

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

**Interim Report
for the financial year ended 31 December 2008**

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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)

	3 Months Current Year Quarter 31.12.2008 RM' 000	3 Months Preceding Year Quarter 31.12.2007 RM' 000	12 Months Current Year To Date 31.12.2008 RM' 000	12 Months Preceding Year To Date 31.12.2007 RM' 000
Revenue	55,524	55,926	216,626	205,614
Cost of sales	<u>(18,679)</u>	<u>(10,675)</u>	<u>(53,992)</u>	<u>(45,555)</u>
Gross profit	36,845	45,251	162,634	160,059
Other income	1,685	1,709	6,466	5,594
Fair value gain on investment property	-	70,000	-	70,000
Interest income	865	1,173	3,700	5,358
Administrative expenses	<u>(9,313)</u>	<u>(12,374)</u>	<u>(27,297)</u>	<u>(30,410)</u>
Profit from operations	30,082	105,759	145,503	210,601
Finance costs	<u>(7,150)</u>	<u>(7,928)</u>	<u>(30,166)</u>	<u>(33,608)</u>
Profit before tax	22,932	97,831	115,337	176,993
Tax expense	<u>9,355</u>	<u>(27,148)</u>	<u>(17,145)</u>	<u>(54,255)</u>
Profit for the period/year	<u><u>32,287</u></u>	<u><u>70,683</u></u>	<u><u>98,192</u></u>	<u><u>122,738</u></u>
Attributable to:				
Equity holders of the Company	<u><u>32,287</u></u>	<u><u>70,683</u></u>	<u><u>98,192</u></u>	<u><u>122,738</u></u>
Earnings per share attributable to ordinary equity holders of the Company				
- basic (sen)	9.77	21.39	29.71	37.15
- diluted (sen)	9.74	21.05	29.33	34.90
Dividends per ordinary share (sen)	5.00	5.00	15.00	15.00

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 31.12.2008 RM '000	As at 31.12.2007 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	4,805	3,226
Investment property	<u>1,750,000</u>	<u>1,750,000</u>
	1,754,805	1,753,226
Current assets		
Inventories	1	16
Trade and other receivables	9,440	8,733
Amounts owing by other related companies	2,442	4,386
Deposits with licensed banks	155,229	108,058
Cash and bank balances	<u>6,482</u>	<u>55,089</u>
	<u>173,594</u>	<u>176,282</u>
TOTAL ASSETS	<u>1,928,399</u>	<u>1,929,508</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	330,993	330,502
Share premium	377,473	376,711
Treasury shares	(220)	(220)
Capital redemption reserve	268	243
Retained earnings	219,223	133,356
Current year profit	<u>98,192</u>	<u>122,738</u>
	1,025,929	963,330
Warrants reserve	<u>6,048</u>	<u>6,075</u>
Total equity	<u>1,031,977</u>	<u>969,405</u>
Non-current liabilities		
Redeemable preference shares	25,000	50,000
Redeemable secured bonds	250,000	290,000
Bank guaranteed bonds	197,522	196,268
Deferred taxation	<u>297,108</u>	<u>308,746</u>
	769,630	845,014
Current liabilities		
Trade and other payables	75,306	72,631
Amounts owing to holding & other related companies	11,027	2,138
Redeemable secured bonds	40,000	40,000
Taxation	<u>459</u>	<u>320</u>
	<u>126,792</u>	<u>115,089</u>
Total liabilities	<u>896,422</u>	<u>960,103</u>
TOTAL EQUITY AND LIABILITIES	<u>1,928,399</u>	<u>1,929,508</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>3.10</u>	<u>2.91</u>

