



KLCC Property Holdings Berhad (641576-U)
annual report 2007



Fourth Annual General Meeting

Diamond Ballroom, Ground Floor, Mandarin Oriental, Kuala Lumpur

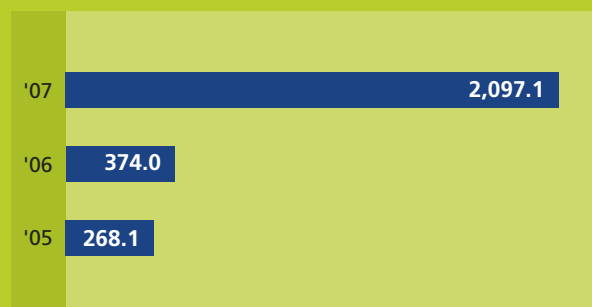
Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia

on Wednesday, 18 July 2007 at 10.00 a.m.

Performance

Profit Before Tax

(RM Million)



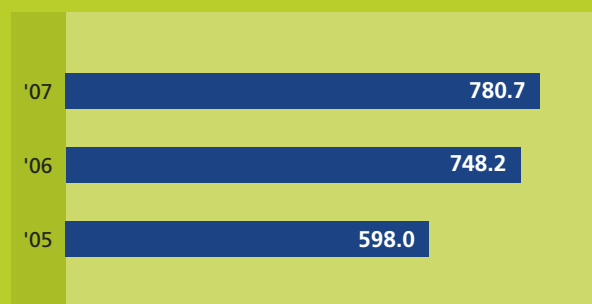
Profit After Tax

(RM Million)



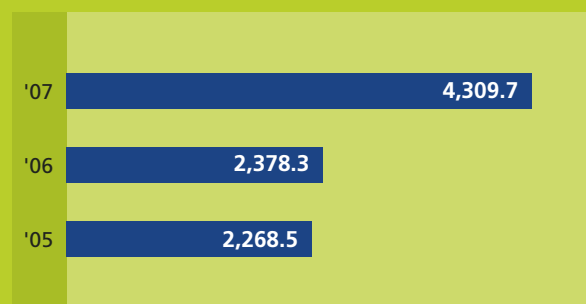
Revenue

(RM Million)



Shareholders' Funds

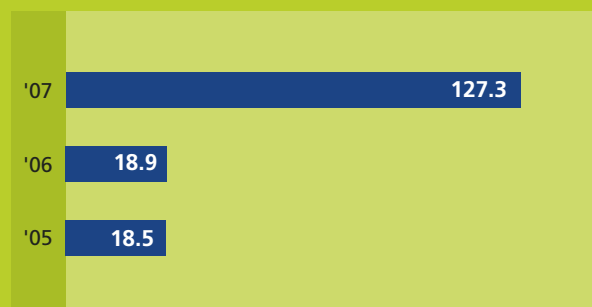
(RM Million)



at a glance

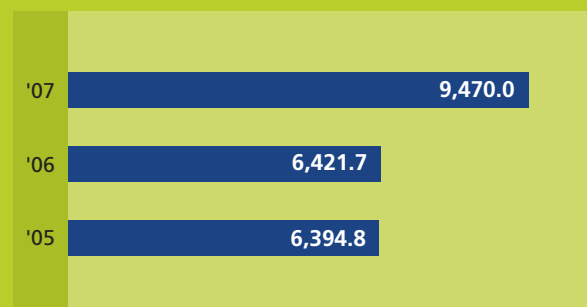
Earnings Per Share

(Sen)



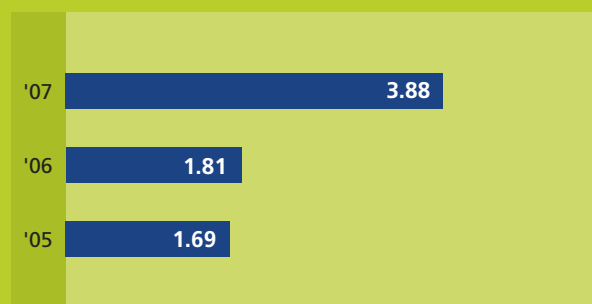
Total Assets

(RM Million)



Net Tangible Asset Per Share

(RM)



Notes:-

1. The Group existed with effect from 31 May 2004 and hence the financial result for the year ended 31 March 2005 was for only ten months.
2. Financial result for the year ended 31 March 2006 was restated in compliance with the new and revised Financial Reporting Standard (FRS).
3. Financial result for the year ended 31 March 2007 has the effect of fair value adjustment following the adoption of FRS 140 Fair Value Method on Investment Properties.

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Corporate

KLCC Property Holdings Berhad (KLCCP) was incorporated in Malaysia as a public limited company under the Companies Act, 1965 on 7 February 2004.

KLCCP owns a diverse property portfolio within the KLCC Development comprising office buildings, a shopping mall and a hotel. These are the *PETRONAS Twin Towers*, *Menara Maxis*, *Menara ExxonMobil*, *Suria KLCC* and *Mandarin Oriental*, *Kuala Lumpur*.

The respective subsidiaries and associate company of KLCCP who are the owners of these buildings have entered into long term leases with reputable companies. The notable lessees are PETRONAS, Tanjong City Centre Property Management Sdn Bhd which is a subsidiary of Tanjong Public Limited Company as well as ExxonMobil Exploration and Production Malaysia Inc. respectively.

PETRONAS and Tanjong City Centre Property Management Sdn Bhd have entered into fifteen years triple net leases with Midciti Resources Sdn Bhd and Impian Klasik Sdn Bhd respectively for the entire lettable space of *PETRONAS Twin Towers* and *Menara Maxis* respectively.

ExxonMobil, who, initially entered into a twelve years lease with Arena Johan Sdn Bhd for the entire lettable space of *Menara ExxonMobil* has exercised the option for a further three years lease of the building, expiring in 2012.

Dayabumi, another property in the KLCCP's portfolio is the only property located outside the KLCC Development. *Dayabumi* is a 36-storey purpose-built office building with an annexed 6-storey office cum retail podium. Currently, the KLCCP Corporate Office is located in *Dayabumi*.

Except for *Mandarin Oriental*, *Kuala Lumpur* and *Suria KLCC*, the management and maintenance of these properties is undertaken by KLCC Urusharta Sdn Bhd, the facilities

management arm of KLCCP. KLCC Urusharta Sdn Bhd also manages and maintains the KLCC Park and several facilities in Putrajaya. KLCC Urusharta Sdn Bhd is certified under ISO 9000 Standards for the provision of facilities management services for buildings, parks and infrastructure.

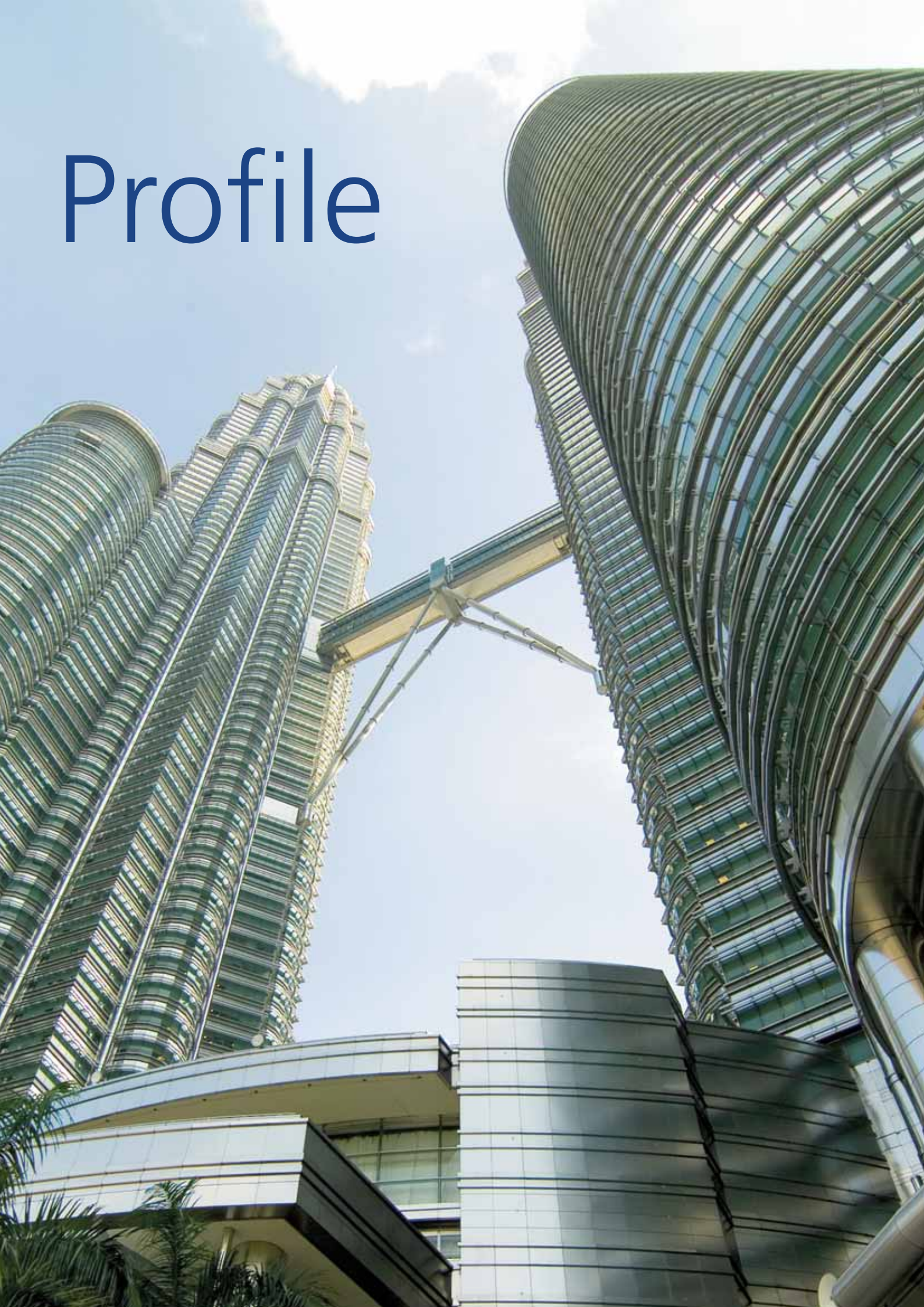
Suria KLCC, a premier shopping centre is located at the foot of the *PETRONAS Twin Towers*. *Suria KLCC Sdn Bhd*, the owner, has also entered into long term leases with its major tenants namely Isetan of Japan Sdn Bhd, Parkson Corporation Sdn Bhd, Littles (Malaysia) Sdn Bhd (Marks & Spencer), Tanjong Golden Village Sdn Bhd and Dairy Farm Giant Retail Sdn Bhd (Cold Storage Supermarket).

Each building under the KLCCP's portfolio is complemented with adequate parking facilities managed by KLCC Parking Management Sdn Bhd, a wholly-owned subsidiary of KLCCP. KLCC Parking Management Sdn Bhd also has operations in various locations namely the Alamanda Shopping Complex in Putrajaya, Kuala Lumpur Convention Centre and Impiana KLCC Hotel & Spa. It also operates the open space car parks within the KLCC Development.

Mandarin Oriental, *Kuala Lumpur*, the 5-star hotel located between the Kuala Lumpur Convention Centre and *Suria KLCC* within the KLCC Development is being managed under the long term management agreements by subsidiaries of the Mandarin Oriental Hotel Group in Hong Kong. Mandarin Oriental Asia Limited, a subsidiary of Mandarin Oriental Hotel Group is a 25 per cent shareholder of Asas Klasik Sdn Bhd, the owner of the hotel.

The Lot C development, located adjacent to the *PETRONAS Twin Towers* and *Suria KLCC* is currently taking shape. The development is a 59-storey tower comprising retail and office space that will further increase the commercial space within the KLCC Development.

Profile



Corporate Structure



KLCC Property
Holdings Berhad
(641576-U)

100%	Arena Johan Sdn Bhd <ul style="list-style-type: none"> Menara ExxonMobil
100%	Kompleks Dayabumi Sdn Bhd <ul style="list-style-type: none"> Dayabumi
100%	Arena Merdu Sdn Bhd <ul style="list-style-type: none"> Construction in progress for commercial development (Lot C)
100%	Impian Cemerlang Sdn Bhd <ul style="list-style-type: none"> Vacant Land (Lot D1)
100%	KLCC Parking Management Sdn Bhd <ul style="list-style-type: none"> Car Park Management
100%	KLCC Urusharta Sdn Bhd <ul style="list-style-type: none"> Facilities Management
75%	Asas Klasik Sdn Bhd <ul style="list-style-type: none"> Mandarin Oriental, Kuala Lumpur
60%	Suria KLCC Sdn Bhd <ul style="list-style-type: none"> Suria KLCC
50.5%	Midciti Resources Sdn Bhd <ul style="list-style-type: none"> PETRONAS Twin Towers
33%	Impian Klasik Sdn Bhd <ul style="list-style-type: none"> Menara Maxis

Corporate Information

BOARD OF DIRECTORS

Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya (*Chairman*)
(*Independent Non-Executive Director*)

Datuk Nasarudin Bin Md Idris
(*Chief Executive Officer*)

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

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

Mr. Manharlal A/L Ratilal
(*Non-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. Mohd Yusof Bin Johor Ali (LS0009194)
Mr. Yeap Kok Leong (MAICSA 0862549)

BOARD AUDIT COMMITTEE

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

REGISTERED OFFICE

Level 23, 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
Website : www.klcc.com.my
E-mail : info@klcc.com.my

SHARE REGISTRAR

Tenaga Koperat Sdn Bhd
20th Floor, Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Telephone : 03-4041 6522
Facsimile : 03-4042 6352
Website : tricornlobal.com
E-mail : tk@tricorn.com.my

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia

DATE OF LISTING

18 August 2004

Board of Directors



From Left:

Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya (Chairman)
(Independent Non-Executive Director)

Datuk Nasarudin Bin Md Idris
(Chief Executive Officer)

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

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

Mr. Manharlal A/L Ratilal
(Non-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. Mohd Yusof Bin Johor Ali

Mr. Yeap Kok Leong



Board of Directors' Profile

TUNKU TAN SRI DATO' SERI AHMAD BIN TUNKU YAHAYA

(Independent Non-Executive Director / Chairman)

Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya, aged 78, was appointed to the Board of Directors of KLCCP on 16 June 2004. He was appointed the Chairman of Audit Committee on 9 July 2004 and resigned as the Chairman and member of Audit Committee on 1 September 2005.

Tunku Tan Sri Dato' Seri Ahmad obtained his Bachelor of Economics degree (Honours) from the University of Bristol in 1955 and is a Fellow of the Association of Chartered Certified Accountant, United Kingdom.

Tunku Tan Sri Dato' Seri Ahmad is currently a Director and Deputy Chairman of Sime Darby Berhad where he was appointed to the Board on 4 January 1979. He joined Dunlop Malaysian Industries Berhad in 1962 and served as Managing Director from 1973 until 1978 and left to join Sime Darby Berhad. He was a director of Bank Negara Malaysia for 28 years before retiring in 1995. He is also the Chairman of Tractors Malaysia Holdings Berhad and icapital.biz Berhad.

His directorships in other Malaysian companies include the KLCC (Holdings) Sdn Bhd and Group.

DATUK NASARUDIN BIN MD IDRIS

(Chief Executive Officer)

Datuk Nasarudin Bin Md Idris, aged 52, was appointed to the Board of Directors of KLCCP on 1 April 2007 and designated as the Chief Executive Officer.

Datuk Nasarudin graduated from the University of Malaya with a Bachelor of Arts in 1978 and joined PETRONAS in the same year. He holds a Master of Business Administration degree from Henley-The Management College, United Kingdom and a postgraduate diploma in Petroleum Economics from the College of Petroleum Studies, United Kingdom.

Since joining PETRONAS, he has undertaken various assignments within the Group including procurement and contracting, strategic planning, corporate development and marketing. He had also served as the Executive Assistant to the President of PETRONAS. Currently he is also a Vice President of PETRONAS and a member of the PETRONAS Management Committee.

Datuk Nasarudin is a Board member of PETRONAS and also serves on the board of various subsidiaries of PETRONAS and KLCC group.

DATUK ISHAK BIN IMAM ABAS*(Non-Independent Non-Executive Director)*

Datuk Ishak Bin Imam Abas, aged 61, 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 whereby he was redesignated as Non-Independent Non-Executive Director.

Datuk Ishak obtained his Associateship of the Chartered Institute of Management Accountants, United Kingdom in 1970 and has since been a Fellow member of the Chartered Institute of Management Accountants, United Kingdom. He is also a member of the Malaysian Institute of Accountants.

Prior to joining PETRONAS in 1981, he worked 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 Bhd, Senior General Manager, Finance of PETRONAS and Vice-President, Finance of PETRONAS. He was appointed Senior Vice-President of PETRONAS from 1 April 2000 to 31 March 2006.

Datuk Ishak had been a Director of KLCC (Holdings) Sdn Bhd since 28 June 1995 and was appointed as Group Chief Executive Officer from March 2003 until his retirement on 1 April 2007.

DATO' LEONG AH HIN @ LEONG SWEE KONG*(Independent Non-Executive Director)*

Dato' Leong Ah Hin @ Leong Swee Kong, aged 60, was appointed to the Board of Directors of KLCCP on 5 July 2004 and as member of Audit Committee on 9 July 2004.

Dato' Leong obtained his Bachelor of Economics degree (Honours) 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 since 1971, and has 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 Boards of Percetakan Nasional Malaysia Berhad, Vastel Corporation Berhad and several other private limited companies.

BOARD OF DIRECTORS' PROFILE

MANHARLAL A/L RATILAL

(Non-Independent Non-Executive Director)

Manharlal a/l Ratilal, aged 47, was appointed to the Board of Directors of KLCCP on 16 June 2004 and as member of Audit Committee on 9 July 2004.

He obtained his degree in Bachelors 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.

Prior to joining PETRONAS in 2003, he was attached with a local merchant bank for 18 years, concentrating in corporate finance where he was involved in advisory work in mergers and acquisitions, equity and debt offerings and corporate restructuring. He previously served as Council Member of the Institute of Bankers Malaysia and Association of Merchant Banks, Malaysia.

Currently, he is the Vice-President (Finance) of PETRONAS and a member of its management committee. He also sits on the board of Cagamas Berhad and several subsidiaries of PETRONAS.

