

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

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

25 February 2008

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 year ended 30 June 2007. 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 year ended 30 June 2007.

2. Change in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2007 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for the financial period beginning 1 January 2007:

FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 6	Exploration for and Evaluation of Mineral Resources
Amendment to FRS 119 ²⁰⁰⁴	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members’ Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities Arising from Participation in a Specific Market – Waste Electrical and Electronical Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ²⁰⁰⁴ – Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2
FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

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

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3. Qualification of Financial Statements

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

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

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

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	15,849	4	-	15,853
Segment results	9,777	(181)	-	9,596
Finance cost	(49,717)	(200)	-	(49,917)
Loss from ordinary activities before taxation	(39,940)	(381)	-	(40,321)
Taxation				(7)
Loss after Taxation				(40,328)

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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 was no material events subsequent to period ended 31 December 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 an increase in revenue from RM7,200,000 and RM7,643,000 recorded in the preceding year corresponding quarter and immediate preceding quarter respectively to RM8,210,000 for the quarter under review. The loss before taxation for the current quarter ended 31 December 2007 amounted to RM19,150,000 as compared to RM19,524,000 in the preceding year corresponding quarter and RM21,171,000 in the immediate preceding quarter. The Group continued to record high losses after taxation despite growth in revenue due to severe mismatch between its revenue generating ability and 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").

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

The Group recorded a loss before taxation of RM19,150,000 for the quarter under review as compared to a loss before taxation of RM21,171,000 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.

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16. Significant Event Subsequent to Interim Financial Statement Date

Subsequent to 31 December 2007, on 25 January 2008 the Company has completed the proposal from Affin Investment Bank Berhad ("Affin") for the refinancing of the BaIDS. The effects of the refinancing of BaIDS which have not been adjusted in the unaudited interim financial statements as at 31 December 2007 is as follows:-

	Unaudited as at 31-December -2007	Proforma after the completion of Affin's Proposal as at 31-December -2007
	<u>RM'000</u>	<u>RM'000</u>
Share capital	90,000	90,000
Share premium	53,633	53,633
Merger reserve	60,000	60,000
Accumulated losses	(281,258)	(50,068)
Shareholders funds	<u>(77,625)</u>	<u>153,565</u>
Borrowings	1,117,976	772,236
Net assets per share (RM)	(0.43)	0.85

17. Current Year Prospects

Barring unforeseen circumstances, the Board of Directors expect the traffic plying the Expressway to grow consistently in the short term. With the completion of the BaIDS refinancing, the structure of the Sukuk Mudharabah has features for better matching between the cash flow generating capability of the Highway and the repayment obligations of the Sukuk Mudharabah.

18. Variance of Actual Profit from Profit Forecast

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

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19. Income Tax

Income tax comprises:

	Individual Quarter 31-December -2007 <u>RM'000</u>	Cumulative Quarter 31-December -2007 <u>RM'000</u>
Current taxation	4	7
	<u>4</u>	<u>7</u>

The unabsorbed tax losses and unutilised capital allowances on RM596 million and RM249 million respectively as at 30 June 2007 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.

20. 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.

21. 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.

22. Status of Corporate Proposals Announced

The Company has announced on 28 January 2008 that the Sukuk Mudharabah was issued on 25 January 2008 by Manfaat Tetap Sdn. Bhd., a wholly owned subsidiary of SILK which marks the completion of the refinancing exercise to redeem in full and cancel the existing BaIDS.

There are no others corporate proposal announced and still pending completion.

23. 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	1,097,976	20,000	1,117,976

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24. Off Balance Sheet Financial Instruments

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

25. 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 226 cases comprising 131 cases with claims amounting to RM386.73 million while the land owners' claim for 19 cases are yet to be determined. Out of the 226 cases, 76 cases have been settled out of court while the other cases are still pending Court hearing.

The amount paid by SILK for the land use payments (including expenses and charges incurred for the acquisition of land and for removal or resettling of squatters or other occupants on the Ring Road) was contracted to Sunway Construction Sdn. Bhd. ("SunCon") under the Turnkey Contract at a lump sum of RM215.0 million. Consequent thereto, there will not be further liabilities to SILK should there be any amounts that may be awarded by the courts in relation to the above claims.

26. Loss Per Share

	Individual Quarter	Cumulative Quarter
Basic loss per share	<u>31-December-2007</u>	<u>31-December-2007</u>
Net loss for the period (RM'000)	(19,154)	(40,328)
Number of ordinary shares issue ('000)	180,000	180,000
Loss per share (sen)	(10.64)	(22.40)

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

27. Commitments

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

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