	(86%)

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 201001037627 (921551-D))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2020	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2019	CURRENT YEAR TO DATE 30/06/2020	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2019
	RM'000	RM'000	RM'000	RM'000
(LOSS)/PROFIT FOR THE PERIOD	(4,592)	262,642	85,712	414,588
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	10,102	8,759	24,106	10,749
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS/(LOSSES)				
- FAIR VALUE OF DERIVATIVES	28,978	(3,085)	40,577	18,585
- AMOUNT RECYCLED TO PROFIT OR LOSS	(29,451)	(1,469)	(49,492)	(16,614)
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS				
FAIR VALUE (LOSS)/GAIN ON OTHER INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	-	(7,720)	-	37,045
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	-	20	3,451
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>9,629</u>	<u>(3,515)</u>	<u>15,211</u>	<u>53,216</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>5,037</u>	<u>259,127</u>	<u>100,923</u>	<u>467,804</u>
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	2,077	242,760	84,902	436,180
- NON-CONTROLLING INTERESTS	2,960	16,367	16,021	31,624
	<u>5,037</u>	<u>259,127</u>	<u>100,923</u>	<u>467,804</u>

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 201001037627 (921551-D))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020
 THE FIGURES HAVE NOT BEEN AUDITED

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER 30/06/2020	IMMEDIATE PRECEDING QUARTER 31/03/2020	INCREASE/ (DECREASE)
	RM'000	RM'000	%
REVENUE	556,644	971,439	(43%)
OPERATING EXPENSES	(585,253)	(963,684)	(39%)
OTHER OPERATING INCOME	34,600	36,965	(6%)
PROFIT FROM OPERATIONS	<u>5,991</u>	<u>44,720</u>	(87%)
FINANCE INCOME	59,462	83,589	(29%)
FINANCE COSTS	(54,710)	(59,121)	(7%)
SHARE OF PROFIT FROM ASSOCIATES	355	30,703	(99%)
SHARE OF PROFIT FROM JOINT VENTURES	(1,000)	7,929	(113%)
PROFIT BEFORE TAX	<u>10,098</u>	<u>107,820</u>	(91%)
INCOME TAX EXPENSE	(14,690)	(17,516)	(16%)
(LOSS)/PROFIT FOR THE PERIOD	<u>(4,592)</u>	<u>90,304</u>	(105%)
ATTRIBUTABLE TO:			
- OWNERS OF THE PARENT	(6,713)	78,294	(109%)
- NON-CONTROLLING INTERESTS	<u>2,121</u>	<u>12,010</u>	(82%)
	<u>(4,592)</u>	<u>90,304</u>	(105%)
(LOSS)/EARNINGS PER SHARE			
(i) BASIC (sen)	<u>(0.34)</u>	<u>1.35</u>	(125%)
(ii) DILUTED (sen)	<u>(0.34)</u>	<u>1.35</u>	(125%)

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 201001037627 (921551-D))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020
 THE FIGURES HAVE NOT BEEN AUDITED

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER 30/06/2020 RM'000	IMMEDIATE PRECEDING QUARTER 31/03/2020 RM'000
(LOSS)/PROFIT FOR THE PERIOD	(4,592)	90,304
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	10,102	14,004
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS		
- FAIR VALUE OF DERIVATIVES	28,978	11,599
- AMOUNT RECYCLED TO PROFIT OR LOSS	(29,451)	(20,041)
OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	20
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>9,629</u>	<u>5,582</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>5,037</u>	<u>95,886</u>
ATTRIBUTABLE TO:		
- OWNERS OF THE PARENT	2,077	82,825
- NON-CONTROLLING INTERESTS	<u>2,960</u>	<u>13,061</u>
	<u>5,037</u>	<u>95,886</u>

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020

	AS AT END OF CURRENT QUARTER 30/06/2020 RM'000	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,784,410	2,749,044
Intangible assets	23,530	19,833
Investment properties	2,110,639	2,327,617
Inventories	1,745,624	1,674,576
Investment in associates	2,098,462	2,123,840
Investment in joint ventures	1,701,914	1,627,026
Goodwill	311,808	311,808
Deferred tax assets	74,609	66,722
Receivables	1,933,382	1,478,793
Derivative assets	5,524	-
Rock reserves	5,476	5,605
Other investments	164,157	5,023
Biological assets	83	121
	<u>12,959,618</u>	<u>12,390,008</u>
Current assets		
Contract assets	115,547	76,230
Inventories	2,073,450	2,102,056
Receivables, deposits & prepayments	2,095,843	3,014,764
Placement in funds	2,228,000	3,627,369
Cash and bank balances	2,550,432	2,261,539
Tax recoverable	78,063	79,257
Derivative assets	25,279	1,925
	<u>9,166,614</u>	<u>11,163,140</u>
Asset of disposal group classified as held for sale	364,811	-
TOTAL ASSETS	<u>22,491,043</u>	<u>23,553,148</u>
EQUITY AND LIABILITIES		
Current liabilities		
Payables, accruals & other current liabilities	2,291,109	2,716,813
Contract liabilities	71,493	43,529
Bank borrowings	8,357,434	8,026,821
Lease liabilities	68,590	67,836
Taxation	36,059	5,480
Derivative liabilities	28,532	17,730
	<u>10,853,217</u>	<u>10,878,209</u>
Non-current liabilities		
Long term bank borrowings	977,722	1,543,739
Lease liabilities	739,877	767,028
Other long term liabilities	142,955	59,414
Derivative liabilities	8	187
Deferred taxation	128,614	130,304
	<u>1,989,176</u>	<u>2,500,672</u>
Total liabilities	<u>12,842,393</u>	<u>13,378,881</u>
Equity attributable to Owners of the Parent		
Share capital	5,393,667	5,393,666
Treasury shares	(57,191)	(53,324)
Reserves	2,895,906	3,052,526
	<u>8,232,382</u>	<u>8,392,868</u>
PERPETUAL SUKUK	800,000	1,150,000
NON-CONTROLLING INTERESTS	616,268	631,399
Total equity	<u>9,648,650</u>	<u>10,174,267</u>
TOTAL EQUITY AND LIABILITIES	<u>22,491,043</u>	<u>23,553,148</u>
Number of ordinary shares ('000)	4,901,382	4,903,731
Net Assets Per Share Attributable To Owners Of The Parent (RM)	1.68	1.71

(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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 201001037627 (921551-D))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2020

