

**KrisAssets Holdings Berhad** (24123-H)  
(Incorporated in Malaysia)

**Interim Report  
for the financial period ended 30 September 2008**

**Contents**

	<b>Page</b>
<b>Condensed Consolidated Income Statements</b>	<b>1</b>
<b>Condensed Consolidated Balance Sheets</b>	<b>2</b>
<b>Condensed Consolidated Statements of Changes in Equity</b>	<b>3-4</b>
<b>Condensed Consolidated Cash Flow Statements</b>	<b>5</b>
<b>Explanatory Notes to the Interim Financial Statements:</b>	
<b>M1 – Basis of preparation</b>	<b>6</b>
<b>M2 – Auditors’ report on preceding annual financial statements</b>	<b>6</b>
<b>M3 – Seasonality or cyclicity factors</b>	<b>6</b>
<b>M4 – Significant unusual items</b>	<b>6</b>
<b>M5 – Material changes in estimates</b>	<b>6</b>
<b>M6 – Debt and equity securities</b>	<b>6-7</b>
<b>M7 – Dividends paid</b>	<b>7</b>
<b>M8 – Segment reporting</b>	<b>7</b>
<b>M9 – Valuations</b>	<b>7</b>
<b>M10 – Material events subsequent to the end of the interim period</b>	<b>7</b>
<b>M11 – Changes in the composition of the Group</b>	<b>7</b>
<b>M12 – Contingent liabilities and contingent assets</b>	<b>7</b>
<b>K1 – Review of performance</b>	<b>8</b>
<b>K2 – Comparison with immediate preceding quarter</b>	<b>8</b>
<b>K3 – Prospects for 2008</b>	<b>8</b>
<b>K4 – Profit forecast/profit guarantee</b>	<b>8</b>
<b>K5 – Tax</b>	<b>8</b>
<b>K6 – Unquoted investments and properties</b>	<b>9</b>
<b>K7 – Quoted securities</b>	<b>9</b>
<b>K8 – Corporate proposals</b>	<b>9</b>
<b>K9 – Group borrowings and debt securities</b>	<b>9</b>
<b>K10 – Financial instruments</b>	<b>9</b>
<b>K11 – Material litigation</b>	<b>9</b>
<b>K12 – Dividend</b>	<b>10</b>
<b>K13 – Earnings per share</b>	<b>10</b>

**Notes:**

M1 to M12 are explanatory notes in accordance with FRS 134.

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

**Condensed Consolidated Income Statements**

*(The figures have not been audited)*

	<b>3 Months Current Year Quarter 30.09.2008 RM' 000</b>	3 Months Preceding Year Quarter 30.09.2007 RM' 000	<b>9 Months Current Year To Date 30.09.2008 RM' 000</b>	9 Months Preceding Year To Date 30.09.2007 RM' 000
Revenue	55,265	51,648	<b>165,444</b>	150,288
Cost of sales	<u>(15,939)</u>	<u>(12,625)</u>	<u><b>(39,655)</b></u>	<u>(35,480)</u>
Gross profit	<b>39,326</b>	39,023	<b>125,789</b>	114,808
Other income	<b>896</b>	1,452	<b>4,781</b>	3,885
Interest income	<b>1,075</b>	1,287	<b>2,835</b>	4,185
Administrative expenses	<u>(5,695)</u>	<u>(6,251)</u>	<u><b>(17,984)</b></u>	<u>(19,386)</u>
Profit from operations	<b>35,602</b>	35,511	<b>115,421</b>	103,492
Finance costs	<u>(7,603)</u>	<u>(7,928)</u>	<u><b>(23,016)</b></u>	<u>(24,330)</u>
Profit before tax	<b>27,999</b>	27,583	<b>92,405</b>	79,162
Tax expense	<u>(8,000)</u>	<u>(10,697)</u>	<u><b>(26,500)</b></u>	<u>(27,107)</u>
Profit for the period	<u><b>19,999</b></u>	<u>16,886</u>	<u><b>65,905</b></u>	<u>52,055</u>
Attributable to:				
Equity holders of the Company	<u><b>19,999</b></u>	<u>16,886</u>	<u><b>65,905</b></u>	<u>52,055</u>
Earnings per share attributable to ordinary equity holders of the Company				
- basic (sen)	<b>6.04</b>	5.11	<b>19.92</b>	15.76
- diluted (sen)	<b>6.01</b>	5.06	<b>19.54</b>	15.32
Dividends per ordinary share (sen)	-	10.00	<b>15.00</b>	10.00

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying notes attached to the interim financial statements.

