

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

**Interim Report
for the financial year ended 31 December 2009**

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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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

	3 Months Current Year Quarter 31.12.2009 RM' 000	3 Months Preceding Year Quarter 31.12.2008 RM' 000	12 Months Current Year To Date 31.12.2009 RM' 000	12 Months Preceding Year To Date 31.12.2008 RM' 000
Revenue	58,629	55,524	227,879	216,626
Cost of sales	(12,865)	(18,679)	(50,721)	(53,992)
Gross profit	45,764	36,845	177,158	162,634
Other income	1,679	1,685	4,804	6,466
Fair value gain on investment property	30,000	-	50,000	-
Interest income	552	865	2,534	3,700
Administrative expenses	(9,468)	(9,313)	(26,551)	(27,297)
Profit from operations	68,527	30,082	207,945	145,503
Finance costs	(6,349)	(7,150)	(27,390)	(30,166)
Profit before tax	62,178	22,932	180,555	115,337
Tax expense	(12,638)	9,355	(44,538)	(17,145)
Profit for the period	<u>49,540</u>	<u>32,287</u>	<u>136,017</u>	<u>98,192</u>
Attributable to:				
Equity holders of the Company	<u>49,540</u>	<u>32,287</u>	<u>136,017</u>	<u>98,192</u>
Earnings per share attributable to ordinary equity holders of the Company				
- basic (sen)	14.86	9.77	40.79	29.71
- diluted (sen)	14.58	9.74	37.93	29.33
Dividends per ordinary share (sen)	7.50	5.00	15.50	15.00

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 31.12.2009 RM '000	As at 31.12.2008 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	4,946	4,805
Investment property	<u>1,800,000</u>	<u>1,750,000</u>
	<u>1,804,946</u>	<u>1,754,805</u>
Current assets		
Inventories	-	1
Trade and other receivables	10,072	9,440
Amounts owing by other related companies	10,888	2,442
Tax recoverable	9,302	5,977
Deposits with licensed banks	173,950	155,229
Cash and bank balances	<u>6,929</u>	<u>6,482</u>
	<u>211,141</u>	<u>179,571</u>
TOTAL ASSETS	<u>2,016,087</u>	<u>1,934,376</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	336,875	330,993
Share premium	386,621	377,473
Treasury shares	(220)	(220)
Capital redemption reserve	293	268
Retained earnings	272,280	219,223
Current year profit	<u>136,017</u>	<u>98,192</u>
	<u>1,131,866</u>	<u>1,025,929</u>
Warrants reserve	<u>5,723</u>	<u>6,048</u>
Total equity	<u>1,137,589</u>	<u>1,031,977</u>
Non-current liabilities		
Redeemable preference shares	-	25,000
Redeemable secured bonds	200,000	250,000
Bank guaranteed bonds	198,777	197,522
Deferred taxation	<u>309,749</u>	<u>297,108</u>
	<u>708,526</u>	<u>769,630</u>
Current liabilities		
Trade and other payables	88,101	75,306
Amounts owing to holding & other related companies	3,712	11,027
Redeemable secured bonds	50,000	40,000
Medium term notes	20,000	-
Taxation	<u>8,159</u>	<u>6,436</u>
	<u>169,972</u>	<u>132,769</u>
Total liabilities	<u>878,498</u>	<u>902,399</u>
TOTAL EQUITY AND LIABILITIES	<u>2,016,087</u>	<u>1,934,376</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>3.36</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	-	-	-	-	-	136,017	136,017	-	136,017
Redemption of RPS	-	-	-	-	25	(25)	-	-	-
Exercise of warrants	5,882	5,882	-	9,148	-	-	15,030	(325)	14,705
Dividend	-	-	-	-	-	(45,110)	(45,110)	-	(45,110)
As at 31 December 2009	336,875	336,875	(220)	386,621	293	408,297	1,131,866	5,723	1,137,589

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 RM '000	Warrants reserve RM '000	Total equity RM '000
As at 1 January 2008	330,502									
Profit for the period	-		-	-	-	-	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	(220)	377,473	268	317,415	1,025,929	6,048	1,031,977

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)

	12 months ended 31.12.2009 RM'000	12 months ended 31.12.2008 RM'000
Operating activities		
Profit before tax	180,555	115,337
Adjustment for non-cash flow items:		
Non-cash items	(48,341)	1,254
Non-operating items (which are investing or financing)	24,856	26,466
Operating profit before changes in working capital	157,070	143,057
Net change in current assets	(9,639)	9,967
Net change in current liabilities	(5,555)	3,827
Cash flow from operations	141,876	156,851
Income taxes paid	(33,499)	(28,645)
Net cash generated from operating activities	108,377	128,206
Investing activities		
Purchase of property, plant & equipment	(1,280)	(2,791)
Interest received	2,575	3,843
Net cash generated from investing activities	1,295	1,052
Financing activities		
Repayment of redeemable secured bonds	(40,000)	(40,000)
Redemption of redeemable preference shares	(25,000)	(25,000)
Proceeds from issuance of medium term notes	20,000	-
Proceeds from exercise of warrants	14,705	1,225
Interest paid	(25,901)	(28,308)
Dividend paid for redeemable preference shares	(2,045)	(1,936)
Dividend paid	(32,263)	(36,675)
Net cash used in financing activities	(90,504)	(130,694)
Net increase/(decrease) in cash and cash equivalents	19,168	(1,436)
Cash and cash equivalents at beginning of year	161,711	163,147
Cash and cash equivalents at end of year	180,879	161,711

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 year ended 31 December 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

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 principal repayment of RM40 million on 15 September 2009 in relation to RM400 million nominal value redeemable secured bonds issued by Mid Valley Capital Sdn Bhd.
- (ii) The full 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 21 August 2009.
- (iii) The issuance of RM20 million on 15 December 2009 in relation to RM200 million nominal value medium term notes by Mid Valley City Sdn Bhd.

