

KLCC PROPERTY HOLDINGS BERHAD (641576-U)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2011**

	INDIVIDUAL QUARTER ENDED		CUMULATIVE PERIOD ENDED	
	30-Sep-11	30-Sep-10	30-Sep-11	30-Sep-10
	RM'000	RM'000	RM'000	RM'000
Revenue	244,825	233,053	485,120	460,097
Operating profit	174,029	169,846	344,613	336,676
Fair value adjustment	-	-	-	342,559
Interest income	5,804	4,721	10,792	8,497
Finance costs	(30,128)	(33,942)	(59,925)	(67,318)
Share of profit of associated company	2,668	2,603	5,300	5,146
Profit before taxation	152,373	143,228	300,780	625,560
Taxation	(38,785)	(37,193)	(76,841)	(73,405)
Profit for the year, representing total comprehensive income	113,588	106,035	223,939	552,155
Profit attributable to:				
Equity holders of the company	70,996	65,680	138,890	471,959
Minority interest	42,592	40,355	85,049	80,196
	113,588	106,035	223,939	552,155
Earnings per share attributable to equity holders of the company (sen):				
Basic	7.60	7.03	14.87	50.53
Diluted	5.52	5.12	10.80	36.55

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2011 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 2011**

	30-Sep-11 RM'000 (unaudited)	31-Mar-11 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	617,729	611,460
Investment properties	11,166,055	10,975,082
Investment in associate	231,287	225,986
Deferred tax assets	3,380	7,762
	<u>12,018,451</u>	<u>11,820,290</u>
Current assets		
Inventories	1,512	1,390
Trade and other receivables	61,598	56,070
Cash and bank balances	769,879	674,947
	<u>832,989</u>	<u>732,407</u>
TOTAL ASSETS	<u>12,851,440</u>	<u>12,552,697</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	976,979	903,474
Capital reserve	2,822,036	2,822,036
	<u>5,989,068</u>	<u>5,915,563</u>
Minority interests	<u>3,390,604</u>	<u>3,305,555</u>
Total Equity	<u>9,379,672</u>	<u>9,221,118</u>
Non-current liabilities		
Redeemable convertible unsecured loan stocks (RCULS)	18,331	24,503
Other long term liabilities	56,419	54,912
Long term borrowings	2,053,493	1,908,493
Deferred taxation	866,320	868,623
	<u>2,994,563</u>	<u>2,856,531</u>
Current liabilities		
Trade and other payables	198,540	214,711
Short term borrowings	227,008	227,039
Taxation	51,657	33,298
	<u>477,205</u>	<u>475,048</u>
Total Liabilities	<u>3,471,768</u>	<u>3,331,579</u>
TOTAL EQUITY AND LIABILITIES	<u>12,851,440</u>	<u>12,552,697</u>
Net assets (excl. RCULS) per share (RM)	5.68	5.60

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2011 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 CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 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	Unsecured Loan Stocks RM'000	Retained Profits RM'000	Capital Reserve © RM'000			
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	-	-	-	-	471,959	-	80,196	552,155	
Transfer	-	-	-	-	(342,559)	342,559	-	-	
Dividends paid	-	-	-	-	(56,044)	-	(54,666)	(110,710)	
As at 30 September 2010	934,074	562,324	5,665	687,990	818,666	2,719,426	3,187,274	8,915,419	
As at 1 April 2011	934,074	562,324	5,665	687,990	903,474	2,822,036	3,305,555	9,221,118	
Total comprehensive income for the period	-	-	-	-	138,890	-	85,049	223,939	
Dividends paid	-	-	-	-	(65,385)	-	-	(65,385)	
As at 30 September 2011	934,074	562,324	5,665	687,990	976,979	2,822,036	3,390,604	9,379,672	

© 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 2011 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 FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 SEPTEMBER 2011**

	CUMULATIVE PERIOD ENDED	
	30-Sep-11	30-Sep-10
	RM'000	RM'000
NET CASH GENERATED FROM OPERATING ACTIVITIES	273,125	272,824
NET CASH USED IN INVESTING ACTIVITIES	(190,528)	(190,152)
NET CASH GENERATED FROM FINANCING ACTIVITIES	13,093	(15,428)
NET INCREASE IN CASH AND CASH EQUIVALENTS	95,690	67,244
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	672,264	600,882
CASH AND CASH EQUIVALENTS AT END OF PERIOD	767,954	668,126

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

CASH AND BANK BALANCES	16,246	12,055
DEPOSITS	753,633	663,043
	769,879	675,098
LESS: DEPOSITS RESTRICTED *	(1,925)	(6,972)
	767,954	668,126

** 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 flows should be read in conjunction with the audited financial statements for the year ended 31 March 2011 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 of the Group as at 31 March 2011. 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 2011.

