

SUNWAY BERHAD (Company No : 921551-D)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

	NOTE	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		CURRENT YEAR QUARTER 30/06/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2018 RM'000 (RESTATED)	INCREASE/ (DECREASE) %	CURRENT YEAR TO DATE 30/06/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2018 RM'000 (RESTATED)	INCREASE/ (DECREASE) %
REVENUE		1,077,178	1,260,188	(15%)	2,200,787	2,541,667	(13%)
OPERATING EXPENSES		(980,272)	(1,148,852)	(15%)	(2,012,628)	(2,323,030)	(13%)
OTHER OPERATING INCOME		70,369	53,983	30%	96,879	75,233	29%
PROFIT FROM OPERATIONS		167,275	165,319	1%	285,038	293,870	(3%)
FINANCE INCOME		70,592	62,931	12%	149,313	124,216	20%
FINANCE COSTS		(66,771)	(73,163)	(9%)	(127,700)	(142,011)	(10%)
SHARE OF PROFIT FROM ASSOCIATES		70,430	84,964	(17%)	100,878	112,469	(10%)
SHARE OF PROFIT FROM JOINT VENTURES		11,715	2,964	295%	22,978	13,639	68%
PROFIT BEFORE TAX		253,241	243,015	4%	430,507	402,183	7%
INCOME TAX EXPENSE	B5	9,401	(26,010)	(136%)	(15,919)	(48,970)	(67%)
PROFIT FOR THE PERIOD		262,642	217,005	21%	414,588	353,213	17%
ATTRIBUTABLE TO:							
- OWNERS OF THE PARENT		246,491	199,458	24%	382,903	319,352	20%
- NON-CONTROLLING INTERESTS		16,151	17,547	(8%)	31,685	33,861	(6%)
		262,642	217,005	21%	414,588	353,213	17%
EARNINGS PER SHARE							
(i) BASIC (sen)		4.72	4.04	17%	7.43	6.47	15%
(ii) DILUTED (sen)		4.72	4.03	17%	7.43	6.46	15%

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2018 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 30 JUNE 2019
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2019	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2018	CURRENT YEAR TO DATE 30/06/2019	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2018
	RM'000	RM'000 (RESTATED)	RM'000	RM'000 (RESTATED)
PROFIT FOR THE PERIOD	262,642	217,005	414,588	353,213
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS				
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	8,759	(27,603)	10,749	(57,246)
REVALUATION OF OTHER INVESTMENT	(7,720)	-	37,045	-
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	-	3,451	-
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS				
- FAIR VALUE OF DERIVATIVES	(3,085)	(71,216)	18,585	(3,713)
- AMOUNT RECYCLED TO PROFIT OR LOSS	(1,469)	66,388	(16,614)	4,022
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS	(3,515)	(32,431)	53,216	(56,937)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	259,127	184,574	467,804	296,276
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	242,760	166,186	436,180	262,836
- NON-CONTROLLING INTERESTS	16,367	18,388	31,624	33,440
	259,127	184,574	467,804	296,276

(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 2018 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 30 JUNE 2019
THE FIGURES HAVE NOT BEEN AUDITED

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER 30/06/2019	IMMEDIATE PRECEDING QUARTER 31/3/2019	INCREASE/ (DECREASE)
	RM'000	RM'000 (Restated)	%
REVENUE	1,077,178	1,123,609	(4%)
OPERATING EXPENSES	(980,272)	(1,032,356)	(5%)
OTHER OPERATING INCOME	70,369	26,510	165%
PROFIT FROM OPERATIONS	<u>167,275</u>	<u>117,763</u>	42%
FINANCE INCOME	70,592	78,721	(10%)
FINANCE COSTS	(66,771)	(60,929)	10%
SHARE OF PROFIT FROM ASSOCIATES	70,430	30,448	131%
SHARE OF PROFIT FROM JOINT VENTURES	11,715	11,263	4%
PROFIT BEFORE TAX	<u>253,241</u>	<u>177,266</u>	43%
INCOME TAX EXPENSE	9,401	(25,320)	(137%)
PROFIT FOR THE PERIOD	<u>262,642</u>	<u>151,946</u>	73%
ATTRIBUTABLE TO:			
- OWNERS OF THE PARENT	246,491	136,412	81%
- NON-CONTROLLING INTERESTS	<u>16,151</u>	<u>15,534</u>	4%
	<u>262,642</u>	<u>151,946</u>	73%
EARNINGS PER SHARE			
(i) BASIC (sen)	<u>4.72</u>	<u>2.70</u>	75%
(ii) DILUTED (sen)	<u>4.72</u>	<u>2.70</u>	75%

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2018 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 30 JUNE 2019
THE FIGURES HAVE NOT BEEN AUDITED

FINANCIAL REVIEW FOR CURRENT QUARTER COMPARED WITH IMMEDIATE PRECEDING QUARTER

	CURRENT QUARTER 30/06/2019	IMMEDIATE PRECEDING QUARTER 31/3/2019
	RM'000	RM'000
PROFIT FOR THE PERIOD	262,642	151,946
OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIODS		
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	8,759	1,990
REVALUATION OF OTHER INVESTMENT	(7,720)	44,765
REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	-	3,451
CASH FLOW HEDGE RESERVE - FAIR VALUE GAINS		
- FAIR VALUE OF DERIVATIVES	(3,085)	21,670
- AMOUNT RECYCLED TO PROFIT OR LOSS	(1,469)	(15,145)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	<u>(3,515)</u>	<u>56,731</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>259,127</u>	<u>208,677</u>
ATTRIBUTABLE TO:		
- OWNERS OF THE PARENT	242,760	193,420
- NON-CONTROLLING INTERESTS	<u>16,367</u>	<u>15,257</u>
	<u>259,127</u>	<u>208,677</u>

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2018 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 30 JUNE 2019
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019

