

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

**AUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011**

	INDIVIDUAL QUARTER ENDED		YEAR ENDED	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
	RM'000	RM'000	RM'000	RM'000
Revenue	228,843	225,593	926,377	881,337
Operating profit	165,823	163,342	674,947	646,895
Fair value adjustment	204,812	758,000	547,371	758,000
Interest income	4,186	2,797	17,196	11,990
Finance costs	(29,631)	(33,047)	(129,111)	(141,841)
Share of profit of associated company	2,644	8,849	10,458	16,432
Profit before taxation	347,834	899,941	1,120,861	1,291,476
Taxation	(89,638)	(72,571)	(201,503)	(173,359)
Profit for the year, representing total comprehensive income	258,196	827,370	919,358	1,118,117
Profit attributable to:				
Equity holders of the company	166,354	467,237	706,081	647,583
Minority interest	91,842	360,133	213,277	470,534
	258,196	827,370	919,358	1,118,117
Earnings per share attributable to equity holders of the company (sen):				
Basic	17.81	50.02	75.59	69.33
Diluted	12.89	36.14	54.72	50.23

(The 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)

AUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 MARCH 2011**

	31-Mar-11 RM'000	31-Mar-10 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	611,460	1,020,677
Investment properties	10,975,082	9,625,000
Investment in associate	225,986	221,656
Deferred tax assets	7,762	17,313
	<u>11,820,290</u>	<u>10,884,646</u>
Current assets		
Inventories	1,390	845
Trade and other receivables	56,070	63,705
Cash and cash equivalents	674,947	600,882
	<u>732,407</u>	<u>665,432</u>
TOTAL ASSETS	<u>12,552,697</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	903,474	745,309
Capital reserve	2,822,036	2,376,868
	<u>5,915,563</u>	<u>5,312,230</u>
Minority interests	<u>3,305,555</u>	<u>3,161,744</u>
Total Equity	<u>9,221,118</u>	<u>8,473,974</u>
Non-current liabilities		
Redeemable convertible unsecured loan stocks (RCULS)	24,503	29,287
Other long term liabilities	54,912	52,049
Long term borrowings	1,908,493	1,753,532
Deferred taxation	868,623	821,403
	<u>2,856,531</u>	<u>2,656,271</u>
Current liabilities		
Trade and other payables	214,711	189,654
Short term borrowings	227,039	216,101
Taxation	33,298	14,078
	<u>475,048</u>	<u>419,833</u>
Total Liabilities	<u>3,331,579</u>	<u>3,076,104</u>
TOTAL EQUITY AND LIABILITIES	<u>12,552,697</u>	<u>11,550,078</u>
Net assets (excl. RCULS) per share (RM)	5.60	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)

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

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**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2011**

	← Attributable to Equity Holders of the Company →						Minority Interests RM'000	Total Equity RM'000
	← Non-Distributable →			Redeemable Convertible Loan Stocks RM'000	← Distributable →			
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve 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
Profit for the period	-	-	-	-	647,583	-	470,534	1,118,117
Transfer	-	-	-	-	(414,147)	414,147	-	-
Dividends paid	-	-	-	-	(98,078)	-	(56,276)	(154,354)
As at 31 March 2010	934,074	562,324	5,665	687,990	745,309	2,376,868	3,161,744	8,473,974
As at 1 April 2010	934,074	562,324	5,665	687,990	745,309	2,376,868	3,161,744	8,473,974
Profit for the period	-	-	-	-	706,081	-	213,277	919,358
Transfer	-	-	-	-	(445,168)	445,168	-	-
Dividends paid	-	-	-	-	(102,748)	-	(69,466)	(172,214)
As at 31 March 2011	934,074	562,324	5,665	687,990	903,474	2,822,036	3,305,555	9,221,118

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

(The audited 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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**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2011**

	YEAR ENDED	
	31-Mar-11	31-Mar-10
	RM'000	RM'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	620,821	578,246
NET CASH USED IN INVESTING ACTIVITIES	(393,229)	(155,140)
NET CASH USED IN FINANCING ACTIVITIES	(153,835)	(398,679)
NET INCREASE IN CASH AND CASH EQUIVALENTS	73,757	24,427
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	598,507	574,080
CASH AND CASH EQUIVALENTS AT END OF PERIOD	672,264	598,507

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

CASH AND BANK BALANCES	4,821	5,565
DEPOSITS	670,126	595,317
	674,947	600,882
LESS: DEPOSITS RESTRICTED *	(2,683)	(2,375)
	672,264	598,507

* 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 audited 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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Notes on the quarterly report – 31 March 2011

A. EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of preparation

The interim financial statements are audited 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, 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 valuation performed by independent professional valuers. 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 of the freehold land 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 1 April 2010:	
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.

The increases in retained profits of RM342.56 million have 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		Year ended	
	31 March 2011		31 March 2011	
	<u>Revenue</u>	<u>Profit for the</u>	<u>Revenue</u>	<u>Profit for the</u>
	RM'000	period	RM'000	period
		RM'000		RM'000
Property investment - Office	102,267	93,619	411,002	380,264
Property investment - Retail	73,189	59,391	294,728	240,218
Hotel operations	37,838	8,659	157,074	38,981
Provision of management services	17,831	6,804	72,660	26,233
	231,125	168,473	935,464	685,696
Eliminations / Adjustments	(2,282)	(2,650)	(9,087)	(10,749)
Revenue /				
Operating profit	228,843	165,823	926,377	674,947
Finance cost		(29,631)		(129,111)
Interest income		4,186		17,196
Fair value adjustment on investment properties		204,812		547,371
Share of profit of associated company		2,644		10,458
Taxation		(89,638)		(201,503)
Profit for the period, representing total comprehensive income		258,196		919,358

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 31 March 2011 is as follows:-

	RM'000
Approved and contracted for	159,027
Approved but not contracted for	148,421
	<u>307,448</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 March 2011

The Group's revenue for the quarter ended 31 March 2011 was RM228.8 million. This reflected an increase of RM3.2 million or 1% compared to the revenue for the same quarter last year of RM225.6 million. The increase was mainly contributed by the higher revenue achieved from hotel operations and better rentals attained for the retail mall.

