

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

**Interim Report
for the financial period ended 30 June 2009**

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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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

	3 Months Current Year Quarter 30.06.2009 RM' 000	3 Months Preceding Year Quarter 30.06.2008 RM' 000	6 Months Current Year To Date 30.06.2009 RM' 000	6 Months Preceding Year To Date 30.06.2008 RM' 000
Revenue	56,978	54,541	113,481	107,494
Cost of sales	<u>(13,950)</u>	<u>(10,259)</u>	<u>(24,845)</u>	<u>(21,031)</u>
Gross profit	43,028	44,282	88,636	86,463
Other income	1,160	1,531	2,039	3,885
Interest income	579	945	1,345	1,760
Administrative expenses	<u>(5,569)</u>	<u>(5,981)</u>	<u>(10,867)</u>	<u>(12,289)</u>
Profit from operations	39,198	40,777	81,153	79,819
Finance costs	<u>(7,075)</u>	<u>(7,686)</u>	<u>(14,090)</u>	<u>(15,413)</u>
Profit before tax	32,123	33,091	67,063	64,406
Tax expense	<u>(8,800)</u>	<u>(9,500)</u>	<u>(18,300)</u>	<u>(18,500)</u>
Profit for the period	<u>23,323</u>	<u>23,591</u>	<u>48,763</u>	<u>45,906</u>
Attributable to:				
Equity holders of the Company	<u>23,323</u>	<u>23,591</u>	<u>48,763</u>	<u>45,906</u>
Earnings per share attributable to ordinary equity holders of the Company				
- basic (sen)	7.04	7.14	14.71	13.89
- diluted (sen)	7.03	7.08	14.67	13.67
Dividends per ordinary share (sen)	-	-	8.00	10.00

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying notes attached to the interim financial statements.

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

	As at 30.06.2009 RM '000	As at 31.12.2008 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	4,767	4,805
Investment property	<u>1,750,000</u>	<u>1,750,000</u>
	<u>1,754,767</u>	<u>1,754,805</u>
Current assets		
Inventories	-	1
Trade and other receivables	8,631	9,440
Amounts owing by other related companies	6,018	2,442
Tax recoverable	5,977	5,977
Deposits with licensed banks	173,808	155,229
Cash and bank balances	<u>5,403</u>	<u>6,482</u>
	<u>199,837</u>	<u>179,571</u>
TOTAL ASSETS	<u>1,954,604</u>	<u>1,934,376</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	334,301	330,993
Share premium	382,618	377,473
Treasury shares	(220)	(220)
Capital redemption reserve	268	268
Retained earnings	297,562	219,223
Current year profit	<u>48,763</u>	<u>98,192</u>
	<u>1,063,292</u>	<u>1,025,929</u>
Warrants reserve	<u>5,865</u>	<u>6,048</u>
Total equity	<u>1,069,157</u>	<u>1,031,977</u>
Non-current liabilities		
Redeemable preference shares	25,000	25,000
Redeemable secured bonds	250,000	250,000
Bank guaranteed bonds	198,144	197,522
Deferred taxation	<u>297,108</u>	<u>297,108</u>
	<u>770,252</u>	<u>769,630</u>
Current liabilities		
Trade and other payables	62,626	75,306
Amounts owing to holding & other related companies	13	11,027
Redeemable secured bonds	40,000	40,000
Taxation	<u>12,556</u>	<u>6,436</u>
	<u>115,195</u>	<u>132,769</u>
Total liabilities	<u>885,447</u>	<u>902,399</u>
TOTAL EQUITY AND LIABILITIES	<u>1,954,604</u>	<u>1,934,376</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>3.18</u>	<u>3.10</u>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 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								
	Number of shares '000	Nominal value RM '000	Treasury shares RM '000	Share premium RM '000	Capital redemption reserve RM '000	Retained earnings RM '000	Total RM '000	Warrants reserve RM '000	Total equity RM '000
As at 1 January 2009	330,993	330,993	(220)	377,473	268	317,415	1,025,929	6,048	1,031,977
Profit for the period	-	-	-	-	-	48,763	48,763	-	48,763
Exercise of warrants	3,308	3,308	-	5,145	-	-	8,453	(183)	8,270
Dividend	-	-	-	-	-	(19,853)	(19,853)	-	(19,853)
As at 30 June 2009	334,301	334,301	(220)	382,618	268	346,325	1,063,292	5,865	1,069,157

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		Nominal value RM '000	Treasury shares RM '000	Share premium RM '000	Capital redemption reserve RM '000	Retained earnings RM '000	Total equity RM '000
As at 1 January 2008	330,502							
Profit for the period	-		-	-	-	-	45,906	45,906
Liquidation of subsidiaries	-		-	-	-	-	13	13
Redemption of RPS	-		-	-	-	25	(25)	-
Dividend	-		-	-	-	-	(24,450)	(24,450)
As at 30 June 2008	330,502		330,502	(220)	376,711	268	277,538	984,799
								6,075
								990,874

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 2008 and the accompanying notes attached to the interim financial statements.