	AS AT END OF	AS AT PRECEDING	
	CURRENT QUARTER	FINANCIAL PERIOD END	
	30/06/2019	31/12/2018	1/1/2018
	RM'000	RM'000	RM'000
		(RESTATED)	(RESTATED)
ASSETS			
Non-current assets			
Property, plant and equipment	1,920,172	1,856,860	1,522,895
Right of use assets	735,459	768,828	720,528
Intangible assets	15,719	17,748	15,333
Investment properties	1,974,824	1,942,744	2,066,760
Inventories	1,724,850	1,671,311	1,682,127
Investment in associates	2,099,955	2,084,029	1,886,876
Investment in joint ventures	1,562,713	1,306,632	1,741,727
Goodwill	313,893	313,893	311,814
Deferred tax assets	119,358	126,192	116,353
Receivables	2,232,991	1,916,715	1,304,832
Derivative assets	-	-	34,181
Rock reserves	5,739	5,868	6,131
Other investments	5,934	122,397	813
Biological assets	80	234	616
	<u>12,711,687</u>	<u>12,133,451</u>	<u>11,410,986</u>
Current assets			
Contract assets	82,175	100,765	104,660
Inventories	1,899,722	1,857,935	1,788,430
Receivables, deposits & prepayments	1,999,138	1,946,459	2,098,815
Cash and bank balances, and placement in funds	6,440,687	5,136,032	4,418,604
Tax recoverable	65,530	68,792	57,474
Derivative assets	8,712	64,629	68,378
	<u>10,495,964</u>	<u>9,174,612</u>	<u>8,536,361</u>
Assets of disposal group classified as held for sale	-	486,128	294,283
TOTAL ASSETS	<u>23,207,651</u>	<u>21,794,191</u>	<u>20,241,630</u>
EQUITY AND LIABILITIES			
Current liabilities			
Payables, accruals & other current liabilities	2,375,163	2,671,273	2,711,640
Contract liabilities	20,218	33,772	34,669
Bank borrowings	6,457,529	6,337,460	4,911,049
Lease liabilities	56,310	68,547	53,559
Taxation	37,219	33,555	26,662
Derivative liabilities	13,632	17,227	48,315
	<u>8,960,071</u>	<u>9,161,834</u>	<u>7,785,894</u>
Non-current liabilities			
Long term bank borrowings	2,950,711	2,535,754	2,868,344
Lease liabilities	802,143	819,171	772,929
Other long term liabilities	351,945	128,993	258,013
Derivative liabilities	2	36	4,496
Deferred taxation	119,008	146,907	121,331
	<u>4,223,809</u>	<u>3,630,861</u>	<u>4,025,113</u>
Total liabilities	<u>13,183,880</u>	<u>12,792,695</u>	<u>11,811,007</u>
Equity attributable to Owners of the Parent			
Share capital	5,382,501	5,379,437	5,370,606
Treasury shares	(94,285)	(140,299)	(63,817)
Reserves	2,965,757	2,743,277	2,502,871
	<u>8,253,973</u>	<u>7,982,415</u>	<u>7,809,660</u>
PERPETUAL SUKUK	1,150,000	400,000	-
NON-CONTROLLING INTERESTS	619,798	619,081	620,963
Total equity	<u>10,023,771</u>	<u>9,001,496</u>	<u>8,430,623</u>
TOTAL EQUITY AND LIABILITIES	<u>23,207,651</u>	<u>21,794,191</u>	<u>20,241,630</u>
Number of ordinary shares ('000)	4,926,469	4,924,402	4,918,491
Net Assets Per Share Attributable To Owners Of The Parent (RM)	1.68	1.62	1.59

(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 2018 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2019

	----- ATTRIBUTABLE TO OWNERS OF THE PARENT -----										TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		PERPETUAL SUKUK	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	----- NON-DISTRIBUTABLE -----					DISTRIBUTABLE									
	SHARE CAPITAL	TREASURY SHARES	NEGATIVE MERGER RESERVE	FOREIGN EXCHANGE RESERVE	SHARE OPTION RESERVE	HEDGE RESERVE	FURNITURE & FITTINGS RESERVE	OTHER RESERVES	RETAINED PROFITS	TOTAL RESERVES	OF THE PARENT	RM'000	RM'000	RM'000	RM'000
PERIOD ENDED 30 JUNE 2019	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	
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)	
At 1 January 2019	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	
Profit for the year	-	-	-	-	-	-	-	-	382,903	382,903	382,903	-	31,685	414,588	
Other comprehensive income	-	-	-	10,809	-	1,971	-	40,497	-	53,277	53,277	-	(61)	53,216	
Total comprehensive income	-	-	-	10,809	-	1,971	-	40,497	382,903	436,180	436,180	-	31,624	467,804	
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	
Share buy back by a subsidiary	-	-	-	-	-	-	-	-	(2,357)	(2,357)	(2,357)	-	(3,337)	(5,694)	
Purchase of treasury shares during the year	-	(45,897)	-	-	-	-	-	-	-	-	(45,897)	-	-	(45,897)	
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 interest	-	-	-	-	-	-	-	-	(500)	(500)	(500)	-	1,734	1,234	
Transfer to statutory reserve	-	-	-	-	-	-	-	282	(279)	3	3	-	(3)	-	
Transfer to furniture & fittings reserve	-	-	-	-	-	-	3,099	-	(3,099)	-	-	-	-	-	
Distribution paid to holders of perpetual sukuk	-	-	-	-	-	-	-	-	(21,469)	(21,469)	(21,469)	-	-	(21,469)	
Effect of disposal of other investment fair valued through other comprehensive income	-	-	-	-	-	-	-	(28,139)	28,139	-	-	-	-	-	
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	
PERIOD ENDED 30 JUNE 2018															
At 1 January 2018	5,370,606	(63,817)	(1,192,040)	200,176	10,596	(17,854)	12,536	190,873	3,379,642	2,583,929	7,890,718	-	621,526	8,512,244	
Effects of adopting MFRS 16	-	-	-	-	-	-	-	-	(81,058)	(81,058)	(81,058)	-	(563)	(81,621)	
At 1 January 2018	5,370,606	(63,817)	(1,192,040)	200,176	10,596	(17,854)	12,536	190,873	3,298,584	2,502,871	7,809,660	-	620,963	8,430,623	
Profit for the year	-	-	-	-	-	-	-	-	319,352	319,352	319,352	-	33,861	353,213	
Other comprehensive income	-	-	-	(56,825)	-	309	-	-	-	(56,516)	(56,516)	-	(421)	(56,937)	
Total comprehensive income	-	-	-	(56,825)	-	309	-	-	319,352	262,836	262,836	-	33,440	296,276	
Issuance of ordinary shares pursuant to															
- exercise of ESOS	1,957	-	-	-	(397)	-	-	-	-	(397)	1,560	-	-	1,560	
- exercise of warrants	-	^	-	-	-	-	-	-	-	-	-	-	-	-	
Purchase of treasury shares during the year	-	(51,418)	-	-	-	-	-	-	-	-	(51,418)	-	-	(51,418)	
Dividends declared	-	-	-	-	-	-	-	-	(146,367)	(146,367)	(146,367)	-	-	(146,367)	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(27,086)	(27,086)	
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	787	787	787	-	(7,717)	(6,930)	
Issuance of perpetual sukuk	-	-	-	-	-	-	-	-	-	-	-	200,000	-	200,000	
Transfer to statutory reserve	-	-	-	-	-	-	-	358	(354)	4	4	-	(4)	-	
Transfer to furniture & fittings reserve	-	-	-	-	-	-	747	-	(747)	-	-	-	-	-	
At 30 June 2018	5,372,563	(115,235)	(1,192,040)	143,351	10,199	(17,545)	13,283	191,231	3,471,255	2,619,734	7,877,062	200,000	619,596	8,696,658	

^ Represents 202 warrants amounting to RM376.

