

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

**Interim Financial Report
for the 3-month ended 31 December 2010**

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Notes:

M1 to M12 are explanatory notes in accordance with FRS 134.

K1 to K14 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 31.12.2010 RM' 000	3 Months Preceding Year Quarter 31.12.2009 RM' 000	12 Months Current Year To Date 31.12.2010 RM' 000	12 Months Preceding Year To Date 31.12.2009 RM' 000
Revenue	61,791	58,629	239,393	227,879
Cost of sales	(12,746)	(12,865)	(50,012)	(50,721)
Gross profit	49,045	45,764	189,381	177,158
Other income	1,181	1,679	5,382	4,804
Fair value gain on investment property	70,000	30,000	120,000	50,000
Interest income	1,783	552	6,820	2,534
Administrative expenses	(9,098)	(9,468)	(26,620)	(26,551)
Profit from operations	112,911	68,527	294,963	207,945
Finance costs	(5,487)	(6,349)	(24,618)	(27,390)
Profit before tax	107,424	62,178	270,345	180,555
Tax expense	(27,309)	(12,638)	(70,335)	(44,538)
Profit for the period from continuing operations	80,115	49,540	200,010	136,017
Profit for the period	80,115	49,540	200,010	136,017
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	80,115	49,540	200,010	136,017
Profit attributable to:				
Owners of the Parent	80,115	49,540	200,010	136,017
Total comprehensive income attributable to:				
Owners of the Parent	80,115	49,540	200,010	136,017
Earnings per share				
- basic (sen)	23.44	14.86	58.52	40.79
- diluted (sen)	23.40	14.58	58.07	37.93

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 31.12.2010 RM '000	As at 31.12.2009 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	5,094	4,946
Investment property	<u>1,920,000</u>	<u>1,800,000</u>
	<u>1,925,094</u>	<u>1,804,946</u>
Current assets		
Trade and other receivables	9,335	10,072
Amounts owing by other related companies	3,401	10,888
Tax recoverable	9,177	9,302
Deposits with licensed banks	200,997	173,950
Cash and bank balances	<u>17,804</u>	<u>6,929</u>
	<u>240,714</u>	<u>211,141</u>
TOTAL ASSETS	<u><u>2,165,808</u></u>	<u><u>2,016,087</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	430,386	336,875
Share premium	532,046	386,621
Treasury shares	(220)	(220)
Capital redemption reserve	293	293
Retained earnings		
- realised	266,812	225,839
- unrealised	83,941	46,441
Current year profit		
- realised	110,010	98,517
- unrealised	<u>90,000</u>	<u>37,500</u>
	<u>1,513,268</u>	<u>1,131,866</u>
Warrants reserve	565	5,723
Total equity	<u><u>1,513,833</u></u>	<u><u>1,137,589</u></u>
Non-current liabilities		
Redeemable secured bonds	150,000	200,000
Bank guaranteed bonds	-	198,777
Financial liabilities at amortised cost	19,051	-
Deferred taxation	<u>339,749</u>	<u>309,749</u>
	<u>508,800</u>	<u>708,526</u>
Current liabilities		
Trade and other payables	78,555	88,101
Amounts owing to holding & other related companies	5,770	3,712
Redeemable secured bonds	50,000	50,000
Medium term notes	-	20,000
Taxation	<u>8,850</u>	<u>8,159</u>
	<u>143,175</u>	<u>169,972</u>
Total liabilities	<u><u>651,975</u></u>	<u><u>878,498</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,165,808</u></u>	<u><u>2,016,087</u></u>
Net assets per share	<u><u>3.52</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					
	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 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	-	-	-	-	-	200,010	200,010	-	200,010	
Exercise of warrants	93,511	93,511	-	145,425	-	-	238,936	(5,158)	233,778	
Dividend	-	-	-	-	-	(57,544)	(57,544)	-	(57,544)	
As at 31 December 2010	430,386	430,386	(220)	532,046	293	550,763	1,513,268	565	1,513,833	

Dividend distribution per ordinary share for the current quarter ended 31 December 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		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
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	-	-	-	-	-	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

Dividend distribution per ordinary share for the quarter ended 31 December 2009 was 7.5 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)

