

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

PRIVATE & CONFIDENTIAL

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

**25 AUGUST 2009**

**1. Basis of Preparation**

The interim report is unaudited and is 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 2008.

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 2008.

**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 2008.

**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 period-to-date.

**6. Nature and Amount of Changes in Estimates**

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

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**7. Issuance and Repayment of Debt and Equity Securities**

There were no issuance or 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 5,233 new ordinary shares for cash pursuant to the conversion of 5,233 warrants of RM1.00 each at exercise price of RM1.30 per share;
- (ii) the issuance of equity securities of 79,250 new ordinary shares for cash pursuant to the Employees' Share Option Scheme at exercise price of RM1.00 per share;
- (iii) the repurchase of equity securities of 3,402,600 ordinary shares at prices ranging from RM0.87 to RM1.13 per share; and
- (iv) the issuance of 246,655,262 new warrants for cash at an issue price of RM0.02 per new warrant less directly attributable expenses of RM1,017,500.

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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	839,958	33,254	386,770	106,875	289,320	2,372	609	17,665	-	1,676,823
Inter-segment revenue	-	-	40,141	4,692	46,378	1,885	3,172	9,399	(105,667)	-
<b>Total revenue</b>	<b>839,958</b>	<b>33,254</b>	<b>426,911</b>	<b>111,567</b>	<b>335,698</b>	<b>4,257</b>	<b>3,781</b>	<b>27,064</b>	<b>(105,667)</b>	<b>1,676,823</b>
<b>Segment results</b>	<b>28,806</b>	<b>8,285</b>	<b>26,288</b>	<b>(390)</b>	<b>37,719</b>	<b>1,359</b>	<b>(11,899)</b>	<b>3,852</b>	<b>-</b>	<b>94,020</b>
Finance income										4,000
Finance cost										(43,983)
Share of results of jointly controlled entities	13,067	13,545	-	-	-	-	-	-	-	26,612
Share of results of associates	8,266	-	(85)	-	-	-	-	4,928	-	13,109
<b>Profit before taxation</b>										<b>93,758</b>
Taxation										(19,718)
<b>Profit for the financial period</b>										<b>74,040</b>

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## 9. Valuation of Property, Plant and Equipment and Investment Properties

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

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

There was no material event subsequent to the period ended 30 June 2009.

## 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 29 July 2008 entered into a Share Sale Agreement (“SSA”) to acquire a 90% equity interest in Totalrubber Ltd (“Totalrubber”) for a total cash consideration of AUD4.5 million (equivalent to approximately RM13.2 million). Upon the completion of the said acquisition, the purchase consideration was reduced by AUD300,000 to AUD4.2 million (approximately RM12.7 million) because the vendors were unable to fulfil certain conditions of the Sales and Purchase Agreement.

The provisional fair value of net assets of Totalrubber at the deemed completion date by end of August 2008 was RM3.8 million and the provisional goodwill on acquisition amounted to RM8.9 million.

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 10 months ended 30 June 2009	571
(ii) Increase in the Group's net assets	3,746
(iii) Net cash outflow on acquisition	13,261

- (b) The Group had on 2 September 2008 liquidated its 70% equity interest in Synergy Quarry and Asphalt Industries Sdn Bhd with a loss on liquidation of RM16,000.

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## 11. Changes in the Composition of the Group (continued)

- (c) On 5 September 2008, the Group entered into a Joint Venture Agreement (“JVA”) with Hoi Hup Realty Pte Ltd (“Hoi Hup Realty”) and Hoi Hup J.V. Development Pte Ltd (“Hoi Hup JV”) to set up a joint venture company known as Hoi Hup Sunway J.V. Pte Ltd (“Hoi Hup Sunway JV”) for the execution and performance of the design, construction, completion and development of a project under the Design, Build and Sell Scheme.

Hoi Hup Realty is a company incorporated in Singapore and its principal activities are construction of building and civil works and property and housing development.

Hoi Hup JV is a company incorporated in Singapore and its principal activity is property and housing development.

Under the JVA, the Group would have a 30% interest in Hoi Hup Sunway JV.