(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 2018 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2019

	FOR THE 6 MONTHS PERIOD ENDED 30/06/2019 RM'000	FOR THE 6 MONTHS PERIOD ENDED 31/06/2018 RM'000 (RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	430,507	402,183
Adjustments for:		
- non-cash items	(75,112)	(23,821)
- finance costs	127,700	142,011
- finance income	(149,313)	(124,216)
Operating cash flows before working capital changes	333,782	396,157
Changes in working capital	(100,469)	(96,363)
Cash flow generated from operations	233,313	299,794
Interest received	149,313	111,157
Dividend received from joint ventures, associates and other investments	63,005	62,937
Tax refunded	10,002	1,183
Tax paid	(42,620)	(42,966)
Net cash flow generated from operating activities	413,013	432,104
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment, and biological assets	2,846	5,730
Proceeds from disposal of non-current assets held for sale	495,692	306,000
Proceeds from disposal of other investments	162,114	-
Acquisition of land	(96,121)	(243,839)
Acquisition of property, plant and equipment, and biological assets	(164,024)	(260,650)
Acquisition of intangible assets	(1,685)	(5,200)
Acquisition of other investment	(8,634)	(66,220)
Additional shares acquired by non-controlling interest	1,268	-
Acquisition and subsequent expenditure of investment properties	(30,710)	(17,797)
Acquisition of equity interest from non-controlling interest	-	(6,926)
Investment in joint ventures	(4,237)	(6,637)
Investment in associates	(100)	(81,651)
Advances to associates and joint ventures	(221,018)	(53,996)
Repayment of/advances to quasi loan advances from joint venture	(234,090)	151,062
Net cash generated used in investing activities	(98,699)	(280,123)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank borrowings	627,749	795,753
Net lease liabilities	(37,122)	(30,553)
Interest paid	(127,700)	(128,952)
Proceeds from issue of shares from exercise of ESOS	2,477	1,561
Shares buyback	(51,592)	(51,418)
Dividend paid to shareholders	(96,878)	(146,367)
Dividend paid to non-controlling interests of subsidiaries	(29,301)	(27,086)
Repayment from non-controlling interests of subsidiaries	27	-
Issuance of perpetual bonds	750,000	200,000
Distribution paid to holders of perpetual sukuk	(21,469)	(3,436)
Net cash generated from financing activities	1,016,191	609,502
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,330,506	761,483
EFFECTS OF EXCHANGE RATE CHANGES	9,926	(10,657)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,507,883	2,243,130
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	3,848,314	2,993,956
Bank overdrafts	65,467	119,588
Short-term investments	2,526,906	2,047,997
Cash and bank balances, and placement in funds	6,440,687	5,161,541
(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 2018 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 2019.

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 2018. 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 2018.

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 2018 except for the adoption of the following new MFRSs, amendments to MFRSs and IC Interpretations that are effective for financial statements effective from 1 January 2019, as disclosed below:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 3	Annual Improvements to MFRS Standards 2015-2018 Cycle
Amendments to MFRS 11	Annual Improvements to MFRS Standards 2015-2018 Cycle
Amendments to MFRS 112	Annual Improvements to MFRS Standards 2015-2018 Cycle
Amendments to MFRS 123	Annual Improvements to MFRS Standards 2015-2018 Cycle
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement

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

MFRS 16 - Leases

As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 are no longer required. This Standard introduces a single accounting model, requiring the lessee to recognise the right-of-use of the underlying lease asset and the future lease payments liabilities in the statements of financial position. For a lessor, MFRS 16 continues to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.

Right-of-use assets comprise premises and equipment. Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities. The right-of-use assets are measured at an amount equal to the lease liabilities.

Lease liabilities arising from the premises and equipment are recognised and discounted using the weighted average incremental borrowing rate of the Group of 5.41% - 5.71%. Subsequent to initial recognition, the Group measure the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

Prior year restatements

The Group has reclassified its investments in Sunway Velocity Mall Sdn. Bhd. and Sunway Velocity Hotel Sdn. Bhd. from investments in subsidiaries to investments in joint ventures following an assessment during the financial year that the Group does not control these companies as there are matters relating to operations that required joint decisions by the relevant shareholders.

Consequently, the Group has deconsolidated these two entities, equity accounted and adjusted amounts previously reported in the financial statements.

(i) Reconciliation of profit of loss

	Individual quarter ended 30 June 2018				Cumulative quarter ended 30 June 2018			
	As previously stated	Prior year restatements	Effects of MFRS 16	Restated	As previously stated	Prior year restatements	Effects of MFRS 16	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,287,062	(26,874)	-	1,260,188	2,595,510	(53,843)	-	2,541,667
Operating expenses	(1,175,284)	17,579	8,853	(1,148,852)	(2,375,213)	34,477	17,706	(2,323,030)
Other operating income	54,224	(241)	-	53,983	75,742	(509)	-	75,233
Profit from operations	166,002	(9,536)	8,853	165,319	296,039	(19,875)	17,706	293,870
Finance income	56,259	6,672	-	62,931	111,194	13,022	-	124,216
Finance cost	(69,054)	7,955	(12,064)	(73,163)	(131,617)	13,734	(24,128)	(142,011)
Share of profit from associates	84,964	-	-	84,964	112,469	-	-	112,469
Share of profit from joint ventures	4,048	(1,084)	-	2,964	15,023	(1,384)	-	13,639
Profit before tax	242,219	4,007	(3,211)	243,015	403,108	5,497	(6,422)	402,183
Income tax expense	(26,453)	-	443	(26,010)	(49,856)	-	886	(48,970)
Profit after tax	215,766	4,007	(2,768)	217,005	353,252	5,497	(5,536)	353,213
Attributable to:								
- Owners of the parent	199,438	2,743	(2,723)	199,458	321,361	3,436	(5,445)	319,352
- Non-controlling interests	16,328	1,264	(45)	17,547	31,891	2,061	(91)	33,861
	215,766	4,007	(2,768)	217,005	353,252	5,497	(5,536)	353,213
Earnings per share:								
- Basic	4.09			4.04	6.58			6.47
- Diluted	4.09			4.03	6.57			6.46

(ii) Reconciliation of comprehensive income

	Individual quarter ended 30 June 2018				Cumulative quarter ended 30 June 2018			
	As previously stated	Prior year restatements	Effects of MFRS 16	Restated	As previously stated	Prior year restatements	Effects of MFRS 16	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Profit for the period	215,766	4,007	(2,768)	217,005	353,252	5,497	(5,536)	353,213
Foreign currency translation differences for foreign operation	(27,603)	-	-	(27,603)	(57,246)	-	-	(57,246)
Cash flow hedge reserve- fair value gains								
- Fair value of derivatives	(71,216)	-	-	(71,216)	(3,713)	-	-	(3,713)
- Amount recycled to profit or loss	66,388	-	-	66,388	4,022	-	-	4,022
Other comprehensive income to be reclassified to profit and loss in subsequent periods	(32,431)	-	-	(32,431)	(56,937)	-	-	(56,937)
Total comprehensive income for the period	183,335	4,007	(2,768)	184,574	296,315	5,497	(5,536)	296,276
Attributable to:								
- Owners of the parent	166,166	2,743	(2,723)	166,186	264,845	3,436	(5,445)	262,836
- Non-controlling interests	17,169	1,264	(45)	18,388	31,470	2,061	(91)	33,440
	183,335	4,007	(2,768)	184,574	296,315	5,497	(5,536)	296,276