	12 months ended 31.12.2010 RM'000	12 months ended 31.12.2009 RM'000
Operating activities		
Profit before tax	270,345	180,555
Adjustment for non-cash flow items:		
Non-cash items	(118,266)	(48,341)
Non-operating items (which are investing or financing)	17,798	24,856
Operating profit before changes in working capital	169,877	157,070
Net change in current assets	6,144	(9,639)
Net change in current liabilities	8,946	(5,555)
Cash flow from operations	184,967	141,876
Income taxes paid	(39,519)	(33,499)
Net cash generated from operating activities	145,448	108,377
Investing activities		
Purchase of property, plant & equipment	(1,352)	(1,280)
Interest received	3,158	2,575
Net cash generated from investing activities	1,806	1,295
Financing activities		
Repayment of redeemable secured bonds	(50,000)	(40,000)
Redemption of redeemable preference shares	-	(25,000)
Redemption of bank guaranteed bonds	(200,000)	-
(Redemption)/Proceeds from issuance of medium term notes	(20,000)	20,000
Proceeds from exercise of warrants	233,778	14,705
Interest paid	(22,581)	(25,901)
Dividend paid for redeemable preference shares	-	(2,045)
Dividend paid for ordinary shares	(50,529)	(32,263)
Net cash used in financing activities	(109,332)	(90,504)
Net increase in cash and cash equivalents	37,922	19,168
Cash and cash equivalents at beginning of period	180,879	161,711
Cash and cash equivalents at end of period	218,801	180,879

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 3-month ended 31 December 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 Group's 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 financial statements of the current financial year or the comparative financial statements of the preceding 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 cyclical 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. Further to full redemption of bank guaranteed bonds ("BG Bonds") and repayment of medium term notes programme ("MTN") in December 2010, based on the Statement of Financial Position as at 31 December 2010, the capital structure was approximately 88% equity financing and 12% debt financing which indicated a gearing of approximately 14%.

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) There was a 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) There was a principal repayment of RM20 million on 14 December 2010 in relation to RM200 million nominal value MTN issued by Mid Valley City Sdn Bhd;
- (iii) RM200 million nominal value BG Bonds issued by KrisAssets Holdings Berhad were fully redeemed on call option date on 23 December 2010; and
- (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 RM336,875,215 as at 31 December 2009 to RM430,386,104 as at 31 December 2010 as follows:

M6 Capital management: debt and equity securities (continued)

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
28.09.10	400	Exercise of Warrants	337,218,993
19.10.10	700	Exercise of Warrants	337,219,693
18.11.10	88,137	Exercise of Warrants	337,307,830
25.11.10	3,100	Exercise of Warrants	337,310,930
01.12.10	972,801	Exercise of Warrants	338,283,731
08.12.10	67,152	Exercise of Warrants	338,350,883
13.12.10	83,315,195	Exercise of Warrants	421,666,078
16.12.10	3,323,774	Exercise of Warrants	424,989,852
20.12.10	4,681,358	Exercise of Warrants	429,671,210
22.12.10	714,894	Exercise of Warrants	430,386,104

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, whereas a single-tier interim dividend of 7.5% on ordinary shares for the financial year ended 31 December 2010 was paid on 18 January 2011.

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 Jordan Lee & Jaafar Sdn Bhd on Mid Valley Megamall to assess its current market value. Based on a valuation letter dated 28 January 2011, the market value of Mid Valley Megamall as at 31 December 2010 is RM1.92 billion, a surplus of RM120 million from the previous financial year recorded value of RM1.80 billion. In accordance with Group's accounting policy, the revaluation surplus of RM120 million is recognised as fair value gain on investment property in statement of comprehensive income for the financial quarter ended 31 December 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

Save as disclosed in Section K8 (Corporate Proposals), 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 31 December 2010, the Group's revenue, reflecting mainly the operations of Mid Valley Megamall, increased by 5.46% to RM61.8 million, compared with the corresponding period of RM58.6 million in 2009. This was mainly due to higher total rental income.

The Group recorded a pre-tax profit of RM107.4 million, representing 72.67% increase, compared with pre-tax profit of RM62.2 million in the corresponding period in 2009. This was mainly due to recognition of revaluation surplus of RM70 million as fair value gain on investment property in the current quarter compared with RM30 million in the corresponding quarter in 2009.

