

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

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

29 NOVEMBER 2007

1. Accounting Policies

The unaudited interim report has been 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 Audited Financial Statements for the financial year ended 30 June 2007.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2007, other than the adoption of new/revised Financial Reporting Standards (refer Note 2).

2. Changes in Accounting Policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those of the audited financial statements for the financial year ended 30 June 2007 except for the adoption of the following new/revised FRSs that are effective for the financial period beginning 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 117	Leases
FRS 118	Revenue
FRS 124	Related Party Disclosures
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 8	Scope of FRS 2

The adoption of the new/revised FRSs did not have any significant impact on the Group except for the following:

(i) FRS 112 – Income Taxes

The adoption of the revised FRS 112 has resulted in a retrospective change in the accounting policy relating to the recognition of deferred tax on the reinvestment allowance which was not allowed to be recognized on the basis of the tax-based approach adopted in the previous FRS regime.

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2. Changes in Accounting Policies (Continued)

Upon the adoption of the revised FRS 112 at 1 July 2007, certain comparatives amounts has been accounted for retrospectively and certain comparatives as at 30 June 2007 have been restated as follows:

<u>Balance Sheet as at 30 June 2007</u>	As previously reported RM'000	Effects RM'000	As restated RM'000
Accumulated losses	(310,539)	826	(309,713)
Deferred tax liabilities	15,373	<u>(826)</u>	14,547
		<u>-</u>	

(ii) FRS 117 – Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid land lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception date of the lease. Prior to 1 July 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

Upon the adoption of the revised FRS 117 at 1 July 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid land lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and certain comparative amounts as at 30 June 2007 have been restated as follows:

<u>Balance Sheet as at 30 June 2007</u>	As previously reported RM'000	Effects RM'000	As restated RM'000
Property, plant and equipment	294,452	(13,251)	281,201
Prepaid land lease payments	-	<u>13,251</u>	13,251
		<u>-</u>	

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3. Qualification of Financial Statements

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

6. Nature and Amount of Changes in Estimates

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

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 pursuant to the Employees' Share Option Scheme of 1,509,700 and 474,000 ordinary shares at exercise prices of RM1.00 per share and RM1.21 per share respectively; and
- (ii) repayment of syndicated debt by the Company amounted to RM14.4 million.

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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	273,753	9,972	80,030	23,179	46,433	3,402	128	5,096	-	441,993
Inter-segment revenue	328	-	26,583	2,590	13,975	339	5,401	1,755	(50,971)	-
Total revenue	274,081	9,972	106,613	25,769	60,408	3,741	5,529	6,851	(50,971)	441,993
Segment results	19,207	7,222	8,158	1,439	6,997	3,800	6,441	(1,730)	(8,603)	42,931
Finance Income	1,004	857	49	326	19	-	746	172	(1,918)	1,255
Finance cost	(2,297)	(5,351)	(868)	(582)	(2,331)	-	(8,766)	(1,563)	10,521	(11,237)
Share of results of jointly controlled entity	(30)	-	-	-	-	-	-	-	-	(30)
Share of results of associates	3,176	-	(72)	-	-	-	-	1,224	-	4,328
Profit/(loss) before taxation	21,060	2,728	7,267	1,183	4,685	3,800	(1,579)	(1,897)	-	37,247
Taxation										(9,315)
Profit for the financial period										27,932

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9. Valuation of Property, Plant and Equipment

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

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

The Group had on 30 October 2007, entered into a Share Sale Agreement with Pivitol Strategy Sdn Bhd ("the Purchaser") for the proposed disposal of 650,000 shares of USD1.00 each representing 65% equity interest in PT Sunway-Yasa PMI Pile ("PT Yasa") for a total cash consideration of USD488,000 (equivalent to approximately RM1.7 million). As a result of this disposal, PT Yasa will cease to be a subsidiary of the Group.

PT Yasa was incorporated in Indonesia on 3 May 1995 with an authorised and paid-up share capital of USD1,000,000/- respectively. The principal activities of PT Yasa are design, manufacture, supply and install concrete based foundation and other concrete products.

11. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current financial quarter.

12. Contingent Liabilities

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

	30-Sept-07 RM'000	30-Jun-07 RM'000
Guarantees given to third parties in respect of contracts and trade performance	826,205	870,038

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

13. Review of Performance

The Group delivered a significantly improved set of results in the current quarter compared to the corresponding quarter in the previous financial year. Revenue was up by 17% to RM442.0 million and profit before taxation has surged by three fold to RM37.2 million from RM 12.4 million, with improved performance from all core divisions in the Group. Furthermore, the Group would no longer require to equity account for the losses arising from the Group's investment in associated company, Sunway Infrastructure Berhad ("SIB") as the investment has been fully written down to nil in the last financial year.

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

The Group posted a revenue of RM442.0 million and profit before taxation of RM37.2 million as compared to the immediate preceding quarter of RM626.1 million and loss before taxation of RM35.8 million. Loss in the previous quarter was largely as a consequence of a RM50.0 million charge in consideration for the termination of the Letter of Undertaking granted by the Company to Sistem Lingkaran-Lebuhraya Kajang Sdn Bhd ("SILK") and impairment losses on assets of RM8.3 million. Notwithstanding the exceptional item of RM 50.0 million and impairment losses on assets, the Group would have achieved a profit before taxation of RM22.5 million in the previous quarter which, for the current quarter, still represents a commendable increase in profit before taxation by 65%. Significant increase in profits for construction, quarry, trading and building materials divisions have contributed to the improved performance.

15. Current Year Prospects

With an outstanding order book of approximately RM 2.3 billion comprising RM 0.9 billion local projects and RM1.4 billion overseas projects, the Group's construction arm will be kept busy for the forthcoming financial year. The Group would continue to aggressively replenish the order book via projects in the local front as well as overseas markets in particular Trinidad and Tobago and the Middle East. In addition, the Group's construction, quarry and building materials divisions are expected to be beneficiaries with the rolling out of the Ninth Malaysian Plan. The supply of construction materials to Singapore would further boost the financial performance of 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-07 RM'000	Cumulative Quarter 30-Sept-07 RM'000
Current taxation	7,935	7,935
Deferred taxation	1,415	1,415
Over accruals in respect of prior financial years	(35)	(35)
	9,315	9,315

The Group's effective tax rate is marginally lower than the statutory tax rate mainly due to certain foreign sourced income not subject to tax.

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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 were no 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:

- (i) the proposed settlement to the RM2.01 billion Al-Bai Bithaman Ajil Islamic Debt Securities (“BaIDS”) issued by SILK, a wholly-owned subsidiary of SIB, which in turn is an associated company of the Group is pending completion of all conditions precedent including approval by the relevant authorities.
- (ii) the share sale agreement for the proposed acquisition of shares by the Group in Ansa Teknik Holdings Sdn Bhd has been approved by the Foreign Investment Committee (“FIC”) but is pending completion.
- (iii) the share purchase agreement for the proposed acquisition of shares by the Group in Taiping Kuari Sdn Bhd has been approved by the Foreign Investment Committee (“FIC”) but is pending completion.

21. Group Borrowings and Debt Securities

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

	Current RM'000	Non-Current RM'000	Total RM'000
<u>Borrowings</u>	103,344	19,890	123,234
Secured			
Unsecured	413,274	64,662	477,936
	516,618	84,552	601,170

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21. Group Borrowings and Debt Securities (Continued)

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)	7,707	3,398
Denominated in Trinidad & Tobago Dollar (TTD'000)	12,760	-
Denominated in Indonesian Rupiah (IDR'million)	52	-
Denominated in India Rupee (IR'million)	639	-
Denominated in Chinese Renminbi (RMB'000)	4,140	2,115
<u>Unsecured</u>		
Denominated in Singapore Dollar (SGD'000)	3,372	-
Denominated in Vietnam Dong (VND'million)	7,300	-
Denominated in Chinese Renminbi (RMB'000)	8,000	93,659
Denominated in US Dollar (USD'000)	10,000	-

22. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 22 November 2007, being the latest practicable date which is not earlier than 7 days from the date of issue of the report.

