

TO: BURSA MALAYSIA SECURITIES BERHAD
 FR: SUNWAY HOLDINGS INCORPORATED BERHAD (37465A)

FAX NO: 03-2026 3670
 FAX NO: 03-5639 9507

30 November 2006

1. Accounting Policies

The unaudited interim report has been prepared in accordance with FRS 134 "Interim Financial Reporting" and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's Annual Audited Financial Statements for the eighteen months ended 30 June 2006.

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 eighteen months ended 30 June 2006, other than the adoption of new/revised Financial Reporting Standards (refer Note 2).

As announced on 19 August 2005, the company has changed its financial year-end from 31 December to 30 June. Pursuant to the change in the financial year-end, comparative figures for the current quarter and the cumulative period are not presented.

2. Changes in Accounting Policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those of the audited financial statements for the year ended 30 June 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") that are effective for the financial period beginning 1 July 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

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2. Changes in Accounting Policies (Continued)

New/revised FRSs which would be adopted from the financial period beginning 1 July 2007 are:

FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 139	Financial Instruments : Recognition and Measurement

The adoption of the new/revised FRSs did not have a significant impact on the Group except for the following:

FRS 101 - Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. In the statement of changes in equity, total recognised income and expenses for the period attributable to equity holders of the parent and to minority interest is shown separately.

The presentation of the Group's current quarter financial statements is based on the revised requirement of FRS 101 with the comparatives restated accordingly.

3. Qualification of Financial Statements

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

4. Seasonal or Cyclical Factors

The Group's operations were not materially affected by any seasonal or cyclical factors.

5. Nature and Amount of Unusual Items

There were no unusual items for the current financial quarter and financial year-to-date.

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6. Nature and Amount of Changes in Estimates

There were no changes in estimates of amounts in prior interim periods of the current financial year and in the prior financial years that have material effect in the current interim period.

7. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares for the current financial period under review.

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30 November 2006

8. Segment Reporting

	<u>Construction RM'000</u>	<u>Property Development RM'000</u>	<u>Trading RM'000</u>	<u>Building Materials RM'000</u>	<u>Quarry RM'000</u>	<u>Financial Services RM'000</u>	<u>Investment Holding RM'000</u>	<u>Others RM'000</u>	<u>Intersegment Eliminations RM'000</u>	<u>Group RM'000</u>
Revenue										
External revenue	241,378	14,848	57,373	17,883	37,447	465	3,313	4,316	-	377,023
Inter-segment revenue	311	-	27,685	855	-	261	4,073	1,869	(35,054)	-
Total revenue	241,689	14,848	85,058	18,738	37,447	726	7,386	6,185	(35,054)	377,023
Segment results	13,512	3,008	4,345	717	3,120	230	3,498	5,741	(8,367)	25,804
Interest Income	236	520	120	224	4	-	939	183	(989)	1,237
Finance cost	(1,050)	(234)	(648)	(409)	(1,092)	-	(11,115)	(5,308)	9,356	(10,500)
Share of results of associated companies	-	-	192	-	-	-	-	(4,354)	-	(4,162)
Profit / (loss) from ordinary activities before taxation	12,698	3,294	4,009	532	2,032	230	(6,678)	(3,738)	-	12,379
Taxation										(3,991)
Profit after taxation										8,388

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30 November 2006

9. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment as the Group does not adopt a revaluation policy on property, plant and equipment.

10. Material Events Subsequent to the End of the Period Under Review

There were no material events subsequent to the end of the period under review.

11. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter.

12. Contingent Liabilities

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

	30-Sep-06 RM'000	30-Jun-06 RM'000
Guarantees given to third parties in respect of contracts and trade performance	866,152	901,624

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

13. Review of Performance

The Group recorded revenue of RM377.0 million and profit from operations of RM25.8 million for the period under review. The Group's performance is mainly contributed by the construction, trading, quarry and property development segments.

14. Material Changes in the Quarterly Results Compared to the Results of the Immediate Preceding Quarter

The Group recorded a revenue and profit before taxation of RM377.0 million and RM12.4 million as compared to the immediate preceding quarter of RM488.7 million and loss before taxation of RM13.9 million. The improvement in the current quarter was mainly due to the stronger performance in the construction segment. In addition, non-operational expenses, which comprised of impairment of assets of RM8.4 million and provision for diminution in value of investment in Sunway Infrastructure Berhad of RM14.8 million had further affected the results of the immediate preceding quarter.

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30 November 2006

15. Current Year Prospects

With an outstanding order book of RM2.2 billion comprising RM1.0 billion local projects and RM1.2 billion overseas projects, the Group's construction arm will be kept busy for the forthcoming financial year. In the recently concluded quarter, the Group had, via a 4 companies consortium, secured another major contract in Abu Dhabi, U.A.E. worth RM1.3 billion.

