

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 which have been measured 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 Main Market 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 2014. 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 2014.

The significant accounting policies and presentation adopted by the Group in these interim financial statements are consistent with those of the Group's consolidated audited financial statements for the year ended 31 December 2014, except as follows:

On 1 January 2015, the Group adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2015:

Amendments to FRS 1	First-time adoption of Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
Amendments to FRS 2	Share-based Payment (Annual Improvements 2010-2012 Cycle)
Amendments to FRS 3	Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to FRS 8	Operating Segments (Annual Improvements 2010-2012 Cycle)
Amendments to FRS 13	Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
Amendments to FRS 116	Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
Amendments to FRS 119	Employee Benefits – Defined Benefit Plans: Employee Contribution
Amendments to FRS 124	Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
Amendments to FRS 138	Intangible Assets (Annual Improvements 2010-2012 Cycle)
Amendments to FRS 140	Investment Property (Annual Improvements 2011-2013 Cycle)

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.

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	Car Park Operator RM'000	Investment Holding RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External sales:						
-Sales of properties	225,612	-	-	-	-	225,612
-Rental income	-	19,599	-	-	-	19,599
-Car park management income	-	-	1,456	-	-	1,456
-Others	-	2,378	-	-	-	2,378
-Hotel and food and beverage	-	14,786	-	-	-	14,786
Inter-segment	-	-	-	13,000	(13,000)	-
Total	225,612	36,763	1,456	13,000	(13,000)	263,831
OTHER INCOME						
Interest income	436	135	-	-	-	571
Inter-Co Interest	917	10	-	4,818	(5,745)	-
Rental income	984*	48	-	-	-	1,032
Others	838	266	-	-	-	1,104
Total	3,175	459	-	4,818	(5,745)	2,707
RESULTS						
Segment results	90,406	23,022	1,353	15,477	(18,745)	111,513
Finance cost						(1,775)
Profit before tax						109,738
Taxation						(27,254)
Net profit for the Period						82,484

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 and unsold inventory.

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 quarter ended 31 March 2015 that are unusual because of their nature, size or incidence.

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

During the financial period ended 31 March 2015, the dividend with the total amounting to RM45,700,820 was distributed to the shareholders based on the issued and paid up share capital of 914,016,394 ordinary shares (excluding treasury shares held by the Company) as at 29 January 2015.

On 25 February 2015, 27,037,633 new ordinary shares of RM0.50 each in the Company pursuant to the dividend reinvestment plan have been allotted and issued at issue price of RM1.57 per share, which listed and quoted on the Main Market of Bursa Securities on the next day. The remaining has paid in cash totalling RM3,251,736.

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 2014.

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

9. DEBT AND EQUITY SECURITIES

(a) Exercise of Warrants 2011/2016

During the current quarter, the Company had issued 137,547,148 new ordinary shares of RM0.50 each for cash at RM0.80 each pursuant to the exercise of Warrants 2011/2016. The total cash proceeds received from the exercise of Warrants was amounted to RM110,037,718.40. The details of the Warrants

exercised during the financial period are as follows:

Allotment Date	No. of Warrants exercised	No. of shares allotted	Type of issue
07 January 2015	1,269,800	1,269,800	Exercise of Warrants 2011/2016 at RM0.80 per share
08 January 2015	42,123,562	42,123,562	
09 January 2015	50,000	50,000	
15 January 2015	9,478,000	9,478,000	
19 January 2015	10,633,120	10,633,120	
21 January 2015	64,096,100	64,096,100	
26 January 2015	60,000	60,000	
05 February 2015	709,066	709,066	
10 February 2015	535,000	535,000	
16 February 2015	381,300	381,300	
17 February 2015	1,370,600	1,370,600	
25 February 2015	571,000	571,000	
27 February 2015	946,500	946,500	
05 March 2015	555,200	555,200	
09 March 2015	989,800	989,800	
13 March 2015	93,000	93,000	
16 March 2015	1,386,600	1,386,600	
19 March 2015	775,200	775,200	
25 March 2015	328,000	328,000	
27 March 2015	477,000	477,000	
31 March 2015	718,300	718,300	
Total	137,547,148	137,547,148	

The new ordinary shares issued arising from the exercise of Warrants shall rank pari passu in all respect with the existing ordinary shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments and/or distributions, unless the exercise of Warrant is effected before the book closure of the share registers for determination of the entitlement to such rights or distributions.

