

KUALA LUMPUR CITY CORPORATION BERHAD (426627-H)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

Notes (In compliance with FRS 134)

A1. Accounting policies

The Unaudited Quarterly Report has been prepared in accordance with the Financial Reporting Standards 134 ('FRS' 134) issued by the Malaysian Accounting Standards Board ('MASB') on 'Interim Financial Reporting' and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad ('BMSB').

The accounting policies and methods of computations adopted by the Group in these quarterly financial statements are consistent with those adopted in the audited financial statements for the year ended 31 December 2006.

A2. Audit report of previous annual financial report

The audit report of the previous annual financial report was not qualified.

A3. Seasonal or Cyclical Factors

The Group's operations were not affected by any seasonal or cyclical factors.

A4. Unusual items affecting financial statements

There were no unusual items affecting the financial statements for the quarter ended 31 December 2007.

A5. Changes in accounting estimates

There were no changes in the accounting estimates used in the preparation of the financial statements in the current financial quarter as compared to the previous financial year.

A6. Debts and Equity Securities

There was no transaction in Group debts and equity securities for the period ended 31 December 2007.

A7. Dividend Paid

No dividend has been paid during the financial period. The Board of Directors has not declared or recommended the payment of dividend in respect of the current financial period under review.

A8. Segmental Information

Segmental analysis for the current financial year to date is as follows:

Quarter ended 31 December 2007

By Business Segments

Revenue and expenses	Investment holding RM'000	Hospitality Industry RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
Total revenue - External	41,986	11,296	(32,926)	20,356
Results				
Segment results	38,546	2,914	(31,474)	9,986
Finance cost				(10)
Share in results of an associate				1,823
				11,799
Taxation				(4,384)
Profit after taxation				7,415

By Geographical Locations

Revenue and expenses	Malaysia RM'000	*Outside Malaysia RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
Total revenue - External	51,086	2,196	(32,926)	20,356
Results				
Segment results	40,902	558	(31,474)	9,986
Finance cost				(10)
Share in results of an associate				1,823
				11,799
Taxation				(4,384)
Profit after taxation				7,415

* Operation outside Malaysia refers to that in Singapore.

Quarter ended 31 December 2006

Segmental reporting by business segment had not been prepared for the preceding corresponding quarter as the Group's results were derived primarily from its investment holding activities.

Segmental reporting by geographical location has not been prepared as the Group's operations are carried out in Malaysia.

A9. Revaluation of property, plant and equipment

There has been no revaluation on any of the Group's property, plant and equipment during the current quarter under review.

A10. Subsequent events

There is no material subsequent event other than that disclosed in note A15.

A11. Changes in the Composition of the Group

A11.1 Sucasa Sdn Bhd - New subsidiary with effect from 28 February 2007

Assedina Sdn Bhd ('ASB') a wholly-owned subsidiary of the Company, had on 28 February 2007 completed the proposed acquisition of the entire equity interest in Sucasa Sdn. Bhd. ('SSB'). As such, SSB is now a wholly-owned sub-subsiary company of KLCCB.

The assets and liabilities arising from the acquisition are as follows:

	Fair Value RM'000	Acquiree's carrying amount RM'000
Property, Plant & Equipment	62,595	57,637
Inventories	131	131
Trade Receivables	481	481
Other Receivables	265	265
Cash and Bank Balances	518	518
Trade Payables	(186)	(186)
Other Payables	(692)	(692)
Short Term Loan	(5,100)	(5,100)
Provision for Taxation	(159)	(159)
Deferred Tax Liability	(6,473)	(6,473)
Total Net Assets	<u>51,380</u>	<u>46,422</u>
Goodwill	<u>1,838</u>	
	<u>53,218</u>	

The cash outflow on acquisition is as follows:-

Purchase consideration satisfied by cash	53,000
Cost attributable to the acquisition, paid in cash	<u>218</u>
Total cost of acquisition	53,218
Cash and cash equivalents of subsidiary acquired	<u>(518)</u>
Net Cash outflow from the Group	52,700
Deposit paid in previous year	<u>(5,300)</u>
Net Cash outflow from the Group in current year	<u>47,400</u>

A11.2 Nomad Space Pte Ltd - New subsidiary in Singapore with effect from 10 August 2007

KLCCB had on 10 August 2007 incorporated a wholly-owned subsidiary in Singapore known as Nomad Space Pte Ltd ('NSPL').

NSPL was incorporated for the purposes of investment holding and services related business.

The issued and paid up share capital of NSPL is SGD500,000 ordinary shares of SGD1.00 each.

The incorporation of NSPL is not expected to have any material effects on the issued and paid-up share capital, consolidated earnings and net assets per share, gearing and major shareholders' shareholdings of KLCCB for the financial year ending 31 December 2007.

None of the Directors and major shareholders of KLCCB and/or persons connected with them has any interest, direct or indirect, in the incorporation of NSPL.

