

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

**Interim Financial Report
for the 3-month ended 30 September 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)

	3 Months Current Year Quarter 30.09.2010 RM' 000	3 Months Preceding Year Quarter 30.09.2009 RM' 000	9 Months Current Year To Date 30.09.2010 RM' 000	9 Months Preceding Year To Date 30.09.2009 RM' 000
Revenue	58,524	55,769	177,602	169,250
Cost of sales	(12,041)	(13,011)	(37,266)	(37,856)
Gross profit	46,483	42,758	140,336	131,394
Other income	1,474	1,086	4,201	3,125
Fair value gain on investment property	-	20,000	50,000	20,000
Interest income	2,118	637	5,037	1,982
Administrative expenses	(5,475)	(6,216)	(17,522)	(17,083)
Profit from operations	44,600	58,265	182,052	139,418
Finance costs	(6,396)	(6,951)	(19,131)	(21,041)
Profit before tax	38,204	51,314	162,921	118,377
Tax expense	(10,913)	(13,600)	(43,026)	(31,900)
Profit for the period from continuing operations	27,291	37,714	119,895	86,477
Profit for the period	27,291	37,714	119,895	86,477
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	27,291	37,714	119,895	86,477
Profit attributable to:				
Owners of the Parent	27,291	37,714	119,895	86,477
Total comprehensive income attributable to:				
Owners of the Parent	27,291	37,714	119,895	86,477
Earnings per share				
- basic (sen)	8.10	11.34	35.58	26.01
- diluted (sen)	7.95	11.26	33.67	25.47

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.

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

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

	As at 30.09.2010 RM '000	As at 31.12.2009 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	4,820	4,946
Investment property	<u>1,850,000</u>	<u>1,800,000</u>
	<u>1,854,820</u>	<u>1,804,946</u>
Current assets		
Trade and other receivables	8,790	10,072
Amounts owing by other related companies	8,671	10,888
Tax recoverable	9,302	9,302
Deposits with licensed banks	161,612	173,950
Cash and bank balances	<u>7,740</u>	<u>6,929</u>
	<u>196,115</u>	<u>211,141</u>
TOTAL ASSETS	<u><u>2,050,935</u></u>	<u><u>2,016,087</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	337,219	336,875
Share premium	387,156	386,621
Treasury shares	(220)	(220)
Capital redemption reserve	293	293
Retained earnings		
- realised	299,083	225,839
- unrealised	83,941	46,441
Current year profit		
- realised	82,395	98,517
- unrealised	<u>37,500</u>	<u>37,500</u>
	1,227,367	1,131,866
Warrants reserve	<u>5,704</u>	<u>5,723</u>
Total equity	<u><u>1,233,071</u></u>	<u><u>1,137,589</u></u>
Non-current liabilities		
Redeemable secured bonds	150,000	200,000
Bank guaranteed bonds	199,715	198,777
Financial liabilities at amortised cost	22,422	-
Deferred taxation	<u>322,249</u>	<u>309,749</u>
	<u>694,386</u>	<u>708,526</u>
Current liabilities		
Trade and other payables	35,557	88,101
Amounts owing to holding & other related companies	6,034	3,712
Redeemable secured bonds	50,000	50,000
Medium term notes	20,000	20,000
Taxation	<u>11,887</u>	<u>8,159</u>
	<u>123,478</u>	<u>169,972</u>
Total liabilities	<u><u>817,864</u></u>	<u><u>878,498</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,050,935</u></u>	<u><u>2,016,087</u></u>
Net assets per share	<u><u>3.64</u></u>	<u><u>3.36</u></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	-	-	-	-	-	119,895	119,895	-	119,895
Exercise of warrants	344	344	-	535	-	-	879	(19)	860
Dividend	-	-	-	-	-	(25,273)	(25,273)	-	(25,273)
As at 30 September 2010	337,219	337,219	(220)	387,156	293	502,919	1,227,367	5,704	1,233,071

There was no dividend distribution per ordinary share for the current quarter ended 30 September 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					
	Number of shares '000	Nominal value RM '000	Treasury shares RM '000	Share premium RM '000	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	
Total comprehensive income for the period	-	-	-	-	-	86,477	86,477	-	86,477	
Redemption of RPS	-	-	-	-	25	(25)	-	-	-	
Exercise of warrants	5,290	5,290	-	8,227	-	-	13,517	(292)	13,225	
Dividend	-	-	-	-	-	(19,853)	(19,853)	-	(19,853)	
As at 30 September 2009	336,283	336,283	(220)	385,700	293	384,014	1,106,070	5,756	1,111,826	

There was no dividend distribution per ordinary share for the quarter ended 30 September 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)

	9 months ended 30.09.2010 RM'000	9 months ended 30.09.2009 RM'000
Operating activities		
Profit before tax	162,921	118,377
Adjustment for non-cash flow items:		
Non-cash items	(48,810)	(18,988)
Non-operating items (which are investing or financing)	12,521	19,059
Operating profit before changes in working capital	126,632	118,448
Net change in current assets	1,885	(4,604)
Net change in current liabilities	3,463	(5,865)
Cash flow from operations	131,980	107,979
Income taxes paid	(26,798)	(25,620)
Net cash generated from operating activities	105,182	82,359
Investing activities		
Purchase of property, plant & equipment	(709)	(562)
Interest received	2,338	2,036
Net cash generated from investing activities	1,629	1,474
Financing activities		
Repayment of redeemable secured bonds	(50,000)	(40,000)
Redemption of redeemable preference shares	-	(25,000)
Proceeds from exercise of warrants	860	13,225
Interest paid	(18,669)	(20,602)
Dividend paid for redeemable preference shares	-	(2,045)
Dividend paid for ordinary shares	(50,529)	(32,263)
Net cash used in financing activities	(118,338)	(106,685)
Net decrease in cash and cash equivalents	(11,527)	(22,852)
Cash and cash equivalents at beginning of period	180,879	161,711
Cash and cash equivalents at end of period	169,352	138,859

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 September 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 September 2010, the capital structure was approximately 75% equity financing and 25% debt financing which indicated a gearing of approximately 33%. Taking into consideration the cash and cash equivalents as at 30 September 2010 of RM169.352 million, the net gearing of the Group was approximately 20%.

