PRIVATE & CONFIDENTIAL

TO: BURSA MALAYSIA SECURITIES BERHAD **FAX NO: 03-2026 3670**
FR: SUNWAY HOLDINGS BERHAD (37465A) **FAX NO: 03-5639 9507**

28 FEBRUARY 2011

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 period ended 31 December 2009.

As announced on 10 December 2008, the Company has changed its financial year end from 30 June to 31 December. Pursuant to the change in the financial year end, comparative figures for the current quarter and the cumulative period are not presented.

These 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 the financial period ended 31 December 2009.

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 period ended 31 December 2009 except as mentioned in Note 2 below.

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 period ended 31 December 2009 except for the adoption of the following new and revised Financial Reporting Standards ("FRSs") and Issues Committee ("IC") Interpretations that are effective for the financial period beginning on 1 January 2010:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Financial Instruments: Disclosures, and Reassessment of Embedded Derivatives
Amendments to FRSs	Improvements to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes

2. Changes in Accounting Policies (contd.)

IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

The adoption of the above did not have any significant impacts on the interim financial report upon their initial application, other than as discussed below:-

a) FRS 101 – Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity, if any, will be presented as a single line labeled as other comprehensive income. In addition, the consolidated balance sheet was renamed as the consolidated statement of financial position in the interim financial report. This standard did not have any financial impact on the financial position and results of the Group.

b) Amendments to FRSs – Improvements to FRSs (2009) "FRS 117: Leases"

Prior to 1 January 2010, leasehold land that normally had an indefinite economic life and where title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring a leasehold land was accounted for as prepaid land lease payments that were amortised over the lease term in accordance with the pattern of benefits provided.

Upon the adoption of the Amendment to FRS 117 in relation to classification of lease of land, the Group reassessed the classification of a leasehold land as a finance lease or an operating lease based on the extent of risks and rewards associated with the land. The Group has determined that all leasehold land of the Group are in substance finance leases and has reclassified its leasehold land from prepaid land lease payments to property, plant and equipment.

The reclassification has been made retrospectively and does not affect the profit or loss.

The effects of the reclassification on the consolidated statement of financial position as at 31 December 2009 are as follows:-

	As previously reported RM'000	Effects RM'000	As restated RM'000
Property, plant and equipment	386,149	16,141	402,290
Prepaid land lease payments	16,141	(16,141)	-

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2. Changes in Accounting Policies (contd.)

c) FRS 139 – Financial Instruments: Recognition and Measurement

FRS139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at reporting date reflects the designation of the financial instrument.

Loan and receivables

Prior to 1 January 2010, loans and receivables were stated at the gross proceeds receivable less allowance for doubtful debts. Under FRS139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Gains or losses are recognised in the consolidated income statement when the loans and receivables are derecognised, impaired or through amortisation process.

Payables

Under FRS139, payables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Gains or losses are recognised in the consolidated income statement when the liabilities are derecognised or through amortisation process.

Derivative Financial Instruments

Prior to 1 January 2010, derivatives were not recognised in the financial statements. Under FRS139, derivatives are required to be initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured to fair value at each reporting date. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gains and losses arising from the changes in fair value on derivatives that do not qualify for hedge accounting are recognised in consolidated income statement.

In accordance with the transitional provisions of FRS139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the opening balances in the consolidated statement of financial position as at 1 January 2010.

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2. Changes in Accounting Policies (contd.)

c) FRS 139 – Financial Instruments: Recognition and Measurement (contd.)

As a result, the following adjustments were made to the opening balances as at 1 January 2010:

	As at 1 January 2010 RM'000
Decrease in Receivables	(7,930)
Increase in Derivative Financial Assets	905
Decrease in Payables	4,538
Decrease in Borrowings	269
Increase in Derivative Financial Liabilities	(3,193)
Increase in Accumulated Loss	5,056
Decrease in Minority Interests	355

In addition, these changes in accounting policies have the effect of increasing the profit for the current quarter and year by RM2.8 million and RM14.5 million respectively.

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 a material effect in the current interim period.