- (d) The Group had on 5 September 2008 entered into a Shareholders’ Agreement to acquire 1,750,000 ordinary shares of SGD1.00 each, representing a 50% equity interest in Toll Asia Sunway Logistics Pte Ltd (“TASL”), a jointly controlled entity, amounting to SGD1.75 million (approximately RM4.2 million). The acquisition was deemed completed as at 30 September 2008.

- (e) The Group had on 23 September 2008, accepted the letter of award for a contract amounting to AED1.875 billion (equivalent to approximately RM1.80 billion) from Mubadala CapitaLand Real Estate LLC (“Capitala”) for the proposed Arzanah Development – Rihan Heights, first phase Main Building Works which comprises 5 residential towers, a 3-level podium, 14 townhouse, a clubhouse and approximately 1,208 car park spaces together with associated landscaping, external works and services in Abu Dhabi, United Arab Emirates (“the Project”).

Sunway Innopave Sdn Bhd, a wholly-owned subsidiary of the Group, had on 23 March 2008, formed an unincorporated joint venture with Silver Coast Construction & Boring LLC (“Silver Coast”), know as “Silver Coast – Sunway Innopave Joint Venture” and signed a Joint Venture Agreement (“JVA”) with Silver Coast for the purpose of recording their respective rights and obligations between themselves in connection with the tender, execution and performance of the design, construction and completion of the Project. Under the JVA, the Group would have a 60% interest in the Project.

Silver Coast is a company incorporated in Abu Dhabi and its principal activities are building, electromechanical, and civil and infrastructure construction work.

- (f) The Group had on 31 December 2008 entered into a Subscription Agreement with its 60% owned subsidiary, Sunway Global and Goldman Sachs for the subscription of 78,693,293 and 57,621,983 ordinary shares of HK\$1.00 each in Sunway Global by Sunway and Goldman Sachs respectively by way of capitalisation of amounts owing by Sunway Global to Sunway and Goldman Sachs. The capitalisation was deemed completed as at 31 December 2008.

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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:

	<b>30-June-09</b> <b><u>RM'000</u></b>	<b>30-June-08</b> <b><u>RM'000</u></b>
Guarantees given to third parties in respect of contracts and trade performance	1,694,007	902,959

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

## 13. Review of Performance

The Group posted a revenue of RM376.6 million and a profit before taxation of RM22.2 million for the current quarter, lower as compared to the revenue of RM579.5 million and profit before taxation of RM24.6 million recorded for the corresponding quarter in the previous financial year.

The lower revenue and profit before taxation in the current quarter was mainly attributed by the completion of the Group's contract for the supply of quarry stones to Singapore which ended in March 2009.

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

Despite the Group recording a slightly lower revenue in the current period from the immediate preceding quarter, its profit before taxation of RM22.2 million was higher than the RM17.9 million profit before taxation recorded in the last quarter. The higher profit posted was mainly due to improved margins in the Group's construction and trading divisions during the current quarter under review.

## 15. Current Year Prospects

With an outstanding construction order book of approximately RM3.2 billion comprising 20:80 of domestic and overseas projects, the Group is expected to have good earnings during the current year. The Group is positive on its prospects moving forward with steady income expected from the secured contracts under both the Group's property development division in Singapore and the quarry division in Trinidad. In addition, the improvement in global economy together with projects under various stimulus packages being rolled out by various governments will augur well for the Group.

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**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**

	<b>Individual Quarter 30-Jun-09 <u>RM'000</u></b>	<b>Cumulative Quarter 30-Jun-09 <u>RM'000</u></b>
Current taxation	4,957	21,945
Deferred taxation	(2,181)	(1,426)
Under / (over) accruals in respect of prior financial years	364	(801)
	<b><u>3,140</u></b>	<b><u>19,718</u></b>

The Group's effective tax rate for the financial period ended 30 June 2009 and for the current quarter are lower than the statutory tax rate mainly due to certain foreign sourced income not subject to tax.

**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 was neither any purchase nor disposal of quoted securities for the current quarter.

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## 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:-

- (a) On 10 June 2009, the Company announced that its subsidiaries, Sunway Holdings Vietnam Sdn Bhd and Sunway Property (China) Limited, had on 9 June 2009, entered into a share sale and purchase agreement with Mega Methods Sdn Bhd for the proposed disposal of the entire equity interest of Hochimex Nominee Company Limited and its subsidiary for a total cash consideration of USD17 million (equivalent to approximately RM59.33 million) ("Proposed Disposal").