**KrisAssets Holdings Berhad** (24123-H)  
(Incorporated in Malaysia)

**Condensed Consolidated Balance Sheets**  
(The figures have not been audited)

	As at <b>30.09.2008</b> RM '000	As at 31.12.2007 RM '000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,788	3,226
Investment property	<u>1,750,000</u>	<u>1,750,000</u>
	<b>1,752,788</b>	<b>1,753,226</b>
<b>Current assets</b>		
Inventories	20	16
Trade and other receivables	9,617	8,733
Amounts owing by holding & other related companies	691	4,386
Deposits with licensed banks	126,885	108,058
Cash and bank balances	<u>7,533</u>	<u>55,089</u>
	<b>144,746</b>	<b>176,282</b>
<b>TOTAL ASSETS</b>	<b><u>1,897,534</u></b>	<b><u>1,929,508</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	330,992	330,502
Share premium	377,473	376,711
Treasury shares	(220)	(220)
Capital redemption reserve	268	243
Retained earnings	231,632	133,356
Current period profit	<u>65,905</u>	<u>122,738</u>
	<b>1,006,050</b>	<b>963,330</b>
Warrants reserve	<u>6,048</u>	<u>6,075</u>
<b>Total equity</b>	<b><u>1,012,098</u></b>	<b><u>969,405</u></b>
<b>Non-current liabilities</b>		
Redeemable preference shares	25,000	50,000
Redeemable secured bonds	250,000	290,000
Bank guaranteed bonds	197,207	196,268
Deferred taxation	<u>308,746</u>	<u>308,746</u>
	<b>780,953</b>	<b>845,014</b>
<b>Current liabilities</b>		
Trade and other payables	57,471	72,631
Amounts owing to holding & other related companies	1,675	2,138
Redeemable secured bonds	40,000	40,000
Taxation	<u>5,337</u>	<u>320</u>
	<b>104,483</b>	<b>115,089</b>
<b>Total liabilities</b>	<b><u>885,436</u></b>	<b><u>960,103</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>1,897,534</u></b>	<b><u>1,929,508</u></b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b><u>3.04</u></b>	<b><u>2.91</u></b>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying notes attached to the interim financial statements.

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

	Attributable to equity holders of the Company									
	Issued and fully paid ordinary shares of RM1.00 each		Treasury shares			Capital redemption reserve	Retained earnings	Total	Warrants reserve	Total equity
	Number of shares '000	Nominal value RM '000	Number of shares '000	Value RM '000	Share premium RM '000	RM '000	RM '000	RM'000	RM'000	RM '000
<b>As at 1 January 2008</b>	330,502	330,502	(100)	(220)	376,711	243	256,094	963,330	6,075	969,405
Profit for the period	-	-	-	-	-	-	65,905	65,905	-	65,905
Liquidation of subsidiaries	-	-	-	-	-	-	13	13	-	13
Redemption of RPS	-	-	-	-	-	25	(25)	-	-	-
Exercise of warrants	490	490	-	-	762	-	-	1,252	(27)	1,225
Dividend	-	-	-	-	-	-	(24,450)	(24,450)	-	(24,450)
<b>As at 30 September 2008</b>	<b>330,992</b>	<b>330,992</b>	<b>(100)</b>	<b>(220)</b>	<b>377,473</b>	<b>268</b>	<b>297,537</b>	<b>1,006,050</b>	<b>6,048</b>	<b>1,012,098</b>

**KrisAssets Holdings Berhad** (24123-H)  
(Incorporated in Malaysia)

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

	Issued and fully paid ordinary shares of RM1.00 each   -----Treasury shares-----				Share premium RM '000	Capital redemption reserve RM '000	Retained earnings RM '000	Total RM'000	Warrants reserve RM'000	Total equity RM '000
	Number of shares '000	Nominal value RM '000	Number of shares '000	Value RM '000						
<b>As at 1 January 2007</b>	330,502	330,502	(100)	(220)	376,711	200	169,743	876,936	6,075	883,011
Profit for the period	-	-	-	-	-	-	52,055	52,055	-	52,055
Redemption of RPS	-	-	-	-	-	43	(43)	-	-	-
Dividend	-	-	-	-	-	-	(24,119)	(24,119)	-	(24,119)
<b>As at 30 September 2007</b>	<b>330,502</b>	<b>330,502</b>	<b>(100)</b>	<b>(220)</b>	<b>376,711</b>	<b>243</b>	<b>197,636</b>	<b>904,872</b>	<b>6,075</b>	<b>910,947</b>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying notes attached to the interim financial statements.