AUGUSTUS RALPH MARSHALL

(Independent Non-Executive Director)

Augustus Ralph Marshall, aged 55, was appointed to the Board of Directors of KLCCP on 1 September 2005 and was also appointed as the Chairman of 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 some 30 years of experience in financial and general management.

He also serves on the Boards of several companies listed on the Bursa Malaysia Securities Berhad viz. ASTRO ALL ASIA NETWORKS plc. ("Astro") as Executive Deputy Chairman, Tanjong Public Limited Company ("Tanjong") also listed on the London Stock Exchange plc as Executive Director, Maxis Communications Berhad ("Maxis") and MEASAT Global Berhad as Non-Executive Director.

His other directorships include Powertek Berhad, Amhold Holdings Limited (listed on The Stock Exchange of Hong Kong Limited) and Overseas Union Enterprise Ltd ("OUE") (listed on the Singapore Exchange Securities Trading Limited). He is also the Executive Director of Usaha Tegas Sdn Bhd which has significant interests in Astro, Tanjong, Maxis and OUE among others.

PRAGASA MOORTHY A/L KRISHNASAMY*(Independent Non-Executive Director)*

Pragasa Moorthi a/l Krishnasamy, aged 60, was appointed to the Board of Directors of KLCCP on 9 September 2004.

He graduated as 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. Then he was appointed the General Manager/Director in Safuan Group Sdn Bhd from 1977 to 1981 and as Project Director in 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 57, was appointed to the Board of Directors of KLCCP and member of Audit Committee on 1 March 2007.

Dato' Halipah graduated from the University of Malaya with an honours degree majoring in Economics and later was conferred the Masters of Economics degree from the same University.

Dato' Halipah started her career with the Administrative and Diplomatic Services in 1973 as an Assistant Secretary in the Economic Planning Unit (EPU) in the Prime Minister's Department. Subsequently, Dato' Halipah held various other positions in the EPU and became the Deputy Director General Macro from 1991 to 1994. She was also the Deputy Secretary General (Policy) in the Ministry of Finance from 2004 to 2005. Before her retirement, she was the Director General of EPU, Prime Minister's Department from 2005 to 2006.

Her directorships in other Malaysian public companies include MISC Berhad, UDA Holdings Berhad, Cagamas SME Berhad, Pengurusan Aset Air Berhad and also several other private limited companies.

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 Malaysian.

Management Team

Datuk Nasarudin Bin Md Idris

Chief Executive Officer

KLCC Property Holdings Berhad

First row, from left:

Mohammad Nazli Bin Abdul Aziz

Senior General Manager

& Chief Operating Officer,

KLCC Property Holdings Berhad

**Tengku Muhammad Taufik
Bin Tengku Kamadjaja Aziz**

General Manager, Finance

KLCC Property Holdings Berhad

(Appointed on 16 June 2007)

Andrew William Brien

General Manager / Chief Executive Officer

Suria KLCC Sdn Bhd

Shamsudin Bin Ishak

General Manager,

KLCC Urusharta Sdn Bhd

Second row, from left:

Jonas Andreas Schuermann

General Manager,

Mandarin Oriental, Kuala Lumpur

Ir. Hashimah Binti Hashim

General Manager,

KLCC Parking Management Sdn Bhd

Md Akhir Bin Mohd Sharif

General Manager, Special Projects

KLCC Property Holdings Berhad

(Redesignated on 16 June 2007)

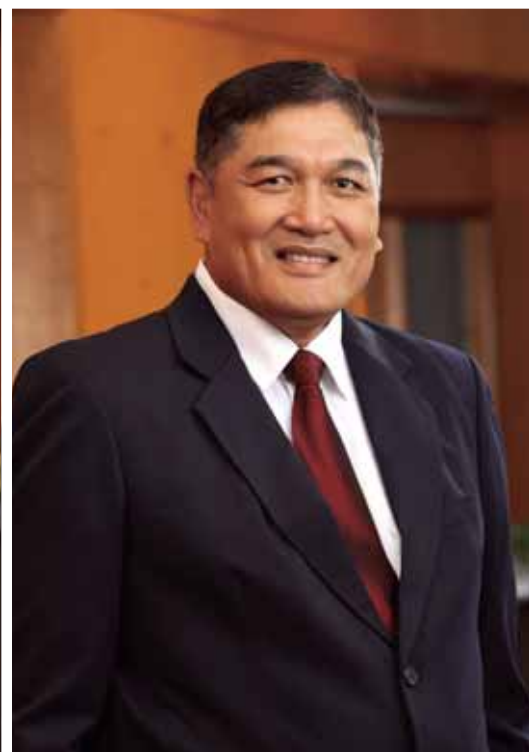
Mohd Yusof Bin Johor Ali

Senior General Manager,

General Counsel / Company Secretary

KLCC Property Holdings Berhad





Chairman's Statement

PENYATA PENERUS



On behalf of the Board of Directors, it is my pleasure to present the Annual Report of KLCC Property Holdings Berhad (KLCCP) for the financial year ended 31 March 2007.

For the year under review, the KLCCP Group's business moved into its third year since its listing on Bursa Malaysia and has been able to produce better than expected results. This credible performance was supported by a clear business focus on its property holdings and investment strategy whilst seeking continuous improvement in the service to its shareholders.

I am pleased to be able to announce that KLCCP achieved higher Group revenue of RM780.75 million compared to RM748.25 million in the previous year. The Group's Net Profit after tax and minority interest for the year ended 31 March 2007 was RM1,189.23 million as against the previous year ended 31 March 2006 of RM177.11 million. The increase of RM1,012.12 million was primarily due to the fair value adjustment of investment properties following the adoption of the Financial Reporting Standards (FRS) 140. It is important to note that the changes arising from the adoption of FRS 140 only affects the accounting and has no impact on the underlying business or its cash flows. Following the revaluation of our investment properties, KLCCP has recognized a valuation surplus of RM1,675.0 million in the income statement.

The Board of Directors is recommending a final dividend of 6% per share less 27% tax for the year ended 31 March 2007 for shareholders' approval in the forthcoming Annual General Meeting. The recommended dividend rate takes into account the Group's need to continually invest and grow the business and its commitment to provide a reasonable return to shareholders.

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan KLCC Property Holdings Berhad (KLCCP) bagi tahun kewangan berakhir 31 Mac 2007.

Untuk tahun dalam tinjauan, perniagaan Kumpulan KLCCP telah memasuki tahun ketiga sejak ia disenaraikan di Bursa Malaysia dan ia telah berjaya menghasilkan pencapaian yang lebih baik daripada yang dijangkakan. Prestasi yang menggalakkan ini didorong oleh fokus perniagaan yang jelas dalam urusan pemegangan harta serta strategi pelaburan, di samping usaha berterusan untuk mempertingkatkan pulangan kepada para pemegang sahamnya.

Saya dengan bangganya mengumumkan bahawa KLCCP telah berjaya mencapai hasil Kumpulan yang lebih tinggi berjumlah RM780.75 juta berbanding RM748.25 juta pada tahun sebelumnya. Keuntungan Bersih Kumpulan selepas cukai dan kepentingan minoriti bagi tahun berakhir 31 Mac 2007 ialah RM1,189.23 juta berbanding tahun lepas yang berakhir 31 Mac 2006 iaitu RM177.11 juta. Peningkatan sebanyak RM1,012.12 juta ini adalah berpunca terutamanya daripada penyelarasan nilai pasaran semasa keatas harta pelaburan berikutan dengan penerapan Standad Pelaporan Kewangan (FRS) 140. Penting diberi perhatian bahawa perubahan yang timbul hasil dari penerapan FRS 140 ini hanya memberi kesan terhadap perakaunan dan tidak melibatkan asas-asas perniagaan atau aliran tunai. Berikutan dengan penilaian semula harta pelaburan ini, KLCCP telah mengiktiraf lebih penilaian sebanyak RM1,675.0 juta dalam penyata pendapatannya.

Pihak Lembaga Pengarah mengesyorkan pembayaran dividen akhir sebanyak 6% sesaham tolak 27% cukai bagi tahun berakhir 31 Mac 2007 untuk kelulusan para pemegang saham dalam Mesyuarat Agung Tahunan yang akan datang. Kadar dividen yang disyorkan ini mengambil kira keperluan Kumpulan untuk terus melabur modal dan mengembangkan perniagaan disamping komitmen untuk memberi pulangan berpatutan kepada para pemegang saham.

The Group's Net Profit after tax and minority interest for the year ended 31 March 2007 was RM1,189.23 million as against the previous year ended 31 March 2006 of RM177.11 million.

Keuntungan Bersih Kumpulan selepas cukai dan kepentingan minoriti bagi tahun berakhir

31 Mac 2007 ialah RM1,189.23 juta berbanding tahun lepas yang berakhir 31 Mac 2006

iaitu RM177.11 juta.

The encouraging performance for the year under review was achieved against a backdrop of a robust Malaysian economy which is supported by a strong export sector as well as higher prices of primary export commodities. This has led to increased spending by consumers and higher private sector consumption and investment which in turn has contributed to a more bullish retail and hospitality sector.

In addition, the spin off effect of the Ninth Malaysia Plan and higher tourism-related activities added to the thriving business environment. More affluent in-bound tourist spending spurred on demand for luxury brands which augurs well for Suria KLCC's retail sector and Mandarin Oriental, Kuala Lumpur's hotel business. The performance of the retail and hotel operations was further boosted by the increased number of meetings, conventions and exhibition (MICE) events held at the Kuala Lumpur Convention Centre, enabling us to reinforce our market leadership in retail and hotel operations.

In general, the Group has been able to capitalize on a more bullish business environment to achieve higher lease and rental rates from its office, retail and hotel operations.

Going forward, KLCCP will continue to pursue business improvement initiatives to achieve better performance. Suria KLCC will aim to improve its retail/tenant mix to be one step ahead in terms of its shopping facilities and customer service. The Mandarin Oriental Kuala Lumpur will continue to provide the "experience" that its guests have become accustomed to expect and set the trend and benchmark for the industry.

Prestasi menggalakkan bagi tahun dalam tinjauan ini berjaya dicapai berlandaskan ekonomi Malaysia yang teguh, disokong pula oleh sektor eksport yang kukuh serta harga komoditi eksport utama yang tinggi. Ini menjana peningkatan perbelanjaan oleh pengguna serta juga peningkatan penggunaan dan pelaburan oleh sektor swasta, yang seterusnya menyumbang kepada perkembangan yang memberangsangkan bagi sektor peruncitan dan perhotelan.

Tambahan pula, kesan sampingan Rancangan Malaysia Kesembilan serta aktiviti berkaitan pelancongan juga menambah kepada persekitaran perniagaan yang sudah sedia berkembang pesat. Peningkatan kemasukan para pelancong mewah telah mencetuskan permintaan tinggi terhadap barangan berjenama yang menjadi petanda baik bagi sektor peruncitan Suria KLCC dan perniagaan hotel Mandarin Oriental, Kuala Lumpur. Prestasi peruncitan dan operasi perhotelan telah disemarakkan lagi dengan bertambahnya bilangan acara mesyuarat, konvensyen serta pameran (MICE) yang telah berlangsung di Pusat Konvensyen Kuala Lumpur membolehkan kami memperkukuhkan lagi kedudukan sebagai peneraju utama dalam bidang peruncitan/ pusat beli-belah dan operasi perhotelan.

Pada keseluruhannya, Kumpulan telah berupaya memanfaatkan persekitaran perniagaan yang memberangsangkan bagi membolehkan pencapaian peningkatan kadar pajakan dan kadar sewa bagi ruang pejabat, ruang beli-belah dan operasi hotelnya.

Melangkah ke hadapan, KLCCP akan terus berusaha bagi meningkatkan inisiatif perniagaan demi mencapai prestasi yang lebih baik. Suria KLCC berhasrat untuk meningkatkan adunan barangan/peniaga (retail/tenant mix) agar sentiasa lebih ke hadapan dengan kemudahan membeli-belah yang dimilikinya dan khidmat pelanggan.

CHAIRMAN'S STATEMENT

Penyata Pengerusi

KLCCP is committed to creating a safe and conducive environment for shoppers, tenants and visitors alike and to this end, we will strive to make KLCC the destination of choice, giving people a unique experience to shop, work, live and play.

Quality assets must also be amply supported by a relentless effort towards its upkeep and maintenance. KLCCP is committed to creating a safe and conducive environment for shoppers, tenants and visitors alike and to this end, we will strive to make KLCC the destination of choice, giving people a unique experience to shop, work, live and play. The 50-acre KLCC Park, with its lush landscape and recreational facilities is a showcase for KLCCP's commitment to the community.

In response to the market demand for prime office and retail space, we are committed to the development of Lot C. This project will contribute 1,400,000 square feet in office and retail space in KLCC, creating further vibrancy to this "city within a city." Construction work on Lot C is progressing well into its early stage of substructure construction.

The end of the last financial year saw the retirement of YBhg Datuk Ishak Imam Abas as the Chief Executive Officer on 1 April 2007. YBhg Datuk Nasarudin Md Idris has succeeded him on the same day.

On behalf of the Board, I would like to take this opportunity to thank YBhg Datuk Ishak who has played a key role from the early days of the company to listing it on Bursa Malaysia and growing the business. YBhg Datuk Ishak has been appointed to the Board as a Non Independent Non Executive Director with effect from 1 April 2007.

Mandarin Oriental Kuala Lumpur akan terus menyediakan "pengalaman" yang sudah menjadi lumrah dikalangan para tetamunya serta menetapkan trend dan penanda arah bagi industri perhotelan.

Aset berkualiti perlu juga disokong secukupnya oleh usaha bersungguhan yang berterusan terhadap penjagaan dan penyelenggaraan. KLCCP komited untuk mewujudkan persekitaran yang selamat dan kondusif untuk para pelanggan, penyewa serta pengunjung. Untuk mencapai matlamat ini, kami akan berusaha menjadikan KLCC sebagai satu destinasi terpilih yang memberi orang ramai pengalaman membeli-belah, bekerja, menjalani kehidupan dan bersantai yang unik. Taman KLCC seluas 50-ekar, dengan lanskapnya yang subur dan kemudahan rekreasinya menjadi bukti komitmen KLCCP kepada komuniti.

Sebagai respons kepada permintaan pasaran untuk ruang pejabat dan ruang pusat beli-belah utama, kami komited terhadap pembangunan Lot C. Projek ini bakal menyumbangkan sejumlah 1,400,000 kaki persegi ruang pejabat dan ruang beli-belah di KLCC yang akan dapat mewujudkan persekitaran yang lebih bertenaga kepada konsep "bandar dalam bandar" ini. Kerja-kerja pembinaan di Lot C ini sedang berjalan dengan lancar memasuki peringkat awal pembinaan sub-struktur.

Penghujung tahun kewangan sebelum ini telah menyaksikan persaraan YBhg Datuk Ishak Imam Abas sebagai Ketua Pegawai Eksekutif pada 1 April 2007. YBhg Datuk Nasarudin Md Idris telah dilantik menggantikan beliau pada tarikh yang sama.

CHAIRMAN'S STATEMENT

Penyata Pengerusi

KLCCP komited untuk mewujudkan persekitaran yang selamat dan kondusif untuk para pelanggan, penyewa serta pengunjung. Untuk mencapai matlamat ini, kami akan berusaha menjadikan KLCC sebagai satu destinasi terpilih yang memberi orang ramai pengalaman membeli-belah, bekerja, menjalani kehidupan dan bersantai yang unik.

I would also like to welcome on board YBhg Datuk Nasarudin Md Idris as the new CEO and YBhg Dato' Halipah Esa to the Board as an Independent Non Executive Director. We look forward to their contribution to bring the KLCCP Group of companies to even greater heights in the property business in the future.

Finally, on behalf of the Board of Directors, I would like to thank our shareholders, customers, business associates and the relevant authorities for their support and we look forward to a more fruitful working relationship with all of them in the future. I would also like to commend the management and staff for their dedication, commitment and contribution to the overall achievement and outstanding performance of the Company.

Bagi pihak Lembaga Pengarah, saya ingin mengambil kesempatan ini untuk mengucapkan setinggi-tinggi penghargaan kepada YBhg Datuk Ishak yang telah memainkan peranan utama sejak syarikat ini mula ditubuhkan sehinggalah ke peringkat syarikat ini disenaraikan di Bursa Malaysia dan dalam mengembangkan perniagaannya. YBhg Datuk Ishak telah dilantik menjadi ahli Lembaga Pengarah sebagai Pengarah Bukan Bebas Bukan Eksekutif berkuat kuasa 1 April 2007.

Saya juga ingin mengalu-alukan peralantikan YBhg Datuk Nasarudin Md Idris sebagai Ketua Pegawai Eksekutif yang baru dan juga YBhg Dato' Halipah Esa sebagai Pengarah Bebas Bukan Eksekutif ke dalam Lembaga Pengarah. Kami mengharapkan sumbangan mereka bakal membawa Kumpulan syarikat KLCCP ke mercu kejayaan yang lebih cemerlang dalam bidang perniagaan hartanah pada masa hadapan.

Akhirnya, bagi pihak Lembaga Pengarah, saya ingin merakamkan ucapan terima kasih kepada para pemegang saham, para pelanggan, rakan-rakan perniagaan dan pihak-pihak berkuasa yang berkaitan atas sokongan yang telah mereka berikan. Kami berharap kerjasama erat yang telah terjalin selama ini antara semua pihak akan terus berkekalan bagi menghasilkan hubungan kerja yang lebih bermakna di masa hadapan. Saya juga ingin menyampaikan penghargaan kepada pihak pengurusan dan kakitangan atas dedikasi, komitmen dan sumbangan mereka terhadap pencapaian keseluruhan dan prestasi cemerlang Syarikat.



Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya

Chairman / Pengerusi

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THE YEAR IN REVIEW

The financial year ended 31 March 2007 marks KLCC Property Holdings Berhad (KLCCP) Group's (Group) third year of operations. On the back of Malaysia's continuing economic growth, the Group recorded another year of credible performance as it continued to deliver sustained growth and improvements in turnover and profitability.

ADOPTION OF NEW FINANCIAL REPORTING STANDARDS

During the period under review, new Financial Reporting Standards (FRS) became mandatory for entities with financial periods beginning on or after 1 January 2006, which resulted in, among others, an impact on the Income Statement, Earnings Per Share and Shareholders' Funds.

