

KrisAssets Holdings Berhad (24123-H)
(formerly known as *Kris Components Bhd*)
(Incorporated in Malaysia)

Interim Report
for the financial year ended 31 December 2005

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Notes:

M1 to M12 are explanatory notes in accordance with MASB Standard 26.

K1 to K13 are explanatory notes in accordance with paragraph 9.22 of the Listing Requirements of Bursa Securities Malaysia Berhad.

Condensed Consolidated Income Statements
(The figures have not been audited)

	3 Months Current Year Quarter 31.12.2005 RM' 000	3 Months Preceding Year Quarter 31.12.2004 RM' 000	12 Months Current Year To Date 31.12.2005 RM' 000	6 Months Preceding Year To Date 31.12.2004 RM' 000
Revenue	45,547	40,097	171,244	53,585
Other operating income	1,626	1,570	5,392	1,570
Operating expenses	<u>(24,712)</u>	<u>(17,297)</u>	<u>(68,644)</u>	<u>(20,904)</u>
Profit from operations	22,461	24,370	107,992	34,251
Interest income	1,441	955	4,194	976
Finance costs	(9,624)	(9,691)	(37,615)	(15,651)
Exceptional item	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit from ordinary activities before tax	14,278	15,634	74,571	19,576
Tax	<u>(3,389)</u>	<u>(4,193)</u>	<u>(21,625)</u>	<u>(6,013)</u>
Profit from ordinary activities after tax	10,889	11,441	52,946	13,563
Minority interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net profit for the period	<u>10,889</u>	<u>11,441</u>	<u>52,946</u>	<u>13,563</u>
Earnings per ordinary share (sen)				
- basic	3.30	3.46	16.02	5.26
- diluted	3.30	3.46	16.02	5.26
Dividends per ordinary share (sen)	-	-	13.00	-

Due to change of financial year-end from 30 June to 31 December, the **current** year-to-date consists of 12 months financial results ended 31 December 2005 whilst the **preceding** year-to-date consists of 6 months financial results ended 31 December 2004.

Condensed Consolidated Balance Sheets

(The figures have not been audited)

	31.12.2005	31.12.2004
	RM '000	RM '000
Capital and reserves		
Share capital	330,502	330,502
Share premium	376,711	376,711
Capital reserves on consolidation	19,165	19,165
Treasury shares	(220)	(220)
Capital redemption reserve	200	-
Retained earnings	67,750	110,902
Current year profit	<u>52,946</u>	<u>-</u>
Shareholders' equity	847,054	837,060
Non current liabilities		
Redeemable preference shares (RPS)	93,000	293,000
Redeemable secured bonds	400,000	400,000
Bank guaranteed bonds	193,759	-
Deferred taxation	<u>86,861</u>	<u>73,598</u>
	<u>1,620,674</u>	<u>1,603,658</u>
Represented by:		
Non current assets		
Property, plant and equipment	4,053	3,613
Investment properties	1,480,000	1,480,000
Current assets		
Inventories	14	15
Amount owing by related companies	4,557	4,581
Trade and other receivables	5,300	2,172
Deposits with licensed banks	187,997	133,999
Cash and bank balances	<u>11,789</u>	<u>30,019</u>
	209,657	170,786
Less current liabilities		
Trade and other payables	67,390	50,382
Taxation	4,916	323
Amount owing to holding company	<u>730</u>	<u>36</u>
	<u>73,036</u>	<u>50,741</u>
Net current assets	<u>136,621</u>	<u>120,045</u>
	<u>1,620,674</u>	<u>1,603,658</u>
Net assets per share (RM)	2.56	2.53

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Condensed Consolidated Statement of Changes in Equity
 (The figures have not been audited)

	Issued and fully paid ordinary shares of RM1.00 each		—Treasury shares—		—Non-distributable—			Distributable	
	Number of shares '000	Nominal value RM '000	Number of shares '000	Nominal value RM '000	Share premium RM '000	Capital redemption reserves RM '000	Reserves on consolidation RM '000	Retained earnings RM '000	Total RM '000
As at 1 January 2005									
As previously reported	330,502	330,502	(100)	(220)	376,711	-	19,165	110,902	837,060
Partial redemption of RPS	-	-	-	-	-	200	-	(200)	-
Net profit	-	-	-	-	-	-	-	52,946	52,946
Interim dividend paid	-	-	-	-	-	-	-	(42,952)	(42,952)
As at 31 December 2005	330,502	330,502	(100)	(220)	376,711	200	19,165	120,696	847,054

