

Interim Financial Report for the three months ended 31 March 2012

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Note:

M1 to M12 are explanatory notes in accordance with FRS134.

K1 to K15 are explanatory notes in accordance with paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

Condensed Consolidated Income Statements

(The figures have not been audited)

	Current Year Quarter 31.03.2012 RM' 000	Preceding Year Quarter 31.03.2011 RM' 000	Current Year To Date 31.03.2012 RM' 000	Preceding Year To Date 31.03.2011 RM' 000
Revenue	222,894	180,071	222,894	180,071
Cost of sales	(79,743)	(63,262)	(79,743)	(63,262)
Gross profit	143,151	116,809	143,151	116,809
Other operating income	20,542	10,048	20,542	10,048
Administrative expenses	(42,749)	(41,389)	(42,749)	(41,389)
Other operating expenses	(5,601)	(7,037)	(5,601)	(7,037)
Profit from operations	115,343	78,431	115,343	78,431
Finance costs	(14,024)	(10,799)	(14,024)	(10,799)
Share of after-tax results of associates	(1,778)	1,640	(1,778)	1,640
Profit before tax	99,541	69,272	99,541	69,272
Less tax:				
Company and subsidiaries	(28,071)	(21,807)	(28,071)	(21,807)
Profit for the period	71,470	47,465	71,470	47,465
Attributable to:				
Equity holders of the Company	57,437	38,819	57,437	38,819
Non-controlling interests	14,033	8,646	14,033	8,646
	71,470	47,465	71,470	47,465
Earnings per share (sen)				
- basic	3.93	2.67	3.93	2.67
- diluted ^{note 1}	na	na	na	na
Dividends per ordinary share (sen)	-	-	-	-

Note 1:

Computation of diluted earnings per share is not applicable as there are no outstanding shares to be issued.

Condensed Consolidated Statements of Comprehensive Income
(The figures have not been audited)

	Current Year Quarter 31.03.2012 RM' 000	Preceding Year Quarter 31.03.2011 RM' 000	Current Year To Date 31.03.2012 RM' 000	Preceding Year To Date 31.03.2011 RM' 000
Profit for the period	71,470	47,465	71,470	47,465
Other comprehensive income:				
Exchange differences on translating foreign operations:				
Equity holders	(49)	187	(49)	187
Non-controlling interests	178	140	178	140
Share of an associate's realisation of revaluation surplus on property, plant and equipment, net of tax	-	(59)	-	(59)
Total comprehensive income for the period, net of tax	<u>71,599</u>	<u>47,733</u>	<u>71,599</u>	<u>47,733</u>
Total comprehensive income attributable to:				
Equity holders of the Company	57,388	38,947	57,388	38,947
Non-controlling interests	14,211	8,786	14,211	8,786
	<u>71,599</u>	<u>47,733</u>	<u>71,599</u>	<u>47,733</u>

Condensed Consolidated Statements of Financial Position

(The figures have not been audited)

	31.03.2012 RM '000	Audited 31.12.2011 RM '000
Capital and reserves attributable to the Company's equity holders		
Share capital	745,148	745,148
Share premium	404,112	404,112
Treasury shares	(53,557)	(49,021)
Revaluation and other reserves	513,739	618,537
Retained earnings	1,867,410	1,705,224
	3,476,852	3,424,000
Non-controlling interests	226,576	220,577
TOTAL EQUITY	3,703,428	3,644,577
Represented by:		
Non current assets		
Property, plant and equipment	1,121,254	1,139,546
Long term prepaid lease	3,877	4,049
Investment properties	1,920,849	1,913,422
Land held for property development	247,170	242,942
Investments in associates	647,458	538,438
Deferred tax assets	6,664	6,664
Cash and bank balances	-	1,983
	3,947,272	3,847,044
Current assets		
Property development costs	188,111	203,177
Inventories	67,295	67,320
Financial assets at fair value through profit or loss	444	23,771
Trade and other receivables	268,647	219,044
Amounts owing by associates	132,998	135,941
Amount owing by a jointly controlled entity	-	249
Tax recoverable	2,852	3,737
Cash held in Housing Development Accounts	21,623	22,271
Cash and bank balances	690,523	820,350
	1,372,493	1,495,860
Less: Current liabilities		
Trade and other payables	231,373	319,234
Amounts owing to associates	25,579	25,518
Amount owing to a jointly controlled entity	1,489	-
Borrowings	262,414	282,627
Current tax payable	40,366	40,279
	561,221	667,658
Net current assets	811,272	828,202
Less: Non current liabilities		
Trade and other payables	50,011	39,381
Borrowings	824,567	823,013
Deferred tax liabilities	180,538	168,275
	1,055,116	1,030,669
	3,703,428	3,644,577

Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2012

(The figures have not been audited)

	Attributable to equity holders						Non-controlling Interests		
	Issued and fully paid ordinary shares of RM0.50 each	Nominal value RM '000	Number of shares '000	Treasury Shares ordinary shares of RM0.50 each	Nominal value RM '000	Number of shares '000		Share premium RM '000	Revaluation and other reserves RM '000
At 1 January 2012	1,490,296	745,148	(29,307)	(49,021)	404,112	618,537	1,705,224	220,577	3,644,577
Total comprehensive income for the period	-	-	-	-	-	(104,798)	162,186	14,211	71,599
Share buy-back	-	-	(1,663)	(4,536)	-	-	-	-	(4,536)
Dividends	-	-	-	-	-	-	-	(8,212)	(8,212)
At 31 March 2012	1,490,296	745,148	(30,970)	(53,557)	404,112	513,739	1,867,410	226,576	3,703,428

Condensed Consolidated Statement of Changes in Equity for the three months ended 31 March 2011

(The figures have not been audited)

	Attributable to equity holders							Non-controlling Interests	Total RM '000
	Issued and fully paid ordinary shares of RM0.50 each	Nominal value RM '000	Number of shares '000	Number of Treasury Shares ordinary shares of RM0.50 each	Nominal value RM '000	Share premium RM '000	Revaluation and other reserves RM '000		
At 1 January 2011	1,490,296	745,148	(37,283)	(59,301)	427,221	437,827	1,554,694	149,613	3,255,202
Total comprehensive income for the period	-	-	-	-	-	(91)	39,038	8,786	47,733
Conversion of warrants to ordinary shares of a subsidiary	-	-	-	-	-	-	-	16,852	16,852
Equity portion of convertible bonds of a subsidiary	-	-	-	-	-	-	-	14,628	14,628
Dividends	-	-	-	-	-	-	-	(7,943)	(7,943)
At 31 March 2011	1,490,296	745,148	(37,283)	(59,301)	427,221	437,736	1,593,732	181,936	3,326,472

Condensed Consolidated Cash Flow Statements
(The figures have not been audited)

	31.03.2012 RM '000	31.03.2011 RM '000
Operating activities		
Receipts from customers	241,603	199,983
Payments to contractors, suppliers and employees	(170,131)	(171,513)
Cash flow from operations	71,472	28,470
Interest paid	(10,938)	(11,515)
Income taxes paid	(21,320)	(7,451)
Net cash generated from operating activities	39,214	9,504
Investing activities		
Dividends received from associates	-	24,175
Interest received	4,607	3,036
Proceeds from disposal of an associate	114,325	-
Acquisition of a subsidiary	(101,349)	-
Proceeds from disposal of financial assets	23,444	33,932
Purchase of property, plant and equipment	(18,720)	(39,232)
Repayments/(advances) from/(to) associates	(173,038)	333
Net cash used in investing activities	(150,731)	22,244
Financing activities		
Purchase of treasury shares	(4,536)	-
Repayment of bank borrowings, net of receipts	(13,500)	366,165
Net cash used in financing activities	(18,036)	366,165
Foreign currencies exchange difference	(2,904)	(2,816)
Net decrease in cash and cash equivalents	(132,457)	395,097
Cash and cash equivalents at beginning of financial year	844,604	628,757
Cash and cash equivalents at end of period	712,147	1,023,854

**Explanatory notes to the Interim Financial Statements
for the three months ended 31 March 2012**

M1 Basis of preparation

This Interim Financial Report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard 134 – “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and paragraph 9.22 together with Part A, Appendix 9B of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements, and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2011.

