

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

**Interim Report
for the financial period ended 31 March 2010**

Contents

	Page
Condensed Consolidated Statement of Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statements of Changes in Equity	3-4
Condensed Consolidated Cash Flow Statements	5
Explanatory Notes to the Interim Financial Statements:	
M1 – Basis of preparation	6
M2 – Auditors’ report on preceding annual financial statements	6
M3 – Seasonality or cyclical factors	6
M4 – Significant unusual items	6
M5 – Material changes in estimates	7
M6 – Capital management: debt and equity securities	7
M7 – Dividends paid	7
M8 – Segment reporting	7
M9 – Valuations	7
M10 – Material events subsequent to the end of the interim period	8
M11 – Changes in the composition of the Group	8
M12 – Contingent liabilities and contingent assets	8
K1 – Review of performance	8
K2 – Comparison with immediate preceding quarter	8
K3 – Prospects for 2010	8
K4 – Profit forecast/profit guarantee	8
K5 – Tax	9
K6 – Unquoted investments and properties	9
K7 – Quoted securities	9
K8 – Corporate proposals	9
K9 – Group borrowings and debt securities	9
K10 – Financial instruments	10
K11 – Material litigation	10
K12 – Dividend	10
K13 – Earnings per share	10

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 Statement of Comprehensive Income
(The figures have not been audited)

	3 Months Current Year Quarter 31.03.2010 RM' 000	3 Months Preceding Year Quarter 31.03.2009 RM' 000	3 Months Current Year To Date 31.03.2010 RM' 000	3 Months Preceding Year To Date 31.03.2009 RM' 000
Revenue	58,893	56,503	58,893	56,503
Cost of sales	(12,648)	(10,895)	(12,648)	(10,895)
Gross profit	46,245	45,608	46,245	45,608
Other income	1,546	879	1,546	879
Interest income	642	766	642	766
Administrative expenses	(5,912)	(5,298)	(5,912)	(5,298)
Profit from operations	42,521	41,955	42,521	41,955
Finance costs	(5,870)	(7,015)	(5,870)	(7,015)
Profit before tax	36,651	34,940	36,651	34,940
Tax expense	(9,637)	(9,500)	(9,637)	(9,500)
Profit for the period from continuing operations	27,014	25,440	27,014	25,440
Profit for the period	27,014	25,440	27,014	25,440
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	27,014	25,440	27,014	25,440
Profit attributable to:				
Owners of the Parent	27,014	25,440	27,014	25,440
Total comprehensive income attributable to:				
Owners of the Parent	27,014	25,440	27,014	25,440
Earnings per share				
- basic (sen)	8.02	7.69	8.02	7.69
- diluted (sen)	7.92	7.68	7.92	7.68

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying notes attached to the interim financial statements.

Condensed Consolidated Statement of Financial Position
(The figures have not been audited)

	As at 31.03.2010 RM '000	As at 31.12.2009 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	5,204	4,946
Investment property	<u>1,800,000</u>	<u>1,800,000</u>
	<u>1,805,204</u>	<u>1,804,946</u>
Current assets		
Trade and other receivables	8,625	10,072
Amounts owing by other related companies	7,650	10,888
Tax recoverable	9,302	9,302
Deposits with licensed banks	146,810	173,950
Cash and bank balances	<u>11,876</u>	<u>6,929</u>
	<u>184,263</u>	<u>211,141</u>
TOTAL ASSETS	<u>1,989,467</u>	<u>2,016,087</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	337,058	336,875
Share premium	386,905	386,621
Treasury shares	(220)	(220)
Capital redemption reserve	293	293
Retained earnings	383,024	272,280
Current year profit	<u>27,014</u>	<u>136,017</u>
	<u>1,134,074</u>	<u>1,131,866</u>
Warrants reserve	5,713	5,723
Total equity	<u>1,139,787</u>	<u>1,137,589</u>
Non-current liabilities		
Redeemable secured bonds	200,000	200,000
Bank guaranteed bonds	199,086	198,777
Deferred taxation	<u>309,749</u>	<u>309,749</u>
	<u>708,835</u>	<u>708,526</u>
Current liabilities		
Trade and other payables	55,221	88,101
Amounts owing to holding & other related companies	4,626	3,712
Redeemable secured bonds	50,000	50,000
Medium term notes	20,000	20,000
Taxation	<u>10,998</u>	<u>8,159</u>
	<u>140,845</u>	<u>169,972</u>
Total liabilities	<u>849,680</u>	<u>878,498</u>
TOTAL EQUITY AND LIABILITIES	<u>1,989,467</u>	<u>2,016,087</u>
Net assets per share	<u>3.36</u>	<u>3.36</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying notes attached to the interim financial statements.

