

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2006

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/12/2006	PRECEDING YEAR CORRESPONDING QUARTER 31/12/2005	CURRENT YEAR TO DATE 31/12/2006	PRECEDING YEAR CORRESPONDING PERIOD 31/12/2005
	RM'000	RM'000	RM'000	RM'000
REVENUE	265,217	N/A	563,911	N/A
OPERATING EXPENSES	(204,231)	N/A	(431,133)	N/A
OTHER OPERATING INCOME	7,391	N/A	12,622	N/A
PROFIT FROM OPERATIONS	<u>68,377</u>	<u>N/A</u>	<u>145,400</u>	<u>N/A</u>
FINANCE COST	(15,475)	N/A	(30,176)	N/A
RESULT ARISING FROM OTHER INVESTING ACTIVITIES	23	N/A	52	N/A
SHARE OF PROFIT FROM ASSOCIATES AND JOINTLY CONTROLLED ENTITY	6,882	N/A	10,738	N/A
PROFIT BEFORE TAXATION	<u>59,807</u>	<u>N/A</u>	<u>126,014</u>	<u>N/A</u>
TAXATION	(13,930)	N/A	(28,146)	N/A
PROFIT FOR THE PERIOD	<u>45,877</u>	<u>N/A</u>	<u>97,868</u>	<u>N/A</u>
ATTRIBUTABLE TO:				
- EQUITY HOLDERS OF THE PARENT	30,835	N/A	62,101	N/A
- MINORITY INTEREST	15,042	N/A	35,767	N/A
	<u>45,877</u>	<u>N/A</u>	<u>97,868</u>	<u>N/A</u>
EARNINGS PER SHARE				
(i) BASIC (sen)	<u>7.42</u>	<u>N/A</u>	<u>14.94</u>	<u>N/A</u>
(ii) DILUTED (sen)	<u>7.28</u>	<u>N/A</u>	<u>14.76</u>	<u>N/A</u>
(Note: N/A - Not applicable)				
Pursuant to the change in year-end from 31 December to 30 June, comparatives for the current quarter and the cumulative period are not presented for the first year of implementation.				
(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the period ended 30 June 2006)				

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	AS AT END OF CURRENT QUARTER 31/12/2006	AS AT PRECEDING FINANCIAL PERIOD END 30/06/2006 (RESTATED)
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	1,112,894	942,655
INVESTMENT PROPERTIES	1,130,808	1,128,671
LAND HELD FOR DEVELOPMENT	346,587	367,495
INVESTMENT IN ASSOCIATED COMPANIES	13,273	12,993
INVESTMENT IN JOINTLY CONTROLLED ENTITY	51,388	40,822
GOODWILL ON CONSOLIDATION	43,743	42,105
DEFERRED TAX ASSETS	26,099	28,270
CURRENT ASSETS		
Properties under development	468,426	461,634
Inventories	27,864	38,607
Debtors, deposits & prepayments	171,413	167,944
Deposits, bank & cash balances	350,447	371,924
Tax recoverable	41,537	21,599
	1,059,687	1,061,708
CURRENT LIABILITIES		
Creditors, accruals & other current liabilities	801,690	561,629
Bank borrowings	217,371	300,971
Taxation	10,060	15,775
	1,029,121	878,375
NET CURRENT ASSETS	30,566	183,333
	2,755,358	2,746,344
Financed by:		
SHARE CAPITAL	419,112	414,942
SHARE PREMIUM	158,406	158,406
RESERVES	559,437	509,126
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	1,136,955	1,082,474
MINORITY INTERESTS	537,327	519,336
TOTAL EQUITY	1,674,282	1,601,810
LONG TERM BANK BORROWINGS	584,426	371,566
OTHER LONG TERM LIABILITIES	324,840	597,379
DEFERRED TAXATION	171,810	175,589
	2,755,358	2,746,344
(The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the period ended 30 June 2006)		

SUNWAY CITY BERHAD (Company No : 87564-X)
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2006
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2006

