

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

26 FEBRUARY 2009

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 or 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 5,233 new ordinary shares for cash pursuant to the conversion of 5,233 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	465,106	16,362	196,366	58,556	169,721	1,303	375	10,765	-	918,554
Inter-segment revenue	174	-	23,775	2,388	9,366	765	10,824	4,738	(52,030)	-
Total revenue	465,280	16,362	220,141	60,944	179,087	2,068	11,199	15,503	(52,030)	918,554
Segment results	14,326	8,245	15,185	1,072	23,191	691	(4,037)	2,422	-	61,095
Finance income										1,524
Finance cost										(23,008)
Share of results of jointly controlled entities	1,834	7,264	-	-	-	-	-	-	-	9,098
Share of results of associates	3,060	-	(7)	-	-	-	-	1,821	-	4,874
Profit before taxation										53,583
Taxation										(14,174)
Profit for the financial period										39,409

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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 was no material event subsequent to the period ended 31 December 2008.

11. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current financial quarter and financial year to date 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 4 months ended 31 December 2008	105
(ii) Increase in the Group's net assets	4,441
(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 a project under the Design, Build and Sell Scheme.

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.

- (e) The Group had on 23 September 2008, accepted the letter of award for a contract amounting to AED1.875 billion (equivalent to approximately RM1.80 billion) from Mubadala CapitaLand Real Estate LLC (“Capitala”) for the proposed Arzanah Development – Rihan Heights, first phase Main Building Works which comprises 5 residential towers, a 3-level podium, 14 townhouse, a clubhouse and approximately 1,208 car park spaces together with associated landscaping, external works and services in Abu Dhabi, United Arab Emirates (“the Project”).

Sunway Innopave Sdn Bhd, a wholly-owned subsidiary of the Group, had on 23 March 2008, formed an unincorporated joint venture with Silver Coast Construction & Boring LLC (“Silver Coast”), know as “Silver Coast – Sunway Innopave Joint Venture” and signed a Joint Venture Agreement (“JVA”) with Silver Coast for the purpose of recording their respective rights and obligations between themselves in connection with the tender, execution and performance of the design, construction and completion of the Project. Under the JVA, the Group would have a 60% interest in the Project.

Silver Coast is a company incorporated in Abu Dhabi and its principal activities are building, electromechanical, and civil and infrastructure construction work.

- (f) The Group had on 31 December 2008 entered into a Subscription Agreement with its 60% owned subsidiary, Sunway Global and Goldman Sachs for the subscription of 78,693,293 and 57,621,983 ordinary shares of HK\$1.00 each in Sunway Global by Sunway and Goldman Sachs respectively by way of capitalisation of amounts owing by Sunway Global to Sunway and Goldman Sachs. The capitalisation was deemed completed as at 31 December 2008.

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12. Contingent Liabilities

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

	31-Dec-08 <u>RM'000</u>	30-June-08 <u>RM'000</u>
Guarantees given to third parties in respect of contracts and trade performance	1,757,245	902,959

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 RM451.5 million during the current quarter, marginally higher as compared to the revenue of RM447.3 million recorded in the corresponding quarter in the previous financial year.

The current quarter's profit before taxation of RM26.7 million was lower as compared to the profit before taxation of RM36.2 million for the corresponding quarter. The impact of the global financial crisis, coupled with higher operating costs incurred during the current quarter as compared to the corresponding quarter in the previous financial year, has resulted in lower profit margins and profit before taxation for the current quarter.

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

The Group recorded a revenue of RM451.5 million, a slight drop from the revenue recorded in the immediate preceding quarter of RM467.0 million. Profit before taxation was marginally lower at RM26.7 million in the current quarter as compared to RM26.9 in the immediate preceding quarter.

Despite the drop in revenue, the Group's profit before taxation was not materially affected as the impact of lower revenue was for certain projects which had insignificant margin.

15. Current Year Prospects

The current global financial 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. Nevertheless, stimulus efforts by various governments in countries which the Group operates in are expected to provide a stable business environment.

