

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2010**

	INDIVIDUAL QUARTER ENDED		CUMULATIVE PERIOD ENDED	
	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>233,053</b>	<b>214,993</b>	<b>460,097</b>	<b>432,084</b>
<b>Operating profit</b>	<b>169,846</b>	<b>161,480</b>	<b>336,676</b>	<b>323,764</b>
Interest income	4,721	3,310	8,497	6,323
Fair value adjustment *	-	-	342,559	-
Finance costs	(33,942)	(36,836)	(67,318)	(73,476)
Share of profit of associated company	2,603	2,530	5,146	4,970
<b>Profit before taxation</b>	<b>143,228</b>	<b>130,484</b>	<b>625,560</b>	<b>261,581</b>
Taxation	(37,193)	(33,318)	(73,405)	(67,613)
<b>Profit for the period</b>	<b>106,035</b>	<b>97,166</b>	<b>552,155</b>	<b>193,968</b>
<b>Total comprehensive income for the period</b>	<b>106,035</b>	<b>97,166</b>	<b>552,155</b>	<b>193,968</b>
Profit attributable to:				
Equity holders of the company	65,680	60,748	471,959	121,122
Minority interest	40,355	36,418	80,196	72,846
	<b>106,035</b>	<b>97,166</b>	<b>552,155</b>	<b>193,968</b>
Total comprehensive income attributable to:				
Equity holders of the company	65,680	60,748	471,959	121,122
Minority interest	40,355	36,418	80,196	72,846
	<b>106,035</b>	<b>97,166</b>	<b>552,155</b>	<b>193,968</b>
Earnings per share attributable to equity holders of the company (sen):				
Basic	7.03	6.50	50.53	12.97
Diluted	5.12	4.74	36.55	9.46

\* The fair value adjustment in the cumulative period ended 30 September 2010 has been reclassified from Other Comprehensive Income to reflect the appropriate presentation under amendment to FRS 101 : Presentation of Financial Statements (revised).

**(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)

(Incorporated in Malaysia)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2010

	30-Sep-10 RM'000 (unaudited)	31-Mar-10 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	618,320	1,020,677
Investment properties	10,571,530	9,625,000
Investment in associate	223,577	221,656
Deferred tax assets	12,722	17,313
	11,426,149	10,884,646
<b>Current assets</b>		
Inventories	868	845
Trade and other receivables	67,323	63,705
Cash and bank balances	675,098	600,882
	743,289	665,432
<b>TOTAL ASSETS</b>	<b>12,169,438</b>	<b>11,550,078</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the company</b>		
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	818,666	745,310
Capital reserve	2,719,426	2,376,867
	5,728,145	5,312,230
<b>Minority interests</b>	<b>3,187,274</b>	<b>3,161,744</b>
<b>Total Equity</b>	<b>8,915,419</b>	<b>8,473,974</b>
<b>Non-current liabilities</b>		
Redeemable convertible unsecured loan stocks (RCULS)	23,371	29,287
Other long term liabilities	53,484	52,049
Long term borrowings	1,928,501	1,753,532
Deferred taxation	819,201	821,403
	2,824,557	2,656,271
<b>Current liabilities</b>		
Trade and other payables	184,334	189,654
Short term borrowings	216,070	216,101
Taxation	29,058	14,078
	429,462	419,833
<b>Total Liabilities</b>	<b>3,254,019</b>	<b>3,076,104</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12,169,438</b>	<b>11,550,078</b>
<b>Net assets (excl. RCULS) per share (RM)</b>	<b>5.40</b>	<b>4.95</b>

(The condensed consolidated balance sheet 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)**

(Incorporated in Malaysia)