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

	6 months ended 30.06.2009 RM'000	6 months ended 30.06.2008 RM'000
Operating activities		
Profit before tax	67,063	64,406
Adjustment for non-cash flow items:		
Non-cash items	608	753
Non-operating items (which are investing or financing)	12,744	13,653
Operating profit before changes in working capital	80,415	78,812
Net change in current assets	(3,357)	4,231
Net change in current liabilities	(11,082)	(17,453)
Cash flow from operations	65,976	65,590
Income taxes paid	(12,180)	(14,322)
Net cash generated from operating activities	53,796	51,268
Investing activities		
Purchase of property, plant & equipment	(532)	(232)
Interest received	1,395	1,765
Net cash generated from investing activities	863	1,533
Financing activities		
Redemption of redeemable preference shares	-	(25,000)
Proceeds from exercise of warrants	8,271	-
Interest paid	(11,917)	(13,197)
Dividend paid for redeemable preference shares	(1,250)	(1,936)
Dividend paid	(32,263)	(24,450)
Net cash used in financing activities	(37,159)	(64,583)
Net decrease in cash and cash equivalents	17,500	(11,782)
Cash and cash equivalents at beginning of period	161,711	163,147
Cash and cash equivalents at end of period	179,211	151,365

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying notes attached to the interim financial statements.

**Explanatory Notes to the Interim Financial Statements
for the financial period ended 30 June 2009**

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 Main Market 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 2008. 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 2008.

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 2008 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

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 RM330,992,591 on 31 December 2008 to RM334,300,989 on 30 June 2009 as follows:

Date of allotment	No. of shares allotted	Type of issue	Total issued & paid-up ordinary share capital RM
As at 31 December 2008			330,992,591
10.03.09	798	Exercise of Warrants	330,993,389
03.06.09	3,307,600	Exercise of Warrants	334,300,989

Save as disclosed above, 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.

M7 Dividends paid

Interim dividends of 5% less 25% tax and 8% less 25% tax on ordinary shares for the financial year ended 31 December 2008 were paid on 15 January 2009 and 30 March 2009 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 2008.

M10 Material events subsequent to the end of the interim period

A total of 250,000 remaining redeemable preference shares of RM0.10 each ("RPS") were redeemed at RM100.00 per RPS for a total redemption sum of RM25 million on 21 August 2009.

Save as disclosed above, 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 June 2009, the Group's revenue, reflecting mainly the operations of Mid Valley Megamall was RM56.978 million, representing 4.47% increase, compared with the corresponding period of RM54.541 million in 2008. This was mainly due to higher total rental income in current quarter.

The Group recorded a pre-tax profit for the current quarter ended 30 June 2009 of RM32.123 million, representing 2.93% decrease, compared with pre-tax profit of RM33.091 million in the corresponding period in 2008. This was mainly due to higher property maintenance/upgrades and electricity cost in current quarter.

K2 Comparison with immediate preceding quarter

For the current quarter ended 30 June 2009, the Group's revenue was RM56.978 million, representing 0.84% increase, compared with the immediate preceding quarter ended 31 March 2009 of RM56.503 million. This was mainly due to higher total rental income in current quarter.

The Group recorded a pre-tax profit for the current quarter ended 30 June 2009 of RM32.123 million, representing 8.06% decrease, compared with pre-tax profit of RM34.940 million in the immediate preceding quarter ended 31 March 2009. This was mainly due to higher property maintenance/upgrades and electricity cost in current quarter.

K3 Prospects for 2009

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

K4 Profit forecast/profit guarantee

Not applicable.

K5 Tax

	Current quarter ended 30.06.2009 RM '000	Current year-to-date ended 30.06.2009 RM '000
Malaysian income tax (Company and subsidiaries)		
- Current financial period	<u>8,800</u>	<u>18,300</u>
	<u>8,800</u>	<u>18,300</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 June 2009 were as follows:

	RM '000
Long term borrowings:	
Secured :-redeemable secured bonds	250,000
-bank guaranteed bonds	198,144
Unsecured :-redeemable preference shares	<u>25,000</u>
	<u>473,144</u>
Short term borrowings:	
Secured :-redeemable secured bonds	<u>40,000</u>
	<u>40,000</u>
TOTAL	<u>513,144</u>
Total equity as at 30 June 2009	<u>1,069,157</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

Apart from the interim dividends of 5% less 25% tax and 8% less 25% tax for the financial year ended 31 December 2008 which were paid on 15 January 2009 and 30 March 2009 respectively, there is no other dividend declared as at the date of this Interim Report.

K13 Earnings per share

		Current quarter ended 30.06.2009	Preceding quarter ended 30.06.2008	Current year-to-date ended 30.06.2009	Preceding year-to-date ended 30.06.2008
Profit for the period	RM '000	23,323	23,591	48,763	45,906
Weighted average number of ordinary shares in issue ^{*1}	'000	331,405	330,402	331,405	330,402
Basic earnings per share	sen	<u><u>7.04</u></u>	<u><u>7.14</u></u>	<u><u>14.71</u></u>	<u><u>13.89</u></u>
Weighted average number of ordinary shares in issue ^{*1}	'000	331,405	330,402	331,405	330,402
Adjustments for Warrants	'000	521	2,684	1,043	5,368
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	331,926	333,086	332,448	335,770
Diluted earnings per share	sen	<u><u>7.03</u></u>	<u><u>7.08</u></u>	<u><u>14.67</u></u>	<u><u>13.67</u></u>

Notes:

^{*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
24 August 2009