

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

**Interim Financial Report  
for the 3-month ended 30 June 2010**

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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 Statement of Comprehensive Income**

*(The figures have not been audited)*

	<b>3 Months Current Year Quarter 30.06.2010 RM' 000</b>	3 Months Preceding Year Quarter 30.06.2009 RM' 000	<b>6 Months Current Year To Date 30.06.2010 RM' 000</b>	6 Months Preceding Year To Date 30.06.2009 RM' 000
Revenue	<b>60,185</b>	56,978	<b>119,078</b>	113,481
Cost of sales	<b>(12,577)</b>	(13,950)	<b>(25,225)</b>	(24,845)
Gross profit	<b>47,608</b>	43,028	<b>93,853</b>	88,636
Other income	<b>1,181</b>	1,160	<b>2,727</b>	2,039
Fair value gain on investment property	<b>50,000</b>	-	<b>50,000</b>	-
Interest income	<b>2,277</b>	579	<b>2,919</b>	1,345
Administrative expenses	<b>(6,135)</b>	(5,569)	<b>(12,047)</b>	(10,867)
Profit from operations	<b>94,931</b>	39,198	<b>137,452</b>	81,153
Finance costs	<b>(6,865)</b>	(7,075)	<b>(12,735)</b>	(14,090)
Profit before tax	<b>88,066</b>	32,123	<b>124,717</b>	67,063
Tax expense	<b>(22,476)</b>	(8,800)	<b>(32,113)</b>	(18,300)
Profit for the period from continuing operations	<b>65,590</b>	23,323	<b>92,604</b>	48,763
Profit for the period	<b>65,590</b>	23,323	<b>92,604</b>	48,763
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<b>65,590</b>	23,323	<b>92,604</b>	48,763
Profit attributable to:				
Owners of the Parent	<b>65,590</b>	23,323	<b>92,604</b>	48,763
Total comprehensive income attributable to:				
Owners of the Parent	<b>65,590</b>	23,323	<b>92,604</b>	48,763
Earnings per share				
- basic (sen)	<b>19.47</b>	7.04	<b>27.49</b>	14.71
- diluted (sen)	<b>19.12</b>	7.03	<b>26.53</b>	14.67

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 <b>30.06.2010</b> RM '000	As at 31.12.2009 RM '000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5,030	4,946
Investment property	<b>1,850,000</b>	1,800,000
	<b>1,855,030</b>	<b>1,804,946</b>
<b>Current assets</b>		
Trade and other receivables	5,969	10,072
Amounts owing by other related companies	7,524	10,888
Tax recoverable	9,302	9,302
Deposits with licensed banks	186,697	173,950
Cash and bank balances	8,985	6,929
	<b>218,477</b>	211,141
<b>TOTAL ASSETS</b>	<b>2,073,507</b>	<b>2,016,087</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	337,062	336,875
Share premium	386,912	386,621
Treasury shares	(220)	(220)
Capital redemption reserve	293	293
Retained earnings	383,024	272,280
Current year profit	92,604	136,017
	<b>1,199,675</b>	1,131,866
Warrants reserve	5,713	5,723
<b>Total equity</b>	<b>1,205,388</b>	<b>1,137,589</b>
<b>Non-current liabilities</b>		
Redeemable secured bonds	200,000	200,000
Bank guaranteed bonds	199,399	198,777
Financial liabilities at amortised cost	29,271	-
Deferred taxation	322,249	309,749
	<b>750,919</b>	<b>708,526</b>
<b>Current liabilities</b>		
Trade and other payables	27,703	88,101
Amounts owing to holding & other related companies	5,321	3,712
Redeemable secured bonds	50,000	50,000
Medium term notes	20,000	20,000
Taxation	14,176	8,159
	<b>117,200</b>	169,972
<b>Total liabilities</b>	<b>868,119</b>	878,498
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,073,507</b>	<b>2,016,087</b>
<b>Net assets per share</b>	<b>3.56</b>	3.36

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
<b>As at 1 January 2010</b>	336,875	336,875	(220)	386,621	293	408,297	1,131,866	5,723	1,137,589
Total comprehensive income for the period	-	-	-	-	-	92,604	92,604	-	92,604
Exercise of warrants	187	187	-	291	-	-	478	(10)	468
Dividend	-	-	-	-	-	(25,273)	(25,273)	-	(25,273)
<b>As at 30 June 2010</b>	<b>337,062</b>	<b>337,062</b>	<b>(220)</b>	<b>386,912</b>	<b>293</b>	<b>475,628</b>	<b>1,199,675</b>	<b>5,713</b>	<b>1,205,388</b>

There was no dividend distribution per ordinary share for the current quarter ended 30 June 2010.

