

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

29 MAY 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>	As previously reported RM'000	Effects RM'000	As restated RM'000
Accumulated losses	(310,539)	826	(309,713)
Deferred tax liabilities	15,373	(826)	14,547

(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	-	13,251	13,251

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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 except for the Chinese New Year festive break, which has impact to the Group's operations.

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 5,053,850, 954,125, 182,000 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;
- (iii) the repurchase of equity securities of 16,190,800 ordinary shares at prices ranging from RM1.26 to RM1.41 per share; and
- (iv) repayment of syndicated debt by the Company amounting to RM46.8 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>
Revenue										
External revenue	736,084	33,932	247,870	69,699	136,546	4,314	376	16,891	-	1,245,712
Inter-segment revenue	6,838	-	63,182	4,695	37,355	1,072	17,872	6,391	(137,405)	-
Total revenue	742,922	33,932	311,052	74,394	173,901	5,386	18,248	23,282	(137,405)	1,245,712
Segment results	57,460	13,745	24,160	2,092	14,794	4,126	8,192	(2,127)	-	122,442
Finance income	1,097	2,650	192	54	51	62	600	498	-	5,204
Finance cost	(6,508)	(5,155)	(2,970)	(1,196)	(618)	-	(17,502)	53	-	(33,896)
Share of results of jointly controlled entity	(102)	-	-	-	-	-	-	-	-	(102)
Share of results of associates	6,178	-	(68)	-	-	-	-	4,197	-	10,307
Profit/(loss) before taxation	58,125	11,240	21,314	950	14,227	4,188	(8,710)	2,621	-	103,955
Taxation										(18,975)
Profit for the financial period										84,980

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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 March 2008.

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 65.0% 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:-

	RM'000
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:

	RM'000
(i) Decrease in the Group's net profit 4 months ended 31 March 2008	(556)
(ii) Increase in the Group's net assets	1,319
(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. The acquisition was fully completed on 27 March 2008.

- (d) The Group had on 14 December 2007 acquired the remaining balance of 34.3% equity interest in Sunway Spun Pile (Zhuhai) Co Ltd (formerly known as Sunway Hoston (Zhuhai) Spun Pile Co Ltd) ("Sunway Spun Pile") for a total consideration of RMB15,778,000 (equivalent to approximately RM7,129,000). As a result of the acquisition, Sunway Spun Pile became a wholly-owned subsidiary of the Group. Subsequently, on 26 January 2008, the Group disposed off 20.0% of its equity interest in Sunway Spun Pile to Rongyao Investment Development Co Ltd for a total consideration of RMB8,982,924 (equivalent to approximately RM4,043,214).

- (e) The Group had on 8 January 2008 acquired the entire equity interest in Ansa Teknik Holdings Sdn. Bhd. ("Ansa Teknik") for a total cash consideration of RM9,681,959.

The provisional fair value of net assets of Ansa Teknik at the date of acquisition was RM2,799,900 and the provisional goodwill on acquisition amounted to RM6,882,059.

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 3 months ended 31 March 2008	(108)
(ii) Increase in the Group's net assets	5,359
(iii) Net cash outflow on acquisition	9,257

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12. Contingent Liabilities

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

	31-Mar-08 <u>RM'000</u>	30-Jun-07 <u>RM'000</u>
Guarantees given to third parties in respect of contracts and trade performance	799,984	870,038

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

13. Review of Performance

The Group posted revenue of RM356.5 million and profit before taxation of RM30.5 million for the current quarter as compared to revenue of RM371.4 million and profit before taxation of RM18.5 million for the corresponding quarter in the previous financial year. The higher revenue in the previous period was due to the completion of some domestic construction projects. The higher profits for the current quarter are mainly attributed to improved margins in trading, building materials and quarry segments.

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

The Group recorded revenue of RM356.5 million and profit before taxation of RM30.5 million as compared to the revenue of RM447.3 million and profit before taxation of RM36.2 million in the immediate preceding quarter. The lower revenue and profit before taxation was mainly due to the festive season break, which has impact to business operations, especially to the construction segment.

15. Current Year Prospects

The supply of building materials to overseas market is expected to continue to contribute significantly to the financial performance of the Group.

