

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

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

27 NOVEMBER 2008

1. Basis of Preparation

The interim report is unaudited and is 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 Statutory Financial Statements for the financial year ended 30 June 2008.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual statutory financial statements for the financial year ended 30 June 2008.

2. Changes in Accounting Policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those of the statutory financial statements for the financial year ended 30 June 2008.

3. Qualification of Financial Statements

The auditors' report of the preceding annual statutory 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 period-to-date.

6. Nature and Amount of Changes in Estimates

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

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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 except for the following:

- (i) the issuance of equity securities of 708 new ordinary shares for cash pursuant to the conversion of 708 warrants of RM1.00 each at exercise price of RM1.30 per share; and
- (ii) the repurchase of equity securities of 3,402,600 ordinary shares at prices ranging from RM0.87 to RM1.13 per share;

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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	243,352	2,603	101,321	32,179	81,858	640	121	4,942	-	467,016
Inter-segment revenue	144	-	18,564	1,469	7,581	384	6,318	2,290	(36,750)	-
Total revenue	243,496	2,603	119,885	33,648	89,439	1,024	6,439	7,232	(36,750)	467,016
Segment results	3,884	2,942	10,798	1,130	9,344	243	(1,060)	(24)	-	27,257
Finance income										806
Finance cost										(10,640)
Share of results of jointly controlled entities	967	5,176	-	-	-	-	-	-	-	6,143
Share of results of associates	1,766	-	(3)	-	-	-	-	1,521	-	3,284
Profit before taxation										26,850
Taxation										(8,189)
Profit for the financial period										18,661

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9. Valuation of Property, Plant and Equipment and Investment Properties

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

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

There were no material events subsequent to the period ended 30 September 2008 except for the following:-

The expiry of 196,974,939 outstanding number of 2004/2008 warrants on 17 October 2008 (being the expiry and last date for the exercise of 2004/2008 warrants). Subsequent to the period ended 30 September 2008 and prior to the expiry of the 2004/2008 warrants, 4,525 new ordinary shares were issued for cash pursuant to the conversion of 4,525 warrants of RM1.00 each at the exercise price of RM1.30 per share.

11. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current financial quarter except for the following:-

- (a) The Group had on 29 July 2008 entered into a Share Sale Agreement (“SSA”) to acquire a 90% equity interest in Totalrubber Ltd (“Totalrubber”) for a total cash consideration of AUD4.5 million (equivalent to approximately RM13.2 million). Upon the completion of the said acquisition, the purchase consideration was reduced by AUD300,000 to AUD4.2 million (approximately RM12.7 million) because the vendors were unable to fulfil certain conditions of the Sales and Purchase Agreement.

The provisional fair value of net assets of Totalrubber at the deemed completion date by end of August 2008 was RM3.8 million and the provisional goodwill on acquisition amounted to RM8.9 million.

The effects of this acquisition on the financial results of the Group during the period is shown as follows:

	RM'000
(i) Increase in the Group's net profit 1 month ended 30 September 2008	88
(ii) Increase in the Group's net assets	4,764
(iii) Net cash outflow on acquisition	13,261

- (b) The Group had on 2 September 2008 liquidated its 70% equity interest in Synergy Quarry and Asphalt Industries Sdn Bhd with a loss on liquidation of RM16,000.

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11. Changes in the Composition of the Group (continued)

(c) On 5 September 2008, the Group entered into a Joint Venture Agreement (“JVA”) with Hoi Hup Realty Pte Ltd (“Hoi Hup Realty”) and Hoi Hup J.V. Development Pte Ltd (“Hoi Hup JV”) to set up a joint venture company known as Hoi Hup Sunway J.V. Pte Ltd (“Hoi Hup Sunway JV”) for the execution and performance of the design, construction, completion and development of the Project under the Design, Build and Sell Scheme (“the Project”).

Hoi Hup Realty is a company incorporated in Singapore and its principal activities are construction of building and civil works and property and housing development.

Hoi Hup JV is a company incorporated in Singapore and its principal activity is property and housing development.

