

SUNWAY BERHAD (Company No : 921551-D)

(FORMERLY KNOWN AS ALPHA SUNRISE SDN. BHD.)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011

THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2011

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2011	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2010	CURRENT YEAR TO DATE 31/03/2011	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2010
	RM'000	RM'000	RM'000	RM'000
REVENUE	833,711	-	833,711	-
OPERATING EXPENSES	(807,670)	-	(807,670)	-
OTHER OPERATING INCOME	17,352	-	17,352	-
PROFIT FROM OPERATIONS	43,393	-	43,393	-
GAIN ON DERIVATIVES	3,173	-	3,173	-
FINANCE INCOME	3,808	-	3,808	-
FINANCE COSTS	(16,492)	-	(16,492)	-
SHARE OF PROFIT FROM ASSOCIATES	17,112	-	17,112	-
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES	28,225	-	28,225	-
PROFIT BEFORE TAX	79,219	-	79,219	-
INCOME TAX EXPENSE	9,702	-	9,702	-
PROFIT FOR THE PERIOD	88,921	-	88,921	-
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	68,289	-	68,289	-
- NON-CONTROLLING INTERESTS	20,632	-	20,632	-
	88,921	-	88,921	-
EARNINGS PER SHARE				
(i) BASIC (sen)	5.28	N/A	5.28	N/A
(ii) DILUTED (sen)	4.40	N/A	4.40	N/A

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial statements for the year ended 31 December 2010 as disclosed in the Prospectus of the Company dated 18 August 2011 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 921551-D)
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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2011

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2011	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2010	CURRENT YEAR TO DATE 31/03/2011	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2010
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	88,921	-	88,921	-
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	<u>(7,918)</u>	<u>-</u>	<u>(7,918)</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	<u>(7,918)</u>	<u>-</u>	<u>(7,918)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>81,003</u>	<u>-</u>	<u>81,003</u>	<u>-</u>
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	62,585	-	62,585	-
- NON-CONTROLLING INTERESTS	18,418	-	18,418	-
	<u>81,003</u>	<u>-</u>	<u>81,003</u>	<u>-</u>

(The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial statements for the year ended 31 December 2010 as disclosed in the Prospectus of the Company dated 18 August 2011 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY BERHAD (Company No : 921551-D)
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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

	AS AT END OF CURRENT QUARTER 31/03/2011	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2010
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	948,639	-
Biological assets	435	-
Investment properties	752,294	-
Rock reserves	9,080	-
Land held for property development	535,715	-
Investment in associates	978,280	-
Investment in jointly controlled entities	457,233	-
Other investments	1,765	-
Receivables	17,634	-
Goodwill	330,095	-
Deferred tax assets	39,833	-
	<u>4,071,003</u>	-
Current assets		
Properties development costs	624,611	-
Inventories	301,949	-
Receivables, deposits & prepayments	1,192,200	-
Deposits, bank & cash balances	976,327	-
Tax recoverable	52,337	-
Derivative assets	10,425	-
	<u>3,157,849</u>	-
TOTAL ASSETS	<u>7,228,852</u>	-
EQUITY AND LIABILITIES		
Current liabilities		
Payables, accruals & other current liabilities	1,482,787	-
Bank borrowings	649,921	-
Taxation	63,238	-
Derivative liabilities	219	-
	<u>2,196,165</u>	-
Non-current liabilities		
Long term bank borrowings	1,678,295	-
Other long term liabilities	193,770	-
Derivative liabilities	1,204	-
Deferred taxation	80,766	-
	<u>1,954,035</u>	-
Total liabilities	<u>4,150,200</u>	-
Equity attributable to Owners of the Parent		
Share capital	1,292,505	-
Share premium	2,326,509	-
Negative merger reserve	(1,173,563)	-
Retained profits	64,800	-
Other reserves	171,065	-
	<u>2,681,316</u>	-
NON-CONTROLLING INTERESTS	<u>397,336</u>	-
Total equity	<u>3,078,652</u>	-
TOTAL EQUITY AND LIABILITIES	<u>7,228,852</u>	-
Net Assets Per Share	2.07	N/A

Sunway Berhad (formerly known as Alpha Sunrise Sdn. Bhd.) has adopted the Merger Method of Accounting in respect of acquisition of Sunway Holdings Berhad group and Sunway City Berhad group. Under the Merger Method of Accounting, the Group's consolidated results for the current financial period ended 31 March 2011 comprise the consolidated results of all subsidiaries as if the merger had been effected throughout the entire financial year to date.

