

Company	<b>KLCC PROPERTY HOLDINGS BERHAD (641576-U)</b>
Quarter <i>(first/second/third/fourth)</i>	<b>Second 3Q</b>
Months	<b>3</b>
Financial Period Ended	<b>31 December 2008</b>

# KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2008

	INDIVIDUAL QUARTER ENDED		CUMULATIVE PERIOD ENDED	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>218,760</b>	<b>209,732</b>	<b>649,636</b>	<b>632,002</b>
<b>Operating profit</b>	<b>157,761</b>	<b>154,408</b>	<b>472,292</b>	<b>464,891</b>
Interest income	4,904	4,464	14,625	13,404
Finance costs	(39,805)	(43,002)	(121,183)	(131,377)
Share of profit of associated company	2,498	1,575	7,449	6,764
<b>Profit before taxation</b>	<b>125,358</b>	<b>117,445</b>	<b>373,183</b>	<b>353,682</b>
Income tax expense	(30,354)	(31,488)	(91,207)	(61,273)
<b>Profit for the period</b>	<b>95,004</b>	<b>85,957</b>	<b>281,976</b>	<b>292,409</b>
Attributable to:				
Equity holders of the parent	58,881	51,537	173,115	176,801
Minority interest	36,123	34,420	108,861	115,608
	<b>95,004</b>	<b>85,957</b>	<b>281,976</b>	<b>292,409</b>
Earnings per share attributable to equity holders of the parent (sen):				
Basic	6.30	5.52	18.53	18.93
Diluted	4.61	4.05	13.56	13.85

**(The unaudited condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying explanatory notes attached to this interim financial report)**

# KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2008

	31-Dec-08 RM'000 (unaudited)	31-Mar-08 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	860,475	840,405
Investment properties	8,362,000	8,362,000
Investment in associate	180,320	177,708
Deferred tax assets	40,629	40,629
	9,443,424	9,420,742
<b>Current assets</b>		
Inventories	821	379
Trade and other receivables	62,144	59,509
Cash and bank balances	525,841	498,459
	588,806	558,347
<b>TOTAL ASSETS</b>	<b>10,032,230</b>	<b>9,979,089</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	934,074	934,074
Share premium	562,324	562,324
Revaluation surplus	5,665	5,665
Redeemable convertible unsecured loan stocks (RCULS)	687,990	687,990
Retained profits	559,477	489,111
Capital reserve	1,650,659	1,650,659
	4,400,189	4,329,823
<b>Minority interests</b>	<b>2,555,079</b>	<b>2,491,399</b>
<b>Total Equity</b>	<b>6,955,268</b>	<b>6,821,222</b>
<b>Non-current liabilities</b>		
Redeemable convertible unsecured loan stocks (RCULS)	32,857	37,663
Other long term liabilities	101,955	161,172
Long term borrowings	1,892,586	1,679,065
Deferred taxation	729,201	721,529
	2,756,599	2,599,429
<b>Current liabilities</b>		
Trade and other payables	131,859	144,460
Short term borrowings	184,130	408,510
Taxation	4,374	5,468
	320,363	558,438
<b>Total Liabilities</b>	<b>3,076,962</b>	<b>3,157,867</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,032,230</b>	<b>9,979,089</b>
<b>Net assets (excl. RCULS) per share (RM)</b>	<b>3.97</b>	<b>3.90</b>

(The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying explanatory notes attached to this interim financial report)