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		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							
As at 1 January 2008	330,502	330,502	(100)	(220)	376,711	243	256,094	963,330	6,075	969,405
Profit for the year	-	-	-	-	-	-	98,192	98,192	-	98,192
Liquidation of subsidiaries	-	-	-	-	-	-	13	13	-	13
Redemption of RPS	-	-	-	-	-	25	(25)	-	-	-
Exercise of warrants	491	491	-	-	762	-	-	1,253	(27)	1,226
Dividend	-	-	-	-	-	-	(36,859)	(36,859)	-	(36,859)
As at 31 December 2008	330,993	330,993	(100)	(220)	377,473	268	317,415	1,025,929	6,048	1,031,977

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		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							
As at 1 January 2007	330,502	330,502	(100)	(220)	376,711	200	169,743	876,936	6,075	883,011
Profit for the year	-	-	-	-	-	-	122,738	122,738	-	122,738
Redemption of RPS	-	-	-	-	-	43	(43)	-	-	-
Dividend	-	-	-	-	-	-	(36,344)	(36,344)	-	(36,344)
As at 31 December 2007	330,502	330,502	(100)	(220)	376,711	243	256,094	963,330	6,075	969,405

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)

	12 months ended 31.12.2008 RM '000	12 months ended 31.12.2007 RM '000
Operating activities		
Profit before tax	115,337	176,993
Adjustment for non-cash flow items:		
Non-cash items	1,254	(68,197)
Non-operating items (which are investing or financing)	26,466	27,402
Operating profit before changes in working capital	143,057	136,198
Net change in current assets	9,967	(3,912)
Net change in current liabilities	3,827	2,373
Cash flow from operations	156,851	134,659
Income taxes paid	(28,645)	(38,380)
Net cash generated from operating activities	128,206	96,279
Investing activities		
Purchase of property, plant & equipment	(2,791)	(939)
Proceeds from disposal of property, plant & equipment	-	5
Interest received	3,843	6,208
Net cash generated from investing activities	1,052	5,274
Financing activities		
Repayment of redeemable secured bonds	(40,000)	(40,000)
Redemption of redeemable preference shares	(25,000)	(43,000)
Proceeds from exercise of warrants	1,225	-
Interest paid	(28,308)	(30,248)
Dividend paid for redeemable preference shares	(1,936)	(4,280)
Dividend paid	(36,675)	(24,119)
Net cash used in financing activities	(130,694)	(141,647)
Net decrease in cash and cash equivalents	(1,436)	(40,094)
Cash and cash equivalents at beginning of year	163,147	203,241
Cash and cash equivalents at end of year	161,711	163,147

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 year ended 31 December 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; and
- (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 RM330,992,591 on 31 December 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
08.10.08	469	Exercise of Warrants	330,992,490
17.10.08	101	Exercise of Warrants	330,992,591

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.

Interim dividend of 5% less 25% tax on ordinary shares for the financial year ended 31 December 2008 was paid on 15 January 2009.

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

Based on a valuation letter dated 3 February 2009 issued by Colliers, Jordan Lee & Jaafar Sdn Bhd, the market value of Mid Valley Megamall remained at RM1.75 billion as at 31 December 2008.

Save as disclosed above, 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

Save for the completion of member's voluntary liquidation of four (4) wholly-owned dormant subsidiaries, namely Mid Valley MC Sdn Bhd, Mid Valley Mulia Sdn Bhd, Mid Valley Properties Sdn Bhd and X-Speed Skatepark Sdn Bhd, 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

The Group's revenue for 12-month ended 31 December 2008 was RM216.626 million which is 5.36% higher than 12-month ended 31 December 2007 of RM205.614 million. In addition, the Group pre-tax profit for 12-month ended 31 December 2008 was RM115.337 million which is 34.84% lower than that of corresponding period in 2007.

Excluding the revaluation surplus of RM70 million as fair value gain on investment property in 2007 ("Revaluation Surplus"), the Group's pre-tax profit for 12-month ended 31 December 2008 was RM115.337 million which is 7.80% higher than 12-month ended 31 December 2007 of RM106.993 million.