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7. Issuance and Repayment of Debt and Equity Securities

There was 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 4,866,250, 564,000, 56,250, 201,000, 50,000 and 109,750 new ordinary shares of RM1.00 each pursuant to the Employees' Share Option Scheme at an exercise price of RM1.00, RM1.21, RM1.48, RM1.75, RM1.87 and RM1.88 per ordinary share respectively for cash; and

(ii) the issuance of 44,247 new ordinary shares of RM1.00 each pursuant to the exercise of Warrants 2009/2014 at an exercise price of RM1.30 per ordinary share for cash.

(iii) the issuance of RM85.0 million nominal value medium term notes under the CP/MTN Programme as disclosed in Note 21(b).

8. Dividends paid

Dividends paid on 21 May 2010 amounting to RM12,983,662 were in respect of the financial period ended 31 December 2009 being tax exempt interim dividend of 2.25% per ordinary share of RM1.00 each.

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9. Segment Reporting

	Construction RM'000	Property Development RM'000	Trading RM'000	Building Materials RM'000	Quarry RM'000	Financial Services RM'000	Investment Holding RM'000	Others RM'000	Intersegment Eliminations RM'000	Group RM'000
Revenue										
External revenue	1,076,182	130,079	482,216	116,696	179,143	2,390	1,297	8,574	-	1,996,577
Inter-segment revenue	-	-	48,537	6,290	20,030	1,780	21,350	9,207	(107,194)	-
Total revenue	**1,076,182**	**130,079**	**530,753**	**122,986**	**199,173**	**4,170**	**22,647**	**17,781**	**(107,194)**	**1,996,577**
Segment results	**78,990**	**26,320**	**37,896**	**(10,119)**	**10,535**	**1,182**	**(2,750)**	**2,749**	**-**	**144,803**
Gain on derivatives										14,576
Finance income										8,466
Finance cost										(35,886)
Share of results of jointly controlled entities	45,853	54,570	-	-	-	-	-	-	-	100,423
Share of results of associates	(18,030)	-	(97)	-	-	-	-	(6,284)	-	(24,411)
Profit before taxation										**207,971**
Taxation										(35,459)
Profit for the financial period										**172,512**

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10. 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.

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

There was no material event subsequent to the period ended 31 December 2010.

12. 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 period to date except for the following:

(a) The Group had on 22 June 2010 disposed of its 60% equity interest in Sun Pharmaceutical Sdn. Bhd. and its subsidiary for a total cash consideration of RM2,350,000.

The disposal had the following effects on the financial position of the Group:

	RM'000
Net assets disposed	906
Attributable goodwill	886
	1,792
Total disposal proceeds	(2,350)
Gain on disposal to the Group	558
Cash inflow arising on disposals:	
Cash consideration	2,350
Cash and cash equivalents of subsidiaries disposed	(348)
Net cash inflow on disposal	2,002

12. Changes in the Composition of the Group (Contd.)

(b) The Group had on 29 June 2010 disposed of its entire equity interest in Hochimex Nominee Company Limited and its subsidiary for a total cash consideration of USD17 million (equivalent to approximately RM56.19 million).

The disposal had the following effects on the financial position of the Group:

	RM'000
Net assets disposed	19,134
Transfer from foreign exchange reserve	15,508
	34,642
Total net disposal proceeds	(47,930)
Gain on disposal to the Group	13,288
Cash inflow arising on disposals:	
Cash consideration	56,188
Purchase consideration paid in the previous financial period	(6,016)
Cash and cash equivalents of subsidiaries disposed	(10,688)
Net cash inflow on disposal	39,484

13. Contingent Liabilities

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

	31-Dec-10 RM'000	31-Dec-09 RM'000
Guarantees given to third parties in respect of contracts and trade performance	1,388,453	1,699,736

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

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14. Review of Performance

For the quarter
The Group recorded revenue of RM496.7 million and profit before taxation of RM37.3 million during the quarter under review. These results include RM2.2 million gains arising mainly from the adoption of FRS 139.

The Group's operating results for the quarter were mainly contributed by the construction, property development, quarry and trading and manufacturing divisions.

For the 12-month period
During the 12-month period under review, the Group achieved revenue of RM1,996.6 million and profit before taxation of RM208.0 million, which includes RM14.5 million gains arising from the adoption of FRS 139 and also gain from disposal of its sole hotel asset of RM13.4 million.

