

SUNWAY BERHAD ( Company No : 921551-D )  
(FORMERLY KNOWN AS ALPHA SUNRISE SDN. BHD.)  
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011  
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2011

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2011	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2010	CURRENT YEAR TO DATE 30/06/2011	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2010
	RM'000	RM'000	RM'000	RM'000
REVENUE	1,002,565	-	1,836,276	-
OPERATING EXPENSES	(967,069)	-	(1,774,739)	-
OTHER OPERATING INCOME	22,291	-	39,643	-
PROFIT FROM OPERATIONS	<u>57,787</u>	<u>-</u>	<u>101,180</u>	<u>-</u>
GAIN ON DERIVATIVES	385	-	3,558	-
FINANCE INCOME	9,071	-	12,879	-
FINANCE COSTS	(15,897)	-	(32,389)	-
SHARE OF PROFIT FROM ASSOCIATES	56,954	-	74,066	-
SHARE OF PROFIT FROM JOINTLY CONTROLLED ENTITIES	38,707	-	66,932	-
PROFIT BEFORE TAX	<u>147,007</u>	<u>-</u>	<u>226,226</u>	<u>-</u>
INCOME TAX EXPENSE	(30,690)	-	(20,988)	-
PROFIT FOR THE PERIOD	<u>116,317</u>	<u>-</u>	<u>205,238</u>	<u>-</u>
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	108,415	-	176,704	-
- NON-CONTROLLING INTERESTS	7,902	-	28,534	-
	<u>116,317</u>	<u>-</u>	<u>205,238</u>	<u>-</u>
EARNINGS PER SHARE				
(i) BASIC ( sen )	<u>8.39</u>	<u>N/A</u>	<u>13.67</u>	<u>N/A</u>
(ii) DILUTED ( sen )	<u>6.99</u>	<u>N/A</u>	<u>11.39</u>	<u>N/A</u>

( 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 30 JUNE 2011  
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2011

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2011	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2010	CURRENT YEAR TO DATE 30/06/2011	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2010
	RM'000	RM'000	RM'000	RM'000
PROFIT FOR THE PERIOD	116,317	-	205,238	-
FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION	<u>11,329</u>	<u>-</u>	<u>3,411</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	<u>11,329</u>	<u>0</u>	<u>3,411</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>127,646</u>	<u>-</u>	<u>208,649</u>	<u>-</u>
ATTRIBUTABLE TO:				
- OWNERS OF THE PARENT	119,555	-	182,140	-
- NON-CONTROLLING INTERESTS	8,091	-	26,509	-
	<u>127,646</u>	<u>-</u>	<u>208,649</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 30 JUNE 2011  
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2011

	AS AT END OF CURRENT QUARTER 30/06/2011	AS AT PRECEDING FINANCIAL PERIOD END 31/12/2010
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	957,881	-
Biological assets	270	-
Investment properties	768,352	-
Rock reserves	8,847	-
Land held for property development	629,724	-
Investment in associates	1,008,606	-
Investment in jointly controlled entities	478,974	-
Other investments	1,797	-
Receivables	18,011	-
Goodwill	330,105	-
Deferred tax assets	42,429	-
	<u>4,244,996</u>	-
<b>Current assets</b>		
Properties development costs	561,517	-
Inventories	321,865	-
Receivables, deposits & prepayments	1,244,642	-
Deposits, bank & cash balances	1,009,830	-
Tax recoverable	64,349	-
Derivative assets	7,275	-
	<u>3,209,478</u>	-
<b>TOTAL ASSETS</b>	<u>7,454,474</u>	-
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Payables, accruals & other current liabilities	1,627,767	-
Bank borrowings	622,063	-
Taxation	43,328	-
Derivative liabilities	178	-
	<u>2,293,336</u>	-
<b>Non-current liabilities</b>		
Long term bank borrowings	1,662,981	-
Other long term liabilities	196,866	-
Derivative liabilities	662	-
Deferred taxation	83,869	-
	<u>1,944,378</u>	-
<b>Total liabilities</b>	<u>4,237,714</u>	-
<b>Equity attributable to Owners of the Parent</b>		
Share capital	1,292,505	-
Share premium	2,326,509	-
Negative merger reserve	(1,173,563)	-
Retained profits	171,260	-
Other reserves	181,520	-
	<u>2,798,231</u>	-
<b>NON-CONTROLLING INTERESTS</b>	<u>418,529</u>	-
<b>Total equity</b>	<u>3,216,760</u>	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>7,454,474</u>	-
<b>Net Assets Per Share</b>	<b>2.16</b>	<b>N/A</b>