(iii) Reconciliation of financial position and equity

	As at 1 January 2018			As at 31 December 2018		
	As previously stated	Effects of MFRS 16	Restated	As previously stated	Effects of MFRS 16	Restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets						
Right of use assets	-	720,528	720,528	-	768,828	768,828
Deferred tax assets	100,828	15,525	116,353	108,896	17,296	126,192
Other non-current assets	10,574,105	-	10,574,105	11,238,431	-	11,238,431
	10,674,933	736,053	11,410,986	11,347,327	786,124	12,133,451
Current assets	8,536,361	-	8,536,361	9,174,612	-	9,174,612
Assets of disposal group classified as held for sale	294,283	-	294,283	486,128	-	486,128
TOTAL ASSETS	19,505,577	736,053	20,241,630	21,008,067	786,124	21,794,191
Current liabilities						
Payables, accruals & other current liabilities	2,720,454	(8,814)	2,711,640	2,680,174	(8,901)	2,671,273
Lease liabilities	-	53,559	53,559	-	68,547	68,547
Other current liabilities	5,020,695	-	5,020,695	6,422,014	-	6,422,014
	7,741,149	44,745	7,785,894	9,102,188	59,646	9,161,834
Non-current liabilities						
Lease liabilities	-	772,929	772,929	-	819,171	819,171
Other non-current liabilities	3,252,184	-	3,252,184	2,811,690	-	2,811,690
Non-current liabilities	3,252,184	772,929	4,025,113	2,811,690	819,171	3,630,861
Total liabilities	10,993,333	817,674	11,811,007	11,913,878	878,817	12,792,695
Equity attributable to Owners of the Parent						
Share capital	5,370,606	-	5,370,606	5,379,437	-	5,379,437
Treasury shares	(63,817)	-	(63,817)	(140,299)	-	(140,299)
Reserves	2,583,929	(81,058)	2,502,871	2,835,225	(91,948)	2,743,277
	7,890,718	(81,058)	7,809,660	8,074,363	(91,948)	7,982,415
Perpetual sukuk	-	-	-	400,000	-	400,000
Non-controlling interest	621,526	(563)	620,963	619,826	(745)	619,081
Total equity	8,512,244	(81,621)	8,430,623	9,094,189	(92,693)	9,001,496
TOTAL LIABILITIES AND EQUITY	19,505,577	736,053	20,241,630	21,008,067	786,124	21,794,191
Net Assets Per Share Attributable To Owners Of The Parent (RM)	1.60		1.59	1.64		1.62

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 2019.

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 2019.

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

During the financial period ended 30 June 2019, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 2,066,760 ordinary shares pursuant to the exercise of the Employees' Share Option Scheme; and
- (b) the repurchase of equity securities of 27,639,300 ordinary shares, at an average price of RM1.66 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:

- (a) RM96,878,406 was paid on 18 April 2019 as second interim dividend of 2 sen per ordinary share for the financial year ended 31 December 2018; and
- (b) A share dividend distribution of approximately 48.4 million shares was distributed on 18 April 2019 on the basis of 1 treasury share for every 100 existing ordinary shares held.

A9 Segmental Reporting

Segmental results for the financial period ended 30 June 2019 are as follows:

	Property Development	Property Investment Division	Construction	Trading and Manufacturing	Quarry	Healthcare	Investment Holdings	Others	Adjustments/ eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
BY BUSINESS SEGMENTS										
REVENUE AND EXPENSES										
Sales to external customers	201,440	372,813	639,641	481,376	96,832	267,585	1,749	139,351	-	2,200,787
Inter-segment revenue	515	112,847	774,555	57,392	11,129	1,328	521,038	35,451	(1,514,255)	-
Total revenue	201,955	485,660	1,414,196	538,768	107,961	268,913	522,787	174,802	(1,514,255)	2,200,787
Results										
Operating segment results	40,520	119,901	81,477	17,348	2,273	30,734	(18,037)	10,822	-	285,038
Finance income	28,197	25,061	15,322	5,922	2,985	11,083	55,054	5,689	-	149,313
Finance costs	(6,927)	(80,808)	(5,968)	(10,129)	(1,398)	(7,148)	(9,392)	(5,930)	-	(127,700)
Share of results of:										
- associated companies	2	100,919	237	-	-	-	-	(280)	-	100,878
- joint ventures	8,323	14,652	3	-	-	-	-	-	-	22,978
Profit before taxation	70,115	179,725	91,071	13,141	3,860	34,669	27,625	10,301	-	430,507
Taxation	(11,807)	18,656	(15,765)	(2,199)	(161)	(15)	(2,641)	(1,987)	-	(15,919)
Profit for the period	58,308	198,381	75,306	10,942	3,699	34,654	24,984	8,314	-	414,588
Non controlling interests	(2,151)	(702)	(28,264)	(694)	(104)	(222)	1	451	-	(31,685)
Attributable to owners of the parent	56,157	197,679	47,042	10,248	3,595	34,432	24,985	8,765	-	382,903

	Revenue	Profit before tax	Profit after tax	Attributable to owners of the parent
	RM'000	RM'000	RM'000	RM'000
BY GEOGRAPHICAL SEGMENTS				
Malaysia	1,962,978	407,565	392,962	361,478
Singapore	91,636	(46)	(123)	(59)
China	84,082	21,866	21,348	21,183
India	29	(264)	(264)	(147)
Australia	14,845	(137)	(336)	(588)
United Arab Emirates	-	(127)	(127)	(69)
Other Countries	47,217	1,650	1,128	1,105
	2,200,787	430,507	414,588	382,903

Segmental results by foreign currency for the financial period ended 30 June 2019 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)	199,157	50,921	39,311	37,412	199,157	50,921	39,311	37,412
Australian Dollar (AUD'000)	-	225	157	71	-	657	460	207
Hong Kong Dollar (HKD'000)	-	(418)	(418)	(418)	-	(220)	(220)	(220)
India Rupee (INR'000)	-	34	34	34	-	2	2	2
China Yuan Renminbi (RMB'000)	3,701	32,160	32,160	32,160	2,254	19,588	19,588	19,588
Singapore Dollar (SGD'000)	10	(273)	(273)	(273)	29	(831)	(831)	(831)
US Dollar (USD'000)	-	-	-	-	-	(2)	(2)	(1)
					201,440	70,115	58,308	56,157

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)	362,737	180,063	198,719	198,042	362,737	180,063	198,719	198,042
Hong Kong Dollar (HKD'000)	-	4	4	4	-	2	2	2
US Dollar (USD'000)	1,640	13	13	7	6,761	52	52	27
Vietnam Dong (VND'000,000)	18,706	(2,212)	(2,212)	(2,212)	3,315	(392)	(392)	(392)
					372,813	179,725	198,381	197,679

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)	572,762	91,578	75,813	47,318	572,762	91,578	75,813	47,318
United Arab Emirates Dirham (AED'000)	-	(113)	(113)	(61)	-	(127)	(127)	(69)
India Rupee (INR'000)	-	(4,346)	(4,346)	(2,360)	-	(256)	(256)	(139)
Singapore Dollar (SGD'000)	22,001	(41)	(41)	(22)	66,879	(124)	(124)	(68)
Trinidad & Tobago Dollar (TTD'000)	-	-	-	-	-	-	-	-
					639,641	91,071	75,306	47,042

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)	353,682	8,400	7,312	6,757	353,682	8,400	7,312	6,757
Australian Dollar (AUD'000)	5,080	(271)	(271)	(271)	14,845	(793)	(793)	(793)
Indonesia Rupiah (IDR'000,000)	81,907	3,017	2,093	2,093	23,835	878	609	609
China Yuan Renminbi (RMB'000)	83,657	3,116	2,274	2,046	50,954	1,898	1,385	1,246
Singapore Dollar (SGD'000)	8,144	576	551	551	24,755	1,752	1,675	1,675
Thai Baht (THB'000)	100,662	10,324	8,400	8,400	13,182	1,352	1,100	1,100
					481,376	13,141	10,942	10,248

HEALTHCARE 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)	267,584	35,521	35,506	35,277	267,584	35,521	35,506	35,277
Singapore Dollar (SGD'000)	-	(280)	(280)	(278)	1	(852)	(852)	(845)
					267,585	34,669	34,654	34,432

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)	1,631	27,803	25,167	25,167	1,631	27,803	25,167	25,167
Hong Kong Dollar (HKD'000)	-	363	354	356	-	191	186	187
China Yuan Renminbi (RMB'000)	194	(606)	(606)	(606)	118	(369)	(369)	(369)
					1,749	27,625	24,984	24,985

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)	108,595	9,523	7,536	8,014	108,595	9,523	7,536	8,014
China Yuan Renminbi (RMB'000)	50,496	1,277	1,277	1,233	30,756	778	778	751
					139,351	10,301	8,314	8,765

The quarry segment is denominated entirely in Malaysian Ringgit.