Under the JVA, the Group would have a 30% interest in Hoi Hup Sunway JV.

(d) The Group had on 5 September 2008 entered into a Shareholders’ Agreement to acquire 1,750,000 ordinary shares of SGD1.00 each, representing a 50% equity interest in Toll Asia Sunway Logistics Pte Ltd (“TASL”), a jointly controlled entity, amounting to SGD1.75 million (approximately RM4.2 million). The acquisition was deemed completed as at 30 September 2008.

12. Contingent Liabilities

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

	30-Sept-08	30-June-08
	<u>RM’000</u>	<u>RM’000</u>
Guarantees given to third parties in respect of contracts and trade performance	<u>1,516,045</u>	<u>902,959</u>

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

13. Review of Performance

The Group achieved revenue of RM467.0 million during the current quarter, 6% higher than the revenue of RM442.0 million recorded in the corresponding quarter in the previous financial year. The current quarter’s profit before taxation of RM26.9 million was lower as compared to the profit before taxation of RM37.2 million for the corresponding quarter.

The higher revenue in the current quarter was mainly due to improved performance from the trading segment, both locally and overseas. Lower profit margins resulted in lower profit before taxation in the current quarter, mainly caused by higher operating costs incurred in the current quarter as compared to the corresponding quarter in the previous financial year.

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

The Group recorded revenue of RM467.0 million and profit before taxation of RM26.9 million as compared to the revenue of RM579.5 million and profit before taxation of RM24.6 million in the immediate preceding quarter.

The higher revenue in the immediate preceding quarter was mainly contributed by the finalisation of a certain completed construction project. However, despite the significantly reduced revenue in the current quarter, the Group was still able to record a higher profit before taxation, which was mainly attributed by the profit contribution from the property development project in Singapore.

15. Current Year Prospects

The current global economic crisis is expected to result in a challenging environment, with deterioration in the financial markets and increased business risks for all segments of the Group.

However, with an outstanding order book of approximately RM4.1 billion, comprising RM1.0 billion domestic projects and RM3.1 billion overseas projects, the Group will see continued contribution from its construction arm during the current financial year. The quarry segment, combined with the property development contributions from Singapore, will also continue to set the foundation for sustainable earnings for the Group.

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-Sept-08 RM'000	Cumulative Quarter 30-Sept-08 RM'000
Current taxation	8,966	8,966
Deferred taxation	407	407
Over accruals in respect of prior financial years	(1,184)	(1,184)
	8,189	8,189

The Group's effective tax rate for the financial period ended 30 September 2008 is higher than the statutory tax rate mainly due to non-deductibility of certain expenses and loss making subsidiaries without the availability of Group relief.

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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

There was neither any purchase nor disposal of quoted securities for the current quarter.

20. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as at the date of this report except for the following:

RHB Investment Bank Berhad ("RHB") had, from 18 August 2008 to 14 November 2008, announced on behalf of the Company the following proposals (collectively known as the "Proposals"):

- (i) proposed renounceable rights issue of up to 191,523,677 New Warrants in Sunway at an issue price of RM0.02 per New Warrant on the basis of 1 New Warrant for every 3 Sunway Shares held at a date to be determined ("Entitlement Date");
- (ii) proposed restricted issue of up to 8,868,825 New Warrants in Sunway at an issue price of RM0.02 per New Warrant to the ESOS holders on the basis of 1 New Warrant for every 3 existing ESOS Options held on the Entitlement Date; and
- (iii) proposed restricted issue of up to 65,658,313 New Warrants in Sunway at an issue price of RM0.02 per New Warrant to the Entitled Warrants Holders of unexercised 2004/2008 warrants on 17 October 2008, being the expiry date of the 2004/2008 warrants on the basis of 1 New Warrant for every 3 Unexercised Warrants.

Bank Negara Malaysia had, vide its letter dated 29 September 2008, approved the issuance of Warrants to non-residents of Malaysia pursuant to the Proposals.

