

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

25 FEBRUARY 2008

## 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 Statutory 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 statutory 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 statutory 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 134	Interim Financial Reporting
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)

### (i) FRS 112 – Income Taxes (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>	<b>As previously reported RM'000</b>	<b>Effects RM'000</b>	<b>As restated RM'000</b>
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>	<b>As previously reported RM'000</b>	<b>Effects RM'000</b>	<b>As restated RM'000</b>
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 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 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 of 4,884,350, 944,125, 162,000 and 22,750 new ordinary shares for cash pursuant to the Employees' Share Option Scheme at exercise prices of RM1.00 per share, RM1.21 per share, RM1.75 per share and RM1.88 per share respectively;
- (ii) the issuance of equity securities of 5,250 new ordinary shares for cash pursuant to the conversion of 5,250 warrants of RM1.00 each at exercise price of RM1.30 per share; and
- (iii) repayment of syndicated debt by the Company amounting to RM28.8 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>
<b>Revenue</b>										
External revenue	545,916	28,803	157,103	45,612	97,380	4,000	254	10,188	-	889,256
Inter-segment revenue	4,934	-	39,669	3,885	16,889	674	11,427	4,237	(81,715)	-
<b>Total revenue</b>	<b>550,850</b>	<b>28,803</b>	<b>196,772</b>	<b>49,497</b>	<b>114,269</b>	<b>4,674</b>	<b>11,681</b>	<b>14,425</b>	<b>(81,715)</b>	<b>889,256</b>
<b>Segment results</b>	<b>39,338</b>	<b>15,349</b>	<b>16,013</b>	<b>2,118</b>	<b>14,382</b>	<b>3,988</b>	<b>15,131</b>	<b>(949)</b>	<b>(16,902)</b>	<b>88,468</b>
Finance income	2,524	1,239	141	703	50	-	1,799	270	(4,402)	2,324
Finance cost	(4,865)	(10,787)	(2,043)	(1,011)	(4,661)	-	(18,405)	(3,008)	21,304	(23,476)
Share of results of jointly controlled entity	(73)	-	-	-	-	-	-	-	-	(73)
Share of results of associates	3,917	-	(66)	-	-	-	-	2,363	-	6,214
<b>Profit/(loss) before taxation</b>	<b>40,841</b>	<b>5,801</b>	<b>14,045</b>	<b>1,810</b>	<b>9,771</b>	<b>3,988</b>	<b>(1,475)</b>	<b>(1,324)</b>	<b>-</b>	<b>73,457</b>
Taxation										(12,454)
<b>Profit for the financial period</b>										<b>61,003</b>

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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

There was no material events subsequent to the period ended 31 December 2007.

## 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 30 October 2007 disposed of its 65% equity interest in PT Sunway – Yasa PMI Pile for a total cash consideration of RM1.7 million.

The effects of this disposal on the financial results of the Group during the period is shown as follows:-

	<b>RM'000</b>
Net assets disposed	1,873
Total disposal proceeds	(1,700)
Loss on disposal to the Group	<u>173</u>
Cash outflow arising on disposal:	
Cash consideration	1,700
Cash and cash equivalents of subsidiary disposed	(4,189)
Net cash outflow of the Group	<u>(2,489)</u>

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## **11. Changes in the Composition of the Group (Continued)**

(b) The Group had on 5 December 2007 acquired the entire equity interest in Taiping Kuari Sdn. Bhd. ("Taiping Kuari") for a total cash consideration of RM3,910,903.

The provisional fair value of net assets of Taiping Kuari at the date of acquisition was RM1,900,803 and the provisional goodwill on acquisition amounted to RM2,010,100.

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

	<b>RM'000</b>
(i) Decrease in the Group's net profit 1 months ended 31 December 2007	(19)
(ii) Increase in the Group's net assets	1,881
(iii) Net cash outflow on acquisition	3,911

(c) The Group had on 6 December 2007 acquired the remaining balance of 40.0% equity interest in Sunway GD Piling Sdn Bhd ("Sunway GD Piling") for a total consideration of RM2,400,000. As a result of the acquisition, Sunway GD Piling became a wholly-owned subsidiary of the Group.

(d) The Group had on 14 December 2007 acquired the remaining balance of 34.3% equity interest in Sunway Hoston (Zhuhai) Spun Pile Co Ltd ("Sunway Hoston") for a total consideration of RMB15,778,000 (equivalent to approximately RM7,129,000). As a result of the acquisition, Sunway Hoston became a wholly-owned subsidiary of the Group.

## **12. Contingent Liabilities**

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

	<b>31-Dec-07</b>	<b>30-Jun-07</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Guarantees given to third parties in respect of contracts and trade performance	814,634	870,038

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

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**13. Review of Performance**

The Group posted revenue of RM447.3 million and profit before taxation of RM36.2 million for the current quarter as compared to revenue of RM522.0 million and profit before taxation of RM22.6 million for the corresponding quarter in the previous financial year. The higher revenue in the previous period was due to the completion of several large scale domestic construction projects. The higher profits for the current quarter are mainly attributed to improved margins in all core divisions in the Group. The results for the second quarter in the preceding financial year was also affected by the share of losses arising from the Group's investment in associated company, Sunway Infrastructure Berhad ("SIB"), which has been fully written down in the last financial year.