**KLCC PROPERTY HOLDINGS BERHAD (641576-U)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2008**

	← Attributable to Equity Holders of the Parent →						Minority Interest RM'000	Total Equity RM'000
	← Non-Distributable →			Redeemable Convertible	← Distributable →			
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Unsecured Loan Stocks RM'000	Retained Profits RM'000	Capital Reserve @ RM'000		
<b>As at 1 April 2007</b>								
As previously stated	934,074	562,324	5,665	687,990	332,335	1,420,076	2,270,632	6,213,096
Profit for the period	-	-	-	-	176,801	-	115,608	292,409
Transfer	-	-	-	-	(14,441)	14,441	-	-
Dividends paid	-	-	-	-	(82,385)	-	(14,796)	(97,181)
<b>As at 31 December 2007</b>	<b>934,074</b>	<b>562,324</b>	<b>5,665</b>	<b>687,990</b>	<b>412,310</b>	<b>1,434,517</b>	<b>2,371,444</b>	<b>6,408,324</b>
<b>As at 1 April 2008</b>								
As previously stated	934,074	562,324	5,665	687,990	489,111	1,650,659	2,491,399	6,821,222
Prior year adjustment								
- effects of adopting FRS 139	-	-	-	-	-	-	15,462	15,462
<b>As at 1 April 2008 (restated *)</b>	<b>934,074</b>	<b>562,324</b>	<b>5,665</b>	<b>687,990</b>	<b>489,111</b>	<b>1,650,659</b>	<b>2,506,861</b>	<b>6,836,684</b>
Profit for the period	-	-	-	-	173,115	-	108,861	281,976
Dividends paid	-	-	-	-	(102,749)	-	(60,643)	(163,392)
<b>As at 31 December 2008</b>	<b>934,074</b>	<b>562,324</b>	<b>5,665</b>	<b>687,990</b>	<b>559,477</b>	<b>1,650,659</b>	<b>2,555,079</b>	<b>6,955,268</b>

@ Capital Reserve arises from the surplus of revaluation of investment properties that will be distributed upon the sale of investment properties.

**(The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying explanatory notes attached to this interim financial report)**

**KLCC PROPERTY HOLDINGS BERHAD (641576-U)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2008**

	CUMULATIVE PERIOD ENDED	
	31-Dec-08	31-Dec-07
	RM'000	RM'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	381,709	248,137
NET CASH USED IN INVESTING ACTIVITIES	(40,302)	(32,512)
NET CASH USED IN FINANCING ACTIVITIES	(314,025)	(236,015)
NET INCREASE IN CASH AND CASH EQUIVALENTS	27,382	(20,390)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	498,459	469,104
CASH AND CASH EQUIVALENTS AT END OF PERIOD	525,841	448,714
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISE:		
CASH AND BANK BALANCES *	16,040	20,529
DEPOSITS	509,801	428,185
	525,841	448,714

\* Included in the cash and bank balances are monies held on behalf of clients of RM3.25 million and RM2.83 million as at 31 December 2008 and 31 December 2007 respectively.

**(The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2008 and the accompanying explanatory notes attached to this interim financial report)**

# KLCC PROPERTY HOLDINGS BERHAD

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Notes on the quarterly report – 31 December 2008

## A. EXPLANATORY NOTES PURSUANT TO FRS 134

### A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in compliance with the requirements of Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the Group as at 31 March 2008. 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 year ended 31 March 2008.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the year ended 31 March 2008 with the exception of policies adopted in A2 below.

### A2. Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2008 except for the early adoption of Financial Reporting Standard ("FRS") 139: *Financial Instruments: Recognition and Measurement* that became effective for the Group for the financial period beginning 1 April 2008.

The adoption of the above FRS has not had any significant financial impact on the Group.

#### (i) FRS 139: Financial Instruments: Recognition and Measurement

The Financial Reporting Foundation (FRF) and Malaysian Accounting Standards Board (MASB) are targeting to bring Malaysia to full convergence with International Financial Reporting Standards (IFRS) by 1 January 2012.

FRS 139 will be effective in Malaysia on 1 January 2010. However, the Group has voluntarily early adopted FRS 139 for the financial year beginning 1 April 2008.

FRS 139 provides guidance for the measurement of financial instruments. Depending on the categorisation applied for each individual financial asset and liability, some financial assets and liabilities will need to be fair valued and others stated at amortised cost. FRS 139 prescribes prospective application for first time adoption.

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The adoption of FRS 139 affects the advances from corporate shareholders which are unsecured, interest-free and have no fixed terms of repayment and not expected to be paid within the next twelve months.

Under FRS 139, the long term corporate advances are to be fair valued. Based on market interest rates, the corporate advances have been fair valued based on the opening balance. Subsequently, the advances are to be measured at amortised cost.

The changes have been accounted for by restating the following opening balances in the balance sheet as at 1 April 2008:

	<b>RM'000</b>
<b>Effect on 1 April 2008 :</b>	
Decrease in advances from corporate shareholders	(20,616)
Increase in minority interest	15,462
Increase in deferred tax liabilities	5,154

There has been no impact to the earnings per share (EPS) and net assets per share with the adoption of the above changes.