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

Condensed Consolidated Statements of Changes in Equity

(The figures have not been audited)

	Attributable to owners of the Parent								
	Issued and fully paid ordinary shares of RM1.00 each				Capital redemption reserve	Retained earnings	Total	Warrants reserve	Total equity
	Number of shares '000	Nominal value RM '000	Treasury shares RM '000	Share premium RM '000	RM '000	RM '000	RM'000	RM'000	RM '000
As at 1 January 2010	336,875	336,875	(220)	386,621	293	408,297	1,131,866	5,723	1,137,589
Total comprehensive income for the period	-	-	-	-	-	27,014	27,014	-	27,014
Exercise of warrants	183	183	-	284	-	-	467	(10)	457
Dividend	-	-	-	-	-	(25,273)	(25,273)	-	(25,273)
As at 31 March 2010	337,058	337,058	(220)	386,905	293	410,038	1,134,074	5,713	1,139,787

Dividend distribution per ordinary share for the current quarter ended 31 March 2010 was 7.5 sen.

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

Condensed Consolidated Statements of Changes in Equity (Restated)

(The figures have not been audited)

	Attributable to owners of the Parent								
	Issued and fully paid ordinary shares of RM1.00 each				Capital	Retained	Total	Warrants	Total
	Number of shares '000	Nominal value RM '000	Treasury shares RM '000	Share premium RM '000	redemption reserve RM '000	earnings RM '000	RM'000	reserve RM'000	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
Total comprehensive income for the period	-	-	-	-	-	25,440	25,440	-	25,440
Exercise of warrants	1	1	-	1	-	-	2	-	2
Dividend	-	-	-	-	-	(19,853)	(19,853)	-	(19,853)
As at 31 March 2009	330,994	330,994	(220)	377,474	268	323,002	1,031,518	6,048	1,037,566

Dividend distribution per ordinary share for the quarter ended 31 March 2009 was 8.0 sen.

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 2009 and the accompanying notes attached to the interim financial statements.

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

	3 months ended 31.03.2010 RM'000	3 months ended 31.03.2009 RM'000
Operating activities		
Profit before tax	36,651	34,940
Adjustment for non-cash flow items:		
Non-cash items	437	216
Non-operating items (which are investing or financing)	5,228	6,250
Operating profit before changes in working capital	42,316	41,406
Net change in current assets	4,113	(5,019)
Net change in current liabilities	(4,925)	(10,556)
Cash flow from operations	41,504	25,831
Income taxes paid	(6,798)	(6,090)
Net cash generated from operating activities	34,706	19,741
Investing activities		
Purchase of property, plant & equipment	(567)	(484)
Interest received	642	814
Net cash generated from investing activities	75	330
Financing activities		
Proceeds from exercise of warrants	457	2
Interest paid	(6,902)	(8,526)
Dividend paid for redeemable preference shares	-	(1,250)
Dividend paid for ordinary shares	(50,529)	(32,262)
Net cash used in financing activities	(56,974)	(42,036)
Net decrease in cash and cash equivalents	(22,193)	(21,965)
Cash and cash equivalents at beginning of period	180,879	161,711
Cash and cash equivalents at end of period	158,686	139,746

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying notes attached to the interim financial statements.

**Explanatory Notes to the Interim Financial Statements
for the financial period ended 31 March 2010**

M1 Basis of preparation

This interim report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard (FRS) 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 2009. 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 2009 except for the following:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
FRS 140	Investment Property
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 110	Events After The Balance Sheet Date
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 118	Revenue
Amendment to FRS 119	Employee Benefits
Amendment to FRS 127	Consolidated and Separate Financial Statements
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2: Group and Treasury Share Transactions

The adoption of the new and revised FRSs, Amendments to FRSs and IC Interpretations that are applicable to the Group and effective from 1 January 2010 has no material effect to the Group's consolidated financial statements of the current year or the comparative consolidated financial statements of the prior financial year. In addition, there is no impact on the opening balance of retained earnings pursuant to the transitional provisions for first adoption of FRS 139.