With an outstanding order book of approximately RM3.7 billion, comprising RM0.9 billion domestic projects and RM2.8 billion overseas projects, the Group will see continued contribution from its construction arm during the current financial year. In addition, the secured contracts under the Group's property development arm in Singapore and the quarry segment will continue to provide sustainable earnings to the Group.

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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 31-Dec-08 <u>RM'000</u>	Cumulative Quarter 31-Dec-08 <u>RM'000</u>
Current taxation	7,045	16,011
Deferred taxation	(1,060)	(653)
Over accruals in respect of prior financial years	-	(1,184)
	<u>5,985</u>	<u>14,174</u>

The Group's effective tax rate for the financial period ended 31 December 2008 is slightly higher than the statutory tax rate mainly due to non-deductibility of certain expenses. The lower effective tax rate for the current quarter as compared to the statutory tax rate is mainly due to utilization of unabsorbed tax allowances.

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 16 January 2009, announced on behalf of the Company the following corporate exercises (collectively known as the "Corporate Exercises"):

- (i) 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");

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20. Status of Corporate Proposals Announced (continued)

- (ii) 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) 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.

The Prospectus for New Warrants dated 4 February 2009 was despatched to entitled shareholders on 6 February 2009, with the last date for application and payment on 23 February 2009. The New Warrants are expected to be issued and listed in March 2009.

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	109,794	90,905	200,699
Unsecured	216,385	373,503	589,888
	326,179	464,408	790,587

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	2,435
Denominated in Trinidad & Tobago Dollar (TTD'000)	58	35,758
Denominated in India Rupee (IR'000)	94,820	-
Denominated in Chinese Renminbi (RMB'000)	12,665	41,619
Denominated in Australian Dollar (AUD'000)	1,326	2,450
<u>Unsecured</u>		
Denominated in Singapore Dollar (SGD'000)	18,614	3,331
Denominated in United States Dollar (USD'000)	4,000	4,000
Denominated in Chinese Renminbi (RMB'000)	19,701	-
Denominated in Hong Kong Dollar (HKD'000)	-	46,148

22. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 19 February 2009, 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 Pulau, 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 intends to defend this Counterclaim and at the advice of their solicitors, an order to strike out the case has been submitted, followed by a statement of defense on 4 December 2008. On the hearing date fixed for 19 February 2009, the Plaintiffs's solicitor requested for an extension of time and the case management date has been fixed on 11 May 2009.

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 has served the reply to the Statement of Claim on 5 January 2009 and the hearing for this case has been scheduled on 21 April 2009.

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

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23. Material Litigation (continued)

Except for the abovementioned claims, there was no pending material litigation as at 19 February 2009 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>31-Dec-08</u>	Cumulative Quarter <u>31-Dec-08</u>
Net earnings for the period (RM'000)	15,434	33,286
Weighted average number of ordinary share in issue ('000)	523,376	523,663
Basic earnings per share (sen)	2.95	6.36
Net earnings for the period (RM'000)	15,434	33,286
Weighted average number of ordinary share in issue ('000)	523,376	523,663
Diluted earnings per share (sen)	2.95	6.36

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 31 December 2008 is as follows:-

	<u>31-Dec-08</u> RM'000	<u>30-June-08</u> RM'000
Amount authorised and contracted for	22,198	38,523
Amount authorised but not contracted for	49,155	82,118
	<u>71,353</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 31 December 2008 is as follows:-

	31-Dec-08	30-June-08
	<u>RM'000</u>	<u>RM'000</u>
Future minimum lease payments:		
- not later than 1 year	11,282	11,500
- later than 1 year and not later than 5 years	20,423	25,512
- later than 5 years	30,146	29,756
	<u>61,851</u>	<u>66,768</u>
Future minimum sublease receipts:		
- not later than 1 year	389	789
- later than 1 year and not later than 5 years	590	1,072
	<u>979</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