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 30 June 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.)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011  
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2011

	ATTRIBUTABLE TO OWNERS OF THE PARENT												DISTRIBUTABLE		NON-CONTROLLING INTERESTS	TOTAL EQUITY
	NON-DISTRIBUTABLE				NON-DISTRIBUTABLE								RETAINED PROFITS	TOTAL		
	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	FURNITURE & FITTINGS 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	
<b>PERIOD ENDED 30 JUNE 2011</b>																
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	-	-	-	5,436	-	-	5,436	-	-	-	-	-	176,704	182,140	26,509	208,649
Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of ordinary shares by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,900	5,900
New ESOS granted	-	-	-	464	-	-	-	-	-	-	464	-	-	464	-	464
Redemption of redeemable preference shares	-	-	-	113	-	113	-	-	-	-	-	-	(113)	-	-	-
Dilution of equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(5,234)	(5,234)	411	(4,823)
Effect of FRS 139	-	-	-	(1,898)	-	-	-	(1,898)	-	-	-	-	459	(1,439)	(2,789)	(4,228)
Dividends paid by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,746)	(2,746)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,430	13,430
Acquisition of equity interest from non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,023)	(8,023)
Transfer to statutory reserve	-	-	-	245	-	-	-	-	245	-	-	-	(245)	-	-	-
Transfer to furniture & fittings reserve	-	-	-	504	-	-	-	-	-	-	-	504	(504)	-	-	-
Share of depreciation transfer on land, net of tax by an associated company	-	-	-	(144)	-	-	-	-	-	(144)	-	-	193	49	-	49
At 30 June 2011	1,292,505	2,326,509	(1,173,563)	181,520	109,312	316	(2,566)	48,069	863	22,357	2,665	504	171,260	2,798,231	418,529	3,216,760

(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 30 JUNE 2011**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2011**

	<b>FOR THE 6 MONTHS PERIOD ENDED 30/06/2011 RM'000</b>	<b>FOR THE 6 MONTHS PERIOD ENDED 30/06/2010 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from operations	2,053,614	-
Payment to suppliers and contractors	(1,131,207)	-
Payment of operating expenses	(789,113)	-
Interest received	16,751	-
Dividend received from associate and jointly controlled entity	47,056	-
Cash generated from operations	<u>197,101</u>	-
Taxes refunded	5,571	-
Taxes paid	(46,553)	-
Net cash generated from operating activities	<u>156,119</u>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant & equipment	6,854	-
Acquisition of land	(61,543)	-
Acquisition of property, plant & equipment and biological assets	(28,337)	-
Additional investment in subsidiaries	(12,751)	-
Net cash outflow from disposal of subsidiary	(96)	-
Acquisition and subsequent expenditure of investment properties	(19,076)	-
Investment in associates	(4,696)	-
Repayment from/ (advances to) associates, jointly controlled entity and joint venture partners	101,329	-
Investment in jointly controlled entities	(726)	-
Net cash used in investing activities	<u>(19,042)</u>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net bank and other borrowings	2,670	-
Issue of preference shares to minority shareholders of subsidiary	5,900	-
Interest paid	(28,814)	-
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	(2,747)	-
Net cash generated from financing activities	<u>3,408</u>	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	140,485	-
EFFECTS OF EXCHANGE RATE CHANGES	(1,261)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	856,193	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>995,417</u>	-
Cash and cash equivalents at end of financial period comprise the following :		
Deposits, bank & cash balances	1,009,830	-
Bank overdrafts	(14,413)	-
	<u>995,417</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 as this is the first unaudited interim consolidated financial statements 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 30 June 2011 except for the following:

#### a) Current quarter ended 30 June 2011

	30/06/11 RM'million
Profit before tax as reported	147.0
Gain on derivatives <sup>1</sup>	(0.4)
Fair value gain <sup>2</sup>	(41.6)
<b>Profit before tax excluding unusual items</b>	<b>105.0</b>
Profit after tax and non-controlling interests as reported	108.4
Gain on derivatives <sup>1</sup>	(0.4)
Fair value gain <sup>2</sup>	(31.1)
<b>Profit after tax and non-controlling interests excluding unusual items</b>	<b>76.9</b>