FRS 140, for example, now requires the Group's investment properties to be stated at fair value, with any gains or losses arising from changes in their fair value being recognized within the period in which they arise.

Meanwhile, the adoption of FRS 116, resulted in the Group's hotel property to be stated at cost less accumulated depreciation. Hence, the depreciation charge for the year with respect to hotel properties has increased by RM12.61 million. Nevertheless, freehold land which has unlimited life continues to be stated at cost and are not depreciated.

TAHUN DALAM TINJAUAN

Tahun kewangan berakhir 31 Mac 2007 menandakan Tahun Ketiga Kumpulan KLCC Property Holdings Berhad (KLCCP) (Kumpulan) beroperasi. Berlandaskan perkembangan ekonomi Malaysia yang terus maju, Kumpulan telah sekali lagi mencatatkan prestasi mampan dengan terus berjaya mengekalkan pengembangan dan peningkatan hasil dan keuntungan.

PENERAPAN STANDAD PELAPORAN KEWANGAN BARU

Sepanjang tahun dalam tinjauan, Standad Pelaporan Kewangan (FRS) baru menjadi mandatori kepada syarikat yang mempunyai tahun kewangan bermula pada atau selepas 1 Januari 2006, telah memberi kesan, antara lain terhadap Penyata Pendapatan, Perolehan Setiap Saham dan Dana Pemegang Saham.

FRS 140 contohnya, kini memerlukan harta pelaburan Kumpulan dinyatakan pada nilai pasaran, mengiktiraf apa-apa keuntungan atau kerugian yang timbul hasil perubahan nilai pasaran ini dalam tempoh ia berlaku.

Dalam pada itu, penerapan FRS 116 telah menyebabkan hartanah hotel Kumpulan perlu dinyatakan pada kos setelah ditolak susut-nilai terkumpul. Oleh itu, caj susut-nilai untuk tahun ini bagi hartanah hotel, meningkat sebanyak RM12.61 juta. Namun begitu, tanah pegangan kekal masih dicatatkan pada kos asal tanpa dikenakan sebarang susut-nilai.

The Group's Earnings Per Share (EPS) based on the profit earned after taxation and minority interest grew to 127.32 sen compared to the 18.96 sen recorded in FY05/06.

Perolehan Setiap Saham Kumpulan berdasarkan keuntungan selepas cukai dan kepentingan minoriti meningkat kepada 127.32 sen berbanding 18.96 sen yang dicatatkan pada tahun kewangan 05/06.

FINANCIAL PERFORMANCE

During the period under review, the Group's turnover expanded by 4.34% to RM780.75 million from the RM748.25 million recorded in the previous financial year, attributed primarily to the higher rentals achieved from office and retail space, as well as the improved performance by the Group's hotel and car park operations. Prior to any fair value adjustments, the Group's profit after tax and minority interests increased by 8.76% to RM192.63 million from the RM177.11 million registered previously. After reflecting the fair value adjustments required by the new FRS which came into effect during the year, the Group's profit after tax and minority interests for Financial Year 06/07 was recorded at RM1,189.23 million. Thus, the Group's Earnings Per Share based on the profit earned after taxation and minority interest grew to a hefty 127.32 sen compared to the 18.96 sen recorded in FY05/06.

The Group's balance sheet also continued to strengthen with total assets growing from RM6,421.70 million at the beginning of the year under review to RM9,470.0 million, an increase of 47.46%. Shareholders' funds registered an increase of 81.20% to RM4,309.74 million from RM2,378.34 million, which translates into a Net Asset Value (NAV) per share of RM3.88 compared to RM1.81 in the preceding year.

PRESTASI KEWANGAN

Sepanjang tahun dalam tinjauan, hasil Kumpulan berkembang sebanyak 4.34% kepada RM780.75 juta berbanding RM748.25 juta yang dicatatkan pada tahun kewangan sebelumnya, disebabkan terutamanya oleh kadar sewa ruang pejabat dan ruang beli-belah yang tinggi, di samping prestasi operasi hotel dan operasi tempat letak kereta Kumpulan yang bertambah baik. Keuntungan Kumpulan selepas cukai dan kepentingan minoriti, sebelum penyelarasan nilai pasaran, meningkat sebanyak 8.76% kepada RM192.63 juta daripada RM177.11 juta yang dicatatkan pada tahun sebelum ini. Selepas penyelarasan nilai pasaran dibuat, sebagaimana yang diperlukan oleh FRS baru yang berkuatkuasa pada tahun ini, keuntungan Kumpulan selepas cukai dan kepentingan minoriti pada Tahun Kewangan 06/07 yang dicatatkan ialah RM1,189.23 juta. Oleh itu, Perolehan Setiap Saham (EPS) Kumpulan berdasarkan keuntungan yang diperolehi selepas cukai dan kepentingan minoriti meningkat ke paras tinggi, iaitu 127.32 sen berbanding 18.96 sen yang dicatatkan pada tahun kewangan 05/06.

Kunci kira-kira Kumpulan juga turut memperlihatkan kemantapan yang meningkat dengan penambahan jumlah aset daripada RM6,421.70 juta pada permulaan tahun dalam tinjauan kepada RM9,470.0 juta, meningkat sebanyak 47.46%. Dana pemegang saham mencatatkan peningkatan sebanyak 81.20% kepada RM4,309.74 juta daripada RM2,378.34 juta, yang boleh diterjemahkan kepada Nilai Aset Bersih (NAV) setiap syer bernilai RM3.88 berbanding RM1.81 pada tahun sebelumnya.

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BUSINESS OVERVIEW

The PETRONAS Twin Towers (PTT) remains as the most sought-after address for leading multinational corporations in oil and gas, financial services, media and information technology sectors, strongly indicating that the KLCC location has successfully maintained its status as the preferred address for many multinational corporations. This augurs well for the Group as PTT is expected to continue providing a steady and secure stream of rental income for the Group in the coming years.

PTT is the largest revenue earner for the Group and is solely tenanted to PETRONAS on a long-term lease. During the period under review a rental increment was applied on PTT arising from the built-in rental increase mechanism applicable every three years until expiry of the lease.

Menara ExxonMobil continues to be solely tenanted to ExxonMobil Exploration and Production Malaysia Inc. ("EPPMI") on long-term lease. EPPMI had undergone a rent review during the period under review. EPPMI had exercised the option to extend the lease of the building for a further 3 years, thus extending the lease period to February 2012.

GAMBARAN KESELURUHAN PERNIAGAAN

Menara Berkembar PETRONAS (PTT) terus kekal sebagai alamat terunggul yang diidam oleh badan korporat multinasional ternama dalam sektor minyak dan gas, perkhidmatan kewangan, media dan teknologi maklumat, bukti kukuh bahawa lokasi KLCC telah berjaya mengekalkan statusnya sebagai alamat atau lokasi pilihan utama bagi kebanyakan badan korporat multinasional. Ia merupakan petanda baik kepada Kumpulan memandangkan PTT dijangka akan terus menyediakan aliran pendapatan sewa yang mantap dan terjamin bagi Kumpulan untuk tahun-tahun yang akan datang.

PTT adalah penjana hasil terbesar kepada Kumpulan dan masih disewakan keseluruhannya kepada PETRONAS untuk tempoh masa panjang. Di sepanjang tahun dalam tinjauan, PTT telah dikenakan kenaikan sewa hasil daripada mekanisme kenaikan sewa yang terkandung dalam pajakan, yang digunakan setiap tiga tahun sekali sehingga tamat tempoh pajakan.

Menara ExxonMobil yang terus disewakan keseluruhannya kepada ExxonMobil Exploration & Production Malaysia Inc. (EPPMI) turut mengalami semakan sewaan tiga tahun sekali dalam tahun di bawah tinjauan. EPPMI telah memilih untuk memanjangkan tempoh pajakan bangunan ini selama tiga tahun lagi, iaitu sehingga ke Februari 2012.

Suria KLCC sekali lagi telah mencatatkan prestasi tahunan yang kukuh, dengan pertambahan hasil sebanyak 8%, iaitu peningkatan daripada RM198.71 juta yang dicatatkan pada tempoh kewangan sebelumnya



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Suria KLCC registered another good year of strong performance with revenue increasing by 8 %, from the RM198.71 million registered in the previous financial period to RM214.71 million. This stems from a stronger base and percentage rent, and a higher casual mall leasing income. Aggressive promotions and events throughout the year further reinforced Suria KLCC's market position and attracted increased captive traffic. Indeed, Suria KLCC continued to be the most desired and highly sought-after retail centre in the Klang Valley and the country.

During the year, we saw various exemplary upgrades by tenants such as Aseana, Marks & Spencer and the Rasa Food Court, in tandem with Suria KLCC's operating policy for ongoing store rejuvenation programmes to deliver greater customer satisfaction. In conjunction with the Visit Malaysia Year campaign, Suria KLCC also collaborated with its tenants to introduce a variety of promotions and exclusive offers including the introduction of tourist privilege cards.

The mall has also benefited from increased traffic flows generated by events at the Kuala Lumpur Convention Centre and guests from the newly-opened Traders Hotel Kuala Lumpur, both of which have proven to be highly complementary developments. The tunnel link between Suria KLCC and the convention centre

kepada RM214.71 juta. Ini berpunca daripada kenaikan sewa asas dan sewa peratusan, di samping peningkatan pendapatan sewaan ruang casual. Pelbagai promosi agresif dan kegiatan sepanjang tahun terus mengukuhkan kedudukan pasaran Suria KLCC dan menarik limpahan pengunjung. Sesungguhnya, Suria KLCC terus kekal sebagai pusat membeli-belah yang amat diidami dan paling tinggi permintaan terhadap ruang niaganya di Lembah Klang khususnya, dan seluruh negara amnya.

Sepanjang tahun dalam tinjauan, kami telah menyaksikan pelbagai pembaharuan contoh ruang-niaga yang dilaksanakan oleh penyewa-penyewa seperti Aseana, Marks & Spencer dan Rasa Food Court sejajar dengan polisi operasi Suria KLCC untuk program-program pembaharuan semula ruang niaganya demi memenuhi tahap kepuasan pelanggan yang tinggi. Sempena dengan kempen Tahun Melawat Malaysia, Suria KLCC juga bekerjasama dengan para penyewa untuk menyediakan pelbagai promosi dan tawaran eksklusif termasuk memperkenalkan kad istimewa pelancong.

Pusat beli-belah ini juga turut meraih faedah daripada limpahan pengunjung yang menghadiri acara-acara yang dilangsungkan di Pusat Konvensyen Kuala Lumpur dan juga tetamu Traders Hotel Kuala Lumpur yang baru dibuka, kedua-duanya telah terbukti sebagai pembangunan yang saling lengkap-melengkapi. Sambungan terowong antara Suria KLCC dan Pusat Konvensyen khususnya telah menarik penambahan pengunjung memandangkan ia menawarkan laluan langsung yang



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in particular, has attracted additional foot traffic as it offers a convenient thoroughfare for offices fronting the convention centre to the KLCC LRT station; a factor which Suria KLCC intends to capitalise upon to improve rental yields.

During the year under review Mandarin Oriental, Kuala Lumpur ("MOKL") successfully attained its recertification for ISO 9001 for Quality Management, ISO 14001 for Environment Management and OSHAS 18001 for Occupational Safety and Health. The only hotel to be awarded this triple certification, MOKL has shown marked improvements in its operating systems in addition to demonstrating its edge as a preferred employer and the most highly sought after venue for corporate and leisure guests.

The improvements helped MOKL yield another year of admirable results, outperforming its key competitors in the country and further entrenching its pole position in the hotel industry. Bearing testimony to its status, MOKL was listed in the Top 50 Hotels in Asia at the prestigious Travel & Leisure World's Best Awards 2006, reinforcing its brand presence as an award-winning five star establishment. During the period under review, the hotel achieved an average room rate of RM512.70, and an average occupancy rate of 79%.

mudah bagi pekerja-pekerja pejabat berhadapan Pusat Konvensyen ke stesen LRT; satu faktor yang akan digunakan oleh Suria KLCC untuk meningkatkan pulangan sewaan.

Di sepanjang tahun dalam tinjauan, Mandarin Oriental, Kuala Lumpur ("MOKL") telah berjaya mencapai pentauliahan semula ISO 9001 bagi Pengurusan Kualiti, ISO 14001 bagi Pengurusan Alam Sekitar dan OSHAS 18001 bagi Keselamatan dan Kesihatan Tempat Kerja. Sebagai satu-satunya hotel yang telah dianugerahkan ketiga-tiga sijil ini sekali gus dalam satu masa, MOKL telah menunjukkan peningkatan ketara dalam sistem operasinya disamping mempamerkan kelebihan sebagai majikan pilihan dan pusat tumpuan yang tinggi permintaannya bagi para pelanggan korporat dan pengunjung masa lapang.

Segala langkah pembaikan ini telah membantu MOKL menghasilkan sekali lagi keputusan tahunan yang memberangsangkan, mengungguli kesemua pesaing-pesaing utamanya di dalam negara dan seterusnya mengukuhkan kedudukan ulungnya dalam industri perhotelan. Sebagai bukti statusnya, MOKL telah turut disenaraikan sebagai 50 Hotel Teratas di Asia dalam Travel & Leisure World's Best Awards 2006 (Anugerah Dunia Pengembaraan dan Percutian Terbaik 2006) yang berprestij, mengukuhkan lagi kehadiran jenamanya sebagai pertubuhan lima bintang yang telah meraih pelbagai anugerah. Sepanjang tempoh tinjauan, hotel ini telah berjaya menaikkan kadar sewa purata biliknya kepada RM512.70 dengan terus mencapai kadar penghunian 79%.



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Construction of the Lot C development is now at the early stage of sub-structural works. Underlying demand for high quality offices in the city centre has prompted the Group to convert the original plan for service apartments into commercial office spaces. The development of retail space within Lot C which will be seamlessly integrated with Suria KLCC will further strengthen the Group’s growth and yield opportunities going forward, whilst enhancing Suria KLCC’S position as a premier shopping centre in the country. I believe this development is timely and we are confident that this development is well positioned to command superior rents in a market which is placing higher premiums for prestigious addresses within the city centre.

KLCC Urusharta Sdn Bhd (KLCCUH), a subsidiary providing Facility Management Services, continued to streamline its operations following the reduction in its operating scope with the expiry of the management contracts in Putrajaya. Revenue for the company took a dip from RM42.56 million previously to RM25.58 million during the review period. The company will be repositioned to improve operational efficiency and deliver quality services in tandem with the needs of clients.

Pembinaan pembangunan Lot C kini adalah pada peringkat awal kerja-kerja sub-struktur. Berdasarkan permintaan untuk ruang pejabat berkualiti tinggi di pusat bandaraya, Kumpulan telah didorong untuk menukar rancangan asal membina apartmen perkhidmatan di sebahagian bangunan atas lot ini kepada ruang pejabat komersial. Pembangunan ruang beli-belah di aras podium bangunan dalam Lot C ini yang bersepadu sepenuhnya dengan Suria KLCC akan memperkasakan lagi pertumbuhan Kumpulan dan meningkatkan peluang untuk maju ke hadapan, di samping mengukuhkan kedudukan Suria KLCC sebagai pusat beli-belah perdana negara. Saya percaya pembangunan ini adalah tepat pada masanya dan kami yakin bahawa ia berkedudukan baik untuk memperolehi kadar sewa tinggi dalam pasaran yang cenderung menawarkan premium tinggi pada alamat berprestij di tengah pusat bandaraya.

KLCC Urusharta Sdn Bhd (KLCCUH), sebuah subsidiari yang menyediakan Perkhidmatan Pengurusan Kemudahan, terus memperkemas operasinya berikutan pengurangan skop operasi dengan penamatan kontrak-kontrak pengurusannya di Putrajaya. Hasil syarikat ini berkurangan daripada RM42.56 juta pada tahun sebelumnya kepada RM25.58 juta dalam tempoh tinjauan. Syarikat akan mengubah kedudukannya untuk memperbaiki kecekapan operasi dan memberi perkhidmatan berkualiti sejajar dengan kehendak para pelanggan.



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KLCC Parking Management Sdn Bhd (KPM), meanwhile, contributed favorably to the Group's coffers with its improvement in earnings; posting an operational profit before tax of RM7.05 million for the financial year under review, representing a 41.32% increase from FY2005/06. This is largely attributed to the increased revenue from its operations in Suria KLCC, Kuala Lumpur Convention Centre, Alamanda Putrajaya and Kompleks Dayabumi.

Kompleks Dayabumi, the only investment property located outside the KLCC precinct, enjoyed an 11% increase in occupancy to reach a 96 % level during the financial year, which also saw rental revenue growing by 3.61% to RM23.21 million, up from the RM22.40 million recorded the previous year.

OUTLOOK

As part of its 50th Merdeka anniversary celebrations, the country has designated 2007 as 'Visit Malaysia Year' in a concerted effort to woo more international visitors to Malaysia. The Government is targeting 20 million tourists, which is 16% higher than the 17.3 million tourist arrivals expected to be recorded for 2006.

KLCC Parking Management Sdn Bhd (KPM) dalam pada itu, menyumbangkan jumlah yang menggalakkan kepada tabungan Kumpulan dengan peningkatan pendapatan yang mencatatkan keuntungan operasi sebelum cukai berjumlah RM7.05 juta bagi tahun kewangan dalam tinjauan, menunjukkan peningkatan sebanyak 41.32% berbanding pencapaian pada tahun kewangan 2005/06. Pencapaian ini sebahagian besarnya berpunca daripada peningkatan hasil operasi di Suria KLCC, Pusat Konvensyen Kuala Lumpur, Alamanda Putrajaya dan Kompleks Dayabumi.

Kompleks Dayabumi, satu-satunya hartanah pelaburan yang terletak di luar kawasan KLCC, telah menikmati pertambahan kadar penghunian sebanyak 11%, dan mencapai paras 96% bagi tahun kewangan dalam tinjauan, menyaksikan peningkatan kutipan sewa sebanyak 3.61% kepada RM23.21 juta, berbanding RM22.40 juta yang dicatatkan pada tahun sebelumnya.

MASA HADAPAN

Sebagai sebahagian daripada sambutan 50 Tahun Kemerdekaan, negara telah menjadikan tahun 2007 sebagai 'Tahun Melawat Malaysia' dalam usaha bersepadu Kerajaan untuk menarik pengunjung antarabangsa ke Malaysia. Kerajaan mensasarkan 20 juta pelancong iaitu 16% lebih ramai daripada sejumlah 17.3 juta ketibaan yang dicatatkan bagi tahun 2006.