	ATTRIBUTABLE TO OWNERS OF THE PARENT									TOTAL EQUITY ATTRIBUTABLE TO OWNERS				
	NON-DISTRIBUTABLE			DISTRIBUTABLE						TOTAL RESERVES OF THE PARENT	PERPETUAL SUKUK	NON-CONTROLLING INTERESTS	TOTAL EQUITY	
	SHARE CAPITAL	TREASURY SHARES	NEGATIVE MERGER RESERVE	FOREIGN EXCHANGE RESERVE	SHARE OPTION RESERVE	CASH FLOW HEDGE RESERVE	FURNITURE, FITTINGS & EQUIPMENT 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	
PERIOD ENDED 30 JUNE 2020														
At 1 January 2020	5,393,666	(53,324)	(1,192,040)	131,185	-	(16,535)	20,569	195,212	3,914,135	3,052,526	8,392,868	1,150,000	631,399	10,174,267
Profit for the year	-	-	-	-	-	-	-	-	71,581	71,581	71,581	-	14,131	85,712
Other comprehensive income/(loss)	-	-	-	22,216	-	(8,915)	-	20	-	13,321	13,321	-	1,890	15,211
Total comprehensive income	-	-	-	22,216	-	(8,915)	-	20	71,581	84,902	84,902	-	16,021	100,923
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	3,814	3,814
Effect of subsidiary becoming joint venture	-	-	-	-	-	-	-	-	-	-	-	-	(14,486)	(14,486)
Transfer to furniture & fittings reserve	-	-	-	-	-	(1,179)	-	-	1,223	44	44	-	(44)	-
Transfer to statutory reserve	-	-	-	-	-	-	-	263	(260)	3	3	-	(3)	-
Transactions with owners														
Issuance of perpetual sukuk	-	-	-	-	-	-	-	-	-	-	-	400,000	-	400,000
Issuance of ordinary shares pursuant to - exercise of warrants	1	^	-	-	-	-	-	-	-	-	1	-	-	1
Purchase of treasury shares	-	(3,867)	-	-	-	-	-	-	-	-	(3,867)	-	-	(3,867)
Dividends declared	-	-	-	-	-	-	-	-	(220,562)	(220,562)	(220,562)	-	-	(220,562)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(23,512)	(23,512)
Shares acquired by non-controlling interest	-	-	-	-	-	-	-	-	473	473	473	-	3,352	3,825
Redemption of perpetual sukuk	-	-	-	-	-	-	-	-	-	-	-	(750,000)	-	(750,000)
Distribution paid to holders of perpetual sukuk	-	-	-	-	-	-	-	-	(21,753)	(21,753)	(21,753)	-	-	(21,753)
Effects on arising of bonus issues	-	-	-	-	-	-	-	600	(327)	273	273	-	(273)	-
Total transactions with owners	1	(3,867)	-	-	-	-	-	600	(242,169)	(241,569)	(245,435)	(350,000)	(20,433)	(615,868)
At 30 June 2020	5,393,667	(57,191)	(1,192,040)	153,401	-	(25,450)	19,390	196,095	3,744,510	2,895,906	8,232,382	800,000	616,268	9,648,650
^ Represents 404 warrants amounting to RM695.														
PERIOD ENDED 30 JUNE 2019														
At 1 January 2019	5,379,437	(140,299)	(1,192,040)	130,421	7,632	(17,681)	16,233	182,306	3,708,354	2,835,225	8,074,363	400,000	619,826	9,094,189
Effects of adopting MFRS 16	-	-	-	-	-	-	-	-	(91,948)	(91,948)	(91,948)	-	(745)	(92,693)
Profit for the year	5,379,437	(140,299)	(1,192,040)	130,421	7,632	(17,681)	16,233	182,306	3,616,406	2,743,277	7,982,415	400,000	619,081	9,001,496
Other comprehensive income	-	-	-	-	-	-	-	-	382,903	382,903	382,903	-	31,685	414,588
Total comprehensive income	-	-	-	10,809	-	1,971	-	40,497	-	53,277	53,277	-	(61)	53,216
Transfer to furniture, fittings & equipment reserve	-	-	-	-	-	-	-	-	(3,099)	-	(3,099)	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	282	(279)	3	3	(3)	-
Disposal of other investment recognised at fair value through other comprehensive income	-	-	-	-	-	-	-	(28,139)	28,139	-	-	-	-	-
Transactions with owners														
Issuance of perpetual sukuk	-	-	-	-	-	-	-	-	-	-	-	750,000	-	750,000
Issuance of ordinary shares pursuant to - exercise of ESOS	3,064	-	-	-	(587)	-	-	-	-	(587)	2,477	-	-	2,477
Purchase of treasury shares	-	(45,897)	-	-	-	-	-	-	-	-	(45,897)	-	-	(45,897)
Share buy back by a subsidiary	-	-	-	-	-	-	-	-	(2,357)	(2,357)	(2,357)	-	(3,337)	(5,694)
Dividends declared	-	91,911	-	-	-	-	-	-	(188,790)	(188,790)	(96,879)	-	-	(96,879)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(29,301)	(29,301)
Shares acquired by non-controlling interests	-	-	-	-	-	-	-	-	(500)	(500)	(500)	-	1,734	1,234
Distribution paid to holders of perpetual sukuk	-	-	-	-	-	-	-	-	(21,469)	(21,469)	(21,469)	-	-	(21,469)
Total transactions with owners	3,064	46,014	-	-	(587)	-	-	-	(213,116)	(213,703)	(164,625)	750,000	(30,904)	554,471
At 30 June 2019	5,382,501	(94,285)	(1,192,040)	141,230	7,045	(15,710)	19,332	194,946	3,810,954	2,965,757	8,253,973	1,150,000	619,798	10,023,771

(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 2019 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2020

	FOR THE 6 MONTHS PERIOD ENDED 30/06/2020	FOR THE 6 MONTHS PERIOD ENDED 30/06/2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	117,918	430,507
Adjustments for:		
- non-cash items	13,050	(75,112)
- finance costs	113,831	127,700
- finance income	(143,051)	(149,313)
Operating cash flows before working capital changes	101,748	333,782
Changes in working capital	46,982	(100,469)
Cash flow generated from operations	148,730	233,313
Interest received	143,051	149,313
Dividend received from joint ventures, associates and other investments	60,021	63,005
Tax refunded	4,449	10,002
Tax paid	(14,460)	(42,620)
Net cash flow generated from operating activities	341,791	413,013
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment and biological assets	1,620	2,846
Proceeds from disposal of non-current assets held for sale	45,000	495,692
Proceeds from dilution of an associate	8,041	-
Proceeds from disposal of an associate	500	-
Proceeds from disposal of shares to non-controlling interest	3,819	1,268
Proceeds from disposal of other investments	1,877	162,114
Acquisition of other investment	(160,819)	(8,634)
Acquisition of land	(9,736)	(96,121)
Acquisition of property, plant and equipment, and biological assets	(149,744)	(164,024)
Acquisition of intangible assets	(2,088)	(1,685)
Acquisition and subsequent expenditure of investment properties	(161,983)	(30,710)
Acquisition of subsidiaries	(2,280)	-
Investment in joint ventures	(150)	(4,237)
Investment in associates	-	(100)
Repayment from/(Advances to) associates and joint ventures	84,065	(221,018)
Quasi-equity loan advanced to joint ventures	(57,224)	(234,090)
Net cash outflow from subsidiary become joint venture	(13,730)	-
Proceed from redemption of shares in associate	19,406	-
Net cash used in investing activities	(393,426)	(98,699)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank borrowings	(166,156)	627,749
Net lease liabilities	(49,303)	(37,122)
Issue of ordinary shares pursuant to exercise of warrants	1	-
Proceeds from issue of shares from exercise of ESOS	-	2,477
Interest paid	(113,831)	(127,700)
Dividend paid to shareholders	(220,562)	(96,879)
Dividend paid to non-controlling interests of subsidiaries	(23,512)	(29,301)
(Advances to)/Repayment from non-controlling interests of subsidiaries	(13)	27
Shares buyback	(3,867)	(51,591)
Issuance of perpetual sukuk	400,000	750,000
Redemption of perpetual sukuk	(750,000)	-
Interest paid for redemption of perpetual bond	(18,900)	-
Distribution paid to holders of perpetual bonds	(21,753)	(21,469)
Net cash (used in)/generated from financing activities	(967,896)	1,016,191
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,019,531)	1,330,505
EFFECTS OF EXCHANGE RATE CHANGES	1,951	9,926
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,065,805	2,507,882
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,048,225	3,848,313
Bank overdrafts	98,445	65,467
Short-term investments	3,631,762	2,526,906
Cash and bank balances, and placement in funds	4,778,432	6,440,686

(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 2019 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 Malaysian Financial Reporting Standards ("MFRS") for the financial period ending 30 June 2020.

The interim financial report is unaudited and is prepared in accordance with MFRS134 "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 2019. 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 2019.

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 2019 except for the adoption of the following new MFRSs and Amendments to MFRSs that are effective for financial statements effective from 1 January 2020, as disclosed below:

Title	Effective Date
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020

A2 Report of the Auditors

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

A3 Seasonal or Cyclical Factors

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

A4 Unusual Items

There were no material unusual items affecting the amounts reported for the current quarter ended 30 June 2020.

A5 Changes in Estimates

There were no changes in estimates that have a material effect on the amounts reported for the current quarter ended 30 June 2020.

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

During the financial period ended 30 June 2020, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 404 ordinary shares pursuant to the exercise of warrants.
- (b) the repurchase of equity securities of 2,350,000 ordinary shares, at an average price of RM1.65 per share.

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

A7 Dividend Paid

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

RM220,562,219 was paid on 22 April 2020 as second interim dividend of 4.5 sen per ordinary share for the financial year ended 31 December 2019.

A8

Segmental Reporting

Segmental results for the financial period ended 30 June 2020 are as follows:

	Property Development RM'000	Property Investment RM'000	Construction RM'000	Trading and Manufacturing RM'000	Quarry RM'000	Healthcare RM'000	Investment Holdings RM'000	Others RM'000	Adjustments/ eliminations RM'000	Consolidated RM'000
BY BUSINESS SEGMENTS										
REVENUE AND EXPENSES										
Revenue										
Sales to external customers	207,318	189,822	310,582	335,312	106,037	274,336	2,467	102,209	-	1,528,083
Inter-segment revenue	14,089	44,120	383,513	46,605	10,215	1,637	341,028	22,026	(863,233)	-
Total revenue	221,407	233,942	694,095	381,917	116,252	275,973	343,495	124,235	(863,233)	1,528,083
Results										
Operating segment results	39,810	19,699	23,909	9,946	(736)	(13,056)	(31,840)	2,979	-	50,711
Finance income	24,524	30,484	9,996	5,518	2,864	4,013	130,895	6,539	(71,782)	143,051
Finance costs	(7,560)	(83,242)	(5,012)	(8,807)	(1,570)	(11,401)	(63,962)	(4,059)	71,782	(113,831)
Share of results of:										
- associated companies	3	31,673	252	-	-	-	-	(870)	-	31,058
- joint ventures	8,226	(2,386)	-	-	1,089	-	-	-	-	6,929
Profit/(Loss) before taxation	65,003	(3,772)	29,145	6,657	1,647	(20,444)	35,093	4,589	-	117,918
Taxation	(13,111)	(5,673)	(5,585)	(193)	(313)	(5)	(5,471)	(1,855)	-	(32,206)
Profit/(Loss) for the period	51,892	(9,445)	23,560	6,464	1,334	(20,449)	29,622	2,734	-	85,712
Non-controlling interests	(4,993)	897	(10,398)	(173)	(79)	79	(8)	544	-	(14,131)
Attributable to owners of the parent	46,899	(8,548)	13,162	6,291	1,255	(20,370)	29,614	3,278	-	71,581