Segmental assets and liabilities for the financial period ended 30 June 2019 are as follows:

	Property Development	Property Investment Division	Construction	Trading and Manufacturing	Quarry	Healthcare	Investment Holdings	Others	Adjustments/ eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets										
Segment assets	5,211,832	3,019,041	2,133,367	986,908	160,739	1,628,239	17,071,789	705,208	(11,557,028)	19,360,095
Investment in associates	-	1,936,175	-	-	-	-	-	163,780	-	2,099,955
Investment in joint ventures	1,362,364	155,609	44,740	-	-	-	-	-	-	1,562,713
Unallocated assets										184,888
Total assets										23,207,651
Liabilities										
Segment liabilities	4,046,235	3,624,228	1,540,716	667,707	132,958	1,175,200	12,825,306	522,282	(11,506,977)	13,027,655
Unallocated liabilities										156,225
Total liabilities										13,183,880

A10 Foreign Currency Rates

The foreign currency exchange rates used are as follows:

Denomination	Closing rate	Average rate
United Arab Emirates Dirham	1.1298	1.1270
Australian Dollar	2.9097	2.9223
Hong Kong Dollar	0.5307	0.5258
Indonesia Rupiah ('000)	0.2930	0.2910
India Rupee	0.0601	0.0589
Japanese Yen	0.0386	0.0376
China Yuan Renminbi	0.6032	0.6091
Singapore Dollar	3.0695	3.0398
Thai Baht	0.1348	0.1310
US Dollar	4.1460	4.1237
Vietnam Dong ('000)	0.1779	0.1772

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

A11 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.

A12 Material events

There were no material events subsequent to the current quarter ended 30 June 2019.

A13 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 2019.

A14 Contingent Liabilities and Assets

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

	30/06/2019 RM'000	31/12/2018 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>868,559</u>	<u>797,281</u>

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

There were no contingent assets.

A15 Commitments

Capital commitment not provided for in the financial year as at 30 June 2019 is as follows:

	30/06/2019 RM'000	31/12/2018 RM'000
Amount authorised and contracted for	100,270	73,288
Amount authorised but not contracted for	<u>422,725</u>	<u>503,547</u>
	<u>522,995</u>	<u>576,835</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 (%)
	30/06/2019 RM'000	30/06/2018 RM'000 (Restated)	
Revenue			
Property development	113,584	88,698	28.1%
Property investment	176,075	189,831	-7.2%
Construction	293,455	449,655	-34.7%
Trading and manufacturing	230,038	286,419	-19.7%
Quarry	52,638	57,897	-9.1%
Healthcare	140,817	108,194	30.2%
Others	70,571	79,494	-11.2%
	<u>1,077,178</u>	<u>1,260,188</u>	-14.5%
Profit before tax			
Property development	37,282	50,118	-25.6%
Property investment	122,325	104,644	16.9%
Construction	47,400	50,865	-6.8%
Trading and manufacturing	6,569	14,713	-55.4%
Quarry	2,117	4,139	-48.9%
Healthcare	19,255	10,960	75.7%
Others	18,293	7,576	141.5%
	<u>253,241</u>	<u>243,015</u>	4.2%

The Group recorded revenue of RM1,077.2 million and profit before tax of RM253.2 million for the current quarter ended 30 June 2019 compared to revenue of RM1,260.2 million and profit before tax of RM243.0 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 14.5% and increase in profit before tax of 4.2%. Revenue was lower in the current quarter due to lower contributions from most business segments except property development and healthcare. Profit before tax was higher mainly due to higher contributions from property investment, healthcare and others segments. It should be noted that profit before tax would have been higher by 15.2% compared to the corresponding quarter of the previous financial year if not for the adoption of MFRS 15 on one of the Group's Singapore and China property development projects, for which the Group can only recognise the development profits upon completion. The progressive profits from these projects which have to be deferred amounted to RM26.8 million for the current quarter and RM28.3 million for the corresponding quarter of the previous financial year.

The property development segment reported revenue of RM113.6 million and profit before tax of RM37.3 million in the current quarter compared to revenue of RM88.7 million and profit before tax of RM50.1 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 28.1% and decrease in profit before tax of 25.6%. Revenue was higher due to higher sales and progress billings from local development projects. However, profit before tax for the current quarter was lower compared to the corresponding quarter of the previous financial year, which benefitted from the foreign exchange gains realised from the accumulated profits distributed from the Group's Singapore property development projects. As mentioned above, profit before tax would have been higher by RM26.8 million if not for the adoption of MFRS 15.

The property investment segment reported revenue of RM176.1 million and profit before tax of RM122.3 million in the current quarter compared to revenue of RM189.8 million and profit before tax of RM104.6 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 7.2% and increase in profit before tax of 16.9%. Revenue in the current quarter was lower partly due to lower rental income after the disposal of Sunway University assets to Sunway REIT, which was completed on 15 April 2019. The revenue was also impacted by lower visitorship and lower occupancy rates at the Group's theme parks and hospitality properties. Profit before tax was higher mainly due to higher contribution from Sunway Velocity Mall and the disposal gain on Sunway University assets of RM37.7 million. However, this was partly offset by lower contributions from Group's hospitality properties and theme parks as well as lower share of fair value gains from revaluation of Sunway REIT properties, which was RM43.6 million in the current quarter compared to RM59.2 million in the corresponding quarter of the previous financial year.

The construction segment recorded revenue of RM293.5 million and profit before tax of RM47.4 million in the current quarter compared to revenue of RM449.7 million and profit before tax of RM50.9 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 34.7% and profit before tax of 6.8%. Revenue in the current quarter was lower mainly due to lower progress billings from local construction projects and higher intra-group eliminations which led to a lower contribution from the construction projects to the current quarter profit before tax.

The trading and manufacturing segment recorded revenue of RM230.0 million and profit before tax of RM6.6 million in the current quarter compared to revenue of RM286.4 million and profit before tax of RM14.7 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 19.7% and profit before tax of 55.4%. The financial performance was lower in the current quarter due to lower sales from subdued market demands, both locally and overseas, and lower operating margins.

The quarry segment reported revenue of RM52.6 million and profit before tax of RM2.1 million in the current quarter compared to revenue of RM57.9 million and profit before tax of RM4.1 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 9.1% and profit before tax of 48.9%. The financial performance in the current quarter was lower primarily due to lower average selling price of aggregates and lower premix sales volume.

The healthcare segment reported revenue of RM140.8 million and profit before tax of RM19.3 million in the current quarter compared to revenue of RM108.2 million and profit before tax of RM11.0 million in the corresponding quarter of the previous financial year, representing an increase in revenue of 30.2% and profit before tax of 75.7%. The financial performance in the current quarter was better primarily due to higher occupancy from increased number of new beds and higher outpatient treatments.