This Interim Financial Report has been prepared based on accounting policies and methods of computation which are consistent with those adopted for the annual audited financial statements for the year financial ended 31 December 2011 except for the adoption of the following revised Financial Reporting Standards (“FRSs”), Amendments to FRSs and Interpretations that are applicable for the current financial year:

(Effective for annual periods beginning on or after 1 January 2012)

- Amendment to FRS 112 Income taxes
- Revised FRS 124 Related party disclosures

The adoption of the above revised FRS and Amendment to FRS did not have any material impact on the financial statements of the Group.

M2 Qualification

The Audit Report of the Group’s annual financial statements for the financial year ended 31 December 2011 was not subject to any audit qualification.

M3 Seasonality or cyclicality

The Group’s operations were not materially affected by seasonal or cyclical factors.

M4 Significant unusual items

There were no significant unusual items that affect the assets, liabilities, equity, net income or cash flows other than those disclosed elsewhere in these notes.

M5 Material changes in estimates

Not applicable.

M6 Debt and equity securities

Shares repurchased during the current financial year to-date were as follows:

Date	No. of shares	Lowest Price RM	Highest Price RM	Cost RM
As at 31 December 2011	29,306,467	1.15	2.82	49,020,578
Purchased in February 2012	431,400	2.70	2.70	1,169,024
Purchased in March 2012	1,782,200	2.69	2.77	4,896,261
As at 31 March 2012	31,520,067	1.15	2.82	55,085,863
Purchased in April 2012	2,873,700	2.71	2.77	7,901,148
Purchased in May 2012	1,627,400	2.73	2.76	4,486,630
As at reporting date	36,021,167			67,473,641

The number of treasury shares held as at the date of this report was 36,021,167 ordinary shares of RM0.50 each.

Other than the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities, share buy backs and share cancellations for the current financial period.

M7 Dividends paid

An interim dividend of 5% less tax at 25% for the financial year ended 31 December 2011 was paid on 6 April 2012.

M8 Segment Reporting

Business segments	Property development RM '000	Property investment RM '000	Hotel RM '000	Construction RM '000	Others RM '000	Group RM '000
3 months ended 31 March 2012						
Revenue						
Total revenue	32,088	123,867	58,584	33,687	9,286	257,512
Intersegment revenue	-	(4,737)	(1,568)	(22,318)	(5,995)	(34,618)
External revenue	<u>32,088</u>	<u>119,130</u>	<u>57,016</u>	<u>11,369</u>	<u>3,291</u>	<u>222,894</u>
Results						
Segment results (external)	14,081	82,430	19,993	686	489	117,679
Unallocated income						4,607
Unallocated expense						(6,943)
Profit from operations						115,343
Finance costs						(14,024)
Share of after-tax results of associates	(1,073)	199	(1,400)	-	496	(1,778)
Profit from ordinary activities before tax						99,541
Tax-Company and subsidiaries						(28,071)
Profit for the period						<u>71,470</u>
Attributable to:						
Equity holders of the Company						57,437
Non-controlling interests						14,033
						<u>71,470</u>

Unallocated income represents interest income while unallocated expenses relates to head-office general administrative expenses that arise at the Group level and relate to the Group as a whole.

M8 Segment Reporting (continued..)

Business segments	Property development RM '000	Property investment RM '000	Hotel RM '000	Construction RM '000	Others RM '000	Group RM '000
3 months ended 31 March 2011						
Revenue						
Total revenue	9,753	116,529	51,735	11,699	8,297	198,013
Intersegment revenue	-	(4,482)	(1,380)	(6,704)	(5,376)	(17,942)
External revenue	<u>9,753</u>	<u>112,047</u>	<u>50,355</u>	<u>4,995</u>	<u>2,921</u>	<u>180,071</u>
Results						
Segment results (external)	2,508	65,362	12,796	(176)	3,786	84,276
Unallocated income						3,036
Unallocated expense						(8,882)
Profit from operations						78,430
Finance costs						(10,799)
Share of after-tax results of associates	511	168	1,171	-	(209)	1,641
Profit from ordinary activities before tax						69,272
Tax-Company and subsidiaries						(21,807)
Profit for the period						<u>47,465</u>
Attributable to:						
Equity holders of the Company						38,819
Non-controlling interests						8,646
						<u>47,465</u>

Unallocated income represents interest income while unallocated expenses relates to head-office general administrative expenses that arise at the Group level and relate to the Group as a whole.

