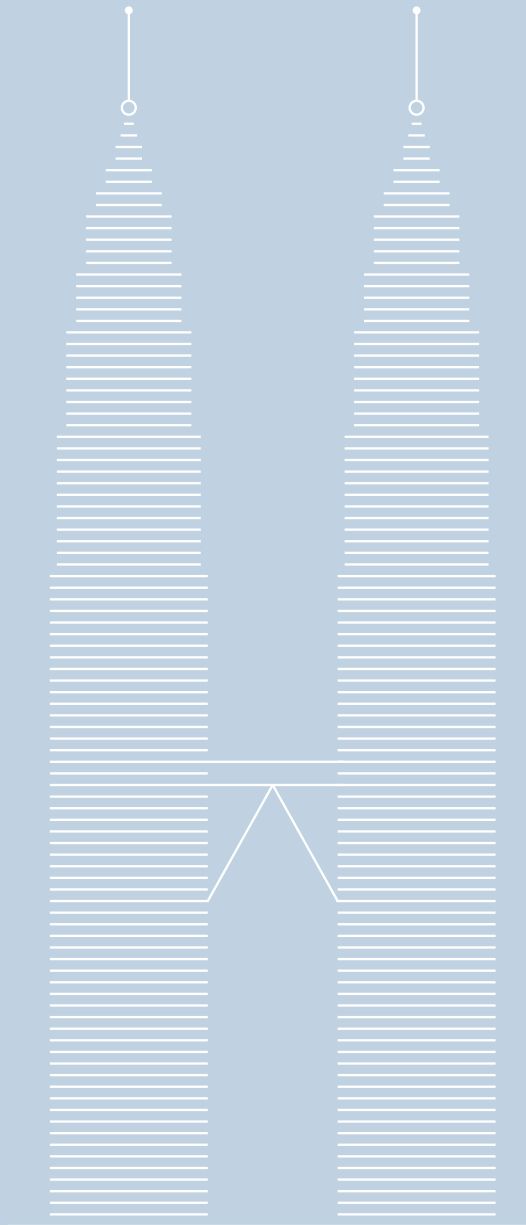




KLCC Property Holdings Berhad
(641576-U)



ANNUAL REPORT
For the Period Ended 31 December 2011

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Corporate Profile

KLCC Property Holdings Berhad (KLCCP) was incorporated as a public limited company on 7 February 2004.

KLCCP owns a diverse property portfolio largely within the KLCC Development comprising office buildings (PETRONAS Twin Towers, Menara ExxonMobil, Menara 3 PETRONAS), a leading shopping mall (Suria KLCC) and a luxury hotel (Mandarin Oriental, Kuala Lumpur). KLCCP also has 33% interest in Menara Maxis.

Outside KLCC Development, KLCCP owns Kompleks Dayabumi which is located within the older central commercial area of Kuala Lumpur.

Two of KLCCP's wholly-owned subsidiaries namely KLCC Urusharta Sdn Bhd and KLCC Parking Management Sdn Bhd are engaging in the facility management services and car parking management services respectively.

KLCCP's strength is reflected through its premium assets centred in the KLCC Development, one of the largest integrated real estate developments in the world.

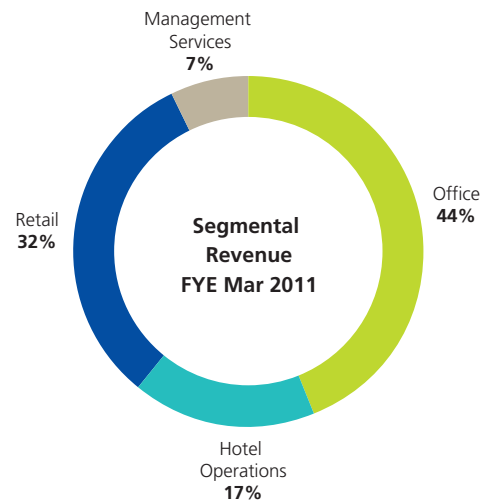
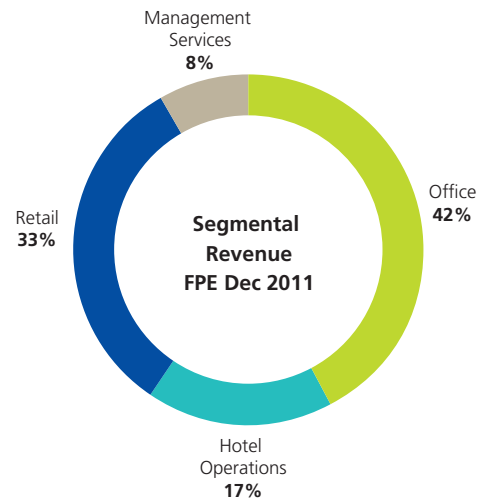
KLCCP, with its niche position in property investment and facility management services, will continue to grow its earnings potential by building on the strength of its premium assets, maintaining high standards in its operational performance and exploring prospects for sustainable progress.

Corporate Structure



KLCC Property Holdings Berhad
(641576-U)

100%	Arena Johan Sdn Bhd Menara ExxonMobil
100%	Kompleks Dayabumi Sdn Bhd Dayabumi
100%	Arena Merdu Sdn Bhd Menara 3 PETRONAS
100%	Impian Cemerlang Sdn Bhd Vacant Land (Lot D1)
100%	KLCC Parking Management Sdn Bhd Car Park Management
100%	KLCC Urusharta Sdn Bhd Facilities Management
75%	Asas Klasik Sdn Bhd Mandarin Oriental, Kuala Lumpur
60%	Suria KLCC Sdn Bhd Suria KLCC
50.5%	Midciti Resources Sdn Bhd PETRONAS Twin Towers
33%	Impian Klasik Sdn Bhd Menara Maxis



*FYE – Financial Year Ended

*FPE – Financial Period Ended

Financial Performance

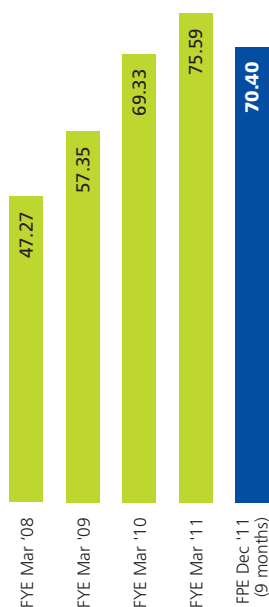
Revenue
(RM'000)



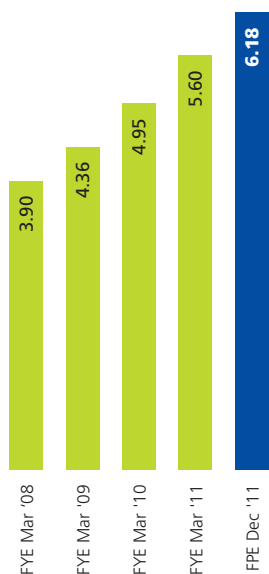
Profit for the Year
(RM'000)



Earnings per share
(sen)



Net Assets (excl. RCULS) per share
(RM)



Investment Properties
(RM'000)



*FYE – Financial Year Ended
*FPE – Financial Period Ended

Corporate Information



BOARD OF DIRECTORS

Mr. Krishnan C K Menon (Chairman)
(Independent Non-Executive Director)

En Hashim Bin Wahir
(Chief Executive Officer)

Datuk Manharlal A/L Ratilal
(Non-Independent Non-Executive Director)

Datuk Ishak Bin Imam Abas
(Non-Independent Non-Executive Director)

Dato' Leong Ah Hin @ Leong Swee Kong
(Independent Non-Executive Director)

Mr. Augustus Ralph Marshall
(Independent Non-Executive Director)

Mr. Pragasa Moorthi A/L Krishnasamy
(Independent Non-Executive Director)

Dato' Halipah Binti Esa
(Independent Non-Executive Director)

COMPANY SECRETARIES

En. Abd Aziz Bin Abd Kadir (LS0001718)
Mr. Yeap Kok Leong (MAICSA 0862549)

BOARD AUDIT COMMITTEE

Mr. Augustus Ralph Marshall (Chairman)
Datuk Manharlal A/L Ratilal
Dato' Leong Ah Hin @ Leong Swee Kong
Dato' Halipah Binti Esa

REGISTERED OFFICE

Level 54, Tower 2
PETRONAS Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur
Telephone : 03-2382 8000
Facsimile : 03-2273 5060

CORPORATE OFFICE

Levels 4 & 5, City Point
Kompleks Dayabumi
Jalan Sultan Hishamuddin
50050 Kuala Lumpur
Telephone : 03-2382 8000
Facsimile : 03-2382 8001

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : 03-2264 3883
Facsimile : 03-2282 1886

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

DATE OF LISTING

18 August 2004



Board of Directors

**Mr. Krishnan
C K Menon**

(Independent Non-Executive
Director / Chairman)



**Datuk Ishak
Bin Imam Abas**

(Non-Independent
Non-Executive Director)

Dato' Halipah Binti Esa

(Independent Non-Executive Director)

**Datuk Manharlal
A/L Ratilal**

(Non-Independent
Non-Executive Director)



**Mr. Pragasa Moorthi
A/L Krishnasamy**

(Independent Non-Executive Director)





**En. Hashim
Bin Wahir**
(Chief Executive Officer)

**Dato' Leong Ah Hin
@ Leong Swee Kong**
(Independent Non-Executive Director)

**Mr. Augustus
Ralph Marshall**
(Independent
Non-Executive Director)



**En. Abd Aziz
Bin Abd Kadir**
(Company Secretary)



Mr. Yeap Kok Leong
(Company Secretary)



Board of Directors' Profile

KRISHNAN C K MENON

(Independent Non-Executive Director / Chairman)

Krishnan C K Menon, aged 62, was appointed to the Board of Directors and Chairman of KLCCP on 25 October 2010.

He is a Fellow of the Institute of Chartered Accountants in England and Wales, a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

He spent 13 years in public practice with Hanafiah Raslan & Mohamad, seven years of which he served as a partner. He then joined Public Bank Berhad as General Manager and was subsequently promoted to Executive Vice President. After serving two public listed companies, he joined Putrajaya Holdings Sdn Bhd as Chief Operating Officer since 1997 until 2000.

Mr Krishnan C K Menon is presently the Chairman of Putrajaya Perdana Berhad, Scicom (MSC) Berhad and KLCC (Holdings) Sdn Bhd. He is also a Non-Executive Director of PetroliaM Nasional Berhad and MISC Berhad.

HASHIM BIN WAHIR

(Chief Executive Officer)

Hashim Bin Wahir, aged 54, was appointed as a Director of KLCCP on 1 November 2007 and designated as the Chief Executive Officer.

He graduated from University Teknologi Malaysia with a Bachelor Degree in Mechanical Engineering. He also attended courses on Executive Development Programs at Ashridge Management College, United Kingdom and Johnson School of Management, Cornell University, USA in 1993 and 1998 respectively.

En. Hashim joined PETRONAS on 16 June 1981 after graduation from Universiti Teknologi Malaysia. Whilst in PETRONAS, he undertook various assignments within the PETRONAS group including exploration and production (E&P) operations, international E&P and gas asset acquisitions, group strategic planning and corporate development.

He also held various senior management positions in PETRONAS such as Senior Manager, Petroleum Engineering Department of Petronas Carigali Sdn Bhd (PCSB) from 1995 until 1999, General Manager of Chad / Cameroon JV Project, PCSB from 1999 until 2000, and General Manager of Group Planning & Resource Allocation, PETRONAS from 2000 until 2004.

En. Hashim Wahir was attached as the Chairman for the PETRONAS group of companies in the Republic of Sudan until November 2007, after which he was appointed as Group Chief Executive Officer of KLCC (Holdings) Sdn Bhd.

His other directorships include KLCC (Holdings) Sdn Bhd and its subsidiaries and associate companies, and subsidiaries of KLCC Property Holdings Berhad.

DATUK MANHARLAL A/L RATILAL

(Non-Independent Non-Executive Director)

Datuk Manharlal Ratilal, aged 52, was appointed to the Board of Directors of KLCCP on 16 June 2004 and as member of the Audit Committee on 9 July 2004.

He obtained his degree in Bachelor of Arts (Honours) in Accountancy from the City of Birmingham Polytechnic, United Kingdom in 1982 and Master in Business Administration from the University of Aston in Birmingham, United Kingdom in 1984.

Datuk Manharlal Ratilal is the Executive Vice President (Finance) of PETRONAS, a member of PETRONAS Board of Directors, Executive Committee and Management Committee.

Prior to joining PETRONAS in 2003, he was working in a local investment bank for 18 years, concentrating in corporate finance where he was involved in advisory work in mergers and acquisitions, equity and debt capital markets. From 1997 to 2002, he served as Managing Director of the investment bank.

He also sits on the Board of Cagamas Holdings Berhad, MISC Berhad and other subsidiaries of PETRONAS Group.

DATUK ISHAK BIN IMAM ABAS

(Non-Independent Non-Executive Director)

Datuk Ishak Bin Imam Abas, aged 66, was appointed to the Board of Directors of KLCCP on 7 February 2004 and designated as the Chief Executive Officer until his retirement on 1 April 2007 when he was redesignated as Non-Independent Non-Executive Director.

Datuk Ishak bin Imam Abas is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) and a member of the Malaysian Institute of Accountants (MIA).

Prior to joining PETRONAS in 1981, he worked amongst others as Finance Director of Pfizer (M) Sdn Bhd, Bursar of the National University of Malaysia, Finance Director of Western Digital (M) Sdn Bhd and as an Accountant in PERNAS International Holding Bhd. He joined PETRONAS in April 1981 and held various senior positions including Deputy General Manager Commercial of PETRONAS Dagangan Berhad, Senior General Manager (Finance) of PETRONAS and Vice-President (Finance) of PETRONAS, and Senior Vice-President of PETRONAS. He was also a Board member of PETRONAS and several of its subsidiaries.

Currently, Datuk Ishak is Non-Executive Director on the Boards of Deleum Berhad, Standard Chartered Bank Malaysia Berhad, Standard Chartered Saadiq Berhad and Integrated Petroleum Services Sdn Bhd.

His other directorships in the PETRONAS Group of Companies are as Non-Executive Chairman of Putrajaya Holding Sdn Bhd and a Non-Executive Director of Kuala Lumpur City Park Berhad.

BOARD OF DIRECTORS' PROFILE

DATO' LEONG AH HIN @ LEONG SWEE KONG

(Independent Non-Executive Director)

Dato' Leong Ah Hin @ Leong Swee Kong, aged 65, was appointed to the Board of Directors of KLCCP on 5 July 2004 and as member of the Audit Committee on 9 July 2004.

Dato' Leong obtained his Bachelor of Economics (Honours) degree and Diploma in Business Administration from the University of Malaya in 1971 and 1983 respectively. He also attended courses on Taxation at the University of Bath, United Kingdom in 1986; Senior Management Programme at Mount Eliza, Melbourne, Australia in 1989; and on Public Sector Budgeting at Harvard University, Boston, United States of America in 1997.

Dato' Leong served the Malaysian Civil Service from 1971 to 2004, and had held a number of positions including Secretary General of the Ministry of Science, Technology and the Environment, State Financial Officer of Pulau Pinang and Deputy Director Budget of the Ministry of Finance.

Currently, he sits on the Board of several private limited companies.

AUGUSTUS RALPH MARSHALL

(Independent Non-Executive Director)

Augustus Ralph Marshall, aged 60, was appointed to the Board of Directors of KLCCP on 1 September 2005 and was also appointed as the Chairman of the Audit Committee on the same day.

He is an Associate of the Institute of Chartered Accountants in England and Wales, and a Member of the Malaysian Institute of Certified Public Accountants and has more than 30 years of experience in financial and general management.

He is an Executive Director of Usaha Tegas Sdn Bhd ("UTSB"), the Executive Deputy Chairman, Director and Group Chief Executive Officer of Astro Holdings Sdn Bhd group and an Executive Director of Tanjong Public Limited Company, in which UTSB has significant interests. He also serves as a Non-Executive Director on the boards of several other companies in which UTSB also has significant interests viz. Maxis Berhad ("Maxis") (listed on the Bursa Malaysia Securities Berhad), Maxis Communications Berhad (the holding company of Maxis) and Johnston Press plc (listed on the London Stock Exchange plc). In addition, he is also a Non-Executive Director of MEASAT Global Berhad. He is also a member of the Remuneration Committee of Maxis.

BOARD OF DIRECTORS' PROFILE

PRAGASA MOORTHY A/L KRISHNASAMY

(Independent Non-Executive Director)

Pragasa Moorthi a/l Krishnasamy, aged 65, was appointed to the Board of Directors of KLCCP on 9 September 2004.

He graduated as a Quantity Surveyor from Curtin University, West Australia.

He worked as a Project Quantity Surveyor for a number of projects in Perth, West Australia from 1971 to 1976. He was then appointed as General Manager/Director of Safuan Group Sdn Bhd from 1977 to 1981 and subsequently, as Project Director of Sepang Development Sdn Bhd from 1981 to 1983 before he was engaged as a Project Director with WTW Consultant Sdn Bhd.

He joined KLCC Projeks Sdn Bhd in March 1993 as General Manager, a position which he held for 4 years overseeing the management of design, construction and completion of the various building in KLCC such as the PETRONAS Twin Towers, Menara Maxis and Menara ExxonMobil. Subsequently he was appointed Managing Director of KLCC Projeks Sdn Bhd for another 4 years.

Presently, he sits on the board of United Contract Management Sdn Bhd, a private limited company incorporated in Malaysia.

DATO' HALIPAH BINTI ESA

(Independent Non-Executive Director)

Dato' Halipah binti Esa, aged 62, was appointed to the Board of Directors of KLCCP and as member of the Audit Committee on 1 March 2007.

Dato' Halipah received her Bachelor of Arts (Honours) degree in Economics and a Master of Economics from the University of Malaya. She also holds a Certificate in Economic Management from the IMF Institute, Washington and the Kiel Institute for World Economics, Germany as well as a Certificate in Advanced Management Programme from Adam Smith Institute, London.

She started her career with the Administrative and Diplomatic Services in 1973 in the Economic Planning Unit (EPU) of the Prime Minister's Department. During her tenure in EPU, she served in various capacities in the areas of infrastructure, water supply, energy, health, housing, telecommunications, urban services, human resource development, macro economy, international economy, environment, regional development and distribution. She held various senior positions in the EPU and retired as the Director General in 2006. She had also served in the Ministry of Finance as Deputy Secretary General.

She is currently the Chairman of Cagamas SME Bhd and serves on the Boards of MISC Berhad, Malaysia Marine and Heavy Engineering Holdings Berhad, Northport (Malaysia) Bhd, Perbadanan Insuran Deposit Malaysia and Securities Industry Dispute Resolution Centre.

She was previously Chairman of Pengurusan Aset Air Berhad and had also served on the Boards of Petroliaam Nasional Berhad, Employees Provident Fund (EPF), Inland Revenue Board (IRB), Bank Pertanian, FELDA and UDA Holdings Berhad. She was a consultant to the World Bank and United Nations Development Programme (UNDP) in advising the Royal Kingdom of Saudi Arabia on economic planning, and had also provided technical advice to planning agencies in Vietnam, Cambodia, Indonesia and several African countries.