(b) Repurchase of Share buyback/ Treasury shares

During the current financial quarter, the Company repurchased 604,600 of its issued shares for a total cash consideration of RM1,301,265.58 in the open market at an average price of RM2.175 per share including transaction cost. The repurchased transactions were financed by internally generated funds.

The shares repurchased are being held as Treasury Shares and treated in accordance with the requirements of Section 67A of the Companies Act, 1965. Details of the shares buyback for the current quarter to date are as follows:

	Number of shares	Purchase Price			RM
		Highest price RM	Lowest price RM	Average Cost RM	
As at 1 January 2015	2,541,400				3,361,331.45
March 2015	604,600	2.12	2.23	2.175	1,301,265.58
As at 31 March 2015	3,146,000				4,662,597.03

10. CHANGES IN COMPOSITION OF THE GROUP

The Company has on 6 March 2015 acquired a subsidiary company named KSL Properties Construction Sdn Bhd (formerly known as Mission Golf Sdn. Bhd.) with an issued and paid-up capital of RM2.00 comprising two (2) ordinary shares of RM1.00 each, and an authorised share capital of RM 100,000-00 comprising 100,000 Ordinary Shares of RM 1-00 each.

Further on 24 March 2015, the Company has also incorporated two subsidiaries namely KSL Cekap Bina Sdn. Bhd. and KSL Perfect Builder Sdn. Bhd. with an issued and paid-up share capital of RM 3-00 comprising three (3) Ordinary Shares of RM 1-00 each, and an authorised share capital of RM 400,000-00 comprising 400,000 Ordinary Shares of RM 1-00 each.

11. COMMITMENT

The amount of capital commitment not provided for in the financial statements as at 31 March 2015 is as follow:

	RM
<u>Approved and contracted for:</u>	
Acquisition of land	<u>81,554,731</u>

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets since the last audited Statement of Financial Position as at 31 December 2014.

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>
<u>Rental received from:</u>	
Bestari Bestmart Sdn Bhd	432,000
Harapan Terang Motor Sdn Bhd	5,100

Purchases from :

Harapan Terang Motor Sdn Bhd	33,337
Wawasan Batu-Bata Sdn Bhd	5,881,145

14. EVENTS SUBSEQUENT TO THE DATE OF THE FINANCIAL POSITION

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 except:-

Exercise of Warrants 2011/2016

Subsequent to the financial period ended 31 March 2015, the Company had issued 5,462,300 new ordinary shares of RM0.50 each for cash at RM0.80 each pursuant to the exercise of Warrants 2011/2016. The total cash proceeds received from the exercise of Warrants was amounted to RM4,369,840.

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 RM263.8 million and RM109.7 million respectively for the current quarter ended 31 March 2015. This represents an increase of approximately 27% and 37% respectively over the results achieved in the preceding corresponding quarter ended 31 March 2014.

The current quarter's performance was mainly contributed by the change in sales mixed and percentage of completion of the existing main on-going projects of the Group, especially in Johor Bahru and Klang.

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

	First Quarter Ended 31.3.15 RM'000	First Quarter Ended 31.3.14 RM'000	Variences Increase/ (Decrease) RM'000	%
Revenue	263,831	207,918	55,913	27
Cost of sales	122,063	97,131	24,932	26
Other income	2,707	1,730	977	56
Selling and marketing expenses	8,213	7,421	792	11
Administrative expenses	24,749	22,666	2,083	9
Other expenses	-	2	(2)	(100)
Finance costs	1,775	2,059	(284)	(14)
Profit before taxation	109,738	80,369	29,369	37

16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's profit before taxation for the quarter under review was approximately 29% lower than the results registered in the immediate preceding quarter ended 31 December 2014. 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 in the detailed financial analysis below:

	First Quarter Ended 31.3.15 RM'000	Fourth Quarter Ended 31.12.14 RM'000	Variances Increase/ (Decrease) RM'000	%
Revenue	263,831	166,581	97,250	58
Cost of sales	122,063	62,850	59,213	94
Other income	2,707	91,809	(89,102)	(97)
Selling and marketing expenses	8,213	4,680	3,533	75
Administrative expenses	24,749	32,892	(8,143)	(25)
Finance costs	1,775	2,029	(254)	(13)
Profit before taxation	109,738	155,489	(45,751)	(29)

Ignoring the fair value gain, the Group's profit before taxation for the quarter under review was approximately 63% higher than the results registered in the immediate preceding quarter ended 31 December 2014.