Securities Commission ("SC") had, vide its letter dated 9 October 2008, approved the Proposals pursuant to Section 212(5) of the Capital Markets and Services Act, 2007 and the Foreign Investment Committee's Guidelines on the Acquisition of Interests, Mergers and Take-overs by Local and Foreign Interests.

The Ministry of International Trade and Industry ("MITI") had, vide its letter dated 14 November 2008, approved the Proposals subject to the following conditions:

- (i) to obtain approval from the Securities Commission and to comply with the Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests;

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20. Status of Corporate Proposals Announced (continued)

- (ii) five of Sunway's subsidiaries which have obtained MITI's licence namely Sunway Keramo Sdn Bhd, Sunway Paving Solutions Sdn Bhd, Sunway Precast Industries Sdn Bhd, Sunway PMI-Pile Construction Sdn Bhd and Sunway Hydraulic Industries Sdn Bhd are given two years flexibility to comply with the equity condition from the date of the approval letter, i.e 14 November 2008;
- (iii) Sunway and its subsidiaries who have obtained MITI's licence are required to submit a report every 6 months to the MITI on the action plan taken and to update the MITI on the status of the compliance with the equity condition; and
- (iv) Sunway to inform the MITI upon the completion of the Proposals.

21. Group Borrowings and Debt Securities

Group borrowings and debt securities as at the end of the financial year 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	133,755	83,393	217,148
Unsecured	189,712	397,226	586,938
	323,467	480,619	804,086

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)	226	2,492
Denominated in Trinidad & Tobago Dollar (TTD'000)	6,497	-
Denominated in India Rupee (IR'000)	26,597	-
Denominated in Chinese Renminbi (RMB'000)	11,313	34,773
Denominated in Australian Dollar (AUD'000)	890	2,501
<u>Unsecured</u>		
Denominated in Singapore Dollar (SGD'000)	17,071	3,626
Denominated in United States Dollar (USD'000)	4,000	5,000
Denominated in Chinese Renminbi (RMB'000)	4,000	-
Denominated in Hong Kong Dollar (HKD'000)	17,780	96,745

22. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 20 November 2008, being the latest practicable date which is not earlier than 7 days from the date of issue of the report.

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23. Material Litigation

- (a) On 9 January 1999, L' Grande Development Sdn Bhd ("L' Grande") had appointed Sunway PMI-Pile Construction Sdn Bhd ("SPMI") to perform work and supply of labour, materials, plants and equipments from the pile design for the construction of 331 units of double store terrace houses. A legal suit was filed by L' Grande against Bukit Cerakah Development Sdn Bhd ("BC") for the sum of RM5.9 million due under the interim certificates. BC has filed a counterclaim against the plaintiff for damages suffered by them in the sum of RM46.2 million for demolishing, rebuilding and carrying out rectifying works to the double storey houses that were structurally damaged and ancillary losses due to failure to complete the piling works in accordance with specifications and drawings.

L' Grande has issued third party notice on 26 May 2004 against SPMI for indemnity against the failure of the piling works that was carried out. L' Grande has filed and served the Statement of Claim against SPMI. SPMI has accordingly filed the Statement of Defence against L' Grande's statement of claim. The case was fixed for case management on 3 March 2005 and further case management on 5 December 2005 and subsequently to 18 April 2006. The Learned Judge gave directions to the parties to file their Agreed and Non-Agreed Bundles, before the next case management on 14 August 2006. The Learned Judge had also set the trial dates as 25 to 29 January 2010 and 8 to 12 February 2010.

SPMI's solicitors had put in place a defence, which in the solicitors' opinion covered and explained all aspect of SPMI's contractual obligations and mitigating liability. Although the counterclaim against the Plaintiff was RM46.2 million, it was unlikely that the final judgment would be for this sum as the claimant had the onerous task of proving his claim. In the solicitors' opinion, the defence suffices and was more than adequate and should justice prevail, the solicitors were confident that this matter should be dismissed.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