The Proposed Disposal had been approved by the shareholders of the Company at an Extraordinary General Meeting held on 10 July 2009.

The Proposed Disposal is expected to be completed by the end of 2009.

- (b) On 29 June 2009, the Company announced a proposal to undertake a private placement of up to 82,036,555 new ordinary shares of RM1.00 each ("Proposed Placement"), in the Company, for additional working capital purposes and to reduce its bank borrowings.

The Securities Commission had vide its letter dated 13 July 2009 approved the Proposed Placement.

Bursa Malaysia Securities Berhad had vide its letter dated 28 July 2009 granted its approval-in-principle for the additional listing of and quotation for up to 82,036,555 new ordinary shares of RM1.00 each to be issued under the Proposed Placement on the Bursa Securities.

The Company had on 14 August 2009, announced that the number of new ordinary shares to be issued under the Proposed Placement is up to 52,341,296 ordinary shares at an issue price fixed at RM1.455 per ordinary share.

On 21 August 2009, the Company had placed out a total of 52,340,000 Placement Shares at RM1.455 per share, raising total proceeds of RM76,154,700. The listing of and quotation of the 52,340,000 Placement Shares on the Main Market of Bursa Malaysia Securities Berhad is expected to take place on 27 August 2009.



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## 21. Group Borrowings and Debt Securities

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

	<u>Current RM'000</u>	<u>Non-Current RM'000</u>	<u>Total RM'000</u>
<u>Borrowings</u>			
Secured	104,616	93,677	198,293
Unsecured	216,219	374,074	590,293
	<b>320,835</b>	<b>467,751</b>	<b>788,586</b>

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)	467	2,945
Denominated in Trinidad & Tobago Dollar (TTD'000)	6,172	35,760
Denominated in India Rupee (IR'000)	3,431	-
Denominated in Chinese Renminbi (RMB'000)	15,077	42,387
Denominated in Australian Dollar (AUD'000)	1,401	2,376
<u>Unsecured</u>		
Denominated in Singapore Dollar (SGD'000)	21,269	2,750
Denominated in United States Dollar (USD'000)	6,000	-
Denominated in Chinese Renminbi (RMB'000)	6,180	14,481
Denominated in Hong Kong Dollar (HKD'000)	-	40,692

## 22. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 18 August 2009, 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) On 9 January 1999, L' Grande Development Sdn Bhd ("L' Grande") had appointed Sunway PMI-Pile Construction Sdn Bhd ("SPMI") to perform work and supply of labour, materials, plants and equipments from the pile design for the construction of 331 units of double store terrace houses. A legal suit was filed by L' Grande against Bukit Cerakah Development Sdn Bhd ("BC") for the sum of RM5.9 million due under the interim certificates. BC has filed a counterclaim against the plaintiff for damages suffered by them in the sum of RM46.2 million for demolishing, rebuilding and carrying out rectifying works to the double storey houses that were structurally damaged and ancillary losses due to failure to complete the piling works in accordance with specifications and drawings.

L' Grande has issued third party notice on 26 May 2004 against SPMI for indemnity against the failure of the piling works that was carried out. L' Grande has filed and served the Statement of Claim against SPMI. SPMI has accordingly filed the Statement of Defence against L' Grande's statement of claim. The case was fixed for case management on 3 March 2005 and further case management on 5 December 2005 and subsequently to 18 April 2006. The Learned Judge gave directions to the parties to file their Agreed and Non-Agreed Bundles, before the next case management on 14 August 2006. The Learned Judge had also set the trial dates as 25 to 29 January 2010 and 8 to 12 February 2010.

In the interim, L' Grande has been wound up pursuant to a Winding-up Order dated 18 February 2009. The Court has fixed for further case management of the suit on 5 November 2009 for the Official Receiver to write to all concerned parties with regards to the Official Receiver's intention to withdraw the original action.

SPMI's solicitors had put in place a defence, which in the solicitors' opinion covered and explained all aspect of SPMI's contractual obligations and mitigating liability. Although the counterclaim against the Plaintiff was RM46.2 million, it was unlikely that the final judgment would be for this sum as the claimant had the onerous task of proving his claim. In the solicitors' opinion, the defence suffices and was more than adequate and should justice prevail, the solicitors were confident that this matter should be dismissed.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

- (b) 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 RM27.7 million 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.