A11.3 MIHR Sdn Bhd ('MIHR') – New subsidiary with effect from 24 August 2007

KLCCB had on 24 August 2007 completed the proposed acquisition of the entire equity interest in MIHR. As such, MIHR is now a wholly-owned sub-subsi-diary of KLCCB.

The assets and liabilities arising from the acquisition are as follows:

	Fair Value RM'000	Acquiree's carrying amount RM'000
Trade Receivables	152	152
Other Receivables	5	5
Cash and Bank Balances	1,983	1,983
Other Payables	(13)	(13)
Provision for Taxation	(6)	(6)
Total Net Assets	<u>2,121</u>	<u>2,121</u>
Goodwill	<u>186</u>	
	<u>2,307</u>	

The cash outflow on acquisition is as follows:-

	RM'000
Purchase consideration satisfied by cash	2,293
Cost attributable to the acquisition, paid in cash	<u>14</u>
Total cost of acquisition	2,307
Cash and cash equivalents of subsidiary acquired	<u>(1,983)</u>
Net Cash outflow from the Group	<u>324</u>

A11.4 Nomad Space Sdn Bhd – New Subsidiary with effect from 24 September 2007

KLCCB had on 24 September 2007 incorporated a wholly-owned subsidiary known as Nomad Space Sdn Bhd ('NSSB') in Malaysia under the Company Act, 1965.

NSSB was incorporated for the purposes of investment holding and service related businesses.

The present authorised share capital of NSSB is RM 100,000.00 divided into 100,000 ordinary shares of RM 1.00 each of which 2 ordinary shares of RM 1.00 each have been issued and fully paid-up.

The incorporation of NSSB is not expected to have any material effects on the issued and paid-up share capital, consolidated earnings and net assets per share, gearing and major shareholders' shareholdings of KLCCB for the financial year ending 31 December 2007.

None of the Directors and/or major shareholders of KLCCB and/or persons connected with them have any interest, direct or indirect, in the incorporation of NSSB.

A11.5 Central Offices Pte Ltd ('COPL') – New subsidiary with effect from 30 October 2007

KLCCB had on 30 October 2007 completed the proposed acquisition of the entire equity interest in COPL. As such, COPL is now a wholly-owned sub-subsidiary of KLCCB.

The assets and liabilities arising from the acquisition are as follows:

	Fair Value	Acquiree's
	RM'000	carrying amount
		RM'000
Property, Plant & Equipment	342	342
Trade Receivables	201	201
Deposit	123	123
Cash and Bank Balances	510	510
Other Payables	(385)	(385)
Tax Payable	(12)	(12)
Total Net Assets	<u>779</u>	<u>779</u>
Goodwill	<u>2,091</u>	
	<u>2,870</u>	

The cash outflow on acquisition is as follows:-

	RM'000
Purchase consideration satisfied by cash	2,767
Cost attributable to the acquisition, paid in cash	<u>103</u>
Total cost of acquisition	2,870
Cash and cash equivalents of subsidiary acquired	<u>(510)</u>
Net Cash outflow from the Group	<u>2,360</u>

Saved from the above, there were no changes in the composition of the Group until 31 December 2007.

A12. Changes in contingent liabilities or contingent assets

There were no changes in the contingent liabilities or contingent assets during the current quarter under review.

A13. Commitment

There were no material commitments not provided for in the financial statement as at 31 December 2007 other than as disclosed below:-

<u>Capital Expenditure</u>	RM'000
Approved and contracted for	7,000
Approved but not contracted for	<u>-</u>
	<u>7,000</u>

A14. Related Party Transactions

Related Party Transactions had been entered into in the ordinary course of business based on normal commercial terms and on arms length basis.

A15. Others

Status of Practice Note 10/2001 ('PN10')

Following the disposal of the stockbroking related subsidiary companies which represent the core business of the Group, the Company was an affected listed issuer pursuant to PN10.

The company had on 15 February 2008 written to Bursa Malaysia Securities Berhad ("Bursa Malaysia") to confirm that the Company had regularised its level of operations pursuant to the Practice Note 10/2001 ("PN10") and requested Bursa Malaysia to uplift KLCCB from the PN10 condition.

Pursuant to this, Bursa Malaysia vide its letter dated 21 February 2008 (which was received on 27 February 2008), took note that the Company has regularised its level of operations and no longer classified under Paragraph 2.0 of PN10.

A16. Comparative

Certain comparative figures have been restated as a result of the retrospective application of FRS 101 Presentation of Financial Statement.

	<u>← Individual quarter →</u>		<u>← Cumulative quarter →</u>	
	As restated RM'000	Previously stated RM'000	As restated RM'000	Previously stated RM'000
Share in results of associated company	163	-	764	-
Share in results of associated company before taxation	-	324	-	1,078
Share in taxation of associated company	-	(161)	-	(314)

Notes (BMSB Revised Listing Requirements)

B1. Review of the performance of the Group

For the fourth quarter ended 31 December 2007, the Group reported a lower profit before taxation of RM0.1 million compared to RM3.5 million in the previous corresponding quarter. This was mainly contributed by the impairment loss on investment in associated company of RM3.8 million.

