

## A. EXPLANATORY NOTES PURSUANT TO FRS 134

### 1. BASIS OF PREPARATION

The interim financial statements have been prepared under the historical cost convention except for the investment properties are stated at fair values.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2009 except for the adoption of the following new and revised Financial Reporting Standards (“FRSs”) and Issues Committee (“IC”) Interpretations which are relevant to the Group’s operation with effect from 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-base Payment- Vesting Conditions and Cancellations
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 140	Investment Property
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Financial Instruments: Disclosures and Reassessment of Embedded Derivatives
Amendments to FRSs	Improvements to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2- Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119- The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

The adoption of the above did not have any significant effects on the interim financial report upon their initial application, other than as discussed below:

**a. FRS 101: *Presentation of Financial Statements (revised)***

Prior to 1 January 2010, the components of a set of financial statements consisted of a balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the financial statements. Upon the adoption of the revised FRS 101, a set of financial statements shall now comprise:

1. a statement of financial position;
2. a statement of comprehensive income;
3. a statement of changes in equity;
4. a statement of cash flows; and
5. notes to the financial statements

The statement of comprehensive income consists of profit or loss for the period and other comprehensive income. All non-owner changes in equity previously presented in the consolidated statement of changes in equity are now presented in the statement of comprehensive income as components in other comprehensive income.

This standard did not have any impact on the financial position and results of the Group.

**b. FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures* and Amendments to FRS 139: *Financial Instruments: Recognition and Measurement***

The new Standards on FRS 139: *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: *Financial Instruments: Presentation* and the requirements for disclosing information about financial instruments are in FRS 7: *Financial Instruments: Disclosures*.

FRS 7: *Financial Instruments: Disclosures* is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's exposure to risks, enhanced disclosure regarding components of the Group's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

These standards did not have any significant impact on the financial position and results of the Group.

**c. Amendments to FRS 116: *Property, Plant and Equipment* and FRS 140: *Investment Property***

Prior to 1 January 2010, property being constructed or developed for future use as investment property is classified as property, plant and equipment until the construction or development is completed. Upon the adoption of the Amendments to FRS 116 and FRS 140, such property is accounted for as investment property rather than property, plant and equipment.

The effects on statement of financial position as at 31 March 2010 are as follows:-

	<b>Increase/ (Decrease)</b> <b>RM'000</b>
Property, plant and equipment	(90,301)
Investment properties	<u>90,301</u>

Since Amendments to FRS 116 and FRS 140 are applied prospectively, no restatement of comparative figures is required for statement of financial position as at 31 December 2009.

The adoption of other new and revised FRSs, IC Interpretation and Amendments to FRSs has no financial impact on the current interim financial statements or on the consolidated financial statements of the previous financial year.

**2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the year ended 31 December 2009 was not qualified.

**KSL HOLDINGS BERHAD (511433-P) (Incorporated in Malaysia)**  
**UNAUDITED QUARTERLY REPORT ON THE FINANCIAL RESULTS**  
**FOR THE QUARTER ENDED 31 MARCH 2010**

### 3. SEGMENTAL INFORMATION

The segment revenues and segment results for business segments for the current financial period to-date are as follows: -

	Property Development RM'000	Property Investment RM'000	Property Management RM'000	Investment Holding RM'000	Consolidated RM'000
<b>REVENUE</b>					
External sales:					
-Properties sales	51,678	-	-	-	51,678
-Rental income	-	1,858	-	-	1,858
Inter-segment sales	-	-	-	-	-
Total revenue	51,678	1,858	-	-	53,536
<b>OTHER INCOME</b>					
Rental income	665*	-	-	-	665
Others	999	1	-	-	1,000
	1,664	1	-	-	1,665
<b>RESULTS</b>					
Segment results	21,869	2,746	(1)	(460)	24,154
Unallocated expenses					(738)
Finance cost					(1,191)
Profit before tax					22,225
Taxation					(6,156)
Net profit for the Period					16,069

Segmental reporting by geographical segments has not been prepared as all activities of the Group's operations are carried out within Malaysia.

*Note: \* Rental income arising from letting of vacant undeveloped land.*

### 4. ITEMS OF UNUSUAL NATURE AND AMOUNTS

There were no items affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial period ended 31 March 2010 that are unusual because of their nature, size or incidence except for the proceeds from the issuance of new private placement shares of RM41,418,000 on 12 March 2010. Details of the private placement may be found in Note 22.

**5. CHANGES IN ESTIMATES**

There were no changes in estimates that have had a material effect in the current quarter results.

**6. SEASONAL OR CYCLICAL FACTORS**

The business operations of the Group were not affected by any significant seasonal or cyclical factors in the current quarter.

**7. DIVIDENDS PAID**

There were no dividends paid during the current quarter.

**8. CARRYING AMOUNT OF REVALUED ASSETS**

The value of the investment properties have been adjusted to fair value at the end of the financial year ended 31 December 2009.