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Condensed Consolidated Statement of Changes in Equity

(The figures have been audited)

	Issued and fully paid ordinary shares of RM1.00 each		-----Treasury shares-----	-----Non-distributable-----			Distributable		
	Number of shares '000	Nominal value RM '000	Number of shares RM'000	Nominal value RM' 000	Share Premium RM' 000	Capital reserves RM' 000	Reserves on consolidation RM' 000	Retained earnings RM '000	Total RM '000
As at 1 July 2004									
As previously reported	78,502	78,502	(100)	(220)	3,279	800	-	96,153	178,514
Change of accounting policy	-	-	-	-	-	-	386	-	386
Net profit	-	-	-	-	-	-	-	13,563	13,563
Issue of shares:	252,000	252,000	-	-	378,000				630,000
Expenses attributable to									-
issuance of shares	-	-	-	-	(4,568)	-	-	-	(4,568)
Negative goodwill	-	-	-	-	-	-	19,165	-	19,165
Transfer to retained earning									-
upon completion of business disposal	-	-	-	-	-	(800)	(386)	1,186	-
As at 31 December 2004	330,502	330,502	(100)	(220)	376,711	-	19,165	110,902	837,060

Note:

Due to change of financial year-end from 30 June to 31 December, the current period covers condensed consolidated statement of changes in equity of 12 months ended 31 December 2005 whilst the preceding period covers condensed consolidated statement of changes in equity of 6 months ended 31 December 2004.

Condensed Consolidated Cash Flow Statements
(The figures have not been audited)

	12 months ended 31.12.2005 RM '000	6 months ended 31.12.2004 RM '000
Operating activities		
Profit before tax	74,571	19,576
Adjustment for non-cashflow items		
Non-cash items	1,185	286
Non-operating items (which are investing or financing)	33,421	14,675
Operating profit before changes in working capital	109,177	34,537
Net change in current assets	(2,410)	3,623
Net change in current liabilities	9,823	15,472
Cash flow from operations	116,590	53,632
Interest and finance cost paid	(24,793)	(23,368)
Income taxes paid	(9,374)	(60)
Net cash generated from operating activities	82,423	30,204
Investing activities		
Purchase of property, plant & equipment	(1,678)	(279)
Property, plant & equipment-disposal	53	-
Proceed from disposal of assets and liabilities	-	85,180
Cash payment for acquisition of subsidiary	-	(87,723)
Interest received	4,194	812
Net cash generated from/ used in investing activities	2,569	(2,010)
Financing activities		
Dividend paid	(42,952)	-
Advance from holding company	-	41,322
Advance from related company	-	500
Repayment to holding company	-	(190,834)
Payment for redemption of preference share	(200,000)	-
Issuance of redeemable secured bonds	193,728	400,000
Expenses on corporate exercise	-	(5,848)
Repayment of bank borrowings	-	(200,000)
Net cash used in / generated from financing activities	(49,224)	45,140
Net increase in cash and cash equivalents	35,768	73,334
Cash and cash equivalents at beginning of period	<u>164,018</u>	<u>90,684</u>
Cash and cash equivalents at end of period	<u>199,786</u>	<u>164,018</u>

Due to change of financial year-end from 30 June to 31 December, the current period covers condensed consolidated cashflow statement for 12 months ended 31 December 2005 whilst the preceding period covers condensed consolidated cashflow statement for 6 months ended 31 December 2004.

**Explanatory notes to the Interim Financial Statements
for the three (3) months ended 31 December 2005**

M1 Basis of preparation

This Interim Report is prepared in accordance with MASB Standard 26 "Interim Financial Reporting" and paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the six-month ended 31 December 2004. The accounting policies and presentation adopted for this Interim Report are consistent with those adopted for the audited financial statements in relation to six-month ended 31 December 2004.

M2 Qualification

The Group's annual financial statements for the financial year ended 31 December 2004 was not subject to any audit qualification.

M3 Seasonality or cyclical

The Group's operations were not materially affected by significant seasonal or cyclical factors.