None of the Directors has:

- Any family relationship with any Director and/or major shareholder of KLCCP.
- Any conflict of interest with KLCCP.
- Any conviction for offences within the past 10 years other than traffic offences.

All of the Directors are Malaysians.

Management Team

STANDING, FROM LEFT:

Ishak Bin Yahaya

*Security Advisor,
KLCC Property Holdings Berhad*

Frank Peter Stocek

*General Manager,
Mandarin Oriental, Kuala Lumpur*

Abd Aziz Bin Abd Kadir

*Company Secretary / Head, Legal
& Corporate Services Division,
KLCC Property Holdings Berhad*

Andrew William Brien

*Chief Executive Officer,
Suria KLCC Sdn Bhd*

Shamsudin Bin Ishak

*Head, Facilities Management,
KLCC Urusharta Sdn Bhd /
KLCC Parking Management
Sdn Bhd*

SEATED, FROM LEFT:

Azmi Bin Yahaya

*Head, Finance & Accounts Division,
KLCC Property Holdings Berhad*

Hashim Bin Wahir

*Chief Executive Officer,
KLCC Property Holdings Berhad*

**Datin Faudziah
Binti Ibrahim**

*Head, Development Division,
KLCC Property Holdings Berhad*





Chairman's Statement



On behalf of my fellow Directors, it gives me great pleasure to present the Annual Report of KLCC Property Holdings Berhad group (the Group) for the financial period ended 31 December 2011.

As previously announced, the Group had changed its financial year end to 31 December effective financial period beginning 1 April 2011. As such, the period under review covered only nine months.

As in previous years, the long term tenancies of the office segment continued to underpin the overall performance of the Group through its stable revenue stream. The irrevocable undertaking given by PETRONAS to renew the long term leases for the Twin Towers upon

expiry in September 2012 and also to enter into a long term lease for Tower 3 further cemented the position of this segment as the major contributor for years to come. The Group's performance is further complemented by strong contributions from both the retail and hotel segments as well as continuous cost management efforts group wide.

For the period ended 31 December 2011, the Group achieved profit attributable to the equity holders of the Company of RM658 million. This is inclusive of fair value adjustment (net of tax) amounting to RM449 million which had no impact on the Group's cash flows. Stripping off the effect of the fair value adjustment, profit attributable to the equity holders of KLCCP stood at RM209 million.

The Group is continuously in pursuit of sustainable growth. The completion of Lot C office in December 2011, which was renamed Tower 3 PETRONAS, is further testament to this.

Given the continued strong performance of the Group, the Board of Directors had approved two interim dividends totaling 10% per share for the financial period ended 31 December 2011. The first and second interim dividends, of 5% per share each, were paid on 20 December 2011 and 23 March 2012 respectively. To this end, the Group is committed to ensuring attractive and sustainable returns to the shareholders after taking into consideration financial needs for future expansion as well as other operational requirements.

In upholding the commitment to the shareholders, the Group is continuously in pursuit of sustainable growth. The completion of Lot C office in December 2011, which was renamed Tower 3 PETRONAS, is further testament to this.

It is expected that Tower 3 office and retail would provide a significant improvement to the Group's revenue and profitability in the coming years. Apart from developing new assets, the Group has also embarked on a programme to upgrade existing assets to ensure optimum revenue generation over the long term.

The last financial period has been challenging yet rewarding to the Group. The continuous support from all stakeholders, namely the shareholders, customers, business associates and the relevant authorities have made it possible for us to continue with our strong performance. Therefore, on behalf of the Board of Directors, I would like to extend my appreciation to all stakeholders.

Finally, I would like to record my utmost appreciation to the management and staff of the KLCCP Group of Companies who are the backbone of the Group's success. Their unwavering support, dedication, commitment and contribution have resulted in continuous realisation of the Company's goals and objectives.



Krishnan C K Menon

Chairman

Period in Review



FINANCIAL PERFORMANCE

The Group has adopted a new financial year ending 31 December effective Financial Period beginning 1 April 2011. As a result, the period under review covers only nine months as opposed to the usual twelve months. In order to ensure a meaningful analysis, all comparative numbers in this report relating to profit and loss items are for a nine-month period from 1 April 2010 to 31 December 2010. For Statement of Financial Position however, the comparatives are as at 31 March 2011.

Statement of Comprehensive Income

The Group continued to record positive growth in revenue by registering a 6.9% increase from the same period last year to stand at RM746 million. The increase was supported by improved performance in all segments especially retail and hotel.

Further to the revenue growth, the market values of the properties are also on the upward trend owing to the steady future cash flow to be generated by these properties. This resulted in fair value gain recognition of RM1.1 billion for the period in line with the requirements of FRS 140 adopted by the Group. The significant gain, which does not have any cash flow impact in the current period, is attributable mainly to the PETRONAS Twin Towers and Suria KLCC.

The improvement in revenue combined with the fair value gain and on-going cost optimisation efforts resulted in profit attributable to the equity holders of the Company of RM658 million. This reflects a 22% improvement from the corresponding period last year. Removing the impact of the fair value adjustment would result in profit attributable to the equity holders of the Company of RM209 million, which reflected a 6% growth from the same period last year of RM197 million. Consequently, the Group's Earnings per Share (EPS), excluding the fair value adjustment, also improved to 22.40 sen from 21.11 sen last year.

Statement of Financial Position

Total assets of the Group as at 31 December 2011 have further strengthened to RM14.0 billion from RM12.6 billion at the beginning of the period. The increase of 11% was mainly driven by the appreciation in fair value of the investment properties as mentioned earlier.

In tandem with the above, equity attributable to equity holders of the Company rose by 9% to RM6.5 billion from RM5.9 billion at 31 March 2011. Consequently, net assets per share excluding RCULS also improved from RM5.60 to RM6.18 during the same period.

During the period, the Group adopted additional relevant FRSs which became effective for annual periods beginning on or after 1 July 2010 and 1 January 2011. The adoption of these FRSs did not have any significant financial impact on the Group.

Total assets of the Group as at 31 December 2011 have further strengthened to RM14.0 billion from RM12.6 billion at the beginning of the period.



PERIOD IN REVIEW

BUSINESS OVERVIEW

Commercial/ Office Properties

Despite the soft office market condition in 2011, our commercial properties continued to perform strongly on the back of long term leases with quality tenants. The strong performance is expected to continue in the long term considering that PETRONAS has given an irrevocable written undertaking to enter into a 15-year lease on triple net basis for Tower 3. PETRONAS has also given a similar undertaking to renew the current lease for the Twin Towers which is due to expire in September 2012 for another 15-year term also on triple net basis. Hence, the over-supply situation which is expected to continue for the next couple of years will not have a significant impact on the performance of this segment.

For the period ended 31 December 2011, Commercial properties remained the major contributor towards the Group's revenue and operating profit with contribution of about 42% and 55%, respectively. The performance of this segment would be further enhanced with the inclusion of Tower 3 performance in 2012 and beyond.

Retail Property

Suria KLCC further strengthened its position as the premier shopping destination in the country by registering yet another strong performance in 2011. It has maintained its contribution to the overall Group revenue at 33%, second only to the Twin Towers. Its net operating income for the nine-month period exceeded that of a similar period last year by 7%. The key contributing

factors for the outstanding results include redevelopment and refurbishment works which it undertook throughout the year as well as effective marketing, promotion and corporate social responsibility initiatives. This has resulted in the achievement of RM2 billion sales turnover by its retailers and sustained customer footfalls of above 40 million in the last 12 months.

Suria embarked on an exciting path of transformation which saw the refurbishment and reconfiguration of Isetan to unveil new amenities, an international food market as well as the convenience of travelers that link the concourse level directly to levels one and two of the car park where dedicated parking for food shopping is available.





These works also added some 50,000 square feet of specialty stores to Suria KLCC.

The completion of Tower 3 afforded Suria KLCC the opportunity to embark on further expansion on behalf of the owner with the addition of 36 retailers spanning 140,000 square feet in the base of Tower 3, which is referred to as the Ramlee expansion.

Suria KLCC's signature CSR program, Purple Day, successfully raised over RM150,000 for the benefit of the National Autism Society of Malaysia. Increased retailer participation in this event demonstrates the strength of Suria KLCC's partnership with its retailers.

Hotel Property

Mandarin Oriental, Kuala Lumpur (MOKUL) saw a sustained performance amidst slow growth in an over-supplied market, resulting in occupancy increasing by 0.5% points to 66.4% and average rates remaining consistent at RM586 for the financial period ended 31 December 2011. The hotel retained its number one position in terms of market share within the city's luxury hotel industry, reflecting well upon the marketing strategies used to balance optimum room rates and occupancy under the prevailing market conditions.

Commercial properties remained as the major contributor towards the Group's revenue and operating profit with contribution of about 42% and 55%, respectively.

PERIOD IN REVIEW



The Hotel continued its award-winning performance for quality of service with significant recognition in 2011. The Hotel received the Malaysia Tourism Awards 2010/2011 honor for Best Hotel Services for 5-star City Category. The Hospitality Asia Platinum Awards (HAPA) 2011/2012 bestowed 8 awards upon MOKUL including Hotel of the Year. MOKUL also still holds The Brand Laureate Awards Best Brands category for HOTEL Luxury 2010 / 2011 from the Asia Pacific Brands Foundation.

Asset Management & Services

Asset management plays a strategic role to the operations and performance of the properties within the Group. This is critical in ensuring that the integrity of the properties are well preserved, which in turn would be able to sustain the condition and improve yield generation and values of the properties over the long term.

Asset management together with general management services contributed RM72.1 million of revenue to the Group for the period ended 31 December 2011, reflecting a growth of 31% from the same period the previous year. The growth was driven by the parking management services arising from higher traffic volume and the reclassification of facilities manpower reimbursement to revenue.

OUTLOOK

The Group's performance is expected to remain strong over the long term with the undertaking by PETRONAS to renew the lease for the Twin Towers and to enter into a similar long term lease for Tower 3. The performance will be further supported by the hotel and retail segments, though these two segments would continue to be exposed to the market volatility to a certain extent. The Group will continue its discipline and efforts to manage costs in ensuring continuous value enhancement to the shareholders.

APPRECIATION

I would like to humbly record my sincere appreciation to the KLCCP Board members for their continuous support and guidance. Likewise, my sincere appreciation also goes to all our shareholders and stakeholders for the support and trust placed in us.

Finally, I would like to extend my deepest gratitude to all the KLCCP staff for their contribution, sacrifice and commitment towards achieving the Group's goals and objectives.

Hashim Bin Wahir
Chief Executive Officer

Corporate Governance

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Corporate Governance Statement

The Board of Directors (“Board”) of KLCC Property Holdings Berhad (“KLCCP” or the “Company”) adopts the principles and best practices of corporate governance in conducting the business and affairs of the Company and KLCCP Group (“the Group”). The Board remains fully resolved and committed to employing the principles of integrity, transparency and professionalism to ensure the Company and the Group’s continued progress and success as they would not only safeguard and enhance shareholders’ investment and value but at the same time protect the interests of all stakeholders.

In line with the Main Market Listing Requirements, the Board is pleased to report to the shareholders in particular and other stakeholders in general on the manner KLCCP and the Group have maintained the standard of corporate governance by supporting and implementing the prescribed principles and best practices as set out in the Malaysian Code on Corporate Governance (Revised 2007) (“the Code”) and the Main Market Listing Requirements.

A. BOARD OF DIRECTORS

Board Responsibilities

The Board is led and managed by experienced Board members with a wide range of expertise. It is collectively responsible for promoting the success of the Company and the Group by directing and supervising its business and affairs. The Board’s principal responsibilities are as prescribed under the best practices of the Code. These include: charting and reviewing the strategic direction for the Company and the Group; ensuring sound policies, procedures and practices are implemented; ensuring appropriate and prudent risk management systems are in place; overseeing its business operations; evaluating whether these are being properly managed; and providing leadership to enable the achievement of the Group’s business objectives.

The Board has a formal schedule of matters reserved to itself for decisions, including the overall Group strategy and direction, acquisition policy, approval of major capital expenditure projects and significant financial matters.

The Board practices a clear division of responsibilities between the Chairman, Chief Executive Officer and Non-Executive Directors. The Chairman is primarily responsible for the orderly conduct and function of the Board. The Chief Executive Officer is responsible for the day-to-day running of the Group’s business, implementation of Board’s policies and making operational decisions, and he is assisted in the management of the Group’s business by the Management.

The Non-Executive Directors have the necessary caliber to ensure that the strategies proposed by the Management are fully deliberated and examined, taking into account the long term interest of the stakeholders. They contribute to the formulation of policy and other decision-making processes through their expertise and experience. As they are independent of the Management, it is ensured that no single individual or group dominates the Board’s decision-making process.

Board Composition and Balance

The Board currently has 8 members. One of the Board Members is an Executive Director while 7 others are Non-Executive Directors. Five of the Non-Executive Directors fulfill the criteria of independence as defined in the Bursa Securities Listing Requirements, and the remaining 2 Non-Executive Directors are Non-Independent Directors.

The majority of the Independent Non-Executive Directors facilitates the exercise of an independent evaluation of the Board’s deliberations and decision-making process, providing checks and balances in the Board’s exercise of its functions.

CORPORATE GOVERNANCE STATEMENT

Board Meetings

The Board meets at least quarterly and also on other occasions to, inter alia, approve the strategic plan and direction for the Group taking into consideration the opportunities and risks facing by the Group, the Annual Business Plans and Budgets, the investment and capital expenditures, the Annual Report and the Quarterly Reports and to review the performance of its subsidiaries. Meetings for the year are scheduled early in the year. Due notice is given for all scheduled meetings, and additional meetings are convened on ad hoc basis for urgent and important matters.

On 2 March 2011, the Company announced the change of its financial year end from 31 March to 31 December beginning 1 April 2011. Therefore, the current financial period of the Group consists only of 9 months. A total of 3 Board meetings were held during the financial period. The proceedings of all meetings including all issues raised, enquiries and responses thereof of board members' suggestions, decisions and conclusions made at the Board of Directors and Board Audit Committee meetings were recorded in the minutes of the Board of Directors and Board Audit Committee meetings respectively. Where necessary, decisions have been taken by way of circular resolutions in between scheduled meetings during the financial period.

Details of the attendance of the Directors at Board Meetings during the financial period are tabulated as follows:

Directors	Attendance of Board Meetings
Executive	
Hashim Bin Wahir	3/3
Non-Executive	
Krishnan C K Menon	3/3
Datuk Manharlal a/l Ratilal	2/3
Datuk Ishak Bin Imam Abas	3/3
Dato' Leong Ah Hin @ Leong Swee Kong	3/3
Pragasa Moorthi a/l Krishnasamy	3/3
Augustus Ralph Marshall	3/3
Dato' Halipah Binti Esa	3/3

Supply of Information to the Board

The Board has complete and unimpeded access to information relating to the Group in discharge of its duties. The Board may require further details or clarifications on Board meeting agenda items. Senior Management Officers are invited to attend the Board meetings to update the Directors on their respective functions and operations and also to clarify issues that may be raised by the Directors.

The Chairman of the Board Audit Committee reports to the Board at Board meetings on pertinent issues that have been raised at Board Audit Committee meetings, and highlight to the Directors the integral areas as may be expressed by the Audit Committee.

CORPORATE GOVERNANCE STATEMENT

The agenda and Board meeting papers including progress reports on business operations, details of business propositions, quarterly reports and new guidelines issued by Bursa Malaysia Securities Berhad are circulated to the Directors. The Directors can thus peruse the business reports and appraise the issues to be deliberated at the Board meeting well before the date of the meeting.

Minutes of every Board meeting are circulated to all Directors for their perusal prior to their confirmation at the following Board meeting, and the Directors may require further details or clarifications or raise comments on the minutes prior to the confirmation of the same.

The Board is also regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements relating to the discharge of their duties and responsibilities. Every member of the Board has ready and unrestricted access to the advice and services of the Company Secretaries. The Company Secretaries attend all Board meetings and ensure that accurate and adequate records of the proceedings of Board meetings and decisions made are properly kept. The Directors may take independent professional advice at the Group's expense, in furtherance of their duties.

Board Committee

Other than Board Audit Committee ("BAC"), the KLCCP Board does not elect to establish other board committees as the Board believes that all members must be equally responsible for the overall core responsibilities of the Board which must be carried out with due care to ensure that high ethical standards are upheld, and that the interests of stakeholders are always taken into consideration.

The Board delegates certain responsibilities to the BAC which operates within clearly defined terms of reference. The BAC Chairman reports the outcome of Committee Meetings to the Board and such reports are incorporated as part of the minutes of the Board meetings.

The details of the activities of the BAC for the financial period are set out in pages 33 to 34 of the Annual Report.

Appointment to the Board

The selection of new Directors is done via nominations by the major shareholders and/or holding company prior to approval of the Board. The Board also serves as the Remuneration and Nomination Committee as a whole. The Board deliberates on and resolves the following issues during normal proceedings of meetings of the Directors of the Company:

- Assessment and recommendation for the appointment of new Directors to the Board;
- Annual review of the mix of expertise and experiences as well as other qualities to enable the Board to function properly and efficiently;
- Implementation of formal appraisal process for the evaluation of the effectiveness of the Board as a whole, the Board Audit Committee and the individual contribution of each Board member; and
- Board recommendation on the remuneration of all Non-Executive Directors. Individual Directors do not participate in the discussion on their own remuneration.

Re-Appointment and Re-Election of Directors

Pursuant to Section 129 (2) of the Companies Act, 1965, Directors who are over the age of 70 years shall retire at every Annual General Meeting ("AGM") and may offer themselves for re-appointment to hold office until the next AGM.

The Articles of Association of the Company also provide that at every AGM, at least one-third of all Directors for the time being and those appointed during the financial year shall retire from office but shall be eligible for re-election in line with the Main Market Listing Requirements. The Articles of Association further provide that all Directors are subject to retirement by rotation once every 3 years but shall be eligible for re-election.

CORPORATE GOVERNANCE STATEMENT

Training and Development of Directors

During the financial period, all Directors of the Company have attended relevant conferences, seminars and briefings in areas of leadership, corporate governance, finance and competitive strategies, some of which were conducted by the Regulatory Authorities and members of professional bodies, in order to broaden their perspectives and to keep abreast with developments in the market place and new statutory and regulatory requirements to enable them to fulfill their responsibilities.

at the 9th AGM of the Company as recommended by KLCCP Board.

The Executive Director cum Chief Executive Officer of the Company is an employee of KLCC (Holdings) Sdn Bhd. He is not remunerated but receives salary inclusive of compensation for the Board's duties and responsibilities. During the financial period, the Company reimbursed KLCC (Holdings) Sdn Bhd an amount of RM475,179.00 for his services.

B. DIRECTORS' REMUNERATION

Remuneration structure for the Non-Executive Directors of the Company consists wholly of a fixed fee and meeting allowance, and in the case of Board Audit Committee, a further meeting allowance. All fees and allowances due to the Directors are subject to approval by the shareholders

The director's fee and meeting attendance allowance for the Non-Independent Non-Executive Director who is also an employee of PETRONAS are paid directly to PETRONAS as fees for representation at the Board of Directors commencing 1 July 2010. During the financial period, the Company paid RM64,000.00 as Board of Directors representation fees to PETRONAS.