There has been no revaluation of investment properties during the current quarter and financial year.

**9. DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter ended 31 March 2010 except for the issuance of 35,100,000 new ordinary shares of RM0.50 each at RM1.18 for working capital purposes.

**10. CHANGES IN COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current quarter except for the following:

A wholly-owned subsidiary of the Company, Khoo Soon Lee Realty Sdn. Bhd. has on 22 March 2010 entered into a sale and purchase agreement for the disposal of 10,000,000 ordinary shares of RM1 each in the share capital of KSL Realty Sdn. Bhd. for a total cash consideration of RM10,220,000 and upon the terms and conditions as contained in the sale and purchase agreement.

**KSL HOLDINGS BERHAD (511433-P) (Incorporated in Malaysia)**  
**UNAUDITED QUARTERLY REPORT ON THE FINANCIAL RESULTS**  
**FOR THE QUARTER ENDED 31 MARCH 2010**

---

## 11. COMMITMENT

The amount of commitment for the purchase of land not provided for in the financial statements as at 31 March 2010 is as follow:

	RM
Approved and contracted for:	
Acquisition of land	26,257,722
Construction of investment properties	49,051,861
	75,309,583
	75,309,583

As at to-date, out of the total commitment of RM75,309,583, RM26,828,907 have been paid.

## 12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets since the last audited Balance Sheet as at 31 December 2009.

## 13. RECURRENT RELATED PARTY TRANSACTIONS

The significant recurrent related party transactions for the financial period were summarized as follow:-

<u>Group</u>	<u>RM</u>
<b><u>Rental received from/(paid to) :</u></b>	
Bestari Bestmart Sdn Bhd	333,000
Harapan Terang Motor Sdn Bhd	5,100
Bintang-Bintang Sdn Bhd	126,000
<b><u>Purchases from :</u></b>	
Harapan Terang Motor Sdn Bhd	5,888
Wawasan Batu-Bata Sdn Bhd	625,320

---

## 14. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There were no material events subsequent to the end of the interim period which have not been reflected in the financial statements for the interim period under review.

**KSL HOLDINGS BERHAD (511433-P) (Incorporated in Malaysia)**  
**UNAUDITED QUARTERLY REPORT ON THE FINANCIAL RESULTS**  
**FOR THE QUARTER ENDED 31 MARCH 2010**

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**15. PERFORMANCE REVIEW**

The Group has registered revenue and profit before taxation of RM53.5 million and RM22.2 million respectively for the current quarter ended 31 March 2010. This represents an increase of approximately 17% and a decrease of 2% respectively over the results achieved in the preceding corresponding quarter ended 31 March 2009.

The current quarter's performance was mainly contributed by the Group's flagship projects in Johor Bahru, Muar, Yong Peng and Segamat namely Taman Nusa Bestari, Taman Bestari Indah, Taman Kempas Indah and Maharani Riviera.

The current quarter's performance is explained in the detailed financial analysis below:

	First Quarter Ended 31.03.10 RM'000	First Quarter Ended 31.03.09 RM'000	Variences Increase/ (Decrease) RM'000	%
Revenue	53,536	45,653	7,883	17
Cost of sales	(25,756)	(22,187)	3,569	16
Other income	1,665	4,997	(3,332)	(67)
Selling and marketing expenses	(918)	(1,041)	(123)	(12)
Administrative expenses	(5,105)	(4,600)	505	11
Other expenses	(6)	(3)	3	100
Finance costs	(1,191)	(56)	1,135	2,027
Profit before taxation	22,225	22,763	(538)	(2)

**16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION**

The Group's profit before taxation for the quarter under review was approximately 63% lower than the results registered in the immediate preceding quarter ended 31 December 2009. This was mainly due to the gain arising from fair value adjustment as disclosed in the preceding quarterly report.

The lower Group's profit before taxation is explained by the following detailed financial analysis:

**KSL HOLDINGS BERHAD (511433-P) (Incorporated in Malaysia)**  
**UNAUDITED QUARTERLY REPORT ON THE FINANCIAL RESULTS**  
**FOR THE QUARTER ENDED 31 MARCH 2010**

	First Quarter Ended 31.03.10 RM'000	Fourth Quarter Ended 31.12.09 RM'000	Variances Increase/ (Decrease) RM'000	%
Revenue	53,536	45,844	7,692	17
Cost of sales	(25,756)	(21,952)	3,804	17
Other income	1,665	43,838*	(42,173)	(96)
Selling and marketing expenses	(918)	(1,798)	(880)	(49)
Administrative expenses	(5,105)	(4,940)	165	3
Other expenses	(6)	(71)	(65)	(91)
Finance costs	(1,191)	(1,499)	(308)	(20)
Profit before taxation	22,225	59,422	(37,197)	(63)

*Note: \* Inclusive of fair value gain.*

## 17. COMMENTARY ON PROSPECTS

The Board of Directors expects the prospects of landed residential properties in Johor will be challenging in view of the current global financial crises and economic uncertainties. However, with the land bank of approximately 1,000 acres which are strategically located in Johor Bahru and its niche market and strong brand name in the Johor property scene, the Board of Directors is optimistic that this will contribute positively to the Group's results for the current financial year.

