

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2010**

	INDIVIDUAL QUARTER ENDED		CUMULATIVE PERIOD ENDED	
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	<b>237,437</b>	<b>223,660</b>	<b>697,534</b>	<b>655,744</b>
<b>Operating profit</b>	<b>172,448</b>	<b>159,789</b>	<b>509,124</b>	<b>483,553</b>
Interest income	4,513	2,870	13,010	9,193
Fair value adjustment	-	-	342,559	-
Finance costs	(32,162)	(35,318)	(99,480)	(108,794)
Share of profit of associated company	2,667	2,613	7,813	7,583
<b>Profit before taxation</b>	<b>147,466</b>	<b>129,954</b>	<b>773,026</b>	<b>391,535</b>
Taxation	(38,460)	(33,175)	(111,865)	(100,788)
<b>Profit for the period</b>	<b>109,006</b>	<b>96,779</b>	<b>661,161</b>	<b>290,747</b>
<b>Total comprehensive income for the period</b>	<b>109,006</b>	<b>96,779</b>	<b>661,161</b>	<b>290,747</b>
Profit attributable to:				
Equity holders of the company	67,768	59,224	539,727	180,346
Minority interest	41,238	37,555	121,434	110,401
	<b>109,006</b>	<b>96,779</b>	<b>661,161</b>	<b>290,747</b>
Total comprehensive income attributable to:				
Equity holders of the company	67,768	59,224	539,727	180,346
Minority interest	41,238	37,555	121,434	110,401
	<b>109,006</b>	<b>96,779</b>	<b>661,161</b>	<b>290,747</b>
Earnings per share attributable to equity holders of the company (sen):				
Basic	7.26	6.34	57.78	19.31
Diluted	5.28	4.63	41.82	14.09

(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 31 DECEMBER 2010**

	31-Dec-10 RM'000 (unaudited)	31-Mar-10 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	615,722	1,020,677
Investment properties	10,675,669	9,625,000
Investment in associate	226,244	221,656
Deferred tax assets	10,026	17,313
	<u>11,527,661</u>	<u>10,884,646</u>
<b>Current assets</b>		
Inventories	1,038	845
Trade and other receivables	60,840	63,705
Cash and bank balances	551,279	600,882
	<u>613,157</u>	<u>665,432</u>
<b>TOTAL ASSETS</b>	<u>12,140,818</u>	<u>11,550,078</u>
<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	839,730	745,310
Capital reserve	2,719,426	2,376,867
	<u>5,749,209</u>	<u>5,312,230</u>
<b>Minority interests</b>	<u>3,213,713</u>	<u>3,161,744</u>
<b>Total Equity</b>	<u>8,962,922</u>	<u>8,473,974</u>
<b>Non-current liabilities</b>		
Redeemable convertible unsecured loan stocks (RCULS)	23,937	29,287
Other long term liabilities	54,206	52,049
Long term borrowings	1,824,493	1,753,532
Deferred taxation	818,379	821,403
	<u>2,721,015</u>	<u>2,656,271</u>
<b>Current liabilities</b>		
Trade and other payables	198,728	189,654
Short term borrowings	227,054	216,101
Taxation	31,099	14,078
	<u>456,881</u>	<u>419,833</u>
<b>Total Liabilities</b>	<u>3,177,896</u>	<u>3,076,104</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>12,140,818</u>	<u>11,550,078</u>
<b>Net assets (excl. RCULS) per share (RM)</b>	<b>5.42</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 NINE MONTH PERIOD ENDED 31 DECEMBER 2010**

	← Attributable to Equity Holders of the Company →						Minority Interests RM'000	Total Equity RM'000
	← Non-Distributable →			Redeemable Convertible Loan Stocks	← 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 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	-	-	-	-	180,346	-	110,401	290,747
Dividends paid	-	-	-	-	(98,078)	-	(56,276)	(154,354)
<b>As at 31 December 2009</b>	<b>934,074</b>	<b>562,324</b>	<b>5,665</b>	<b>687,990</b>	<b>692,219</b>	<b>1,962,721</b>	<b>2,801,611</b>	<b>7,646,604</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	-	-	-	-	539,727	-	121,434	661,161
Transfer	-	-	-	-	(342,559)	342,559	-	-
Dividends paid	-	-	-	-	(102,748)	-	(69,465)	(172,213)
<b>As at 31 December 2010</b>	<b>934,074</b>	<b>562,324</b>	<b>5,665</b>	<b>687,990</b>	<b>839,730</b>	<b>2,719,426</b>	<b>3,213,713</b>	<b>8,962,922</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)**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2010**

	CUMULATIVE PERIOD ENDED	
	31-Dec-10	31-Dec-09
	RM'000	RM'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	465,466	378,139
NET CASH USED IN INVESTING ACTIVITIES	(296,043)	(96,947)
NET CASH USED IN FINANCING ACTIVITIES	(223,087)	(360,222)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(53,664)	(79,030)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	600,882	574,080
CASH AND CASH EQUIVALENTS AT END OF PERIOD	547,218	495,050

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

CASH AND BANK BALANCES	16,270	27,938
DEPOSITS	535,009	469,816
	551,279	497,754
LESS: DEPOSITS RESTRICTED *	(4,061)	(2,704)
	547,218	495,050

