

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2010**

	INDIVIDUAL QUARTER ENDED		CUMULATIVE PERIOD ENDED	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
	RM'000	RM'000	RM'000	RM'000
Revenue	227,044	218,405	227,044	218,405
Operating profit	166,830	162,284	166,830	162,284
Interest income	3,776	3,013	3,776	3,013
Finance costs	(33,376)	(36,640)	(33,376)	(36,640)
Share of profit of associated company	2,543	2,440	2,543	2,440
Profit before taxation	139,773	131,097	139,773	131,097
Taxation	(36,212)	(34,295)	(36,212)	(34,295)
Profit for the period	103,561	96,802	103,561	96,802
Other comprehensive income				
Fair value adjustment	342,559	-	342,559	-
Total comprehensive income for the period	446,120	96,802	446,120	96,802
Profit attributable to:				
Equity holders of the company	63,720	60,374	63,720	60,374
Minority interest	39,841	36,428	39,841	36,428
	103,561	96,802	103,561	96,802
Total comprehensive income attributable to:				
Equity holders of the company	406,279	60,374	406,279	60,374
Minority interest	39,841	36,428	39,841	36,428
	446,120	96,802	446,120	96,802
Earnings per share attributable to equity holders of the company (sen):				
Basic	43.50	6.46	43.50	6.46
Diluted	31.43	4.72	31.43	4.72

(The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to this interim financial report)

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	30-Jun-10 RM'000 (unaudited)	31-Mar-10 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	620,949	1,020,677
Investment properties	10,462,112	9,625,000
Investment in associate	224,199	221,656
Deferred tax assets	15,184	17,313
	<u>11,322,444</u>	<u>10,884,646</u>
Current assets		
Inventories	867	845
Trade and other receivables	59,066	63,705
Cash and bank balances	720,175	600,882
	<u>780,108</u>	<u>665,432</u>
TOTAL ASSETS	<u>12,102,552</u>	<u>11,550,078</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	934,074	934,074
Share premium	562,324	562,324
Revaluation reserve	5,665	5,665
Redeemable convertible unsecured loan stocks (RCULS)	687,990	687,990
Retained profits	809,030	745,310
Capital reserve	2,719,426	2,376,867
	<u>5,718,509</u>	<u>5,312,230</u>
Minority interests	<u>3,201,585</u>	<u>3,161,744</u>
Total Equity	<u>8,920,094</u>	<u>8,473,974</u>
Non-current liabilities		
Redeemable convertible unsecured loan stocks (RCULS)	29,927	29,287
Other long term liabilities	52,761	52,049
Long term borrowings	1,863,517	1,753,532
Deferred taxation	820,273	821,403
	<u>2,766,478</u>	<u>2,656,271</u>
Current liabilities		
Trade and other payables	179,316	189,654
Short term borrowings	216,086	216,101
Taxation	20,578	14,078
	<u>415,980</u>	<u>419,833</u>
Total Liabilities	<u>3,182,458</u>	<u>3,076,104</u>
TOTAL EQUITY AND LIABILITIES	<u>12,102,552</u>	<u>11,550,078</u>
Net assets (excl. RCULS) per share (RM)	5.39	4.95

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to this interim financial report)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2010**

	Attributable to Equity Holders of the Company						Minority Interests 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		
As at 1 April 2009	934,074	562,324	5,665	687,990	609,951	1,962,721	2,747,486	7,510,211
Total comprehensive income for the period	-	-	-	-	60,374	-	36,428	96,802
As at 30 June 2009	934,074	562,324	5,665	687,990	670,325	1,962,721	2,783,914	7,607,013
As at 1 April 2010	934,074	562,324	5,665	687,990	745,310	2,376,867	3,161,744	8,473,974
Total comprehensive income for the period	-	-	-	-	406,279	-	39,841	446,120
Transfer	-	-	-	-	(342,559)	342,559	-	-
As at 30 June 2010	934,074	562,324	5,665	687,990	809,030	2,719,426	3,201,585	8,920,094

© 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 2010 and the accompanying explanatory notes attached to this interim financial report)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2010**