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

	← Attributable to Equity Holders of the Company →						Minority Interests RM'000	Total Equity RM'000
	← Non-Distributable →			← Distributable →				
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Unsecured Loan Stocks RM'000	Redeemable Convertible Retained Profits RM'000	Capital Reserve @ RM'000		
<b>As at 1 April 2009</b>	<b>934,074</b>	<b>562,324</b>	<b>5,665</b>	<b>687,990</b>	<b>609,951</b>	<b>1,962,721</b>	<b>2,747,486</b>	<b>7,510,211</b>
Profit for the period	-	-	-	-	121,122	-	72,846	193,968
Dividends paid	-	-	-	-	(51,374)	-	(54,667)	(106,041)
<b>As at 30 September 2009</b>	<b>934,074</b>	<b>562,324</b>	<b>5,665</b>	<b>687,990</b>	<b>679,699</b>	<b>1,962,721</b>	<b>2,765,665</b>	<b>7,598,138</b>
<b>As at 1 April 2010</b>	<b>934,074</b>	<b>562,324</b>	<b>5,665</b>	<b>687,990</b>	<b>745,310</b>	<b>2,376,867</b>	<b>3,161,744</b>	<b>8,473,974</b>
Profit for the period	-	-	-	-	471,959	-	80,196	552,155
Transfer	-	-	-	-	(342,559)	342,559	-	-
Dividends paid	-	-	-	-	(56,044)	-	(54,666)	(110,710)
<b>As at 30 September 2010</b>	<b>934,074</b>	<b>562,324</b>	<b>5,665</b>	<b>687,990</b>	<b>818,666</b>	<b>2,719,426</b>	<b>3,187,274</b>	<b>8,915,419</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 2010 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 CASH FLOW FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2010

	CUMULATIVE PERIOD ENDED	
	30-Sep-10	30-Sep-09
	RM'000	RM'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	272,824	262,002
NET CASH USED IN INVESTING ACTIVITIES	(190,152)	(76,086)
NET CASH USED IN FINANCING ACTIVITIES	<u>(15,428)</u>	<u>(93,191)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	67,244	92,725
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>600,882</u>	<u>574,080</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>668,126</u>	<u>666,805</u>

### CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISE:

CASH AND BANK BALANCES	12,055	9,201
DEPOSITS	<u>663,043</u>	<u>659,118</u>
	675,098	668,319
LESS: DEPOSITS RESTRICTED *	<u>(6,972)</u>	<u>(1,514)</u>
	<u>668,126</u>	<u>666,805</u>

*\* 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)**

# KLCC PROPERTY HOLDINGS BERHAD

(Company No.: 641576-U)

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Notes on the quarterly report – 30 September 2010

## 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:

	<b>RM'000</b>
<b>Effect on 1 April 2010 :</b>	
Decrease in property, plant and equipment	(400,812)
Increase in investment properties	743,371
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 RM5.40 per share from RM5.03 per share as at 30 September 2010.

The increase in retained profits of RM342.56 million has been transferred to the capital reserve account. It is the Group's policy to distribute the capital reserve upon the sale of the investment properties.

### **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 September 2010		Cumulative period ended 30 September 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	103,671	96,546	205,455	190,913
Property investment - Retail	73,429	59,833	146,590	119,873
Hotel operations	39,681	10,573	76,089	18,706
Provision of management services	18,940	5,524	36,706	12,204
	<u>235,721</u>	<u>172,476</u>	<u>464,840</u>	<u>341,696</u>
Eliminations / Adjustments	<u>(2,668)</u>	<u>(2,630)</u>	<u>(4,743)</u>	<u>(5,020)</u>
<b>Revenue / Operating profit</b>	<u>233,053</u>	169,846	<u>460,097</u>	336,676
Finance cost		(33,942)		(67,318)
Interest income		4,721		8,497
Fair value adjustment on investment properties		-		342,559
Share of profit of associated company		2,603		5,146
Taxation		<u>(37,193)</u>		<u>(73,405)</u>
<b>Profit for the period</b>		<u>106,035</u>		<u>552,155</u>
<b>Total comprehensive income for the period</b>		<u>106,035</u>		<u>552,155</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**

A final dividend in respect of the financial year ended 31 March 2010 of 6.0 sen per share, tax exempt under the single tier tax system on 934,074,279 ordinary shares, amounting to RM56.04 million was paid on 13 July 2010.

## **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 September 2010 is as follows:-

	RM'000
Approved and contracted for	339,346
Approved but not contracted for	114,647
	<u>453,993</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.



# **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. Performance Review**

#### Review of the Group's results for the quarter ended 30 September 2010

The Group's revenue for the quarter ended 30 September 2010 was RM233.1 million. This reflected an increase of RM18.1 million or 8% compared to the revenue for the same quarter last year of RM215.0 million. The increase was mainly contributed by the higher revenue achieved from hotel operations. This was further enhanced by better rentals attained for the retail mall and office building, in particular Dayabumi (rental revisions).