*\* 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

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Notes on the quarterly report – 31 December 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 RM5.42 per share from RM5.05 per share as at 31 December 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 31 December 2010		Cumulative period ended 31 December 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	103,280	95,732	308,735	286,645
Property investment - Retail	74,949	60,954	221,539	180,827
Hotel operations	43,147	11,616	119,236	30,322
Provision of management services	18,123	7,225	54,829	19,429
	<u>239,499</u>	<u>175,527</u>	<u>704,339</u>	<u>517,223</u>
Eliminations / Adjustments	(2,062)	(3,079)	(6,805)	(8,099)
<b>Revenue / Operating profit</b>	<u>237,437</u>	172,448	<u>697,534</u>	509,124
Finance cost		(32,162)		(99,480)
Interest income		4,513		13,010
Fair value adjustment on investment properties		-		342,559
Share of profit of associated company		2,667		7,813
Taxation		(38,460)		(111,865)
<b>Profit for the period</b>		<u>109,006</u>		<u>661,161</u>
<b>Total comprehensive income for the period</b>		<u>109,006</u>		<u>661,161</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

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 was paid on 30 December 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 31 December 2010 is as follows:-

	RM'000
Approved and contracted for	261,725
Approved but not contracted for	83,887
	<u>345,612</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. Performance Review**

#### Review of the Group's results for the quarter ended 31 December 2010

The Group's revenue for the quarter ended 31 December 2010 was RM237.4 million. This reflected an increase of RM13.7 million or 6% compared to the revenue for the same quarter last year of RM223.7 million. The increase was mainly contributed by the higher revenue achieved from hotel operations and better rentals attained for the retail mall. The improved office rentals in particular for Dayabumi added to the improved revenue.

Efforts in managing costs have begun to show results where the profit before taxation in the current quarter of RM147.5 million has increased by RM17.5 million or 13% compared to RM130.0 million in the corresponding quarter last year on the back of improved operating profit. In addition to that, higher interest income and lower interest expense also contributed to the overall improvement in profit before tax.

#### Review of the Group's results for the period ended 31 December 2010

The Group's revenue for the financial period ended 31 December 2010 of RM697.5 million also reflected an increase of RM41.8 million or 6% compared to the revenue for the financial period ended 31 December 2009 of RM655.7 million. This was mainly contributed by better rentals achieved by the retail mall in addition to the improved revenue from hotel operations. This was further enhanced by the higher rental of office building, in particular Dayabumi (rental revisions) and improved revenue achieved by the management services segment.

The cost optimisation efforts undertaken by the Group has generated returns in terms of improvement in efficiency and productivity in operations. As a result, profit before taxation of RM773.0 million (inclusive of fair value adjustment) in the current period reflected an improvement of RM381.5 million or 97% compared to RM391.5 million for the period ended 31 December 2009. This is mainly due to 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 RM237.4 million improved by RM4.4 million over that of the preceding quarter of RM233.0 million. This increase was mainly attributed to improved revenue from hotel operations and the better rentals achieved by the retail mall.

Profit before taxation of RM147.5 million was higher by RM4.2 million as compared to the preceding quarter of RM143.2 million mainly due to better operating profit achieved this quarter.

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

The Group's earnings are underpinned by long term office tenancies and a strong and sustainable retail sector. In addition, management has introduced several measures to increase productivity, the benefits of which are reflected in the better results. The Directors are of the opinion that barring any unforeseen circumstances, the Group's performance will be satisfactory.

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## 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	
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
	RM'000	RM'000	RM'000	RM'000
Within Malaysia				
In respect of the				
current period:				
Taxation	36,585	38,487	107,601	99,097
Deferred taxation	<u>1,875</u>	<u>(5,312)</u>	<u>4,264</u>	<u>1,691</u>
	<u>38,460</u>	<u>33,175</u>	<u>111,865</u>	<u>100,788</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>199,054</u>	227,054
<b>Long term :</b>		
<u>Secured</u>		
Term loan	1,224,493	
Private debt securities	<u>600,000</u>	<u>1,824,493</u>
		<u>2,051,547</u>

# KLCC PROPERTY HOLDINGS BERHAD

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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.

## B13. Realised and Unrealised Profit

The breakdown of the retained profits of the Group as at 31 December 2010 into realised profits is as follows:

	31-Dec-10	30-Sep-10
Total retained profits of KLCCP Group and its subsidiaries:		
	<b>RM'000</b>	<b>RM'000</b>
- Realised	2,400,959	2,365,830
- Unrealised	-	-
	<u>2,400,959</u>	<u>2,365,830</u>
Total share of retained profit from associate:		
- Realised	67,604	64,937
- Unrealised	-	-
	<u>67,604</u>	<u>64,937</u>
Total Group retained profits	<u>2,468,563</u>	<u>2,430,767</u>
Less:		
Consolidation adjustments	(1,628,833)	(1,612,101)
Total Group retained profits as per consolidated accounts	<u>839,730</u>	<u>818,666</u>

# KLCC PROPERTY HOLDINGS BERHAD

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## B14. Earnings per share (“EPS”)

	Individual quarter ended		Cumulative period ended	
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09
<b>(i) Basic earnings per share</b>				
Total comprehensive income attributable to ordinary equity holders of the company (RM'000)	67,768	59,224	539,727	180,346
Weighted average number of ordinary shares in issue ('000)	934,074	934,074	934,074	934,074
Basic earnings per share (sen)	7.26	6.34	57.78	19.31
<b>(ii) Diluted earnings per share</b>				
Total comprehensive income attributable to ordinary equity holders of the company (RM'000)	67,768	59,224	539,727	180,346
Interest on RCULS (RM'000)	566	677	1,772	2,097
Total comprehensive income attributable to ordinary equity holders of the company including assumed conversion (RM'000)	68,334	59,901	541,499	182,443
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)	5.28	4.63	41.82	14.09

### BY ORDER OF THE BOARD

Abd Aziz Bin Abd Kadir (LS0001718)

Yeap Kok Leong (MAICSA0862549)

Company Secretaries

Kuala Lumpur