	Revenue RM'000	Profit/(Loss) before tax RM'000	Profit/(Loss) after tax RM'000	Attributable to owners of the parent RM'000
BY GEOGRAPHICAL SEGMENTS				
Malaysia	1,308,841	85,948	55,389	43,151
Singapore	56,374	(2,452)	(2,512)	(683)
China	105,839	1,391	706	330
India	-	(461)	(461)	(252)
Australia	13,903	7,536	7,487	3,185
Indonesia	17,231	289	175	175
United Kingdom	10,620	27,595	26,949	26,874
Other countries	15,275	(1,928)	(2,021)	(1,199)
	1,528,083	117,918	85,712	71,581

A8 Segmental Reporting (contd.)

Segmental results by foreign currency for the financial period ended 30 June 2020 are as follows:

PROPERTY DEVELOPMENT SEGMENT:

	Foreign currency				RM'000			
	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent	Revenue	Profit/(Loss) before tax	Profit/(Loss) after tax	Attributable to owners of the parent
Malaysia Ringgit (RM'000)	178,257	60,394	47,332	46,640	178,257	60,394	47,332	46,640
Australian Dollar (AUD'000)	-	2,794	2,777	1,250	-	7,871	7,822	3,520
Hong Kong Dollar (HKD'000)	-	160	160	160	-	88	88	88
India Rupee (INR'000)	-	(17)	(17)	(17)	-	(1)	(1)	(1)
China Yuan Renminbi (RMB'000)	47,979	(3,563)	(3,563)	(3,563)	29,061	(2,158)	(2,158)	(2,158)
Singapore Dollar (SGD'000)	-	(389)	(389)	(389)	-	(1,189)	(1,189)	(1,189)
US Dollar (USD'000)	-	-	-	-	-	(2)	(2)	(1)
					207,318	65,003	51,892	46,899

PROPERTY INVESTMENT SEGMENT:

Malaysia Ringgit (RM'000)	174,622	(32,037)	(37,064)	(36,890)	174,622	(32,037)	(37,064)	(36,890)
Pound Sterling (GBP'000)	1,977	5,137	5,017	5,003	10,620	27,595	26,949	26,874
Hong Kong Dollar (HKD'000)	-	4	4	4	-	2	2	2
Singapore Dollar (SGD'000)	3	983	983	983	9	3,003	3,003	3,003
US Dollar (USD'000)	727	(393)	(393)	(206)	3,108	(1,679)	(1,679)	(881)
Vietnam Dong (VND'000,000)	7,989	(3,582)	(3,582)	(3,582)	1,463	(656)	(656)	(656)
					189,822	(3,772)	(9,445)	(8,548)

CONSTRUCTION SEGMENT:

Malaysia Ringgit (RM'000)	271,331	33,681	28,096	15,637	271,331	33,681	28,096	15,637
United Arab Emirates Dirham (AED'000)	-	(41)	(41)	(22)	-	(50)	(50)	(27)
India Rupee (INR'000)	-	(7,986)	(7,986)	(4,358)	-	(460)	(460)	(251)
Singapore Dollar (SGD'000)	12,846	(1,318)	(1,318)	(719)	39,251	(4,026)	(4,026)	(2,197)
					310,582	29,145	23,560	13,162

TRADING & MANUFACTURING SEGMENT:

Malaysia Ringgit (RM'000)	206,109	1,048	1,725	2,059	206,109	1,048	1,725	2,059
Australian Dollar (AUD'000)	4,936	(119)	(119)	(119)	13,903	(335)	(335)	(335)
Indonesia Rupiah (IDR'000,000)	59,044	990	600	600	17,231	289	175	175
China Yuan Renminbi (RMB'000)	116,089	6,957	5,962	5,125	70,315	4,214	3,611	3,104
Singapore Dollar (SGD'000)	5,580	353	333	333	17,050	1,079	1,019	1,019
Thai Baht (THB'000)	74,890	4,732	4,041	4,041	10,082	637	544	544
Vietnam Dong (VND'000,000)	3,397	(1,502)	(1,502)	(1,502)	622	(275)	(275)	(275)
					335,312	6,657	6,464	6,291

QUARRY SEGMENT:

Malaysia Ringgit (RM'000)	106,037	1,550	1,237	1,158	106,037	1,550	1,237	1,158
Trinidad & Tobago Dollar (TTD'000)	-	152	152	152	-	97	97	97
					106,037	1,647	1,334	1,255

HEALTHCARE SEGMENT:

Malaysia Ringgit (RM'000)	274,272	(19,125)	(19,130)	(19,051)	274,272	(19,125)	(19,130)	(19,051)
Singapore Dollar (SGD'000)	21	(432)	(432)	(432)	64	(1,319)	(1,319)	(1,319)
					274,336	(20,444)	(20,449)	(20,370)

INVESTMENT HOLDING SEGMENT:

Malaysia Ringgit (RM'000)	1,541	33,324	27,935	27,935	1,541	33,324	27,935	27,935
Hong Kong Dollar (HKD'000)	-	2,216	2,067	2,052	-	1,220	1,138	1,130
China Yuan Renminbi (RMB'000)	1,529	906	906	906	926	549	549	549
					2,467	35,093	29,622	29,614

OTHERS SEGMENT:

Malaysia Ringgit (RM'000)	96,672	7,113	5,258	5,663	96,672	7,113	5,258	5,663
China Yuan Renminbi (RMB'000)	9,141	(4,167)	(4,167)	(3,938)	5,537	(2,524)	(2,524)	(2,385)
					102,209	4,589	2,734	3,278

A8 **Segmental Reporting (contd.)**

Segmental assets and liabilities for the financial period ended 30 June 2020 are as follows:

	Property Development RM'000	Property Investment RM'000	Construction RM'000	Trading and Manufacturing RM'000	Quarry RM'000	Healthcare RM'000	Investment Holdings RM'000	Others RM'000	Adjustments/ eliminations RM'000	Consolidated RM'000
Assets										
Segment assets	5,728,181	3,519,272	1,842,997	863,070	251,024	1,458,430	15,072,053	909,155	(11,106,187)	18,537,995
Investment in associates	-	2,038,429	-	-	-	-	-	60,033	-	2,098,462
Investment in joint ventures	1,497,259	145,825	44,759	-	14,071	-	-	-	-	1,701,914
Unallocated assets										152,672
Total assets										22,491,043
Liabilities										
Segment liabilities	4,548,221	4,196,759	1,277,164	579,618	168,695	839,455	10,368,130	614,947	(9,915,269)	12,677,720
Unallocated liabilities										164,673
Total liabilities										12,842,393

A9 Foreign Currency Rates

The foreign currency exchange rates used are as follows:

Denomination	Closing rate	Average rate
United Arab Emirates Dirham	1.1693	1.2205
Australian Dollar	2.9548	2.8168
Pound Sterling	5.2869	5.3717
Hong Kong Dollar	0.5538	0.5506
Indonesia Rupiah ('000)	0.3030	0.2918
India Rupee	0.0569	0.0576
Macau Pataca	0.5389	0.5351
China Yuan Renminbi	0.6064	0.6057
Singapore Dollar	3.0846	3.0556
Thai Baht	0.1391	0.1346
US Dollar	4.2910	4.2726
Vietnam Dong ('000)	0.1850	0.1831

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.

A11 Material events

There were no material events subsequent to the current quarter ended 30 June 2020 other than the "COVID-19" pandemic which has significant financial impact to the Group, particularly on the leisure and hospitality businesses under Property Investment segment and Healthcare segment of the Group. Kindly refer to the notes to Financial Statements B1, B2 and B3 for more details.

A12 Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter ended 30 June 2020.