For the year under review, the breakdown of the Directors' remuneration is as per the table below:

(RM)	Director's Fee	Board Meeting Allowance *	Audit Committee Meeting Allowance *	Total
Executive Director				
Hashim Wahir	Nil	Nil	Nil	Nil
Non-Executive Directors				
Krishnan C K Menon	81,000.00	12,000.00	Nil	93,000.00
Datuk Manharlal A/L Ratilal	Nil #	Nil #	Nil #	Nil #
Datuk Ishak Bin Imam Abas	54,000.00	9,000.00	Nil	63,000.00
Augustus Ralph Marshall	54,000.00	9,000.00	9,000.00	72,000.00
Dato' Halipah Binti Esa	54,000.00	9,000.00	6,000.00	69,000.00
Dato' Leong Ah Hin @ Leong Swee Kong	54,000.00	9,000.00	6,000.00	69,000.00
Pragasa Moorthi A/L Krishnasamy	54,000.00	9,000.00	Nil	63,000.00
Total	351,000.00	57,000.00	21,000.00	429,000.00

* Meeting allowances depend on the number of meetings attended by the Board/BAC members.

Fees paid directly to PETRONAS in respect of director who is an appointee of PETRONAS

CORPORATE GOVERNANCE STATEMENT

C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

Communication between the Company and Investors

The Board recognizes the importance of maintaining transparency and accountability to its stakeholders. As such, the Board consistently practices the provision of clear, comprehensive and timely information to stakeholders. The Annual Report of KLCCP has comprehensive information pertaining to the Group, while various disclosures on quarterly financial results provide investors with up-to-date financial information.

While the Group endeavours to provide as much information as possible to its stakeholders, it must also be mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

All corporate disclosures take into account the prevailing legislative restrictions and requirements as well as investors' need for timely release of price-sensitive information such as the financial performance results, material acquisitions, significant corporate proposals as well as other significant corporate events. In all circumstances, the Group is careful with the timing in providing material information about the Group and continually stresses the importance of timely and equal dissemination of information to its stakeholders.

The Senior Management of KLCCP has conducted regular financial performance briefings for the investor community and issued press statements in conjunction with the announcement of its quarterly and annual results. Announcements for public release by the Company are not only intended to promote dissemination of financial and non-financial information of the Group to its shareholders and investors, but also to keep them updated on the progress and development of the business and affairs of the Group as well as any strategic developments within the Group.

In addition to the mandatory disclosure requirements by the Bursa Malaysia as well as other corporate disclosure, the Company also maintains a website www.klcc.com.my for access by the public and shareholders.

Annual General Meeting ("AGM")

The AGM of the Company is an important forum for communication and dialogue with its shareholders. Shareholders are accorded both the opportunity and the time to raise questions and the Directors and Senior Management Officers will provide the answers and appropriate clarifications to issues in concern. The external auditors will also be present during the AGM to provide their professional and independent clarification on issues and concerns raised by the shareholders, if necessary.

Any item of special business included in the Notice of the AGM will be accompanied by an explanation of the effects of the proposed resolution. Separate resolutions are tabled for different transactions and the Chairman declares the outcome of the resolutions voted upon.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

It is KLCCP Board's commitment to provide a balanced, clear and meaningful assessment of the financial position and prospects of the Group in all the disclosures made to shareholders, investors and the regulatory authorities.

The announcements on quarterly financial results and the press releases accompanying these announcements reflect the Board's persistent commitment to providing timely, transparent and up-to-date disclosure of the Group's overall performance.

The Board is assisted by the Board Audit Committee ("BAC") to oversee the Group's financial reporting process and the quality of the same. The BAC reviews and monitors the integrity of the Group's interim and annual financial statements. It also reviews the aptness of the Group's accounting policies and the changes thereto as well as the implementation of these policies.

The Directors are responsible to ensure that the Group's audited financial statements comply with the Companies Act, 1965, the Financial Reporting Standards and the Main Market Listing Requirements.

The statement by the Directors pursuant to Section 169 (15) of the Companies Act, 1965 in relation to the preparation of the financial statements are set out on page 44 of the Annual Report.

Related Party Transactions

The BAC reviews and monitors all related party transactions on a quarterly basis and reports for action to the Board where necessary.

Internal Control

The Board has overall responsibility for maintaining a sound system of internal controls that provides reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.

The effectiveness of the system of internal controls of the Company and the Group is reviewed by the BAC during its quarterly meetings. The review covers the financial, operational and compliance controls as well as risk management functions.

The Statement on Internal Control, which provides an overview of the state of the internal control within the Company and the Group, is set out on pages 31 to 32 of the Annual Report.

Relationship with External Auditors

The Group has established transparent and appropriate relationship with the external auditors through the BAC of the Company. From time to time, the external auditors will highlight matters that require further attention of the BAC and the Board of Directors.

The BAC meets with the external auditors to discuss their audit plans, audit findings and their reviews of KLCCP financial results/statutory statement of accounts. The meetings are held in the presence of the Executive Director/ Chief Executive Officer and the Management.

CORPORATE GOVERNANCE STATEMENT

The BAC also meets with the external auditors once annually or whenever deemed necessary without the presence of the Executive Director/Chief Executive Officer and the Management. In addition, the external auditors are invited to attend the AGM of the Company and are available to clarify and answer shareholders' questions on their conduct of the audit as well as the preparation and contents of the audit report.

A summary of the activities of the BAC during the financial period, including the evaluation of the independent audit process, are set out in the BAC's Report on pages 33 to 34 of the Annual Report.

The details of fees paid/payable for the financial period to the external auditors for statutory audit and other services are set out below:

	Company RM'000	Group RM'000
Fees paid/payable to Messrs. Ernst & Young		
• Statutory Audit	156.8	425.4
• Other Services		
- Review of Statement on Internal Control	12.0	12.0
Total	168.8	437.4

The Board believes that the provision of these services by the external auditors to KLCCP and the Group were cost effective and efficient due to their knowledge and understanding of the operations of the Company and the Group, and did not compromise their independence and objectivity.

CORPORATE RESPONSIBILITY

The KLCCP's Board agenda on corporate responsibility reflects the commitment to economic support for longer term sustainability with a focus on the positive impact on the environment, community, and society. The emphasis of safety and health forms one of the Group's priorities in addition to programs relating to waste generation and management, paper usage, hazardous substances, energy and water consumption, and the preservation, conservation and enhancement of KLCC Development as an exemplary cultural and natural heritage site.

For the environment and the community

Towards enhancing environmental preservation, the KLCCP Group embarked on a plant recycling program whereby plants removed from their original habitat within the KLCC development area due to construction work or changes in size or design were transplanted at various other suitable locations in the KLCC Park. This cost-saving exercise resulted in the reduced procurement of plants for soft-landscape maintenance and upgrading.

The recycling of plant materials for soft landscaping as well as replanting of and replacement of trees, shrubs and groundcovers have also been adopted at Zones 1, 2, 3, 4, 5 and 12 of the KLCC Park and the Esplanade. Efforts were made to recycle dry leaves as mulch and used as a source of organic fertilizer for shrubs and ferns bedding at Zone 3, KLCC Park.

CORPORATE GOVERNANCE STATEMENT

Following the conclusion of the Waste Environmental Campaign in March 2011, the KLCCP Group continued with its waste reduction activities to measure the impact in avoidance, reuse and recycle wherever possible. The Group continues with its responsibility of providing and managing the weighing machines, rubbish bins and garbage identification stickers for the benefit of the clients at PETRONAS Twin Towers (PTT). Such infrastructure has been fully utilized and monthly reports provided data on waste (by weight and type) based on figures obtained through weighing exercises for purposes of monitoring the various tenants of PTT from time to time by management.

Another zero capital effort implemented by the KLCCP Group is the recalibration of all variable air volume temperature sensors in the buildings to avoid large margins of inaccurate readings. This seeks to reduce the over-usage of the chilled water in the central air-conditioning system in KLCC. This initiative was also extended to all Air Handling Units.

The pilot project carried out by the KLCCP Group on office lighting utilizing energy efficient light bulbs compared with the current T8 has yielded efficient results. Cost savings have been estimated between 35%-40% per fitting. The Group will continue working on a full implementation strategy to involve all tenants of our buildings.

The business of Suria KLCC is being managed with a commitment to sustainability that is demonstrated through energy savings efforts, while constant research activities remain a crucial business objective in continuing to achieve more environment friendly ways to conduct its business.

Since 2008, Suria KLCC has invested in switching to energy saving lights within areas in the shopping mall. The shopping mall's lights are also programmed to automatically switch on and off during desired periods to avoid energy wastage.

To further demonstrate its commitment to energy conservation, Suria KLCC has embarked on Earth Hour where all non-essential lights in the mall are switched off from 8.30pm to 9.30pm on the last Saturday of every March since 2009. The building has also used a heat-wheel system since 2010 to pre-cool fresh air into the mall as well as channel the recycled pre-cooled air from the mall into the car park thereby saving a significant amount of energy and reducing monthly utility costs by RM36,000/-. Suria KLCC has also installed hand dryers in its public toilets to reduce paper towel usage.

Purple Day, begun in 2010 is Suria KLCC's signature CSR program. For the financial period ended 31 December 2011, it successfully raised over RM150,000 for the benefit of the National Autism Society of Malaysia. Increased retailer participation in this event demonstrates the strength of Suria KLCC's partnership with its retailers.

Following its receipt of the "Green Award" in late 2010 from the Malaysian Ministry of Tourism, the Mandarin Oriental Kuala Lumpur has since been selected to receive the "Asean Green Award 2012". "Sowing for the Future" is the Environment Care and Waste Management Team logo used in all event-shirts and promotional items of the hotel since 2010.

Sustainability programs such as towel recycling and reusing bed linen promoted by the Mandarin Oriental Kuala Lumpur continued to have encouraging guest participation. The hotel has ISO 14001 Environment Management System certification and is expanding management efforts to include avoidance of hazardous substances in this program and to support the use of micro fiber cloth for cleaning of guestrooms.

CORPORATE GOVERNANCE STATEMENT

Sustainability, assisted by “environment conscious” decision making, as practiced by the management of the Mandarin Oriental Kuala Lumpur resulted in the implementation of biodegradable chemicals for laundry and the use of plant extract air fresheners at the beginning of financial period 2011. Other management decisions with regard to recycling comprise the selection of new carpets made of recycled fibers from discarded drinking water bottles and yarn waste.

Whilst the annual *Christmas Tree of Hope* event by the Mandarin Oriental Kuala Lumpur will continue, the management has also reached out to the community by sharing the hotel's environment friendly practices with the tertiary education fraternity as well as supporting the “Waste Not Want Not” 2011 Charity Event.

Water conservation is another environmentally driven initiative that continues to be followed by the KLCCP Group. The first phase of implementation at the PTT was in late 2011 involving the replacement of the current flushing fixtures at Levels 40 and above with more water-efficient flushing fixtures. The result was a significant reduction in water consumption for WCs from 13.2 liters per flush (lpf) to 6 lpf and for urinals from 3.8 lpf to 1.9 lpf.

Additionally, the volume of water consumption at the Lake Symphony Fountain at KLCC Park has since been limited to 200m³ daily through scheduled inspection and monitoring. Further improvement strategy was to have the daily operating hours of water supply for the irrigation system set from 8:00am to 5:00pm in order to optimize the use of energy.

As part of the individual contribution toward the KLCCP Board agenda on corporate responsibility, the management and staff of the KLCCP Group participated in a tree adoption campaign in Precinct 4 Putrajaya in conjunction with the National Environment Week on 21 October 2011. During the financial period ended 31 December 2011, the management and staff of the Group also initiated various community charity and fund raising activities to support the KLCCP Group's Corporate Social Responsibility initiatives.

This statement is made in accordance with the resolution of the Board of Directors on 23 May 2012.

Statement on Internal Control

RESPONSIBILITY

The Management of the respective business segment of the KLCCP Group (“the Group”) is responsible for establishing and maintaining adequate internal control measures. The Board of Directors of KLCCP is responsible for the adequacy and effectiveness of the Group’s system of internal controls. Under the Board’s supervision and participation of the Management led by the KLCCP Chief Executive Officer, the Group continually exerts efforts to ensure the importance of sound internal control for good corporate governance.

Results of the overall management of the key areas of risk were within the acceptable risk profile with minimal risk of failure in achieving the policies and business objectives of the Group which underscore the effectiveness of the Group’s system of internal controls.

The KLCCP Board is pleased to provide the following statement which explains the nature and scope of internal control of the Group during the financial period under review with respect to risk management and financial, organisational, operational, project and compliance controls.

CONTROL STRUCTURE AND ENVIRONMENT

The Board continues to uphold and implement strong control structure and environment with the following key internal control processes for the proper conduct of the Group’s business operations:

- The Board meets at least quarterly and has set a schedule of matters, which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls.
- The Chief Executive Officer leads the presentation of board papers and provides comprehensive explanation of pertinent issues. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group’s activities and its operations on a regular basis.

- The Chief Executive Officer monitors the performance of the Group and reports to the Board on significant changes in the business operations and the external environment which involve risks. The Head, Finance & Accounts of KLCCP provides the Board with quarterly financial information and performance of the Group.
- An organizational structure with formally defined lines of responsibility, delegation of authority and accountability is in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability.
- Adoption of the PETRONAS Code of Conduct and Business Ethics (“PETRONAS COBE”) seeks to ensure that our directors, employees and third parties, which perform work or services for the Group, will act ethically and remain above board at all times and that our individual behaviour is in line with the PETRONAS Shared Values i.e. Loyalty, Professionalism, Integrity and Cohesiveness.

The PETRONAS COBE is benchmarked to international standards and it contains four separate parts encompassing the basic rules, standards and behaviour to achieve the above objectives which are as follows:-

- Part I - Core Values and Culture
- Part II - Duties of Good Faith, Fidelity, Diligence and Integrity
- Part III - Workplace Culture and Environment
- Part IV - Discipline, Disciplinary Process and Sanctions

- A documented delegation of authority with clear lines of accountability and responsibility serves as a tool of reference in identifying the approving authority for various transactions including matters that require Board’s approval.
- The Group performs a comprehensive annual budgeting and forecasting exercise including development of business strategies for the next five years, and establishment of key performance indicators against which units within the Group can be evaluated. Variances against budget are analysed and reported on a quarterly basis to the Board.

STATEMENT ON INTERNAL CONTROL

- The Group's strategic directions are also reviewed semi-annually taking into account changes in market conditions and significant business risks.
- The Accounting Procedures Manuals set out the policies and procedures for day-to-day operations and act as guidelines as to the proper measures to be undertaken in a given set of circumstances.
- The Management is continuing its intensive efforts towards ensuring consistency with the PETRONAS Group's practice to embark on Quality Culture Process embracing the quality principles defined therein.

RISK MANAGEMENT

Having regard to the fact that managing risk is an inherent part of the Group's activities, risk management remains a key focus of the Board in building a successful and sustainable business.

The Board Audit Committee is responsible for the oversight function on risk management and to oversee the adequacy of policies, practices and systems in place that monitor and manage risk.

In addition, a Risk Management Committee (RMC) has been established to serve as a central platform of the Group to assist management in identifying principal risks at the Group level and providing assurance on effective implementation of risk management on a Group wide basis.

The RMC also promotes sound risk management practices through sharing information and best practices to enhance risk culture across the Group.

During the financial period in review, KLCCP Board had endorsed the KLCCP Group Enterprise Risk covering 3 main business segments of KLCCP Group namely Property Investment, Property Development and Asset Management.

INTERNAL AUDIT

The internal audit function of the Group is undertaken by the Group Internal Audit Division of KLCC (Holdings) Sdn Bhd which provides assurance on the efficiency and effectiveness of the internal control systems implemented by the Group to support the Board Audit Committee in discharging its governance responsibilities.

Adequacy and effectiveness of the internal control is assessed by adopting a systematic approach in reviewing the Group's business and operational control, risk management and governance processes.

Audit assignments are carried out based on an Annual Audit Plan and other ad-hoc review works approved by the Board Audit Committee. Audit findings are reported to the Board Audit Committee together with the proposed corrective action in respect of any non compliance and process improvements. Management is responsible to carry out the corrective action and this is being monitored through quarterly audit status reports. Status of all corrective action is reported to the Board Audit Committee until the audit issues are resolved.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULTED IN MATERIAL LOSSES

There were no material losses incurred during the financial period ended as a result of weaknesses of internal controls. Management continues to take proactive measures to strengthen the internal control environment.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors, Ernst & Young have reviewed this Statement on Internal Control for inclusion in the KLCCP Annual Report for the period ended 31 December 2011.

The Board is of the view that the system of the internal controls in place in Group for the financial period under review and up to 25 April 2012 is sound and adequate to safeguard the shareholders investment, the interest of customers, regulators and employees including the Group's assets.

This statement is made in accordance with the resolution of the Board of Directors on 23 May 2012.

Audit Committee Report

The Board Audit Committee (“BAC”) of KLCC Property Holdings Berhad (“KLCCP” or the “Company”) is pleased to present the Audit Committee Report for the period ended 31 December 2011 pursuant to the Main Market Listing Requirements.

MEMBERSHIP

The BAC was established pursuant to a board resolution made on 9 July 2004. Currently, the BAC comprises 4 directors:

Augustus Ralph Marshall

Chairman/Non-Executive and Independent Director

Datuk Manharlal a/l Ratilal

Member/Non-Executive and Non-Independent Director

Dato’ Leong Ah Hin @ Leong Swee Kong

Member/Non-Executive and Independent Director

Dato’ Halipah binti Esa

Member/Non-Executive and Independent Director

The BAC is governed by the Terms of Reference as stipulated in pages 35 to 37 of the Annual Report. All the requirements under the Terms of Reference had been fully complied with and the BAC did not see any matter in breach of the Main Market Listing Requirements that warrants reporting to the Exchange.

ATTENDANCE RECORD OF BAC MEMBERS

During the financial period under review, the BAC met 3 times (as a result of the change in the financial year end from 31 March to 31 December (9 month period) beginning 1 April 2011) in the presence of the Chief Executive Officer, Head, Finance & Accounts Division, as well as internal and external auditors of the Company.

Committee Members	Attendance of Meetings
Independent	
Augustus Ralph Marshall	3/3
Dato’ Leong Ah Hin @ Leong Swee Kong	3/3
Dato’ Halipah Binti Esa	3/3
Non-Independent	
Datuk Manharlal a/l Ratilal	2/3

SUMMARY OF ACTIVITIES OF THE BAC

The following activities were carried out by the BAC during the financial period ended 31 December 2011:

- i) Reviewed the external auditors’ scope of work and audit plans for the year under review. Prior to the audit, representatives from the external auditors presented their audit strategies and plans.
- ii) Reviewed the results of the audit, the audit report and the Management Letter, including the Management’s response which had been reviewed by the Management with the external auditors.
- iii) Considered and made recommendations to the Board for approval of the audit fees payable to the external auditors as disclosed in Note 24 to the financial statements on page 76 of the Annual Report.