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Combined with the continuing spin-off effects of the 9th Malaysia Plan and the ensuing hive of economic activity, it is anticipated that this year-long campaign will positively impact the Group's operations and will significantly boost the retail and hotel businesses. We are confident that the Group's businesses will enjoy the spill-over effects from this upsurge in economic activity.

Malaysia's resilient economy which prevailed during 2006/07 is expected to strengthen its momentum in the current year with higher private consumption and investment activities in Malaysia, buoyed by fiscal incentives introduced by the Government. Macroeconomic policies coupled with measures to liberalize investment in the overall economy, including the property sector, have also encouraged private-sector participation and this is expected to create more upward mobility for key sectors of the Malaysian economy. The relaxation on Foreign Investment Committee (FIC) rules on foreign property ownership and the recent announcement on the abolition of the real property gains tax are positive steps that will boost the economy, and the Group looks forward to tapping these growth opportunities as they unfold.

Kesan sampingan gabungan pembentangan Rancangan Malaysia ke 9 dan aktiviti ekonomi yang sedang giat dijalankan berikutan pembentangan ini, kempen sepanjang tahun ini dijangka akan memberi impak positif terhadap operasi Kumpulan kerana ia akan memberi galakan yang ketara kepada pelbagai perniagaan runcit dan hotel. KLCCP yakin bahawa kesemua sektor perniagaannya akan menikmati kesan limpahan daripada peningkatan mendadak aktiviti ekonomi.

Ekonomi Malaysia yang berdaya saing wujud disepanjang tahun 2006/07, diharap dapat merencanakan momentumnya dalam tahun ini dengan peningkatan aktiviti penggunaan dan pelaburan di Malaysia, didorong dan disokong pula oleh insentif fiskal yang diperkenalkan oleh Kerajaan. Dasar makroekonomi yang digabungkan dengan langkah-langkah meliberasikan pelaburan dalam ekonomi keseluruhannya, termasuk sektor hartanah, telah turut menggalakkan pelaburan pihak swasta dan dijangka akan mewujudkan mobiliti lebih tinggi bagi sektor-sektor penting ekonomi Malaysia. Kelonggaran yang diberi terhadap peraturan Jawatankuasa Pelaburan Asing (FIC) yang berkaitan dengan pemilikan hartanah oleh warga asing dan pemansuhan cukai perolehan hartanah yang diumumkan baru-baru ini, adalah langkah-langkah positif yang bakal merangsangkan ekonomi, dan Kumpulan berharap untuk meraih manfaat daripada peluang ini apabila ia muncul.



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We are also confident that the newly opened Traders Hotel Kuala Lumpur will further complement the KLCC Development, adding greater dynamism and velocity to the businesses within the development, particularly Suria KLCC.

The Kuala Lumpur Convention Centre, only in its second year of operations, has proven to be a significant component that contribute to the business growth of Mandarin Oriental, Kuala Lumpur and Suria KLCC. The positive impact from the development is expected to continue with a steady and sustained growth in MICE activities within the Centre.

Whilst the group is not completely insulated from the vagaries of the market and cyclical of the economy, we believe that KLCCP's strength lies in the premium rents that it commands from its premium assets in a world class integrated development, which is KLCC. This will help to mitigate any unforeseen downturn in the economy.

Solid progress has been made by KLCCP in the last three years of its operations, and the Group will continue to forge ahead to amplify its presence in the property market.

Kami yakin bahawa Traders Hotel Kuala Lumpur yang baru dibuka akan melengkapi Pembangunan KLCC serta meningkatkan dinamisma dan kebingkasan perniagaan dalam lingkungan pembangunan ini, khususnya Suria KLCC.

Pusat Konvensyen Kuala Lumpur, meskipun hanya dua tahun beroperasi, telah terbukti sebagai komponen penting yang akan menyumbang kepada perkembangan perniagaan MOKL dan Suria KLCC. Impak positif daripada pembangunan ini dijangka akan berterusan dengan peningkatan yang stabil dan mampan dalam aktiviti-aktiviti MICE di Pusat Konvensyen ini.

Walaupun Kumpulan tidak terlindung daripada pelbagai ragam dan putaran ekonomi, kami percaya bahawa kekuatan KLCCP terletak pada sewaan-sewaan premium yang dikecapi daripada pelbagai hartanah premium yang dimilikinya di dalam pembangunan bersepadu bertaraf dunia di Pembangunan KLCC. Ini membantu mengurangkan kesan tekanan kelembapan ekonomi.

KLCCP telah mencapai kemajuan mantap dalam tempoh tiga tahun ia beroperasi dan Kumpulan akan terus melangkah ke hadapan untuk memperluaskan kehadirannya dalam pasaran hartanah. Kejayaan KLCCP bersandar kepada komitmennya yang kuat untuk memberikan pengalaman unik kepada pelanggan yang datang ke KLCC, sebuah



THE YEAR IN REVIEW

Tahun Dalam Tinjauan

KLCCP's success lies in its firm commitment to deliver a unique experience to its clientele within KLCC - "a city within a city", as well as its capacity to innovate and deliver positive results to its stakeholders.

APPRECIATION

On behalf of the Management, I would like to express my appreciation to all the staff of the KLCCP Group for their relentless commitment and contribution to the success we have achieved thus far. Their continuing hard work and dedication to deliver their best is a major ingredient to the Group's success.

I would also like to express my gratitude to our shareholders, business partners, customers and relevant authorities, as well as to our esteemed Board members for their continued support, counsel and guidance.

"bandar dalam bandar", di samping kemampuannya untuk membuat pembaharuan dan menghasilkan pulangan positif kepada semua yang berkepentingan.

PENGHARGAAN

Bagi pihak Pengurusan, saya ingin merakamkan penghargaan kepada semua kakitangan Kumpulan KLCC di atas komitmen dan sumbangan yang berterusan terhadap kejayaan yang telah dicapai sehingga kini. Daya usaha dan dedikasi yang berpanjangan untuk melaksanakan tugas sebaik mungkin merupakan faktor utama kejayaan Kumpulan.

Saya juga ingin merakamkan penghargaan kepada para pemegang saham, rakan-rakan perniagaan, para pelanggan dan pihak-pihak berkuasa yang berkaitan serta ahli-ahli Lembaga Pengarah atas nasihat dan bimbingan mereka.


Datuk Nasarudin Bin Md Idris

Chief Executive Officer / Ketua Pegawai Eksekutif



Corporate Governance Statement

The Board of Directors (“Board”) of KLCC Property Holdings Berhad (“KLCCP” or the “Company”) adopts the Best Practice of corporate governance in conducting the business and affairs of the Company and the Group. The Board remains fully resolved and committed to ensuring that integrity, transparency and professionalism are observed to ensure the Group’s continued progress and success as these 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 Listing Requirements of Bursa Malaysia Securities Berhad, the Board wishes to report on the manner the Group has maintained the standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in the Malaysian Code of Corporate Governance (“the Code”) and paragraph 15.26 of the Listing Requirements of Bursa Malaysia Securities Berhad.

A. BOARD OF DIRECTORS

Board Responsibilities

The Board is collectively responsible for promoting the success of the Group by directing and supervising its affairs. The key responsibilities include the primary responsibilities prescribed under the Best Practices Provision AA I in Part 2 of the Code. These cover a review of the strategic direction for the Group and overseeing the business operations of the Group, evaluating whether these are being properly managed.

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

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

The non-executive directors have the necessary calibers 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 decision-making through their expertise and experience and are independent of the management, thereby helping to ensure that no one individual or group dominates the Board’s decision-making process.

Board Composition and Balance

The Board currently has eight members comprising five Independent Non-Executive Directors, two Non-Independent Non-Executive Directors and the Chief Executive Officer.

The majority in the number of Independent Non-Executive Directors facilitates the exercise of independent evaluation in Board deliberations and decision-making, providing check and balance in the Board.

Board Meetings

The Board meets at least quarterly and also on other occasions to inter-alia, approves the Quarterly Reports, the Annual Report, the Business Plans/Budget and 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 an ad hoc basis for urgent and important matters, four Board meetings were held during the financial year. Where appropriate, decisions are taken by way of circular resolutions in between scheduled meetings.

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

Directors	Attendance of Board Meetings
Executive	
Datuk Ishak Bin Imam Abas <i>(retired as Chief Executive Officer w.e.f. 1 April 2007)</i>	4/4
Datuk Nasarudin Bin Md Idris <i>(appointed w.e.f. 1 April 2007)</i>	N/A
Non-Executive	
Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	4/4
Dato' Leong Ah Hin @ Leong Swee Kong	3/4
Manharlal a/l Ratilal	3/4
Augustus Ralph Marshall	3/4
Pragasa Moorthi a/l Krishnasamy	4/4
Dato' Halipah Binti Esa <i>(appointed w.e.f. 1 March 2007)</i>	–

Supply of Information to the Board

The Board has complete and unimpeded access to information relating to the Group in discharge of their duties. The Board may require to be provided with 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 operations and also to clarify issues that may be raised by the Directors.

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

The agenda and Board meeting papers are circulated to Directors include progress reports on business operations, details of business propositions, quarterly reports and new guidelines issued by Bursa Securities. 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 confirmation of the minutes at the following Board meeting, and Directors may require clarification or raise comments on the minutes prior to the confirmation of the minutes.

The Board are 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.

CORPORATE GOVERNANCE STATEMENT

Appointment of Board Members

The appointment of new Directors was approved by the Board as a whole which also serve as the Nomination and Remuneration Committee. On 1 March 2007, Dato' Halipah Binti Esa was appointed as an Independent Non-Executive Director as well as a member of the Board Audit Committee. Datuk Nasarudin Bin Md Idris was appointed as Director and Chief Executive Officer of the Company concurrently on 1 April 2007 when Datuk Ishak Bin Imam Abas retired as the Chief Executive Officer of the Company and redesignated as Non-Independent Non-Executive Director. The profile of the new Directors, Dato' Halipah Binti Esa and Datuk Nasarudin Bin Md Idris are in page 11 and 8 of the Annual Report.

Re-election of Directors

The Articles of Association of the Company further provide that at least one-third of all directors are subject to retirement by rotation once in every three years at each Annual General Meeting ("AGM") but shall be eligible for re-election in line with the Listing Requirements of Bursa Malaysia Securities Berhad.

Training and Development of Directors

During the financial year, the Directors attended relevant training programme, seminar 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 with new statutory and regulatory requirements to better enable them to fulfill their responsibilities.

Board Committee

The Board has delegated certain responsibilities to the Board Audit Committee, which operates within clearly defined terms of reference. The Chairman of this Committee 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 Board Audit Committee are set out in pages 36 to 39 of this Annual Report.

The Board has also decided that the Board as a whole will serve as the Nomination and Remuneration Committees. No smaller committee is recommended as the Company believes that all members must be equally responsible for the duties of such committees such as:

- To assess and recommend the appointment of new directors to the Board;
- To review annually the mix of skills and experiences, and other qualities to enable the Board to function completely and efficiently;
- To implement formal appraisal process for the evaluation of the effectiveness of the Board as a whole, the committees and the individual contribution of each Board member; and
- To recommend to the Board, the remuneration of all non-executive directors. Individual directors do not participate in the discussion on their own remuneration.

The Board will deliberate on the above during the normal proceedings of the meeting of directors.

Directors Remuneration

All the Non-Executive Directors of the Company are to be paid directors' fees which are subject to the approval by shareholders at the 4th Annual General Meeting as recommended by the Board. For the year under review, the breakdown of fees for each of these directors is as per the table below:

Name of Directors	Directors' Fees (RM)	Board of Audit Committee Fees (RM)	Total (RM)
Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	60,000	0	60,000
Dato' Leong Ah Hin @ Leong Swee Kong	36,000	8,400	44,400
Manharlal a/l Ratilal	36,000	8,400	44,400
Augustus Ralph Marshall	36,000	12,000	48,000
Pragasa Moorthi a/l Krishnasamy	36,000	0	36,000
Dato' Halipah Binti Esa	3,000	700	3,700
TOTAL	207,000	29,500	236,500

During the financial year, Director and Chief Executive Officer, Datuk Ishak Bin Imam Abas was employed by KLCC (Holdings) Sdn Bhd, a substantial shareholder of the Company. He has since retired from his executive position on 1 April 2007.

Datuk Nasarudin Bin Md Idris was appointed Chief Executive Officer on 1 April 2007 in replacement thereof.

B. ACCOUNTABILITY AND AUDIT

Financial Reporting

It is the 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 release of announcements on quarterly financial results and the press releases accompanying these results announcements reflect the Board's commitment to provide timely, transparent and up-to-date disclosure of the performance of the Group.

The Board is assisted by the Board Audit Committee to oversee the Group's financial reporting process and the quality of the financial results of the Group.

A Statement by the Directors of their responsibilities in preparing the annual audited financial statements is set out in page 33 of this Annual Report.

Internal Control

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

The Statement on Internal Control, which provides an overview of the state of the internal controls within the KLCCP Group, is set out in pages 34 to 35 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

Relationship with External Auditors

The Group has established transparent and appropriate relationships with the external auditors through the Board Audit Committee. From time to time, the external auditors will highlight to the Board Audit Committee and Board of Directors on matters that require the Board's attention.

A summary of the activities of the Board Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Board Audit Committee's Report in pages 36 to 39 of this Annual Report.

C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

Communications between Company and Investors

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

While the Group endeavours to provide as much information as possible to its stakeholders, it must also be wary 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 the investors' needs 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 cautious with the timing of providing material information about the Group and continually stresses on the importance of timely and equal dissemination of information to stakeholders.

Annual General Meeting ("AGM")

An important forum for communication and dialogue with shareholders is the AGM of the Company. 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 raised. The external auditors will also be present 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 being voted upon.

KLCCP releases press statements in conjunction with the announcement of its quarterly and annual results. The press statements are not only intended to promote information dissemination of the Group performance to the shareholders and investors, but also to keep shareholders and investors updated on the progress and development of the business of the Group as well as any strategic developments within the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the audited financial statements of the Group are drawn up in accordance with the requirements of the provisions of the Companies Act, 1965, Financial Reporting Standards, the MASB approved accounting standards in Malaysia and the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors consider that in the preparation of the financial statements, the Group:

- has used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- adopted the going concern basis.

The statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 in relation to the preparation of the financial statements are set out in page 46 of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITIES

The Board of Directors of the Company, whilst pursuing the business objectives of growth in enhancing shareholder value and value to stakeholders, is also cognizant of the fact that it is an integral part of the society in which it operates. Thus, Corporate Social Responsibilities (CSR) has already been an agenda of the Board right from the beginning as an integral part of the Company's existence, both in business and in society as a whole.

This statement is made in accordance with the resolution of the Board of Directors on 23 May 2007.

Statement on Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the companies' assets. Under the provisions of the Bursa Malaysia Listing Requirements, para 15.27(b) directors of listed companies are required to produce a statement on the state of the companies' internal control in their Annual Report.

The Board is committed in maintaining a sound system of internal controls throughout KLCC Property Holdings Berhad and its subsidiaries ("Group") and is pleased to provide the following statement which outlines the nature and scope of internal control of the Group during the year under review.

BOARD RESPONSIBILITY

The Board recognises the importance of sound internal control for good corporate governance. The system of internal controls cover, inter alia, risk management and financial, organisational, operational and compliance controls. The Board affirms its overall responsibility for the Group's system of internal controls and for reviewing the adequacy and integrity of those systems. It should be noted, however, that such systems are designed to manage, rather than eliminate, risk of failure to achieve corporate objectives. Inherently it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may materially affect the achievement of corporate objectives throughout the year under review up to the date of this report, and that this process is regularly reviewed by the Board and it accords with the Internal Control Guidance.

CONTROL STRUCTURE AND ENVIRONMENT

The Board is committed to maintaining a strong control structure and environment for the proper conduct of the Group's business operations. The Board has the following control processes in place:-

- The full 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 reports to the Board on significant changes in the business operations and the external environment which affect risks. The Finance General Manager of the Company provides the Board with quarterly financial information.
- An organisational structure with formally defined lines of responsibility and delegation of authority is in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. It includes the publication of the Employees Handbook which highlights policies on health and safety, training and development, equality of opportunity, staff performance and serious misconduct.
- 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 internally on a quarterly basis, to the Board. 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.
- Management is to gear toward the consistencies of the PETRONAS Group's practice to embark on Quality Culture Process embracing the quality principles defined therein.

STATEMENT ON INTERNAL CONTROL

RISK MANAGEMENT

PETRONAS Corporate Risk Management Unit continues to provide advice and guidance on the Corporate and Business Risk to the Group. The scope of advice serves to manage and control significant risk exposures inherent in the Group's business operations and cover the following areas:-

- Identify principal risks and ensure the implementation of appropriate risk management framework and guidelines to manage these risks.
- Reviewing the adequacy and integrity of the Company's internal control systems and management information system, including systems of compliance with applicable laws, regulations, rules, directive and guidelines.
- Conducted risk awareness forum for the management with the objective of providing comprehensive risk understanding and the implication on the operation, financial, compliance and etc.

INTERNAL AUDIT

PETRONAS Internal Audit Division continues to conduct audits on the operations of the Group which focuses on business controls to achieve business objectives and excellence. The control elements cover policies, organizational structure, procedures, supervision and review and appraisal. They also reports on quarterly basis to the Board Audit Committee the status of all audit issues raised until all are resolved.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the internal control environment.

This statement is made in accordance with the resolution of the Board of Directors on 23 May 2007.

Audit Committee Report



From Left: Augustus Ralph Marshall, Dato' Leong Ah Hin @ Leong Swee Kong, Manharlal a/l Ratilal, Dato' Halipah Binti Esa

The Board Audit Committee ("BAC") of KLCC Property Holdings Berhad is pleased to present the Audit Committee Report for the year ended 31 March 2007 as follows:

MEMBERSHIP

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

Augustus Ralph Marshall
Chairman/Non-Executive and Independent Director

Dato' Leong Ah Hin @ Leong Swee Kong
Member/Non-Executive and Independent Director

Manharlal a/l Ratilal
Member/Non-Executive and Non-Independent Director

Dato' Halipah binti Esa
*Member/Non-Executive and Independent Director
(appointed on 1 March 2007)*

The BAC is governed by the Terms of Reference as stipulated in pages 38 to 39 of the Annual Report. All the requirements under the Terms of Reference have been fully complied with and the BAC did not see any matter in breach of the Listing Requirements of Bursa Malaysia Securities Berhad that warrants reporting to the Exchange.