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 remaining financial year. The Board is of the view that the Group will achieve a strong performance for the financial year ending 30 June 2008.

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

	Individual Quarter 31-Mar-08 <u>RM'000</u>	Cumulative Quarter 31-Mar-08 <u>RM'000</u>
Current taxation	8,040	21,227
Deferred taxation	(13)	(156)
Over accruals in respect of prior financial years	(1,506)	(2,096)
	<u>6,521</u>	<u>18,975</u>

The Group's effective tax rate for the nine months period ended 31 March 2008 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.

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20. Status of Corporate Proposals Announced (Continued)

Sunway Holdings Berhad had on 27 February 2008, entered into a conditional Sale and Purchase Agreement with Infra Bumitek Sdn Bhd ("IBSB") and the holders of the Sukuk Mudharabah (that was issued on 25 January 2008 by Manfaat Tetap Sdn Bhd, a wholly-owned subsidiary of SILK to refinance the BaIDS), namely Affin Bank Berhad, CIMB Bank Berhad, Bank Islam Malaysia Berhad, Etiqa Insurance Berhad (formerly known as Malaysia National Insurance Bhd), Etiqa Takaful Berhad (formerly known as Takaful Nasional Sdn Bhd), Uni.Asia General Insurance Berhad and Uni.Asia Life Assurance Berhad ("the Lenders") for the proposed disposal of 65,090,802 ordinary shares of RM0.50 each, representing 36.16% equity interest in SunInfra to IBSB for a total cash consideration of RM11,065,436.34 payable to PB Trustee Services Berhad, the trustee to the Lenders, for subsequent payment to the Lenders via the Ijarah Rental Payment Account pursuant to the terms of the Sukuk Mudharabah. The disposal of shares had been completed on 27 May 2008.

- (ii) 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 and the shares transfer finalized by 27 May 2008.

21. Group Borrowings and Debt Securities

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

	<u>Current</u> <u>RM'000</u>	<u>Non-Current</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<u>Borrowings</u>			
Secured	87,092	70,487	157,579
Unsecured	515,149	61,687	576,836
	602,241	132,174	734,415

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)	5,512	2,902
Denominated in Trinidad & Tobago Dollar (TTD'000)	7,779	-
Denominated in United States Dollar (USD'000)	3,000	7,000
Denominated in India Rupee (IR'million)	99	-
Denominated in Chinese Renminbi (RMB'000)	50,073	1,475
<u>Unsecured</u>		
Denominated in Singapore Dollar (SGD'000)	5,441	368
Denominated in Vietnam Dong (VND'000)	6,000	-
Denominated in Chinese Renminbi (RMB'000)	3,000	80,410

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22. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 22 May 2008, 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 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.

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23. Material Litigation (Continued)

- (c) 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 RM27,691,054.88 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.

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 has instructed its solicitors to advise it.

Except for the abovementioned claims, there was no pending material litigation as at 22 May 2008 being the latest practicable date, which is not earlier than 7 days from the date of this report.

24. Earnings Per Share

	Individual Quarter <u>31-Mar-08</u>	Cumulative Quarter <u>31-Mar-08</u>
Net earnings for the period (RM'000)	24,388	82,916
Weighted average number of ordinary share in issue ('000)	543,274	544,045
Basic earnings per share (sen)	4.49	15.24
Net earnings for the period (RM'000)	24,388	82,916
Weighted average number of ordinary share in issue ('000)	579,931	596,923
Diluted earnings per share (sen)	4.21	13.89

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 31 March 2008 is as follows:-

	31-Mar-08 RM'000	30-Jun-07 RM'000
Amount authorised and contracted for	21,617	25,287
Amount authorised but not contracted for	16,841	13,664
	<u>38,458</u>	<u>38,951</u>

- (b) Operating lease commitment not provided for in the financial period as at 31 March 2008 is as follows:-

	31-Mar-08 RM'000	30-Jun-07 RM'000
Non-cancellable operating lease commitment:		
- not later than 1 year	2,650	3,650
- later than 1 year and not later than 5 years	2,734	2,331
- later than 5 years	3,139	5,107
	<u>8,523</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