The other segments recorded revenue of RM70.6 million and profit before tax of RM18.3 million in the current quarter compared to revenue of RM79.5 million and profit before tax of RM7.6 million in the corresponding quarter of the previous financial year, representing a decrease in revenue of 11.2% and increase in profit before tax of 141.5%. 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 higher net interest income contribution from the Group's treasury functions.

For 6 months period

	For 6 months period ended		Increase/ Decrease (%)
	30/06/2019 RM'000	30/06/2018 RM'000 (Restated)	
Revenue			
Property development	201,440	220,997	-8.8%
Property investment	372,813	382,838	-2.6%
Construction	639,641	893,370	-28.4%
Trading and manufacturing	481,376	564,698	-14.8%
Quarry	96,832	107,904	-10.3%
Healthcare	267,585	210,071	27.4%
Others	141,100	161,789	-12.8%
	<u>2,200,787</u>	<u>2,541,667</u>	-13.4%
Profit before tax			
Property development	70,115	77,577	-9.6%
Property investment	179,725	161,758	11.1%
Construction	91,071	92,285	-1.3%
Trading and manufacturing	13,141	27,547	-52.3%
Quarry	3,860	7,119	-45.8%
Healthcare	34,669	21,710	59.7%
Others	37,926	14,187	167.3%
	<u>430,507</u>	<u>402,183</u>	7.0%

The Group recorded revenue of RM2,200.8 million and profit before tax of RM430.5 million for the current 6 months period ended 30 June 2019 compared to revenue of RM2,541.7 million and profit before tax of RM402.2 million in the corresponding 6 months period ended 30 June 2018, representing a decrease in revenue of 13.4% and increase in profit before tax of 7.0%. Revenue was lower in the current period due to lower contributions from most business segments except healthcare. Current period profit before tax was higher, however, mainly due to higher profit contribution from the property investment, healthcare and others segments. Profit contribution from the property development segment was also impacted by the adoption of MFRS 15 on one of the Group's Singapore and China property development projects, as mentioned above. The Group's profit before tax in the current period would have been higher by RM66.3 million (or 23.5% as compared to the previous corresponding 6 months period) if not for the adoption of MFRS 15. The corresponding progressive profits which was not recognised for the 6 months period ended 30 June 2018 amounted to RM28.3 million.

The property development segment reported revenue of RM201.4 million and profit before tax of RM70.1 million for the current 6 months period ended 30 June 2019 compared to revenue of RM221.0 million and profit before tax of RM77.6 million in the corresponding 6 months period ended 30 June 2018, representing a decrease in revenue of 8.8% and profit before tax of 9.6%. The lower revenue for the current period was due to lower progress billings from local development projects. The profit before tax for the current period was lower compared to the previous period, which benefitted from the foreign exchange gains realised from the accumulated profits distributed from the Singapore projects. Further, following the adoption of MFRS 15, the progressive profits from one of the Group's Singapore and China property development projects totaling RM66.3 million in the current period can only be recognised upon completion.

The property investment segment reported revenue of RM372.8 million and profit before tax of RM179.7 million for the current 6 months period ended 30 June 2019 compared to revenue of RM382.8 million and profit before tax of RM161.8 million in the corresponding 6 months period ended 30 June 2018, representing a decrease in revenue of 2.6% and increase in profit before tax of 11.1%. Revenue in the current period was lower mainly due to lower occupancy rates at the Group's hospitality properties. Profit before tax in the current period was higher, boosted by disposal gain on Sunway University assets. However, this was partly offset by lower contributions from the Group's hospitality properties and theme parks in the current period as well as lower share of fair value gains from revaluation of Sunway REIT properties, as mentioned above.

The construction segment recorded revenue of RM639.6 million and profit before tax of RM91.1 million for the current 6 months period ended 30 June 2019 compared to revenue of RM893.4 million and profit before tax of RM92.3 million in the corresponding 6 months period ended 30 June 2018, representing a decrease in revenue of 28.4% and profit before tax of 1.3%. Revenue was lower in the current period due to lower progress billings from local construction projects and higher intra-group eliminations. Profit before tax was marginally lower due to higher percentage of progressive profit recognition in the current period to offset the much lower revenue.

The trading and manufacturing segment recorded revenue of RM481.4 million and profit before tax of RM13.1 million for the current 6 months period ended 30 June 2019 compared to revenue of RM564.7 million and profit before tax of RM27.5 million in the corresponding 6 months period ended 30 June 2018, representing a decrease in revenue of 14.8% and profit before tax of 52.3%. The financial performance was lower in the current period due to lower sales from subdued market demands, both locally and overseas, and lower operating margins.

The quarry segment reported revenue of RM96.8 million and profit before tax of RM3.9 million for the current 6 months period ended 30 June 2019 compared to revenue of RM107.9 million and profit before tax of RM7.1 million in the corresponding 6 months period ended 30 June 2018, representing a decrease in revenue of 10.3% and profit before tax of 45.8%. The financial performance in the current period was lower primarily due to lower average selling price of aggregates and lower premix sales volume.

The healthcare segment reported revenue of RM267.6 million and profit before tax of RM34.7 million for the current 6 months period ended 30 June 2019 compared to revenue of RM210.1 million and profit before tax of RM21.7 million in the corresponding 6 months period ended 30 June 2018, representing an increase in revenue of 27.4% and profit before tax of 59.7%. The financial performance in the current period was better primarily due to higher occupancy from increased number of new beds and higher outpatient treatments.

The other segments recorded revenue of RM141.1 million and profit before tax of RM37.9 million for the current 6 months period ended 30 June 2019 compared to revenue of RM161.8 million and profit before tax of RM14.2 million in the corresponding 6 months period ended 30 June 2018, representing a decrease in revenue of 12.8% and increase in profit before tax of 167.3%. Revenue in the current period was lower mainly due to lower contribution from the building materials segment. Profit before tax, however, was higher due to higher net interest income contribution from the Group's treasury functions.

B2 Material Changes in the Quarterly Results

	Quarter ended		Increase/ Decrease (%)
	30/06/2019 RM'000	31/03/2019 RM'000 (Restated)	
Revenue			
Property development	113,584	87,856	29.3%
Property investment	176,075	196,738	-10.5%
Construction	293,455	346,186	-15.2%
Trading and manufacturing	230,038	251,338	-8.5%
Quarry	52,638	44,194	19.1%
Healthcare	140,817	126,768	11.1%
Others	70,571	70,529	0.1%
	<u>1,077,178</u>	<u>1,123,609</u>	-4.1%
Profit before tax			
Property development	37,282	32,833	13.6%
Property investment	122,325	57,400	113.1%
Construction	47,400	43,671	8.5%
Trading and manufacturing	6,569	6,572	0.0%
Quarry	2,117	1,743	21.5%
Healthcare	19,255	15,414	24.9%
Others	18,293	19,633	-6.8%
	<u>253,241</u>	<u>177,266</u>	42.9%

The Group recorded revenue of RM1,077.2 million and profit before tax of RM253.2 million for the current quarter compared to revenue of RM1,123.6 million and profit before tax of RM177.3 million in the preceding quarter, representing a decrease in revenue of 4.1% and increase in profit before tax of 42.9%. Revenue was lower in the current quarter mainly due to lower contributions from property investment, construction and trading and manufacturing segments. However, profit before tax was higher in the current quarter due to higher contributions from most business segments. In addition, the current quarter was also boosted by the fair value gains from the revaluation of Sunway REIT properties of RM43.6 million and disposal gain on Sunway University assets of RM37.7 million. The progressive profits which have to be deferred due to the adoption of MFRS 15 on one of the Group's Singapore and China property development projects amounted to RM26.8 million for the current quarter compared to RM39.5 million for the preceding quarter.