The Group's operating performance for the 12-month period was mainly contributed by the construction, property development, quarry and trading and manufacturing divisions.

Due to the change in financial year end in the previous financial year, no comparisons were made to the previous corresponding quarter and period.

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

The Group recorded revenue and profit before taxation of RM496.7 million and RM37.3 million respectively during the current quarter as compared to revenue of RM489.0 million and profit before taxation of RM61.0 million in the immediate preceding quarter.

Despite an increase in revenue, the lower profit before taxation in the current quarter was mainly attributed by the share of losses from associates as well as provisions for impairment losses made by certain subsidiaries in respect of properties, plant and equipment and inventories.

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16. Current Year Prospects

The future growth for the Group will mainly be driven by its construction, property development and trading and manufacturing divisions.

With a healthy outstanding order book of RM2.4 billion, of which almost 50% are overseas contracts, coupled with the increase in activities in the local construction scene, the construction division will remain as the key contributing division to the Group's profits.

The property development division currently has unbilled sales of RM472 million from existing projects in Malaysia, Singapore and China which will contribute positively to the Group's earnings in the near future. This division is expected to contribute significantly to the performance of the Group in the coming years with income from upcoming property launches.

The Group also expects its trading and manufacturing arm to record steady growth in the coming year with its increasing regional presence.

17. Variance of Actual Profit from Profit Forecast

The Company did not issue any profit forecast or profit guarantee during the current period under review.

18. Income Tax

	Individual Quarter 31-Dec-10 RM'000	Cumulative Quarter 31-Dec-10 RM'000
Current taxation	8,635	31,781
Deferred taxation	1,683	1,985
Under accruals in respect of prior financial years	221	1,693
	10,539	**35,459**

The effective tax rate for the current quarter was higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes. The effective tax rate for the period ended 31 December 2010 was lower than the statutory tax rate mainly due to certain foreign sourced income not subject to tax.

19. Profits/(Loss) on Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments and/or properties for the current quarter.

20. Quoted Securities

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

21. 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 19 January 2010, the Company announced that SunwayMas Sdn. Bhd. (“SunwayMas”), its wholly-owned subsidiary had entered into a Share Sale Agreement and Shareholders Agreement with Templer Forest Resort Sdn. Bhd. ("Templer Forest").

Pursuant to the Share Sale Agreement, SunwayMas shall acquire 60% equity interest, comprising 1,980,000 ordinary shares of RM1.00 each in Spanland Sdn. Bhd. ("Spanland") from Templer Forest for a total purchase consideration of RM13,800,000 (“Proposed Acquisition”). The Shareholders Agreement outlines the joint venture arrangement of SunwayMas and Templer Forest and their mutual rights and obligations as shareholders of Spanland as well as to jointly undertake a property development project on parcels of leasehold land measuring approximately 98.43 acres located at Mukim Rawang, District of Gombak, Selangor.

Upon completion of the Proposed Acquisition, Spanland shall become a 60% owned subsidiary of SunwayMas. The Shareholders Agreement will come into effect on the completion of the Proposed Acquisition.

The Proposed Acquisition is expected to be completed within 21 business days after the fulfillment of all conditions precedent or such other date as may be agreed between the parties.

21. Status of Corporate Proposals Announced (contd.)

(b) On 21 September 2010, the Company announced the proposed issuance of up to RM500 million in nominal value of commercial papers and/or medium term notes (collectively referred to as the "Notes") under a commercial paper/medium term notes programme ("CP/MTN Programme").

The Company has mandated RHB Investment Bank Berhad as the Principal Adviser/Lead Arranger for the CP/MTN Programme.

Pursuant to the CP/MTN Programme, the Company may at its election (but shall not be obliged to do so) and prior to any issuance of the Notes nominate each of either OCBC Bank (Malaysia) Berhad and/or RHB Bank Berhad to guarantee up to the maximum amount of RM100 million each of any series of the Notes. The bank guarantees to be issued by OCBC Bank (Malaysia) Berhad and/or RHB Bank Berhad, as the case may be, shall have the tenor of not more than 5 years from the first issue date of the Notes under the CP/MTN Programme.