The higher Group's profit before taxation is explained in the detailed financial analysis below:

	First Quarter Ended 31.3.15 RM'000	Fourth Quarter Ended 31.12.14 RM'000	Variances Increase/ (Decrease) RM'000	%
Revenue	263,831	166,581	97,250	58
Cost of sales	122,063	62,850	59,213	94
Other income	2,707	3,608	(901)	(25)
Selling and marketing expenses	8,213	4,680	3,533	75
Administrative expenses	24,749	32,892	(8,143)	(25)
Finance costs	1,775	2,029	(254)	(13)
Profit before taxation	109,738	67,288	42,450	63

17. COMMENTARY ON PROSPECTS

In line with the Group's aspirations to provide quality housing, the Group plans to continue developing residential and commercial properties in Johor Bahru, Segamat, Kluang and Muar in the state of Johor. The Group will continue to build wide range of premium quality products, ranging from deluxe residences with top-class finishes and facilities to small-to-medium sized units with practical and efficient layouts. These developments are anticipated to further strengthen the Group's foothold in landed properties' market in the state of Johor.

The Group has approximately 2,100 acres of land held for current and future development which are strategically located in the District of Johor Bahru, Batu Pahat,

Kluang, Segamat, Muar, Mersing, Klang and Kuala Lumpur. Most of these properties are available for immediate development as they have been granted approval for subdivision. These will help the Group to sustain its medium to long term development and profitability.

Most of the total land held in Johor, are located in the high growth Iskandar Development Region. More investment is expected to come from Singapore to the Iskandar Development Region. The Group is expected to benefit from the effect in view of its strong brand name in the Johor property market as most of its flagship projects are located in the Iskandar Development Region.

Besides, the Group is in the midst of developing the land held in Klang and is expected to anticipate a gross development value of RM10 billion with five (5) main development phases. The site is strategically located along Jalan Klang-Banting and is 15 minute drive from the Klang town centre. This mixed development project is expected to entail thousands of units of residential and commercial properties. The project is anticipated to be a success and provides impetus for the Group's future earnings growth.

In line with the Group's confidence in the high-end property market and the proven success of the Group in its maiden integrated commercial project, namely KSL City in Johor Bahru, the Group is gradually moving up the value chain by going from medium to high-end property development.

Besides property development activities, the Group continues to pursue selective investments in order to enhance its portfolio quality and diversity, and to generate stable, predictable returns for shareholders. Presently, the Group has investment properties including hotel and mall operation that are contributing millions of annual rental income. Going forward, the Group is very confident that with favourable market conditions, continuous management effort and innovative promotions and marketing campaigns, KSL City Mall, hotel and other investment properties will continue to generate attractive recurring revenue.

In the medium to long term, the Group is optimistic that its grow will be sustainable with its portfolio of existing projects and the visible pipeline of new launches of prime projects in the offering.

Above all, the Group is committed to operational efficiency enhancement and good risk management and corporate governance practices. Strategic initiatives are in motion to improve pricing and marketing strategies as well as product development and innovation, reduce operational costs, improve cash flow and ensure better returns moving forward, across all operational divisions. Internal support system is continuously monitored and improved to provide the efficiency and effectiveness necessary to deliver consistent performance.

Barring any unforeseen circumstances, with diligent development planning and introduction of various business improvement initiatives coupled with the favourable industry outlook, the prospects of the Group remains bright.