M9 Valuations

Valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

M10 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period up to the date of this report.

M11 Changes in the composition of the Group

On 23 March 2012, the Company announced to Bursa Malaysia that pursuant to the announcement on 19 December 2011 in respect of the proposed acquisition of 50,000,000 ordinary shares of RM1.00 each representing 50% equity interest in Great Union Properties Sdn Bhd ("GUP"), the GUP acquisition was completed on even date and accordingly GUP is 100%-owned by the Company.

On 26 March 2012, the Company announced to Bursa Malaysia the acquisition of the entire issued shares of two new companies incorporated in Malaysia known as Southkey Megamall Sdn Bhd and Dimensi Magnitud Sdn Bhd for cash consideration. The issued and fully paid-up share capital of each of these companies is RM2.00. The acquisition of these companies is to facilitate potential joint ventures.

On 16 April 2012, an announcement was made to Bursa Malaysia that the Company had acquired a newly incorporated subsidiary, IGB REIT Management Sdn Bhd ("IGBRMSB") to act as the proposed management company for IGB REIT, details of which are in Section K8 below. The issued and fully paid-up share capital of IGBRMSB is RM2.00.

M12 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets since 31 December 2011.

K1 Review of performance

For the three months ended 31 March 2012, Group revenue increased by 24% to RM222.9 million when compared to the corresponding period in 2011 of RM180.1 million due to higher contributions from all operating divisions.

Correspondingly, Group pre-tax profit increased by 44% to RM99.5 million when compared to pre-tax profit of RM69.3 million achieved in the corresponding period in 2011 as a result of improved performances by all operating divisions.

K2 Comparison with immediate preceding quarter

Group revenue for the three months ended 31 March 2012 decreased by 1% to RM222.9 million when compared to Group revenue of RM225.0 million for the three months ended 31 December 2011 due to a 64% decrease in contribution from the Construction division but was mitigated by an 8-fold increase in contribution from the Property Development division.

Group pre-tax profit decreased by 19% to RM99.5 million when compared to the RM122.3 million reported in the immediate preceding quarter mainly attributable to the recognition of a one-off gain on the disposal of an associate recognized in the immediate preceding quarter.

K3 Prospects for 2012

Operating results for the first three months of 2012 have been encouraging with increased turnover contributions from all divisions when compared to the first three months of 2011; Property Development and Construction divisions' turnover both increased by more than 100%, whilst Property Investment and Hotel divisions' turnover have increased by 6% and 13% respectively.

In the Property Development division, Opt Ventures Sdn Bhd, a 70%-owned subsidiary launched a condominium development in Kuala Lumpur known as G Residence in February 2012. To-date more than 85% of the available 474 units of service apartments has been sold.

In the Property Investment division, the Group's two major retail malls, Mid Valley Megamall and The Gardens Mall registered turnover growth of 2% and 16% respectively whilst total rental income from the Group's office buildings have increased by 11% when compared to the same period in 2011.

In the Hotel division, total turnover achieved by the Group's hotels including associates was RM91.1 million, an increase of 11% when compared to the same period in 2011.

As a result of the increase in turnover contributions, Group pre-tax profit has improved significantly by 44% to RM99.5 million.

With these improved performances, the Board is confident that the Group's operational results for the current financial year will be better than the previous financial year barring any significant adverse changes in the global and domestic economic conditions.

K4 Profit forecast/profit guarantee

The Group did not issue any profit forecast or profit guarantee.