The proceeds from the CP/MTN Programme shall be utilised to repay existing bank borrowings, to finance future property developments, capital expenditure or investments of the Company and/or any of its subsidiaries, and the balance, if any, for working capital of the Company and/or any of its subsidiaries and to pay all incidental costs in relation to the CP/MTN Programme.

On 26 October 2010, the Company announced that the CP/MTN Programme has been approved by the Securities Commission vide its letter dated 25 October 2010.

On 15 November 2010, the Company has made its first issuance under the CP/MTN Programme. A total of RM85.0 million nominal value medium term notes were issued, all guaranteed by OCBC Bank (Malaysia) Berhad.

(c) On 24 September 2010, the Company announced that SunwayMas had entered into a JVA with Dasa Tourist Complex (Private) Limited ("Dasa Tourist") to undertake a mixed development comprising at least 318,000 sq ft of net saleable areas of residential units and 60,000 sq ft net saleable areas of commercial units in Colombo city in the Democratic Socialist Republic of Sri Lanka ("Proposed Development") via a joint venture company ("JV Co.") to be incorporated in the Democratic Socialist Republic of Sri Lanka.

SunwayMas and Dasa Tourist have entered into the JVA to undertake the Proposed Development as well as to record their joint venture arrangement and their rights and obligations as shareholders in the JV Co. SunwayMas shall hold 65% and Dasa Tourist shall hold 35% under the proposed shareholding structure of the JV Co.

21. Status of Corporate Proposals Announced (contd.)

(d) On 24 November 2010, the Company announced that the Board had received a letter from Sunway Berhad (formerly known as Alpha Sunrise Sdn. Bhd.) ("Sunway"), which sets out Sunway's offer to acquire all of the business and undertaking of the Company as carried on by the Company as at the date hereof, including all Assets and Liabilities of the Company as at Completion at an aggregate purchase consideration:

(i) equivalent to RM2.60 per ordinary share of RM1.00 each in the Company multiplied by the total outstanding shares in the Company (less treasury shares, if any) at a date to be determined later;

(ii) equivalent to the Black-Scholes valuation based on RM2.60 per ordinary share in the Company and calculated by applying all the relevant variables as at 22 November 2010, for the options issued under the Company's employees' share option scheme ("ESOS options"), multiplied by the total outstanding number of ESOS options issued (for every issue of the ESOS options, batched by their respective conversion prices). The Black-Scholes values for the ESOS options range from RM0.98 to RM1.67 per ESOS option (subject to the respective conversion price of the options); and

(iii) equivalent to the Black-Scholes valuation based on RM2.60 per ordinary share in the Company and calculated by applying all the relevant variables as at 22 November 2010, being RM1.50 per warrant of the Company ("Warrant"), multiplied by the total outstanding number of Warrants in issue at a date to be determined later.

On 14 December 2010, the Company announced that the non-interested Directors of the Company, after taking into consideration the independent advice of the Independent Advisor, OSK Investment Bank Berhad, have decided to accept Sunway's offer, subject to, inter alia, the approval of the shareholders and relevant authorities, where required.

On 18 January 2011, the Company announced that it had entered into a conditional Sale of Business Agreement ("SBA") with Sunway in relation to the proposed disposal of the entire business and undertaking including all the assets and liabilities of the Company ("Proposed Disposal").

Pursuant to the Proposed Disposal, the Company will also undertake the following:

(i) proposed capital repayment by way of a capital reduction exercise pursuant to Sections 60(2) and/or 64 of the Companies Act, 1965 ("Proposed Capital Reduction and Repayment");

(ii) proposed termination of the employees' share option scheme ("ESOS") of the Company ("Proposed ESOS Termination"); and

(iii) proposed payment to warrantholders of the Company by way of a special resolution as provided by the deed poll ("Proposed Warrant Scheme").