- (b) A suit was filed by Affin Bank Berhad ("Affin") against, inter alia, Yap Yee Ping and Ng Kam Hung ("Plaintiffs") for payment of an amount of RM27.7 million and/or any other amount to Affin. The Plaintiffs are seeking, inter alia, certain declarations and also an order that SunwayMas Sdn Bhd ("SunwayMas"), a wholly-owned subsidiary of the Group, indemnifies the Plaintiffs for all claims brought against them by Affin in relation to a tripartite agreement executed amongst Cindai Unggul Sdn Bhd ("Employer"), SunwayMas and BSN Commercial Bank Bhd (now vested in Affin) on 2 May 2000. SunwayMas was appointed as a Project Manager to revive, manage and coordinate the development and construction of the Employer on a piece of land in the Mukim of Pulai, District of Johor Bahru, Johor.

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23. Material Litigation (continued)

Arising from this suit, the Plaintiffs have filed a counterclaim action against Affin and SunwayMas as the second defendant on 9 May 2008. Thereafter, the Plaintiffs have served a Statement of Defence and Counterclaim ("Counterclaim") on SunwayMas.

SunwayMas's solicitors are of the opinion that the chances of success of the Plaintiffs' claim against Sunwaymas are negligible.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

- (c) On 4 September 2008, the solicitors of Sunway Construction Sdn Bhd ("SunCon") had been served with a Statement of Claim ("Statement of Claim") by Shristi Infrastructure Development Corporation Ltd ("Claimant"). The Statement of Claim was received by SunCon's office in Malaysia on 8 September 2008.

Pursuant to an agreement signed between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of NH-25 to a four-lane configuration in the state of Uttar Pradesh being a part of the East-West Corridor Project, SunCon had entered into a work order with the Claimant for the upgrading and rehabilitation of the stretch of NH-25 from 143.6 km to 170.0 km, of which the Claimant has provided two bank guarantees ("Bank Guarantees") to SunCon.

The Claimant has failed to carry out its obligations under the work order and SunCon has terminated the work order and cashed the Bank Guarantees. The Claimant had filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The Supreme Court had appointed a sole arbitrator and two preliminary sittings have been held to date. The Claimant then filed its Statement of Claim on 4 September 2008.

The Statement of Claim was raised in respect of various claims (including claiming the refund of the amount cashed on the Bank Guarantees) and the total amount claimed is Rs891.5 million (approximately equivalent to RM70 million).

SunCon will serve the reply to the Statement of Claim before 5 January 2009.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

Except for the abovementioned claims, there was no pending material litigation as at 20 November 2008 being the latest practicable date, which is not earlier than 7 days from the date of this report.

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24. Earnings Per Share

	Individual Quarter <u>30-Sept-08</u>	Cumulative Quarter <u>30-Sept-08</u>
Net earnings for the period (RM'000)	17,852	17,852
Weighted average number of ordinary share in issue ('000)	523,950	523,950
Basic earnings per share (sen)	3.41	3.41
Net earnings for the period (RM'000)	17,852	17,852
Weighted average number of ordinary share in issue ('000)	523,950	523,950
Diluted earnings per share (sen)	3.41	3.41

The computation of the weighted average number of ordinary shares in issue is net of treasury shares.

25. Commitments

- (a) Capital commitment not provided for in the financial period as at 30 September 2008 is as follows:-

	<u>30-Sept-08</u> <u>RM'000</u>	<u>30-June-08</u> <u>RM'000</u>
Amount authorised and contracted for	24,424	38,523
Amount authorised but not contracted for	76,318	82,118
	<u>100,742</u>	<u>120,641</u>

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25. Commitments (continued)

- (b) Operating lease commitment not provided for in the financial period as at 30 September 2008 is as follows:-

	30-Sept-08 <u>RM'000</u>	30-June-08 <u>RM'000</u>
Future minimum lease payments:		
- not later than 1 year	9,994	11,500
- later than 1 year and not later than 5 years	20,712	25,512
- later than 5 years	30,485	29,756
	<u>61,191</u>	<u>66,768</u>
Future minimum sublease receipts:		
- not later than 1 year	546	789
- later than 1 year and not later than 5 years	592	1,072
	<u>1,138</u>	<u>1,861</u>

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