## b) Cumulative year to date ended 30 June 2011

	30/06/11 RM'million
Profit before tax as reported	226.2
Gain on derivatives <sup>1</sup>	(3.6)
Fair value gain <sup>2</sup>	(41.6)
Listing expenses <sup>3</sup>	7.5
<b>Profit before tax excluding unusual items</b>	<b>188.5</b>
Profit after tax and non-controlling interests as reported	176.7
Gain on derivatives <sup>1</sup>	(3.6)
Fair value gain <sup>2</sup>	(31.1)
Listing expenses <sup>3</sup>	7.5
Reversal of taxation <sup>4</sup>	(17.2)
<b>Profit after tax and non-controlling interests excluding unusual items</b>	<b>132.3</b>

During the 2nd quarter ended 30 June 2011:

<sup>1</sup> The Group recognised RM0.4 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. During the 1st quarter ended 31 March 2011, the Group recognised RM3.2 million (profit before and after tax and non-controlling interests) in gain on derivatives.

<sup>2</sup> The Group recognised RM41.6 million (profit before tax) and RM31.1 million (profit after tax and non-controlling interests) as share of fair value gain from Sunway REIT, a 36.7% associate of the Group following Sunway REIT's fair value gain amounting to RM113.2 million.

<sup>3</sup> During the 1st quarter ended 31 March 2011, 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.

<sup>4</sup> During the 1st quarter ended 31 March 2011, 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 30 June 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 30 June 2011.

## A9 Segmental Reporting

Segmental results for the financial period ended 30 June 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
<b>BY BUSINESS SEGMENTS</b>									
<b>REVENUE AND EXPENSES</b>									
Revenue									
External sales	439,693	226,158	663,616	273,275	88,350	2,130	143,054	-	1,836,276
Inter-segment sales	-	4,924	50,730	40,884	795	11,097	9,752	(118,182)	-
Total Revenue	439,693	231,082	714,346	314,159	89,145	13,227	152,806	(118,182)	1,836,276
Results									
Operating segment results	33,229	42,851	11,868	25,202	3,767	(20,484)	4,747	-	101,180
Gain on derivatives	-	-	2,915	-	-	598	45	-	3,558
Finance income	5,672	3,745	1,819	80	307	496	760	-	12,879
Finance costs	(2,569)	(6,308)	(2,753)	(1,584)	(710)	(14,197)	(4,268)	-	(32,389)
Share of results of associated companies	(10)	73,091	-	-	-	-	985	-	74,066
jointly controlled entities	37,614	-	29,318	-	-	-	-	-	66,932
Profit before taxation	73,936	113,379	43,167	23,698	3,364	(33,587)	2,269	-	226,226
Taxation	14,444	(22,174)	(5,983)	(5,193)	(969)	567	(1,680)	-	(20,988)
Profit for the period	88,380	91,205	37,184	18,505	2,395	(33,020)	589	-	205,238

## 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 30 June 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 30 June 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:

	30/06/2011 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>2,081,685</u>

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 30 June 2011 is as follows:

	30/06/2011 RM'000
Amount authorised and contracted for	57,425
Amount authorised but not contracted for	<u>91,242</u>
	<u>148,667</u>

(b) Operating lease commitment not provided for in the financial period as at 30 June 2011 is as follows:

	30/06/2011 RM'000
Future minimum lease payment:	
- not later than 1 year	60,259
- later than 1 year and not later than 5 years	166,312
- later than 5 years	<u>164,724</u>
	<u>391,295</u>
Future minimum lease receipts:	
- not later than 1 year	15,101
- later than 1 year and not later than 5 years	59,638
- later than 5 years	<u>84,181</u>
	<u>158,920</u>

**B1 Review of Performance**For the quarter

The Group achieved revenue of RM1,002.6 million and profit before tax of RM105 million (excluding unusual items as per Note A5) for the 2nd quarter ended 30 June 2011.

These results were largely driven by the Group's core businesses, which comprise of property development, property investment including Sunway REIT and construction which contributed almost 85% of the Group's profit before tax.