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

	<b>9 months ended 30.09.2008 RM '000</b>	<b>9 months ended 30.09.2007 RM '000</b>
<b>Operating activities</b>		
Profit before tax	<b>92,405</b>	79,162
Adjustment for non-cash flow items:		
Non-cash items	<b>901</b>	917
Non-operating items (which are investing or financing)	<b>20,181</b>	20,145
Operating profit before changes in working capital	<b>113,487</b>	100,224
Net change in current assets	<b>750</b>	(3,175)
Net change in current liabilities	<b>1,219</b>	6,542
Cash flow from operations	<b>115,456</b>	103,591
Income taxes paid	<b>(21,483)</b>	(24,494)
<b>Net cash generated from operating activities</b>	<b>93,973</b>	79,097
<b>Investing activities</b>		
Purchase of property, plant & equipment	<b>(273)</b>	(622)
Interest received	<b>2,902</b>	4,197
<b>Net cash generated from investing activities</b>	<b>2,629</b>	3,575
<b>Financing activities</b>		
Repayment of redeemable secured bonds	<b>(40,000)</b>	(40,000)
Redemption of redeemable preference shares	<b>(25,000)</b>	(43,000)
Proceeds from exercise of warrants	<b>1,225</b>	-
Interest paid	<b>(22,945)</b>	(24,994)
Dividend paid for redeemable preference shares	<b>(1,936)</b>	(4,280)
Dividend paid	<b>(36,675)</b>	(24,119)
<b>Net cash used in financing activities</b>	<b>(125,331)</b>	(136,393)
<b>Net decrease in cash and cash equivalents</b>	<b>(28,729)</b>	(53,721)
Cash and cash equivalents at beginning of period	<b>163,147</b>	203,241
<b>Cash and cash equivalents at end of period</b>	<b>134,418</b>	149,520

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 and the accompanying notes attached to the interim financial statements.

**Explanatory notes to the Interim Financial Statements  
for the financial period ended 30 June 2008**

**M1 Basis of preparation**

This interim report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard 134 "Interim Financial Reporting" issued by Malaysian Accounting Standards Board and paragraph 9.22 together with Part A, Appendix 9B of Listing Requirements of Bursa Malaysia Securities Berhad. This interim report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2007. The accounting policies and methods of computation adopted in this interim report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2007 except for the adoption of the following Financial Reporting Standards ("FRS") which are mandatory for financial periods beginning on or after 1 July 2007 and relevant to the Group and such adoption does not have significant financial impact on the Group:

- (i) FRS 107 Cash Flow Statements
- (ii) FRS 112 Income Taxes
- (iii) FRS 118 Revenue
- (iv) FRS 134 Interim Financial Reporting
- (v) FRS 137 Provisions, Contingent Liabilities and Contingent Assets

**M2 Auditors' report on preceding annual financial statements**

The auditors' report of the Group's annual financial statements for the financial year ended 31 December 2007 was not subject to any audit qualification.

**M3 Seasonality or cyclicity factors**

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 during the current financial period except as disclosed in this Interim Report.

**M5 Material changes in estimates**

Not applicable.

**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 current financial quarter and year-to-date.

- (i) The redemption of 250,000 redeemable preference shares ("RPS") of RM0.10 each in the Company issued at RM100.00 per RPS for a total redemption sum of RM25 million on 4 February 2008

**M6 Debt and equity securities (continued)**

- (ii) Since 26 July 2008, Warrants 2006/2011 (“Warrants”) are exercisable into new ordinary shares of RM1.00 each in the Company on a one-to-one basis at the exercise price of RM2.50. The Company’s issued and paid-up ordinary share capital increased from RM330,502,500 on 31 December 2007 to RM330,992,021 on 30 September 2008 as follows:

Date of allotment	No. of shares allotted	Type of issue	Total issued & paid-up ordinary share capital RM
As at 31 December 2007			330,502,500
01.08.08	600	Exercise of Warrants	330,503,100
11.09.08	488,400	Exercise of Warrants	330,991,500
17.09.08	521	Exercise of Warrants	330,992,021

**M7 Dividends paid**

Interim dividends of 5% less 26% tax and 10% less 26% tax on ordinary shares for the financial year ended 31 December 2007 were paid on 8 January 2008 and 20 May 2008 respectively.

**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 of which the entire business is conducted in Kuala Lumpur, Malaysia.

**M9 Valuations**

The carrying values of property, plant and equipment have been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2007.

**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 for the current financial period.

**M12 Contingent liabilities and contingent assets**

There were no contingent liabilities or contingent assets as at the date of this Interim report.



**K1 Review of performance**

For the current quarter ended 30 September 2008, the Group's revenue, reflecting mainly the operations of Mid Valley Megamall was RM55.265 million, representing 7% increase, compared with the corresponding period of RM51.648 million in 2007. This was mainly contributed by higher total rental income.