(The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial statements for the year ended 31 December 2010 as disclosed in the Prospectus of the Company dated 18 August 2011 and the accompanying explanatory notes attached to the interim financial statements.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2011

	ATTRIBUTABLE TO OWNERS OF THE PARENT												RETAINED PROFITS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY		
					NON-DISTRIBUTABLE												DISTRIBUTABLE	
	SHARE CAPITAL	SHARE PREMIUM	NEGATIVE MERGER RESERVE	OTHER RESERVES, TOTAL	CAPITAL RESERVE	CAPITAL REDEMPTION RESERVE	FOREIGN EXCHANGE RESERVE	FAIR VALUE RESERVE	STATUTORY RESERVE	REVALUATION RESERVE	SHARE OPTION RESERVE							
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
PERIOD ENDED 31 MARCH 2011																		
At 1 January 2011	1,292,505	2,326,509	(1,173,563)	176,800	109,312	203	(8,002)	49,967	618	22,501	2,201	-	2,622,251	385,837	3,008,088			
Total comprehensive income	-	-	-	(5,704)	-	-	(5,704)	-	-	-	-	68,289	62,585	18,418	81,003			
Redemption of redeemable preference shares	-	-	-	113	-	113	-	-	-	-	-	(113)	-	-	-			
Dilution of equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(4,028)	(4,028)	(1)	(4,029)			
Effect of FRS 139	-	-	-	-	-	-	-	-	-	-	-	459	459	(152)	307			
Dividends paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(188)	(188)			
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,578)	(6,578)			
Share of depreciation transfer on land, net of tax by an associated company	-	-	-	(144)	-	-	-	-	-	(144)	-	193	49	-	49			
At 31 MARCH 2011	1,292,505	2,326,509	(1,173,563)	171,065	109,312	316	(13,706)	49,967	618	22,357	2,201	64,800	2,681,316	397,336	3,078,652			

(The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial statements for the year ended 31 December 2010 as disclosed in the Prospectus of the Company dated 18 August 2011 and the accompanying explanatory notes attached to the interim financial statements.)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2011

	FOR THE 3 MONTHS PERIOD ENDED 31/03/2011	FOR THE 3 MONTHS PERIOD ENDED 31/03/2010
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations	975,706	-
Payment to suppliers and contractors	(578,597)	-
Payment of operating expenses	(341,133)	-
Interest received	6,263	-
Dividend received from associate and jointly controlled entity	31,198	-
Cash generated from operations	<u>93,437</u>	-
Taxes refunded	185	-
Taxes paid	(20,831)	-
Net cash generated from operating activities	<u>72,791</u>	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant & equipment	3,679	-
Acquisition of land	(10,678)	-
Acquisition of property, plant & equipment and biological assets	(12,233)	-
Additional investment in subsidiaries	(10,583)	-
Acquisition and subsequent expenditure of investment properties	(14,409)	-
Investment in associates	(2,375)	-
Repayment from/ (advances to) associates, jointly controlled entity and joint venture partners	93,443	-
Investment in jointly controlled entities	(719)	-
Net cash used in investing activities	<u>46,125</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	(21,713)	-
Advances from/(to) non-controlling interests of subsidiary companies	-	-
Interest paid	(12,183)	-
Proceeds from issuance of ordinary shares	15,546	-
Redemption of preference share in other investment	10,853	-
Dividend paid to non-controlling interests of subsidiaries	(188)	-
Net cash used in financing activities	<u>(7,685)</u>	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	111,231	-
EFFECTS OF EXCHANGE RATE CHANGES	(5,602)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	856,193	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>961,822</u>	-
Cash and cash equivalents at end of financial period comprise the following :		
Deposits, bank & cash balances	976,327	-
Bank overdrafts	(14,505)	-
	<u>961,822</u>	-

(The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial statements for the year ended 31 December 2010 as disclosed in the Prospectus of the Company dated 18 August 2011 and the accompanying explanatory notes attached to the interim financial statements.)