**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		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	Total RM'000	reserve RM'000	equity RM '000
<b>As at 1 January 2009</b>	330,993	330,993	(220)	377,473	268	317,415	1,025,929	6,048	1,031,977
Total comprehensive income 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)
<b>As at 30 June 2009</b>	<b>334,301</b>	<b>334,301</b>	<b>(220)</b>	<b>382,618</b>	<b>268</b>	<b>346,325</b>	<b>1,063,292</b>	<b>5,865</b>	<b>1,069,157</b>

There was no dividend distribution per ordinary share for the quarter ended 30 June 2009.

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)

	6 months ended 30.06.2010 RM'000	6 months ended 30.06.2009 RM'000
<b>Operating activities</b>		
Profit before tax	124,717	67,063
Adjustment for non-cash flow items:		
Non-cash items	(48,874)	608
Non-operating items (which are investing or financing)	9,816	12,744
Operating profit before changes in working capital	85,659	80,415
Net change in current assets	7,677	(3,357)
Net change in current liabilities	(4,792)	(11,082)
Cash flow from operations	88,544	65,976
Income taxes paid	(13,596)	(12,180)
<b>Net cash generated from operating activities</b>	<b>74,948</b>	<b>53,796</b>
<b>Investing activities</b>		
Purchase of property, plant & equipment	(689)	(532)
Interest received	1,704	1,395
<b>Net cash generated from investing activities</b>	<b>1,015</b>	<b>863</b>
<b>Financing activities</b>		
Proceeds from exercise of warrants	468	8,271
Interest paid	(11,099)	(11,917)
Dividend paid for redeemable preference shares	-	(1,250)
Dividend paid for ordinary shares	(50,529)	(32,263)
<b>Net cash used in financing activities</b>	<b>(61,160)</b>	<b>(37,159)</b>
<b>Net increase in cash and cash equivalents</b>	<b>14,803</b>	<b>17,500</b>
Cash and cash equivalents at beginning of period	<u>180,879</u>	<u>161,711</u>
<b>Cash and cash equivalents at end of period</b>	<b><u>195,682</u></b>	<b><u>179,211</u></b>

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 30 June 2010**

**M1 Basis of preparation**

This Interim Financial 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 Financial 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 Financial 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.

**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 Financial 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 30 June 2010, the capital structure was approximately 72% equity financing and 28% debt financing which indicated a gearing of approximately 39%. Taking into consideration the cash and cash equivalents as at 30 June 2010 of RM195.682 million, the net gearing of the Group was approximately 23%.

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 RM337,062,130 as at 30 June 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
12.04.10	2,100	Exercise of Warrants	337,059,730
26.05.10	1,400	Exercise of Warrants	337,061,130
03.06.10	1,000	Exercise of Warrants	337,062,130



**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**

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 16 August 2010, the market value of Mid Valley Megamall as at 30 June 2010 is RM1.85 billion, a surplus of RM50 million from the previous recorded value of RM1.80 billion. In accordance with Group's accounting policy, the revaluation surplus of RM50 million is recognised as fair value gain on investment property in statement of comprehensive income for the financial period ended 30 June 2010.

Save as disclosed above, the carrying values of property, plant and equipment have been brought forward without material 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**

On 23 August 2010, Hong Leong Investment Bank Berhad ("Principal Adviser") on behalf of the Board of Directors ("Board"), announced that the Company proposed to issue up to RM300 million nominal value of 7-year Redeemable Convertible Secured Bonds ("Bonds"). Other terms and conditions of the Bonds will be determined later by the Board and announced to Bursa Securities Malaysia Berhad ("Bursa Securities") by the Principal Adviser, where required.