Excluding the fair value gains on investment property, the Group recorded pre-tax profit of RM37.4 million, representing 16.15% increase, compared with pre-tax profit of RM32.2 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 31 December 2010, the Group's revenue was RM61.8 million, representing 5.64% increase over the immediate preceding quarter ended 30 September 2010 of RM58.5 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 2010 of RM107.4 million, representing 181.15% increase, compared with pre-tax profit of RM38.2 million in the immediate preceding quarter. This was mainly due to recognition of revaluation surplus of RM70 million as fair value gain on investment property in the current quarter.

Excluding the fair value gain on investment property, the Group recorded pre-tax profit of RM37.4 million, representing 2.09% decrease, compared with pre-tax profit of RM38.2 million in the immediate preceding quarter. This was mainly due to higher maintenance and utility cost in current quarter.

K3 Prospects for 2011

With the improving economic and business conditions, the Group is cautiously optimistic on its financial performance for the financial year ending 31 December 2011.

K4 Profit forecast/profit guarantee

Not applicable.

K5 Tax

	Current quarter ended 31.12.2010 RM '000	Current year-to-date ended 31.12.2010 RM '000
Malaysian income tax (Company and subsidiaries)		
- Current financial period	9,809	40,335
Deferred tax	<u>17,500</u>	<u>30,000</u>
	<u>27,309</u>	<u>70,335</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 Commission ("SC") and Bursa Malaysia Securities Berhad ("Bursa Securities") on 14 October 2010.

Bursa Securities had in 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 SC on the Proposed Bonds Issue. The Proposed Bonds Issue has been approved by shareholders at an Extraordinary General Meeting on 22 November 2010 and the SC on 2 December 2010.

On 29 December 2010, the conversion price for the Bonds was fixed at RM3.72. Subsequently, the Subscription Agreement for the Bonds was executed on 11 January 2011.

K9 Group borrowings and debt securities

The Group's borrowings and debt securities as at 31 December 2010 were as follows:

	RM '000
Long term borrowings:	
Secured :-redeemable secured bonds	150,000
Short term borrowings:	
Secured :-redeemable secured bonds	<u>50,000</u>
TOTAL	<u>200,000</u>
Total equity as at 31 December 2010	<u>1,513,833</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 the 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, whereas a single-tier interim dividend of 7.5% for the financial year ended 31 December 2010 was paid on 18 January 2011.

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 28 March 2011 to every member who is entitled to receive the single-tier interim dividend as at 4.00 p.m. on 8 March 2011.

K13 Earnings per share

		Current quarter ended 31.12.2010	Preceding quarter ended 31.12.2009	Current year-to-date ended 31.12.2010	Preceding year-to-date ended 31.12.2009
Profit for the period	RM '000	80,115	49,540	200,010	136,017
Weighted average number of ordinary shares in issue ^{*1}	'000	341,770	333,437	341,770	333,437
Basic earnings per share	sen	<u><u>23.44</u></u>	<u><u>14.86</u></u>	<u><u>58.52</u></u>	<u><u>40.79</u></u>
Weighted average number of ordinary shares in issue ^{*1}	'000	341,770	333,437	341,770	333,437
Adjustments for Warrants	'000	662	6,289	2,646	25,154
Weighted average number of ordinary shares in issue for diluted earnings per share	'000	342,432	339,726	344,416	358,591
Diluted earnings per share	sen	<u><u>23.40</u></u>	<u><u>14.58</u></u>	<u><u>58.07</u></u>	<u><u>37.93</u></u>

Note:

^{*1} After taking into consideration 100,000 treasury shares of RM1.00 each in the Company.

K14 Realised and unrealised retained earnings

	As at 31.12.2010 RM'000	As at 31.12.2009 RM'000
Total retained earnings (Company and subsidiaries)		
- realised	376,822	324,356
- unrealised	<u><u>173,941</u></u>	<u><u>83,941</u></u>
Total group retained earnings as per unaudited consolidated financial statements	<u><u>550,763</u></u>	<u><u>408,297</u></u>

BY ORDER OF THE BOARD
TINA CHAN LAI YIN
Secretary

Kuala Lumpur
11 February 2011