NOTES TO FINANCIAL STATEMENTS :

A1 Accounting Policies and Basis of Preparation

The interim financial report is unaudited and is prepared in accordance with FRS134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the Proforma Consolidated Financial Information and the Accountants' Report for the financial statements for the year ended 31 December 2010 as disclosed in the Prospectus of the Company dated 18 August 2011 and the accompanying explanatory notes attached to the interim financial statements.

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 year ended 31 December 2010.

On 18 August 2011, the Company acquired the entire business and undertaking, including the assets and liabilities of Sunway Holdings Berhad ("SWH") and Sunway City Berhad ("SCB") (collectively referred to as the "Merged Entities").

The Merged Entities are under common control and are consolidated using merger accounting. In this regard, the merger took place on 18 August 2011 (being the acquisition date of SWH and SCB). However for presentation purposes, the results of the Merged Entities are presented as if the merger has been effected on 1 January 2011 and thus results are presented on a proforma basis. No comparative figures are presented for the immediate preceding quarter as this is the first consolidated results of the Group being prepared.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Prospectus dated 18 August 2011 except for the adoption of the following new and revised Financial Reporting Standards ("FRSs"), Issues Committee ("IC") Interpretations and amendments to FRSs and IC Interpretations that are effective for financial statements effective from 1 January 2011, as disclosed below:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to FRS 132	Classification of Rights Issues
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
IC Interpretation 4	Determining whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to FRSs (2010) issued in November 2010	

The adoption of the above pronouncements does not have significant impact to the Group, except as described below:

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised FRS 3 introduces a number of changes in the accounting for business combinations. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) to be accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with non-controlling interests.

A2 Comparative Figures

This is the first financial year in which interim financial reports are prepared by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad and consequently, there are no comparative figures presented in this report.

A3 Report of the Auditors

The report of the auditors of preceding annual financial statements was not subject to any qualification.

A4 Seasonal or Cyclical Factors

The results for the current quarter under review were not materially affected by seasonal or cyclical factors except for the leisure and hospitality segments which normally peaks during major festive seasons and holidays.

A5 Unusual Items

There were no material unusual items affecting the amounts reported for the current quarter ended 31 March 2011 except for the following:

Current and preceding year corresponding quarter

	31/03/11 RM'million
Profit before tax as reported	79.2
Gain on derivatives ¹	(3.2)
Listing expenses ²	7.5
Profit before tax excluding unusual items	83.5
Profit after tax and non-controlling interests as reported	68.3
Gain on derivatives ¹	(3.2)
Listing expenses ²	7.5
Reversal of taxation ³	(17.2)
Profit after tax and non-controlling interests excluding unusual items	55.4

During the 1st quarter ended 31 March 2011:

¹ The Group recognised RM3.2 million (profit before and after tax and non-controlling interests) in gain on derivatives as a result of the effects of FRS 139: Financial Instruments: Recognition and Measurement.

² The Group incurred expenses of RM7.5 million (profit before and after tax and non-controlling interests) in relating to the listing of the Company.

³ The Group reversed RM17.2 million (profit after tax and non-controlling interests) of taxation provided following a successful tax treatment appeal to the Australian Tax Office.

A6 Changes in Estimates

There were no changes in estimates that have a material effect on the amounts reported for the current quarter ended 31 March 2011.

A7 Issuances, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities

There was no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current period under review, except for the issuance of 1,292,505,000 ordinary shares of RM1.00 each at an issued price of RM2.80 and 258,501,000 free warrants as part of the consideration pursuant to the acquisition of the business and undertaking, including the assets and liabilities, of SHB and SCB.

A8 Dividend Paid

There was no dividend paid during the financial period ended 31 March 2011.

A9 Segmental Reporting

Segmental results for the financial period ended 31 March 2011 are as follows:

	Property Development	Property Investment Division	Construction	Trading and Manufacturing	Quarry	Investment Holdings	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
BY BUSINESS SEGMENTS									
REVENUE AND EXPENSES									
Revenue									
External sales	203,122	108,975	277,051	133,106	40,708	2,007	68,742	-	833,711
Inter-segment sales	-	2,136	72,867	15,072	363	5,027	4,450	(99,915)	-
Total Revenue	203,122	111,111	349,918	148,178	41,071	7,034	73,192	(99,915)	833,711
Results									
Operating segment results	23,888	16,047	1,449	12,387	310	(11,739)	1,051	-	43,393
Gain on derivatives	-	-	2,838	-	-	312	23	-	3,173
Finance income	869	1,955	719	25	161	2	77	-	3,808
Finance costs	(2,139)	(3,702)	(1,611)	(758)	(406)	(5,751)	(2,125)	-	(16,492)
Share of results of associated companies	(10)	16,137	-	-	-	-	985	-	17,112
jointly controlled entities	12,840	-	15,385	-	-	-	-	-	28,225
Profit before taxation	35,448	30,437	18,780	11,654	65	(17,176)	11	-	79,219
Taxation	22,258	(5,844)	(2,394)	(2,451)	(588)	(268)	(1,011)	-	9,702
Profit for the period	57,706	24,593	16,386	9,203	(523)	(17,444)	(1,000)	-	88,921

A10 Valuation of Property, Plant and Equipment and Investment Properties

The Group adopts the fair value model for its investment properties. There is no significant and indicative change in value of the said investment properties since the last balance sheet date.

A11 Material events

There were no material events subsequent to the current quarter ended 31 March 2011.

A12 Changes in the Composition of the Group

There was no material change in the composition of the Group for the current quarter ended 31 March 2011.

A13 Contingent Liabilities and Assets

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

Guarantees given to third parties in respect of contracts and trade performance

31/03/2011

RM'000

1,476,953

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

There were no contingent assets.

A14 Commitments

(a) Capital commitment not provided for in the financial period as at 31 March 2011 is as follows:

	31/03/2011
	RM'000
Amount authorised and contracted for	60,037
Amount authorised but not contracted for	90,675
	<u>150,712</u>

(b) Operating lease commitment not provided for in the financial period as at 31 March 2011 is as follows:

	31/03/2011
	RM'000
Future minimum lease payment:	
- not later than 1 year	56,711
- later than 1 year and not later than 5 years	168,655
- later than 5 years	174,804
	<u>400,170</u>
Future minimum lease receipts:	
- not later than 1 year	15,231
- later than 1 year and not later than 5 years	59,692
- later than 5 years	87,894
	<u>162,817</u>

B1 Review of Performance

For the quarter

The Group achieved revenue of RM833.7 million and profit before tax of RM83.5 million (excluding unusual items as per Note A5) for the 1st quarter ended 31 March 2011.

The Group's core businesses, which comprise of property development, property investment including Sunway REIT, and construction contributed almost 90% of the Group's profit before tax.

The property development projects with significant contribution during the quarter were Sunway Damansara with Rymba Hills and Nexis, and Sunway South Quay with A'Marine and Bayrocks.

B2 Material Changes in the Quarterly Results

No comparative figures are presented for the immediate preceding quarter as this is the first consolidated results of the Group being prepared.

B3 Prospects

The Group expects sustainable earnings from its property development and construction businesses, while the share of profits from Sunway REIT and the manager's fees for the management of Sunway REIT will provide the Group with a stable income stream.

On the back of strong unbilled sales of RM1.7 billion and construction total order book of RM2.4 billion, barring unforeseen circumstances, the Board is cautiously optimistic on the Group's performance for the financial year ending 31 December 2011.

B4 Variance of Actual Profit from Profit Forecast

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

B5 Taxation

The effective tax rate for the current quarter which exclude the reversal of taxation is 21.88%. The lower effective tax rate was mainly due to utilisation of unabsorbed losses and unutilised capital allowances of certain subsidiaries of the Group and certain foreign sourced income not subject to tax.

	Current Quarter Ended 31/03/2011 RM'000	Cumulative Year To Date 31/03/2011 RM'000
Current taxation ¹	(10,244)	(10,244)
Deferred taxation	542	542
	<u>(9,702)</u>	<u>(9,702)</u>

¹Reversal of taxation provided in Australia Group as disclosed in Note A4 above.

B6 Profits/(Losses) on Sale of Unquoted Investments and/or Properties

There were no sale of investments and/or properties for the current quarter ended 31 March 2011.

B7 Purchase or Disposal of Quoted Securities

There were no purchase or disposal of quoted securities for the current quarter ended 31 March 2011.

B8 Status of Corporate Proposal Announced

There were no new corporate proposals announced except for the following:

Proposed Acquisition of 60% Equity Interest in Spanland Sdn Bhd ("Spanland")

On 19 January 2010, SunwayMas Sdn. Bhd. ("SunwayMas"), a wholly-owned subsidiary had entered into a Share Sale Agreement ("SSA") and Shareholders Agreement ("SA") with Templer Forest Resort Sdn. Bhd. ("Templer Forest").