A13 Contingent Liabilities and Assets

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

	30/06/2020 RM'000	31/12/2019 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>1,004,366</u>	<u>949,805</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 30 June 2020 is as follows:

	30/06/2020 RM'000	31/12/2019 RM'000
Amount authorised and contracted for	268,997	191,650
Amount authorised but not contracted for	<u>204,079</u>	<u>249,000</u>
	<u>473,076</u>	<u>440,650</u>

A14 **Commitments (contd.)**

The Group's share of capital commitments in associates are as follows:

	30/06/2020 RM'000	31/12/2019 RM'000
Amount authorised and contracted for	134,774	121,972
Amount authorised but not contracted for	124,322	66,089
	<u>259,096</u>	<u>188,061</u>

The Group's share of capital commitments in joint ventures are as follows:

	30/06/2020 RM'000	31/12/2019 RM'000
Amount authorised and contracted for	2,784	1,938
Amount authorised but not contracted for	10,202	11,844
	<u>12,986</u>	<u>13,782</u>

(b) Operating lease commitment not provided for in the financial year as at 30 June 2020 is as follows:

	30/06/2020 RM'000	31/12/2019 RM'000
Future minimum lease receipts:		
- not later than 1 year	56,759	54,911
- later than 1 year and not later than 5 years	223,204	217,372
- later than 5 years	143,115	119,883
	<u>423,078</u>	<u>392,166</u>

B1 **Review of Performance**

Revenue and profit before tax of the respective operating business segments for the current quarter are analysed as follows:

For the quarter

	Quarter ended		Increase/ Decrease (%)
	30/6/2020 RM'000	30/6/2019 RM'000 (Restated)	
Revenue			
Property Development	68,141	113,584	-40.0%
Property Investment	55,508	176,075	-68.5%
Construction	92,555	293,455	-68.5%
Trading and Manufacturing	141,130	230,038	-38.6%
Quarry	31,888	52,638	-39.4%
Healthcare	125,133	140,817	-11.1%
Others	42,289	70,571	-40.1%
	<u>556,644</u>	<u>1,077,178</u>	-48.3%
Profit before tax			
Property Development	25,902	37,282	-30.5%
Property Investment	(35,763)	122,325	-129.2%
Construction	6,560	43,178	-84.8%
Trading and Manufacturing	6,157	6,569	-6.3%
Quarry	(1,425)	2,117	-167.3%
Healthcare	(15,989)	19,255	-183.0%
Others	24,656	22,515	9.5%
	<u>10,098</u>	<u>253,241</u>	-96.0%

B1 Review of Performance (contd.)

The Group recorded revenue of RM556.6 million and profit before tax of RM10.1 million for the current quarter ended 30 June 2020 compared to revenue of RM1,077.2 million and profit before tax of RM253.2 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 48.3% and profit before tax of 96.0%. Revenue was lower in the current quarter due to lower contributions from all business segments. Profit before tax was lower mainly due to lower contributions from most business segments. It should be noted that development profits on one of the Group's Singapore and China property development projects, which were earlier deferred due to the adoption of MFRS 15, will be recognised upon completion and handover of the projects in the second half of 2020.

The Movement Control Order ("MCO") enforced by the Government to contain the spread of COVID-19 from 18 March 2020 until 3 May 2020 has caused significant disruption and financial impact to the Group. All our operations were suspended except for healthcare and retailers offering essential products and services. Although most of the other businesses of the Group have resumed operations during the conditional MCO and recovery MCO from 4 May 2020, the business recovery was slow due to the adaptation and compliance to the new normal and standard operating procedures. Our hospitality and leisure businesses under the Property Investment segment were worst hit as a result of the MCO and full operations only resumed in early July after suspension of operations for over 3 months.

The impact of the MCO on the group's financial performance in the current quarter was partly mitigated by cost saving measures adopted by the respective business segments.

The property development segment reported revenue of RM68.1 million and profit before tax of RM25.9 million in the current quarter compared to revenue of RM113.6 million and profit before tax of RM37.3 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 40.0% and profit before tax of 30.5%. Revenue for the current quarter was lower mainly due to lower sales and progress billings from local development projects as a result of the suspension of construction activities due to the MCO lockdown. The impact to the profit before tax for the current quarter was however, mitigated by cost saving measures undertaken by the business unit.

The property investment segment reported revenue of RM55.5 million and loss before tax of RM35.8 million in the current quarter compared to revenue of RM176.1 million and profit before tax of RM122.3 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 68.5% and increase in loss before tax of 129.2%. As mentioned above, the MCO which started from 18 March 2020 has resulted in the nationwide shutdown of all non-essential operations including the Group's hospitality and leisure businesses. The MCO closures have impacted the financial performance of these business operations in the current quarter. Further, the performance of our associate company, Sunway REIT was also adversely affected during the lockdown as business activities of their retail segment was limited to the provision of essential products and services resulting in substantial rental support granted during the MCO period. This resulted in a lower share of profit from associates in the current quarter. In addition, the current quarter recorded a share of fair value loss from revaluation of Sunway REIT properties which amounted to RM16.5 million compared to a fair value gain of RM43.6 million in the corresponding quarter of the previous financial year. It should be noted that the profit before tax of the corresponding quarter of the previous year was boosted by gain on disposal of Sunway University assets of RM37.7 million.

The construction segment recorded revenue of RM92.6 million and profit before tax of RM6.6 million in the current quarter compared to revenue of RM293.5 million and profit before tax of RM43.2 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 68.5% and profit before tax of 84.8%. Revenue in the current quarter was lower mainly due to lower progress billings from local construction projects as a result of the suspension of construction activities due to the MCO, which correspondingly resulted in lower profit contribution to the current quarter profit before tax.

The trading and manufacturing segment recorded revenue of RM141.1 million and profit before tax of RM6.2 million in the current quarter compared to revenue of RM230.0 million and profit before tax of RM6.6 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 38.6% and profit before tax of 6.3%. The financial performance was lower in the current quarter mainly due to lower sales from subdued local market conditions brought on by the COVID-19 pandemic and MCO lockdown. It should be noted that the profit impact was mitigated by various cost saving measures adopted by the business unit.

The quarry segment reported revenue of RM31.9 million and loss before tax of RM1.4 million in the current quarter compared to revenue of RM52.6 million and profit before tax of RM2.1 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 39.4% and increase in loss before tax of 167.3%. The financial performance in the current quarter was lower primarily due to lower sales of aggregates and premix as a result of the suspension of construction activities during the MCO period.

The healthcare segment reported revenue of RM125.1 million and loss before tax of RM16.0 million in the current quarter compared to revenue of RM140.8 million and profit before tax of RM19.3 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 11.1% and increase in loss before tax of 183.0%. The financial performance in the current quarter was impacted by the COVID-19 pandemic and commencement of the MCO which resulted in a sharp drop in the number of admissions and outpatient treatments at Sunway Medical Centre. The performance of Sunway Medical Centre Velocity which commenced operations in the third quarter of 2019, was also similarly impacted and registered an operating loss of RM9.5 million.

B1 **Review of Performance (contd.)**

The other segments recorded revenue of RM42.3 million and profit before tax of RM24.7 million in the current quarter compared to revenue of RM70.6 million and profit before tax of RM22.5 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 40.1% and increase in profit before tax of 9.5%. Revenue in the current quarter was lower mainly due to lower contribution from the building materials segment. Profit before tax, however, was higher due to cost saving measures undertaken during the quarter, which offset the operating loss from building materials segment and lower contribution from the Group's Treasury functions.

For 6 months period

	For 6 months period ended		Increase/ Decrease (%)
	30/6/2020 RM'000	30/6/2019 RM'000 (Restated)	
Revenue			
Property Development	207,318	201,440	2.9%
Property Investment	189,822	372,813	-49.1%
Construction	310,582	639,641	-51.4%
Trading and Manufacturing	335,312	481,376	-30.3%
Quarry	106,037	96,832	9.5%
Healthcare	274,336	267,585	2.5%
Others	104,676	141,100	-25.8%
	<u>1,528,083</u>	<u>2,200,787</u>	-30.6%
Profit before tax			
Property Development	65,003	70,115	-7.3%
Property Investment	(3,772)	179,725	-102.1%
Construction	29,145	83,090	-64.9%
Trading and Manufacturing	6,657	13,141	-49.3%
Quarry	1,647	3,860	-57.3%
Healthcare	(20,444)	34,669	-159.0%
Others	39,682	45,907	-13.6%
	<u>117,918</u>	<u>430,507</u>	-72.6%

The Group recorded revenue of RM1,528.1 million and profit before tax of RM117.9 million for the current 6 months period ended 30 June 2020 compared to revenue of RM2,200.8 million and profit before tax of RM430.5 million in the corresponding 6 months period ended 30 June 2019, representing a decrease in revenue of 30.6% and profit before tax of 72.6%. Revenue was lower in the current period due to lower contributions from most business segments except property development, quarry and healthcare. Current period profit before tax was lower mainly due to lower profit contribution from all business segments. It should be noted that development profits on one of the Group's Singapore and China property development projects, which were earlier deferred due to the adoption of MFRS 15, will be recognised upon completion and handover of the projects in the second half of 2020.