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22. Group Borrowings and Debt Securities

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

	Current RM'000	Non-Current RM'000	Total RM'000
Borrowings			
Secured	95,751	107,252	203,003
Unsecured	84,078	312,584	396,662
	179,829	**419,836**	**599,665**

Included in the above are borrowings which are denominated in foreign currencies as follows:-

	Current	Non Current
Secured		
Denominated in Singapore Dollar (SGD'000)	984	4,795
Denominated in Trinidad & Tobago Dollar (TTD'000)	8,940	17,880
Denominated in Chinese Renminbi (RMB'000)	54,978	78,152
Denominated in Australian Dollar (AUD'000)	688	127
Unsecured		
Denominated in Singapore Dollar (SGD'000)	8,413	1,075

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23. Financial Instruments

As at 31 December 2010, the Group's outstanding derivatives were as follows:

Type of Derivatives	Notional Value RM'000	Fair Value RM'000	Gains arising from Fair Value Changes for the Period RM'000
Foreign currency forward contracts			
- Less than 1 year	150,289	12,484	
	150,289	12,484	12,205
Interest rate swap contracts			
- Less than 1 year	7,263	(279)	
- 1 year to 3 years	21,789	(139)	
- More than 3 years	3,658	6	
	32,710	(412)	938
Other derivative			
- Less than 1 year		-	
		-	1,433
Total derivatives		**12,072**	**14,576**

Foreign currency forward contracts

The Group entered into foreign currency forward contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from normal business activities. These are done in accordance with the Group's foreign currency hedging policy and are executed with credit-worthy financial institutions which are governed by appropriate policies and procedures.

The derivatives arising from the foreign currency forward contracts are stated at fair value, using the prevailing market rates. Derivatives with positive market values are included under current assets and derivatives with negative market values are included under current liabilities. Any changes in fair value of derivatives during the period are taken directly to the income statement.

23. Financial Instruments (contd.)

Interest rate swap contracts

The Group entered into interest rate swap contracts to manage its interest rate risk arising primarily from interest-bearing borrowings. Borrowings at floating rate expose the Group to fair value interest rates and the hedging contract minimises the fluctuation of cash flow due to changes in the market interest rates. The above interest rate hedging contracts are executed with credit-worthy financial institutions which are governed by appropriate policies and procedures.

The derivatives arising from the interest rate swap contracts are computed using the present value of the difference between the floating rates and fixed rates applied to the principal amounts over the duration of swap expiring subsequent to period end. Any changes in fair value of derivatives during the period are taken directly to the income statement.

Other derivative

This arise from an option granted to a minority shareholder of a subsidiary. The fair value of the option was estimated using the binomial method and the change in fair value is recognised in the income statement.

24. Material Litigation

(a) 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.

24. Material Litigation (contd.)

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. On the said date, the hearing for case management was fixed on 4 February 2010 and it has been struck out with costs. The employer filed an appeal against the decision on 2 March 2010. The hearing date for the appeal is yet to be fixed by the Court.

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.

(b) 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).

At the hearing on 2 February 2009, the arbitrator recorded SunCon's filing of the Statement of Defence and Counterclaim. In the counterclaim, SunCon is seeking for Rs78,13,94,628.61 (approximately equivalent to RM60 million) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

24. Material Litigation (contd.)

On 5 Feb 2010, the hearing was devoted to the Claimant's letter of 2 February 2010. The Arbitrator felt that the controversy raised by the Claimant regarding the proper compliance of the Order dated 23 November 2009 should be brought to an end at the soonest and amicably. After some arguments, the arbitrator dictated an order basically stating that:

(i) SunCon should put on affidavit the information it has already supplied;

(ii) SunCon will need to get verifiable status or details in relation to the existing Bank Guarantees.

The first direction was complied on 24 February 2010.

On 1 April 2010, the Claimant's lawyer concluded his arguments on SunCon's Section 16 Application. SunCon's lawyer barely started on its Rejoinder when the hearing concluded for the day. SunCon's solicitors submitted the rejoinder to the reply of the Claimant to the Application of SunCon under Section 17 of the Arbitration & Conciliation Act, 1996.

On 21 April 2010, SunCon's lawyers concluded arguments on the Section 16 Application. Parties have been asked to make a synopsis of written arguments by 3 May 2010. The matter was listed on 12 May 2010 for orders and other procedural matters. The Arbitrator has indicated that he would like to give a decision on the Section 16 Application first, before proceeding with other matters.

On 12 May 2010, the Arbitrator had rejected the Claimant's objections to SunCon's Section 16 application which order is not appeallable. SunCon's Section 17 Application was heard on 24 and 25 May 2010. The arguments stood concluded and the Arbitrator has reserved the matter for orders.