Pursuant to the SSA, SunwayMas shall acquire 60% equity interest, comprising 1,980,000 ordinary shares of RM1.00 each in Spanland from Templer Forest for a total purchase consideration of RM13,800,000. The SA 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.

On 26 July 2011, SunwayMas had served a Notice of Termination to Templer Forest to terminate the SSA and SA due to the non-fulfilment of the conditions precedent stated in the SSA.

Proposed Acquisition of 48% Equity Interest in Sunway Pyramid Sdn Bhd ("SPSB")

On 12 July 2010, SCB entered into a Share Sale Agreement ("SSA") with Reco Pyramid (M) Sdn Bhd ("RPSB") to acquire 48 million ordinary shares of RM1.00 each in SPSB ("SPSB Sale Shares) representing 48% equity interest in SPSB for the SPSB Consideration as per following:

Salient terms and conditions of the SPSB SSA

Completion of the Proposed Acquisition of SPSB will occur on the last business day of the month immediately following the month (or such other date as the Company and RPSB may mutually agree in writing) in which:

- (i) the condition precedent, namely the completion of the Proposed Acquisition of Sunway Leisure Sdn Bhd (formerly known as Mega Capacity Sdn Bhd), is fulfilled; and
- (ii) all the pre-closing events are completed.

The Proposed Acquisition is yet to be completed.

Proposed Joint Venture Arrangement with Dasa Tourist Complex (Private) Limited ("Dasa Tourist")

On 24 September 2010, SunwayMas had entered into a Joint Venture Agreement ("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.

On 17 July 2011, SunwayMas entered into a Deed of Mutual Termination with Dasa Tourist to mutually terminate the JVA as the respective parties were unable to fulfill their obligations in accordance with the terms and conditions of the JVA.

Equity Joint Venture Contract between Sunway City (S'pore) Pte Ltd and Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd ("SSTEC")

On 26 October 2010, Sunway City (S'pore) Pte Ltd, a wholly owned subsidiary of the Company, entered into a Equity Joint Venture Contract with SSTEC to establish the first Sino foreign equity joint venture enterprise, namely Tianjin Eco-City Sunway Property Development Co., Ltd. ("EJV Company"), to develop 27.96 hectares (69 acres) of land in Sino-Singapore Tianjin Eco-City which forms part of the 40 hectares (98.8 acres) located in Tianjin, People's Republic of China for the development in phases of residential and commercial projects.

The EJV Company obtained its business licence on 17 December 2010. The EJV Company's record had been registered with the Ministry of Commerce of China on 1 April 2011. The setting-up of the EJV Company was completed upon obtaining the approval from the State of Administration of Foreign Exchange of China on 12 April 2011.

B8 Status of Corporate Proposal Announced (contd.)Proposed Acquisition of Freehold Land in Johor

On 28 December 2010, Asli Budimas Sdn Bhd ("ABSB"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement ("SPA") with Bukit Lenang Development Sdn Bhd ("BLD") to purchase parcels of land measuring in total approximately 2,815,683 square feet for a total consideration of RM134.5 million.

The SPA was completed on 6 May 2011.

Proposed Internal Reorganisation Exercise

On 17 January 2011, the Company entered into the following agreements pursuant to its internal reorganisation exercise:

- (i) the sale by the Company and the acquisition by Bintutara Sdn Bhd, a wholly owned subsidiary of the Company, of all the Company's property development business and undertaking including all assets and liabilities in respect of such property development business ("Property Development Business"); and
- (ii) the sale by the Company and the acquisition by Top Magnitude Sdn Bhd, a wholly owned subsidiary of the Company, of all the Company's property investment business and undertaking including all assets and liabilities in respect of such property investment business ("Property Investment Business").

Salient terms and conditions

The Proposed Internal Reorganisation is conditional upon the following conditions precedent being fulfilled:

- (i) the consent or approval of the relevant creditors/ lenders/ financiers of the Company for the disposal of the Property Development Business and Property Investment Business having been obtained (if applicable);
- (ii) consents from any third parties as may be required in connection with the transfer of the assets and liabilities in respect of the Property Development Business and Property Investment Business in accordance with the provisions of the agreements being obtained; and
- (iii) the approvals of any other authorities or parties deemed necessary by the parties to the agreements having been obtained.