	----- ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT -----						MINORITY INTEREST	TOTAL EQUITY
	----- NON-DISTRIBUTABLE -----			DISTRIBUTABLE				
	SHARE CAPITAL	SHARE PREMIUM	CAPITAL RESERVE	EXCHANGE RESERVE	REVENUE RESERVE	TOTAL		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>FINANCIAL PERIOD ENDED 30 JUNE 2006</u>								
At 1 January 2005	410,527	158,406	22,766	17,670	229,584	838,953	333,833	1,172,786
Prior year adjustments								
- effects of adopting IC 112, FRS 3	-	-	-	-	(176,531)	(176,531)	203	(176,328)
At 1 January 2005 (restated)	410,527	158,406	22,766	17,670	53,053	662,422	334,036	996,458
Exercise of Employees' Share Option Scheme	4,415	-	-	-	-	4,415	-	4,415
Effects of adopting FRS 140	-	-	-	-	261,547	261,547	134,361	395,908
Equity distributions to minority shareholders	-	-	-	-	-	-	(103,074)	(103,074)
Profit for the period - as per previously reported	-	-	-	-	166,722	166,722	129,010	295,732
- effects of adopting IC 112	-	-	-	-	17,396	17,396	(12,087)	5,309
Dividends	-	-	-	-	(25,251)	(25,251)	-	(25,251)
Transfer from revenue reserve to capital reserve on redemption of preference shares in a subsidiary company	-	-	1,770	-	(1,770)	-	-	-
Currency translation differences	-	-	-	(4,777)	-	(4,777)	(3,743)	(8,520)
Partial deemed disposal of shares in subsidiaries	-	-	-	-	-	-	44,352	44,352
Additional shares acquired from minority shareholders	-	-	-	-	-	-	(3,519)	(3,519)
At 30 June 2006	414,942	158,406	24,536	12,893	471,697	1,082,474	519,336	1,601,810
<u>PERIOD ENDED 31 DECEMBER 2006</u>								
At 1 July 2006	414,942	158,406	24,536	12,893	369,285	980,062	404,570	1,384,632
Prior year adjustments								
- effects of adopting IC 112, FRS 3	-	-	-	-	(159,135)	(159,135)	(19,595)	(178,730)
- effects of adopting FRS 140	-	-	-	-	261,547	261,547	134,361	395,908
At 1 July 2006 (restated)	414,942	158,406	24,536	12,893	471,697	1,082,474	519,336	1,601,810
Exercise of Employees' Share Option Scheme	4,170	-	-	-	-	4,170	-	4,170
Equity distributions to minority shareholders	-	-	-	-	-	-	(18,781)	(18,781)
Profit for the period	-	-	-	-	62,101	62,101	35,767	97,868
Dividends	-	-	-	-	(11,961)	(11,961)	-	(11,961)
Transfer from revenue reserve to capital reserve on redemption of preference shares in a subsidiary company	-	-	594	-	(594)	-	-	-
Currency translation differences	-	-	-	171	-	171	(279)	(108)
Additional shares acquired by minority shareholders	-	-	-	-	-	-	1,284	1,284
At 31 December 2006	419,112	158,406	25,130	13,064	521,243	1,136,955	537,327	1,674,282

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the period ended 30 June 2006)

SUNWAY CITY BERHAD (Company No : 87564-X)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2006
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2006

	6 MONTHS CURRENT YEAR TO DATE 31/12/2006 RM'000	18 MONTHS PRECEDING YEAR TO DATE 30/06/2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from operations	568,637	1,571,568
Payment to suppliers and contractors	(272,885)	(885,513)
Payment of operating expenses	(120,284)	(389,554)
Interest received	6,249	12,940
Cash generated from operations	181,717	309,441
Taxation paid	(55,350)	(90,833)
Net cash generated from operating activities	126,367	218,608
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits paid on acquisition of land	-	(1,500)
Acquisition of property, plant & equipment	(196,941)	(181,827)
Proceeds from disposal of property, plant & equipment	147	1,333
Acquisition of additional interest in subsidiaries, associates and jointly controlled entity	-	(12,776)
Advances to associates, joint venture partner, and jointly controlled entity	(12,000)	(12,476)
Others	336	(1,445)
Net cash used in investing activities	(208,458)	(208,691)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net bank and other borrowings	122,954	(34,719)
Issuance of shares to minority shareholders of a subsidiary company	1,284	78,283
Employees' Share Option Scheme	4,170	4,415
Redemption of preference shares held by minority shareholders in subsidiary companies	(7,989)	(82,505)
Redemption of Secured Senior Notes	(21,228)	(58,881)
Net advances from minority shareholders of subsidiary companies	25	195,058
Interest paid	(33,123)	(99,057)
Dividend paid	(11,961)	(25,251)
Net cash generated from/(used in) financing activities	54,132	(22,657)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(27,959)	(12,740)
EFFECTS OF EXCHANGE RATE CHANGES	59	(13,354)
CASH AND CASH EQUIVALENTS AT 1 JULY 2006 / 1 JANUARY 2005	365,559	391,653
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	337,659	365,559
Cash and cash equivalents at end of financial period comprise the following :		
Deposits, bank & cash balances	350,447	371,924
Bank overdrafts	(12,788)	(6,365)
	337,659	365,559
(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the period ended 30 June 2006)		

NOTES TO FINANCIAL STATEMENTS :

A1 Accounting Policies

The interim financial report has been prepared in accordance with FRS134 " Interim Financial Reporting " and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements, and should be read in conjunction with the audited financial statements of the Group for the financial period ended 30 June 2006.