M6 Debt and equity securities (continued)

(iv) 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 RM336,875,215 on 31 December 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
17.09.09	1,982,000	Exercise of Warrants	336,282,989
27.10.09	988	Exercise of Warrants	336,283,977
11.11.09	700	Exercise of Warrants	336,284,677
02.12.09	514,102	Exercise of Warrants	336,798,779
07.12.09	58,836	Exercise of Warrants	336,857,615
10.12.09	4,800	Exercise of Warrants	336,862,415
23.12.09	11,900	Exercise of Warrants	336,874,315
29.12.09	900	Exercise of Warrants	336,875,215

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.

Single-tier interim dividend of 7.5% on ordinary shares for the financial year ended 31 December 2009 was paid on 18 January 2010.

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

A revaluation has been conducted by Colliers, Jordan Lee & Jaafar Sdn Bhd on Mid Valley Megamall to assess its current market value. Based on a valuation letter dated 5 February 2010, the market value of Mid Valley Megamall as at 31 December 2009 is RM1.8 billion, a surplus of RM50 million from the previous financial year recorded value of RM1.75 billion. In accordance with Group’s accounting policy, the revaluation surplus of RM50 million is recognised as fair value gain on investment property in the income statement for the financial year ended 31 December 2009.

Save as disclosed above, 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

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 31 December 2009, the Group's revenue, reflecting mainly the operations of Mid Valley Megamall was RM58.629 million, representing 5.59% increase, compared with the corresponding period of RM55.524 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 31 December 2009 of RM62.178 million, representing 171.14% increase, compared with pre-tax profit of RM22.932 million in the corresponding period in 2008. This was mainly due to higher total rental income and lower property maintenance/upgrades cost as well as recognition of revaluation surplus of RM30 million as fair value gain on investment property in the current quarter.

K2 Comparison with immediate preceding quarter

For the current quarter ended 31 December 2009, the Group's revenue was RM58.629 million, representing 5.13% increase, compared with the immediate preceding quarter ended 30 September 2009 of RM55.769 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 31 December 2009 of RM62.178 million, representing 21.17% increase, compared with pre-tax profit of RM51.314 million in the immediate preceding quarter ended 31 September 2009. This was mainly due to recognition of revaluation surplus of RM30 million as fair value gain on investment property in the current quarter compared with RM20 million in the immediate preceding quarter.

Excluding the fair value gains on investment property, the Group recorded pre-tax profit of RM32.178 million for the current quarter ended 31 December 2009, which is 2.76% higher than immediate preceding quarter, which recorded pre-tax profit of RM31.314 million. This was mainly due to higher total rental income in current quarter.

K3 Prospects for 2010

Under the improving economic and business conditions, the Group is cautiously optimistic on the financial performance for the financial year ending 31 December 2010.

K4 Profit forecast/profit guarantee

Not applicable.

K5 Tax

	Current quarter ended 31.12.2009 RM '000	Current year-to-date ended 31.12.2009 RM '000
Malaysian income tax (Company and subsidiaries)		
- Current financial period	8,681	35,581
- Prior financial period/year	(3,684)	(3,684)
Deferred tax	<u>7,641</u>	<u>12,641</u>
	<u>12,638</u>	<u>44,538</u>

The effective tax rate for the current financial quarter and year-to-date are lower than the statutory tax rate mainly due to 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 2009 were as follows:

	RM '000
Long term borrowings:	
Secured :-redeemable secured bonds	200,000
-bank guaranteed bonds	<u>198,777</u>
	<u>398,777</u>
Short term borrowings:	
Secured :-redeemable secured bonds	50,000
-medium term notes	<u>20,000</u>
	<u>70,000</u>
TOTAL	<u>468,777</u>
Total equity as at 31 December 2009	<u>1,137,589</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 25% tax and 8% less 25% tax for the financial year ended 31 December 2008 were paid on 15 January 2009 and 30 March 2009 respectively, whereas a single-tier interim dividend of 7.5% for the financial year ended 31 December 2009 was paid on 18 January 2010.

In addition, the Board of Directors has approved a single-tier interim dividend of 7.5% for the financial year ended 31 December 2009, to be payable on 30 March 2010 to every member who is entitled to receive the single-tier interim dividend as at 4.00 p.m. on 15 March 2010.

K13 Earnings per share

		Current quarter ended 31.12.2009	Preceding quarter ended 31.12.2008	Current year-to-date ended 31.12.2009	Preceding year-to-date ended 31.12.2008
Profit for the period	RM '000	49,540	32,287	136,017	98,192
Weighted average number of ordinary shares in issue ^{*1}	'000	333,437	330,552	333,437	330,552
Basic earnings per share	sen	<u>14.86</u>	<u>9.77</u>	<u>40.79</u>	<u>29.71</u>
Weighted average number of ordinary shares in issue ^{*1}	'000	333,437	330,552	333,437	330,552
Adjustments for Warrants	'000	6,289	1,054	25,154	4,217
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	339,726	331,606	358,591	334,769
Diluted earnings per share	sen	<u>14.58</u>	<u>9.74</u>	<u>37.93</u>	<u>29.33</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
24 February 2010