For the twelve month period, the Group recorded a higher PBT of RM11.8 million compared to RM9.5 million in the last corresponding period. The increase was mainly due to contribution from the Group's hospitality segment and dividend income.

The Board of Directors are of the opinion that there had been no material and unusual items, transactions or events that has arisen which would significantly affect the results of the operations of the Group for the period from 31 December 2007 to the date of issue of this announcement.

B2. Material changes in Quarterly Results

The Group achieved PBT at RM0.1 million in the current quarter, lower than that recorded in last quarter ended 30 September 2007 of RM4.1 million. The lower profit was mainly due to impairment loss on investment in associated company of RM3.8 million during the quarter under review.

B3. Current year prospects

The Board of Directors is of the view that the prospects of the services based industry will remain positive in the remaining year of 2008.

B4. Profit forecast / Profit Guarantee

Not applicable in this Quarterly Report.

B5. Taxation

Taxation comprises the following :

	Current quarter 31 December 2007 RM'000	Year to date 31 December 2007 RM'000
Provision for taxation	<u>915</u>	<u>4,384</u>

The year to date effective tax rate was higher than the statutory tax rate mainly due to certain expenses not allowable for tax purposes.

B6. Unquoted Investments and / or properties

There were no disposals or purchase of unquoted investments or properties for the period ended 31 December 2007.

B7. Quoted Securities

Total purchases and disposals of quoted securities were as follows :-

	Current quarter 31 December 2007 RM'000	Year to date 31 December 2007 RM'000
Total purchase consideration	1,035	34,552
Total sale proceeds	3,304	30,674
Total profits on disposal	153	2,094

Total investments in quoted securities as at 31 December 2007 were as follows:-

At cost	RM'000 19,962
At book value	18,803
At market value	79,388

B8. Status of Corporate Proposal Announced But Not Completed As At 27 February 2008

B8.1 Proposed Bonus Issue and Share Capital Reduction ('The Proposals') By Assedina Sdn Bhd ('ASB')

The Board of Directors of KLCCB had on 8 June 2007 announced that ASB proposed to:-

- (a) Implement a bonus issue of up to 122,650,000 new ordinary shares of RM1.00 each ('Bonus Shares') credited as fully paid-up to the shareholder of ASB ('Proposed Bonus Issue') on a date to be determined later by the Directors of ASB upon obtaining the approval of shareholder of ASB.

The Proposed Bonus Issue will be implemented by capitalising up to RM122,650,000 from the retained profits of ASB. Based on the latest audited financial statements as at 31 December 2006, the retained profits of ASB stood at RM144,636,472.

Upon completion of the Proposed Bonus Issue, the issued and paid-up share capital of ASB will be increased from RM139,000,000 to RM261,650,000.

The proposed bonus issue was completed on 11 June 2007.

- (b) To undertake a share capital reduction exercise upon completion of the Proposed Bonus, whereby the issued and paid-up share capital of ASB will be reduced from RM261,650,000 comprising 261,650,000 ordinary shares of RM1.00 each to RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each pursuant to Section 64 of the Companies Act, 1965 ('Proposed Share Capital Reduction').

The Proposed Share Capital Reduction will involve the cancellation of 260,650,000 ordinary shares of RM1.00 each of ASB. The credit of RM260,650,000 arising from the Proposed Share Capital Reduction shall be applied by setting off amount due from KLCCB.

The Proposed Share Capital Reduction being undertaken by ASB is to return share capital in excess of the operational needs of ASB as part of the KLCCB Group's capital reconstruction.

The court order for the proposed share capital reduction was obtained on 22 January 2008. Now pending receipt of sealed order for filling with Suruhanjaya Syarikat Malaysia.

B9. Borrowing and Debt Securities

There were no outstanding group borrowings and debt securities as at the end of the quarter ended 31 December 2007.

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at the date of the issue of this announcement.

B11. Material litigations

There were no material litigations against the Company and its subsidiary companies.

B12. Dividend

Please refer to explanatory Note A7.

B13. Earning Per Share ('EPS')

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Financial Year Quarter Ended 31 December 2007 RM'000	Preceding Financial Year Corresponding Quarter Ended 31 December 2006 RM'000	Current Financial Year To date 31 December 2007 RM'000	Preceding Financial Year To date 31 December 2006 RM'000
Basic Earnings per share				
Group's (loss)/profit after tax used as numerator in the calculation of basic EPS	(811)	2,143	7,415	6,603
Weighted average no of ordinary shares in issue used as denominator in the calculation of basic EPS	223,068	223,068	223,068	223,068
Basic (Loss)/Earnings Per Share (sen)	(0.4)	1.0	3.3	3.0
Diluted Earnings Per Shares	N/A	N/A	N/A	N/A

By order of the Board
KUALA LUMPUR CITY CORPORATION BERHAD
WONG KEO ROU (MAICSA 7021435)
Secretary
Kuala Lumpur
29 February 2008