For the current quarter ended 31 December 2008, the Group's revenue, reflecting mainly the operations of Mid Valley Megamall was RM55.524 million, representing a slight decrease of 0.72%, compared with the corresponding period of RM55.926 million in 2007. This was mainly due to lower percentage rental income in current quarter.

The Group recorded a pre-tax profit for the current quarter ended 31 December 2008 of RM22.932 million, representing 76.56% decrease, compared with pre-tax profit of RM97.831 million in the corresponding period in 2007. This was mainly due to the recognition of Revaluation Surplus.

Excluding the Revaluation Surplus, the pre-tax profit for current quarter of RM22.932 million, representing 17.60% decrease, compared with that of corresponding quarter of RM27.831 million in 2007. This was mainly due to higher property maintenance cost in current quarter.

K2 Comparison with immediate preceding quarter

For the current quarter ended 31 December 2008, the Group's revenue was RM55.524 million, representing 3.57% increase, compared with the immediate preceding quarter ended 30 September 2008 of RM53.608 million. This was mainly due to higher percentage rental income in current quarter.

The Group recorded a pre-tax profit for the current quarter ended 31 December 2008 of RM22.932 million, representing 18.10% decrease, compared with pre-tax profit of RM27.999 million in the immediate preceding quarter ended 30 September 2008. This was mainly due to higher property maintenance cost in current quarter.

K3 Prospects for 2009

The retail industry is likely to be affected by the current economic and business conditions. The Group's financial performance for the financial year ending 31 December 2009 remains a challenge.

K4 Profit forecast/profit guarantee

Not applicable.

K5 Tax

	Current quarter ended 31.12.2008 RM '000	Current year-to-date ended 31.12.2008 RM '000
Malaysian income tax (Company and subsidiaries)		
- Current financial period/year	4,620	31,120
- Prior financial period/year	(2,337)	(2,337)
Deferred tax	<u>(11,638)</u>	<u>(11,638)</u>
	<u>(9,355)</u>	<u>17,145</u>

The effective tax rate for the current financial quarter and year-to-date are lower than the statutory tax rate mainly due to the effect of reduction in the statutory corporate tax rate for deferred tax and over provision in prior year.

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 31 December 2008 were as follows:

	RM '000
Long term borrowings:	
Secured :-redeemable secured bonds	250,000
-bank guaranteed bonds	197,522
Unsecured :-redeemable preference shares	<u>25,000</u>
	<u>472,522</u>
Short term borrowings:	
Secured :-redeemable secured bonds	<u>40,000</u>
	<u>40,000</u>
TOTAL	<u>512,522</u>
Total equity as at 31 December 2008	<u>1,031,977</u>

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, 10% less 26% tax for the financial year ended 31 December 2007 and 5% less 25% tax for the financial year ended 31 December 2008 were paid on 8 January 2008, 20 May 2008 and 15 January 2009 respectively.

In addition, the Board of Directors has approved an interim dividend of 8% less 25% tax for the financial year ended 31 December 2008, to be payable on 30 March 2009 to every member who is entitled to receive the interim dividend as at 4.00 p.m. on 18 March 2009.

K13 Earnings per share

		Current quarter ended 31.12.2008	Preceding quarter ended 31.12.2007	Current year-to-date ended 31.12.2008	Preceding year-to-date ended 31.12.2007
Profit for the period/year	RM '000	32,287	70,683	98,192	122,738
Weighted average number of ordinary shares in issue ^{*1}	'000	330,552	330,402	330,552	330,402
Basic earnings per share	sen	<u>9.77</u>	<u>21.39</u>	<u>29.71</u>	<u>37.15</u>
Weighted average number of ordinary shares in issue ^{*1}	'000	330,552	330,402	330,552	330,402
Adjustments for Warrants	'000	1,054	5,329	4,217	21,316
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	331,606	335,731	334,769	351,718
Diluted earnings per share	sen	<u>9.74</u>	<u>21.05</u>	<u>29.33</u>	<u>34.90</u>

Note:

^{*1} 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
23 February 2009