ATTENDANCE RECORD OF BAC MEMBERS

During the year, the BAC met four times with the presence of the Chief Executive Officer, General Manager of Finance, the internal and external auditors of the Company who were in attendance at these meetings.

Committee Members	Attendance of Meetings
Independent	
Augustus Ralph Marshall	4/4
Dato' Leong Ah Hin @ Leong Swee Kong	4/4
Dato' Halipah Binti Esa <i>(appointed on 1 March 2007)</i>	–
Non-Independent	
Manharlal a/l Ratilal	2/4

SUMMARY OF ACTIVITIES OF THE BAC

The following activities were carried out by the BAC during the financial year ended 31 March 2007:

- (i) Reviewed the external auditors' scope of work and audit plans for the year. Prior to the audit, representatives from the external auditors, presented their audit strategy and plan.
- (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) Consideration and recommendation to the Board for approval of the audit fees payable to the external auditors as disclosed in Note 24 on page 81 in this 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 Management's response. Discussed with Management actions taken to improve the system of internal control based on improvement opportunities identified in the internal audit reports.
- (vi) Reviewed the audited financial statements of the Group prior to submission to the Board for their 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.
- (vii) Reviewed the quarterly unaudited financial results announcements to ensure the Group's compliance with Bursa Malaysia Listing Requirements, Malaysian Accounting Standards Board and other relevant legal and regulatory requirements. The review and discussion were conducted with the Chief Executive Officer 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 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 ("Code") for the purpose of preparing the Corporate Governance Statement and Statement of Internal Control pursuant to the Bursa Malaysia Listing Requirements. 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.

INTERNAL AUDIT

The internal audit function of the Group was carried out by the Group Internal Audit Division of PETRONAS, the ultimate holding company. 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 Group's internal control systems in anticipating potential risks exposures over key business processes within the KLCC Property Holdings Berhad group of companies. The BAC also has full access to internal auditors and received reports on all audits performed.

During the year, the internal auditors had carried out audits according to the internal audit plan which had been approved by the BAC.

The internal audit reviews were carried out to address the various operational and business risks which include:

- Treasury and Cash Management Activities.
- Leasing/Tenants Management, Building Maintenance and Car Park Management.
- Operations Audit on Mandarin Oriental Kuala Lumpur.
- Follow-ups on Memorandum of Suggestion by external auditor, Ernst & Young.
- Performance of the Annual Audit Plan.
- Retail Management and Operation Activities.
- Organisational/Competency Review.

The resulting reports from the audits undertaken were forwarded to the Management for attention and necessary corrective actions as recommended. The Management is responsible for ensuring that corrective actions on reported weaknesses are taken within the required time frame.

AUDIT COMMITTEE REPORT

BOARD AUDIT COMMITTEE'S TERMS OF REFERENCE

The primary function of the Board Audit Committee ("BAC") is to assist the Board of Directors in fulfilling the following objectives of the Group's activities:-

- assess the Group's processes relating to its risks and control environment;
- 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 fulfils the following requirements:-

- (a) the Committee must be composed of no fewer than three members;
- (b) a majority of the Committee must be independent directors; and
- (c) at least one member of the Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience and:
 - he must have passed the examinations specified in Part I of the 151 Schedule of the Accountants Act 1967; or
 - 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) fulfils such other requirements as prescribed by the Exchange.

1.2 The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.

1.3 No alternate director should 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 Listing Requirements of the Exchange pertaining to composition of audit committee, the Board of Directors shall within three months of that event fill the 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 four times a year.
- (b) Upon the request of the external auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders.

2.2 Quorum

A quorum shall consist of a majority of independent directors.

2.3 Secretary

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

2.4 Attendance

- (a) The General Finance Manager, the Head of Internal Audit and a representative of the external auditor shall normally attend meetings, as and when required.
- (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 procedure, 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 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 auditor and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

4.0 Functions

The Committee shall, amongst others, discharge 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) changes in or implementation of major accounting policy changes;
 - (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 group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (c) with the external auditor:
 - (i) the audit plan;
 - (ii) his evaluation of the system of internal controls;
 - (iii) his audit report;
 - (iv) his management letter and management's response; and
 - (v) the assistance given by the Company's employees to the external auditor;

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 external auditor 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 questions of resignation or dismissal of external auditors.

4.4 In respect of the internal audit function:

- (a) to review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (b) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (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 member and provide the resigning staff member an opportunity to submit his reasons for resigning.

4.5 To promptly report such matter to the Exchange if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

4.6 To carry out such other functions as may be agreed to by the Committee and the Board of Directors.

Additional Compliance Information

The information set out below is disclosed in compliance with the 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 year ended 31 March 2007 were RM250,000/- and RM129,000/- for the Group and Company respectively. This is in respect of services rendered by the audit firm on FRS conversion study, review of the quarterly results and the review of the Statement of Internal Control.

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

(III) REVALUATION POLICY

At the beginning of the last financial year, the Group and the Company had adopted new and revised Financial Reporting Standards (FRSs) which are mandatory for the financial periods beginning on or after 1 January 2006.

FRS 140 impacted the Group’s investment properties as they are now stated at fair value with any gains or losses arising from changes in their fair value being recognized in the period in which they arise.

FRS 116 requires the Group’s hotel property to be stated at cost less accumulated depreciation.

The Group’s policy is to revalue its investment properties based on external independent valuations, every five years or at a shorter period, where in the opinion of the Directors, a significant change in value has occurred.

Disclosed in accordance with Appendix 9C, Part A, item 24 of the Listing Requirements of Bursa Securities.

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Directors' Report

for the year ended 31 March 2007

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company in the course of the financial year is investment holding, property investment and the provision of management services.

The principal activities of the subsidiaries and associate are stated in Note 8 and Note 9 to the financial statements respectively.

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 Board of Bursa Malaysia Securities Berhad. The registered office of the Company was located at Level 36, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

On 1 December 2006, the registered office of the Company changed to Level 23, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	2,008,498	117,342
<hr/>		
Attributable to:		
Equity holders of the Company	1,189,234	117,342
Minority interests	819,264	–
	<hr/> 2,008,498	<hr/> 117,342

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than:

- (a) the effects arising from the changes in accounting policies due to the adoption of new and revised FRSs which has resulted in an increase in the Group's profit for the year by RM1,693,600,000 as disclosed in Note 3.4 to the financial statements; and
- (b) the effects arising from changes in estimates where the estimated useful lives of hotel building and fixtures, fitting and machinery were revised resulting in a decrease in the Group's profit for the year by RM12,608,000 as disclosed in Note 4 to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 March 2006 were as follows:

	RM'000
In respect of the financial year ended 31 March 2006 as reported in the directors' report in that year:	
Final dividend of 5.0% less 28% taxation on 934,074,279 ordinary shares, which was approved by shareholders on 19 July 2006 and paid on 18 August 2006	33,627
In respect of the financial year ended 31 March 2007 as reported in the directors' report in that year:	
Interim dividend of 6.0% less 28% taxation on 934,074,279 ordinary shares, declared on 28 November 2006 and paid on 22 December 2006	40,352
	73,979

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 March 2007, of 6% (2006: 5%) less 27% (2006: 28%) taxation on 934,074,279 (2006: 934,074,279) ordinary shares, amounting to a dividend payable of RM40.91 million (4.38 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of profits in the financial year ending 31 March 2008.

RESERVES AND PROVISIONS

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

DIRECTORS OF THE COMPANY

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

Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	
Datuk Nasarudin Bin Md Idris	<i>(Appointed on 1 April 2007)</i>
Datuk Ishak Bin Imam Abas	
Dato' Leong Ah Hin @ Leong Swee Kong	
Manharlal A/L Ratilal	
Augustus Ralph Marshall	
Pragasa Moorthi A/L Krishnasamy	
Dato' Halipah Bt Esa	<i>(Appointed on 1 March 2007)</i>

In accordance with Article 83 of the Company's Articles of Association, Datuk Ishak Bin Imam Abas and Manharlal A/L Ratilal retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 89 of the Company's Articles of Association, Dato' Halipah Bt Esa and Datuk Nasarudin Bin Md Idris who were appointed during the year retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya, being over the age of 70 years is required, pursuant to Section 129(6) of the Companies Act, 1965, to be appointed as Director of the Company by way of a resolution passed by a majority of not less than 3/4 of those present and voting at the forthcoming Annual General Meeting of the Company.

DIRECTORS' REPORT

for the year ended 31 March 2007

DIRECTORS' INTERESTS

The Directors in office at the end of the year 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			Balance as at 31.3.2007
	Balance as at 1.4.2006	Bought	Sold	
The Company				
Direct				
Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	50,000	–	–	50,000
Datuk Ishak Bin Imam Abas	50,000	–	–	50,000
Dato' Leong Ah Hin @ Leong Swee Kong	50,000	–	–	50,000
Manharlal A/L Ratilal	5,000	–	–	5,000
Augustus Ralph Marshall	50,000	–	–	50,000
PETRONAS Dagangan Berhad				
Direct				
Datuk Ishak Bin Imam Abas	20,000	15,000	–	35,000
MISC Berhad				
Direct				
Dato' Leong Ah Hin @ Leong Swee Kong	–	2,000	–	2,000

None of the other Directors holding office as at 31 March 2007 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

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 corporation 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 year, 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.

OPTIONS GRANTED OVER UNISSUED SHARES

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

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) all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

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

- (i) that would render the amount written off as bad debts, or the amount of provision for doubtful debts, in the financial statement of the Group and of the Company inadequate to any substantial extent, 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 year 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 year.

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 year 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.

AUDITORS

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

Signed in accordance with a resolution of the Directors:

Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya

Datuk Ishak Bin Imam Abas

Kuala Lumpur, Malaysia
23 May 2007

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 48 to 90, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia, so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2007 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya

Datuk Ishak Bin Imam Abas

Kuala Lumpur, Malaysia
23 May 2007

Statutory Declaration

I, Md Akhir Bin Mohd Sharif, 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 48 to 90, 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 Md Akhir Bin Mohd Sharif)
at Kuala Lumpur in Wilayah Persekutuan)
on 23 May 2007)

BEFORE ME:

ROBERT LIM HOCK KEE (W092)

Commissioner for Oaths

Report of the Auditors

to the members of KLCC Property Holdings Berhad

We have audited the financial statements set out on pages 48 to 90. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 March 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements 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.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
AF: 0039
Chartered Accountants

Habibah bte Abdul
No. 1210/05/08(J)
Partner

Kuala Lumpur, Malaysia
23 May 2007

Balance Sheets

as at 31 March 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	6	811,764	794,692	7,013	613
Investment properties	7	7,935,000	4,844,304	–	–
Investment in subsidiaries	8	–	–	1,558,088	1,558,088
Investment in an associate	9	181,219	115,055	99,195	99,195
Deferred tax assets	10	19,605	16,127	–	–
Amount due from subsidiaries	11	–	–	657,584	631,371
Deposits with licensed bank	14	9,400	9,139	–	–
		8,956,988	5,779,317	2,321,880	2,289,267
CURRENT ASSETS					
Inventories	12	317	336	–	–
Trade and other receivables	13	52,987	58,472	77,726	88,833
Cash and bank balances	14	459,704	583,572	94,135	105,127
		513,008	642,380	171,861	193,960
TOTAL ASSETS		9,469,996	6,421,697	2,493,741	2,483,227
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Company					
Share capital	18	934,074	934,074	934,074	934,074
Share premium		562,324	562,324	562,324	562,324
Capital reserve	2.17	1,787,357	–	–	–
Revaluation surplus		5,665	–	–	–
Redeemable convertible unsecured loan stocks (RCULS)	19	687,990	687,990	687,990	687,990
Retained profits	20	332,335	193,948	81,542	38,179
		4,309,745	2,378,336	2,265,930	2,222,567
Minority Interests	21	2,560,246	1,160,171	–	–
Total Equity		6,869,991	3,538,507	2,265,930	2,222,567
Non-Current Liabilities					
Reserve on consolidation		–	5,554	–	–
Redeemable convertible unsecured loan stocks (RCULS)	19	34,240	31,127	34,240	31,127
Other long term liabilities	22	155,434	152,855	–	–
Long term borrowings	16	2,087,575	2,252,423	–	–
Deferred tax liabilities	10	8,750	33,348	–	–
		2,285,999	2,475,307	34,240	31,127
Current Liabilities					
Trade and other payables	15	138,766	172,975	193,571	229,533
Borrowings	16	164,849	203,664	–	–
Taxation		10,391	31,244	–	–
		314,006	407,883	193,571	229,533
Total Liabilities		2,600,005	2,883,190	227,811	260,660
TOTAL EQUITY AND LIABILITIES		9,469,996	6,421,697	2,493,741	2,483,227

The financial statements were approved and authorised for issue by the Board of Directors on 23 May 2007.

The notes set out on pages 53 to 90 form an integral part of, and, should be read in conjunction with, these financial statements.

Income Statements

as at 31 March 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000
Revenue	23	780,746	748,254	174,949	111,680
Operating profit	24	557,736	539,190	172,737	109,124
Fair value adjustment	7	1,675,000	–	–	–
Interest income	25	18,583	16,558	3,520	3,560
Financing costs	26	(188,693)	(190,352)	(13,013)	(12,730)
Share of profit of associate		34,466	8,582	–	–
Profit before taxation		2,097,092	373,978	163,244	99,954
Tax expense	29	(88,594)	(86,967)	(45,902)	(29,226)
PROFIT FOR THE YEAR		2,008,498	287,011	117,342	70,728
Attributable to:					
Equity holders of the Company		1,189,234	177,105	117,342	70,728
Minority Interests		819,264	109,906	–	–
		2,008,498	287,011	117,342	70,728
Earnings per share attributable to equity holders of the Company (sen):					
Earnings per ordinary share (sen):					
Basic	30(a)	127.3	18.9		
Diluted	30(b)	92.1	13.9		

The notes set out on pages 53 to 90 form an integral part of, and, should be read in conjunction with, these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 March 2007

Note	Attributable to Equity Holders of the Parent							
	Non-distributable				Distributable			
	Share capital	Share premium	Revaluation reserve	Redeemable unsecured loan stocks	Retained profits	Capital reserve	Minority interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 April 2005								
As previously stated	934,074	562,324	–	687,990	84,096	–	1,075,901	3,344,385
Profit for the year	–	–	–	–	177,105	–	109,906	287,011
Dividends paid	31	–	–	–	(67,253)	–	(25,636)	(92,889)
As at 31 March 2006	934,074	562,324	–	687,990	193,948	–	1,160,171	3,538,507
As at 1 April 2006								
As previously stated	934,074	562,324	–	687,990	193,948	–	1,160,171	3,538,507
Prior year adjustments								
– FRS 3	3.1	–	–	–	19,732	–	–	19,732
– FRS 140	3.3	–	–	–	751,244	–	624,681	1,375,925
Transfer		–	–	–	(751,244)	751,244	–	–
As at 1 April 2006	934,074	562,324	–	687,990	213,680	751,244	1,784,852	4,934,164
Profit for the year	–	–	–	–	1,189,234	–	819,264	2,008,498
Effects of abolishment of RPGT:								
– Deferred tax	10	–	–	5,665	–	37,863	54,172	97,700
– Investment in associate		–	–	–	–	1,650	–	1,650
Transfer		–	–	–	(996,600)	996,600	–	–
Dividends paid	31	–	–	–	(73,979)	–	(98,042)	(172,021)
As at 31 March 2007	934,074	562,324	5,665	687,990	332,335	1,787,357	2,560,246	6,869,991

The notes set out on pages 53 to 90 form an integral part of, and, should be read in conjunction with, these financial statements.

Company Statement of Changes in Equity

for the year ended 31 March 2007

	← Non-distributable →		Redeemable convertible unsecured loan stocks RM'000	Distributable retained profits RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000			
As at 1 April 2005					
As previously stated	934,074	562,324	687,990	34,704	2,219,092
Profit for the year	–	–	–	70,728	70,728
Dividends paid (Note 31)	–	–	–	(67,253)	(67,253)
As at 31 March 2006	934,074	562,324	687,990	38,179	2,222,567
As at 1 April 2006					
As previously stated	934,074	562,324	687,990	38,179	2,222,567
Profit for the year	–	–	–	117,342	117,342
Dividends paid (Note 31)	–	–	–	(73,979)	(73,979)
As at 31 March 2007	934,074	562,324	687,990	81,542	2,265,930

The notes set out on pages 53 to 90 form an integral part of, and, should be read in conjunction with, these financial statements.

Cash Flow Statements

for the year ended 31 March 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		844,302	768,332	1,297	783
Cash payments to suppliers and employees		(244,695)	(196,109)	(2,490)	(2,903)
		599,607	572,223	(1,193)	(2,120)
Interest income from fund and other investments		18,958	15,341	3,417	3,618
Taxation paid		(121,817)	(45,241)	–	–
Net cash generated from operating activities		496,748	542,323	2,224	1,498
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received		15,480	–	166,232	81,922
Purchase of property, plant and equipment		(46,445)	(28,822)	(6,920)	(411)
Net cash (used in)/generated from investing activities		(30,965)	(28,822)	159,312	81,511
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of term loans		(202,140)	(208,863)	–	–
Dividends paid to shareholders		(73,979)	(67,253)	(73,979)	(67,253)
Dividends paid to minority interest		(98,042)	(25,636)	–	–
Interest expenses paid		(188,702)	(190,716)	–	–
Advances to subsidiaries		–	–	(47,807)	(47,929)
Advances from subsidiaries		–	–	(19,142)	7,465
Advances to related companies		(26,527)	(600)	(4,363)	–
Advances from related companies		–	11,261	(27,237)	–
Net cash used in financing activities		(589,390)	(481,807)	(172,528)	(107,717)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(123,607)	31,694	(10,992)	(24,708)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		592,711	561,017	105,127	129,835
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		469,104	592,711	94,135	105,127

The notes set out on pages 53 to 90 form an integral part of, and, should be read in conjunction with, these financial statements.

Notes to the Financial Statements

31 March 2007

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 Board of Bursa Malaysia Securities Berhad. The registered office of the Company was located at Level 36, Tower 2, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur.

On 1 December 2006 the registered office of the Company changed to Level 23, 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 activity of the Company in the course of the financial year is investment holding, property investment and the provision of management services.