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 2009 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 Capital management: debt and equity securities

The overall objective of capital management is to create a more efficient or optimal capital structure. This would enable continuing operations to be run as going concern whilst providing fair returns to stakeholders such as holders of ordinary shares as well as bonds in the Group. The key components of capital structure mainly consist of equity and debt securities. Based on the Statement of Financial Position as at 31 March 2010, the capital structure was approximately 71% equity financing and 29% debt financing which indicated a gearing of approximately 42%. Taking into consideration the cash and cash equivalents as at 31 March 2010 of RM158.686 million, the net gearing of the Group was approximately 27%.

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.

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 RM336,875,215 as at 31 December 2009 to RM337,057,630 as at 31 March 2010 as follows:

Date of allotment	No. of shares allotted	Type of issue	Total issued & paid-up ordinary share capital RM
As at 31 December 2009			336,875,215
05.01.10	31,500	Exercise of Warrants	336,906,715
11.01.10	5,701	Exercise of Warrants	336,912,416
15.01.10	52,300	Exercise of Warrants	336,964,716
28.01.10	1,014	Exercise of Warrants	336,965,730
08.03.10	91,900	Exercise of Warrants	337,057,630

M7 Dividends paid

Two (2) single-tier interim dividends of 7.5% each on ordinary shares for the financial year ended 31 December 2009 were paid on 18 January 2010 and 30 March 2010 respectively.

M8 Segment reporting

The segmental financial information by operating segments is not presented as the Group is the owner and operator of Mid Valley Megamall of which the entire business is considered as one (1) operating segment.

M9 Valuations

The carrying values of property, plant and equipment have been brought forward without changes from the audited financial statements for the financial year ended 31 December 2009.

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 March 2010, the Group's revenue, reflecting mainly the operations of Mid Valley Megamall, increased by 4.23% to RM58.893 million, compared with the corresponding period of RM56.503 million in 2009. This was mainly due to higher total rental income. As a result, the Group recorded a pre-tax profit of RM36.651 million, representing 4.90% increase, compared with pre-tax profit of RM34.940 million in the corresponding period in 2009.

K2 Comparison with immediate preceding quarter

For the current quarter ended 31 March 2010, the Group's revenue was RM58.893 million, representing 0.45% increase over the immediate preceding quarter ended 31 December 2009 of RM58.629 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 March 2010 of RM36.651 million, representing 41.05% decrease, compared with pre-tax profit of RM62.178 million in the immediate preceding quarter. This was mainly due to recognition of revaluation surplus of RM30 million as fair value gain on investment property in the immediate preceding quarter.

Excluding the fair value gain on investment property, the Group's pre-tax profit for the current quarter ended 31 March 2010 was 13.90% higher than immediate preceding quarter. This was mainly due to higher total rental income and lower property maintenance cost 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 31.03.2010 RM '000	Current year-to-date ended 31.03.2010 RM '000
Malaysian income tax (Company and subsidiaries)		
- Current financial period	<u>9,637</u>	<u>9,637</u>
	<u>9,637</u>	<u>9,637</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 31 March 2010 were as follows:

	RM '000
Long term borrowings:	
Secured :-redeemable secured bonds	200,000
-bank guaranteed bonds	<u>199,086</u>
	<u>399,086</u>
Short term borrowings:	
Secured :-redeemable secured bonds	50,000
-medium term notes	<u>20,000</u>
	<u>70,000</u>
TOTAL	<u>469,086</u>
Total equity as at 31 March 2010	<u>1,139,787</u>

K10 Financial instruments

The Group does not have any off-balance sheet financial instruments. With the adoption of FRS 139, off-balance sheet financial instruments, if any, will be recognised on balance sheet.

K11 Material litigation

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

K12 Dividend

Two (2) single-tier interim dividends of 7.5% each for the financial year ended 31 December 2009 were paid on 18 January 2010 and 30 March 2010 respectively. No dividend is declared for the financial year ending 31 December 2010.

K13 Earnings per share

		Current quarter ended 31.03.2010	Preceding quarter ended 31.03.2009	Current year-to-date ended 31.03.2010	Preceding year-to-date ended 31.03.2009
Profit for the period	RM '000	27,014	25,440	27,014	25,440
Weighted average number of ordinary shares in issue ^{*1}	'000	336,880	330,892	336,880	330,892
Basic earnings per share	sen	<u>8.02</u>	<u>7.69</u>	<u>8.02</u>	<u>7.69</u>
Weighted average number of ordinary shares in issue ^{*1}	'000	336,880	330,892	336,880	330,892
Adjustments for Warrants	'000	4,316	432	4,316	432
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	341,196	331,324	341,196	331,324
Diluted earnings per share	sen	<u>7.92</u>	<u>7.68</u>	<u>7.92</u>	<u>7.68</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 May 2010