In addition, the BAC had also approved the provision of non-audit services by the external auditors. The details of fee payment for such non-audit services rendered thereof for financial period ended 31 December 2011 are disclosed in Note 24 to the financial statements and Corporate Governance Statement of the Annual Report.
- iv) Reviewed the independence and objectivity of the external auditors and the services provided.
- v) Reviewed the internal audit reports, which highlighted the audit issues, recommendations and the Management’s responses thereto. Discussed with the Management actions taken to improve the system of internal controls based on improvement opportunities identified in the internal audit reports.
- vi) Reviewed and recommended the audited financial statements of the Group to the Board for the Board’s consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards.

AUDIT COMMITTEE REPORT

- vii) Reviewed and recommended the quarterly unaudited financial results announcements of the Group to the Board for the Board's consideration and approval. The review was to ensure that the Group complies with the Main Market Listing Requirements, the applicable approved accounting standards as well as other relevant legal and regulatory requirements. The review and discussion were conducted with the Chief Executive Officer and the Head, Finance & Accounts Division of the Company.
- viii) Reviewed the year end financial results, statements and announcements before recommending them for the Board's approval. The review and discussion were conducted with the Chief Executive Officer and the Head, Finance & Accounts Division of the Company.
- ix) Reviewed the related party transactions entered into by the Group.
- x) Reviewed the extent of the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance ("the Code") for the purpose of preparing the Corporate Governance Statement and Statement of Internal Control pursuant to the Main Market Listing Requirements. Additionally, the BAC also recommended to the Board action plans to address the identified gaps between the Group's existing corporate governance practices and the prescribed corporate governance principles and best practices under the Code.
- xi) To discuss problems and reservations arising from the Group's interim and final audits, and any matter the auditors may wish to discuss (in the absence of the Management where necessary).

INTERNAL AUDIT

The internal audit function of the Company and KLCCP Group is supported by the Group Internal Audit Division of KLCC (Holdings) Sdn Bhd. They maintained their impartiality, proficiency and due professional care by having their plans and reports directly under the purview of the BAC.

The internal audits were undertaken to provide independent assessments on the adequacy, efficiency and effectiveness of the Company's internal control systems in anticipating potential risks exposures over key business processes within the Company and KLCCP Group. The BAC also had full access to the services and advice of the internal auditors and received reports on all audits that were performed.

A summary of the internal audit activities undertaken during the financial period is as follows:

- Prepare internal audit plan for consideration and approval by the BAC.
- Conducted its primary audit based on its audit plan and evaluate the Company and KLCCP Group based on their risk exposure.
- Performed several ad-hoc assignments requested by the BAC.
- Follow-up on audit issue to determine the adequacy, effectiveness and timeliness of action taken by Management on audit recommendations.

The resulting reports from the audits were presented to the BAC and subsequently forwarded to the Management for attention and further action. The Management is responsible to ensure that necessary corrective measures are taken and resolved within the required timeframe.

The total costs incurred for the internal audit function of the Company and KLCC Group for the financial period were RM181,830.00.

Further details of the internal audit activities are set out in the Statement on Internal Control of the Annual Report.

AUDIT COMMITTEE'S TERMS OF REFERENCE

The primary function of the Board Audit Committee is to assist the Board of Directors in fulfilling the following objectives of the Company's activities:

- assess KLCCP Group processes relating to its risks and control environments;
- oversee financial reporting; and
- evaluate the internal and external audit processes.

COMPOSITION**1.0 MEMBERSHIP**

- 1.1 The Committee shall be appointed by the Board of Directors amongst the Directors of the Company who fulfill the following requirements:
- (a) the Committee must be composed of no fewer than 3 members; a majority of the Committee members must be Independent Directors;
 - (b) the Committee must be made up entirely of Non-Executive Directors who should be financially literate; and
 - (c) at least one member of the Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he were not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience and:
 - (a) he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - (b) he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
 - (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

1.2 The members of the Committee shall elect a Chairman from amongst themselves who shall be an Independent Director.

1.3 No Alternate Director shall be appointed as a member of the Committee.

1.4 In the event of any vacancy in the Committee resulting in the non-compliance of the Main Market Listing Requirements pertaining to the composition of the audit committee, the Board of Directors shall within 3 months of that event fill the aforesaid vacancy.

1.5 The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

2.0 MEETINGS**2.1 Frequency**

- (a) Meetings shall be held not less than 4 times a year.
- (b) Upon the request of the external auditors, the Chairman of the Committee shall convene a meeting to consider any matter the external auditors believe should be brought to the attention of the Directors or shareholders.

2.2 Quorum

To form a quorum, the majority of the Committee members present must be Independent Directors.

2.3 Secretary

The Company Secretary or, in his absence, another person authorised by the Chairman of the Committee, shall be the Secretary of the Committee.

AUDIT COMMITTEE REPORT

2.4 Attendance

- (a) The Head, Finance & Accounts Division, Head of Internal Audit and a representative of the external auditors shall normally attend meetings.
- (b) Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.

2.5 Reporting Procedure

The minutes of each meeting shall be circulated to all members of the Board.

2.6 Meeting Procedure

The Committee shall regulate its own procedures, in particular:

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

3.0 RIGHTS

The Committee in performing its duties shall, in accordance with a procedure to be determined by the Board of Directors,

- (a) have the authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;

- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit functions or activities;
- (e) be able to obtain independent advice, whether professional or otherwise, pertaining to any matter within its terms of reference; and
- (f) be able to convene meetings with the external auditors, the internal auditors or both while excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

4.0 FUNCTIONS

The Committee shall, amongst others, perform the following functions:

4.1 To review:

- (a) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - (i) the going concern assumption;
 - (ii) major changes in or its implementation thereof in accounting policies;
 - (iii) significant and unusual events; and
 - (iv) compliance with accounting standards and other legal requirements.
- (b) any related party transaction and conflict of interest situation that may arise within the Company or KLCCP Group including any transaction, procedure or course of conduct that raises questions of the integrity, transparency and professionalism of the management.

AUDIT COMMITTEE REPORT

- (c) with the external auditors:
 - (i) the audit plan;
 - (ii) evaluation of the system of internal controls;
 - (iii) the audit report;
 - (iv) Management Letter and the Management's response; and
 - (v) the level of cooperation given by the Company and KLCCP Group's employees to the external auditors.
- 4.2 To monitor the Management's risk management practices and procedures.
- 4.3 In respect of the appointment of external auditors:
- (a) to review whether there is reason (supported by grounds) to believe that the current external auditors is not suitable for reappointment;
 - (b) to consider the nomination of a person or persons as external auditors and the audit fee; and
 - (c) to consider any question of resignation or dismissal of the external auditors.
- 4.4 In respect of the internal audit function:
- (a) to review the adequacy of the scope, functions, competency and resources of the internal auditors and whether it has the necessary authority to carry out its work;
 - (b) to review the internal audit programmes, processes or investigations as well as the results of the same that were undertaken, and whether or not appropriate actions have been taken based on the recommendations of the internal auditors;
- (c) to review any appraisal or assessment of the performance of members of the internal audit function;
 - (d) to approve any appointment or termination of senior staff members of the internal audit function; and
 - (e) to inform itself of any resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- 4.5 If the Committee is of the view that any matter which it had reported to the Board of Directors was not resolved satisfactorily resulting in a breach of the Main Market Listing Requirements, the Committee has to promptly report such matters to Bursa Malaysia Securities Berhad.
- 4.6 To carry out such other functions as may be agreed to by the Committee and the Board of Directors.

This statement is made in accordance with the resolution of the Board of Directors on 23 May 2012.

Additional Compliance Information

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")

(I) NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors for the financial period ended 31 December 2011 was RM12,000.00 for the Group and Company respectively. This is in respect of services rendered by the audit firm on review of the Statement of Internal Control.

Disclosed in accordance with Appendix 9C, Part A, item 18 of the Main Market Listing Requirements of Bursa Securities.

(II) MATERIAL CONTRACTS

Save as disclosed in the Prospectus of the Company dated 21 July 2004, there are no other agreements which are material which have been entered into by the Company or its subsidiaries since the end of the previous financial year.

Disclosed in accordance with Appendix 9C, Part A, item 21 of the Main Market Listing Requirements of Bursa Securities.

Financial Statements

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Directors' Report

FOR THE PERIOD ENDED 31 DECEMBER 2011

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the period ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company in the course of the financial period are investment holding, property investment and the provision of management services. The Group and the Company have changed its financial year end from year ended March to year ended December during the financial period.

The principal activities of the significant subsidiaries and associate are stated in Notes 7 and 8 to the financial statements respectively.

There have been no significant changes in the principal activities during the financial period.

CORPORATE INFORMATION

The Company is a public limited liability company, incorporated on 7 February 2004 and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 54, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

RESULTS

	Group RM'000	Company RM'000
Profit for the period	1,195,061	282,360
Attributable to:		
Equity holders of the Company	657,596	282,360
Non-controlling interests	537,465	–
	1,195,061	282,360

DIVIDENDS

The amount of dividends paid by the Company since 31 March 2011 were as follows:

	RM'000
In respect of the financial year ended 31 March 2011 as reported in the directors' report in that year:	
A final dividend of 7.0%, tax exempt under single tier system on 934,074,279 ordinary shares, was approved by shareholders on 20 July 2011 and paid on 19 August 2011.	65,385
In respect of the financial period ended 31 December 2011:	
An interim dividend of 5.0%, tax exempt under single tier system on 934,074,279 ordinary shares, declared on 18 November 2011 and paid on 20 December 2011.	46,704
	112,089

A second interim dividend in respect of the financial period ended 31 December 2011, of 5.0%, tax exempt under the single tier system on 934,074,279 ordinary shares amounting to a dividend payable of RM46.70 million will be payable on 23 March 2012.

The financial statements for the current period do not reflect this second interim dividend. Such dividend will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2012.

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2011

DIVIDENDS (CONTD.)

No final dividend in respect of the financial period ended 31 December 2011 will be proposed at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material movements to and from reserves and provisions during the period, other than as disclosed in the Statements of Changes in Equity.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Krishnan C K Menon
 Datuk Ishak Bin Imam Abas
 Dato' Leong Ah Hin @ Leong Swee Kong
 Datuk Manharlal A/L Ratilal
 Augustus Ralph Marshall
 Pragasa Moorthi A/L Krishnasamy
 Dato' Halipah Binti Esa
 Hashim Bin Wahir

DIRECTORS' INTERESTS

The Directors in office at the end of the period who have interests in the shares of the Company and its related corporations other than wholly-owned subsidiaries as recorded in the Register of Directors' Shareholdings are as follows:

	← Number of Shares in KLCC Property Holdings Berhad →			
	Balance as at 1.4.2011	Number of Shares Bought	Sold	Balance as at 31.12.2011
Direct				
Datuk Manharlal A/L Ratilal	5,000	—	—	5,000
Dato' Leong Ah Hin @ Leong Swee Kong	50,000	—	—	50,000
Augustus Ralph Marshall	50,000	—	—	50,000

	← Number of Shares in Petronas Chemicals Group Berhad →			
	Balance as at 1.4.2011	Number of Shares Bought	Sold	Balance as at 31.12.2011
Direct				
Krishnan C K Menon	20,000	—	—	20,000
Datuk Manharlal A/L Ratilal	20,000	—	—	20,000
Dato' Halipah Binti Esa	10,000	—	—	10,000
Hashim Bin Wahir	6,000	10,000	—	16,000
Indirect				
Dato' Halipah Binti Esa #	13,100	—	—	13,100

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2011

DIRECTORS' INTERESTS (CONTD.)

	← Number of Shares in MISC Berhad →			
	Balance as at 1.4.2011	Number of Shares Bought	Sold	Balance as at 31.12.2011
Direct				
Dato' Leong Ah Hin @ Leong Swee Kong	2,400	–	–	2,400
	← Number of Shares in Malaysia Marine and Heavy Engineering Holdings Berhad →			
	Balance as at 1.4.2011	Number of Shares Bought	Sold	Balance as at 31.12.2011
Direct				
Dato' Leong Ah Hin @ Leong Swee Kong	6,000	–	–	6,000
Dato' Halipah Binti Esa	10,000	–	–	10,000
Indirect				
Dato' Halipah Binti Esa #	10,000	–	–	10,000

Deemed interest by virtue of director's family member's shareholding.

None of the other Directors holding office as at 31 December 2011 had any interest in the ordinary shares of the Company and of its related companies during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in Note 28 to the financial statements or the remuneration received by the Directors from certain related companies), by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial period, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ULTIMATE HOLDING COMPANY

The Directors regard Petroliam Nasional Berhad ("PETRONAS"), a company incorporated in Malaysia, as the ultimate holding company.

ISSUE OF SHARES

There were no changes in the issued and paid up capital of the Company during the financial period.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the period.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) there were no known bad debts and no provision for doubtful debts was necessary, and
- (ii) any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors of the Company are not aware of any circumstances:

- (i) that would render it necessary to write off any bad debts or provide any doubtful debts, or
- (ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial period and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial period.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial period ended 31 December 2011 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial period and the date of this report.

AUDITORS

The auditors, Ernst & Young, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 February 2012.

Krishnan C K Menon

Hashim Bin Wahir

Kuala Lumpur, Malaysia

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 45 to 91 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of the results of their financial performance and cash flows for the period ended.

In the opinion of the Directors, the supplementary information set out in Note 39 on page 92 is prepared in all material respects, in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance"), and directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 February 2012.

Krishnan C K Menon

Hashim Bin Wahir

Kuala Lumpur, Malaysia

Statutory Declaration

I, Azmi Bin Yahaya, the officer primarily responsible for the financial management of KLCC Property Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 45 to 92 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
 the abovenamed Azmi Bin Yahaya)
 at Kuala Lumpur in Wilayah Persekutuan)
 on 24 February 2012)

BEFORE ME:

R. Vasugi Ammal, PJK
 Commissioner for Oaths

Statements of Financial Position

AS AT 31 DECEMBER 2011

	Note	Group		Company	
		31.12.2011 RM'000	31.3.2011 RM'000	31.12.2011 RM'000	31.3.2011 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	5	609,476	611,460	1,718	2,595
Investment properties	6	12,364,831	10,975,082	–	–
Investment in subsidiaries	7	–	–	2,193,799	2,193,846
Investment in an associate	8	229,673	225,986	99,195	99,195
Deferred tax assets	9	1,513	7,762	326	–
Amount due from subsidiaries	10	–	–	168,902	164,905
		13,205,493	11,820,290	2,463,940	2,460,541
Current Assets					
Inventories	11	1,445	1,390	–	–
Trade and other receivables	12	73,255	51,483	61,602	3,742
Tax recoverable		–	4,587	–	4,587
Cash and cash equivalents	13	700,418	674,947	201,384	156,065
		775,118	732,407	262,986	164,394
TOTAL ASSETS		13,980,611	12,552,697	2,726,926	2,624,935
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Company					
Share capital	14	934,074	934,074	934,074	934,074
Share premium		562,324	562,324	562,324	562,324
Capital reserve	2.21	3,276,059	2,822,036	–	–
Revaluation reserve		–	5,665	–	–
Redeemable convertible unsecured loan stocks (RCULS)	15	687,990	687,990	687,990	687,990
Retained profits	16	1,000,623	903,474	403,484	233,213
		6,461,070	5,915,563	2,587,872	2,417,601
Non-controlling interests	17	3,690,093	3,305,555	–	–
Total Equity		10,151,163	9,221,118	2,587,872	2,417,601

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	Group		Company	
		31.12.2011 RM'000	31.3.2011 RM'000	31.12.2011 RM'000	31.3.2011 RM'000
Non-Current Liabilities					
Redeemable convertible unsecured					
loan stocks (RCULS)	15	18,479	24,503	18,479	24,503
Other long term liabilities	18	57,176	54,912	–	–
Amount due to a subsidiary	19	–	–	114,000	180,000
Long term borrowings	20	2,297,086	1,908,493	–	–
Deferred tax liabilities	9	1,150,970	868,623	–	130
		3,523,711	2,856,531	132,479	204,633
Current Liabilities					
Trade and other payables	22	216,706	187,309	6,025	2,701
Borrowings	20	42,732	254,441	–	–
Taxation		46,299	33,298	550	–
		305,737	475,048	6,575	2,701
Total Liabilities		3,829,448	3,331,579	139,054	207,334
TOTAL EQUITY AND LIABILITIES		13,980,611	12,552,697	2,726,926	2,624,935

The notes set out on pages 51 to 92 form an integral part of, and, should be read in conjunction with, these financial statements.

Statements of Comprehensive Income

FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2011

	Note	Group		Company	
		1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000
Revenue	23	745,894	926,377	320,770	143,731
Operating profit	24	521,846	674,947	303,451	125,626
Fair value adjustments	6	1,140,004	547,371	–	–
Interest income	25	16,371	17,196	9,278	19,845
Financing costs	26	(87,583)	(129,111)	(6,739)	(12,238)
Share of profit of an associate		7,987	10,458	–	–
Profit before tax		1,598,625	1,120,861	305,990	133,233
Tax expense	29	(403,564)	(201,503)	(23,630)	(8,016)
PROFIT FOR THE PERIOD/ YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME		1,195,061	919,358	282,360	125,217
Profit attributable to:					
Equity holders of the Company		657,596	706,081	282,360	125,217
Non-controlling interests		537,465	213,277	–	–
		1,195,061	919,358	282,360	125,217
Earnings per share attributable to equity holders of the Company (sen):					
Basic	30(a)	70.4	75.6		
Diluted	30(b)	50.9	54.7		

The notes set out on pages 51 to 92 form an integral part of, and, should be read in conjunction with, these financial statements.

Consolidated Statement of Changes in Equity

FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2011

	Attributable to Equity Holders of the Company							Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Non-Distributable			Distributable						
Note	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Redeemable Convertible Unsecured Loan Stocks RM'000	Retained Profits RM'000	Capital Reserve RM'000				
At 1 April 2011	934,074	562,324	5,665	687,990	903,474	2,822,036	5,915,563	3,305,555	9,221,118	
Total comprehensive income for the period	-	-	-	-	657,596	-	657,596	537,465	1,195,061	
Transfer of fair value surplus	-	-	(5,665)	-	(448,358)	454,023	-	-	-	
Dividends paid	31	-	-	-	(112,089)	-	(112,089)	(152,927)	(265,016)	
At 31 December 2011	934,074	562,324	-	687,990	1,000,623	3,276,059	6,461,070	3,690,093	10,151,163	
At 1 April 2010	934,074	562,324	5,665	687,990	745,309	2,376,868	5,312,230	3,161,744	8,473,974	
Total comprehensive income for the year	-	-	-	-	706,081	-	706,081	213,277	919,358	
Transfer of fair value surplus for the year	-	-	-	-	(445,168)	445,168	-	-	-	
Dividends paid	31	-	-	-	(102,748)	-	(102,748)	(69,466)	(172,214)	
At 31 March 2011	934,074	562,324	5,665	687,990	903,474	2,822,036	5,915,563	3,305,555	9,221,118	

The notes set out on pages 51 to 92 form an integral part of, and, should be read in conjunction with, these financial statements.