The profit before taxation in the current quarter of RM347.8 million decreased by RM552.1 million or 61% compared to RM899.9 million in the corresponding quarter last year mainly due to lower fair value adjustment. However, carving out all the fair value adjustments including the fair valuation gain in the associate, the profit before tax this quarter was RM7.2 million higher than the same quarter last year mainly from improved revenue, higher interest income and lower financing costs.

Review of the Group's results for the year ended 31 March 2011

The Group's revenue for the financial year ended 31 March 2011 of RM926.4 million also reflected an increase of RM45.1 million or 5% compared to the revenue for the financial year ended 31 March 2010 of RM881.3 million. This was mainly contributed by the improved revenue from hotel operations in addition to the better rentals attained by the retail mall. This was further amplified by the higher rentals of office building, in particular Dayabumi (rental revisions) and improved revenue achieved by the management services segment.

The profit before taxation of RM1,120.9 million (inclusive of fair value adjustment) in the current year reflected a reduction of RM170.6 million or 13% compared to the RM1,291.5 million for the year ended 31 March 2010. This is mainly due to the lower fair value adjustment by RM216.8 million (including associate) in this financial year. Excluding the fair valuation adjustments, the Group achieved an increase in profit before taxation of RM46.2 million or 9% arising from improved operating profits, higher interest income and lower finance cost borne during the year.

B2. Variation of results against preceding quarter

The Group's revenue for the quarter of RM228.8 million decreased by RM8.6 million over that of the preceding quarter of RM237.4 million mainly attributable to lower revenue from hotel operations. The upgrading works currently being undertaken at the retail mall also contributed to the decrease in revenue.

Profit before taxation of RM347.8 million was higher by RM200.3 million as compared to the preceding quarter of RM147.5 million mainly due to fair value adjustment this quarter.

B3. Prospects for financial year (2011)

The Group has adopted 31 December as its new financial year end with effect from 1 April 2011. The shorter 9 month period (to 31 December 2011) will, however, include the results of Lot C retail – an expansion of Suria KLCC. With the anticipated additional revenue from the retail segment, and the existing long term office tenancies, the Directors are of the view that the performance of the Group for the period ahead will remain 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		Year ended	
	31-Mar-11 RM'000	31-Mar-10 RM'000	31-Mar-11 RM'000	31-Mar-10 RM'000
Within Malaysia In respect of the current period:				
Taxation	37,131	34,142	144,732	133,239
Deferred taxation	<u>52,507</u>	<u>38,429</u>	<u>56,771</u>	<u>40,120</u>
	<u>89,638</u>	<u>72,571</u>	<u>201,503</u>	<u>173,359</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>199,039</u>	227,039
Long term :		
<u>Secured</u>		
Term loan	1,308,493	
Private debt securities	<u>600,000</u>	<u>1,908,493</u>
		<u>2,135,532</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

The Directors propose a final dividend of 7.0 sen per share, tax exempt under the single tier tax system amounting to RM65.39 million to shareholders at the next Annual General Meeting, payable on a date to be announced later.

B13. Realised and Unrealised Profit

The breakdown of the retained profits of the Group as at 31 March 2011 into realised and unrealised profits is as follows:

	31-Mar-11	31-Mar-10
Total retained profits of KLCCP Group and its subsidiaries:		
	RM'000	RM'000
- Realised	2,424,461	2,212,036
- Unrealised	28,160	35,437
	<u>2,452,621</u>	<u>2,247,473</u>
Total share of retained profits from associate:		
- Realised	67,346	63,016
- Unrealised	-	-
	<u>67,346</u>	<u>63,016</u>
Total Group retained profits	<u>2,519,967</u>	<u>2,310,489</u>
Less:		
Consolidation adjustments	(1,616,493)	(1,565,180)
Total Group retained profits as per consolidated accounts	<u>903,474</u>	<u>745,309</u>

The fair value gain on the remeasurement of investment properties is regarded as an unrealised gain and has been charged under capital reserve in the financial statements.

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B14. Earnings per share (“EPS”)

	Individual quarter ended		Year ended	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
(i) Basic earnings per share				
Profit attributable to ordinary equity holders of the company (RM'000)	166,354	467,237	706,081	647,583
Weighted average number of ordinary shares in issue ('000)	934,074	934,074	934,074	934,074
Basic earnings per share (sen)	<u>17.81</u>	<u>50.02</u>	<u>75.59</u>	<u>69.33</u>
(ii) Diluted earnings per share				
Profit attributable to ordinary equity holders of the company (RM'000)	166,354	467,237	706,081	647,583
Interest on RCULS (RM'000)	<u>566</u>	<u>677</u>	<u>2,338</u>	<u>2,774</u>
Profit attributable to ordinary equity holders of the company including assumed conversion (RM'000)	166,920	467,914	708,419	650,357
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>12.89</u>	<u>36.14</u>	<u>54.72</u>	<u>50.23</u>

BY ORDER OF THE BOARD

Abd Aziz Bin Abd Kadir (LS0001718)

Yeap Kok Leong (MAICSA0862549)

Company Secretaries

Kuala Lumpur