The principal activities of the subsidiaries and associate are stated in Note 8 and Note 9 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 23 May 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

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

At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 3.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for investment properties 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 Subsidiaries and Basis of Consolidation

(a) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Subsidiaries and Basis of Consolidation (Cont'd)

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet 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.

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 income statement.

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

2.3 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 associate is 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 balance sheet 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 income statement. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Associates (Cont'd)

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 policies are adopted for like transactions and events in similar circumstances.

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 income statements.

2.4 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.

2.5 Property, Plant and Equipment

Freehold land which has an unlimited life is stated at cost and are 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 lives 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 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 income statement accordingly. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Property, Plant and Equipment (Cont'd)

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property remeasured to fair value. Any gain or loss arising on remeasurement is recognised in the income statement.

Depreciation for property, plant and equipment other than freehold land and projects-in-progress is recognised in the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Buildings are depreciated over its useful life.

The estimated useful lives for the current year are 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 income statements and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

2.6 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 values of investment properties are recognised in the income statements in the year 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 income statements in the year in which they arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Impairment

The carrying amount of the Group's assets, other than inventories and financial assets (financial assets in this context exclude investments in subsidiaries and associates), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement. The recoverable amount is the greater of the asset's net selling price and its value in use.

2.8 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.

2.9 Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, and balances and deposits with banks.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debt based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest Rate Risk

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs. After initial recognition, interest bearing bank loans are subsequently measured at amortised cost using the effective interest method.

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 income statement as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial Instruments (Cont'd)

(v) Equity Instruments

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.

(vi) 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 stock.

2.10 Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Income tax is recognised in the income statement 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 year, using the statutory tax rate at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases 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 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 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 balance sheet date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Provision for Liabilities

Provisions are recognised when the Group 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 balance sheet date and adjusted to reflect the current best estimate.

2.12 Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.

2.13 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 balance sheet date have been translated at rates ruling on the balance sheet 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 or where forward contracts have been entered into, at the contracted rates. Gains and losses on exchange arising from translation of monetary assets and liabilities are dealt with in the income statement.

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 balance sheet date are as follows:

	2007	2006
United States Dollars	3.46	3.73

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31 March 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 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 right to receive payment is established.

(vi) Hotel operations

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

2.15 Liabilities

Borrowings, and trade and other payables are stated at cost. Private debt securities have the following features:

Upon issuance of the bonds, the difference between the net proceeds and the selling price are recognised as premiums or discounts. Premiums on the bonds are recognised as deferred income and accreted over the tenure of the bonds, using the effective yield method. Discounts on the private debt securities are amortised over the tenure of the bonds, using the effective yield method.

Discount on the Bai Al-Dayn Commercial Papers is recognised on an accrual basis.

Profit share margin cost on the Bai-Al-Dayn Serial Bonds is calculated at the relevant fixed rates and is recognised on an accrual basis.

Interest expense on the 13-year bonds is calculated at the relevant fixed rates and is recognised on an accrual basis.

Principal amounts of the private debt securities are carried as short and long term liabilities until maturity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.16 Financing Costs**

Financing costs comprise interest payable on borrowings, and profit share margin on Islamic Private Debt Securities.

All other financing costs are recognised in income statement in the period in which they are incurred.

2.17 Capital Reserve

Fair value adjustment on investment property are taken to capital reserve and such surplus will be considered distributable upon the sale of investment property.

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

On 1 April 2006, the Group and the Company adopted the following FRSs mandatory for financial periods beginning 1 January 2006:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 140	Investment Property

The Group and the Company have not chosen to early adopt the following FRSs:

FRS	Effective for financial period beginning on or after
FRS 117: Leases	1 October 2006
FRS 124: Related Party Disclosures	1 October 2006
FRS 6: Exploration for Evaluation of Mineral Resources	1 January 2007
Amendments to FRS 119 ₂₀₀₄ : Employees Benefits Actuarial Gain and Losses, Group Plans and Disclosures	1 January 2007
Amendments to FRS 121 ₂₀₀₄ : The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation	1 July 2007
FRS 139: Financial Instruments : Recognition and Measurement	Effective date deferred

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (CONT'D)

The adoption of the above revised FRSs does not result in significant change in the accounting policies of the Group except for the following:

3.1 FRS 3: Business Combinations

Prior to 1 April 2006, the excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost ("reserve on consolidation") was presented in the balance sheet without any amortisation. Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisitions, after reassessment, is now recognised immediately in the income statements.

In accordance with transitional provisions of FRS 3, the reserve on consolidation and negative goodwill as at 1 April 2006 were derecognised with a corresponding increase in retained profits.

	RM'000
Reserve on consolidation	5,554
Negative goodwill included in the carrying value of investment in an associate (Note 9)	14,178
	19,732

3.2 FRS 101: Presentation of Financial Statements

Prior to 1 April 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statements, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Prior to 1 April 2006, the Group's share of taxation of associates accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associates accounted for using the equity method are now included in the respective shares of profit or loss reported in the consolidated income statements before arriving at the Group's profit or loss before tax.

The change in presentation has been applied retrospectively and as disclosed in Note 3.5, certain comparatives have been restated.

The effects on the consolidated income statement for the year ended 31 March 2007 is set out in Note 3.4(ii). The change in presentation has no impact on the Group's and Company's financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (CONT'D)

3.3 FRS 140: Investment Property

Prior to 1 April 2006, investment properties were stated at valuation. Upon the adoption of FRS 140, investment properties are now stated at fair value and gains and losses arising from changes in fair values are recognised in the income statements in the year in which they arise.

The Group has applied FRS 140 in accordance with the transitional provisions. The change in accounting policy has had no impact on amounts reported as of 31 March 2006 or prior periods. Instead, the changes have been accounted for by restating the following opening balances of the Group as at 1 April 2006:

Group	As at 1.4.2006 RM'000
Increase in investment properties (Note 7)	1,415,696
Increase in investment in associate	31,350
Increase in retained profits and transferred to capital reserve	751,244
Increase in minority interest	624,681
Increase in deferred tax liabilities (Note 10)	71,121

The effects on the consolidated balance sheet as at 31 March 2007 are set out in Note 3.4(i).

The increase in retained profits of RM751,000 has been transferred to a capital reserve account.

3.4 Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 March 2007 is higher or lower than it would have been had the previous policies been applied in the current year:

(i) Effects on balance sheets as at 31 March 2007

Description of change	← Increase/(Decrease) →		
	FRS 3 Note 3.1 RM'000	FRS 101 Note 3.2 RM'000	FRS 140 Note 3.3 RM'000
Group			
Investment properties	–	–	3,090,696
Investment in associate	14,178	–	59,400
Cash and bank balances	–	(9,400)	–
Retained profits	19,732	–	1,787,357
Minority interest	–	–	1,354,559
Deferred tax liabilities	–	–	8,180
Reserve on consolidation	(5,554)	–	–

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRSs (CONT'D)**3.4 Summary of effects of adopting new and revised FRSs on the current year's financial statements (Cont'd)****(ii) Effects on income statements for the year ended 31 March 2007**

Description of change	Increase FRS 140 Note 3.3 RM'000
Group	
Fair value adjustment	1,675,000
Deferred tax liability	7,800
Share of profit of associate	26,400

3.5 Restatement of comparatives

Description of change	Previously stated RM'000	← Increase/(Decrease) →		Restated RM'000
		FRS 101 Note 3.2 RM'000	FRS 140 Note 3.3 RM'000	
At 31 March 2006				
Group				
Property, plant and equipment	650,489	–	144,203	794,692
Investment properties	4,988,507	–	(144,203)	4,844,304
Deposits with licensed bank	–	9,139	–	9,139
Cash and bank balances	592,711	(9,139)	–	583,572
Share of profit of associate	10,982	(2,400)	–	8,582
Profit before tax	376,378	(2,400)	–	373,978
Income tax expense	89,367	(2,400)	–	86,967

4. CHANGES IN ESTIMATES

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group had previously not depreciated the hotel property as it is the Group's practice to maintain the hotel's high standard with ongoing maintenance and in future refurbishment of the hotel. The Group has proceeded to depreciate the hotel building and related costs prospectively based on a useful life of eighty years with its fixtures, fittings and machinery being depreciated over ten and twenty five years respectively. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group for the current financial year has increased by RM12,608,000.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**5.1 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.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

5.1 Critical Judgement Made in Applying Accounting Policies (Cont'd)

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.

5.2 Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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 lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are 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 lives of property, plant and equipment are 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 lives 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. The total carrying value of recognised tax losses and capital allowances of the Group was RM44,602,000 (2006: RM46,451,000) and the unrecognised tax losses, capital allowances and investment tax allowances of the Group was RM497,049,000 (2006: RM533,570,000).

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6. PROPERTY, PLANT AND EQUIPMENT

	Land and hotel building* 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 March 2007								
Cost								
At 1 April 2006								
(restated)	768,067	6,462	74,441	10,888	25,574	1,571	16,975	903,978
Additions	6,961	25,119	7,026	1,709	5,168	462	–	46,445
Disposals	(190)	–	(19)	–	(169)	(356)	–	(734)
Write off	(3,351)	–	(232)	–	(19)	–	–	(3,602)
Reclassification	(112,249)	–	995	111,263	(9)	–	–	–
At 31 March 2007	659,238	31,581	82,211	123,860	30,545	1,677	16,975	946,087
Accumulated Depreciation								
At 1 April 2006	13,934	–	52,006	7,622	17,513	1,236	16,975	109,286
Depreciation charge for the year	12,384	–	5,842	7,730	2,986	218	–	29,160
Disposals	(2)	–	(13)	–	(169)	(356)	–	(540)
Write off	(3,351)	–	(232)	–	–	–	–	(3,583)
Reclassification	–	–	1	–	(1)	–	–	–
At 31 March 2007	22,965	–	57,604	15,352	20,329	1,098	16,975	134,323
Net Carrying Amount	636,273	31,581	24,607	108,508	10,216	579	–	811,764

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Land and hotel building* 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 (Cont'd)								
At 31 March 2006								
Cost								
At 1 April 2005								
(restated)	610,894	6,909	72,765	8,951	22,219	1,483	16,975	740,196
Additions	13,724	–	4,241	736	3,392	88	–	22,181
Write off	–	–	(2,565)	–	(37)	–	–	(2,602)
Reclassification	5,708	(6,909)	–	1,201	–	–	–	–
At 31 March 2006	630,326	–	74,441	10,888	25,574	1,571	16,975	759,775
Transfer from investment property	137,741	6,462	–	–	–	–	–	144,203
At 31 March 2006 (restated)	768,067	6,462	74,441	10,888	25,574	1,571	16,975	903,978
Accumulated Depreciation								
At 1 April 2005	8,402	–	49,740	6,692	14,999	1,007	16,947	97,787
Depreciation charge for the year	5,532	–	4,743	930	2,551	229	28	14,013
Write off	–	–	(2,477)	–	(37)	–	–	(2,514)
At 31 March 2006	13,934	–	52,006	7,622	17,513	1,236	16,975	109,286
Net Carrying Amount	754,133	6,462	22,435	3,266	8,061	335	–	794,692

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)*** Land and Hotel Building of the Group:**

	Freehold land RM'000	Hotel building RM'000	Renovations RM'000	Building improvement RM'000	Total RM'000
At 31 March 2007					
Cost					
At 1 April 2006 (restated)	223,630	505,573	1,826	37,038	768,067
Additions	–	1,402	3,421	2,138	6,961
Disposals	–	(190)	–	–	(190)
Write off	–	–	–	(3,351)	(3,351)
Reclassification	–	(112,249)	–	–	(112,249)
At 31 March 2007	223,630	394,536	5,247	35,825	659,238
Accumulated Depreciation					
At 1 April 2006	–	–	912	13,022	13,934
Depreciation charge for the year	–	5,472	533	6,379	12,384
Disposals	–	(2)	–	–	(2)
Write off	–	–	–	(3,351)	(3,351)
At 31 March 2007	–	5,470	1,445	16,050	22,965
Net Carrying Amount	223,630	389,066	3,802	19,775	636,273
At 31 March 2006					
Cost					
At 1 April 2005	85,889	501,726	1,780	21,499	610,894
Additions	–	3,847	46	9,831	13,724
Reclassification	–	–	–	5,708	5,708
At 31 March 2006	85,889	505,573	1,826	37,038	630,326
Transfer from investment property	137,741	–	–	–	137,741
At 31 March 2006 (restated)	223,630	505,573	1,826	37,038	768,067
Accumulated Depreciation					
At 1 April 2005	–	–	600	7,802	8,402
Depreciation charge for the year	–	–	312	5,220	5,532
At 31 March 2006	–	–	912	13,022	13,934
Net Carrying Amount	223,630	505,573	914	24,016	754,133

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Renovation RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Company					
At 31 March 2007					
Cost					
At 1 April 2006	–	–	–	766	766
Additions	3,377	2,789	4	750	6,920
At 31 March 2007	3,377	2,789	4	1,516	7,686
Accumulated Depreciation					
At 1 April 2006	–	–	–	153	153
Additions	225	85	1	209	520
At 31 March 2007	225	85	1	362	673
Net Carrying Amount	3,152	2,704	3	1,154	7,013
At 31 March 2006					
Cost or Valuation					
At 1 April 2005	–	–	–	355	355
Additions	–	–	–	411	411
At 31 March 2006	–	–	–	766	766
Accumulated Depreciation					
At 1 April 2005	–	–	–	25	25
Additions	–	–	–	128	128
At 31 March 2006	–	–	–	153	153
Net Carrying Amount	–	–	–	613	613

- (a) During the year, independent professional valuers had valued the hotel property of the Group at RM900,000,000 on an open market basis.
- (b) Property, plant and equipment of a subsidiary costing RM603,900,000 (2006: RM613,900,000) have been pledged as securities for loans facilities as set out in Note 16 to the financial statements.

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7. INVESTMENT PROPERTIES

	2007 RM'000	2006 RM'000
As at 1 April		
As previously stated	4,988,507	4,988,507
Effect of FRS 140 (Note 3.3)		
Transfer to property, plant and equipment (Note 3.5)	(144,203)	(144,203)
As at 1 April 2006 (Restated)	4,844,304	4,844,304
Fair value adjustments		
Adjusted on opening retained profit (Note 3.3)	1,415,696	–
Transfer to income statement	1,675,000	–
At 31 March	7,935,000	4,844,304

Investment properties of certain subsidiaries costing RM3,094,300,000 (2006: RM1,324,600,000) have been pledged as securities for loan facilities as set out in Note 16 to the financial statements.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2007 RM'000	2006 RM'000
Unquoted shares at cost	1,558,088	1,558,088

The details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of Subsidiaries	Effective Interest		Principal Activities
	2007 %	2006 %	
Suria KLCC Sdn Bhd ("SKSB")	60	60	Ownership and management of a shopping centre
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

NOTES TO THE FINANCIAL STATEMENTS

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9. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
As at 1 April 2006				
Unquoted shares at cost (as previously stated)	99,195	99,195	99,195	99,195
Effects of adopting FRS 3 (Note 3.1)	14,178	–	–	–
As at 1 April 2006				
As restated	113,373	99,195	99,195	99,195
Share of post-acquisition reserves	67,846	15,860	–	–
	181,219	115,055	99,195	99,195

Details of the associate are as follows:

Name of Associate	Country of Incorporation	Principal Activity	Effective Ownership	
			2007 %	2006 %
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:

	2007 RM'000	2006 RM'000
Assets and liabilities		
Current assets	24,841	66,775
Non-current assets	550,000	470,000
Total assets	574,841	536,775
Current liabilities	(22,926)	(27,444)
Non-current liabilities	(97,766)	(112,733)
Total liabilities	(120,692)	(140,177)
Results		
Revenue	39,408	39,411
Profit for the year	104,442	26,006

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

10. DEFERRED TAX

	2007 RM'000	2006 RM'000
At 1 April	17,221	1,268
Effects of adopting FRS 140 (Note 3.3)	71,121	–
Effects of abolishment of RPGT	(97,700)	–
Recognised in income statement	(1,497)	15,953
At 31 March	(10,855)	17,221

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:

	2007 RM'000	2006 RM'000
Deferred tax assets		
Deferred tax assets	(52,099)	(56,629)
Deferred tax liabilities	32,494	40,502
	(19,605)	(16,127)
Deferred tax liabilities		
Deferred tax assets	(488)	(2,204)
Deferred tax liabilities	9,238	35,552
	8,750	33,348

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

Deferred Tax Liabilities of the Group:

	Property, plant and equipment RM'000	Investment properties RM'000	Total RM'000
At 1 April 2006	40,041	36,013	76,054
Effects of adopting FRS 140 (Note 3.3)	–	71,121	71,121
Effects of abolishment of RPGT	–	(97,700)	(97,700)
Recognised in income statement	1,313	(9,057)	(7,744)
At 31 March 2007	41,354	377	41,731
At 1 April 2005	8,598	36,013	44,611
Recognised in the income statement	31,443	–	31,443
At 31 March 2006	40,041	36,013	76,054

10. DEFERRED TAX (CONT'D)**Deferred Tax Assets of the Group:**

	Unused tax losses and unabsorbed capital allowances RM'000	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 April 2006	(46,451)	(11,600)	(782)	(58,833)
Recognised in income statement	1,849	4,441	(43)	6,247
At 31 March 2007	(44,602)	(7,159)	(825)	(52,586)
At 1 April 2005	(14,090)	(29,253)	–	(43,343)
Recognised in the income statement	(32,361)	17,653	(782)	(15,490)
At 31 March 2006	(46,451)	(11,600)	(782)	(58,833)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2007 RM'000	2006 RM'000
Unused tax losses	15,849	37,378
Unabsorbed investment tax allowances	229,105	229,105
Other deductible temporary differences	252,095	267,087
	497,049	533,570

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.

11. AMOUNT DUE FROM SUBSIDIARIES

The amount due from subsidiaries is unsecured, interest-free and has no fixed terms of repayment but is not expected to be repaid within the next twelve months.

