

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

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

24 NOVEMBER 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.

As announced on 10 December 2008, the Company has changed its financial year end from 30 June to 31 December. Pursuant to the change in the financial year end, comparative figures for the current quarter and the cumulative period are not presented.

The figures for "cumulative quarter current period to date" in the unaudited condensed consolidated income statement is for a period of 5 quarters, i.e. from 1 July 2008 to 30 September 2009 due to the above mentioned change in the financial year end.

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;
- (ii) the issuance of equity securities of 406,700 new ordinary shares for cash pursuant to the Employees' Share Option Scheme at exercise price of RM1.00 per share;
- (iii) the issuance of equity securities of 52,340,000 new ordinary shares for cash pursuant to the private placement at an issue price of RM1.455 per share less directly attributable expenses of RM1,706,400;
- (iv) the repurchase of equity securities of 3,402,600 ordinary shares at prices ranging from RM0.87 to RM1.13 per share; and
- (v) the issuance of 246,655,262 new warrants for cash at an issue price of RM0.02 per new warrant less directly attributable expenses of RM1,071,500.

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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	1,061,932	42,785	493,737	134,751	330,752	3,014	768	20,574	-	2,088,313
Inter-segment revenue	-	-	48,991	5,811	49,891	2,482	8,370	11,349	(126,894)	-
Total revenue	1,061,932	42,785	542,728	140,562	380,643	5,496	9,138	31,923	(126,894)	2,088,313
Segment results	39,576	8,596	32,555	810	37,204	1,743	(14,132)	4,010	-	110,362
Finance income										4,899
Finance cost										(50,957)
Share of results of jointly controlled entities	19,227	16,721	-	-	-	-	-	-	-	35,948
Share of results of associates	10,244	-	(103)	-	-	-	-	6,849	-	16,990
Profit before taxation										117,242
Taxation										(24,432)
Profit for the financial period										92,810

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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 30 September 2009.

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) Decrease in the Group's net profit 13 months ended 30 September 2009	1,956
(ii) Increase in the Group's net assets	2,627
(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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11. Changes in the Composition of the Group (continued)

(g) The Group had on 28 August 2009 acquired a 55% equity interest in PT Sunway Construction Engineering for a total cash consideration of Rp1.65 billion (equivalent to approximately RM583,000).

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

	RM'000
(i) Decrease in the Group's net profit 1 months ended 30 September 2009	15
(ii) Increase in the Group's net assets	1,020
(iii) Net cash inflow on acquisition	438

12. Contingent Liabilities

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

	30-Sep-09 RM'000	30-June-08 RM'000
Guarantees given to third parties in respect of contracts and trade performance	1,703,899	902,959

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

13. Review of Performance

Despite the global financial slowdown, the Group was able to continue with its sustainable revenue of RM411.5 million and profit before taxation of RM23.5 million during the quarter under review. The Group's performance was mainly contributed by the construction and trading segments, with pick-up in the property sales.

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

During the current quarter, the Group achieved revenue of RM411.5 million as compared to the revenue of RM376.6 million recorded in the immediate preceding quarter, with profit before taxation of RM23.5 million and RM22.2 million respectively.

Earnings of the Group were maintained at a healthy level, mainly from its construction, trading and property development segments.

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15. Current Year Prospects

The Group's construction arm, with a healthy outstanding order book of RM3.3 billion, and the quarry and trading divisions will continue to be the main contributors and provide sustainable earnings to the Group.

In addition, the prospects of the property development sector is looking positive with the Group's local and Singapore property launches which achieved good take-up rates.

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-09 <u>RM'000</u>	Cumulative Quarter 30-Sep-09 <u>RM'000</u>
Current taxation	3,322	25,267
Deferred taxation	327	(1,099)
Under accruals in respect of prior financial years	1,065	264
	<u>4,714</u>	<u>24,432</u>

The Group's effective tax rate for the financial period ended 30 September 2009 and for the current quarter are lower than the statutory tax rate mainly due to certain foreign sourced income not subject to tax.

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.