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 RM50 million on 15 September 2010 in relation to RM400 million nominal value redeemable secured bonds issued by Mid Valley Capital Sdn Bhd.
- (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 RM336,875,215 as at 31 December 2009 to RM337,218,993 as at 30 September 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
12.07.10	150,120	Exercise of Warrants	337,212,250
19.07.10	5,000	Exercise of Warrants	337,217,250
27.07.10	100	Exercise of Warrants	337,217,350
05.08.10	710	Exercise of Warrants	337,218,060
20.09.10	533	Exercise of Warrants	337,218,593
24.09.10	400	Exercise of Warrants	337,218,993

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 8 November 2010, the market value of Mid Valley Megamall as at 30 September 2010 remained as RM1.85 billion.

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

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 September 2010, the Group's revenue, reflecting mainly the operations of Mid Valley Megamall, increased by 4.84% to RM58.5 million, compared with the corresponding period of RM55.8 million in 2009. This was mainly due to higher total rental income.

The Group recorded a pre-tax profit of RM38.2 million, representing 25.54% decrease, compared with pre-tax profit of RM51.3 million in the corresponding period in 2009. This was mainly due to recognition of revaluation surplus of RM20 million as fair value gain on investment property in the corresponding quarter in 2009.

Excluding the fair value gains on investment property, the Group recorded pre-tax profit of RM38.2 million, representing 22.04% increase, compared with pre-tax profit of RM31.3 million in the corresponding period in 2009. This was mainly due to higher total rental income and lower maintenance and utility costs in the current quarter.

K2 Comparison with immediate preceding quarter

For the current quarter ended 30 September 2010, the Group's revenue was RM58.5 million, representing 2.82% decrease over the immediate preceding quarter ended 31 March 2010 of RM60.2 million. This was mainly due to lower total rental income in current quarter.

The Group recorded a pre-tax profit for the current quarter ended 30 September 2010 of RM38.2 million, representing 56.64% decrease, compared with pre-tax profit of RM88.1 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 immediate preceding quarter.

Excluding the fair value gain on investment property, the Group recorded pre-tax profit of RM38.2 million, representing 0.26% increase, compared with pre-tax profit of RM38.1 million in the immediate preceding quarter. This was mainly due to lower utility cost 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 should be satisfactory.

K4 Profit forecast/profit guarantee

Not applicable.

K5 Tax

	Current quarter ended 30.09.2010 RM '000	Current year-to-date ended 30.09.2010 RM '000
Malaysian income tax (Company and subsidiaries)		
- Current financial period	10,913	30,526
Deferred tax	<u>-</u>	<u>12,500</u>
	<u>10,913</u>	<u>43,026</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 below, there are no corporate proposals announced but not completed as at the date of this Interim Financial Report.

On 23 August 2010, Hong Leong Investment Bank Berhad had 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"), ("Proposed Bonds Issue").

Submissions in relation to the Proposed Bonds Issue were made to the Securities Commissions and Bursa Malaysia Securities Berhad ("Bursa Securities") on 14 October 2010.

Bursa Securities had via its letter dated 2 November 2010 approved the listing and quotation of new ordinary shares of RM1.00 each in the Company to be issued pursuant to the conversion of the Bonds, subject to the approval of Securities Commission on the Proposed Bonds Issue.

The Proposed Bonds Issue has been approved by shareholders at an Extraordinary General Meeting on 22 November 2010.

K9 Group borrowings and debt securities

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

	RM '000
Long term borrowings:	
Secured :-redeemable secured bonds	150,000
-bank guaranteed bonds	<u>199,715</u>
	<u>349,715</u>
Short term borrowings:	
Secured :-redeemable secured bonds	50,000
-medium term notes	<u>20,000</u>
	<u>70,000</u>
TOTAL	<u>419,715</u>
Total equity as at 30 September 2010	<u><u>1,233,071</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 statement of financial position.

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.

In addition, the Board of Directors has approved a single-tier dividend of 7.5% for the financial year ended 31 December 2010, to be payable on 18 January 2011 to every member who is entitled to receive the single-tier interim dividend as at 4.00 p.m. on 31 December 2010.

K13 Earnings per share

		Current quarter ended 30.09.2010	Preceding quarter ended 30.09.2009	Current year-to-date ended 30.09.2010	Preceding year-to-date ended 30.09.2009
Profit for the period	RM '000	27,291	37,714	119,895	86,477
Weighted average number of ordinary shares in issue ^{*1}	'000	336,980	332,449	336,980	332,449
Basic earnings per share	sen	<u>8.10</u>	<u>11.34</u>	<u>35.58</u>	<u>26.01</u>
Weighted average number of ordinary shares in issue ^{*1}	'000	336,980	332,449	336,980	332,449
Adjustments for Warrants	'000	6,386	2,372	19,157	7,115
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	343,366	334,821	356,137	339,564
Diluted earnings per share	sen	<u>7.95</u>	<u>11.26</u>	<u>33.67</u>	<u>25.47</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
22 November 2010