23. Material Litigation

- (a) Updates from previously reported material litigation on Sunway Credit and Leasing Sdn Bhd ("SCL") against Atlas Corporation Sdn Bhd ("Atlas") and Yeo Chu Hui ("Yeo") under Kuala Lumpur High Court No. D3-22-1231-2002.

Pursuant to the Judgment obtained against Yeo dated 18 September 2003, SCL proceeded with bankruptcy proceedings against Yeo of which Yeo has filed an application to strike out the Bankruptcy Notice and the Creditor's Petition. The parties had filed in their submissions by the dates fixed by the Court but unfortunately the Senior Assistant Registrar ("SAR") who was to decide the matter on 2 May 2006 was transferred before he could deliver his decision on the same. The new SAR who is now hearing the matter had requested for more time to enable her to read the parties submissions for purposes of delivering her decision. As such, the Court has now fixed the decision of the matter on 21 July 2006. Yeo Chu Hui was adjudged a bankrupt on this date. The Adjudication and Receiving Orders had since been served to Yeo's solicitors and the Insolvency Department Office. Proof of Debts had also been submitted. However, the Court allowed Yeo's appeal against the Bankruptcy Order with cost and dismissed our application to strike out the appeal.

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23. Material Litigation (Continued)

- (a) SCL had since filed in a Notice of appeal in the High Court against the Judge's decision and a fresh Bankruptcy Notice on Yeo. Yeo has filed an application to strike out the Bankruptcy Notice once again and SCL has filed an application to contest the same. The matter is fixed for hearing on 18 April 2007. The hearing has since been adjourned to 13 June 2007. However the Court had informed SCL's lawyers that the hearing date is further postponed to 29 August 2007 as the Registrar is expected to be away on a course.

Pending hearing of the application, Yeo proceeded to tax the costs of the Mareva Injunction Application taken out by SCL against Yeo and Yeo was awarded costs of RM28,531.00. SCL has sought a review of the quantum of the costs and the hearing of the said review is fixed on 26 June 2006 wherein the parties have put in their written submissions, and the matter is now fixed for decision on 2 August 2006. As Yeo is now a bankrupt, the matter will have to be applied via the Leave of Official Assignee.

SCL has also filed an application for foreclosure against SHJ Sdn Bhd ("SHJ") in respect of the property charged by SHJ as security for the loan taken by Atlas from SCL and the matter was fixed for hearing on 20 February 2006 wherein SHJ has filed an affidavit to contest the said foreclosure action. On the said hearing date, the Learned Judge had requested the parties to file respective skeletal submissions for the matter and has fixed the matter to be further mentioned on 24 April 2006. The Matter is now fixed for hearing on 10 July 2006 as the Learned Judge was on emergency leave. In the interim, the parties have filed their respective skeletal submissions. The auction date has been fixed on 17 January 2007. Valuation report has since been submitted to the Court on 8 November 2006 for purpose of fixing the auction price.

The defendant's solicitors had also filed an application to stay the auction of 17 January 2007 and the Court has fixed the hearing date on 11 December 2006. SCL's solicitors had since submitted an affidavit for the purpose of rebutting the stay application. The stay of Auction was dismissed with costs by the Court and the auction shall be conducted as scheduled with the reserve price of RM5.1 million. The defendant's solicitors' appeal against the fixing of the reserve price of the property for auction was adjourned to 3 April 2007. This, however, will be adjourned pending the hearing of SHJ's application to adduce further evidence in the appeal and hearing is fixed on 18 June 2007. Hearing postponed to 30 July 2007.