	CUMULATIVE PERIOD ENDED	
	30-Jun-10	30-Jun-09
	RM'000	RM'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	150,995	145,967
NET CASH USED IN INVESTING ACTIVITIES	(81,760)	(50,395)
NET CASH GENERATED / (USED IN) FINANCING ACTIVITIES	44,403	(18,682)
NET INCREASE IN CASH AND CASH EQUIVALENTS	113,638	76,890
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	600,882	579,165
CASH AND CASH EQUIVALENTS AT END OF PERIOD	714,520	656,055
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISE:		
CASH AND BANK BALANCES	11,112	65,051
DEPOSITS	709,063	592,834
	720,175	657,885
LESS: DEPOSITS RESTRICTED *	(5,655)	(1,830)
	714,520	656,055

** Monies held on behalf of clients relate to restricted monies held in designated accounts which represent cash calls less payments in the course of rendering management services on behalf of clients.*

(The unaudited condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 March 2010 and the accompanying explanatory notes attached to this interim financial report)

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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 2010. 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 2010.

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 2010 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 2010 except for the following:

Effective for annual periods beginning on or after 1 July 2009:

FRS 8 Operating Segments

Effective for annual periods beginning on or after 1 January 2010:

FRS 101 Presentation of Financial Statements (revised)
Amendment to FRS 140 Investment Property

The adoption of the above FRSs did not have any significant financial impact on the Group except for Amendment to FRS 140.

(i) Amendment to FRS 140

Previously, freehold land and construction in progress were classified as property, plant and equipment. However, the Amendment to FRS 140 states that properties that are being constructed or developed for future use as investment property should be classified as an investment property.

Accordingly, the Group has reclassified its freehold land and construction in progress to investment property and subsequently fair valued these properties based on the Directors' valuation. The valuation of the partially completed building is based on the premise that the building will be completed. The difference between the cost and fair value has been adjusted in the consolidated statement of comprehensive income for the current period.

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The effects of the changes have been applied prospectively and have resulted in the following:

	RM'000
Effect on 30 June 2010 :	
Decrease in property, plant and equipment	(400,812)
Increase in investment properties	837,112
Increase in retained profits	342,559

As a result of the adoption of the above changes, the net assets per share have increased by RM0.37 per share to RM5.39 per share from RM5.02 per share as at 30 June 2010.

A3. Audit report

The auditors' report on the financial statements for the year ended 31 March 2010 was not qualified.

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A4. Segmental information

<u>Business segments</u>	3 months ended 30 June 2010		Cumulative period ended 30 June 2010	
	<u>Revenue</u> RM'000	<u>Total comprehensive income</u> RM'000	<u>Revenue</u> RM'000	<u>Total comprehensive income</u> RM'000
Property investment - Office	101,784	94,367	101,784	94,367
Property investment - Retail	73,161	60,040	73,161	60,040
Hotel operations	36,408	8,133	36,408	8,133
Provision of management services	17,766	6,680	17,766	6,680
	<u>229,119</u>	<u>169,220</u>	<u>229,119</u>	<u>169,220</u>
Eliminations / Adjustments	<u>(2,075)</u>	<u>(2,390)</u>	<u>(2,075)</u>	<u>(2,390)</u>
Revenue / Operating profit	<u>227,044</u>	166,830	<u>227,044</u>	166,830
Finance cost		(33,376)		(33,376)
Interest income		3,776		3,776
Share of profit of associated company		2,543		2,543
Taxation		<u>(36,212)</u>		<u>(36,212)</u>
Profit for the period		103,561		103,561
Fair value adjustment on investment properties		<u>342,559</u>		<u>342,559</u>
Total comprehensive income for the period		<u>446,120</u>		<u>446,120</u>

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.

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A8. Seasonal or cyclical factors

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

A9. Dividends paid

There were no dividends paid during the quarter under review.