The property development segment reported revenue of RM113.6 million and profit before tax of RM37.3 million for the current quarter compared to revenue of RM87.9 million and profit before tax of RM32.8 million in the preceding quarter, representing an increase in revenue of 29.3% and profit before tax of 13.6%. The financial performance in the current quarter was higher primarily due to higher sales and progress billings from local development projects.

The property investment segment reported revenue of RM176.1 million and profit before tax of RM122.3 million for the current quarter compared to revenue of RM196.7 million and profit before tax of RM57.4 million in the preceding quarter, representing a decrease in revenue of 10.5% and increase in profit before tax of 113.1%. Revenue in the current quarter was lower mainly due to lower rental income after the disposal of Sunway University assets to Sunway REIT, as mentioned above, and lower contributions from the Group's theme parks. Profit before tax, however, was boosted by the share of fair value gains from revaluation of Sunway REIT properties of RM43.6 million and the disposal gain on Sunway University assets in the current quarter, which more than offset the lower contributions from the Group's hospitality properties and theme parks.

The construction segment recorded revenue of RM293.5 million and profit before tax of RM47.4 million for the current quarter compared to revenue of RM346.2 million and profit before tax of RM43.7 million in the preceding quarter, representing a decrease in revenue of 15.2% and increase in profit before tax of 8.5%. Revenue in the current quarter was lower mainly due to lower progress billings from local construction projects and higher intra-group eliminations. However, profit before tax in the current quarter was higher due to higher contribution from the progressive profit recognition from the local construction projects.

The trading and manufacturing segment recorded revenue of RM230.0 million and profit before tax of RM6.6 million for the current quarter compared to revenue of RM251.3 million and profit before tax of RM6.6 million in the preceding quarter, representing a decrease in revenue of 8.5% and marginal decrease in profit before tax. Revenue was lower in the current quarter due to lower sales from subdued market demands, both locally and overseas. Profit before tax, however, was largely in line with the previous quarter.

The quarry segment reported revenue of RM52.6 million and profit before tax of RM2.1 million for the current quarter compared to revenue of RM44.2 million and profit before tax of RM1.7 million in the preceding quarter, representing an increase in revenue of 19.1% and profit before tax of 21.5%. The financial performance in the current quarter was higher mainly due to higher average selling price and sales volume for pre-mix.

The healthcare segment reported revenue of RM140.8 million and profit before tax of RM19.3 million for the current quarter compared to revenue of RM126.8 million and profit before tax of RM15.4 million in the preceding quarter, representing an increase in revenue of 11.1% and profit before tax of 24.9%. The financial performance in the current quarter was better primarily due to higher occupancy and higher outpatient treatments.

The other segments recorded revenue of RM70.6 million and profit before tax of RM18.3 million for the current quarter compared to revenue of RM70.5 million and profit before tax of RM19.6 million in the preceding quarter, representing an increase in revenue of 0.1% and decrease in profit before tax of 6.8%. Revenue was largely in line with the previous quarter. Profit before tax was lower, however, mainly due to higher net interest expenses, mitigated by higher contribution from the building materials segment and other businesses.

B3 **Prospects**

The Malaysian economy registered a stronger than expected growth of 4.9% in the second quarter of 2019, compared with the 4.5% growth recorded in the preceding quarter. According to Bank Negara, the local economy is expected to remain on a steady growth path underpinned by sustained private sector activity and domestic consumption. However, such expectation could be derailed by the slowing global growth due to the ongoing trade tensions and rising risks from continuing uncertainties.

The Group will continue with its prudent business strategy but it is well positioned to capitalise on any opportunities which may arise to enhance its growth prospects. Barring any unforeseen circumstances, the Group will continue to perform well for the second half of this year.

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 30/06/2019 RM'000	Cumulative Year To Date 30/06/2019 RM'000
Current taxation	(20,832)	(39,261)
Deferred taxation *	30,233	23,342
	<u>9,401</u>	<u>(15,919)</u>

* Provision for deferred taxation pertaining to balancing charge was reversed during the quarter mainly 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 30/06/2019 RM'000	Cumulative Year To Date 30/06/2019 RM'000
Depreciation and amortisation	(61,115)	(116,748)
Net reversal/(provision) of impairment for:		
- Trade receivables	(1,568)	(1,934)
- Inventories	(962)	(1,377)
- Advances to joint venture	(1,163)	(2,241)
- Property, plant and equipment	(1,125)	(1,125)
Write off:		
- Trade receivables	(460)	(549)
- Inventories	(80)	(118)
- Property, plant and equipment	(173)	(359)
Net gain on disposal of:		
- property, plant and equipment	229	827
- non-current asset held for sale	37,676	37,676
Net foreign exchange gain/(loss):		
- Others	(254)	(1,602)
- Unrealised for hedged items	1,469	16,614
Cash flow hedge reserve recycled to profit or loss	(1,469)	(16,614)

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 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. ("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

B7.1 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.
- (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 residential units by Sunway Avila Sdn. Bhd. (formerly known as Sunglobal Resources Sdn. Bhd.)

On 25 May 2018, Sunway Avila Sdn. Bhd. (formerly known as Sunglobal Resources Sdn. Bhd.) ("Sunglobal") entered into a Master Sale and Purchase Agreement ("SPA") with Setapak Heights Development Sdn Bhd ("Setapak Heights") for the acquisition of 47 completed individual residential units of Residensi Infiniti 3 ("Parcels") developed by Setapak Heights on a leasehold land of 99 years expiring on 24 February 2109 held under Pajakan Negeri 50980 Lot 200649 Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan ("Land") on an "as is where is" basis and free from encumbrances and with vacant possession ("Proposed Acquisition") for a total purchase consideration of RM45,795,860 ("Contract Price").

The Contract Price shall be satisfied by Sunglobal in the following manner:

- (a) A sum of RM4,579,586 ("Initial Payment") paid to Setapak Heights upon execution of the SPA as part payment of the Contract Price;
- (b) Payment of RM20,608,137 shall be paid to Setapak Heights within 12 months from the date of the SPA towards part payment of the Contract Price; and
- (c) Payment of the remaining balance of the Contract Price of RM20,608,137 shall be paid to Setapak Heights within 18 months from the date the SPA.

The SPA is conditional upon the discharge of the assignment of the Parcels in favour of Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad within one month from the date of the SPA or such further period as may be granted by Sunglobal ("Cut-Off Period"). Setapak Heights and Sunglobal shall treat the sale and purchase of the Parcels as being completed on the date this condition is fulfilled notwithstanding that the Contract Price has yet to be paid in full. If the condition is not fulfilled by the expiry of the Cut-Off Period, Setapak Heights is to refund the Initial Payment to Sunglobal and Sunglobal shall have the right to terminate the SPA.

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

B7.3 Proposed acquisition of Blacktop Industries Sdn. Bhd.