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 2011 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 2011 except for the following:

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

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Agreements
IC Interpretation 16	Hedge of a Net investment in a Foreign Operation
IC Interpretation 17	Distribution of Non-cash Assets to Owner
Amendment to IC 9	Reassessment of Embedded Derivatives

Effective for annual periods beginning on or after 1 January 2011:

Amendments to FRS 1	First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards [Improvements to FRSs (2010)]
Amendment to FRS 3	Business Combinations [Improvements to FRSs (2010)]
Amendments to FRS 7	Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments

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Effective for annual periods beginning on or after 1 January 2011 (Contd.):

Amendments to FRS 7	Financial Instruments: Disclosures - [Improvements to FRSs (2010)]
Amendments to FRS 101	Presentation of Financial Statements [Improvements to FRSs (2010)]
Amendment to FRS 121	The Effect of changes in Foreign Exchange Rates [Improvement to FRSs (2010)]
Amendment to FRS 128	Investments in Associates [Improvements to FRSs (2010)]
Amendment to FRS 132	Financial Instruments: Presentation - [Improvements to FRSs (2010)]
Amendment to FRS 134	Interim Financial Reporting [Improvements to FRSs (2010)]
Amendment to FRS 139	Financial Instruments: Recognition and Measurement - [Improvements to FRSs (2010)]
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 18	Transfers of Assets from Customer
Amendment to IC Interpretation 13	Customer Loyalty Programmes [Improvements to FRSs (2010)]

The adoption of the above FRSs did not have any significant financial impact to the Group.

A3. Audit report

The auditors' report on the financial statements for the year ended 31 March 2011 was not qualified.

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A4. Segmental information

<u>Business segments</u>	3 months ended 30 September 2011		Cumulative period ended 30 September 2011	
	<u>Revenue</u>	<u>Total comprehensive income</u>	<u>Revenue</u>	<u>Total comprehensive income</u>
	RM'000	RM'000	RM'000	RM'000
Property investment - Office	103,786	95,885	207,499	192,148
Property investment - Retail	80,228	64,362	157,180	127,582
Hotel operations	40,313	10,124	78,879	18,825
Provision of management services	23,247	5,796	48,112	11,427
	<u>247,574</u>	<u>176,167</u>	<u>491,670</u>	<u>349,982</u>
Eliminations / Adjustments	(2,749)	(2,138)	(6,550)	(5,369)
Revenue / Operating profit	<u>244,825</u>	174,029	<u>485,120</u>	344,613
Finance cost		(30,128)		(59,925)
Interest income		5,804		10,792
Share of profit of associated company		2,668		5,300
Taxation		(38,785)		(76,841)
Profit for the period / Total comprehensive income for the period		<u>113,588</u>		<u>223,939</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 2011 of 7.0 sen per share, tax exempt under the single tier tax system on 934,074,279 ordinary shares, amounting to RM65.39 million was paid on 19 August 2011.

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 2011 is as follows:-

	RM'000
Approved and contracted for	18,153
Approved but not contracted for	133,644
	<u>151,797</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

On 5 October 2011, Midciti Resources Sdn Bhd (Midciti), a 50.5% owned subsidiary of KLCC Property Holdings Berhad completed the issuance of RM880.0 million in nominal value of Islamic Medium Term Notes (Sukuk), pursuant to the Sukuk Programme. The Sukuk Programme is rated AAA_S by Malaysian Rating Corporation Berhad.

The proceeds of the issue were utilised to purchase (and cancel) existing bonds, comprising the Secured Bai Al-Dayn Bonds with an outstanding amount of RM199.0 million which was due to mature in November 2011 and 13-year Bond with an outstanding amount of RM600.0 million due to mature in November 2012, from Petroliam Nasional Berhad prior to their respective maturity dates.

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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 2011

RM'000	30 September 2011	30 September 2010	Variance
Profit Before Taxation	152,373	143,228	9,145
Fair Value Adjustment	-	-	-
PBT (as per Announcement)	<u>152,373</u>	<u>143,228</u>	<u>9,145</u>

The profit before taxation of RM152.3 million for the current quarter ended 30 September 2011 reflected an improvement of 6% compared to the corresponding quarter last year. This was attributable to higher revenue, better yields from placements of fixed deposits and lower finance cost.