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

The Group recorded revenue of RM447.3 million and profit before taxation of RM36.2 million as compared to the revenue of RM442.0 million and profit before taxation of RM37.2 million in the immediate preceding quarter.

**15. Current Year Prospects**

With an outstanding order book of approximately RM2.4 billion comprising RM1.2 billion local projects and RM1.2 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 continue to 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.

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## 17. Income Tax

	<b>Individual Quarter 31-Dec-07 <u>RM'000</u></b>	<b>Cumulative Quarter 31-Dec-07 <u>RM'000</u></b>
Current taxation	5,252	13,187
Deferred taxation	(1,558)	(143)
Over accruals in respect of prior financial years	(555)	(590)
	<b><u>3,139</u></b>	<b><u>12,454</u></b>

The Group's effective tax rate is lower than the statutory tax rate mainly due to certain foreign sourced income not subject to tax, utilization of unabsorbed tax losses and unutilized 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 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 have received approval from the relevant authorities and has settled the compensation of RM50 million on 24 January 2008 in consideration for the termination of the Letter of Undertaking ("LOU") granted to SILK, of which the LOU was terminated on 25 January 2008. However, the relinquishment of all of the Company's economic rights to its 36% equity stake in SIB has yet to be completed.



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## 20. Status of Corporate Proposals Announced (continued)

- (ii) the share sale agreement for the proposed acquisition of shares by the Group in Ansa Teknik Holdings Sdn Bhd, which has been completed on 8 January 2008.
- (iii) the share purchase agreement for the proposed acquisition of shares by the Group in Sun Pharmaceutical Sdn Bhd, which has been completed on 13 February 2008.
- (iv) the Group has entered into a Joint Venture Agreement with a party to set up a joint venture company known as Sunway Daechang (Anhui) Manufacturing Co., which 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:

	<u>Current RM'000</u>	<u>Non-Current RM'000</u>	<u>Total RM'000</u>
<u>Borrowings</u>			
Secured	77,147	59,448	136,595
Unsecured	365,791	58,518	424,309
	<u>442,938</u>	<u>117,966</u>	<u>560,904</u>

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)	6,121	2,881
Denominated in Trinidad & Tobago Dollar (TTD'000)	1,320	-
Denominated in United States Dollar (USD'000)	-	10,000
Denominated in India Rupee (IR'million)	496	-
Denominated in Chinese Renminbi (RMB'000)	9,175	1,808
<u>Unsecured</u>		
Denominated in Singapore Dollar (SGD'000)	2,581	567
Denominated in Vietnam Dong (VND'000)	8,300	-
Denominated in Chinese Renminbi (RMB'000)	4,000	90,641

## 22. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 18 February 2008, 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) Updates from previously reported material litigation on Sunway Leasing Sdn Bhd (formerly known as 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.

On 26 September 2007, SCL received a cheque payment of RM5.6 million as the full and final settlement between the parties, as per the previous quarter's announcement, and all legal matters held in abeyance has been 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.

On 13 February 2007, 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 18 February 2008 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

	<b>Individual Quarter <u>31-Dec-07</u></b>	<b>Cumulative Quarter <u>31-Dec-07</u></b>
Net earnings for the period (RM'000)	31,488	58,528
Weighted average number of ordinary share in issue ('000)	546,097	544,327
<b>Basic earnings per share (sen)</b>	<b>5.77</b>	<b>10.75</b>
Net earnings for the period (RM'000)	31,488	58,528
Weighted average number of ordinary share in issue ('000)	546,107	584,185
<b>Diluted earnings per share (sen)</b>	<b>5.77</b>	<b>10.02</b>

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 2007 is as follows:-

	<b><u>31-Dec-07</u> RM'000</b>	<b><u>30-Jun-07</u> RM'000</b>
Amount authorised and contracted for	27,058	25,287
Amount authorised but not contracted for	6,970	13,664
	<u>34,028</u>	<u>38,951</u>

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**25. Commitments (continued)**

- (b) Operating lease commitment not provided for in the financial period as at 31 December 2007 is as follows:-

	<b>31-Dec-07</b> <b><u>RM'000</u></b>	<b>30-Jun-07</b> <b><u>RM'000</u></b>
Non-cancellable operating lease commitment:		
- not later than 1 year	3,152	3,650
- later than 1 year and not later than 5 years	2,491	2,331
- later than 5 years	3,119	5,107
	<u>8,762</u>	<u>11,088</u>

**26. Comparative figures**

Certain comparative figures, where applicable, have been modified to conform with current period presentation.

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