

TO: BURSA MALAYSIA SECURITIES BERHAD
FR: SUNWAY INFRASTRUCTURE BERHAD (405897V)

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

21 May 2007

1. **Accounting Policies**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 : Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the period ended 30 June 2006. The 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 financial period ended 30 June 2006.

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. **Change in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the period ended 30 June 2006 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for the financial period beginning 1 January 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 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	Investments 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
FRS 140	Investment Property

The adoption of the above FRS does not have significant financial impact on the Group.

3. **Qualification of Financial Statements**

The preceding annual financial statements were not subject to any qualification.

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4. Seasonal or Cyclical Factors

The Group's operations are not materially affected by any seasonal or cyclical fluctuations.

5. Nature and Amount of Unusual Items

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter and financial year-to-date.

6. Nature and Amount of Changes in Estimates

The revised FRS116: Property, Plant and Equipment require the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group has conducted a review and concluded that no revision on the residual value and remaining useful life of property, plant and equipment is required. Hence, there were no changes in estimates that have had a material effect in the current quarter results.

7. Issuances and Repayment of Debt and Equity Securities

There is no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial year to-date.

8. Dividend

No dividend has been proposed or paid for in the financial period under review and in the preceding financial period.

9. Segment Reporting

	Toll Operations <u>RM'000</u>	Investment Holding <u>RM'000</u>	Intersegment Eliminations <u>RM'000</u>	Consolidated <u>RM'000</u>
Segment revenue	21,421	28	-	21,449
Segment results	15,225	(419)	-	14,806
Finance cost	(72,023)	(300)	-	(72,323)
Loss from ordinary activities before taxation	(56,798)	(719)	-	(57,517)
Taxation				(13)
Loss after Taxation				(57,530)

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10. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment brought forward from the previous audited financial statements, as the Group does not adopt a revaluation policy on property, plant and equipment.

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

There were no material events subsequent to period ended 31 March 2007.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

13. Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets during the quarter under review.

14. Review of Performance

The Group recorded revenue and loss before taxation for the current quarter ended 31 March 2007 of RM6,948,000 and RM19,113,000 respectively. This represent a decrease of 3.5% from the preceding quarter and a growth of 2.8% compared to the corresponding quarter of the preceding year. The low revenue aggravated by the high financing costs incurred on the Al-Bai Bithaman Ajil Islamic Debts Securities ("BaIDS") issued by its wholly owned subsidiary company, Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd ("SILK") have contributed to the high losses before taxation.

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

The Group recorded a loss before taxation of RM19,113,000 for the quarter under review as compared to a loss before taxation of RM19,524,000 in the preceding quarter. The consistently high losses incurred were due to high financing cost accrued on the BaIDS not correspondingly matched by revenue from toll collections.

16. Current Year Prospects

The Board of Directors do not expect the traffic to grow significantly in the short term given the current traffic where the actual is substantially lower than the traffic forecast by the principal traffic consultant, MAG Technical and Development Consultants ("MAG"). The severe mismatch between the revenue and financing cost would remain until successful negotiation with the holders of the BaIDS on the restructuring of the redemption terms and yield attached to the BaIDS is reached.

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17. Variance of Actual Profit from Profit Forecast

The company did not issue any quarterly profit forecast during the period.

18. Income Tax

Income tax comprises:

	Individual Quarter 31-March -07 <u>RM'000</u>	Cumulative Quarter 31-March -07 <u>RM'000</u>
Current taxation	5	13
	<u>5</u>	<u>13</u>

The unabsorbed tax losses and unutilised capital allowances on RM488 million and RM195 million respectively as at 30 June 2006 are available indefinitely for offset against future taxable profit of the subsidiary company. Such deferred tax assets has not been recognized as it is not probable that taxable profit will be available in the foreseeable future against which the tax credit can be utilized.

19. Profit/(Loss) on Sale of Unquoted Investments and/or Properties

There were no profit/(loss) on sale of unquoted investments and/or properties for the current quarter.

20. Quoted Securities

- (a) There is no purchases or disposals of quoted securities for the current quarter and financial period to date.
- (b) There is no investment in quoted securities as at the reporting period.

21. Status of Corporate Proposals Announced

There were no corporate proposals announced and uncompleted at the date of issue of the report.

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22. Group Borrowings and Debt Securities

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

	<u>Current RM'000</u>	<u>Non Current RM'000</u>	<u>Total RM'000</u>
<u>Borrowings</u>			
Secured	150,000	891,212	1,041,212

23. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at the date of issue of the report.

24. Material Litigation

As a result of land being acquired by the Government for construction of the Highway which is undertaken by SILK pursuant to the Concession Agreement, some land owners [whose land have been acquired] have filed their objection in Court against the Land Administrator's award of compensation. In the SILK funded stretch alone, there are 225 cases comprising 154 cases with claims amounting to RM398.41 million while the land owners' claim for 23 cases are yet to be determined. Out of the 225 cases, 48 cases have been settled out of court while the other cases are still pending Court hearing.

Under the Turnkey Contract, the amount payable by SILK to Sunway Construction Sdn Bhd ("SCSB") for the land use payments (including expenses and charges incurred by SCSB for the acquisition of land and for removal or resettling of squatters or other occupants on the Ring Road) has been contracted at a ceiling amount of RM215 million. Any further amounts that may be awarded by the Courts beyond the ceiling as land compensation cost shall be borne by SCSB. None of the claims have been determined by the Courts as at the date of this report.

25. Loss Per Share

	<u>Individual Quarter 31-March-2007</u>	<u>Cumulative Quarter 31-March-2007</u>
Basic loss per share		
Net loss for the period (RM'000)	(19,118)	(57,530)
Number of ordinary shares issue ('000)	180,000	180,000
Loss per share (sen)	(10.62)	(31.96)

The assumed exercise of the warrants during the period is anti-dilutive.

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26. Commitments

There were no capital commitments that have not been provided for in the financial statements as at 31st March 2007.

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