Revenue improved in the current quarter by RM11.8 million or 5% contributed mainly by the retail space of Menara 3 PETRONAS, rental revisions and new leases in Suria KLCC and better performance from the car park management business.

Review of the Group's results for the period ended 30 September 2011

RM'000	30 September 2011	30 September 2010	Variance
Profit Before Taxation	300,780	283,001	17,779
Fair Value Adjustment	-	342,559	(342,559)
PBT (as per Announcement)	<u>300,780</u>	<u>625,560</u>	<u>(324,780)</u>

The profit before taxation of RM300.8 million for the current financial period ended 30 September 2011 reflected an improvement of 6% compared to the same period last year. This was achieved primarily on the back of improved revenue, lower finance cost and better returns from fixed deposit placements.

Revenue for the current financial period grew by RM25.0 million or 5% primarily from the first time contribution from the retail space of Menara 3 PETRONAS, rental revisions and new leases in Suria KLCC and improved performance of the hotel.

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B2. Variation of results against preceding quarter

RM'000	30 September 2011	30 June 2011	Variance
Profit Before Taxation	152,373	148,407	3,966
Fair Value Adjustment	-	-	-
PBT (as per Announcement)	<u>152,373</u>	<u>148,407</u>	<u>3,966</u>

Profit before taxation of RM152.4 million achieved in this quarter was RM4.0 million or 3% higher than the preceding quarter mainly due to better revenue.

The Group's revenue for the quarter of RM244.8 million increased by RM4.5 million over that of the preceding quarter attributable mainly to higher contribution arising from the increase in occupancy of the retail space of Menara 3 PETRONAS.

B3. Prospects for financial period 2011

The Group has adopted 31 December as its new financial year end with effect from 1 April 2011. The Directors are of the opinion that the prospects to 31 December 2011 will be satisfactory with the existing long term tenancies, and contribution from the retail space of Menara 3 PETRONAS.

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-11	30-Sep-10	30-Sep-11	30-Sep-10
	RM'000	RM'000	RM'000	RM'000
Within Malaysia				
In respect of the current period:				
Taxation	38,131	35,802	74,760	71,016
Deferred taxation	<u>654</u>	<u>1,391</u>	<u>2,081</u>	<u>2,389</u>
	<u>38,785</u>	<u>37,193</u>	<u>76,841</u>	<u>73,405</u>

B6. Sale of unquoted investments and/or properties

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

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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>199,008</u>	227,008
Long term :		
<u>Secured</u>		
Term loan	1,453,493	
Private debt securities	<u>600,000</u>	<u>2,053,493</u>
		<u><u>2,280,501</u></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

An interim dividend in respect of the six month period ended 30 September 2011, of 5.0 sen per share, tax exempt under the single tier tax system on 934,074,279 amounting to RM46.7 million is payable on 20 December 2011.

B13. Realised and Unrealised Profit

The breakdown of the retained profits of the Group as at 30 September 2011 into realised and unrealised profits is as follows:

Total retained profits of KLCCP Group and its subsidiaries:

	30-Sep-11	30-Sep-10
	RM'000	RM'000
- Realised	2,589,287	2,334,578
- Unrealised	24,281	31,252
	<u>2,613,568</u>	<u>2,365,830</u>
 Total share of retained profits from associate:		
- Realised	72,647	64,937
- Unrealised	-	-
	<u>72,647</u>	<u>64,937</u>
Total Group retained profits	<u>2,686,215</u>	<u>2,430,767</u>
Less: Consolidation adjustments	(1,709,236)	(1,612,101)
Total Group retained profits as per consolidated accounts	<u>976,979</u>	<u>818,666</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		Cumulative period ended	
	30-Sep-11	30-Sep-10	30-Sep-11	30-Sep-10
(i) Basic earnings per share				
Total comprehensive income attributable to ordinary equity holders of the company (RM'000)	70,996	65,680	138,890	471,959
Weighted average number of ordinary shares in issue ('000)	934,074	934,074	934,074	934,074
Basic earnings per share (sen)	7.60	7.03	14.87	50.53
(ii) Diluted earnings per share				
Total comprehensive income attributable to ordinary equity holders of the company (RM'000)	70,996	65,680	138,890	471,959
Interest on RCULS (RM'000)	443	566	969	1,206
Total comprehensive income attributable to ordinary equity holders of the company including assumed conversion (RM'000)	71,439	66,246	139,859	473,165
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)	5.52	5.12	10.80	36.55

BY ORDER OF THE BOARD

Abd Aziz Bin Abd Kadir (LS0001718)

Yeap Kok Leong (MAICSA0862549)

Company Secretaries

Kuala Lumpur