In addition, with the Group's Klang Valley Project which is expected to come on stream by year 2010, the Board is confident, barring unforeseen circumstances, of better results for the Group.

Furthermore, as at 31 March 2010, the Group has approximately 2,100 acres of land bank for development strategically located in District of Klang, Johor Bahru, Batu Pahat, Kluang, Segamat, Muar and Mersing that will help the Group to sustain its medium to long-term development and profitability.

## 18. PROFIT FORECAST

Not applicable



**KSL HOLDINGS BERHAD (511433-P) (Incorporated in Malaysia)**  
**UNAUDITED QUARTERLY REPORT ON THE FINANCIAL RESULTS**  
**FOR THE QUARTER ENDED 31 MARCH 2010**

**19. INCOME TAX EXPENSE**

	Current Quarter Ended 31.03.2010 RM'000	Financial Period Ended 31.03.2010 RM'000
Malaysian income tax	6,189	6,189
Deferred tax	(33)	(33)
Total Income Tax Expense	<u>6,156</u>	<u>6,156</u>

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 is as follow:

	Current Quarter Ended 31.03.2010 RM'000	Financial Period Ended 31.03.2010 RM'000
Profit before taxation	<u>22,225</u>	<u>22,225</u>
Taxation at Malaysian statutory tax rate of 25%	5,556	5,556
Income not subject to tax	(117)	(117)
Net of losses & expenses not deductible for tax purposes	717	717
Tax expense	<u>6,156</u>	<u>6,156</u>

**20. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES**

There were no sales of unquoted investments and properties during the period under review except for the disposal of all the shares in a subsidiary as highlighted in Note 10.

**21. QUOTED INVESTMENTS**

There were no purchases or disposals of quoted investments or securities during the period under review.

## 22. STATUS OF CORPORATE PROPOSAL ANNOUNCED

There were no corporate proposals announced but not completed during the period under review except for the following:

### Proposed Private Placement

Proposed Private Placement of 35,100,000 new ordinary shares of RM0.50 each in the Company representing approximately 10% of the issued and paid-up share capital of the Company

### Status as at to-date

The Proposed Private Placement was completed and the new shares were successfully quoted on the Main Market of Bursa Malaysia Securities Berhad on 12 March 2010.

### Status of utilisation of proceeds

As at to-date, the proceeds of RM41,418,000 from the Private Placement exercise have been applied in full for working capital purposes.

## 23. BORROWINGS

	As at 31.03.2010 RM'000	As at 31.03.2009 RM'000
<b><u>Short term borrowings (Secured)</u></b>		
Bank overdrafts	9,414	1,215
Revolving credit	6,300	-
Term loan	279	4,020
	<u>15,993</u>	<u>5,235</u>
<b><u>Long term borrowings (Secured)</u></b>		
Term loan	<u>118,576</u>	<u>5,930</u>
<b><u>Total Borrowings</u></b>		
Bank overdrafts	9,414	1,215
Revolving credit	6,300	-
Term loan	118,855	9,950
	<u>134,569</u>	<u>11,165</u>

All of the above borrowings are denominated in Ringgit Malaysia.

**KSL HOLDINGS BERHAD (511433-P) (Incorporated in Malaysia)**  
**UNAUDITED QUARTERLY REPORT ON THE FINANCIAL RESULTS**  
**FOR THE QUARTER ENDED 31 MARCH 2010**

**24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no financial instruments with off balance sheet risk as at to-date.

**25. CHANGES IN MATERIAL LITIGATION**

There were no changes in material litigation, including the status of pending material litigation since the last quarter ended 31 December 2009.

**26. DIVIDEND PAYABLE**

No interim ordinary dividend has been declared or approved for the financial period ended 31 March 2010.

**27. EARNINGS PER SHARE**

**(a) BASIC**

Basic earning per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Group.

	Current Quarter Ended 31.03.10 RM'000	Financial Period Ended 31.03.10 RM'000
Profit attributable to ordinary equity holders of the parent	16,069	16,069
Issued ordinary shares as at beginning of the period	351,306	351,306
Effect of Private Placement 35,100,000 ordinary shares issued on 12 March 2010	11,700	11,700
Weighted average number of ordinary shares in issue	363,006	363,006
	Sen	Sen
Basic earnings per share	<u>4.43</u>	<u>4.43</u>

**(b) DILUTED**

Not applicable.

**28. AUTHORITY FOR ISSUE**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors dated 25 May 2010.

On Behalf of the Board  
KSL Holdings Berhad

---

Khoo Cheng Hai @ Ku Cheng Hai  
Group Managing Director