The property development segment reported revenue of RM207.3 million and profit before tax of RM65.0 million for the current 6 months period ended 30 June 2020 compared to revenue of RM201.4 million and profit before tax of RM70.1 million in the corresponding 6 months period ended 30 June 2019, representing an increase in revenue of 2.9% and decrease in profit before tax of 7.3%. Revenue in the current period was marginally higher due to sales of completed units from one of the overseas development projects which offset the lower sales and progress billings from local development projects. However, profit before tax in the current period was lower mainly due to the lower current second quarter contribution.

The property investment segment reported revenue of RM189.8 million and loss before tax of RM3.8 million for the current 6 months period ended 30 June 2020 compared to revenue of RM372.8 million and profit before tax of RM179.7 million in the corresponding 6 months period ended 30 June 2019, representing a decrease in revenue of 49.1% and increase in loss before tax of 102.1%. As mentioned above, the MCO which started from 18 March 2020 has resulted in the nationwide shutdown of all non-essential operations including the Group's hospitality and leisure businesses, as well as our associate, Sunway REIT's retail segment. The resulting financial impact from the disruption of the business operations was further dampened by the share of fair value loss from revaluation of Sunway REIT properties. It should be noted that the profit before tax of the corresponding period of the previous year was also boosted by gain on disposal of Sunway University assets of RM37.7 million.

The construction segment recorded revenue of RM310.6 million and profit before tax of RM29.1 million for the current 6 months period ended 30 June 2020 compared to revenue of RM639.6 million and profit before tax of RM83.1 million in the corresponding 6 months period ended 30 June 2019, representing a decrease in revenue of 51.4% and profit before tax of 64.9%. Revenue in the current period was lower mainly due to lower progress billings from local construction projects as a result of the MCO closure, which correspondingly resulted in lower profit contribution to the current period profit before tax.

B1 Review of Performance (contd.)

The trading and manufacturing segment recorded revenue of RM335.3 million and profit before tax of RM6.7 million for the current 6 months period ended 30 June 2020 compared to revenue of RM481.4 million and profit before tax of RM13.1 million in the corresponding 6 months period ended 30 June 2019, representing a decrease in revenue of 30.3% and profit before tax of 49.3%. The financial performance was lower in the current period mainly due to the lower performance in the first quarter of this year which was affected by challenging market condition. The current second quarter performance recovered due to cost saving measures adopted.

The quarry segment reported revenue of RM106.0 million and profit before tax of RM1.6 million for the current 6 months period ended 30 June 2020 compared to revenue of RM96.8 million and profit before tax of RM3.9 million in the corresponding 6 months period ended 30 June 2019, representing an increase in revenue of 9.5% and decrease in profit before tax of 57.3%. Revenue in the current period was higher primarily due to sales contribution from the completion of the first tranche of acquisition of Blacktop Industries in July 2019. The lower profit in the current period was mainly due to the lower performance in the current second quarter as a result of the MCO.

The healthcare segment reported revenue of RM274.3 million and loss before tax of RM20.4 million for the current 6 months period ended 30 June 2020 compared to revenue of RM267.6 million and profit before tax of RM34.7 million in the corresponding 6 months period ended 30 June 2019, representing an increase in revenue of 2.5% and loss before tax of 159.0%. Revenue in the current period was higher due to higher contribution from Sunway Medical Centre Velocity which commenced operation in the third quarter of 2019. The healthcare segment registered a loss before tax in the current period due to the COVID-19 pandemic and the MCO period which resulted in a sharp drop in the number of admissions and outpatient treatments at Sunway Medical Centre. Sunway Medical Centre Velocity, which commenced operations recently recorded RM21.5 million operating loss for the current period.

The other segments recorded revenue of RM104.7 million and profit before tax of RM39.7 million for the current 6 months period ended 30 June 2020 compared to revenue of RM141.1 million and profit before tax of RM45.9 million in the corresponding 6 months period ended 30 June 2019, representing a decrease in revenue of 25.8% and profit before tax of 13.6%. The financial performance in the current period was lower mainly due to lower contribution from the building materials segment and the Group's Treasury function.

B2 Material Changes in the Quarterly Results

	Quarter ended		Increase/ Decrease (%)
	30/6/2020 RM'000	31/3/2020 RM'000	
Revenue			
Property Development	68,141	139,177	-51.0%
Property Investment	55,508	134,314	-58.7%
Construction	92,555	218,027	-57.5%
Trading and Manufacturing	141,130	194,182	-27.3%
Quarry	31,888	74,149	-57.0%
Healthcare	125,133	149,203	-16.1%
Others	42,289	62,387	-32.2%
	<u>556,644</u>	<u>971,439</u>	-42.7%
Profit before tax			
Property Development	25,902	39,101	-33.8%
Property Investment	(35,763)	31,991	-211.8%
Construction	6,560	22,585	-71.0%
Trading and Manufacturing	6,157	500	1131.4%
Quarry	(1,425)	3,072	-146.4%
Healthcare	(15,989)	(4,455)	258.9%
Others	24,656	15,026	64.1%
	<u>10,098</u>	<u>107,820</u>	-90.6%

The Group recorded revenue of RM556.6 million and profit before tax of RM10.1 million for the current quarter compared to revenue of RM971.4 million and profit before tax of RM107.8 million in the preceding quarter, representing a decrease in revenue of 42.7% and profit before tax of 90.6%. Revenue was lower in the current quarter due to lower contributions from all business segments as a result of the MCO period from 18 March 2020 until 3 May 2020 as mentioned earlier. Profit before tax was lower mainly due to lower contributions from most business segments except trading and manufacturing and others segments.

The property development segment reported revenue of RM68.1 million and profit before tax of RM25.9 million for the current quarter compared to revenue of RM139.2 million and profit before tax of RM39.1 million in the preceding quarter, representing a decrease in revenue of 51.0% and profit before tax of 33.8%. The financial performance in the current quarter was lower primarily due to lower sales and progress billings from local development projects, but the impact was mitigated by cost saving measures undertaken.

B2 **Material Changes in the Quarterly Results (contd.)**

The property investment segment reported revenue of RM55.5 million and loss before tax of RM35.8 million for the current quarter compared to revenue of RM134.3 million and profit before tax of RM32.0 million in the preceding quarter, representing a decrease in revenue of 58.7% and increase in loss before tax of 211.8%. The lower performance in the current quarter was mainly due to the COVID-19 pandemic and longer MCO closure period compared to the preceding quarter, and share of fair value loss from revaluation of Sunway REIT properties of RM16.5 million.

The construction segment recorded revenue of RM92.6 million and profit before tax of RM6.6 million for the current quarter compared to revenue of RM218.0 million and profit before tax of RM22.6 million in the preceding quarter, representing a decrease in revenue of 57.5% and profit before tax of 71.0%. Revenue in the current quarter was lower mainly due to lower progress billings from local construction projects due to the suspension of operations during the MCO period, which resulted in lower profit contribution for the current quarter.

The trading and manufacturing segment recorded revenue of RM141.1 million and profit before tax of RM6.2 million for the current quarter compared to revenue of RM194.2 million and profit before tax of RM0.5 million in the preceding quarter, representing a decrease in revenue of 27.3% and increase in profit before tax of 1,131.4%. Revenue was lower in the current quarter due to subdued local market conditions brought on by the COVID-19 pandemic and MCO lockdown period. However, profit before tax was higher due to cost saving measures undertaken by the business unit.

The quarry segment reported revenue of RM31.9 million and loss before tax of RM1.4 million for the current quarter compared to revenue of RM74.1 million and profit before tax of RM3.1 million in the preceding quarter, representing a decrease in revenue of 57.0% and increase in loss before tax of 146.4%. The financial performance in the current quarter was lower compared to the preceding quarter mainly due to lower sales volume as a result of longer MCO closure period.

The healthcare segment reported revenue of RM125.1 million and loss before tax of RM16.0 million for the current quarter compared to revenue of RM149.2 million and loss before tax of RM4.5 million in the preceding quarter, representing a decrease in revenue of 16.1% and increase in loss before tax of 258.9%. The financial performance in the current quarter was impacted by the sharp drop in the number of admissions and outpatient treatments at Sunway Medical Centre due to the COVID-19 pandemic and longer MCO closure period compared to the preceding quarter. The operating loss incurred by Sunway Medical Centre Velocity in the current quarter, however, is lower compared to the preceding quarter as business volume has improved despite the dampening effects from the pandemic and MCO.

The other segments recorded revenue of RM42.3 million and profit before tax of RM24.7 million for the current quarter compared to revenue of RM62.4 million and profit before tax of RM15.0 million in the preceding quarter, representing a decrease in revenue of 32.2% and increase in profit before tax of 64.1%. Revenue in the current quarter was lower mainly due to lower contribution from building materials segment. However, the profit before tax was higher in the current quarter due to cost saving measures undertaken during the quarter, which offset the operating loss from building materials segment and lower contribution from the Group's Treasury functions.