On 24 August 2010, the Arbitrator had passed an order in SunCon's Section 17 application basically stating that the Claimant could not alienate its shares or its assets including assets in its subsidiary. In case of any necessity to do so, it should first approach the tribunal with 4 weeks' notice. Further, the Claimant had been directed to give details of its tangible assets within 6 weeks.

The Arbitrator had fixed the next date of hearing on 18 September 2010. Prior to this date, SunCon had to exchange statement of admission/denial with the Claimant. Both sides had to also give the list of proposed issues for trial and the same would be finalised on the next date of hearing. Future directions on the conduct of hearing to be given on the next date of hearing.

24. Material Litigation (contd.)

On 27 October 2010, SunCon's draft issues were filed as well as SunCon's statement of admission/denial. The Claimant failed to do so and sought 2 days time to put in its draft issues.

Regarding the Claimant's statement of admission/denial, they sought time till 25 November 2010 and the next date of hearing would be fixed on 25 November 2010. The Arbitrator had also directed the Claimant to file its evidence by way of affidavit by 26 December 2010. A hearing had been fixed on 5 January 2011 to take stock and fix appropriate dates for cross-examination of the Claimant's witnesses.

On 5 January 2011, Shristi did not produce its Witness Statement and has been directed to file it by 7 February 2011. The hearing was then adjourned to 11 March 2011 for compliance and finalizing the bundles, etc. The cross examination dates are 28 and 29 March 2011, to be followed on 11 and 12 April 2011. Shristi has to submit a statement of its assets as at 31 December 2010 supported by an affidavit before the next date of the hearing.

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 21 February 2011 being the latest practicable date, which is not earlier than 7 days from the date of this report.

25. Dividend

No dividend has been proposed by the Board of Directors for the financial period ended 31 December 2010.

26. Realised and Unrealised Profits/(Losses)

Bursa Malaysia Securities Berhad ("Bursa Malaysia") had on 25 March 2010 and 20 December 2010, issued directives requiring all listed corporations to disclose the breakdown of unappropriated profits or accumulated losses into realised and unrealised in quarterly reports and annual audited financial statements.

The breakdown of retained profits of the Group as at reporting date into realised and unrealised profits are as follows:

	As at 31-Dec-10 RM'000	As at 30-Sep-10 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- Realised	(49,376)	(29,541)
- Unrealised	(10,079)	(11,700)
	(59,455)	(41,241)
Total share of (accumulated losses)/retained profits from associates:		
- Realised	(2,040)	28,221
- Unrealised	116	116
Total share of retained profits from jointly controlled entities:		
- Realised	169,621	127,170
- Unrealised	(8,048)	(8,048)
	100,194	106,218
Less: Consolidation adjustments	(58,366)	(89,888)
Total Group retained profits as per consolidated accounts	41,828	16,330

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

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

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

28 FEBRUARY 2011

27. Earnings Per Share

	Individual Quarter	Cumulative Quarter
	31-Dec-10	**31-Dec-10**
Net earnings for the period (RM'000)	25,609	162,608
Weighted average number of ordinary share in issue ('000)	580,469	577,781
Basic earnings per share (sen)	**4.41**	**28.14**
Net earnings for the period (RM'000)	25,609	162,608
Weighted average number of ordinary share in issue ('000)	685,686	644,124
Diluted earnings per share (sen)	**3.73**	**25.24**

The computation of the weighted average number of ordinary shares in issue is net of treasury shares.

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

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

28 FEBRUARY 2011

28. Commitments

(a) Capital commitment not provided for in the financial period as at 31 December 2010 is as follows:-

	31-Dec-10 RM'000	31-Dec-09 RM'000
Amount authorised and contracted for	6,332	4,313
Amount authorised but not contracted for	20,265	29,176
	26,597	33,489

(b) Operating lease commitment not provided for in the financial period as at 31 December 2010 is as follows:-

	31-Dec-10 RM'000	31-Dec-09 RM'000
Future minimum lease payments:		
- not later than 1 year	18,384	29,658
- later than 1 year and not later than 5 years	44,915	57,609
- later than 5 years	25,265	30,202
	88,564	117,469
Future minimum sublease receipts:		
- not later than 1 year	489	551
- later than 1 year and not later than 5 years	281	295
	770	846

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