As announced on 19 August 2005, the Company has changed its financial year-end from 31 December to 30 June. 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 30 June 2006.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial period ended 30 June 2006 except for the adoption of the eighteen (18) new/revised FRSs that are effective for the financial period beginning 1 July 2006.

The adoption of the new/revised FRSs did not have significant impact on the Group except for the following: -

(a) FRS 3 - Business Combinations

The Group had previously amortised goodwill on a straight-line basis over its estimated useful life of 20 years. With the adoption of FRS 3, the Group has ceased to amortise goodwill on consolidation. Goodwill on consolidation is now carried at cost or previously amortised amount less accumulated impairment losses.

In addition to the above, any excess of fair value of the Group's share of identifiable net assets over the cost of acquisition, referred to as "negative goodwill", is recognised to the income statement. The Group's previously recognised negative goodwill amounting to RM0.4 million has been credited to the opening retained earnings. The effect of this adjustment is disclosed in (e) below in conjunction with the application of IC Interpretations 112.

This change in accounting policy has been accounted for prospectively.

(b) FRS 101 - Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interests, share of net after-tax results of associates and jointly controlled entity and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. In the statement of changes in equity, total recognised income and expenses for the period attributable to equity holders of the parent and to minority interest is shown separately.

The presentation of the Group's current quarter financial statements is based on the revised requirement of FRS 101 with the comparatives restated accordingly.

(c) FRS 116 - Property, Plant and Equipment

The adoption of FRS 116 has resulted in a change in accounting estimate for the Group's hotel properties. Prior to this, hotel properties were stated at cost and no depreciation was provided. The Group's hotel properties are now stated at cost less accumulated depreciation and impairment losses.

This change in accounting estimate has been accounted for prospectively. Depreciation charges on hotel properties in respect of current year to date ended 31 December 2006 is approximately RM2.54 million (net of Minority Interest).

(d) FRS 140 - Investment Properties

The adoption of FRS 140 has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value, representing market value determined by external valuers. The Group has adjusted the gain arising from the revaluation to the opening balance of retained earnings upon the adoption of this standard. Subsequent gains or losses arising from the changes in fair values of investment properties are recognised in profit or loss in the period in which they arise.

With the adoption of FRS 140, a net gain of RM261.5 million (net of deferred tax and minority interest) has been credited directly to retained earnings.

(e) IC Interpretation 112 - Special Purpose Entities ("SPE")

On 30 October 2002, the Group has completed an asset-backed securitisation exercise ("ABS exercise") involving disposal of six properties including the plant and equipment together with its lease rights and redeemable preference shares to an SPE, ABS Real Estate Berhad ("AREB"), for a total consideration of RM891.6 million, which was satisfied by RM425.4 million cash and the issuance of RM466.2 million Subordinate Class D Notes.

In accordance to IC Interpretation 112, which is effective for the financial period beginning 1 July 2006, AREB has been consolidated with the Group. The effects of the consolidation has resulted in a decrease of RM159.5 million to the Group's retained earnings.

The above changes in accounting policy except for item (c) above, have been accounted for retrospectively and the Group has restated the following items in the opening balance sheet:

Balance Sheet as at 1 July 2006	As previously reported	Effects	As restated
Property, plant and equipment	648,510	294,145	942,655
Investment in Class D notes	466,203	(466,203)	-
Investment properties	372,764	755,907	1,128,671
Goodwill on Consolidation	11,433	30,672	42,105
Debtors, deposits & prepayments	167,776	168	167,944
Deposits, bank & cash balances	364,587	7,337	371,924
Tax recoverable	21,149	450	21,599
Other creditors and accruals	(521,729)	(39,900)	(561,629)
Retained earnings	(369,285)	(102,412)	(471,697)
Minority interest	(404,570)	(114,766)	(519,336)
Other long term liabilities	(385,946)	(211,433)	(597,379)
Deferred Tax Liabilities	(21,624)	(153,965)	(175,589)
		-	

A2 Report of the Auditors

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

A3 Seasonal or Cyclical Factors

The results for the current quarter under review were not materially affected by seasonal or cyclical factors although the leisure and hospitality industries will typically enjoy higher patronage/occupancy during holiday seasons.

A4 Unusual Items

There were no unusual items in the current quarter.

A5 Changes in Estimates

There were no changes in estimates that have a material effect on the amounts reported for the 2nd quarter ended 31 December 2006.

A6 Issuances, Cancellations, Repurchases, Resale and Repayments of Debts and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the 2nd quarter ended 31 December 2006, except for the issuance of equity securities pursuant to the Employees' Share Option Scheme amounting to RM4,170,000.