18. PROFIT FORECAST

Not applicable

19. INCOME TAX EXPENSE

	Current Quarter Ended 31.3.2015 RM'000	Financial Period Ended 31.3.2015 RM'000
Malaysian income tax	27,254	27,254
Over provision of taxation	-	-
Deferred tax	-	-
Total Income Tax Expense	27,254	27,254

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 31.3.2015 RM'000	Financial Period Ended 31.3.2015 RM'000
Profit before taxation	109,738	109,738
Taxation at Malaysian statutory tax rate of 25%	27,435	27,435
Utilisation of previously unrecognised business losses and capital allowance	(526)	(526)
Expenses not deductible for tax purposes	345	345
Income not subject to tax	-	-
Tax expense	27,254	27,254

20. STATUS OF CORPORATE PROPOSAL ANNOUNCED

There were no corporate proposals announced but not completed during the period under review.

21. BORROWINGS

	As at 31.3.2015 RM'000	As at 31.12.2014 RM'000
<u>Short term borrowings (Secured)</u>		
Bank overdrafts	385	4,929
Bankers' acceptance	10,800	10,700
Term loan	24,066	24,066
	35,251	39,695
<u>Long term borrowings (Secured)</u>		
Term loan	107,598	116,863
<u>Total Borrowings</u>		
Bank overdrafts	385	4,929
Bankers' acceptance	10,800	10,700
Term loan	131,664	140,929
	142,849	156,558

All of the above borrowings are denominated in Ringgit Malaysia.

22. CHANGES IN MATERIAL LITIGATION

There were no changes in material litigation, including the status of pending material litigation since the date of the last Audited Statement of Financial Position ended 31 December 2014.

23. DIVIDEND PAYABLE

No interim ordinary dividend has been declared or approved for the financial period ended 31 March 2015.

24. EARNINGS PER SHARE

(a) BASIC

Basic earnings 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 31.3.15 RM'000	Financial Period Ended 31.3.15 RM'000
Profit attributable to ordinary equity holders of the parent	82,484	82,484
Issued ordinary shares as at beginning of the period	785,701	785,701
Dividend Reinvestment Plan	18,025	18,025
Exercise of warrants	131,988	131,988
Weighted average number of ordinary shares in issue	935,714	935,714
	Sen	Sen
Basic earnings per share	<u>8.82</u>	<u>8.82</u>

(b) DILUTED

	Current Quarter Ended 31.3.15 RM'000	Financial Period Ended 31.3.15 RM'000
Profit attributable to ordinary equity holders of the parent	82,484	82,484
Weighted average number of ordinary shares in issue	935,714	935,714
Effects of warrants	27,929	27,929
	Sen	Sen
Adjusted weighted average number of ordinary shares in issue and issuable	<u>963,643</u>	<u>963,643</u>
	Sen	Sen
Diluted earnings per share	<u>8.56</u>	<u>8.56</u>

25. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after crediting/(charging) the following income/(expenses):

	3 Months Ended 31.03.15 RM'000	Year-to-date Ended 31.03.15 RM'000
(a) Interest income	571	571
(b) Other income including investment income	2,136	2,136
(c) Interest expense	(1,551)	(1,551)
(d) Depreciation and amortisation	(2,655)	(2,655)
(e) Provision for and write off of receivables	-	-
(f) Provision for and write off of inventories	-	-
(g) Gain or loss on disposal of quoted or unquoted investment properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss)	-	-
(j) Gain/(loss) on derivatives	-	-
(k) Exceptional items/ Net Gain in FV adjustment	-	-

26. REALISED AND UNREALISED RETAINED EARNINGS

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive of Bursa Malaysia Main Market Listing Requirements is as follows:-

	As at 31.03.2015 RM'000	As at 31.12.2014 RM'000
The retained earnings of the Group:-		
- Realised	1,031,935	973,242
- Unrealised	237,485	222,481
	<u>1,269,420</u>	<u>1,195,723</u>
Less: Consolidation adjustments	(53,476)	(62,263)
Total Group retained earnings as per Consolidated accounts	<u>1,215,944</u>	<u>1,133,460</u>

27. AUTHORITY FOR ISSUE

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors passed at the Board of Directors' Meeting held on 29 May 2015.

On Behalf of the Board
KSL Holdings Berhad

Lee Chye Tee
Executive Director