B3 **Prospects**

Malaysia's gross domestic product (GDP) recorded a sharp contraction of 17.1% in the second quarter of 2020. This is attributed to the Movement Control Order (MCO) imposed from March to May 2020 due to the COVID-19 pandemic. As a result, economic activity was severely disrupted, causing most of the economic sectors to come to a grinding halt.

The authorities, however, were swift with their response to mitigate the consequential economic fallout by cutting the benchmark interest rate to a record low level and launching various economic stimulus and recovery initiatives. With the implementation of the Recovery MCO on 10 June 2020 and coupled with the aforesaid government action plans, the economy is expected to gradually recover in the second half of this year.

The Group's performance was undoubtedly affected by the pandemic and the MCO but the full financial impact was mitigated by several cost saving measures adopted to reduce the Group's operating overheads. The recently announced proposed rights issue of Irredeemable Convertible Preference Shares (ICPS), will further strengthen the Group's capital base when it is completed by early October 2020. The abovementioned action plans will enable the Group to become more efficient and resilient to face the challenges ahead.

Barring any unforeseen circumstances, the Group expects the performance of the second half of this year to be better than the first half of 2020.

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		Cumulative Year To Date	
	30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Current taxation	(21,062)	(20,832)	(36,749)	(39,261)
Deferred taxation	6,372	30,233 *	4,543	23,342
	<u>(14,690)</u>	<u>9,401</u>	<u>(32,206)</u>	<u>(15,919)</u>

* Provision for deferred taxation pertaining to balancing charge was reversed during the second quarter in the previous year due to a disposal of an investment property.

B6 Profit/(Loss) before Taxation

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

	Current Quarter Ended 30/06/2020 RM'000	Cumulative Year To Date 30/06/2020 RM'000
Depreciation and amortisation	(59,857)	(120,784)
Net provision of impairment for:		
- Trade receivables	(3,085)	(4,061)
- Other receivables	(2,334)	(2,338)
- Inventories	(875)	(1,354)
- Advances to joint ventures	(1,277)	(2,510)
Write off:		
- Trade receivables	(6)	(45)
- Inventories	(66)	(127)
- Property, plant and equipment	(257)	(316)
Net gain on disposal of:		
- property, plant and equipment	461	712
Net foreign exchange loss:		
- Others	(1,584)	(2,017)
- Unrealised for hedged items	(29,451)	(49,492)
Cash flow hedge reserve recycled to profit or loss	29,451	49,492
Net loss on derivatives	(1,236)	(1,734)

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., 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 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. ("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

B7 **Status of Corporate Proposal Announced (contd.)**

B7.1 **Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. with Sunway Serene Sdn. Bhd., View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd. (contd.)**

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.

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; and
- (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 SPA of PT2049 and the Proposed Joint Venture were completed on 29 June 2016 and 24 May 2017 respectively. The remainder of the acquisition of PT 7 and PT 8 has been completed on 28 February 2020.

B7 Status of Corporate Proposal Announced (contd.)

B7.2 Proposed acquisition of Dolomite Granite Quarry Sdn. Bhd.

On 3 June 2019, Sunway Holdings Sdn. Bhd. ("SunHoldings"), a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement ("SSA") with Dolomite Industries Company Sdn. Bhd. ("the Vendor"), a subsidiary of Dolomite Corporation Berhad, to acquire 100 ordinary shares in Dolomite Granite Quarry Sdn. Bhd. ("Dolomite Quarry") ("Sale Shares") representing 100% of the total issued and paid-up share capital of Dolomite Quarry together with 4 parcels of leasehold lands measuring approximately 784 acres ("Lands") and the plants and machinery located on the Lands but excluding premix plant and mobile machinery and equipment and stocks located on the Lands as listed in the SSA ("Plant and Machinery"), free from all charges and encumbrances in the following manner ("Proposed Acquisition"):

- a) RM100.00 for the Sale Shares; and
- b) RM125,000,000.00 towards payment for the Lands and the Plant and Machinery.

The Lands are held under the following titles:

- a) Pajakan Negeri 113181, Lot 53066 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor;
- b) Pajakan Negeri 113182, Lot 53068 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor;
- c) Pajakan Negeri 113183, Lot 53065 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor; and
- d) Pajakan Negeri 113184, Lot 53069 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor.

Pursuant to the SSA, SHSB will acquire the Sale Shares, the Lands as well as Plant and Machinery from the Vendor free from all charges and encumbrances at the following consideration:

- a) RM100 for the Sale Shares; and
- b) RM125,000,000 towards payment of the purchase price for the Lands together with the Plant and Machinery. SHSB or its related company will advance the sum of RM125,000,000 to Dolomite Quarry to enable Dolomite Quarry to pay the purchase price to the Vendor pursuant to a sale and purchase agreement dated 27 December 2018 made between the Vendor and Dolomite Quarry ("SPA").

The Proposed Acquisition is conditional upon the fulfilment of the conditions precedent set out in the SSA within 3 months from the date of the SSA or such other date as may be mutually agreed by SunHoldings and the Vendor. The conditions precedent include:

- a) The Vendor having procured the approval of the shareholders of Dolomite Corporation Berhad, its ultimate holding company and Dolomite Quarry, in a general meeting, for the sale of the Sale Shares;
- b) The Vendor having obtained and delivered the following documents to SunHoldings:
 - (i) a written confirmation from Maybank International Labuan Branch ("Maybank Labuan") confirming the redemption sum payable to MayBank Labuan to fully redeem and discharge the Lands ("Redemption Sum"); and
 - (ii) a written undertaking from Maybank Labuan to release its security interest created over the Sale Shares, the Lands as well as the Plant and Machinery subject to payment to Maybank Labuan of the Redemption Sum.
- c) Dolomite Quarry having completed the SPA in accordance with its terms including the transfer and registration of the Lands as well as Plant and Machinery in favour of Dolomite Quarry; and
- d) The Vendor having procured the issuance of new issue documents of title for the Lands with a leasehold tenure of not less than 58 years.

The SSA shall become unconditional on the date when all the conditions precedent have been obtained/fulfilled or waived.

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

B7.3 Proposed acquisition of land by Sunway Medical Centre Kota Bharu Sdn. Bhd.

On 28 July 2020, Sunway Medical Centre Kota Bharu Sdn. Bhd. ("SMCKB"), a subsidiary of the Company, entered into a Sale and Purchase Agreement ("SPA") with Liziz Standaco Sdn. Bhd. ("the Vendor"), to acquire a leasehold land of 99 years expiring on 20 August 2102 held under Pajakan Negeri 12272 Lot 10047, Seksyen 17, Bandar Kota Bharu, Jajahan Kota Bharu, Negeri Kelantan measuring approximately 3.811 hectares (38,110 square metres) for a purchase consideration of RM28,704,410 free from encumbrances and with vacant possession ("Proposed Acquisition").

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

B7 Status of Corporate Proposal Announced (contd.)

B7.4 Proposed Right Issue of Irredeemable Convertible Preference Shares ("ICPS") and proposed amendments to the constitution of Sunway

On 27 May 2020, Sunway Berhad ("Sunway") proposes to undertake a renounceable rights issue of up to 1,112,777,962 new irredeemable convertible preference shares ("ICPS") in Sunway at an issue price of RM1.00 per ICPS on the basis of one ICPS for every five existing ordinary shares in Sunway held by the entitled shareholders of Sunway on an entitlement date to be determined later ("Proposed Rights Issue of ICPS").

In conjunction with the Proposed Rights Issue of ICPS, Sunway proposes to amend the Constitution of the Company to facilitate the creation and issuance of the ICPS.

On 6 July 2020, the Board resolved to and have announced the following:

- (i) the Rights Issue of ICPS is to be undertaken on a minimum subscription basis instead of a full subscription basis to raise a minimum of RM612.7 million; and
- (ii) the Conversion Price will be fixed on a date to be determined and announced by our Board after all relevant approvals have been obtained and at the lower of:
 - (a) RM1.00 per Sunway Share; and
 - (b) an RM amount equivalent to up to 20% discount to the five-day VWAP of Sunway Shares immediately before the price-fixing date.