### **A3. Audit report**

The auditors' report on the financial statements for the year ended 31 March 2008 was not qualified.

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## A4. Segmental information

<u>Business segments</u>	3 months ended 31 Dec 2008		Cumulative period ended 31 Dec 2008	
	<u>Revenue</u> RM'000	<u>Profit before taxation</u> RM'000	<u>Revenue</u> RM'000	<u>Profit before taxation</u> RM'000
Investment holding	13,233	12,204	117,169	114,151
Property investment and hotel operations	205,401	153,186	611,569	461,075
Provision of management services	<u>14,369</u>	<u>5,210</u>	<u>41,109</u>	<u>14,161</u>
	233,003	170,600	769,847	589,387
Consolidation adjustments	<u>(14,243)</u>	<u>(12,839)</u>	<u>(120,211)</u>	<u>(117,095)</u>
<b>Revenue / Operating profit</b>	<b><u>218,760</u></b>	<b>157,761</b>	<b><u>649,636</u></b>	<b>472,292</b>
Finance cost		(39,805)		(121,183)
Interest income		4,904		14,625
Share of profit of associated company		<u>2,498</u>		<u>7,449</u>
<b>Profit before taxation</b>		<b><u>125,358</u></b>		<b><u>373,183</u></b>

## A5. Unusual items

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

## A6. Changes in estimates

There were no changes in the estimates of amounts reported that have a material effect on the results in the quarter under review.

## A7. Changes in statutory tax rate

There were no changes to the corporate tax rate during the quarter under review.

## A8. Seasonal or cyclical factors

The Group's hotel operations may be impacted by the seasonal or cyclical factors affecting the occupancy rate and food and beverage business of the hotel.



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## A9. Dividends paid

An interim dividend in respect of the six months period ended 30 September 2008, of 5.0 sen per share, tax exempt under the single tier tax system on 934,074,279 ordinary shares, amounting to RM46.70 million is payable on 8 January 2009.

## A10. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

## A11. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review.

## A12. Discontinued Operation

There was no discontinued operation in the Group during the quarter under review.

## A13. Capital Commitments

The amount of capital commitments not provided for in the interim financial statements as at 31 December 2008 is as follows:-

	RM'000
Approved and contracted for	28,361
Approved and not contracted for	57,019
	<u>85,380</u>

## A14. Changes in contingent liabilities and contingent assets

There were no changes in the contingent liabilities or contingent assets of the Group during the quarter under review.

## A15. Material subsequent events

As required by FRS 140, the Group conducted a valuation exercise for its investment properties. As at the valuation date of 30 January 2009, the independent valuer commissioned to conduct the exercise indicated that there is an increase in fair value of the relevant investment properties of 6.0% amounting to RM505.0 million.

Unless there is any significant change in these estimates, the new valuation will be reflected in the results of the final quarter of this financial year.

There were no other material events subsequent to the end of the quarter under review that have not been reflected in the interim financial statements.

# **KLCC PROPERTY HOLDINGS BERHAD**

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## **B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

### **B1. Review of Group results for the period ended 31 December 2008**

The Group's revenue for the financial period ended 31 December 2008 was RM649.6 million reflected an increase of RM17.6 million or 2.8% compared to the revenue for the financial period ended 31 December 2007 of RM632.0 million. The profit before taxation of RM373.2 million in the current period reflected an increase of RM19.5 million or 5.5% compared to RM353.7 million for the period ended 31 December 2007.

The increase in revenue was mainly contributed by increased rental of office building in particular Dayabumi (higher occupancy and rental revision), increased rental of the retail mall (higher rental) and increase in revenue from the car park operations despite a reduction in revenue from hotel operations. Besides the higher revenue, the increase in profit before taxation was also contributed by higher interest income and lower finance cost borne during the period.

### **B2. Variation of results against preceding quarter**

The Group's revenue for the quarter of RM218.8 million increased by RM1.9 million over that of the preceding quarter of RM216.9 million whereas the profit before taxation of RM125.4 million increased by RM1.3 million as compared to the preceding quarter of RM124.1 million.