12. INVENTORIES

The inventories comprise general merchandise and operating supplies, and are stated at cost. The inventories are pledged as securities for loan facilities as set out in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade receivables				
Third parties	17,298	31,829	–	–
Less: Provision for doubtful debts	(352)	(164)	–	–
Trade receivables, net	16,946	31,665	–	–
Other receivables				
Other receivables, deposits and prepayments	11,694	14,233	253	133
Dividend receivable	–	–	–	40,269
Tax recoverable	8,620	–	8,350	5,266
Amount due from related parties:				
Subsidiaries	–	–	58,364	36,769
Ultimate holding company	2,778	2,080	–	–
Related companies	12,949	10,494	10,759	6,396
	36,041	26,807	77,726	88,833
	52,987	58,472	77,726	88,833

- (a) The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers. Included in trade receivables of the Group, is an amount due from Perbadanan Putrajaya ("PPJ") of RM6,712,000 (2006: RM20,376,000). Except for the amount due from PPJ, the Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to a group of debtors.
- (b) Included in trade and other receivables of the Group are receivables amounting to RM9,331,000 (2006: RM9,607,000) which have been pledged as securities for the term loan as set out in Note 16 to the financial statements.
- (c) The amounts due from related companies arose in the normal course of business and are unsecured, interest-free and have no fixed terms of repayment.

Further details on related party transactions are disclosed in Note 33.

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non Current Asset				
Deposits with licensed bank	9,400	9,139	–	–
Current Asset				
Cash and bank balances	16,884	17,748	65	1,301
Deposits with:				
Licensed bank	207,549	291,419	11,537	45,876
Other financial institutions	235,271	274,405	82,533	57,950
	459,704	583,572	94,135	105,127
	469,104	592,711	94,135	105,127

Other financial institutions are licensed discount houses in Malaysia.

Included in the cash and bank balances are monies held on behalf of clients of RM1,754,000 (2006: RM858,000).

Monies held on behalf of clients relate to restricted monies held in designated accounts, which represents cash calls less payments in the course of rendering building and facility management services on behalf of clients.

Deposits with licensed banks and other financial institutions of the Group amounting to RM196,489,000 (2006: RM254,682,000) and RM5,284,000 (2006: RM26,944,000) respectively are pledged for credit facilities granted to the Group as set out in Notes 25 and 26 to the financial statements.

The weighted average interest rates of deposits at the balance sheet date are as follows:

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Licensed banks	3.5	3.0	3.5	3.2
Other financial institutions	3.5	3.1	3.5	3.1

The weighted maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2007 Days	2006 Days	2007 Days	2006 Days
Licensed banks	68	82	86	61
Other financial institutions	56	64	42	37

Other information on financial risks of cash and cash equivalents are disclosed in Note 34.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade payables				
Third parties	9,107	10,790	–	–
Other payables	53,552	61,064	2,407	1,889
Amount due to related parties:				
Subsidiary	–	–	171,894	181,135
Ultimate holding company	1,095	811	–	–
Other related companies	31,330	54,988	19,270	46,509
Accrued interest and profit sharing margin cost on Private debt securities	43,682	45,322	–	–
	138,766	172,975	193,571	229,533

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one month to three months.

(b) Amount due to ultimate holding company and other related companies

The amounts due to the ultimate holding company and other related companies arose in the normal course of business and are unsecured, interest-free and have no fixed terms of repayment.

(c) 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 balance sheet date was 5.50% (2006: 5.50%). The amount due is unsecured and has no fixed terms of repayment.

Further details on related party transactions are disclosed in Note 33.

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

16. BORROWINGS

	Note	Group	
		2007 RM'000	2006 RM'000
Short term borrowings			
Secured:			
Private debt securities	17	137,349	131,125
Term loans		27,500	72,539
		164,849	203,664

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

16. BORROWINGS (CONT'D)

	Note	Group	
		2007 RM'000	2006 RM'000
Long term borrowings			
Secured:			
Private debt securities	17	1,299,457	1,436,805
Term loans		788,118	815,618
		2,087,575	2,252,423
Total borrowings			
Secured:			
Private debt securities	17	1,436,806	1,567,930
Term loans		815,618	888,157
		2,252,424	2,456,087

Terms and debt repayment schedule

Group	Total RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	Over 5 years RM'000
Secured					
Private debt securities	1,434,000	136,000	145,000	533,000	600,000
Premium	2,806	1,349	885	572	–
	1,436,806	137,349	145,885	533,572	600,000
Term loans	815,618	27,500	39,500	201,625	546,993
	2,252,424	164,849	185,385	735,197	1,146,993

The weighted average effective interest rates at the balance sheet date for the term loan is 6.81% (2006: 7.39%).

The term loans are secured by the following:

- First, second and third fixed and floating charge over the investment properties of certain subsidiaries as disclosed in Note 7.
- First, second and third fixed and floating charge over both present and future assets and undertakings of certain subsidiaries as disclosed in Notes 6, 7 and 12.
- Assignment of rental and insurance proceeds from investment properties of certain subsidiaries as disclosed in Note 13.

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

NOTES TO THE FINANCIAL STATEMENTS

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17. PRIVATE DEBT SECURITIES

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

	Principal Amounts	
	2007 RM'000	2006 RM'000
Secured:		
Islamic Private Debt Securities:		
Bai Al-Dayn Commercial Papers	–	129,601
Bai Al-Dayn Serial Bonds – 8 years	136,000	136,000
Bai Al-Dayn Serial Bonds – 9 years	145,000	145,000
Bai Al-Dayn Serial Bonds – 10 years	166,000	166,000
Bai Al-Dayn Serial Bonds – 11 years	188,000	188,000
Bai Al-Dayn Serial Bonds – 12 years	199,000	199,000
Conventional Private Debt Securities:		
13-year Bonds	600,000	600,000
	1,434,000	1,563,601
Premium on Private Debt Securities	2,806	4,329
	1,436,806	1,567,930
Premium on Private Debt Securities:		
Premium	14,045	7,123
Amortisation of premium	(11,239)	(2,794)
	2,806	4,329
Total Islamic Debt Facility	1,436,806	1,567,930
Due within 1 year	(137,349)	(131,125)
Due more than 1 year	1,299,457	1,436,805

The PDS are primarily secured against deposits with licensed banks and other financial institutions as disclosed in Note 14 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 coupons beyond the expiry of the Agreement and the nominal value of the 13-year bonds. The latter is secured by a put option by PETRONAS.

(a) Bai Al-Dayn Commercial Papers

The Bai Al-Dayn Commercial Papers Facility is repayable annually on a reducing balance basis over the Facility period, commencing on the first anniversary of the first date of drawdown in November 1999. The final amount repaid in November 2006 amounted to RM129,601,000. Profit rates for the current financial year ranges between 2.79% to 3.04% (2006: 2.79% to 3.29%) per annum.

(b) Bai Al-Dayn Serial Bonds

The Bai Al-Dayn Serial Bonds have tenures ranging from 8 to 12 years. The profit is repayable in equal semi-annual instalments over the life of the bonds. The facilities bear a yield of between 7.40% to 8.27% (2006: 7.40% to 8.27%) per annum.

17. PRIVATE DEBT SECURITIES (CONT'D)**(c) 13-year Bonds**

The 13-year Bonds were issued at par, bear a fixed interest of 8.45 % (2006: 8.45%) per annum and interest is repayable in equal semi-annual instalments over the life of the bonds.

(d) Premium on the PDS

	2007 RM'000	2006 RM'000
Premium	2,806	4,329
Current	(1,349)	(1,524)
Non-current	1,457	2,805

18. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2007 '000	2006 '000	2007 RM'000	2006 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

19. 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 ended 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.

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19. REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (CONT'D)

- (d) All outstanding RCULS will be mandatorily converted into new ordinary shares of RM1 each after 10 years from the issue date if not redeemed. The holder of the RCULS, KLCCCH, 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.

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

	Note	2007 RM'000	2006 RM'000
Liability component	(i)	34,240	31,127
Equity component		687,990	687,990
		722,230	719,117
<hr/>			
(i) Liability component			
Liability component at the date of issue		31,127	28,297
Interest expense recognised during the year (Note 26)		3,113	2,830
		34,240	31,127

20. RETAINED PROFITS

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends out of its entire retained profits as at 31 March 2007.

21. MINORITY SHAREHOLDERS' INTEREST

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

22. OTHER LONG TERM LIABILITIES

	Group	
	2007 RM'000	2006 RM'000
Advances from a corporate shareholder	111,515	111,515
Long term rental deposits	43,919	41,340
	155,434	152,855

The advances from a corporate shareholder are unsecured, interest-free and have no fixed terms of repayment but are not expected to be repaid within the next twelve months.

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23. REVENUE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Rental income from investment properties	532,076	503,725	–	–
Buildings and facilities management fees	57,233	72,113	–	–
Hotel operations	160,503	145,699	–	–
Car park operations	30,934	26,717	–	–
Dividend income from subsidiaries	–	–	174,949	90,180
Dividend income from associates	–	–	–	21,500
	780,746	748,254	174,949	111,680

24. OPERATING PROFIT

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue (Note 23)	780,746	748,254	174,949	111,680
Cost of revenue:				
– Cost of services	(101,167)	(106,343)	–	–
Gross profit	679,579	641,911	174,949	111,680
Selling and distribution expenses	(5,385)	(4,952)	–	–
Administration expenses	(127,329)	(106,180)	(3,525)	(3,310)
Other operating income	10,871	8,411	1,313	754
Operating profit	557,736	539,190	172,737	109,124

The following amounts have been included in arriving at profit before tax:

Employee benefits expense (Note 27)	58,199	58,334	7,092	6,620
Directors' remuneration (Note 28)	237	214	237	214
Auditors' remuneration				
– Audit fees	269	221	80	60
– Others	250	162	129	58
Depreciation of property, plant and equipment (Note 6)	29,160	14,013	520	128
Property, plant and equipment written off (Note 6)	19	88	–	–
Rental of land and buildings	1,708	2,146	1,220	1,386
Provision for doubtful debts	188	161	–	–
Gain on realised foreign exchange	(35)	(121)	–	–
Rental income	(2,085)	(1,934)	–	–

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25. INTEREST INCOME

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest income	18,583	16,558	3,520	3,560

26. FINANCING COSTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest expense on:				
Term loans	66,686	65,858	–	–
Profit share margin cost on securities	69,717	72,488	–	–
13-year bonds	50,700	50,700	–	–
RCULS (Note 19)	3,113	2,830	3,113	2,830
	190,216	191,876	3,113	2,830
Interest on amount due to a subsidiary	–	–	9,900	9,900
Premium on private debt securities accreted	(1,523)	(1,524)	–	–
	188,693	190,352	13,013	12,730

27. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Wages and salaries	35,199	39,157	4,868	4,227
Social security costs	524	524	31	28
Contributions to defined contribution plan	4,701	4,902	823	732
Other staff related expenses	17,775	13,751	1,370	1,633
	58,199	58,334	7,092	6,620

28. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Directors of the Company				
Executive	–	–	–	–
Non-Executive:				
Fees	237	214	237	214
	237	214	237	214
Analysis excluding benefits-in-kind:				
Total non-executive directors' remuneration	237	214	237	214

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

28. DIRECTORS' REMUNERATION (CONT'D)

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

	Number of Directors	
	2007	2006
Executive director		
RMNil	1	1
Non-executive directors		
RMNil – RM50,000	5	4
RM50,001 – RM100,000	1	1

29. TAX EXPENSE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current income tax:				
Malaysian income tax	92,290	76,554	45,902	29,186
Overprovision of tax in prior year	(2,199)	(5,540)	–	40
	90,091	71,014	45,902	29,226
Deferred tax (Note 10)				
Relating to origination and reversal of temporary differences	14,888	21,652	–	–
Relating to reduction in Malaysian income tax rate	(8,262)	–	–	–
Overprovision in prior years	(8,123)	(5,699)	–	–
	(1,497)	15,953	–	–
Total tax expense	88,594	86,967	45,902	29,226

Domestic current income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008. The computation of deferred tax as at 31 March 2007 has reflected these changes.

With effect from Year of Assessment 2003, the corporate tax rate for companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for the Year of Assessment are as below:

Chargeable Income	Rate
First RM500,000	20%
Amount exceeding RM500,000	27%

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

29. TAX EXPENSE (CONT'D)

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:

Group

	2007 RM'000	2006 RM'000
Profit before taxation	2,097,092	373,978
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	566,215	104,714
Tax incentive obtained from differential tax rate of 20%	(105)	(120)
Effect of changes in tax rates on opening balance of deferred tax	(8,509)	–
Deferred tax recognised at different tax rates	247	–
Expenses not deductible for tax purposes	6,434	4,305
Income not subject to tax	(455,505)	(1,728)
Effect of previously unrecognised investment tax allowances	(9,861)	(8,949)
Effect of previously unrecognised other deductible temporary differences	–	(16)
Overprovision of deferred tax in prior year	(8,123)	(5,699)
Overprovision of taxation in prior year	(2,199)	(5,540)
Tax expense	88,594	86,967

Company

Profit before taxation	163,244	99,954
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	44,076	27,987
Expenses not deductible for tax purposes	1,826	1,199
Underprovision of taxation in prior year	–	40
Tax expense	45,902	29,226

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

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

	2007	2006
Profit attributable to ordinary equity holders of the Company (RM'000)	1,189,234	177,105
Weighted average number of ordinary shares in issue ('000)	934,074	934,074
Basic earnings per share (sen)	127.3	18.9

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

30. EARNINGS PER SHARE (CONT'D)**(b) Diluted**

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

	2007 RM'000	2006 RM'000
Profit attributable to ordinary equity holders of the Company	1,189,234	177,105
After-tax effect of interest on RCULS	3,112	2,830
Profit attributable to ordinary equity holders of the Company including assumed conversion	1,192,346	179,935
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)	92.1	13.9

31. DIVIDENDS

	Dividends Recognised in Year		Net Dividends per Ordinary Share	
	2007 RM'000	2006 RM'000	2007 Sen	2006 Sen
Recognised during the year:				
Final dividend of 5%(2005: 5%) less 28% taxation on 934,074,279 ordinary shares for financial year ended 31 March 2006 (2006: 31 March 2005)	33,627	33,627	3.6	3.6
Interim dividend of 6% (2006: 5%) less 28% taxation on 934,074,279 ordinary shares for financial year ended 31 March 2007 (2006: 31 March 2006)	40,352	33,627	4.3	3.6
	73,979	67,254	7.9	7.2

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 March 2007, of 6% (2006: 5%) less 27% (2006: 28%) taxation on 934,074,279 (2006: 934,074,279) ordinary shares, amounting to a dividend payable of RM40.91 million (4.38 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of profits in the financial year ending 31 March 2008.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

32. CAPITAL COMMITMENTS

	Group	
	2007 RM'000	2006 RM'000
Property, plant and equipment		
Approved and contracted for	69,063	48,630
Approved but not contracted for	28,197	21,927
	97,260	70,557

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

- (i) PETRONAS, the holding and ultimate holding company, and its subsidiaries.
- (ii) Subsidiaries of the Company as disclosed in Note 8.

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Ultimate Holding Company:				
Rental income	306,106	292,543	–	–
Rental expense	–	1,934	1,220	1,386
Facility management and manpower fees receivable	16,357	10,620	–	–
Reimbursement of security costs	613	677	–	–
Car park management fee receivable	4,063	3,119	–	–
Subsidiaries:				
Management fee receivable	–	–	36	36
Legal and tenancy fees receivable	–	–	164	175
Interest expense payable	–	–	9,900	9,900
Reimbursement of security costs payable	–	–	21	47
Reimbursement of manpower costs	–	–	860	–
Other Related Companies:				
Interest expense payable	3,113	2,830	3,113	2,830
Lease rental receivable	13,133	12,040	–	–
Management fee receivable	1,213	225	36	36
Reimbursement of security costs receivable	542	–	–	–
Rental of carpark space receivable	2,653	1,872	–	–

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on a commercial basis.

Information regarding outstanding balances arising from related party transactions as at 31 March 2007 are disclosed in Note 13 and Note 15.

34. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

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.

(b) Interest Rate Risk

Cash flow 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 by maintaining a mix of fixed and floating rate borrowings.

(c) Foreign Currency Risk

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

(d) Liquidity Risk

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.

(e) Credit Risk

Credit risk is the potential exposure of the Group and the Company to losses in the event of non-performance by counterparties. The credit risk arising from the Group and the Company's normal operation is controlled by individual operating units within the Group's Risk Management Framework and Guideline.

The Group and the Company minimise credit risk by entering into contracts with highly credit rated counterparties and through credit approval, financial limits and monitoring procedures. Counterparty credit evaluation is done systematically using quantitative and qualitative criteria's on credit risks as specified by individual operating units.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

34. FINANCIAL INSTRUMENTS (CONT'D)**(f) Fair Values****Recognised Financial 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.

The aggregate fair values of the other financial assets and liabilities carried on the balance sheet as at 31 March 2007 are represented in the following table:

	Carrying amount		Fair value	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Group				
Financial liabilities				
Term loans	815,618	888,157	819,280	885,629
Private debt securities	1,434,000	1,563,601	1,680,443	1,805,418

35. 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.

(b) Business Segments

The Group comprises the following main business segments:

- Property investment and hotel operations – Rental of investment properties and hotel rooms, the sale of food and beverages and other related activities.
- Management services – Facilities management and car park operations.
- Investment holding – Investment in subsidiaries, associate and other long term investments.

(c) 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.