Save as disclosed above, there were no material events subsequent to the end of the interim period up to the date of this Interim Financial 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 Financial Report.

**K1 Review of performance**

For the current quarter ended 30 June 2010, the Group's revenue, reflecting mainly the operations of Mid Valley Megamall, increased by 5.63% to RM60.185 million, compared with the corresponding period of RM56.978 million in 2009. This was mainly due to higher total rental income.

The Group recorded a pre-tax profit of RM88.066 million, representing 174.15% increase, compared with pre-tax profit of RM32.123 million in the corresponding period in 2009. This was mainly due to higher total rental income, lower property maintenance/upgrades cost and recognition of revaluation surplus of RM50 million as fair value gain on investment property in the current quarter.

Excluding the fair value gains on investment property in the current quarter, the Group recorded pre-tax profit of RM38.066 million, representing 18.50% increase, compared with pre-tax profit of RM32.123 million in the corresponding period in 2009. This was mainly due to higher total rental income and lower property maintenance/upgrades cost in the current quarter.

**K2 Comparison with immediate preceding quarter**

For the current quarter ended 30 June 2010, the Group's revenue was RM60.185 million, representing 2.19% increase over the immediate preceding quarter ended 31 March 2010 of RM58.893 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 2010 of RM88.066 million, representing 140.28% increase, compared with pre-tax profit of RM36.651 million in the immediate preceding quarter. This was mainly due to recognition of revaluation surplus of RM50 million as fair value gain on investment property in the current quarter.

Excluding the fair value gain on investment property in the current quarter, the Group recorded pre-tax profit of RM38.066 million, representing 3.86% increase, compared with pre-tax profit of RM36.651 million in the immediate preceding quarter. This was mainly due to higher total rental income in current quarter.

**K3 Prospects for 2010**

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

**K4 Profit forecast/profit guarantee**

Not applicable.

**K5 Tax**

	<b>Current quarter ended 30.06.2010 RM '000</b>	Current year-to-date ended 30.06.2010 RM '000
Malaysian income tax (Company and subsidiaries)		
- Current financial period	9,976	19,613
Deferred tax	<u>12,500</u>	<u>12,500</u>
	<u><u>22,476</u></u>	<u><u>32,113</u></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**

Save as disclosed in Material Event under section M10 of this Interim Financial Report is announced to Bursa Securities by the Principal Adviser on 23 August 2010, there are no corporate proposals announced but not completed as at the date of this Interim Financial Report.

**K9 Group borrowings and debt securities**

The Group's borrowings and debt securities as at 30 June 2010 were as follows:

	<b>RM '000</b>
<b>Long term borrowings:</b>	
Secured :-redeemable secured bonds	200,000
-bank guaranteed bonds	<u>199,399</u>
	<u>399,399</u>
<b>Short term borrowings:</b>	
Secured :-redeemable secured bonds	50,000
-medium term notes	<u>20,000</u>
	<u>70,000</u>
<b>TOTAL</b>	<u><u>469,399</u></u>
<b>Total equity as at 30 June 2010</b>	<u><u>1,205,388</u></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 Financial 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**

		<b>Current quarter ended 30.06.2010</b>	Preceding quarter ended 30.06.2009	<b>Current year-to-date ended 30.06.2010</b>	Preceding year-to-date ended 30.06.2009
Profit for the period	RM '000	<b>65,590</b>	23,323	<b>92,604</b>	48,763
Weighted average number of ordinary shares in issue <sup>*1</sup>	'000	<b>336,920</b>	331,405	<b>336,920</b>	331,405
<b>Basic earnings per share</b>	sen	<u><b>19.47</b></u>	<u>7.04</u>	<u><b>27.49</b></u>	<u>14.71</u>
Weighted average number of ordinary shares in issue <sup>*1</sup>	'000	<b>336,920</b>	331,405	<b>336,920</b>	331,405
Adjustments for Warrants	'000	<b>6,097</b>	521	<b>12,195</b>	1,043
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	<b>343,017</b>	331,926	<b>349,115</b>	332,448
<b>Diluted earnings per share</b>	sen	<u><b>19.12</b></u>	<u>7.03</u>	<u><b>26.53</b></u>	<u>14.67</u>

**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  
23 August 2010