On 10 August 2020, Bursa Securities had vide its letter dated 7 August 2020 approved the following:

- (i) admission of up to 1,112,777,962 ICPS to the Official List;
- (ii) listing and quotation of the following on the Main Market of Bursa Securities:
 - (a) up to 1,112,777,962 ICPS;
 - (b) up to 1,390,972,453 new Shares to be issued pursuant to the conversion of the ICPS;
 - (c) up to 67,495,505 additional Warrants to be issued pursuant to the adjustment arising from the Rights Issue of ICPS; and
 - (d) up to 67,495,505 new Shares to be issued pursuant to the exercise of the additional Warrants

The approval of Bursa Securities for the above is subject to the following conditions:

- (i) Sunway and RHB Investment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of ICPS;
- (ii) Sunway and RHB Investment Bank to inform Bursa Securities upon the completion of the Rights Issue of ICPS;
- (iii) Sunway and RHB Investment Bank to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of ICPS is completed; and
- (iv) Sunway to furnish Bursa Securities on a quarterly basis a summary of the total number of ordinary shares listed pursuant to the conversion of ICPS as at the end of each quarter together with a detailed computation of the listing fees payable.

The Proposed Rights Issue of ICPS has not been completed at the date of this Report.

B7.5 Proposed disposal of The Pinnacle Sunway By Sunway Integrated Properties Sdn. Bhd. and Sunway Pinnacle Sdn. Bhd.

Sunway Integrated Properties Sdn. Bhd. and Sunway Pinnacle Sdn. Bhd., both of which are wholly-owned indirect subsidiaries of Sunway, had on 29 June 2020 entered into a conditional sale and purchase agreement with RHB Trustees Berhad, being the trustee of Sunway Real Estate Investment Trust, for the disposal of The Pinnacle Sunway for a cash consideration of RM450 million ("Proposed Disposal").

- a) The SPA is conditional upon the following being fulfilled or obtained by the date falling six months after the date of the SPA, or such other extended date as the parties may mutually agree upon in writing ("Cut-Off Date"):

(A) the Trustee obtains the following approvals from the Unitholders at a Unitholders' Meeting:

- (1) the Proposed Acquisition; and
- (2) the specific allotment of Placement Units to Sunway REIT Holdings, or if the New Mandate is not obtained, the Proposed Private Placement (which includes allotment and issuance of the Placement Units);
- (B) the approval of Bursa Securities for the listing of the Placement Units;
- (C) the completion of the Proposed Private Placement (including the receipt of net proceeds raised from the Proposed Private Placement by the Trustee);
- (D) the Vendors obtain the approval of the State Authority for the transfer of The Pinnacle Sunway to the Trustee; and
- (E) any other approvals of any authorities as may be deemed necessary by the parties and agreed in writing.

(collectively, the "Conditions Precedent").

- b) If any approval or consent referred to in Sections (a) (B), (D) or (E) above, is given upon terms and conditions that are unacceptable to the Trustee, the Trustee may within a period of 21 days after being notified on such terms and conditions, submit or require that an appeal be submitted, if avenues for such appeal exist.

B7 **Status of Corporate Proposal Announced (contd.)**

B7.5 **Proposed disposal of The Pinnacle Sunway By Sunway Integrated Properties Sdn. Bhd. and Sunway Pinnacle Sdn. Bhd. (contd.)**

- c) The Trustee shall be entitled to waive in whole or in part and conditionally or unconditionally, to the extent permitted by law or applicable regulations, the requirement to satisfy the conditions set out in Section (a) above.
- d) If the Conditions Precedent set out in Section (a) above are granted or obtained by the Cut-Off Date, either unconditionally or subject to conditions acceptable by the Trustee, then the SPA will become unconditional in the following manner ("Unconditional Date"):
- (A) if the Conditions Precedent are granted unconditionally, on the business day after the day upon which the Conditions Precedent set out in Section (a) above have been fulfilled/obtained; or
- (B) if any approval or consent is granted subject to any condition, on the business day after the day upon which the Trustee accepts such condition.

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

B8 **Group Borrowings and Debt Securities**

The Group borrowings as at 30 June 2020 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
Secured borrowings			
<u>Islamic:</u>			
Term loan	214,550	-	214,550
Bankers' acceptance	8,500	-	8,500
Medium term notes	2,020,000	50,000	2,070,000
Revolving credits	429,100	-	429,100
	2,672,150	50,000	2,722,150
<u>Conventional:</u>			
Bank overdrafts	98,445	-	98,445
Term loan	382,657	257,115	639,772
Revolving credits	1,158,207	-	1,158,207
Bankers' acceptances	2,541	-	2,541
Hire purchase	135	607	742
	1,641,985	257,722	1,899,707
Total secured borrowings	4,314,135	307,722	4,621,857
Unsecured borrowings			
<u>Islamic:</u>			
Medium term notes	10,000	670,000	680,000
Commercial papers	2,045,000	-	2,045,000
	2,055,000	670,000	2,725,000
<u>Conventional:</u>			
Term loan	637,042	-	637,042
Revolving credits	964,384	-	964,384
Bankers' acceptances	131,657	-	131,657
Commercial papers	156,000	-	156,000
Bills discounting	96,186	-	96,186
Bills payable	3,030	-	3,030
	1,988,299	-	1,988,299
Total unsecured borrowings	4,043,299	670,000	4,713,299
Total borrowings	8,357,434	977,722	9,335,156
Islamic borrowings	4,727,150	720,000	5,447,150
Conventional borrowings	3,630,284	257,722	3,888,006
Total borrowings	8,357,434	977,722	9,335,156

B8 **Group Borrowings and Debt Securities (contd.)**

Included in the Group borrowings as at 30 June 2020 are amounts denominated in foreign currency as follows:

	Foreign currency		RM'000		Total
	Current	Non-current	Current	Non-current	
Secured					
US Dollar (USD'000) *					
- Term loan	41,000	-	175,931	-	175,931
- Revolving credits	293,000	-	1,257,263	-	1,257,263
Singapore Dollar (SGD'000) **					
- Term loan	-	22,000	-	67,861	67,861
- Revolving credits	12,400	-	38,249	-	38,249
Australia Dollar (AUD'000) #					
- Revolving credits	152,180	-	449,661	-	449,661
- Bankers' acceptance	860	-	2,541	-	2,541
Pound Sterling (GBP'000) **					
- Term loan	55,797	-	294,993	-	294,993
Unsecured					
US Dollar (USD'000) *					
- Revolving credits	111,000	-	476,301	-	476,301
Singapore Dollar (SGD'000) **					
- Revolving credits	87,500	-	269,903	-	269,903
Indonesian Rupiah (RP'000) **					
- Bills discounting	10,000,000	-	3,030	-	3,030
Australia Dollar (AUD'000) *					
- Revolving credits	21,700	-	64,119	-	64,119
			3,031,991	67,861	3,099,852

The Group borrowings as at 30 June 2019 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
Secured borrowings			
<u>Islamic:</u>			
Term loan	538,980	-	538,980
Revolving credits	414,600	-	414,600
	953,580	-	953,580
<u>Conventional:</u>			
Bank overdrafts	65,467	-	65,467
Term loan	1,039,802	220	1,040,022
Revolving credits	302,299	-	302,299
Bankers' acceptances	11,313	-	11,313
Hire purchase	212	491	703
	1,419,093	711	1,419,804
Total secured borrowings	2,372,673	711	2,373,384
Unsecured borrowings			
<u>Islamic:</u>			
Medium term notes	-	2,340,000	2,340,000
Commercial papers	1,730,000	-	1,730,000
	1,730,000	2,340,000	4,070,000
<u>Conventional:</u>			
Term loan	466,015	-	466,015
Revolving credits	479,366	-	479,366
Medium term notes	-	610,000	610,000
Bankers' acceptances	153,294	-	153,294
Commercial papers	1,116,000	-	1,116,000
Bills discounting	137,202	-	137,202
Bills payable	2,979	-	2,979
	2,354,856	610,000	2,964,856
Total unsecured borrowings	4,084,856	2,950,000	7,034,856
Total borrowings	6,457,529	2,950,711	9,408,240
Islamic borrowings	2,683,580	2,340,000	5,023,580
Conventional borrowings	3,773,949	610,711	4,384,660
Total borrowings	6,457,529	2,950,711	9,408,240

B8 **Group Borrowings and Debt Securities (contd.)**

Included in the Group borrowings as at 30 June 2019 are amounts denominated in foreign currency as follows:

	Foreign currency		RM'000		Total
	Current	Non-current	Current	Non-current	
Secured					
US Dollar (USD'000) *					
- Term loan	228,000	-	945,288	-	945,288
- Revolving credits	157,000	-	650,922	-	650,922
Singapore Dollar (SGD'000) *					
- Term loan	25,000	-	76,738	-	76,738
Indonesian Rupiah (RP'000) **					
- Term loan	9,870,236	-	2,892	-	2,892
- Bills payable	10,166,380	-	2,979	-	2,979
Australia Dollar (AUD'000) #					
- Term loan	84,533	-	245,967	-	245,967
Unsecured					
US Dollar (USD'000) *					
- Revolving credits	34,000	-	140,964	-	140,964
			2,065,750	-	2,065,750

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 decreased by RM0.07 billion, from RM9.40 billion as at 30 June 2019 to RM9.33 billion as at 30 June 2020.