The sealed copy of the Order for Summons for Directions dated 4 Dec 2006 (which is required for the auctioneer to be appointed and to set the reserve price for the auction) was not released from the Court in time for the auction on 17 January 2007. The hearing date is fixed on 17 May 2007 to appoint the auctioneer. The new auction date is now fixed on 13 August 2007.

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23. Material Litigation (Continued)

A cheque payment for RM5.6 million was received by SCL on 26 September 2007 as full and final settlement and in total, RM5.8 million was received as per the Settlement Agreement. As stakeholder to the relevant documents pertaining to the discharge of properties, David Lingam & Co shall release the documents accordingly.

Subsequently, all legal matters held in abeyance will be discontinued.

- (b) A winding-up petition has been served on Sunway Construction Sdn Bhd ("SunCon"), a wholly-owned subsidiary of the Group, on 2 December 2005 by Wong Chin Choy and Wong Aun Boo Trading, trading as Boon Wah Engineering ("Boon Wah"), in respect of a judgment debt amounting to RM2,070,969.43 wherein the same carries an interest of 8% per annum to the date of full and final settlement.

Boon Wah had filed a claim against SunCon as a result of non-payment for works carried out. SunCon, in its defence, had disputed the amount payable and also pleaded that since payment was to be made on a back-to-back basis, SunCon's liability to Boon Wah has not arisen as the employer had yet to pay SunCon. Boon Wah had filed a Summary Application under Order 14 Rules of the High Court 1980, wherein the Senior Assistant Registrar ("SAR") had allowed the claim. SunCon has filed an appeal against the SAR's decision ("O14 Appeal").

The Judge had also directed the parties to appear before him on 21 August 2006 to hear the O14 Appeal. Thus, in effect he has given an interim stay pending the disposal of the O14 Appeal. On the said hearing date, the hearing was adjourned to 13 September 2006, as the Judge has been elevated to the Court of Appeal and was fixed for Mention on 17 November 2006. On the said hearing date, the O14 Appeal was postponed for mention to 24 November 2006. The date of hearing of the Appeal was fixed on 2 February 2007, and subsequently postponed to 8 February 2007. On the said hearing date, the Judge had dismissed the appeal. SunCon has through its solicitors, filed an appeal with the Court of Appeal against the dismissal and paid the judgment sum together with interest.

Whilst the appeal against the Order 14 Judgment is pending, Boon Wah commenced Winding Up proceedings against SunCon. The hearing of the Winding Up Petition is fixed on 21 September 2006, and subsequently adjourned to 13 February 2007. On the said hearing date, the winding-up petition was struck off with no order as to costs save for the RM500 to be paid to the Director General of Insolvency. As regards to SunCon's application to strike out the winding up petition, it was struck off with no order as to costs.

Except for the abovementioned claims, there was no pending material litigation as at 22 November 2007 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-07</u>	Cumulative Quarter <u>30-Sept-07</u>
Net earnings for the period (RM'000)	27,040	27,040
Weighted average number of ordinary share in issue ('000)	542,556	542,556
Basic earnings per share (sen)	4.98	4.98
Net earnings for the period (RM'000)	27,040	27,040
Weighted average number of ordinary share in issue ('000)	551,548	551,548
Diluted earnings per share (sen)	4.90	4.90

25. Commitments

- (a) Capital commitment not provided for in the financial statements as at 30 September 2007 is as follows:-

	<u>30-Sept-07</u> <u>RM'000</u>	<u>30-Jun-07</u> <u>RM'000</u>
Amount authorised and contracted for	26,937	25,287
Amount authorised but not contracted for	2,285	13,664
	<u>29,222</u>	<u>38,951</u>

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25. Commitments (Continued)

- (b) Operating lease commitment not provided for in the financial statements as at 30 September 2007 is as follows:-

	30-Sept-07 <u>RM'000</u>	30-Jun-07 <u>RM'000</u>
Non-cancellable operating lease commitment:		
- not later than 1 year	3,207	3,650
- later than 1 year and not later than 5 years	1,468	2,331
- later than 5 years	4,980	5,107
	<u>9,655</u>	<u>11,088</u>

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