On 29 March 2019, Sunway Holdings Sdn Bhd ("SunHoldings"), a wholly-owned subsidiary of the Company, has entered into a Share Sale Agreement ("SSA") with Datin Sri Lau Lai San, Ms Chu Yuen Leng and Ms Chu Yuen Mun (collectively referred to as the "Vendors") to acquire 1,000,000 ordinary shares ("Sale Shares") representing 100% of the total issued and paid-up share capital of Blacktop Industries Sdn Bhd ("BISB") in 2 tranches for a total indicative purchase consideration of RM70,091,545.77 ("Indicative Total Purchase Consideration") ("Proposed Acquisition").

The first tranche of the Proposed Acquisition which comprises the acquisition of 60% equity interest in BISB at a consideration of RM42,054,927.46 was completed on 25 July 2019. Consequently, BISB will become a subsidiary of SunHoldings and its associated companies will become associated companies of SunHoldings upon the proper execution of the relevant documents and registration in relation to the share transfer.

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

B7.4 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.

B7.4 Proposed acquisition of Dolomite Granite Quarry Sdn. Bhd. (contd.)

The Proposed Acquisition is conditional upon the fulfillment of the following conditions precedent within 3 months from the date of the SSA or such other date as may be mutually agreed by SunHoldings and the Vendor:-

- 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.

B8 Group Borrowings and Debt Securities

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	140,181	-	140,181
	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

Included in the Group borrowings as at 30 June 2019 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	228,000	-	945,288	-	945,288
- Revolving credits	157,000	-	650,922	-	650,922
Indonesian Rupiah (RP'000) **					
- Term loan	9,870,236	9,971,880	2,892	2,922	5,814
- Bills discounting	10,166,380	-	2,979	-	2,979
Australia Dollar (AUD'000) *					
- Term loan	84,533	-	245,967	-	245,967
- Revolving credits	-	-	-	-	-
			1,848,048	2,922	1,850,970

The Group borrowings as at 30 June 2018 are as follows:

	Current RM'000	Non-current RM'000	Total RM'000
Secured borrowings			
<u>Islamic:</u>			
Term loan	748,880	-	748,880
Revolving credits	404,800	-	404,800
	1,153,680	-	1,153,680
<u>Conventional:</u>			
Bank overdrafts	119,588	-	119,588
Term loan	530,751	920,958	1,451,709
Revolving credits	371,426	-	371,426
Medium term notes	-	480,000	480,000
Bankers' acceptances	6,941	-	6,941
Hire purchase	516	511	1,027
	1,029,222	1,401,469	2,430,691
Total secured borrowings	2,182,902	1,401,469	3,584,371
Unsecured borrowings			
<u>Islamic:</u>			
Medium term notes	-	1,480,000	1,480,000
Revolving credits	-	-	-
Commercial papers	1,275,000	-	1,275,000
Bills discounting	117,620	-	117,620
	1,392,620	1,480,000	2,872,620
<u>Conventional:</u>			
Term loan	157,897	-	157,897
Revolving credits	364,698	-	364,698
Medium term notes	-	610,000	610,000
Bankers' acceptances	172,541	-	172,541
Commercial papers	1,288,000	-	1,288,000
Bills discounting	5,944	-	5,944
	1,989,080	610,000	2,599,080
Total unsecured borrowings	3,381,700	2,090,000	5,471,700
Total borrowings	5,564,602	3,491,469	9,056,071
Islamic borrowings	2,546,300	1,480,000	4,026,300
Conventional borrowings	3,018,302	2,011,469	5,029,771
Total borrowings	5,564,602	3,491,469	9,056,071

Included in the Group borrowings as at 30 June 2018 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	528,000	100,000	2,137,344	404,800	2,542,144
Singapore Dollar (SGD'000) #					
- Term loan	90,000	-	266,841	-	266,841
Indonesian Rupiah (RP'000) **					
- Term loan	1,787,086	-	502	-	502
Australia Dollar (AUD'000) **					
- Term loan	939	-	2,798	-	2,798
			2,407,485	404,800	2,812,285

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 RM0.35 billion, from RM9.06 billion as at 30 June 2018 to RM9.41 billion as at 30 June 2019.

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 Sunway Geolake Residences, expansion cost in the healthcare segment and landbank acquisition.

The weighted average interest rate of borrowings as at 30 June 2019 is 3.99%. 54% of the Group's total borrowing are fixed rate instruments, whereas 46% are floating rate instruments.

Out of the total borrowings of RM9.41 billion, RM1.85 billion (Current: RM1.85 billion ; Non-current: RM NIL) 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 4.119 and AUD borrowings is 3.000.

B9 Derivative Financial Instruments

The Group's outstanding derivatives as at 30 June 2019 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
Foreign currency forward contracts				
- Less than 1 year	33,703	(1,147)	28	-
- 1 year to 3 years	830	(2)	93	-
Cross currency swap contracts #				
- Less than 1 year	1,324,355	(3,773)		(1,971)
Total derivatives		(4,922)	121	(1,971)

* Includes a contract which has expired during the period.

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

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.

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

	30/06/2019 RM'000	31/12/2018 RM'000
Current	1,011,463	1,092,389
1 to 30 days past due	290,027	153,139
31 to 60 days past due	118,137	104,044
61 to 90 days past due	50,299	84,770
91 to 120 days past due	40,038	48,634
More than 120 days past due	208,394	184,010
	<u>706,895</u>	<u>574,597</u>
Gross trade receivables	1,718,358	1,666,986
Impaired	(89,729)	(88,624)
Total trade receivables	<u>1,628,629</u>	<u>1,578,362</u>
Other receivables	360,678	311,948
Amounts due from associates	34,330	45,577
Amounts due from joint ventures	<u>2,208,492</u>	<u>1,927,287</u>
Total receivables	<u>4,232,129</u>	<u>3,863,174</u>
Non-current receivables	2,232,991	1,916,715
Current receivables	<u>1,999,138</u>	<u>1,946,459</u>
Total receivables	<u>4,232,129</u>	<u>3,863,174</u>

B12 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 RM54 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 RM46 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.

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 RM8 million). Suncon has filed appeal in early July 2019.

SunCon has filed an appeal with the High Court of New Delhi in early July 2019 and our hearing is fixed on 13 September 2019.

B13 Dividend

Other than the dividend paid as disclosed in note A8, the Board of Directors has declared the following dividends in respect of financial period ending 30 June 2019:

- a) A first interim cash dividend of 3.00 sen per share, which will be paid on a date to be determined.
- b) A share dividend distribution on the basis of 1 treasury share for every 100 existing ordinary shares held, which will be distributed on a date to be determined.

B14 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 30/06/2019 RM'000	Cumulative Year To Date 30/06/2019 RM'000
<u>Basic earnings per share</u>		
Profit attributable to members of the Company	246,491	382,903
Distribution to holders of perpetual sukuk	(16,216)	(21,469)
Net earnings for the period	230,275	361,434
Weighted Average Number of Ordinary Shares	4,874,169	4,861,648
Earnings per share (Basic) (sen)	4.72	7.43
<u>Diluted earnings per share</u>		
Profit attributable to members of the Company	246,491	382,903
Distribution to holders of perpetual sukuk	(16,216)	(21,469)
Net earnings for the period	230,275	361,434
Weighted Average Number of Ordinary Shares	4,879,224	4,866,545
Earnings per share (Diluted) (sen)	4.72	7.43

By Order of the Board

**Tan Kim Aun
Chin Lee Chin
Secretaries**