The Proposed Internal Reorganisation was completed on 16 August 2011.

B9 Group Borrowings and Debt Securities

The Group borrowings as at 31 March 2011 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	521,977	127,944	649,921
Long term borrowings ¹	1,373,671	304,624	1,678,295
	1,895,648	432,568	2,328,216

Included in the above are borrowings which are denominated in a foreign currency as follows:

<u>Secured</u>	<u>Current</u>	<u>Non-current</u>
Denominated in US Dollar (USD'000)	625	257,625
Denominated in Singapore Dollar (SGD'000)	992	13,561
Denominated in Trinidad & Tobago Dollar (TTD'000)	8,940	17,880
Denominated in Chinese Renminbi (RMB'000)	86,897	56,024
Denominated in Australia Dollar (AUD'000)	1,879	100
<u>Unsecured</u>		
Denominated in Singapore Dollar (SGD'000)	12,330	-

Note:

¹Included in long term borrowings is the proforma borrowings of RM904.8 million taken by Sunway Berhad to fund the acquisition of the assets and liabilities of SWH and SCB.

B10 Derivative Financial Instruments

The Group's outstanding derivatives as at 31 March 2011 were as follows:

Type of Derivatives	Contract/ Notional Value	Fair Value	Gains arising from Fair Value Changes for the period
	RM'000	RM'000	RM'000
Foreign currency forward contracts			
- Less than 1 year	160,247	10,425	2,861
Interest rate swap contracts			
- Less than 1 year	7,263	(219)	
- 1 year to 3 year	121,789	(1,206)	
- More than 3 years	1,842	2	
	<u>130,894</u>	<u>(1,423)</u>	<u>312</u>
Total derivatives		<u>9,002</u>	<u>3,173</u>

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.

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.

B11 Changes in 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.

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.

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.

On 28 March 2011, the Arbitrator had directed the following:

- (i) Admission or denial by Shristi or SunCon of each other's documents to be completed by 4 April 2011.
- (ii) Further documents to be filed by both parties by 12 April 2011.
- (iii) List of witnesses and Supplemental Affidavit to be filed by Shristi by 12 April 2011 and Shristi's witness to be present on 12 April 2011.

On the 12 April 2011 hearing, both sides were allowed to file further documents, if any, within the next 3 weeks, as the final submission. The next hearing date was 16 May 2011 for noting compliance of directions and thereafter, cross-examination of their first witness was on 1 and 2 July 2011. However, Shristi and their solicitor did not show up for the 1st hearing on 1 July 2011 while the 2nd hearing on 28 and 29 July 2011 will continue on 15 and 16 September 2011 and 20 September 2011 for the cross examination of Shristi's 1st witness.

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.

B12 Realised and Unrealised Profits

Bursa Malaysia Securities Berhad ("Bursa Malaysia") has, 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 the reporting date, into realised and unrealised profits are as follows:

	31/03/2011 RM'000
Total retained profit of the Group:-	
Realised	46,704
Unrealised	(4,262)
Total share of retained profits from associated companies:	
Realised	16,900
Unrealised	212
Total share of retained profits from Jointly Controlled Entities:	
Realised	28,086
Unrealised	140
Less: Consolidation adjustments	(22,979)
Total Group's retained profits as per consolidated accounts	64,800

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

B13 Dividend

No dividend has been proposed by the Board of Directors for the financial period ended 31 March 2011.

B14 Earnings per share

The calculation of the earnings per share for the Group is based on profit after taxation and non-controlling interests on the weighted average number of ordinary shares in issue during the period.

	Current Quarter Ended 31/03/2011 RM'000	Cumulative Year To Date 31/03/2011 RM'000
<u>Basic earnings per share</u>		
Profit attributable to members of the Company	68,289	68,289
Weighted Average Number of Ordinary Shares	1,292,505	1,292,505
Earnings per share (Basic) (sen)	5.28	5.28
<u>Diluted earnings per share</u>		
Profit attributable to members of the Company	68,289	68,289
Weighted Average Number of Ordinary Shares	1,551,006	1,551,006
Earnings per share (Diluted) (sen)	4.40	4.40

By Order of the Board

Tan Kim Aun
Lee Suan Choo
Secretaries