Company Statement of Changes in Equity

FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2011

	← Non-Distributable →			Distributable	
	Share Capital RM'000	Share Premium RM'000	Redeemable Convertible Unsecured Loan Stocks RM'000	Retained Profits RM'000	Total Equity RM'000
At 1 April 2011	934,074	562,324	687,990	233,213	2,417,601
Total comprehensive income for the period	–	–	–	282,360	282,360
Dividends paid (Note 31)	–	–	–	(112,089)	(112,089)
At 31 December 2011	934,074	562,324	687,990	403,484	2,587,872
At 1 April 2010	934,074	562,324	687,990	210,744	2,395,132
Total comprehensive income for the year	–	–	–	125,217	125,217
Dividends paid (Note 31)	–	–	–	(102,748)	(102,748)
At 31 March 2011	934,074	562,324	687,990	233,213	2,417,601

The notes set out on pages 51 to 92 form an integral part of, and, should be read in conjunction with, these financial statements.

Statements of Cash Flows

FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2011

	Group		Company	
	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	724,120	934,096	8,900	13,408
Cash payments to suppliers and employees	(199,126)	(214,436)	(10,553)	(15,239)
	524,994	719,660	(1,653)	(1,831)
Interest income from fund and other investments	17,392	15,966	2,827	4,133
Tax (paid)/refunded	(97,380)	(125,596)	4,034	(1,123)
Net cash generated from operating activities	445,006	610,030	5,208	1,179
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received	4,300	6,128	286,217	126,226
Purchase of property, plant and equipment	(35,449)	(21,862)	(16)	(30)
Cost incurred for investment properties	(212,312)	(377,511)	–	–
Proceeds from disposal of property, plant and equipment	24	16	8	–
Net cash (used in)/generated from investing activities	(243,437)	(393,229)	286,209	126,196
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of borrowings	1,035,000	382,000	–	–
Repayment of borrowings	(845,407)	(216,000)	–	–
Dividends paid to shareholders	(112,089)	(102,748)	(112,089)	(102,748)
Dividends paid to non-controlling interests	(152,927)	(69,466)	–	–
Interest expenses paid	(100,675)	(136,522)	(12,763)	(17,022)
Advances to subsidiaries	–	–	(121,246)	(13,074)
Decrease/(increase) in deposits restricted	1,957	(308)	–	–
Net cash used in financing activities	(174,141)	(143,044)	(246,098)	(132,844)
NET INCREASE/(DECREASE) IN				
CASH AND CASH EQUIVALENTS	27,428	73,757	45,319	(5,469)
CASH AND CASH EQUIVALENTS				
AT THE BEGINNING OF THE PERIOD/YEAR	672,264	598,507	156,065	161,534
CASH AND CASH EQUIVALENTS				
AT THE END OF THE PERIOD/YEAR (NOTE 13)	699,692	672,264	201,384	156,065
The additions in investment properties were acquired by way of:				
Cash	212,312	377,511	–	–
Retention sum	24,420	24,388	–	–
	236,732	401,899	–	–

The notes set out on pages 51 to 92 form an integral part of, and, should be read in conjunction with, these financial statements.

Notes to the Financial Statements

31 DECEMBER 2011

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated on 7 February 2004 and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 54, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

The ultimate holding company of the Company is Petroliam Nasional Berhad ("PETRONAS"), which is incorporated in Malaysia.

The principal activities of the Company in the course of the financial period are investment holding, property investment and the provision of management services.

The principal activities of the subsidiaries and associate are stated in Notes 7 and 8 to the financial statements respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 February 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards (FRSs) and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

At the beginning of the current financial period, the Group and the Company have adopted new and revised FRSs which are effective for annual periods beginning on or after 1 July 2010 as described fully in Note 3.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis, except for investment properties and applicable financial instruments that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Basis of Consolidation (Contd.)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the non-controlling interests' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the non-controlling share of changes in the subsidiaries' equity since then.

2.3 Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.4 Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associate is used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting polices are adopted for like transactions and events in similar circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**2.4 Associates (Contd.)**

In the Company's separate financial statements, investment in associate is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

2.5 Intangible Assets - Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.6 Property, Plant and Equipment

Freehold land which has an unlimited life is stated at cost and is not depreciated. Projects-in-progress are stated at cost and are not depreciated as the assets are not available for use.

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses and are depreciated on a straight line basis over the estimated useful life of the related assets.

Costs are expenditure that are directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the items if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and its cost can be measured reliably. The net book value of the replaced item of property, plant and equipment is derecognised with any corresponding gain or loss recognised in the profit or loss accordingly. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

The estimated useful life for the current period is as follows:

Hotel building	80 years
Building improvements	5 to 6 years
Furniture and fittings	5 to 10 years
Plant and equipment	4 to 10 years
Office equipment	5 years
Renovation	5 years
Motor vehicles	4 to 5 years
Crockery, linen and utensils	3 years

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.7 Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair value of investment properties are recognised in the profit or loss in the period in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the period in which they arise.

The land portion under the Investment Properties Under Construction (IPUC) is measured at fair value by a qualified independent valuer based on the comparison method. The construction work in progress is measured at cost based on the costs certified up to the end of the reporting period.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such a reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.9 Inventories

Inventories of saleable merchandise and operating supplies are stated at the lower of cost and net realisable value. Cost of inventories is determined using the weighted average cost method and it includes the invoiced value from suppliers, and transportation and handling costs.

2.10 Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, and balances and deposits with banks. For the purpose of cash flow statements, cash and cash equivalents include cash on hand and deposits with banks, less restricted cash held in designated accounts on behalf of clients.

2.11 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loan and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.12 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable become uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.13 Provisions

A provision is recognised when the Group and the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

2.14 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

(i) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.14 Financial Liabilities (Contd.)

(i) Other financial liabilities (Contd.)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred are amortised over the remaining term of the modified liability.

2.15 Financing Costs

Financing costs directly attributable to the acquisition and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other financing costs are charged to the profit or loss as an expense in the period in which they are incurred.

2.16 Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group and of the Company.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Obligations for contributions to defined contribution plans are recognised as an expense in the profit or loss in which the related services is performed.

2.17 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in equity.

(i) Current tax

Current tax expense is the expected tax payable on the taxable income for the period, using the statutory tax rate at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**2.17 Taxation (Contd.)****(ii) Deferred tax**

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused investment tax allowances, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused investment tax allowances, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on statutory tax rates at the reporting date.

2.18 Foreign Currencies**(i) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

Monetary assets and liabilities in foreign currencies at the reporting date have been translated at rates ruling on the reporting date or at the agreed exchange rate under currency exchange arrangements. Transactions in foreign currencies have been translated into Ringgit Malaysia at rates of exchange ruling on the transaction dates. Gains and losses on exchange arising from translation of monetary assets and liabilities are dealt with in the profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

The principal exchange rates used for each respective unit of foreign currency ruling at the reporting date are as follows:

	31.12.2011	31.3.2011
	RM	RM
United States Dollar	3.18	3.03

2.19 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.20 Redeemable Convertible Unsecured Loan Stocks ("RCULS")

The RCULS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible loan stock. The difference between the proceeds of issue of the RCULS and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible loan stock to the instrument. The difference between this amount and the interest paid is added to the carrying value of the convertible loan stocks.

2.21 Capital Reserve

Fair value adjustments, net of tax, on investment property are transferred from retained profits to capital reserve and such surplus will be considered distributable upon the sale of investment property.

2.22 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rental income

Rental income is recognised based on the accrual basis or on a straight line basis unless collection is in doubt, in which case it is recognised on the receipt basis.

(ii) Buildings and facilities management fees

Revenue from building and facilities management fees is recognised when the services are performed. Revenue is recognised net of sales and service tax and discount, where applicable.

(iii) Car park operations

Revenue from car park operations are recognised on an accrual basis.

(iv) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(v) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(vi) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

(vii) Hotel operations

Revenue from rental of hotel room, sale of food and beverage and other related income are recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.23 Leases

Operating Leases - the Group as lessor

Assets leased out under operating leases are presented on the statement of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

2.24 Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs

As of 1 April 2011, the Group and the Company have adopted the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations that have been issued by the Malaysia Accounting Standards Board:

Effective for annual periods beginning on or after 1 July 2010:

FRS 1	First-time Adoption of Financial Reporting Standards (revised)
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (revised)
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Agreements
IC Interpretation 16	Hedge of a Net investment in a Foreign Operation
IC Interpretation 17	Distribution of Non-cash Assets to Owner
Amendment to IC 9	Reassessment of Embedded Derivatives

Effective for annual periods beginning on or after 1 January 2011:

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 3	Business Combination
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 128	Investments in Associates
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC 4	Determining whether an Arrangement contains a Lease
IC 18	Transfers of Assets from Customer
Amendment to IC 13	Customer Loyalty Programmes

The adoption of the above FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations did not have any significant financial impact to the Group and the Company.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Critical Judgement Made in Applying Accounting Policies

The following is the judgement made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

4.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Useful life of property, plant and equipment

The Group estimates the useful life of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful life of property, plant and equipment is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful life of property, plant and equipment is based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful life of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iii) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged an independent valuation specialist to determine the fair value as at 1 December 2011.

If the fair value of the investment properties increase or decrease by 5%, which the management's assumption is based on, and other key assumptions remain constant, the Group's fair value of investment properties will vary by RM574,315,000.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

5. PROPERTY, PLANT AND EQUIPMENT

	Lands and buildings* RM'000	Project in progress RM'000	Furniture and fittings RM'000	Plant and equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Crockery, linen and utensils RM'000	Total RM'000
Group								
At 31 December 2011								
Cost								
At 1 April 2011	551,099	13,130	99,667	130,773	48,849	1,037	19,336	863,891
Additions	4,488	19,447	2,936	1,972	3,032	4	3,570	35,449
Transfer within Property, Plant and Equipment	4,423	(10,377)	4,589	1,365	-	-	-	-
Transfer to Investment Properties	-	(13,013)	-	-	-	-	-	(13,013)
Disposals	(1,244)	-	(864)	(395)	-	(44)	-	(2,547)
At 31 December 2011	558,766	9,187	106,328	133,715	51,881	997	22,906	883,780
Accumulated Depreciation								
At 1 April 2011	73,415	-	75,083	46,998	37,855	912	18,168	252,431
Charge for the period (Note 24)	8,847	-	4,112	6,513	3,787	78	1,071	24,408
Disposals	(1,244)	-	(857)	(390)	-	(44)	-	(2,535)
At 31 December 2011	81,018	-	78,338	53,121	41,642	946	19,239	274,304
Net Carrying Amount	477,748	9,187	27,990	80,594	10,239	51	3,667	609,476
At 31 March 2011								
Cost								
At 1 April 2010	684,078	272,581	94,294	127,734	47,112	958	18,872	1,245,629
Effect of Amendment to FRS 140 Transfer to investment properties	(137,741)	(263,071)	-	-	-	-	-	(400,812)
Additions	9,837	4,865	1,662	2,156	2,799	79	464	21,862
Transfer	(5,075)	(1,245)	5,270	1,050	-	-	-	-
Disposals	-	-	(1,559)	(167)	(1,062)	-	-	(2,788)
At 31 March 2011	551,099	13,130	99,667	130,773	48,849	1,037	19,336	863,891
Accumulated Depreciation								
At 1 April 2010	62,781	-	71,224	38,883	33,790	801	17,473	224,952
Charge for the year (Note 24)	10,634	-	5,158	8,253	5,115	111	695	29,966
Disposals	-	-	(1,299)	(138)	(1,050)	-	-	(2,487)
At 31 March 2011	73,415	-	75,083	46,998	37,855	912	18,168	252,431
Net Carrying Amount	477,684	13,130	24,584	83,775	10,994	125	1,168	611,460

5. PROPERTY, PLANT AND EQUIPMENT (CONTD.)*** Land and Buildings of the Group:**

	Freehold land RM'000	Hotel building RM'000	Renovation RM'000	Building improvements RM'000	Total RM'000
At 31 December 2011					
Cost					
At 1 April 2011	85,889	402,027	5,612	57,571	551,099
Additions	–	–	50	4,438	4,488
Transfer	–	–	–	4,423	4,423
Disposal	–	(1,244)	–	–	(1,244)
At 31 December 2011	85,889	400,783	5,662	66,432	558,766
Accumulated Depreciation					
At 1 April 2011	–	27,235	4,734	41,446	73,415
Charge for the period	–	5,278	545	3,024	8,847
Disposal	–	(1,244)	–	–	(1,244)
At 31 December 2011	–	31,269	5,279	44,470	81,018
Net Carrying Amount	85,889	369,514	383	21,962	477,748
At 31 March 2011					
Cost					
At 1 April 2010	223,630	405,432	5,508	49,508	684,078
Effect of Amendment to FRS 140					
Transfer to investment properties	(137,741)	–	–	–	(137,741)
Additions	–	7,944	104	1,789	9,837
Transfer	–	(11,349)	–	6,274	(5,075)
At 31 March 2011	85,889	402,027	5,612	57,571	551,099
Accumulated Depreciation					
At 1 April 2010	–	21,788	3,949	37,044	62,781
Charge for the year	–	5,447	785	4,402	10,634
At 31 March 2011	–	27,235	4,734	41,446	73,415
Net Carrying Amount	85,889	374,792	878	16,125	477,684

NOTES TO THE FINANCIAL STATEMENTS

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5. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Renovation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Company					
At 31 December 2011					
Cost					
At 1 April 2011	3,437	2,965	1	2,282	8,687
Additions	–	–	–	16	16
Disposal	–	–	(1)	–	(1)
At 31 December 2011	3,437	2,965	–	2,298	8,700
Accumulated Depreciation					
At 1 April 2011	2,894	1,284	1	1,911	6,090
Charge for the period (Note 24)	462	222	–	209	893
Disposal	–	–	(1)	–	(1)
At 31 December 2011	3,356	1,506	–	2,120	6,982
Net Carrying Amount	81	1,459	–	178	1,718
At 31 March 2011					
Cost					
At 1 April 2010	3,437	2,962	1	2,255	8,655
Additions	–	3	–	27	30
At 31 March 2011	3,437	2,965	1	2,282	8,685
Accumulated Depreciation					
At 1 April 2010	2,207	988	1	1,582	4,778
Charge for the year (Note 24)	687	296	–	329	1,312
At 31 March 2011	2,894	1,284	1	1,911	6,090
Net Carrying Amount	543	1,681	–	371	2,595

Property, plant and equipment of a subsidiary at carrying amount of RM589,520,000 (31.3.2011: RM577,888,000) has been pledged as securities for loan facilities as set out in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

6. INVESTMENT PROPERTIES

	Group							
	31.12.2011			31.3.2011				
	Completed investment properties RM'000	IPUC at fair value RM'000	IPUC at cost RM'000	Total RM'000	Completed investment properties RM'000	IPUC at fair value RM'000	IPUC at cost RM'000	Total RM'000
At 1 April	9,836,000	480,300	658,782	10,975,082	9,625,000	–	–	9,625,000
Effects of adopting Amendment to FRS 140								
Transfer from property, plant and equipment	–	–	–	–	–	137,741	263,071	400,812
Additions	16,983	–	219,749	236,732	6,188	–	395,711	401,899
Transfer from property, plant and equipment	13,013	–	–	13,013	–	–	–	–
Fair value adjustments	1,140,004	–	–	1,140,004	204,812	342,559	–	547,371
At 31 December/ 31 March	11,006,000	480,300	878,531	12,364,831	9,836,000	480,300	658,782	10,975,082

The following investment properties are held under lease terms:

	Group	
	31.12.2011 RM'000	31.3.2011 RM'000
Leasehold land	160,000	160,000
Building	261,000	261,000
	421,000	421,000

The investment properties are stated at fair value, which have been determined based on valuations as at 1 December 2011 performed by an independent professional valuer. There are no material events that will affect the valuation between the valuation date and financial period end. The valuation methods used in determining the valuations are the investment method and comparison method.

Investment properties of certain subsidiaries with a fair value of RM4,465,000,000 (31.3.2011: RM4,195,000,000) have been pledged as securities for loan facilities as set out in Note 20.

Included in additions to investment properties are finance costs capitalised during the period of RM17,666,000 (31.3.2011: RM14,701,000).

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENT IN SUBSIDIARIES

	Company	
	31.12.2011 RM'000	31.3.2011 RM'000
Unquoted shares at cost	1,558,088	1,558,088
Discount on loans to subsidiaries	196,314	196,314
Effects of conversion of amounts due from subsidiaries to investment	439,397	439,444
	2,193,799	2,193,846

Details of subsidiaries which are incorporated in Malaysia are as follows

Name of Subsidiaries	Proportion of ownership interest		Principal Activities
	31.12.2011 %	31.3.2011 %	
Suria KLCC Sdn Bhd ("SKSB")	60	60	Ownership and management of a shopping centre and the provision of business management services.
Asas Klasik Sdn Bhd ("AKSB")	75	75	Property investment in a hotel
Arena Johan Sdn Bhd ("AJSB")	100	100	Property investment
KLCC Parking Management Sdn Bhd ("KPM")	100	100	Management of car park operations
KLCC Urusharta Sdn Bhd ("KLCCUH")	100	100	Facilities management
Kompleks Dayabumi Sdn Bhd ("KDSB")	100	100	Property investment
Midciti Resources Sdn Bhd ("MRSB")	50.5	50.5	Property investment
Impian Cemerlang Sdn Bhd ("ICSB")	100	100	Property investment
Arena Merdu Sdn Bhd ("AMSB")	100	100	Property investment

8. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	31.12.2011 RM'000	31.3.2011 RM'000	31.12.2011 RM'000	31.3.2011 RM'000
Unquoted shares at cost	99,195	99,195	99,195	99,195
Share of post-acquisition reserves	130,478	126,791	–	–
	229,673	225,986	99,195	99,195

NOTES TO THE FINANCIAL STATEMENTS

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8. INVESTMENT IN AN ASSOCIATE (CONTD.)

Details of the associate are as follows:

Name of Associate	Country of Incorporation	Principal Activity	Proportion of ownership interest	
			31.12.2011 %	31.3.2011 %
Impian Klasik Sdn Bhd ("IKSB") *	Malaysia	Property investment	33	33

* Audited by a firm of auditors other than Ernst & Young.

The summarised financial statements of the associate are as follows:

	31.12.2011 RM'000	31.3.2011 RM'000
Assets and liabilities		
Total assets	691,922	695,599
Total liabilities	(90,942)	(105,792)
	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000
Results		
Revenue	33,963	45,293
Profit for the period/year	24,204	31,691

9. DEFERRED TAX

	Group		Company	
	31.12.2011 RM'000	31.3.2011 RM'000	31.12.2011 RM'000	31.3.2011 RM'000
At 1 April	860,861	804,090	130	228
Recognised in profit or loss (Note 29)	288,596	56,771	(456)	(98)
At 31 December/31 March	1,149,457	860,861	(326)	130

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting, are as follows:

	Group	
	31.12.2011 RM'000	31.3.2011 RM'000
Deferred tax assets	(1,513)	(7,762)
Deferred tax liabilities	1,150,970	868,623
	1,149,457	860,861

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

9. DEFERRED TAX (CONTD.)

The components and movements of deferred tax liabilities and assets during the financial period prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Property, plant and equipment RM'000	Investment properties RM'000	Others RM'000	Total RM'000
At 1 April 2011	25,745	855,135	8,141	889,021
Recognised in profit or loss	4,076	285,002	(3,092)	285,986
At 31 December 2011	29,821	1,140,137	5,049	1,175,007
At 1 April 2010	23,370	803,932	12,225	839,527
Recognised in profit or loss	2,375	51,203	(4,084)	49,494
At 31 March 2011	25,745	855,135	8,141	889,021

Deferred Tax Assets of the Group:

	Unused tax losses and unabsorbed capital allowances RM'000	Others RM'000	Total RM'000
At 1 April 2011	(3,948)	(24,212)	(28,160)
Recognised in profit or loss	1,099	1,511	2,610
At 31 December 2011	(2,849)	(22,701)	(25,550)
At 1 April 2010	(6,154)	(29,283)	(35,437)
Recognised in profit or loss	2,206	5,071	7,277
At 31 March 2011	(3,948)	(24,212)	(28,160)

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries and of the Company are subject to no substantial changes in shareholdings of those subsidiaries and the Company under Section 44(5A) and (5B) of Income Tax Act, 1967.