The Group recorded a pre-tax profit for the current quarter ended 30 September 2008 of RM27.999 million, representing 1.51% increase, compared with pre-tax profit of RM27.583 million in the corresponding period in 2007. This was mainly due to the higher total rental income offset by higher property maintenance cost in current quarter.

The Group's revenue for the 9-month ended 30 September 2008 was RM165.44 million or 10.10% higher than 9-month ended 30 September 2007. In addition, the Group also recorded a pre-tax profit for 9-month ended 30 September 2008 of RM92.41 million which is 16.73% higher than that of corresponding period in 2007.

**K2 Comparison with immediate preceding quarter**

For the current quarter ended 30 September 2008, the Group's revenue was RM55.265 million, representing a slight decrease of 0.98%, compared with the immediate preceding quarter ended 30 June 2008 of RM55.813 million. This was mainly due to lower percentage rental income in current quarter.

The Group recorded a pre-tax profit for the current quarter ended 30 September 2008 of RM27.999 million, representing 15.39% decrease, compared with pre-tax profit of RM33.091 million in the immediate preceding quarter ended 30 June 2008. This was mainly due to lower percentage rental income and higher property maintenance cost in current quarter.

**K3 Prospects for 2008**

The retail industry may be affected by the current economic and business conditions. Notwithstanding that, the Group's financial performance for the financial year ending 31 December 2008 should be satisfactory.

**K4 Profit forecast/profit guarantee**

Not applicable.

**K5 Tax**

	<b>Current quarter ended 30.09.2008 RM '000</b>	Current year-to-date ended 30.09.2008 RM '000
Malaysian income tax (Company and subsidiaries)		
- Current financial period	<u>8,000</u>	<u>26,500</u>
	<u>8,000</u>	<u>26,500</u>

The effective tax rate for the current financial quarter and year-to-date are higher than the statutory tax rate mainly due to certain expenses are disallowed for tax deduction purposes.

**K6 Unquoted investments and properties**

There was no sale of unquoted investments or properties for the current financial quarter and year-to-date.

**K7 Quoted securities**

There was no purchase or disposal of quoted securities for the current financial quarter and year-to-date.

**K8 Corporate proposals**

There are no corporate proposals announced but not completed as at the date of this Interim Report.

**K9 Group borrowings and debt securities**

The Group's borrowings and debt securities as at 30 September 2008 were as follows:

	<b>RM '000</b>
<b>Long term borrowings:</b>	
Secured :-redeemable secured bonds	250,000
-bank guaranteed bonds	197,207
Unsecured :-redeemable preference shares	<u>25,000</u>
	<u>472,207</u>
<b>Short term borrowings:</b>	
Secured :-redeemable secured bonds	<u>40,000</u>
	<u>40,000</u>
<b>TOTAL</b>	<b><u>512,207</u></b>
<b>Total equity as at 30 September 2008</b>	<b><u>1,012,098</u></b>

**K10 Financial instruments**

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

**K11 Material litigation**

The Board is not aware of any pending material litigation as at the date of this Interim Report.

**K12 Dividend**

The interim dividends of 5% less 26% tax and 10% less 26% tax for the financial year ended 31 December 2007 which were paid on 8 January 2008 and 20 May 2008 respectively.

In addition, the Board of Directors has approved an interim dividend of 5% less tax for the financial year ending 31 December 2008, to be payable on 15 January 2009 to every member who is entitled to receive the interim dividend as at 4.00 p.m. on 16 December 2008.

**K13 Earnings per share**

		<b>Current quarter ended 30.09.2008</b>	Preceding quarter ended 30.09.2007	<b>Current year-to-date ended 30.09.2008</b>	Preceding year-to-date ended 30.09.2007
Profit for the period	RM '000	<b>19,999</b>	16,886	<b>65,905</b>	52,055
Weighted average number of ordinary shares in issue <sup>*1</sup>	'000	<b>330,892</b>	330,402	<b>330,892</b>	330,402
<b>Basic earnings per share</b>	sen	<b>6.04</b>	5.11	<b>19.92</b>	15.76
Weighted average number of ordinary shares in issue <sup>*1</sup>	'000	<b>330,892</b>	330,402	<b>330,892</b>	330,402
Adjustments for Warrants	'000	<b>2,124</b>	3,124	<b>6,372</b>	9,373
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	<b>333,016</b>	333,526	<b>337,264</b>	339,775
<b>Diluted earnings per share</b>	sen	<b>6.01</b>	<b>5.06</b>	<b>19.54</b>	<b>15.32</b>

**Note:**

<sup>\*1</sup> After taking into consideration 100,000 treasury shares of RM1.00 each in the Company.

BY ORDER OF THE BOARD  
TINA CHAN LAI YIN  
Secretary

Kuala Lumpur  
25 November 2008