The building materials and trading divisions have also expanded overseas by setting up operations in China. In building materials especially, we will be making our first foray into the manufacturing of spun piles in Zhuhai. In Dongguan and Shanghai, we will be leveraging on our existing expertise in the manufacturing of pavers to set up new plants there. These operations are expected to contribute positively to the Group's performance in the current year.

16. Variance of Actual Profit from Profit Forecast

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

17. Income Tax

	Individual Quarter 30-Sep-06 RM'000	Cumulative Quarter 30-Sep-06 RM'000
Current taxation	4,836	4,836
Deferred taxation	(850)	(850)
Over provision in respect of prior financial years	5	5
	<u>3,991</u>	<u>3,991</u>

The Group's effective tax rate is higher than the statutory tax rate mainly due to current period tax losses of subsidiary companies of which the related deferred tax assets have not been recognised.

18. Profits/(Loss) on Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments and/or properties for the current quarter.

19. Quoted Securities

The quoted warrants expired on 30 July 2006 and has been fully written off in the previous quarter.

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30 November 2006

20. Status of Corporate Proposals Announced

The Company had on 7 April 2006, entered into a Share Sale Agreement for the acquisition of 120,000 ordinary shares of RM1.00 each representing the entire equity interest in Kualiti Klasik Sdn Bhd ("KK") for a total cash consideration of RM3,800,000. The Foreign Investment Committee approved the acquisition of KK on 9 May 2006.

The Share Sale Agreement was finalized upon the completion of the due diligence on 7 July 2006 and the acquisition has been completed on 3 October 2006 upon payment of the balance purchase consideration of RM3.42 million to the vendors.

21. Group Borrowings and Debt Securities

Group borrowings and debt securities as at the end of the reporting period are as follows:

	<u>Current</u> <u>RM'000</u>	<u>Non Current</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<u>Borrowings</u>			
Secured	26,750	63,611	90,361
Unsecured	183,379	329,977	513,356
	210,129	393,588	603,717

Included in the above are borrowings which are denominated in foreign currencies as follows:-

	<u>Current</u>	<u>Non Current</u>
<u>Secured</u>		
Denominated in Singapore Dollar (SGD'000)	1,998	724
Denominated in Trinidad & Tobago Dollar (TTD'000)	12,491	-
Denominated in Indonesian Rupiah (IDR'million)	151	-
Denominated in Hong Kong Dollar (HKD'000)	-	48,373
Denominated in India Rupee (IR'million)	38	269
<u>Unsecured</u>		
Denominated in Singapore Dollar (SGD'000)	7,871	-
Denominated in US Dollar (USD'000)	-	10,000
Denominated in Vietnam Dong (VND'million)	5,150	-
Denominated in India Rupee (IR'million)	125	62

22. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 23 November 2006, being the latest practicable date which is not earlier than 7 days from the date of issue of the report.

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30 November 2006

23. Material Litigation

- (a) Updates from previously reported material litigation on Proselesa Sdn Bhd ("Plaintiff") against Sunway Holdings Incorporated Berhad and its subsidiaries, SWL Factoring Sdn Bhd and Sunway Credit and Leasing Sdn Bhd ("Defendants") for damages and specific performance in respect of an alleged breach/wrongful termination of a sale and purchase agreement.

The said suit was partly heard on 7 October 2005 with the latest hearing dates fixed on 12, 13 and 15 September 2006, which have been adjourned pending payment of the security costs by Proselesa. On 29 September 2006, the Judge has fixed a new mention date for the above matter on 16 November 2006.

On 16 November 2006, the judge directed the Plaintiff to file an application for extension of time to pay the security of costs ("Application") of which the hearing of the Application is fixed on 4 December 2006 and the trial dates are fixed on 29 and 30 March 2007 and 2,3 and 4 April 2007.

The Directors of SWLF had been advised by the case lawyer that there was no unlawful termination of the said sale and purchase agreement or any breach of the same as alleged by Proselesa.

- (b) Updates from previously reported material litigation on Sunway Credit and Leasing Sdn Bhd ("SCL") against Atlas Corporation Sdn Bhd ("Atlas") and Yeo Chu Hui ("Yeo") under Kuala Lumpur High Court No. D3-22-1231-2002.

Pursuant to the Judgment obtained against Yeo dated 18 September 2003, SCL proceeded with bankruptcy proceedings against Yeo of which Yeo has filed an application to strike out the Bankruptcy Notice and the Creditor's Petition. The parties had filed in their submissions by the dates fixed by the Court but unfortunately the Senior Assistant Registrar (SAR) who was to decide the matter on 2 May 2006 was transferred before he could deliver his decision on the same. The new SAR who is now hearing the matter had requested for more time to enable her to read the parties submissions for purposes of delivering her decision. As such, the Court has now fixed the decision of the matter on 21 July 2006. Yeo Chu Hui was adjudged a bankrupt on this date. The Adjudication and Receiving Orders had since been served to Yeo's solicitors and the Insolvency Department Office.