M4 Significant unusual items

There were no significant unusual items that affect the assets, liabilities, equity, net income or cash flows.

M5 Material changes in estimates

There were no material changes in nature and estimates of amounts reported in prior financial years that have a material effect in the fourth quarter ended 31 December 2005.

M6 Debt and equity securities

Save as disclosed below, there were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations and resale of treasury shares for the fourth quarter ended 31 December 2005.

The Bonds have been issued on 23 December 2005 and the resultant proceeds were utilised to partially redeem 2,000,000 out of 2,930,000 5-year redeemable preference shares of RM0.10 each ("RPS") at RM100.00 per RPS on 30 December 2005. The coupon rate-to-call of the Bonds is 3.40% per annum up to the 5th year from issuance and coupon rate of the 6th & 7th years is 5.65% per annum, if the option for 2-year extension is exercised at the 5th year. The preference dividend rate of RPS is 5% per annum based on the issue price of RM100.00 per RPS.

M7 Dividends paid

Save for 5% tax-exempt interim dividend per share for the financial year ended 31 December 2005 which was paid on 30 May 2005, there were no dividends paid during the fourth quarter ended 31 December 2005.

M8 Segment Reporting

The segmental financial information by business or geographical segments is not presented as the Group is the owner and operator of Mid Valley Megamall which entire business is conducted in Malaysia.

M9 Valuations

There is no valuation of property, plant and equipment for the fourth quarter ended 31 December 2005.

M10 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period up to the date of this Interim Report.

M11 Changes in the composition of the Group

There were no changes in the composition of the Group as at 31 December 2005.

M12 Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets for the fourth quarter ended 31 December 2005.

K1 Review of Performance

For the financial year ended 31 December 2005, the Group revenue was RM171.244 million from the rent and rent related income at Mid Valley Megamall as compared with the corresponding period of RM53.585 million in 2004.

The Group recorded a pre-tax profit for the financial year ended 31 December 2005 of RM74.571 million compared with pre-tax profit of RM19.576 million in the corresponding period in 2004.

Due to change of financial year-end from 30 June to 31 December, the current year-to-date consists of 12 months financial results ended 31 December 2005 whilst the preceding year-to-date consists of 6 months financial results ended 31 December 2004 of which Mid Valley City Sdn Bhd contributed approximately four (4) months of revenue to the Group.

K2 Material changes in the Quarterly Results compared with the Preceding Quarter

For the fourth quarter ended 31 December 2005, Group revenue was RM45.547 million when compared with the previous quarter ended 30 September 2005 of RM42.273 million.

The Group recorded a pre-tax profit for the fourth quarter ended 31 December 2005 of RM14.278 million compared with pre-tax profit of RM20.383 million in the previous quarter ended 30 September 2005. This is mainly due to higher repair and maintenance cost and one-off professional fees for bank guaranteed bonds during the last quarter.

K3 Prospects for 2006

Barring unforeseen circumstances, the Group's financial performance for the current financial year ending 31 December 2006 should be satisfactory.

K4 Profit forecast/profit guarantee

The Group did not issue any profit forecast or profit guarantee.

K5 Tax

	Current quarter ended 31.12.2005 RM '000	Current year-to-date ended 31.12.2005 RM '000
Malaysian income tax		
- Company and subsidiaries	912	9,834
Deferred tax	2,477	11,791
	3,389	21,625

The effective tax rate for the current quarter is lower than the statutory tax rate due to over-provision in prior year. The year-to-date effective taxation rate is slightly higher than the statutory taxation rate due to certain expenses are disallowed for tax purposes.

K6 Unquoted investments and properties

There was no sale of unquoted investments or properties for the fourth quarter and financial year to-date ended 31 December 2005.

K7 Quoted securities

There was no purchase or disposal of quoted securities for the fourth quarter and financial year to-date ended 31 December 2005.

K8 Corporate proposals

Save as disclosed below, there are no corporate proposals announced but not completed as at the date of this Interim Report.