The weighted average interest rate of borrowings as at 30 June 2020 is 3.15%. 46% of the Group's total borrowing are fixed rate instruments, whereas 54% are floating rate instruments.

Out of the total borrowings of RM9.33 billion, RM3.10 billion (Current: RM3.03 billion ; Non-current: RM0.07 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 4.332, AUD borrowings is 2.794, SGD borrowings is 3.085 and GBP borrowings is 5.287.

B9 **Derivative Financial Instruments**

The Group's outstanding derivatives as at 30 June 2020 were as follows:

Type of Derivatives	Contract/ Notional Value RM'000	Fair Value RM'000	Gains/(Losses) for the period RM'000	Cash Flow Hedge Reserve RM'000
Interest rate swap contracts				
- 1 year to 3 years	61,016	(1,980)	(1,796)	-
Foreign currency forward contracts				
- Less than 1 year	29,157	(425)	35	-
- 1 year to 3 years	4,035	(8)	27	-
Cross currency swap contracts #				
- Less than 1 year	1,475,914	(846)	-	8,602
- 1 year to 5 years	101,438	5,522	-	313
Total derivatives		2,263	(1,734)	8,915

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

B9 Derivative Financial Instruments (contd.)**Interest rate swap contracts**

An interest rate swap is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flow. During the financial year, the Group had 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. This interest rate swap received floating interest rate equals to Singapore Swap Offer Rate ("SOR") per annum and paid fixed rate of interest of 1.49% per annum.

The fair values of the interest rate swap contracts are determined by using the mark to market values at the end of the reporting period and changes in the fair value is recognised in the profit or loss.

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

Foreign currency forward contracts

The Group entered into foreign currency forward contracts to manage some of the transaction exposure. These contracts are entered into for periods consistent with currency transaction exposure and fair value changes exposure. The Group also uses foreign currency forward contracts as derivatives to hedge future changes in currency exposure of cash flows from foreign operations. The effective portions of the change in fair value of the derivatives are recognised in the foreign currency translation reserve. Any ineffective portions of net investment hedges are recognised immediately in the profit or loss.

Forward currency contracts are valued using a valuation technique with market observable inputs. The derivatives arising from the forward currency contracts are stated at fair value using the prevailing market rate. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

Cross currency swap contracts

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

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

B10 Ageing Analysis of Trade Receivables

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

	30/06/2020	31/12/2019
	RM'000	RM'000
Current	1,019,391	1,353,880
1 to 30 days past due	89,587	168,764
31 to 60 days past due	55,437	105,117
61 to 90 days past due	96,760	54,290
91 to 120 days past due	37,838	36,513
More than 120 days past due	223,443	147,051
	<u>503,065</u>	<u>511,735</u>
Gross trade receivables	1,522,456	1,865,615
Impaired	(88,345)	(87,121)
Total trade receivables	1,434,111	1,778,494
Other receivables	318,951	354,866
Amounts due from associates	33,404	35,145
Amounts due from joint ventures	2,242,759	2,325,052
Total receivables	<u>4,029,225</u>	<u>4,493,557</u>
Non-current receivables	1,933,382	1,478,793
Current receivables	2,095,843	3,014,764
Total receivables	<u>4,029,225</u>	<u>4,493,557</u>

B11 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 the late Mr. H.L. Agarwal as the sole arbitrator. 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 Rs89,14,55,047.83 (approximately equivalent to RM51 million) in addition to interest and cost.

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 Rs78,13,94,628.61 (approximately equivalent to RM44 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.

On 11 January 2013, the arbitrator that presided over the case passed away and 75 hearings had been held.

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. The Supreme Court of India by an order dated 5 January 2017 appointed Hon'ble Mr. Justice Vikramajit Sen (a former Judge of the Supreme Court of India) as arbitrator in place of the late Justice H.L. Agrawal (Retd.) for adjudication of the disputes and differences between the Parties. The first hearing before Mr. Justice Vikramajit Sen was held on 24 February 2017 and cross examination has been completed on 7 October 2017.

The proceedings had advanced for final arguments on 6 March 2018 to 9 March 2018. Further final and rejoinder argument was heard on 12, 13 and 14 April 2018. Arguments stand concluded. The Arbitrator published his award on 9 April 2019 and awarded the Claimant Rs. 12,84,41,929.37 (approximately equivalent to RM7.3 million).

SunCon has filed an appeal with the High Court of New Delhi in early July 2019 to set aside the arbitral award. Shristi has also filed an execution application against SunCon for enforcement of the arbitral award.

On 10 February 2020, the Honourable Court has directed SunCon to deposit, on a without prejudice basis, the decretal amount with up to date interest with the Registrar General of the High Court of Delhi within 6 weeks from 10 February 2020. SunCon has deposited Rs13,56,77,784.64 (approximately equivalent to RM7.7 million) on 26 February 2020. Subject to compliance of the said direction, the Honourable Court has stay the Arbitral Award dated 9 April 2019. In light of the above order, the Honourable Court was pleased to dispose of the enforcement petition filed by Shristi as non maintainable at this stage in as much as the Arbitral Award has been stayed. The matter has now been postponed until further notice due to the "COVID-19" pandemic.

Subsequently, the Claimant filed an application in the High Court of Delhi to permit the Claimant to withdraw the decretal amount deposited by SunCon on 4 March 2020, or pass an order directing the release of Rs. 67,289,597 (approximately equivalent to RM3.8 million) from the deposited Award Amount. There were several hearings and the next hearing is adjourned to 18 August 2020.

- (b) PNSB Acmar Sdn Bhd ("Plaintiff") has on 14 November 2019 served a Writ of Summon and a Statement of Claim both dated 8 November 2019 on Prasarana Malaysia Berhad ("Prasarana") (1st Defendant) and Sunway Construction Sdn Bhd ("SunCon") (2nd Defendant).

The Plaintiff is claiming that all the construction works in relation to the project known as "Construction and Completion of Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia" ("Project") and the structures such as the Project's poles, bars, and LRT stations had trespassed and/or encroached into the Plaintiff's own development project area and has resulted in losses and damages towards the Plaintiff.

Prasarana is the owner of the Project and SunCon is the awarded Works Package Contractor for the contract known as "Contract No. Prasarana/GSC/CTT/2.06080/2017: Construction and Completion of Guideway, Stations Iconic Bridge, Park and Rides, Ancillary Buildings and other Associated Works for Package GS07-08 for Light Rail Transit 3 (LRT3) from Bandar Utama to Johan Setia" in relation to the Project.

B11 Changes in Material Litigation (contd.)

The Plaintiff is claiming, amongst other, for the following:-

- (i) Special damages of RM711,367,434.46 and/or to be determined by the Senior Assistant Registrar or Deputy Registrar of the High Court of Malaya;
- (ii) The costs between the solicitor and client amounts to RM400,000.00 or cost to be determined by the Honorable Court;
- (iii) Interest rate of 5% per year from the date of trespass i.e. 30 April 2018 until the date of filing of the writ and from the date of the Honorable Court's order until the full settlement; and
- (iv) Court's declarations, injunctions, orders and other reliefs that the Honorable Court deems fit and proper.

The Court had scheduled a further case management on 23 January 2020 to provide further pre-trial on case management directions. On the case management on 5 March 2020, the Court had directed SunCon to file the application to strike out the case by 19 March 2020. The Court had scheduled a further case management on 21 May 2020 and will provide further directions. On 29 May 2020, SunCon filed an application to strike out the Plaintiff's claim. During case management on 17 July 2020, the Court has scheduled a further case management on 17 August 2020 and the hearing of both ours and Prasarana's application to strike out the suit on 22 September 2020.

The solicitors acting for SunCon, after taking into consideration the evidence available, a review of the Statement of Claim, documents with client and a review of the law, are of the considered opinion that the Plaintiff's claim for the sum of RM711,367,434.46 is likely to be dismissed.

B12 Dividend

Other than the dividend paid as disclosed in note A7, no dividend has been proposed by the Board of Directors for the financial period ended 30 June 2020.

B13 Earnings per share

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

	Current Quarter Ended 30/06/2020 RM'000	Cumulative Year To Date 30/06/2020 RM'000
<u>Basic/Diluted earnings per share</u>		
(Loss)/Profit attributable to members of the Company	(6,713)	71,581
Distribution to holders of perpetual sukuk	(9,872)	(21,753)
Net earnings for the period	(16,585)	49,828
Weighted Average Number of Ordinary Shares ('000)	4,901,382	4,901,985
(Loss)/Earnings per share (Basic/Diluted) (sen)	(0.34)	1.02

By Order of the Board

**Tan Kim Aun
Chin Lee Chin**

Secretaries