Profit before taxation of RM143.2 million in the current quarter increased by RM12.7 million or 10% compared to RM130.5 million in the corresponding quarter ended 30 September 2009. The improved profit before taxation was mainly achieved by the higher revenue in the quarter.

#### Review of the Group's results for the period ended 30 September 2010

The Group's revenue for the financial period ended 30 September 2010 of RM460.1 million also reflected an increase of RM28 million or 6% compared to the revenue for the financial period ended 30 September 2009 of RM432.1 million. This is mainly contributed by improved revenue from hotel operations and better rentals of retail mall. This was further amplified by the higher rental of office building, in particular Dayabumi (rental revisions).

Profit before taxation of RM625.6 million (inclusive of fair value adjustment) in the current period reflected an improvement of RM364 million or 139% compared to RM261.6 million for the period ended 30 September 2009 as a result of fair value adjustment of RM342.6 million, 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 RM233.1 million improved by RM6.1 million over that of the preceding quarter of RM227.0 million. This increase was mainly attributed to improved revenue from the hotel operations and the better rentals of office building, in particular Dayabumi (rental revisions).

Profit before taxation of RM143.2 million was higher by RM3.5 million as compared to the preceding quarter of RM139.7 million (excluding the fair value adjustment of RM342.6 million) mainly due to the improved revenue achieved this quarter.

### **B3. Prospects for financial year (2010/11)**

As a significant portion of the Group's earnings are underpinned by long term office tenancies, and a strong retail activity, the Directors are of the opinion that the Group's performance for the year, barring any unforeseen circumstances, will be satisfactory.

# KLCC PROPERTY HOLDINGS BERHAD

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Notes on the quarterly report – 30 September 2010

## B4. Profit forecast

No profit forecast was issued for the financial period.

## B5. Tax expense

Taxation comprises the following:

	Individual quarter ended		Cumulative period ended	
	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09
	RM'000	RM'000	RM'000	RM'000
Within Malaysia				
In respect of the current period:				
Taxation	35,802	27,156	71,016	60,610
Deferred taxation	<u>1,391</u>	<u>6,162</u>	<u>2,389</u>	<u>7,003</u>
	<u>37,193</u>	<u>33,318</u>	<u>73,405</u>	<u>67,613</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
<b>Short term :</b>		
<u>Secured</u>		
Term loan	28,000	
Private debt securities	<u>188,070</u>	216,070
<b>Long term :</b>		
<u>Secured</u>		
Term loan	1,129,493	
Private debt securities	<u>799,008</u>	<u>1,928,501</u>
		<u>2,144,571</u>

## **KLCC PROPERTY HOLDINGS BERHAD**

*(Company No.: 641576-U)*

Incorporated in Malaysia

Notes on the quarterly report – 30 September 2010

### **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**

An interim dividend in respect of the six month period ended 30 September 2010, 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 30 December 2010.

# KLCC PROPERTY HOLDINGS BERHAD

(Company No.: 641576-U)

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Notes on the quarterly report – 30 September 2010

## B13. Earnings per share (“EPS”)

	Individual quarter ended		Cumulative period ended	
	30-Sep-10	30-Sep-09	30-Sep-10	30-Sep-09
<b>(i) Basic earnings per share</b>				
Total comprehensive income attributable to ordinary equity holders of the company (RM'000)	65,680	60,748	471,959	121,122
Weighted average number of ordinary shares in issue ('000)	934,074	934,074	934,074	934,074
Basic earnings per share (sen)	7.03	6.50	50.53	12.97
<b>(ii) Diluted earnings per share</b>				
Total comprehensive income attributable to ordinary equity holders of the company (RM'000)	65,680	60,748	471,959	121,122
Interest on RCULS (RM'000)	566	676	1,206	1,420
Total comprehensive income attributable to ordinary equity holders of the company including assumed conversion (RM'000)	66,246	61,424	473,165	122,542
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)	5.12	4.74	36.55	9.46

### BY ORDER OF THE BOARD

Abd Aziz Bin Abd Kadir (LS0001718)

Yeap Kok Leong (MAICSA0862549)

Company Secretaries

Kuala Lumpur