NOTES TO THE FINANCIAL STATEMENTS

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9. DEFERRED TAX (CONTD.)**Deferred Tax Liabilities/(Assets) of the Company:**

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 April 2011	130	–	130
Recognised in profit or loss	(40)	(416)	(456)
At 31 December 2011	90	(416)	(326)
At 1 April 2010	228	–	228
Recognised in profit or loss	(98)	–	(98)
At 31 March 2011	130	–	130

10. AMOUNT DUE FROM SUBSIDIARIES

	Company	
	31.12.2011 RM'000	31.3.2011 RM'000
Amount due from subsidiaries	100,902	96,905
Interest bearing loan	68,000	68,000
	168,902	164,905

The interest free amount due from subsidiaries which was fair valued under FRS 139 are unsecured with a repayment period ranging from 8 to 15 years (31.3.2011: 8 to 15 years). The interest rate assumed by the Company is between 3.08% and 5.50% (31.3.2011: 3.08% and 5.50%) per annum.

The interest rate charged by the Company for the interest bearing shareholder's loan is 5.07% (31.03.2011: 5.07%) per annum.

11. INVENTORIES

The inventories comprise general merchandise and operating supplies, and are stated at lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

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12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.2011 RM'000	31.3.2011 RM'000	31.12.2011 RM'000	31.3.2011 RM'000
Trade receivables	8,479	7,933	–	–
Other receivables, deposits and prepayments	5,087	9,068	561	688
Accrued rental income	12,078	20,210	–	–
Amount due from:				
Subsidiaries	–	–	58,248	2,373
Ultimate holding company	38,812	7,675	–	–
Other related companies	8,799	6,597	2,793	681
	73,255	51,483	61,602	3,742

Amount due from subsidiaries, ultimate holding company and other related companies which arose in the normal course of business are unsecured, non-interest bearing and repayable on demand.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.2011 RM'000	31.3.2011 RM'000	31.12.2011 RM'000	31.3.2011 RM'000
Statements of Financial Position				
Cash and bank balances	4,411	4,821	9	13
Deposits with licensed banks	696,007	670,126	201,375	156,052
	700,418	674,947	201,384	156,065
Statements of Cash Flows				
Cash and bank balances	4,411	4,821	9	13
Deposits with licensed banks	696,007	670,126	201,375	156,052
	700,418	674,947	201,384	156,065
Less: Deposits restricted	(726)	(2,683)	–	–
	699,692	672,264	201,384	156,065

Deposits restricted are monies held on behalf of clients held in designated accounts, which represent cash calls less payments in the course of rendering building and facilities management services on behalf of clients.

Deposits with licensed banks of the Group amounting to RM57,029,000 (31.3.2011: RM169,598,000) are pledged for credit facilities granted to the Group as set out in Notes 20 and 21 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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14. SHARE CAPITAL

	Group and Company			
	Number of Shares		Amount	
	31.12.2011	31.3.2011	31.12.2011	31.3.2011
	'000	'000	RM'000	RM'000
Authorised:				
Ordinary Shares of RM1 Each	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid:				
Ordinary Shares of RM1 Each	934,074	934,074	934,074	934,074

15. REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS

On 9 July 2004, the Company entered into a debt settlement agreement with a related company/corporate shareholder, KLCC (Holdings) Sdn Bhd ("KLCCH"), whereby the Company undertook to issue RM142,194,737 RCULS at its nominal value of RM1 each as settlement of the net amounts owing by certain subsidiaries to KLCCH.

In addition, the Company was also to issue RM571,915,700 RCULS to KLCCH as part settlement and the purchase consideration for the acquisition of certain subsidiaries during financial year ending 31 March 2005.

The total RCULS of RM714,110,437 were issued on 9 August 2004.

The terms of the RCULS are as follows:

- (a) Conversion rights - the registered holder of the RCULS will have the option at any time during the conversion period to convert the RCULS at the conversion price into new ordinary shares of RM1 each in the Company.
- (b) Conversion price - RM1.98 of RCULS for every one new ordinary share of RM1 each.
- (c) Conversion period - period commencing after the fifth anniversary of the issue date.
- (d) Unless the RCULS have been previously converted into New Ordinary Shares or redeemed by the Company, the RCULS will be redeemed in full on maturity date. The holder of the RCULS, KLCCH, has given a written undertaking to the Company on its intention to exercise its rights to convert its entire holdings in the RCULS to equity at any time after expiry of the 5th anniversary, subject to the terms and conditions governing the RCULS.
- (e) The RCULS is interest free for the first 3 years and thereafter, bears interest of 1% per annum.
- (f) The new ordinary shares to be allotted and issued upon conversion of the RCULS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their conversion.

NOTES TO THE FINANCIAL STATEMENTS

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15. REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONTD.)

The RCULS, a compound instrument, have been split between the liability component and the equity component as follows:

	Note	Group and Company	
		31.12.2011 RM'000	31.3.2011 RM'000
Liability component	(i)	18,479	24,503
Equity component		687,990	687,990
		706,469	712,493

		Group and Company	
		31.12.2011 RM'000	31.3.2011 RM'000
(i)	Liability component		
	Liability component at 1 April 2011/2010	24,503	29,287
	Interest expense recognised during the period/year (Note 26)	1,117	2,338
	Payment made during the period/year	(7,141)	(7,122)
	Liability component at 31 December/31 March	18,479	24,503

16. RETAINED PROFITS

As at 31 December 2011, the Company may distribute the entire balance of the retained profits of RM403,484,000 under the single tier system.

17. NON-CONTROLLING INTERESTS

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries.

18. OTHER LONG TERM LIABILITIES

	Group	
	31.12.2011 RM'000	31.3.2011 RM'000
Advances from corporate shareholders of subsidiaries	57,176	54,912

The advances from corporate shareholders are interest free and unsecured with a repayment period of 15 years (31.3.2011: 15 years). The fair value at initial recognition was determined based on an interest rate of 5.50% (31.3.2011: 5.50%) per annum.

19. AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary relates to a loan taken by the subsidiary but utilised by the Company. The interest incurred on the loan is charged to the Company. The weighted average effective interest rate on the loan as at the reporting date was 5.50% (31.03.2011: 5.50%) per annum. The amount due is unsecured and is not repayable within next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

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20. BORROWINGS

	Note	Group 31.12.2011 RM'000	Group 31.3.2011 RM'000
Short term borrowings			
Secured:			
Private debt securities	21	10,232	224,084
Term loans		32,500	30,357
		42,732	254,441
Long term borrowings			
Secured:			
Private debt securities	21	843,593	600,000
Term loans		1,453,493	1,308,493
		2,297,086	1,908,493
Total borrowings			
Secured:			
Private debt securities	21	853,825	824,084
Term loans		1,485,993	1,338,850
		2,339,818	2,162,934

Terms and debt repayment schedule

Group	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000	3 - 5 years RM'000	Over 5 years RM'000
Secured					
Private debt securities	880,000	–	–	550,000	330,000
Term loans	1,481,493	28,000	28,000	1,425,493	–
	2,361,493	28,000	28,000	1,975,493	330,000

The term loans are secured by the following:

(i) Term loan 1

Interest rate is calculated based on 0.5% (31.3.2011: 0.50%) per annum above lender's cost of funds.

The loan is secured by way of a fixed charge over the hotel property as well as debenture covering all fixed and floating assets of the hotel property of the Group as disclosed in Note 5.

(ii) Term loan 2

Interest on this loan is charged at a fixed rate of 5.50% per annum and is secured by way of a secured charge over certain investment property of the Group as disclosed in Note 6.

(iii) Term loan 3

Interest rate is fixed at 7.0% per annum. This loan is secured by way of a fixed charge over certain investment property of the Group as disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS

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20. BORROWINGS (CONTD.)**(iv) Term loan 4**

This Islamic financing loan consists of fixed and floating rate term financing and revolving credit facilities.

The credit facilities are for a tenure of 7 years with a bullet repayment at the end of the tenure. The profit rate is calculated on 0.75% per annum above the lender's cost of funds for the first 3 years and 0.6% per annum above the lender's cost of funds for the remaining 4 years. Security is by way of a charge over the land of the Group as disclosed in Note 6 and assignment of rental and insurance proceeds.

Other information on financial risks of borrowings are disclosed in Note 34.

21. PRIVATE DEBT SECURITIES

The Private Debt Securities ("PDS") issued by the Group comprise:

	31.12.2011 RM'000	31.3.2011 RM'000
Secured:		
Islamic Private Debt Securities:		
Bai Al-Dayn Serial Bonds - 12 years	–	205,193
Sukuk Musharakah	853,825	–
Conventional Private Debt Securities:		
13-year Bonds	–	618,891
	853,825	824,084
<hr/>		
Private Debt Facilities as at 31 December/March		
Due within 1 year	10,232	224,084
Due more than 1 year	843,593	600,000
	853,825	824,084

The PDS are primarily secured against deposits with licensed banks and other financial institutions as disclosed in Note 13 and rentals receivable on its investment property in accordance with a Head Lease Agreement ("the Agreement") between a subsidiary and PETRONAS, except for the portion of coupon payments beyond the expiry of the Agreement and the nominal value of the 13-year bonds. The latter is secured by a put option from PETRONAS.

(a) Bai Al-Dayn Serial Bonds

The Bai Al-Dayn Serial Bonds have a tenure of 12 years. The profit is repayable in equal semi-annual instalments over the life of the bonds. As at 31 March 2011, the facilities bore a yield of 8.30% per annum.

The 12-year Bai Al-Dayn Serial Bonds of RM199,000,000 were purchased and cancelled on 5 October 2011.

(b) 13-year Bonds

The 13-year Bonds were issued at par, bear a fixed interest of 8.45% (31.3.2011: 8.45%) per annum and interest is repayable in equal semi-annual instalments over the life of the bonds.

The 13-year Bonds of RM600,000,000 were purchased and cancelled on 5 October 2011.

NOTES TO THE FINANCIAL STATEMENTS

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21. PRIVATE DEBT SECURITIES (CONTD.)**(c) Sukuk Musharakah**

On 5 October 2011, the Group issued RM880,000,000 in nominal value of Sukuk to purchase its outstanding Private Debt Securities of RM799,000,000 comprising Islamic Bai Al-Dayn Serial Bonds of RM199,000,000 and 13-year Bonds of RM600,000,000 which were due to mature in November 2011 and November 2012 respectively. The Sukuk has a coupon rate of between 3.53% and 4.25% per annum and is payable semi-annually.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.2011 RM'000	31.3.2011 RM'000	31.12.2011 RM'000	31.3.2011 RM'000
Trade payables	8,821	8,989	1	1
Other payables	195,029	172,635	2,774	923
Amount due to:				
Subsidiary	–	–	484	808
Ultimate holding company	1,511	1,329	–	–
Other related companies	11,345	4,356	2,766	969
	216,706	187,309	6,025	2,701

Included in other payables of the Group are security deposits of RM100,361,000 (31.3.2011: RM75,929,000) held in respect of tenancies of retail and office building. These deposits are refundable upon termination of the respective lease agreements.

Amount due to subsidiary, ultimate holding company and other related companies which arose in the normal course of business are unsecured, interest free and repayable on demand.

23. REVENUE

	Group		Company	
	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000
Property investment				
– Office	310,749	409,716	–	–
– Retail	248,553	294,728	–	–
Hotel operations	125,990	157,074	–	–
Management services	60,602	64,859	11,571	10,430
Dividend income from subsidiaries	–	–	304,899	125,131
Dividend income from associate	–	–	4,300	8,170
	745,894	926,377	320,770	143,731

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

24. OPERATING PROFIT

	Group		Company	
	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000
Revenue (Note 23)	745,894	926,377	320,770	143,731
Cost of revenue:				
– Cost of services and goods	(129,407)	(95,341)	–	–
Gross profit	616,487	831,036	320,770	143,731
Selling and distribution expenses	(7,509)	(9,242)	–	–
Administration expenses	(91,788)	(153,744)	(17,342)	(18,175)
Other operating income	4,656	6,897	23	70
Operating profit	521,846	674,947	303,451	125,626

The following amounts have been included in arriving at operating profit:

Employee benefits expense (Note 27)	53,696	64,631	11,847	11,473
Directors' remuneration (Note 28)	429	570	429	570
Fees for representation on the Board of Directors	64	66	64	66
Management fee in relation to services of key management personnel	475	383	475	383
Auditors' remuneration				
– Audit fees	425	378	157	140
– Others	12	30	12	30
Depreciation of property, plant and equipment (Note 5)	24,408	29,966	893	1,312
Rental of land and buildings	–	–	1,034	1,529
Bad debts recovered	–	(6)	–	–
Bad debts written off	–	51	–	–
(Gain)/loss on disposal of property, plant and equipment	(14)	285	(8)	–
Other rental income	(1,841)	(2,279)	–	–

25. INTEREST INCOME

	Group		Company	
	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000
Interest income from deposits	16,371	17,196	2,695	4,319
Interest income arising from amount due from subsidiaries	–	–	3,997	12,078
Interest income from loan to a subsidiary	–	–	2,586	3,448
	16,371	17,196	9,278	19,845

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

26. FINANCING COSTS

	Group		Company	
	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000
Interest expense on:				
Term loans	57,238	61,882	–	–
Profit on private debt securities	44,630	26,029	–	–
13-year bonds	–	50,700	–	–
RCULS (Note 15)	1,117	2,338	1,117	2,338
Fair value accretion of FRS 139 instruments	2,264	2,863	–	–
	105,249	143,812	1,117	2,338
Interest on amount due to a subsidiary	–	–	5,622	9,900
Less: Interest expense capitalised				
– Investment property	(17,666)	(14,701)	–	–
	87,583	129,111	6,739	12,238

27. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000
Wages and salaries	47,979	59,560	10,932	10,485
Contributions to defined contribution plan	5,717	5,071	915	988
	53,696	64,631	11,847	11,473

28. DIRECTORS' REMUNERATION

	Group and Company	
	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000
Directors of the Company		
Executive *	–	–
Benefits-in-kind		
Non-Executive:		
Fees	429	570
	429	570
Analysis excluding benefits-in-kind:		
Total non-executive directors' remuneration	429	570

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

28. DIRECTORS' REMUNERATION (CONTD.)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	2011	2010
Executive director		
RMNil	1	1
Non-executive directors		
RMNil – RM50,000	1	3
RM50,001 – RM100,000	6	6

* The remuneration of the Executive Director is paid by the ultimate holding company as disclosed in Note 24.

29. TAX EXPENSE

	Group		Company	
	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000
Current income tax:				
Malaysian income tax	115,505	144,459	24,043	8,082
(Over)/Under provision of tax in prior year	(537)	273	43	32
	114,968	144,732	24,086	8,114
Deferred tax (Note 9)				
Relating to origination and reversal of temporary differences	288,723	57,116	(465)	(23)
(Over)/Under provision of tax in prior year	(127)	(345)	9	(75)
	288,596	56,771	(456)	(98)
Total tax expense	403,564	201,503	23,630	8,016

Domestic current income tax is calculated at the statutory tax rate of 25% (31.3.2011: 25%) of the estimated assessable profit for the period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

29. TAX EXPENSE (CONTD.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000
Group		
Profit before taxation	1,598,625	1,120,861
Taxation at Malaysian statutory tax rate of 25% (31.3.2011: 25%)	399,656	280,215
Expenses not deductible for tax purposes	6,879	6,356
Income not subject to tax	(310)	(82,381)
Effects of share of results of associate	(1,997)	(2,615)
Over provision of deferred tax in prior year	(127)	(345)
(Over)/Under provision of taxation in prior year	(537)	273
Tax expense	403,564	201,503
Company		
Profit before taxation	305,990	133,233
Taxation at Malaysian statutory tax rate of 25% (31.3.2011: 25%)	76,498	33,308
Income not subject to tax	(53,197)	(25,589)
Expenses not deductible for tax purposes	277	340
Under/(Over) provision of deferred tax in prior year	9	(75)
Under provision of taxation in prior year	43	32
Tax expense	23,630	8,016

30. EARNINGS PER SHARE**(a) Basic**

Basic earnings per share amounts are calculated by dividing profit for the period/year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

	1.4.2011 to 31.12.2011	1.4.2010 to 31.3.2011
Profit attributable to ordinary equity holders of the Company (RM'000)	657,596	706,081
Weighted average number of ordinary shares in issue ('000)	934,074	934,074
Basic earnings per share (sen)	70.4	75.6

NOTES TO THE FINANCIAL STATEMENTS

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30. EARNINGS PER SHARE (CONTD.)

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the period/year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial period have been adjusted for the dilutive effects of the RCULS.

	1.4.2011 to 31.12.2011	1.4.2010 to 31.3.2011
Profit attributable to ordinary equity holders of the Company (RM'000)	657,596	706,081
After-tax effect of interest on RCULS (RM'000)	1,117	2,338
Profit attributable to ordinary equity holders of the Company including assumed conversion (RM'000)	658,713	708,419
Weighted number of ordinary shares in issue ('000)	934,074	934,074
Adjustment for assumed conversion of RCULS ('000)	360,662	360,662
Weighted average number of ordinary shares in issue and issuable ('000)	1,294,736	1,294,736
Diluted earnings per share (sen)	50.9	54.7

31. DIVIDENDS

	Dividends Recognised in Period/Year		Net Dividends per Ordinary Share	
	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000	1.4.2011 to 31.12.2011 Sen	1.4.2010 to 31.3.2011 Sen
Recognised during the period/year:				
A final dividend of 7.0% (2011: 6.0%) on 934,074,279 ordinary shares for financial year ended 31 March 2011 (2011: 31 March 2010)	65,385	56,044	7.0	6.0
An interim dividend of 5.0% (2011: 5.0%) on 934,074,279 ordinary shares for financial period ended 31 December 2011 (2011: 31 March 2011)	46,704	46,704	5.0	5.0
	112,089	102,748	12.0	11.0

A second interim dividend in respect of the financial period ended 31 December 2011, of 5.0%, tax exempt under the single tier system on 934,074,279 ordinary shares amounting to a dividend payable of RM46.70 million will be payable on 23 March 2012.

The financial statements for the current period do not reflect this second interim dividend. Such dividend will be accounted for in equity as an appropriation of profits in the financial year ending 31 December 2012.

No final dividend in respect of the financial period ended 31 December 2011 will be proposed at the forthcoming Annual General Meeting.