A7 Dividend Paid

During the quarter ended 31 December 2006, a dividend amounting to RM11,960,582 was paid in respect of the interim dividend of 4.0% per ordinary share of RM1.00 each less 28% income tax for the financial period ended 30 June 2006.

A8 Segmental Reporting

Segmental results for the period ended 31 December 2006 are as follows:

	Property Development RM'000	Property Investment RM'000	Leisure RM'000	Hospitality RM'000	Healthcare RM'000	Eliminations RM'000	Consolidated RM'000
BY BUSINESS SEGMENTS							
REVENUE AND EXPENSES							
Revenue							
External sales	314,503	60,462	47,174	90,712	51,060		563,911
Inter-segment sales	5	17,306	-	2,314	90	(19,715)	-
Total Revenue	314,508	77,768	47,174	93,026	51,150	(19,715)	563,911
Results							
Operating segment results	88,844	35,259	5,847	15,778	4,799	(5,127)	145,400
Finance costs							(30,176)
Other investing activity results							52
Share of results of associated companies and jointly controlled entity							10,738
Taxation							(28,146)
Profit for the period							97,868
Attributable to:							
Equity holders of the parent							62,101
Minority interest							35,767
							97,868

A9 Valuation of Property, Plant and Equipment and Investment Properties

The Group has adopted the fair value model for its investment properties with effect from 1 July 2006, as disclosed in A1 above.

A10 Material events

There were no material events subsequent to the end of the period reported on that have not been reflected in the financial statements for the said period.

A11 Changes in the Composition of the Group

There was no material change in the composition of the Group for the 2nd quarter ended 31 December 2006.

A12 Contingent Liabilities and Assets

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

B1 Review of Performance

The group recorded a revenue of RM265.2 million and profit before taxation of RM59.8 million for the current quarter ended 31 December 2006, mainly contributed by the core business divisions of property development and property investment.

B2 Material Changes in the Quarterly Results

The current quarter's revenue of RM265.2 million and the profit before taxation of RM59.8 million are lower than the previous quarter.

In the previous quarter, property development division had recorded higher revenue and profit before taxation due to recognition of income for projects which reached the threshold for income recognition.

Overall, the profit attributable to the equity holder of the Parent Company for the current quarter ended 31 December 2006 is similar to the previous quarter.

B3 Current Year Prospects

The Board expects to achieve good earnings growth for financial year 2007, backed by strong locked in sales and timely construction progress for the property development division with steady contributions from the other segments.

B4 Variance of Actual Profit from Profit Forecast

Not applicable.

B5 Taxation

The lower effective tax rate for the current year-to-date was mainly due to recognition of deferred tax assets and utilisation of business losses. The deferred tax assets recognised arose from availability of probable future taxable profits to offset against the related tax assets.

	Individual Quarter 31/12/2006 RM'000	Cumulative To Date 31/12/2006 RM'000
Current taxation	12,053	29,754
Deferred taxation	1,877	(1,608)
	13,930	28,146

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

There were no sale of investments and/or properties of investment nature for the 2nd quarter ended 31 December 2006.

B7 Purchase or Disposal of Quoted Securities

There were no purchase or disposal of quoted securities for the 2nd quarter ended 31 December 2006.

B8 Status of Corporate Proposal Announced

There were no corporate proposal announced for the 2nd quarter ended 31 December 2006.

B9 Group Borrowings and Debt Securities

The Group borrowings as at 31 December 2006 are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings	129,546	87,825	217,371
Long term borrowings	364,116	220,310	584,426
	493,662	308,135	801,797

Included in the above are foreign currency borrowings as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
US Dollar (USD1 = RM3.5315)	-	5,929	5,929

B10 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at 31 December 2006.

B11 Changes in Material Litigation

As at 31 December 2006, there were no material litigations since the last balance sheet date.

B12 Dividend

No dividend has been proposed by the Board of Directors for the 2nd quarter and financial year-to-date.

B13 Earnings per share

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

	Individual Quarter 31/12/2006 RM'000	Cumulative To Date 31/12/2006 RM'000
Basic earnings per share		
Profit attributable to members of the company	30,835	62,101
Weighted Average Number of Ordinary Shares	415,634	415,561
Earnings per share (Basic) (sen)	7.42	14.94
Diluted earnings per share		
Profit attributable to members of the company	30,835	62,101
Weighted Average Number of Ordinary Shares	423,793	420,751
Earnings per share (Diluted) (sen)	7.28	14.76

B14 Comparative figures

Comparative figures, where applicable, have been modified to conform with the current quarter's presentation.

By Order of the Board

Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng
Tan Kim Aun
Lee Suan Choo

Secretaries