35. SEGMENT INFORMATION (CONT'D)**Business Segments**

31 March 2007

	Property investment and hotel operations RM'000	Management services RM'000	Investment holding RM'000	Elimination/ Adjustment RM'000	Consolidated RM'000
Revenue					
Revenue from external customers	727,270	53,476	–	–	780,746
Inter-segment revenue	395	3,034	174,949	(178,378)	–
Total revenue	727,665	56,510	174,949	(178,378)	780,746
Results					
Operating profit	546,905	13,308	172,738	(175,215)	557,736
Financing costs					(188,693)
Interest Income					18,583
Fair value adjustment on investment properties					1,675,000
Share of profit of associate					34,466
Tax expense					(88,594)
Profit after tax but before minority interests					2,008,498
Segment assets	8,844,568	87,219	2,394,545	(2,037,555)	9,288,777
Investment in associate	–	–	99,195	82,024	181,219
Total assets					9,469,996
Total liabilities	3,185,082	70,015	227,810	(882,902)	2,600,005
Capital expenditure	38,933	592	6,920	–	46,445
Depreciation	26,753	1,859	519	–	29,131
Non-cash expenses other than depreciation	17	335	–	–	352

NOTES TO THE FINANCIAL STATEMENTS

31 March 2007

35. SEGMENT INFORMATION (CONT'D)**Business Segments (Cont'd)**

31 March 2006

	Property investment and hotel operations RM'000	Management services RM'000	Investment holding RM'000	Elimination/ Adjustment RM'000	Consolidated RM'000
Revenue					
Revenue from external customers	681,413	66,841	–	–	748,254
Inter-segment revenue	–	2,440	111,680	(114,120)	–
Total revenue	681,413	69,281	111,680	(114,120)	748,254
Results					
Operating profit	523,635	18,618	109,124	(112,187)	539,190
Financing costs					(190,352)
Interest income					16,558
Share of profit of associate					8,582
Tax expense					(86,967)
Profit after tax but before minority interests					287,011
Segment assets	5,890,782	75,784	2,384,082	(2,044,006)	6,306,642
Investment in associate	–	–	99,195	15,860	115,055
Total assets					6,421,697
Total liabilities	3,411,666	66,256	260,661	(860,947)	2,877,636
Capital expenditure	26,479	1,183	411	–	28,073
Depreciation	11,992	1,893	128	–	14,013
Non-cash expenses other than depreciation	–	161	–	–	161

Analysis of Shareholdings

as at 17 May 2007

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	: 5,153
Voting Rights	: One vote for every share

Size of Shareholdings	No. of Shares Held	(%)	No. of Shareholders	(%)
Less than 100	766	0.00	44	0.85
100 to 1,000	1,763,500	0.19	2,059	39.96
1,001 to 10,000	10,292,840	1.10	2,414	46.85
10,001 to 100,000	13,236,200	1.42	353	6.85
100,001 to less than 5% of issued shares	432,400,973	46.29	280	5.43
5% and above of issued shares	476,380,000	51.00	3	0.06
Total	934,074,279	100.00	5,153	100.00

DIRECTORS' SHAREHOLDINGS IN THE COMPANY AND RELATED COMPANIES

Name	No. of Shares in the Company	(%)
Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	50,000	0.005
Datuk Ishak Bin Imam Abas	50,000	0.005
Dato' Leong Ah Hin @ Leong Swee Kong	50,000	0.005
Augustus Ralph Marshall	50,000	0.005
Manharlal A/L Ratilal	5,000	0.000

Name	No. of Shares in PETRONAS Dagangan Berhad	(%)
Datuk Ishak Bin Imam Abas	10,000	0.000

Name	No. of Shares in PETRONAS Gas Berhad	(%)
Datuk Nasarudin Bin Md Idris	3,000	0.000

Name	No. of Shares in MISC Berhad	(%)
Dato' Leong Ah Hin @ Leong Swee Kong	2,000	0.000

ANALYSIS OF SHAREHOLDINGS

as at 17 May 2007

SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct No. of Shares Held	(%)	Indirect No. of Shares Held	(%)
1.	KLCC (Holdings) Sdn Bhd	296,380,000	31.73	–	–
2.	Petroleum Nasional Berhad (PETRONAS)	180,000,000	19.27	311,196,979 *	33.32*
3.	Employees Provident Fund Board	47,786,000	5.116	–	–

Notes:

* (i) Deemed interest in 14,816,979 shares of Petronas Retirement Benefit Scheme held through Cartaban Nominees (Tempatan) Sdn Bhd pursuant to Section 6A, Companies Act 1965.

(ii) 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.

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	(%)
1.	KLCC (Holdings) Sdn Bhd	189,276,674	20.26
2.	Cartaban Nominees (Tempatan) Sdn Bhd (for Petroleum Nasional Berhad (Strategic Inv))	180,000,000	19.27
3.	KLCC (Holdings) Sdn Bhd	107,103,326	11.47
4.	Employees Provident Fund Board	40,796,500	4.37
5.	Valuecap Sdn Bhd	21,570,000	2.31
6.	HSBC Nominees (Asing) Sdn Bhd (for Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.))	20,214,600	2.16
7.	HSBC Nominees (Asing) Sdn Bhd (for Exempt AN for Morgan Stanley & Co. Incorporated)	17,023,107	1.82
8.	HSBC Nominees (Asing) Sdn Bhd (for Exempt AN for JPMorgan Chase Bank, National Association (Denmark))	14,947,000	1.60
9.	Cartaban Nominees (Tempatan) Sdn Bhd (for Petronas for Petronas Retirement Benefit Scheme)	14,816,979	1.59
10.	Cartaban Nominees (Asing) Sdn Bhd (for State Street Luxembourg Fund AA22 for Allianz Global Investors Selections RCM Little Dragons Fund)	14,000,000	1.50
11.	Kumpulan Wang Persaraan (Diperbadankan)	13,000,000	1.39
12.	Cartaban Nominees (Asing) Sdn Bhd (for Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C))	12,345,200	1.32
13.	HSBC Nominees (Asing) Sdn Bhd (for Exempt AN for Morgan Stanley & Co. International Plc)	10,601,400	1.13
14.	Mayban Nominees (Asing) Sdn Bhd (for HSBC-Fund Services for HSBC Pooled Asian Equity Fund (066-010018-476))	9,412,900	1.01

ANALYSIS OF SHAREHOLDINGS

as at 17 May 2007

No.	Name	No. of Shares	(%)
15.	Cartaban Nominees (Asing) Sdn Bhd <i>(for RBC Dexia Investor Services Bank for Robeco Emerging Markets Equities (EUR-RCGF))</i>	8,000,000	0.86
16.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>(for Exempt AN for ABN Amro Copenhagen)</i>	7,990,000	0.86
17.	Citigroup Nominees (Asing) Sdn Bhd <i>(for CBHK for Kuwait Investment Authority (Fund 202))</i>	7,569,900	0.81
18.	Cartaban Nominees (Asing) Sdn Bhd <i>(for Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H))</i>	6,157,100	0.66
19.	Pertubuhan Keselamatan Sosial	6,156,700	0.66
20.	Cartaban Nominees (Asing) Sdn Bhd <i>(for Investors Bank and Trust Company for iShares, Inc.)</i>	5,598,200	0.60
21.	Citigroup Nominees (Asing) Sdn Bhd <i>(for CBNY for DFA Emerging Markets Fund)</i>	5,492,000	0.59
22.	HSBC Nominees (Asing) Sdn Bhd <i>(for BNY Brussels for Wells Fargo Advantage Asia Pacific Fund)</i>	5,491,000	0.59
23.	Citigroup Nominees (Asing) Sdn Bhd <i>(for Exempt AN for Merrill Lynch International (Prime Broker))</i>	4,922,200	0.53
24.	Citigroup Nominees (Tempatan) Sdn Bhd <i>(for Exempt AN for Prudential Assurance Malaysia Berhad)</i>	4,898,800	0.52
25.	Cartaban Nominees (Asing) Sdn Bhd <i>(for State Street Luxembourg Fund AA30 for Allianz Global Investors Selections RCM Malaysia Fund)</i>	4,580,200	0.49
26.	HSBC Nominees (Asing) Sdn Bhd <i>(for Exempt AN for HSBC Investments Holdings (Bahamas) Limited (Client Account))</i>	4,130,900	0.44
27.	Citigroup Nominees (Asing) Sdn Bhd <i>(for CB LDN for Eagle Star Life Assurance Company of Ireland Limited)</i>	4,111,000	0.44
28.	HSBC Nominees (Asing) Sdn Bhd <i>(for BBH (Lux) SCA for Fidelity Funds South East Asia)</i>	4,000,000	0.43
29.	HSBC Nominees (Asing) Sdn Bhd <i>(for HSBC-FS I for Asian Newly Industrialised Fund)</i>	3,770,000	0.40
30.	HSBC Nominees (Asing) Sdn Bhd <i>(for Exempt AN for JYSKE Bank A/S (Clients Account))</i>	3,720,000	0.40

List of Properties

as at 31 March 2007

Registered Owner	Address	Date of Revaluation (Tenure)	Description / Existing use	Land area (sq m)	Built-up area (sq m)	Age of building	Audited net book value as at 31.03.2007 (RM '000)
Midciti Resources Sdn Bhd	Grant 43697 Lot 169, Seksyen 58, Town of Kuala Lumpur	31.01.2007 (Freehold)	Two 88-storey office towers (PETRONAS Twin Towers) / Office building	21,740	510,901	10 years	4,800,000*
Suria KLCC Sdn Bhd	Grant 43698 Lot 170, Seksyen 58, Town of Kuala Lumpur	31.01.2007 (Freehold)	A 6 storey retail centre (Suria KLCC) / Shopping Centre	28,160	143,564	9 years	2,500,000*
Asas Klasik Sdn Bhd	Grant 43700 Lot 172, Seksyen 58, Town of Kuala Lumpur	31.01.2007 (Freehold)	An international class hotel comprising hotel rooms and service apartments (Mandarin Oriental Kuala Lumpur) / Hotel	8,094	92,782.8	9 years	578,637
Impian Klasik Sdn Bhd	Grant 43696 Lot 168, Seksyen 58, Town of Kuala Lumpur	09.03.2007 (Freehold)	A 49 storey purpose built office building with a lower ground concourse level (Menara Maxis) / Office building	4,329	74,874	9 years	550,000*
Arena Johan Sdn Bhd	Grant 43685 Lot 157, Seksyen 58, Town of Kuala Lumpur	31.01.2007 (Freehold)	A 29 storey office building with three basement levels (Menara ExxonMobil) / Office building	3,999	74,312.7	11 years	325,000*

LIST OF PROPERTIES

as at 31 March 2007

Registered Owner	Address	Date of Revaluation (Tenure)	Description / Existing use	Land area (sq m)	Built-up area (sq m)	Age of building	Audited net book value as at 31.03.2007 (RM '000)
Kompleks Dayabumi Sdn Bhd	Lot 38, Lot 39 and PT 45, all within Seksyen 70, Town of Kuala Lumpur held under title no. PN 2395, PN 4073 and HSD 49279	31.01.2007 (Leasehold of 99 years expiring on 27.01.2079)	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	25 years	310,000*
	PN 32233, Lot 51, Seksyen 70, Town of Kuala Lumpur	31.01.2007 (Leasehold of 98 years expiring on 21.01.2079)					
Arena Merdu Sdn Bhd	Grant 43699 Lot 171, Seksyen 58, Town of Kuala Lumpur	27.03.2007 (Freehold)	A parcel of commercial land with the benefit of development order for a 59-storey office tower cum shopping podium and basement car park	4,302	-	-	111,136
Impian Cemerlang Sdn Bhd	Grant 43701, Lot 173, Seksyen 58, Town of Kuala Lumpur	27.03.2007 (Freehold)	Vacant Land	5,726	-	-	67,621

* Investment Properties stated at fair value.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of the Company will be held at the Diamond Ballroom, Ground Floor, Mandarin Oriental, Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia on Wednesday, 18 July 2007 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 March 2007 and the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To declare a final dividend of 6% less 27.0% income tax, for the financial year ended 31 March 2007 as recommended by the Directors. **Resolution 2**
3. To re-elect the following Directors who retire pursuant to the Company's Articles of Association:
 - i. Datuk Ishak Bin Imam Abas **Resolution 3**
 - ii. Manharlal a/l Ratilal **Resolution 4**
 - iii. Dato' Halipah Binti Esa **Resolution 5**
 - iv. Datuk Nasarudin Bin Md Idris **Resolution 6**
4. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:

"That Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 7**
5. To approve the payment of Directors' fees in respect of the financial year ended 31 March 2007. **Resolution 8**
6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix the Auditors' remuneration. **Resolution 9**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modification, the following Special Resolution:

7. Proposed Amendment To The Articles Of Association Of The Company

"THAT the alteration, modification, additions and/or deletions to the Articles of Association of the Company as set out in Appendix I of the Annual Report be and are hereby approved." **Special Resolution 1**
8. To transact any other business for which due notice has been given.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining who shall be entitled to attend this Fourth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 58(1) and 58(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 10 July 2007 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of Members at the Fourth Annual General Meeting of the Company to be held on 18 July 2007, a final dividend of 6% less 27.0% income tax, for the financial year ended 31 March 2007 will be paid on 17 August 2007 to Depositors whose names appear in the Record of Depositors on 19 July 2007.

A Depositor shall qualify for entitlement only in respect of:

- (a) Securities transferred into the Depositor's securities account before 4:00 p.m. on 19 July 2007 in respect of ordinary transfers; and
- (b) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Mohd Yusof Bin Johor Ali (LS0009194)

Yeap Kok Leong (MAICSA 0862549)

Company Secretaries

Kuala Lumpur

26 June 2007

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, 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.
2. Where a member of the Company is an authorised nominee, it may appoint at least one proxy 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 appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. 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.
5. The form of proxy must be deposited at the office of the Share Registrar, Tenaga Koperat Sdn Bhd, 20th Floor, Plaza Permata, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
6. **Explanatory Notes on Special Business:**
The proposed Special Resolution on amendment to the Company's Articles of Association is in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad and the prevailing laws.

Statement Accompanying Notice of Annual General Meeting

1. DIRECTORS WHO ARE SEEKING RE-ELECTION OR RE-APPOINTMENT AT THE FOURTH ANNUAL GENERAL MEETING OF THE COMPANY

The Directors retiring by rotation pursuant to Article 83 of the Articles of Association of the Company and are seeking re-election are as follows:-

- Datuk Ishak Bin Imam Abas **Resolution 3**
- Manharlal a/l Ratilal **Resolution 4**

The Directors eligible for re-election pursuant to Article 89 of the Articles of Association of the Company and are seeking re-election are as follows:-

- Dato' Halipah Binti Esa **Resolution 5**
- Datuk Nasarudin Bin Md Idris **Resolution 6**

One Director who is over the age of seventy years is seeking re-appointment as follows:-

- Section 129 of the Companies Act, 1965
 - Tunku Tan Sri Dato' Seri Ahmad bin Tunku Yahaya **Resolution 7**

Further details of the five Directors seeking re-election or re-appointment are set out in their respective profiles which appear in the Directors' Profile on pages 8 to 11 of this Annual Report. Their securities holdings in the Company are set out in the Analysis of Shareholdings which appears on pages 91 to 93 of this Annual Report.

Administrative Details – KLCCP 4th Annual General Meeting

DATE – 18 July 2007

TIME – 10.00 a.m.

PLACE – Diamond Ballroom, Ground Floor, Mandarin Oriental, Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia

REGISTRATION

1. Registration will start at 8.00 a.m. Registration will end at time as directed by the Chairman of the meeting.
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 proceed to the Diamond 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 only verification of identity and registration.

HELP DESK

9. Please proceed to the Help Desk for any clarification or enquiry.
10. The Help Desk will also handle revocation of proxy/s appointment.

GENERAL MEETING RECORD OF DEPOSITORS

11. For the purpose of determining who shall be entitled to attend this 4th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 58(1) and 58(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 10 July 2007 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

ADMINISTRATIVE DETAILS – KLCCP 4TH ANNUAL GENERAL MEETING

PROXY

12. 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.
13. 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.
14. If you have submitted your Form of Proxy prior to the meeting and subsequently decided to attend the meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy.
15. Please ensure that the original Form of Proxy is deposited at the office of the Share Registrar, Tenaga Koperat Sdn. Bhd. not less than forty eight (48) hours before the time appointed for holding the meeting.

CORPORATE MEMBER

16. 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, Tenaga Koperat Sdn. Bhd. not less than forty eight (48) hours before the time appointed for holding the meeting.

REFRESHMENT

17. Food and drinks shall be served.

PARKING

18. After registration for attendance of the KLCCP 4th AGM, shareholders are advised to approach the Helpdesk to obtain the cash reimbursement of RM10/- only provided by the Company for car park at the following locations in KLCC:
 - Mandarin Oriental, Kuala Lumpur.
 - KLCC North West Development (NWD) Basement Car Park
 - Kuala Lumpur Convention Centre Car Park
 - Lot 91 Open Car Park (adjacent to Kuala Lumpur Convention Centre)

ANNUAL REPORT 2007

19. The Annual Report 2007 is available on Bursa Malaysia's website at www.bursamalaysia.com. under Company Announcements and also at the KLCC website at www.klcc.com.my.

ENQUIRY

20. If you have any enquiry prior to the meeting, please contact the KLCCP Corporate Secretarial, General Counsel Division (Tel 03-2382 8000) or the following person during office hours:

Name : Ms Lilian Low
 Organisation : Tenaga Koperat Sdn Bhd (Share Registrar)
 Telephone number : 03-4041 6522

Proxy Form



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

No. of shares held	CDS Account No.

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

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 * proxy to vote for me/us * and on my/our * behalf at the Fourth Annual General Meeting of the Company to be held at the Diamond Ballroom, Ground Floor, Mandarin Oriental, Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia on Wednesday, 18 July 2007 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated below:

		For	Against
Receive the Audited Financial Statements for the financial year ended 31 March 2007 and the Reports of the Directors and Auditors thereon	Resolution 1		
Declaration of final dividend	Resolution 2		
Re-election of Datuk Ishak Bin Imam Abas	Resolution 3		
Re-election of Manharlal a/l Ratilal	Resolution 4		
Re-election of Dato' Halipah Binti Esa	Resolution 5		
Re-election of Datuk Nasarudin Bin Md Idris	Resolution 6		
Re-appointment of Tunku Tan Sri Dato' Seri Ahmad Bin Tunku Yahaya	Resolution 7		
Approval of payment for Directors' fees	Resolution 8		
Re-appointment of Messrs Ernst & Young as Auditors and to authorize the Directors to fix the Auditors' remuneration	Resolution 9		
Proposed amendment to the Articles of Association of the Company	Special Resolution 1		

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

Dated this _____ day of _____

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:

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, 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.
- Where a member of the Company is an authorised nominee, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- 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.
- The form of proxy must be deposited at the office of the Share Registrar, Tenaga Koperat Sdn Bhd, 20th Floor, Plaza Permata, Jalan Kampar, Off Jalan Tun Razak, 50400 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
- For the purposes of determining who shall be entitled to attend this 4th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Articles 58(1) and 58(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 10 July 2007 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

Share Registrar
Tenaga Koperat Sdn Bhd (118401-V)
20th Floor, Plaza Permata
Jalan Kampar
Off Jalan Tun Razak
50400 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 : 603 2380 8833
Website : www.mandarinoriental.com
E-mail : mokul-sales@mohg.com

Suria KLCC Sdn Bhd

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)

Levels 4 & 5, City Point

Kompleks Dayabumi

Jalan Sultan Hishamuddin

50050 Kuala Lumpur

Telephone : (03) 2382 8000

Facsimile : (03) 2382 8001

Website : www.klcc.com.my

E-mail : info@klcc.com.my