NOTES TO THE FINANCIAL STATEMENTS

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32. COMMITMENTS**(a) Capital commitments**

	Group	
	31.12.2011	31.3.2011
	RM'000	RM'000
Approved and contracted for		
Property, plant and equipment	5,969	22,344
Investment property	201,830	136,683
	207,799	159,027
Approved but not contracted for		
Property, plant and equipment	71,510	66,624
Investment property	195,380	81,797
	266,890	148,421

(b) Operating lease commitments - as lessor

The Group has entered into a commercial property lease on its investment properties. This non-cancellable lease has a remaining lease term of nine months. The future minimum rental receivable under this non-cancellable operating lease at the reporting date is as follows:

	Group	
	31.12.2011	31.3.2011
	RM'000	RM'000
Not later than 1 year	261,984	349,311
Later than 1 year but not later than 5 years	-	174,654
	261,984	523,965

33. RELATED PARTY DISCLOSURES**(a) Controlling related party relationships are as follows:**

- (i) PETRONAS, the ultimate holding company, and its subsidiaries.
- (ii) Subsidiaries of the Company as disclosed in Note 7.

(b) Other than as disclosed elsewhere in the notes to the financial statements, the significant related party transactions are as follows:

	Group		Company	
	1.4.2011	1.4.2010	1.4.2011	1.4.2010
	to	to	to	to
	31.12.2011	31.3.2011	31.12.2011	31.3.2011
	RM'000	RM'000	RM'000	RM'000
Ultimate Holding Company:				
Rental income	267,639	342,102	-	-
Facilities management and manpower fees	15,949	24,113	-	-
Car park management fee	3,881	4,735	-	-
Fees for representation in the Board of Directors*	64	66	64	66

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

33. RELATED PARTY DISCLOSURES (CONTD.)

(b) Other than as disclosed elsewhere in the notes to the financial statements, the significant related party transactions are as follows: (Contd.)

	Group		Company	
	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000	1.4.2011 to 31.12.2011 RM'000	1.4.2010 to 31.3.2011 RM'000
Subsidiaries				
Legal and tenancy fees	–	–	12	60
Interest expense	–	–	5,622	9,900
Rental expense	–	–	1,034	1,529
Reimbursement of security costs	–	–	22	36
General management services fee	–	–	5,220	4,768
Interest income arising from FRS 139	–	–	3,997	12,078
Interest income from shareholder's loan	–	–	2,586	3,448
Other Related Companies:				
Interest expense	1,117	2,338	1,117	2,338
Lease rental	16,769	16,811	–	–
Facilities management and manpower fees	620	800	–	–
Rental of carpark space	3,514	4,601	–	–
Project management fees	2,092	2,602	–	–
Management and incentive fees	4,077	1,975	–	–
Chilled water supply	17,021	21,819	–	–
General management services fee	6,352	5,662	6,351	5,662

* Fees paid directly to Petroliam Nasional Berhad ("PETRONAS") in respect of directors who are appointees of the ultimate holding company.

The Directors of the Company are of the opinion that the above transactions and transactions detailed elsewhere were undertaken at mutually agreed terms between the parties in the normal course of business and the terms and conditions are established under negotiated terms.

Information regarding outstanding balances arising from related party transactions as at 31 December 2011 are disclosed in Notes 12 and 22.

(c) Compensation of key management personnel**Directors**

The remuneration of Directors is disclosed in Note 28.

Other key management personnel

Encik Hashim Bin Wahir, Executive Director and Chief Executive Officer of the Company is an employee of KLCC (Holdings) Sdn Bhd (KLCCCH). KLCCCH charges management fees in consideration of his services to the Company as disclosed in Note 24.

34. FINANCIAL INSTRUMENTS

Financial Risk Management

As the Company owns a diverse property portfolio, the Group and Company are exposed to various risks that are particular to its various businesses. These risks arise in the normal course of the Group's and the Company's business.

The Group has a Risk Management Framework and Guidelines that set the foundation for the establishment of effective risk management across the Group.

The Group's and the Company's goal in risk management is to ensure that the management understands, measures and monitors the various risks that arise in connection with their operations. Policies and guidelines have been developed to identify, analyse, appraise and monitor the dynamic risks facing the Group and the Company. Based on this assessment, each business unit adopts appropriate measures to mitigate these risks in accordance with the business unit's view of the balance between risk and reward.

The Group and the Company have exposure to credit risk, liquidity risk and market risk arising from its use of financial instruments in the normal course of the Group's and the Company's business.

Credit Risk

Credit risk is the potential exposure of the Group and the Company to losses in the event of non-performance by counterparties. Credit risk arises from its operating activities, primarily for trade receivables and long term receivables. The credit risk arising from the Group's and the Company's normal operations are controlled by individual operating units within the Group Risk Management Framework and Guidelines.

Receivables

The Group and the Company minimise credit risk by entering into contracts with highly credit rated counterparties and through credit approval, financial limits and on-going monitoring procedures. Counterparties credit evaluation is done systematically using quantitative and qualitative criteria on credit risks specified by individual operating units. Depending on the creditworthiness of the counterparty, the Group and the Company may require collateral or other credit enhancements.

The maximum exposure to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

A significant portion of these receivables are regular customers who have been transacting with the Group and in the case of the Company, a significant portion of these receivables are related companies.

The Group and Company use ageing analysis and credit limit review to monitor the credit quality of the receivables. The Company monitors the results of subsidiaries regularly. Any customers exceeding their credit limit are monitored closely. With respect to the trade and other receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

34. FINANCIAL INSTRUMENTS (CONTD.)**Receivables (Contd.)**

The exposure of credit risk for receivables at the reporting date by business segment was:

	Group	
	31.12.2011 RM'000	31.3.2011 RM'000
Property investment		
– Office	6,026	2,341
– Retail	1,593	–
Hotel operations	199	5,213
Management services	661	379
	8,479	7,933

The ageing of trade receivables as at the reporting date was:

	Group	
	31.12.2011 RM'000	31.3.2011 RM'000
Not past due	7,113	5,644
Past due 0 to 30 days	848	1,339
Past due 31 to 60 days	442	192
Past due 61 to 90 days	29	485
Past due more than 90 days	47	273
	8,479	7,933

The movements in the allowance for impairment losses of receivables during the period were:

	Group	
	31.12.2011 RM'000	31.3.2011 RM'000
At 1 April	–	23
Impairment loss written off	–	(23)
At 31 December/31 March	–	–

The Group does not typically renegotiate the terms of trade receivables. There were no renegotiated balances outstanding as at 31 December 2011.

The Group has not made any allowance for impairment due to the good credit standing of the debtors.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises from the requirement to raise funds for the Group's businesses on an ongoing basis as a result of the existing and future commitments which are not funded from internal resources. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

34. FINANCIAL INSTRUMENTS (CONTD.)**Liquidity Risk (Contd.)****Maturity analysis**

The table below summarises the maturity profile of the Group's and Company's financial liabilities as at the reporting date based on undiscounted contractual payments:

31 December 2011 Group	Carrying amount RM'000	Effective interest rate %	Contractual cash flow * RM'000	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Financial Liabilities							
Fixed rate secured term loans	823,840	6.09	992,013	67,638	66,570	857,805	–
Floating rate secured term loans	662,153	4.38	772,300	38,886	38,255	695,159	–
Private Debt Securities	853,825	3.87	1,069,346	34,160	34,253	632,241	368,692
Trade and other payables	205,516	–	205,516	205,516	–	–	–

Company**Financial Liabilities**

Intercompany loan	114,000	5.50	126,670	23,759	22,807	80,104	–
Trade and other payables	4,198	–	4,198	4,198	–	–	–

31 March 2011 Group	Carrying amount RM'000	Effective interest rate %	Contractual cash flow * RM'000	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
Financial Liabilities							
Fixed rate secured term loans	800,088	6.13	999,455	66,948	65,810	552,684	314,013
Floating rate secured term loans	538,762	3.96	631,146	31,180	30,810	400,618	168,538
Private Debt Securities	824,084	8.41	917,056	266,217	650,839	–	–
Trade and other payables	127,615	–	127,615	127,615	–	–	–

Company**Financial Liabilities**

Intercompany loan	180,000	5.50	199,800	–	–	199,800	–
Trade and other payables	751	–	751	751	–	–	–

* The contractual cash flow is inclusive of the principal and interest but excluding interest accretion due to FRS 139 measurement.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

34. FINANCIAL INSTRUMENTS (CONTD.)**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk and commodity risk.

Financial instruments affected by market risk include loans and borrowings and deposits.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure through a balanced portfolio of fixed and floating rate borrowings.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments. Based on carrying amount as at reporting date was:

	Group		Company	
	31.12.2011 RM'000	31.3.2011 RM'000	31.12.2011 RM'000	31.3.2011 RM'000
Fixed rate instruments				
Financial assets	696,007	670,126	201,375	156,052
Financial liabilities	(1,677,665)	(1,624,172)	(114,000)	(180,000)
	(981,658)	(954,046)	87,375	(23,948)
Floating rate instruments				
Financial liabilities	(662,153)	(538,762)	-	-

Cash flow sensitivity analysis for floating rate instruments

The following table demonstrates the indicative pre-tax effects on the profit or loss and equity of applying reasonably foreseeable market movements in the following interbank offered rates:

	Change in interest rate b.p.s.	Group Profit or loss RM'000
31.12.2011		
KLIBOR	-60	3,960
KLIBOR	+60	(3,960)
31.3.2011		
KLIBOR	-60	3,222
KLIBOR	+60	(3,222)

This analysis assumes that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

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34. FINANCIAL INSTRUMENTS (CONTD.)**Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates predominantly in Malaysia and transacts mainly in Malaysian Ringgit. As such, it is not exposed to any significant foreign currency risk.

Fair Values

The Group's and the Company's financial instruments consist of cash and cash equivalents, investments and loans, trade and other receivables, borrowings, trade and other payables and various debt and currency management instruments.

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

This analysis assumes that all other variables remain constant.

The aggregate fair values and their categories of the financial liabilities carried on the reporting date as at 31 December 2011 are represented in the following table:

Group	31.12.2011		31.3.2011	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities				
Term loans	1,485,993	1,472,161	1,338,850	1,323,264
Private debt securities	853,825	853,825	824,084	862,669

For other financial instruments listed above, fair values have been determined by discounting expected future cash flows at market incremental lending rate for similar types of borrowings at the reporting date.

35. CAPITAL MANAGEMENT

The Group and the Company define capital as total equity and debt of the Group and the Company. The objective of the Group and the Company's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to support its business and maximises shareholder value. The Group's and the Company's approach in managing capital is set out in the KLCC Group Corporate Financial Policy.

The Group and the Company monitor and maintain a prudent level of total debts to total assets ratio to optimise shareholder value and to ensure compliance with covenants under debt and shareholders' agreements and regulatory requirements if any.

NOTES TO THE FINANCIAL STATEMENTS

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35. CAPITAL MANAGEMENT (CONTD.)

The debt to equity ratio as at 31 December 2011 and 31 March 2011 is as follows:

	Group	
	31.12.2011	31.03.2011
Total debt (RM'000)	2,358,297	2,187,437
Total equity (excluding Non-Controlling Interests) (RM'000)	6,461,070	5,915,563
Debt equity ratio	27:73	27:73

There were no changes in the Group's and the Company's approach to capital management during the period.

Under the requirement of Bursa Malaysia Practice Note No.17/2005, the Company is required to maintain consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

36. CHANGE IN FINANCIAL YEAR END

As disclosed in the Notes to the Financial Statements as at 31 March 2011, the Group and the Company has changed its financial year end from 31 March to 31 December. Consequently, the current financial statements of the Group and the Company are for a 9 month period from 1 April 2011 to 31 December 2011, whilst the comparative figures are for the previous 12 months ended 31 March 2011. Commencing 1 January 2012, the financial statements will be for a period of 12 months.

37. MALAYSIAN FINANCIAL REPORTING STANDARD

The Group and Company's financial statements will be prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") for annual periods beginning 1 January 2012. The MFRS framework is effective from 1 January 2012, and is to facilitate convergence with the International Financial Reporting Standards ("IFRS"). MFRS is fully compliant with IFRS.

The first reported results under MFRS, including restated comparatives, will be in the Group's interim financial report for the period ending 31 March 2012.

38. SEGMENT INFORMATION**(a) Reporting Format**

Segment information is presented in respect of the Group's business segments.

Inter-segment transactions have been entered into in the normal course of business and have been established on commercial basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

The Group comprises the following main business segments:

Property investment – Office	Rental of office space and other related activities.
Property investment – Retail	Rental of retail space and other related activities.
Hotel operations	Rental of hotel rooms, the sale of food and beverages and other related activities.
Management services	Facilities management, car park operations and general management services.

Details on geographical segments are not applicable as the Group operates predominantly in Malaysia.

(b) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. Inter-segment transactions have been entered into in the normal course of business and have been established on commercial basis. These transfers are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

38. SEGMENT INFORMATION (CONTD.)**Business Segments****31 December 2011**

	Property investment – Office RM'000	Property investment – Retail RM'000	Hotel operations RM'000	Management services RM'000	Elimination/ Adjustment RM'000	Consolidated RM'000
Revenue						
Revenue from external customers	312,715	244,386	125,990	62,803	–	745,894
Inter-segment revenue	919	2,195	–	9,280	(12,394)	–
Total revenue	313,634	246,581	125,990	72,083	(12,394)	745,894
Results						
Operating profit	286,424	195,133	29,380	16,854	(5,945)	521,846
Financing costs						(87,583)
Interest income						16,371
Fair value adjustment on investment properties						1,140,004
Share of profit of associate						7,987
Tax expense						(403,564)
Profit after tax but before minority interests						1,195,061
Segment assets	9,015,633	3,924,740	705,860	38,021	66,684	13,750,938
Investment in an associate	–	–	–	99,195	130,478	229,673
Total assets						13,980,611
Total liabilities	1,093,823	1,357,258	423,691	155,745	798,931	3,829,448
Capital expenditure	9,697	233,054	29,164	266	–	272,181
Depreciation	3,042	2,202	17,520	1,644	–	24,408
Non-cash expenses other than depreciation	–	–	–	14	–	14

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

38. SEGMENT INFORMATION (CONTD.)**Business Segments**

31 March 2011

	Property investment – Office RM'000	Property investment – Retail RM'000	Hotel operations RM'000	Management services RM'000	Elimination/ Adjustment RM'000	Consolidated RM'000
Revenue						
Revenue from external customers	409,716	294,728	157,074	64,859	–	926,377
Inter-segment revenue	1,286	–	–	7,801	(9,087)	–
Total revenue	411,002	294,728	157,074	72,660	(9,087)	926,377
Results						
Operating profit	380,264	240,218	38,981	26,233	(10,749)	674,947
Financing costs						(129,111)
Interest income						17,196
Fair value adjustment on investment properties						547,371
Share of profit of associate						10,458
Tax expense						(201,503)
Profit after tax but before minority interests						919,358
Segment assets	7,965,529	3,663,866	698,562	40,422	(41,668)	12,326,711
Investment in an associate	–	–	–	–	225,986	225,986
Total assets						12,552,697
Total liabilities	1,592,080	582,380	428,124	15,247	713,748	3,331,579
Capital expenditure	407,445	6,880	11,764	1,247	(3,575)	423,761
Depreciation	3,790	3,194	20,599	1,071	1,312	29,966
Non-cash expenses other than depreciation	–	51	285	–	–	336

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2011

39. DISCLOSURE OF REALISED AND UNREALISED PROFIT

The breakdown of the retained profits of the Group and the Company into realised and unrealised profits is presented as follows:

	Note	Group		Company	
		31.12.2011 RM'000	31.03.2011 RM'000	31.12.2011 RM'000	31.03.2011 RM'000
Total retained profits of the Company and its subsidiaries:					
– Realised		2,499,629	2,424,461	403,484	233,213
– Unrealised		25,550	28,160	–	–
		2,525,179	2,452,621	403,484	233,213
Total share of retained profits from an associate:					
– Realised		71,033	67,346	–	–
Total Group retained profits		2,596,212	2,519,967	403,484	233,213
Less: Consolidation adjustments		(1,595,589)	(1,616,493)	–	–
Total Group and Company retained profits	16	1,000,623	903,474	403,484	233,213

The fair value gain of RM3,270,394,000 on the remeasurement of investment properties is regarded as an unrealised gain and has been classified under capital reserve in the financial statements.

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

Independent Auditors' Report

TO THE MEMBERS OF KLCC PROPERTY HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of KLCC Property Holdings Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 45 to 91.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and of such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the period then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' report on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KLCC PROPERTY HOLDINGS BERHAD

OTHER MATTERS

The supplementary information set out in Note 39 on page 92 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young

AF: 0039

Chartered Accountants

Ahmad Zahirudin bin Abdul Rahim

No. 2607 / 12 / 12 (J)

Chartered Accountant

Kuala Lumpur, Malaysia

24 February 2012

Analysis of Shareholdings

AS AT 25 APRIL 2012

Authorised Share Capital	:	5,000,000,000
Paid-up Share Capital	:	934,074,279
Type of Shares	:	Ordinary Share of RM1.00 each
No. of Shareholders	:	5,299
Voting Rights	:	One vote for every share

Size of shareholdings	No. of Shares Held	(%)	No. of Shareholders	(%)
Less than 100	4,388	0.000	451	8.511
100 to 1,000	1,562,352	0.167	2,044	38.573
1,001 to 10,000	9,196,576	0.984	2,184	41.215
10,001 to 100,000	13,802,508	1.477	405	7.642
100,001 to less than 5% of issued shares	349,897,076	37.459	211	3.981
5% and above of issued shares	559,611,379	59.910	4	0.075
Total	934,074,279	100.00	5,299	100.00

DIRECTORS' SHAREHOLDINGS IN THE COMPANY AND RELATED COMPANIES

KLCC Property Holdings Berhad

Name	Direct		Indirect	
	No. of Shares in the Company	(%)	No. of Shares in the Company	(%)
Datuk Manharlal A/L Ratilal	5,000	0.000	–	–
Dato' Leong Ah Hin @ Leong Swee Kong	50,000	0.005	–	–
Augustus Ralph Marshall	50,000	0.005	–	–

PETRONAS Chemicals Group Berhad

Name	Direct		Indirect	
	No. of Shares in the Company	(%)	No. of Shares in the Company	(%)
Krishnan C K Menon	20,000	0.000	–	–
Datuk Manharlal A/L Ratilal	20,000	0.000	–	–
Dato' Halipah Binti Esa	10,000	0.000	13,100 *	0.000
Hashim Bin Wahir	16,000	0.000	–	–

* Deemed interest by virtue of Dato' Halipah's family members' shareholding.

ANALYSIS OF SHAREHOLDINGS

AS AT 25 APRIL 2012

MISC Berhad

Name	Direct		Indirect	
	No. of Shares in the Company	(%)	No. of Shares in the Company	(%)
Dato' Leong Ah Hin @ Leong Swee Kong	2,400	0.000	–	–

Malaysia Marine and Heavy Engineering Holdings Berhad

Name	Direct		Indirect	
	No. of Shares in the Company	(%)	No. of Shares in the Company	(%)
Dato' Halipah Binti Esa	10,000	0.000	10,000 *	0.000
Dato' Leong Ah Hin @ Leong Swee Kong	6,000	0.000	–	–

* Deemed interest by virtue of Dato' Halipah's family members' shareholding.

SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	No. of Shares Held	(%)	No. of Shares Held	(%)
1. KLCC (Holdings) Sdn Bhd	296,380,000	31.730	–	–
2. Cartaban Nominees (Tempatan) Sdn Bhd [Petroleum Nasional Berhad (Strategic Inv)]	194,816,979	20.856	296,380,000 #	31.730
3. Employees Provident Fund Board	84,969,500	9.097	–	–

Deemed interest in 296,380,000 shares held by KLCC (Holdings) Sdn Bhd by virtue of PETRONAS 100% direct interest in KLCC (Holdings) Sdn Bhd.

ANALYSIS OF SHAREHOLDINGS

AS AT 25 APRIL 2012

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Cartaban Nominees (Tempatan) Sdn Bhd (for Petroliam Nasional Berhad (Strategic Inv))	194,816,979	20.856
2.	KLCC (Holdings) Sdn Bhd	189,276,674	20.263
3.	KLCC (Holdings) Sdn Bhd	107,103,326	11.466
4.	Citigroup Nominees (Tempatan) Sdn Bhd (for Employees Provident Fund Board)	68,414,400	7.324
5.	Amanahraya Trustees Berhad (for Skim Amanah Saham Bumiputera)	45,555,500	4.877
6.	Amanahraya Trustees Berhad (for Amanah Saham Wawasan 2020)	28,899,100	3.093
7.	Amanahraya Trustees Berhad (for Skim Amanah Saham Malaysia)	13,500,000	1.445
8.	Citigroup Nominees (Tempatan) Sdn Bhd (for Exempt AN for American International Assurance Berhad)	12,983,800	1.390
9.	Mayban Nominees (Tempatan) Sdn Bhd (for Mayban Trustees Berhad for Public Ittikal Fund (N14011970240))	12,237,200	1.310
10.	HSBC Nominees (Asing) Sdn Bhd (for Exempt AN for The Bank Of New York Mellon (Mellon Acct))	11,132,876	1.191
11.	Amanahraya Trustees Berhad (for Amanah Saham Didik)	11,094,500	1.187
12.	Pertubuhan Keselamatan Sosial	10,968,400	1.174
13.	HSBC Nominees (Asing) Sdn Bhd (for TNTC for The Highclere International Investors Smaller Companies Fund)	10,646,600	1.139
14.	Citigroup Nominees (Tempatan) Sdn Bhd (for Employees Provident Fund Board (HDBS))	10,230,500	1.095
15.	Citigroup Nominees (Asing) Sdn Bhd (for CBNY for Dimensional Emerging Markets Value Fund)	6,568,600	0.703

ANALYSIS OF SHAREHOLDINGS

AS AT 25 APRIL 2012

THIRTY LARGEST SHAREHOLDERS (CONT'D.)

No.	Name	No. of Shares	%
16.	Citigroup Nominees (Tempatan) Sdn Bhd (for Exempt AN for Eastspring Investments Berhad)	6,322,200	0.676
17.	HSBC Nominees (Asing) Sdn Bhd (for Exempt AN for JPMorgan Chase Bank, National Association (Saudi Arabia))	6,151,400	0.658
18.	Amanahraya Trustees Berhad (for Public Islamic Dividend Fund)	5,359,400	0.573
19.	Cartaban Nominees (Asing) Sdn Bhd (for RBC Dexia Investor Services Bank for Robeco Emerging Marketsecurities (EUR-RCGF))	5,000,000	0.535
20.	Cartaban Nominees (Asing) Sdn Bhd (for SSBT Fund C021 for College Retirement Equities Fund)	4,563,278	0.488
21.	Amanahraya Trustees Berhad (for Public Islamic Select Treasures Fund)	4,357,700	0.466
22.	Mayban Nominees (Tempatan) Sdn Bhd (for Mayban Trustees Berhad for Saham Amanah Sabah (Acc 2-940410))	4,153,900	0.444
23.	HSBC Nominees (Tempatan) Sdn Bhd (for TNTC for The Highclere International Investors SMID Fund)	4,140,500	0.443
24.	Valuecap Sdn Bhd	4,100,000	0.438
25.	Amanahraya Trustees Berhad (for Sekim Amanah Saham Nasional)	4,045,800	0.433
26.	HSBC Nominees (Asing) Sdn Bhd (for Exempt AN for The Bank Of New York Mellon (BNYM AS E&A))	3,652,300	0.391
27.	Permodalan Nasional Berhad	3,489,800	0.373
28.	Cartaban Nominees (Asing) Sdn Bhd (for SSBT Fund RKB7 for Evergreen Emerging Market Growth Fund)	3,387,900	0.362
29.	HSBC Nominees (Tempatan) Sdn Bhd (for HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (Hwang 6939-403))	3,278,000	0.350
30.	CIMB Group Nominees (Tempatan) Sdn Bhd (for AmTrustee Berhad for CIMB Islamic Dali Equity Theme Fund)	3,268,200	0.349

List of Properties

AS AT 31 DECEMBER 2011

Registered Owner	Address	Date of Revaluation (Tenure)	Description / Existing use	Land area (sq m)	Built-up area (sq m)	Age of building	Audited net carrying amount as at 31.12.2011 (RM '000) *
Midciti Resources Sdn Bhd	Grant 43697 Lot 169, Seksyen 58, Town of Kuala Lumpur	01.12.2011 (Freehold)	Two 88-storey office towers (PETRONAS Twin Towers) / Office building	21,740	510,901	14 years	6,400,000 *
Suria KLCC Sdn Bhd	Grant 43698 Lot 170, Seksyen 58, Town of Kuala Lumpur	01.12.2011 (Freehold)	A 6 storey retail centre (Suria KLCC) / Shopping Centre	28,160	143,564	13 years	3,740,000 *
Asas Klasik Sdn Bhd	Grant 43700 Lot 172, Seksyen 58, Town of Kuala Lumpur	01.12.2011 (Freehold)	An international class hotel comprising hotel rooms and service apartments (Mandarin Oriental Kuala Lumpur) / Hotel	8,094	92,782.8	13 years	558,692
Impian Klasik Sdn Bhd	Grant 43696 Lot 168, Seksyen 58, Town of Kuala Lumpur	31.01.2011 (Freehold)	A 49 storey purpose built office building with a lower ground concourse level (Menara Maxis) / Office building	4,329	74,874	13 years	672,000 *
Arena Johan Sdn Bhd	Grant 43685 Lot 157, Seksyen 58, Town of Kuala Lumpur	01.12.2011 (Freehold)	A 29 storey office building with three basement levels (Menara ExxonMobil) / Office building	3,999	74,312.7	15 years	445,000 *

LIST OF PROPERTIES

AS AT 31 DECEMBER 2011

Registered Owner	Address	Date of Revaluation (Tenure)	Description / Existing use	Land area (sq m)	Built-up area (sq m)	Age of building	Audited net carrying amount as at 31.12.2011 (RM '000)
Kompleks Dayabumi Sdn Bhd	Lot 38, Lot 39 and Lot 45, all within Seksyen 70, Town of Kuala Lumpur held under title no. PN 2395, PN 4073 and PN 33471	01.12.2011 (Leasehold of 99 year expiring on 27.1.2079)	A 36-storey office building (Menara Dayabumi) with an annexed 6-storey office cum retail podium (City Point) / Office building	29,339.133	162,487.53	29 years	421,000 *
	PN 32233, Lot 51, Seksyen 70, Town of Kuala Lumpur	01.12.2011 (Leasehold of 98 years expiring on 21.1.2079)					
Arena Merdu Sdn Bhd	Grant 43699 Lot 171, Seksyen 58, Town of Kuala Lumpur	01.12.2011 (Freehold)	A 58-storey office tower (Menara 3 PETRONAS) cum shopping podium and basement car park	4,302	155,295	1 day	1,139,015 *
Impian Cemerlang Sdn Bhd	Grant 43701, Lot 173, Seksyen 58, Town of Kuala Lumpur	01.12.2011 (Freehold)	Vacant Land	5,726	–	–	219,816 *

* Investment Properties stated at fair value

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of the Company will be held at the Sapphire Room, Level 1, Mandarin Oriental, Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia on Thursday, 28 June 2012 at 11.00 a.m. for the following purposes:

AS ORDINARY BUSINESS:

- | | |
|--|---------------------|
| 1. To receive the Audited Financial Statement for the financial period ended 31 December 2011 and the Reports of the Directors and Auditors thereon. | Resolution 1 |
| 2. To re-elect the following Directors who retire pursuant to the Company's Articles of Association: | |
| i. Datuk Manharlal a/l Ratilal | Resolution 2 |
| ii. Datuk Ishak bin Imam Abas | Resolution 3 |
| iii. Mr Augustus Ralph Marshall | Resolution 4 |
| 3. To approve the payment of Directors' fees of RM493,000.00 in respect of the financial period ended 31 December 2011. | Resolution 5 |
| 4. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix the Auditors' remuneration. | Resolution 6 |
| 5. To transact any other business for which due notice has been given. | |

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Ninth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 57(1) and 57(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 20 June 2012 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

BY ORDER OF THE BOARD

Abd Aziz bin Abd Kadir (LS0001718)

Yeap Kok Leong (MAICSA 0862549)

Company Secretaries

Kuala Lumpur

5 June 2012

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and, to vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.
2. Where a member of the Company is an authorised nominee, it may appoint at least one proxy but not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. Where a member or the authorised nominee appoints two proxies, or where an exempt authorised nominee appoints two or more proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
5. A corporation which is a member may by resolution of its Directors or other governing body authorised such person as it thinks fit to act as its representative at the Meeting, in accordance with the Memorandum and Articles of Association of the Company. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

If this proxy form is signed by the attorney duly appointed under the power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the power of attorney which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised should be enclosed with the proxy form.
6. The form of proxy must be deposited at the office of the Share Registrar, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

Administrative Details

– KLCCP 9th Annual General Meeting

DATE - 28 June 2012
 TIME - 11.00 a.m.
 PLACE - Sapphire Room, Level 1, Mandarin Oriental, Kuala Lumpur, Kuala Lumpur City Centre,
 50088 Kuala Lumpur, Malaysia

REGISTRATION

1. Registration will start from 9.00 a.m. until 11.15 a.m. Registration will close at 11.15 a.m.
2. Please read the signage to ascertain which registration table you should approach to register yourself for the meeting and join the queue accordingly.
3. Please produce your original Identity Card (IC) to the registration staff for verification. Please make sure you collect your IC thereafter.
4. Upon verification, you are required to write your name and sign on the Attendance List placed on the registration table.
5. You will also be given an identification tag. No person will be allowed to enter the meeting room without the identification tag. There will be no replacement in the event that you lose or misplace the identification tag.
6. Once you have collected your identification tag and signed the Attendance List, please leave the registration area immediately and may proceed to the Ballroom i.e. the venue of meeting.
7. No person will be allowed to register on behalf of another person even with the original IC of that other person.
8. The registration counter will handle verification of identity and registration.

REGISTRATION HELP DESK

9. The Registration Help Desk handles revocation of proxy's appointment and/or any clarification or enquiry.

CAR PARK AND PARKING REDEMPTION COUNTER

10. After registration for attendance of the KLCCP 9th AGM, shareholders are advised to approach the Parking Redemption Counter to obtain the cash reimbursement of RM10/- only provided by the Company for car parking at the following locations in KLCC:

Locations	Enquiry Contact
Mandarin Oriental, Kuala Lumpur	03-2179 8898
KLCC Basement Car Park	03-2382 8585
Kuala Lumpur Convention Centre Car Park	03-2333 2946
Lot 91 Open Car Park (adjacent to Kuala Lumpur Convention Centre)	03-2333 2946

ADMINISTRATIVE DETAILS – KLCCP 9TH ANNUAL GENERAL MEETING

PROXY

11. A member entitled to attend and vote is entitled to appoint proxy/proxies, to attend and vote instead of him. If you are unable to attend the meeting and wish to appoint a proxy to vote on your behalf, please submit your Form of Proxy in accordance with the notes and instructions printed therein.
12. If you wish to attend the meeting yourself, please do not submit the Form of Proxy. You will not be allowed to attend the meeting together with a proxy appointed by you.
13. If you have submitted your Form of Proxy prior to the meeting and subsequently decided to attend the meeting yourself, please proceed to the Registration Help Desk to revoke the appointment of your proxy.
14. Please ensure that the original Form of Proxy is deposited at the office of the Share Registrar, Tricor Investor Services Sdn. Bhd. not less than forty eight (48) hours before the time appointed for holding the meeting.

CORPORATE MEMBER

15. Any corporate member who wishes to appoint a representative instead of a proxy to attend this meeting should lodge the certificate of appointment under the seal of the corporation, at the office of the Share Registrar, Tricor Investor Services Sdn. Bhd. not less than forty eight (48) hours before the time appointed for holding the meeting.

GENERAL MEETING RECORD OF DEPOSITORS

16. For the purpose of determining who shall be entitled to attend this 9th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 57(1) and 57(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 20 June 2012 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

REFRESHMENT

17. Light Refreshment shall be served.

AGM ENQUIRY

18. For enquiry prior to the 9th AGM, please contact the following during office hours:

(a) KLCCP Legal and Corporate Services Division	(Tel 03-2382 8000) (G/L)
(b) Share Registrar – Tricor Investor Services Sdn Bhd	(Tel 03-2264 3883) (G/L)

ANNUAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011

19. The KLCCP Annual Report for the period ended 31 December 2011 is available on the Bursa Malaysia's website at www.bursamalaysia.com under Company Announcements and also at the KLCC website at www.klcc.com.my.

Proxy Form



KLCC PROPERTY HOLDINGS BERHAD
(Co. No. 641576-U)
(Incorporated in Malaysia)

No. of shares held	CDS Account No.

"A" I/We* _____
(FULL NAME, NEW NRIC No. / Co. No. * IN BLOCK LETTERS)
of _____
(FULL ADDRESS)
being a member/ members * of KLCC PROPERTY HOLDINGS BERHAD, hereby appoint _____

(FULL NAME, NEW NRIC No. / Co. No. * IN BLOCK LETTERS)
of _____
(FULL ADDRESS)
or failing him _____
(FULL NAME, NEW NRIC No. / Co. No. * IN BLOCK LETTERS)
of _____
(FULL ADDRESS)
or failing him, the CHAIRMAN OF THE MEETING as my/our * first proxy to vote for me/us * and on my/our * behalf at the Ninth Annual General Meeting of the Company to be held at the Sapphire Room, Level 1, Mandarin Oriental, Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia on Thursday, 28 June 2012 at 11.00 a.m. and at any adjournment thereof.

"B" I/We* _____
(FULL NAME, NEW NRIC No. / Co. No. * IN BLOCK LETTERS)
of _____
(FULL ADDRESS)
being a member/ members * of KLCC PROPERTY HOLDINGS BERHAD, hereby appoint _____

(FULL NAME, NEW NRIC No. / Co. No. * IN BLOCK LETTERS)
of _____
(FULL ADDRESS)
or failing him _____
(FULL NAME, NEW NRIC No. / Co. No. * IN BLOCK LETTERS)
of _____
(FULL ADDRESS)
or failing him, the CHAIRMAN OF THE MEETING as my/our * second proxy to vote for me/us * and on my/our * behalf at the Ninth Annual General Meeting of the Company to be held at the Sapphire Room, Level 1, Mandarin Oriental, Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia on Thursday, 28 June 2012 at 11.00 a.m. and at any adjournment thereof.

The proportions of my/our holding to be represented by my/our proxies are as follows:

First Proxy "A" _____ %
Second Proxy "B" _____ %
_____ %

My/our proxy/proxies shall vote as follows:

(Please indicate with an "X" in the appropriate box against the resolution how you wish your vote to be cast)

		PROXY "A"		PROXY "B"	
		For	Against	For	Against
Receive the Audited Financial Statements for the financial period ended 31 December 2011 and the Reports of the Directors and Auditors thereon	Resolution 1				
Re-election of Datuk Manharlal a/l Ratilal	Resolution 2				
Re-election of Datuk Ishak bin Imam Abas	Resolution 3				
Re-election of Mr Augustus Ralph Marshall	Resolution 4				
Approval of payment for Directors' fees	Resolution 5				
Re-appointment of Messrs Ernst & Young as Auditors and to authorise the Directors to fix the Auditors' remuneration	Resolution 6				

Contact Number: _____

Dated: _____

Signature of Shareholder(s) or Common Seal

* Strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he thinks fit)

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and, to vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. There shall be no restriction as to the qualification of the proxy.
2. Where a member of the Company is an authorised nominee, it may appoint at least one proxy but not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for the omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. Where a member or the authorised nominee appoints two proxies, or where an exempt authorised nominee appoints two or more proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
5. A corporation which is a member may by resolution of its Directors or other governing body authorised such person as it thinks fit to act as its representative at the Meeting, in accordance with the Memorandum and Articles of Association of the Company. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
If this proxy form is signed by the attorney duly appointed under the power of attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the power of attorney which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised should be enclosed with the proxy form.
6. The form of proxy must be deposited at the office of the Share Registrar, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
7. For the purpose of determining a member who shall be entitled to attend this 9th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 57(1) and 57(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 20 June 2012 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

PLEASE FOLD HERE

AFFIX
STAMP
(RM0.80)

Share Registrar
Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

PLEASE FOLD HERE

Corporate Directory

KLCC PROPERTY HOLDINGS BERHAD

Levels 4 & 5, City Point
Kompleks Dayabumi
Jalan Sultan Hishamuddin
P.O. Box 13214
50050 Kuala Lumpur
Malaysia
Telephone : 603 2382 8000
Facsimile : 603 2382 8001
Website : www.klcc.com.my
E-mail : info@klcc.com.my

KLCC PARKING MANAGEMENT SDN BHD

Levels 4 & 5, City Point
Kompleks Dayabumi
Jalan Sultan Hishamuddin
P.O. Box 13214
50050 Kuala Lumpur
Malaysia
Telephone : 603 2382 8000
Facsimile : 603 2382 8001
Website : www.klcc.com.my
E-mail : info@klcc.com.my

KLCC URUSHARTA SDN BHD

Levels 4 & 5, City Point
Kompleks Dayabumi
Jalan Sultan Hishamuddin
P.O. Box 13214
50050 Kuala Lumpur
Malaysia
Telephone : 603 2382 8000
Facsimile : 603 2382 8001
Website : www.klcc.com.my
E-mail : info@klcc.com.my

MANDARIN ORIENTAL, KUALA LUMPUR

Kuala Lumpur City Centre
P.O. Box 10905
50088 Kuala Lumpur
Telephone : 603 2380 8888
Facsimile : 602 2380 8833
Website : www.mandarinoriental.com
E-mail : mokul-sales@mohg.com

SURIA KLCC

Lot No. 241, Level 2
Suria KLCC
Kuala Lumpur City Centre
50088 Kuala Lumpur
Telephone : 603 2382 2828
Facsimile : 603 2382 2838
Website : www.suriaklcc.com.my
E-mail : info@suriaklcc.com.my

KLCC PROPERTY HOLDINGS BERHAD

(641576-U)

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