Pending hearing of the application, Yeo proceeded to tax the costs of the Mareva Injunction Application taken out by SCL against Yeo and Yeo was awarded costs of RM28,531.00. SCL has sought a review of the quantum of the costs and the hearing of the said review is fixed on 26 June 2006 wherein the parties have put in their written submissions, and the matter is now fixed for decision on 2 August 2006. As Yeo is now a bankrupt, the matter will have to be applied via the Leave of Official Assignee.

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30 November 2006

23. Material Litigation (Continued)

SCL has also filed an application for foreclosure against SHJ Sdn Bhd in respect of the property charged by SHJ as security for the loan taken by Atlas from SCL and the matter was fixed for hearing on 20 February 2006 wherein SHJ Holdings Sdn Bhd has filed an affidavit to contest the said foreclosure action. On the said hearing date, the Learned Judge had requested the parties to file respective skeletal submissions for the matter and has fixed the matter to be further mentioned on 24 April 2006. The Matter is now fixed for hearing on 10 July 2006 as the Learned Judge was on emergency leave. In the interim, the parties have filed their respective skeletal submissions. Decision on the matter (sale of property) is fixed on 17 August 2006. Auction dated fixed on 17 January 2007 and Summons of Directions in regards to foreclosure of the property – the hearing date was fixed on 14 November 2006. (Court to fix the reserve value of the property for auction).

- (c) A winding-up petition has been served on Sunway Construction Sdn Bhd (“SunCon”), a wholly-owned subsidiary of the Group, on 2 December 2005 by Wong Chin Choy and Wong Aun Boo Trading, as Boon Wah Engineering (“Boon Wah”), in respect of a judgement debt amounting to RM2,070,969.43 wherein the same carries an interest of 8% per annum to the date of full and final settlement.

Boon Wah had filed a claim against SunCon as a result of non-payment for works carried out. SunCon, in its defence, had disputed the amount payable and also pleaded that since payment was to be made on a back-to-back basis, SunCon’s liability to Boon Wah has not arisen as the employer had yet to pay SunCon. Boon Wah had filed a Summary Application under Order 14 Rules of the High Court 1980, wherein the Senior Assistant Registrar (“SAR”) had allowed the claim. SunCon has filed an appeal against the SAR’s decision (“Appeal”). The date of hearing of the Appeal has been fixed on 2 February 2007.

In this instance, SunCon would dispute the winding up petition; and has been advised by its solicitors that it has a good chance of succeeding in disputing the winding-up petition.

On the said hearing date, no winding up order was granted and the Judge postponed the hearing of the Petition to 21 September 2006, since there were 2 interlocutory applications namely the Stay Appeal and Striking Off Application.

The Judge had also directed the parties to appear before him on 21 August 2006 to hear the Order 14 Summary Judgement Appeal (“O14 Appeal”). Thus, in effect he has given an interim stay pending the disposal of the O14 Appeal. On the said hearing date, the hearing was adjourned to 13 September 2006, as the Judge has been elevated to the Court of Appeal and was fixed for Mention on 17 November 2006. On the said hearing date, the O14 Appeal was postponed for mention to 24 November 2006.

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30 November 2006

23. Material Litigation (Continued)

Whilst the appeal against the Order 14 Judgement is pending, Boon Wah commenced Winding Up proceedings against SunCon. The hearing of the Winding Up Petition is fixed on 21 September 2006, and subsequently adjourned to 13 February 2007. In the interim, SunCon has filed an application to strike off the said petition on the same day on the grounds that the petition is filed on frivolous grounds and the same is an abuse of the court's process.

Except for the abovementioned claims, there was no pending material litigation as at 23 November 2006 being the latest practicable date, which is not earlier than 7 days from the date of this report.

24. Earnings Per Share

	Individual Quarter <u>30-Sep-06</u>	Cumulative Quarter <u>30-Sep-06</u>
Net profit for the period (RM'000)	6,491	6,491
Weighted average number of ordinary share in issue ('000)	540,267	540,267
Basic earnings per share (sen)	1.20	1.20
Diluted earnings per share (sen)	N/A	N/A

25. Commitments

- (a) Capital commitment not provided for in the financial statements as at 30 September 2006 is as follows:-

	<u>30-Sep-06</u> RM'000	<u>30-Jun-06</u> RM'000
Amount authorised and contracted for	1,176	2,177
Amount authorised but not contracted for	8,940	9,320
	<u>10,116</u>	<u>11,497</u>

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25. Commitments (Continued)

- (b) Operating lease commitment not provided for in the financial statements as at 30 September 2006 is as follows:-

	30-Sep-06	30-Jun-06
	<u>RM'000</u>	<u>RM'000</u>
Non-cancellable operating lease commitment:		
- not later than 1 year	2,759	1,412
- later than 1 year and not later than 5 years	427	382
	<u>3,186</u>	<u>1,794</u>

By order of the Board
 Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng
 Tan Kim Aun
 Lee Suan Choo
 Secretaries