The property development projects with significant contributions during the quarter were Sunway Damansara with Rymba Hills and Nexis and Sunway D'Mont Kiara with Vivaldi.

For the 6-month period

During the financial period ended 30 June 2011, the Group recorded revenue of RM1,836.3 million and profit before tax of RM188.5 million (excluding unusual items as per Note A5) contributed largely by the property development, property investment including Sunway REIT and construction business.

**B2 Material Changes in the Quarterly Results**

The current quarter's revenue of RM1,002.6 million was higher than RM833.7 million achieved in the immediate preceding quarter. In tandem, the profit before tax of RM105 million<sup>1</sup> was higher than RM83.5 million<sup>1</sup> achieved in the preceding quarter due to the better performance of the property development business as well as the property investment including Sunway REIT, with improved contribution from the leisure segment.

<sup>1</sup>excluding unusual items as per Note A5 above

**B3 Prospects**

The Group's core business are expected to remain strong in the 2nd half of 2011. On the back of unbilled property sales of RM1.7 billion and construction total order book of RM1.8 billion, the Group expects the property development and the construction businesses to continue to contribute positively to the Group's results this financial year. In addition, 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.

Barring unforeseen circumstances, the Board remains 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 is 20.9%. 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 30/06/2011 RM'000	Cumulative Year To Date 30/06/2011 RM'000
Current taxation	30,241	19,997
Deferred taxation	449	991
	<u>30,690</u>	<u>20,988</u>



**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 30 June 2011.

**B7 Purchase or Disposal of Quoted Securities**

There were no purchase or disposal of quoted securities for the current quarter ended 30 June 2011.

**B8 Status of Corporate Proposal Announced**

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

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.

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.

**B9 Group Borrowings and Debt Securities**

The Group borrowings as at 30 June 2011 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	540,113	81,950	622,063
Long term borrowings <sup>1</sup>	1,358,367	304,614	1,662,981
	1,898,480	386,564	2,285,044

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)	-	250,000
Denominated in Singapore Dollar (SGD'000)	8,835	13,268
Denominated in Trinidad & Tobago Dollar (TTD'000)	8,940	13,410
Denominated in Chinese Renminbi (RMB'000)	90,435	55,456
Denominated in Australia Dollar (AUD'000)	1,334	73
<u>Unsecured</u>		
Denominated in Singapore Dollar (SGD'000)	4,052	-

Note:

<sup>1</sup>Included 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 30 June 2011 were as follows:

Type of Derivatives	Contract/ Notional Value RM'000	Fair Value RM'000	Gains arising from Fair Value Changes for the period RM'000
<b>Foreign currency forward contracts</b>			
- Less than 1 year	111,934	7,275	2,960
<b>Interest rate swap contracts</b>			
- Less than 1 year	7,263	(178)	
- 1 year to 3 year	121,816	(662)	
- More than 3 years	-	-	
	129,079	(840)	598
<b>Total derivatives</b>		6,435	3,558

**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 1<sup>st</sup> hearing on 1 July 2011 while the 2<sup>nd</sup> 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 1<sup>st</sup> 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:

	30/06/2011 RM'000
Total retained profit of the Group:-	
Realised	159,916
Unrealised	(5,575)
Total share of retained profits from associated companies:	
Realised	32,401
Unrealised	41,665
Total share of retained profits from Jointly Controlled Entities:	
Realised	66,932
Unrealised	-
Less: Consolidation adjustments	(124,080)
Total Group's retained profits as per consolidated accounts	171,260

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 30 June 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 30/06/2011 RM'000	Cumulative Year To Date 30/06/2011 RM'000
<b><u>Basic earnings per share</u></b>		
Profit attributable to members of the Company	108,415	176,704
Weighted Average Number of Ordinary Shares	1,292,505	1,292,505
Earnings per share ( Basic ) (sen)	8.39	13.67
<b><u>Diluted earnings per share</u></b>		
Profit attributable to members of the Company	108,415	176,704
Weighted Average Number of Ordinary Shares	1,551,006	1,551,006
Earnings per share ( Diluted ) (sen)	6.99	11.39

**By Order of the Board**

**Tan Kim Aun**  
**Lee Suan Choo**  
**Secretaries**