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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:-

On 10 June 2009, the Company announced that its subsidiaries, Sunway Holdings Vietnam Sdn Bhd and Sunway Property (China) Limited, had on 9 June 2009, entered into a share sale and purchase agreement with Mega Methods Sdn Bhd for the proposed disposal of the entire equity interest of Hochimex Nominee Company Limited and its subsidiary for a total cash consideration of USD17 million (equivalent to approximately RM59.33 million) ("Proposed Disposal").

The Proposed Disposal had been approved by the shareholders of the Company at an Extraordinary General Meeting held on 10 July 2009.

The Proposed Disposal is expected to be completed by the end of 2009.

21. Group Borrowings and Debt Securities

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

	<u>Current RM'000</u>	<u>Non-Current RM'000</u>	<u>Total RM'000</u>
<u>Borrowings</u>			
Secured	89,112	95,522	184,634
Unsecured	207,423	338,471	545,894
	296,535	433,993	730,528

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)	566	2,956
Denominated in Trinidad & Tobago Dollar (TTD'000)	10,000	25,760
Denominated in Chinese Renminbi (RMB'000)	20,840	62,242
Denominated in Australian Dollar (AUD'000)	1,547	2,273
<u>Unsecured</u>		
Denominated in Singapore Dollar (SGD'000)	24,126	2,457
Denominated in United States Dollar (USD'000)	5,000	-
Denominated in Chinese Renminbi (RMB'000)	4,000	-
Denominated in Hong Kong Dollar (HKD'000)	-	23,041

22. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 17 November 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.

In the interim, L' Grande has been wound up pursuant to a Winding-up Order dated 18 February 2009. The Court has fixed for further case management of the suit on 5 November 2009 for the Official Receiver to write to all concerned parties with regards to the Official Receiver's intention to withdraw the original action. On the said hearing date, the Court has fixed 8 January 2010 as the next case management date for BC's lawyers to get instruction and to sort out the issue on the third party, SPMI.

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 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. The hearing for case management which was fixed on 27 July 2009, was adjourned to 30 September 2009. On the said date, the hearing for case management was fixed on 4 January 2010.

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 there was a hearing on 21 April 2009. On the said hearing date, the Claimant has yet to file its reply to SunCon's Counter Claim and Rejoinder to the Statement of Defense. The Claimant has also filed an Application for Interim Relief and SunCon has filed its reply on 13 May 2009. On 23 May 2009, the Application for Interim Relief was heard and the order was reserved.

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23. Material Litigation (continued)

The Claimant has filed its Rejoinder to SunCon's reply to the Claimant's Statement of Claim and replied to SunCon's counterclaim. At the hearing on 17 November 2009, SunCon is to file its rejoinder to the reply to the counterclaim by 24 December 2009. Order on Shristi's application for interim relief which was reserved will also be pronounced in the meantime.

Thirteen preliminary sittings have been held to date and the next sitting will be on 5 January 2010.

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 17 November 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	Cumulative Quarter
	<u>30-Sep-09</u>	<u>30-Sep-09</u>
Net earnings for the period (RM'000)	18,003	85,197
Weighted average number of ordinary share in issue ('000)	545,128	527,677
Basic earnings per share (sen)	3.30	16.15
Net earnings for the period (RM'000)	18,003	85,197
Weighted average number of ordinary share in issue ('000)	565,578	528,082
Diluted earnings per share (sen)	3.18	16.13

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

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25. Commitments

- (a) Capital commitment not provided for in the financial period as at 30 September 2009 is as follows:-

	30-Sep-09 RM'000	30-June-08 RM'000
Amount authorised and contracted for	8,182	38,523
Amount authorised but not contracted for	22,856	82,118
	<u>31,038</u>	<u>120,641</u>

- (b) Operating lease commitment not provided for in the financial period as at 30 September 2009 is as follows:-

	30-Sep-09 RM'000	30-June-08 RM'000
Future minimum lease payments:		
- not later than 1 year	16,700	11,500
- later than 1 year and not later than 5 years	30,604	25,512
- later than 5 years	28,775	29,756
	<u>76,079</u>	<u>66,768</u>
Future minimum sublease receipts:		
- not later than 1 year	46	789
- later than 1 year and not later than 5 years	-	1,072
	<u>46</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