The increase in revenue was mainly attributable to higher revenue from the retail mall (higher rental) and increase in revenue from the car park operations. The increase in the profit before tax level was mainly due to higher revenue which was partially offset against lower interest income earned in the current quarter.

### **B3. Prospects for financial year (2008/09)**

The Directors expect that the current recessionary conditions will result in reduced revenue for the Group's hotel and retail businesses for the balance of the current financial year. However, Group earnings will benefit from a number of cost control and efficiency measures which have already been implemented to mitigate the impact of these economic circumstances.

Consequently, the Board expects that the performance for the current financial year will be in line with expectation.

### **B4. Profit forecast**

No profit forecast was issued for the financial period.

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## B5. Tax expense

Taxation comprises the following:

	Individual quarter ended		Cumulative period ended	
	31-Dec-08 RM'000	31-Dec-07 RM'000	31-Dec-08 RM'000	31-Dec-07 RM'000
Within Malaysia In respect of the current period				
Taxation	29,506	31,488	88,688	85,437
Deferred taxation	<u>848</u>	<u>0</u>	<u>2,519</u>	<u>(24,164)</u>
	<u>30,354</u>	<u>31,488</u>	<u>91,207</u>	<u>61,273</u>

The cumulative debit RM24.2 million deferred tax liability in FY 2007/08 includes a RM25.2 million deferred tax liability reversal in Quarter 2, FY 2007/08 due to the reduction in the tax rate from 26% to 25%.

## B6. Sale of unquoted investments and/or properties

There was no disposal of unquoted investments or properties during the quarter under review.

## B7. Quoted and marketable securities

There was no purchase or disposal of quoted and marketable securities during the quarter under review.

## B8. Status of corporate proposal announced

There were no corporate proposals announced but not completed as at the date of this report.

## B9. Borrowings

	RM'000	RM'000
<b>Short term :</b>		
<u>Secured</u>		
Term loan	17,500	
Private debt securities	<u>166,630</u>	184,130
<b>Long term :</b>		
<u>Secured</u>		
Term loan	905,493	
Private debt securities	<u>987,093</u>	<u>1,892,586</u>
		<u>2,076,716</u>

# **KLCC PROPERTY HOLDINGS BERHAD**

*(Company No.: 641576-U)*

Incorporated in Malaysia

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## **B10. Off balance sheet financial instruments**

There were no off balance sheet financial instruments as at the date of this report.

## **B11. Material litigation**

The Group has no outstanding material litigation as at the date of this report.

## **B12. Dividends**

There were no dividends declared during the quarter under review.

# KLCC PROPERTY HOLDINGS BERHAD

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## B13. Earnings per share (“EPS”)

	Individual quarter ended		Cumulative period ended	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
<b>(i) Basic earnings per Share</b>				
Profit attributable to ordinary equity holders of the parent (RM'000)	58,881	51,537	173,115	176,801
Weighted average number of ordinary shares in issue ('000)	934,074	934,074	934,074	934,074
Basic earnings per share (sen)	<u>6.30</u>	<u>5.52</u>	<u>18.53</u>	<u>18.93</u>
<b>(ii) Diluted earnings per share</b>				
Profit attributable to ordinary equity holders of the parent (RM'000)	58,881	51,537	173,115	176,801
Interest on RCULS (RM'000)	<u>778</u>	<u>868</u>	<u>2,394</u>	<u>2,554</u>
Profit attributable to ordinary equity holders of the parent including assumed conversion (RM'000)	59,659	52,405	175,509	179,355
Weighted average number of ordinary shares in issue ('000)	934,074	934,074	934,074	934,074
Effect of dilution – RCULS	<u>360,662</u>	<u>360,662</u>	<u>360,662</u>	<u>360,662</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>1,294,736</u>	<u>1,294,736</u>	<u>1,294,736</u>	<u>1,294,736</u>
Diluted earnings per share (sen)	<u>4.61</u>	<u>4.05</u>	<u>13.56</u>	<u>13.85</u>

### BY ORDER OF THE BOARD

Mohd Yusof bin Johor Ali (LS0009194)

Yeap Kok Leong (MAICSA0862549)

Company Secretaries

Kuala Lumpur