On 5 September 2005 and 6 September 2005, Hwang-DBS Securities Berhad ("Hwang-DBS") had on behalf of the Board of Directors ("Board"), announced that the Company intends to undertake the following:

- (i) proposed issue of RM200,000,000 nominal value of 7-year bank guaranteed bonds ("Bonds") together with detachable provisional rights to allotment of up to 110,167,500 5-year warrants ("Warrants") on a "bought-deal" basis ("Proposed Bonds with Warrants Issue");
- (ii) proposed offer for sale of up to 110,167,500 Warrants to the shareholders of the Company on a renounceable basis of one (1) Warrant for every three (3) existing Shares held ("Proposed Offer for Sale");
- (iii) proposed increase in the authorised share capital; and
- (iv) proposed amendments to the Memorandum and Articles of Association.

K8 Corporate proposals (continue)

In addition, Hwang-DBS announced, on behalf of the Board, that the Securities Commission (“SC”) had vide its letter dated 9 November 2005, approved, as proposed, the following:

- (i) the proposed issue of the Bonds and Warrants under the SC’s Guidelines on the Offering of Private Debt Securities and the SC’s Guidelines on the Issue/Offer of Securities respectively;
- (ii) the Proposed Offer for Sale;
- (iii) listing of and quotation for the following on Bursa Malaysia Securities Berhad:
- (iv) up to 110,167,500 Warrants to be issued pursuant to the Proposed Bonds with Warrants Issue; and
- (v) such number of new KrisAssets shares to be issued pursuant to the exercise of the Warrants.

Furthermore, the coupon for the Bonds and offer price for the Warrants have been determined and announced by Hwang-DBS, for and on behalf of the Board, on 14 November 2005 as follows:

Principal Terms of the Bonds

- Coupon-rate-to-call : 3.40% per annum up to the 5th year, payable semi-annually in arrears
- Coupon rate for 6th & 7th year : 5.65% per annum, payable semi annually in arrears

Principal Terms of the Warrants

- Offer Price : 6 sen per Warrant

The Bonds have been issued on 23 December 2005 and the resultant proceeds were utilised to partially redeem 2,000,000 out of 2,930,000 5-year redeemable preference shares of RM0.10 each (“RPS”) at RM100.00 per RPS on 30 December 2005. The coupon rate-to-call of the Bonds is 3.40% per annum up to the 5th year from issuance and coupon rate of the 6th & 7th years is 5.65% per annum, all payable semi-annually in arrears. The preference dividend rate of RPS is 5% per annum based on the issue price of RM100.00 per RPS. The Warrants have yet to be issued pending lifting of suspension from trading in ordinary shares of the Company on Bursa Malaysia Securities Berhad.

K9 Group borrowings and debt securities

The Group's borrowings and debt securities as at 31 December 2005 were as follows:

	RM '000
Long term borrowings:	
Secured:-redeemable secured bonds	400,000
-bank guaranteed bonds	200,000
Unsecured: redeemable preference shares	<u>93,000</u>
	<u>693,000</u>
Short term borrowings:	
Secured	-
Unsecured	<u>-</u>
	<u>-</u>
TOTAL	<u><u>693,000</u></u>
 Shareholders' funds as at 31 December 2005	 847,054

K10 Financial instruments

The Group does not have any financial instruments with off-balance sheet risk.

K11 Material litigation

The Board is not aware any pending material litigation as at the date of this Interim Report which would be considered material to the business of the Group.

K12 Proposed dividends

The Directors have approved an interim dividend of 10% less tax in relation to the financial year ended 31 December 2005. The book closure date is on 15 March 2006 and the payment date is on 31 March 2006.

K13 Earnings per share

		3 months Current Year Quarter ended 31.12.2005	3 months Preceding Year Quarter ended 31.12.2004	12 months Current Year To Date ended 31.12.2005	6 months Preceding Year To Date ended 31.12.2004
Net profit for the period	RM '000	10,889	11,441	52,946	13,563
Weighted average number of ordinary shares in issue*	'000	330,402	330,402	330,402	257,915
Basic earnings per share	sen	3.30	3.46	16.02	5.26
Diluted earnings per share	sen	<u>3.30</u>	<u>3.46</u>	<u>16.02</u>	<u>5.26</u>

Note:

* After taking into consideration 100,000 treasury shares of RM1.00 each in the Company as at 31 December 2005.

BY ORDER OF THE BOARD
 TINA CHAN LAI YIN
 Secretary

Kuala Lumpur
 22 February 2006