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 30 June 2010 is as follows:-

	RM'000
Approved and contracted for	446,736
Approved but not contracted for	128,320
	<u>575,056</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

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

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

B1. Review of the Group's results for the period ended 30 June 2010

Operations Review

The Group's revenue for the financial period ended 30 June 2010 of RM227.0 million reflected an increase of RM8.6 million or 4% compared to the revenue for the financial period ended 30 June 2009 of RM218.4 million. The profit before taxation of RM139.8 million in the current period reflected an improvement of RM8.7 million or 7% compared to RM131.1 million for the period ended 30 June 2009.

The increase in revenue was mainly contributed by better rentals of office building in particular Dayabumi (rental revisions) and retail mall (higher rental). This was further augmented by the increase in revenue from hotel operations. Besides the higher revenue, the improved profit before taxation was also achieved through lower operating costs and finance cost borne during the period.

Fair Value Adjustment

With the adoption of Amendment to FRS 140, the total comprehensive income for the period increased by RM342.6 million reflecting the fair value adjustments made upon reclassification of the Group's freehold land and construction in progress from property, plant and equipment to investment properties.

B2. Variation of results against preceding quarter

The Group's revenue for the quarter of RM227.0 million improved marginally by RM1.4 million over that of the preceding quarter of RM225.6 million whereas the profit before taxation of RM139.8 million was lower by RM2.1 million as compared to the preceding quarter of RM141.9 million.

The increase in revenue was mainly attributed to the better rentals of the retail mall (higher rental) and improved revenue from the hotel operations. The lower profit before tax level mainly resulted from the lower share of profit of the associate in this quarter as the preceding quarter included a fair value adjustment of RM6.1 million.

B3. Prospects for financial year (2010/11)

The majority of the Group's earnings are underpinned by long term office tenancies and a sustainable retail sector. Barring any unforeseen circumstances, the Directors are of the opinion that the Group's performance for the year will be satisfactory. However, it should be noted that the hotel sector will continue to underperform but the impact is not expected to be material to the overall Group's earnings.

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	
	30-Jun-10 RM'000	30-Jun-09 RM'000	30-Jun-10 RM'000	30-Jun-09 RM'000
Within Malaysia In respect of the current period:				
Taxation	35,214	33,454	35,214	33,454
Deferred taxation	<u>998</u>	<u>841</u>	<u>998</u>	<u>841</u>
	<u>36,212</u>	<u>34,295</u>	<u>36,212</u>	<u>34,295</u>

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
Short term :		
<u>Secured</u>		
Term loan	28,000	
Private debt securities	<u>188,086</u>	216,086
Long term :		
<u>Secured</u>		
Term loan	1,064,493	
Private debt securities	<u>799,024</u>	<u>1,863,517</u>
		<u>2,079,603</u>

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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

At the Annual General Meeting held on 13 July 2010, the shareholders approved the payment of a final dividend of 6.0 sen per share, tax exempt under the single tier tax system amounting to RM56.04 million. The dividend was paid on 13 August 2010.

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B13. Earnings per share (“EPS”)

	Individual quarter ended		Cumulative period ended	
	30-Jun-10	30-Jun-09	30-Jun-10	30-Jun-09
(i) Basic earnings per share				
Total comprehensive income attributable to ordinary equity holders of the company (RM'000)	406,279	60,374	406,279	60,374
Weighted average number of ordinary shares in issue ('000)	934,074	934,074	934,074	934,074
Basic earnings per share (sen)	43.50	6.46	43.50	6.46
(ii) Diluted earnings per share				
Total comprehensive income attributable to ordinary equity holders of the company (RM'000)	406,279	60,374	406,279	60,374
Interest on RCULS (RM'000)	640	744	640	744
Total comprehensive income attributable to ordinary equity holders of the company including assumed conversion (RM'000)	406,919	61,118	406,919	61,118
Weighted average number of ordinary shares in issue ('000)	934,074	934,074	934,074	934,074
Effect of dilution – RCULS	360,662	360,662	360,662	360,662
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,294,736	1,294,736	1,294,736	1,294,736
Diluted earnings per share (sen)	31.43	4.72	31.43	4.72

BY ORDER OF THE BOARD

Abd Aziz Bin Abd Kadir (LS0001718)

Yeap Kok Leong (MAICSA0862549)

Company Secretaries

Kuala Lumpur