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**23. Material Litigation (continued)**

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 at the advice of their solicitors, an order to strike out the case has been submitted, followed by a statement of defense on 4 December 2008. The hearing for case management which was fixed on 27 July 2009, was adjourned to 30 September 2009.

SunwayMas's solicitors are of the opinion that the chances of success of the Plaintiffs' claim against Sunwaymas are negligible.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

- (c) On 4 September 2008, the solicitors of Sunway Construction Sdn Bhd ("SunCon") had been served with a Statement of Claim ("Statement of Claim") by Shristi Infrastructure Development Corporation Ltd ("Claimant"). The Statement of Claim was received by SunCon's office in Malaysia on 8 September 2008.

Pursuant to an agreement signed between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of NH-25 to a four-lane configuration in the state of Uttar Pradesh being a part of the East-West Corridor Project, SunCon had entered into a work order with the Claimant for the upgrading and rehabilitation of the stretch of NH-25 from 143.6 km to 170.0 km, of which the Claimant has provided two bank guarantees ("Bank Guarantees") to SunCon.

The Claimant has failed to carry out its obligations under the work order and SunCon has terminated the work order and cashed the Bank Guarantees. The Claimant had filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The Supreme Court had appointed a sole arbitrator and two preliminary sittings have been held to date. The Claimant then filed its Statement of Claim on 4 September 2008.

The Statement of Claim was raised in respect of various claims (including claiming the refund of the amount cashed on the Bank Guarantees) and the total amount claimed is Rs891.5 million (approximately equivalent to RM70 million).

SunCon has served the reply to the Statement of Claim on 5 January 2009 and there was a hearing on 21 April 2009. On the said hearing date, the Claimant has yet to file its reply to SunCon's Counter Claim and Rejoinder to the Statement of Defense. The Claimant has also filed an Application for Interim Relief and SunCon has filed its reply on 13 May 2009. On 23 May 2009, the Application for Interim Relief was heard and the order was reserved.

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### 23. Material Litigation (continued)

The Claimant has filed its Rejoinder to SunCon's reply to the Claimant's Statement of Claim and has applied to file its reply to SunCon's counterclaim by 15 August 2009, which was allowed.

Nine preliminary sittings have been held to date and the next sitting will be on 26 August 2009.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

Except for the abovementioned claims, there was no pending material litigation as at 18 August 2009 being the latest practicable date, which is not earlier than 7 days from the date of this report.

### 24. Earnings Per Share

	<b>Individual Quarter</b>	<b>Cumulative Quarter</b>
	<b><u>30-Jun-09</u></b>	<b><u>30-Jun-09</u></b>
Net earnings for the period (RM'000)	18,408	67,194
Weighted average number of ordinary share in issue ('000)	523,287	523,423
<b>Basic earnings per share (sen)</b>	<b>3.52</b>	<b>12.84</b>
Net earnings for the period (RM'000)	18,408	67,194
Weighted average number of ordinary share in issue ('000)	523,287	523,423
<b>Diluted earnings per share (sen)</b>	<b>3.52</b>	<b>12.84</b>

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 30 June 2009 is as follows:-

	<b>30-June-09</b> <b>RM'000</b>	<b>30-June-08</b> <b>RM'000</b>
Amount authorised and contracted for	8,085	38,523
Amount authorised but not contracted for	35,963	82,118
	<u>44,048</u>	<u>120,641</u>

- (b) Operating lease commitment not provided for in the financial period as at 30 June 2009 is as follows:-

	<b>30-June-09</b> <b>RM'000</b>	<b>30-June-08</b> <b>RM'000</b>
Future minimum lease payments:		
- not later than 1 year	27,835	11,500
- later than 1 year and not later than 5 years	47,850	25,512
- later than 5 years	31,833	29,756
	<u>107,518</u>	<u>66,768</u>
Future minimum sublease receipts:		
- not later than 1 year	352	789
- later than 1 year and not later than 5 years	347	1,072
	<u>699</u>	<u>1,861</u>

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