K5 Tax

	Current quarter ended 31.03.2012 RM '000	Cumulative current Year-To-Date ended 31.03.2012 RM '000
Malaysian income tax		
- Company and subsidiaries	21,728	21,728
Under provision in previous year	150	150
Transferred from deferred tax	5,778	5,778
	<u>27,656</u>	<u>27,656</u>
Overseas tax		
- Company and subsidiaries	415	415
	<u>28,071</u>	<u>28,071</u>

The effective tax rate of the Group for the current quarter and for the financial year to-date was higher than the statutory tax rate as certain expenses were not deductible for tax purposes.

K6 Unquoted investments

There was no sale of unquoted investments for the current quarter and financial year to-date.

K7 Financial assets at fair value

Total financial assets at fair value as at 31 March 2012 were as follows:

	RM '000
Total financial assets at cost	1,114
Total financial assets at fair value (after provision for diminution in value)	444
Total financial assets at market value at 31 March 2012	444

K8 Corporate proposals

Proposed establishment and listing of a Real Estate Investment Trust on the Main Market of Bursa Malaysia Securities Berhad.

On 16 April 2012, it was announced to Bursa Malaysia that the Company proposes to establish and list a real estate investment trust ("IGB REIT") on the Main Market of Bursa Securities. The initial investment portfolio of IGB REIT shall comprise an 8-Storey retail mall known as The Gardens Mall and a 5-storey retail mall with 1 mezzanine floor known as Mid Valley Megamall ("Subject Properties"), which are currently owned by wholly-owned subsidiaries of KrisAssets Holdings Berhad, which in turn is a subsidiary of the Company.

On 14 May 2012, it was announced to Bursa Malaysia that an application relating to the proposed IGB REIT Establishment and Listing has been submitted to the Securities Commission on even date.

K9 Group borrowings and debt securities

Group borrowings as at 31 March 2012 were as follows:

	RM '000
Long term borrowings:	
Secured	
Term Loan	370,000
Redeemable Bonds	454,567
	<u>824,567</u>
Short term borrowings:	
Secured	
Current portion of term loan	60,000
Short term loan	130,914
Unsecured	
Short term loan	71,500
	<u>262,414</u>
TOTAL	<u>1,086,981</u>
Capital and reserves attributable to equity holders of the Company	<u>3,476,852</u>

K10 Financial instruments

The Group does not have any financial instruments with off-balance sheet risk. With the adoption of FRS 139, off-balance sheet financial instruments will be recognized in the balance sheet.

K11 Material litigation

There was no pending material litigation as at the date of this report which exceeds 5% of the net assets of the Group.

K12 Proposed dividend

No dividend is declared or proposed in respect of the financial year ending 31 December 2012.

K13 Earnings per share

		Current Quarter ended 31.03.2012	Preceding Year Quarter ended 31.03.2011	Current Year To Date ended 31.03.2012	Preceding Year To Date ended 31.03.2011
Profit for the period	RM '000	<u>57,437</u>	<u>38,819</u>	<u>57,437</u>	<u>38,819</u>
Weighted average number of ordinary shares in issue	'000	<u>1,460,525</u>	<u>1,453,013</u>	<u>1,460,525</u>	<u>1,453,013</u>
Basic earnings per share	sen	<u><u>3.93</u></u>	<u><u>2.67</u></u>	<u><u>3.93</u></u>	<u><u>2.67</u></u>

Note: Computation of diluted earnings for share is not applicable as there are no outstanding shares to be issued.

K14 Realised and unrealised retained earnings

	As at 31.03.2012 RM '000	Audited As at 31.12.2011 RM '000
Total retained earnings		
i) Company and subsidiaries		
- realised profit	2,119,327	1,958,260
- unrealised loss	(195,537)	(183,556)
	1,923,790	1,774,704
ii) Associates		
- realised profit	242,740	204,062
- unrealised profit	(18,641)	6,919
	224,099	210,981
iii) Group consolidation adjustments	(280,479)	(280,461)
Total Group retained earnings as per unaudited consolidated statement of financial position	<u>1,867,410</u>	<u>1,705,224</u>

K15 Authorisation for issue

This Interim Financial Report was authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 17 May 2012.