

## A. EXPLANATORY NOTES PURSUANT TO MFRS 134

### 1. (a) Basis of preparation

The financial statements of the Group have been prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and comply with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs) and the Companies Act 2016 in Malaysia.

The financial statements are reported in Ringgit Malaysia, which is the Group's functional currency.

### (b) Statement of compliance

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, Business Combinations – Definition of Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
- Amendments to References to the Conceptual Framework in MFRS Standards

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 101, Presentation of Financial Statements – Classification of liabilities as current or non-current

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group plans to apply the abovementioned standards, amendments and interpretations in the respective financial years when the above standards, amendments and interpretations become effective.

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior period financial statements of the Group upon their first adoption.

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

The auditors' report on the financial statements for the year ended 31 December 2019 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	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>							
External sales:							
-Sales of properties	263,835	-	-	-	-	-	263,835
-Rental income	-	47,699	-	-	-	(132)	47,567
-Car park management income	-	-	1,320	-	-	-	1,320
-Others	947	-	-	-	-	-	947
-Hotel and food and beverage	-	27,163	-	-	-	-	27,163
Inter-segment	-	-	-	178,261	-	(178,261)	-
<b>Total</b>	<b>264,782</b>	<b>74,862</b>	<b>1,320</b>	<b>178,261</b>	<b>-</b>	<b>(178,393)</b>	<b>340,832</b>
<b>OTHER INCOME</b>							
Interest income	6,099	967	14	705	10	-	7,795
Rental income *	5,746	105	-	-	-	(218)	5,633
Inter-segment	2,483	289	40	22,290	-	(25,102)	-
Others	4,569	478	42	-	-	-	5,089
<b>Total</b>	<b>18,897</b>	<b>1,839</b>	<b>96</b>	<b>22,995</b>	<b>10</b>	<b>(25,320)</b>	<b>18,517</b>
<b>RESULTS</b>							
Segment results	24,942	(71,400)	872	200,246	(474)	(202,502)	(48,316)
Finance cost							(4,645)
Loss before tax							(52,961)
Taxation							(11,250)
<b>Net loss for the period</b>							<b>(64,211)</b>

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 December 2020 that are unusual because of their nature, size or incidence except for the loss arising from fair value adjustment of RM142.8 million on investment properties.

#### 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 2020.

#### 9. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

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

There were no changes in the composition of the Group during the current quarter ended 31 December 2020.

#### 11. COMMITMENT

The amount of capital commitment not provided for in the financial statements as at 31 December 2020 is as follow:

Approved and contracted for:	RM <u>9,565,000</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 2019.

#### 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/(paid to):</u>	
Bestari Bestmart Sdn Bhd	3,322,400
Harapan Terang Motor Sdn Bhd	20,400
Bintang-bintang Sd Bhd	(200,000)

#### 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.

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 loss before taxation of RM155.7 million and RM76.0 million respectively for the current quarter ended 31 December 2020. This represents a decrease of 40% and 155% respectively over the results achieved in the preceding corresponding quarter ended 31 December 2019.

The current period's performance was lower compared to the corresponding period of last year as the property market remained weak due to the slowdown in economy arising from the imposition of various Movement Control Order (MCO) across the country to control the COVID-19 pandemic as well as the fair value loss on investment properties totalling RM142.8.

The Group's hotels and resorts business segment was affected by lower sales, cancellation of events and room sales primarily due to the growing concerns and uncertainties created by the COVID-19 pandemic.

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

	Fourth Quarter Ended 31.12.20 RM'000	Fourth Quarter Ended 31.12.19 RM'000	Variances Increase/ (Decrease) RM'000	%
Revenue	155,746	260,175	(104,429)	(40)
Cost of sales	69,719	92,538	(22,819)	(25)
Other income	8,548	35,441**	(26,893)	(76)
Selling and marketing expenses	8,672	26,133	(17,461)	(67)
Administrative expenses	18,095	37,871	(19,776)	(52)
Other expenses	142,779*	41	142,738	348141
Finance costs	1,005	1,619	(614)	(38)
(Loss)/Profit before taxation	(75,976)	137,414	(213,390)	(155)

\*Net loss in fair value adjustment 142,779

\*\*Net gain in fair value adjustment - 27,053

16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's financial results in the previous quarter was adversely impacted by the lockdown measures. With the gradual easing of the lockdown measures, the Group's revenue increased significantly from RM67.8 million to RM155.8 million. However the

increased was offsetted by the fair value loss on investment properties totalling RM142.8 million in the current quarter under review.

The Group's pre-tax loss is explained in the detailed financial analysis below:

	Fourth Quarter Ended 31.12.20 RM'000	Third Quarter Ended 30.09.20 RM'000	Variences Increase/ (Decrease) RM'000	%
Revenue	155,746	67,756	87,990	130
Cost of sales	69,719	36,848	32,871	89
Other income	8,548	3,522	5,026	143
Selling and marketing expenses	8,672	3,577	5,095	142
Administrative expenses	18,095	21,147	(3,052)	(14)
Other expenses	142,779*	-	142,779	N/A
Finance costs	1,005	1,036	(31)	(3)
(Loss)/Profit before taxation	(75,976)	8,670	(84,646)	(976)

*\*Net loss in fair value adjustment*      142,779      -

## 17. COMMENTARY ON PROSPECTS

The COVID-19 pandemic has resulted in unprecedented preventive global lockdown measures of varying degrees and these undoubtedly have adversely impacted the global economy.

The property development business segment is expected to be impacted by slower property sales mainly due to the expected liquidity squeeze arising from the contraction of the economy. The lockdown measure has also affected the progress of construction of the Group's ongoing projects.

Going forward, the Directors expect that the footfall to the shopping malls will continue remain low due to the general public still being wary of COVID-19 infection despite the implementation of preventive SOPs. The low footfall may create a downward pressure on rental collections and revenue.

As for the hotels and resorts business segment, the Directors also expect that the occupancy rates and the revenue from events will remain low arising from low tourist arrivals coupled with new social distancing rules during the Recovery MCO period. With the weak consumer sentiments, the Group expects performance to be challenging for the financial year ending 31 December 2021.

18. PROFIT FORECAST

Not applicable

19. INCOME TAX EXPENSE

	Current Quarter Ended 31.12.2020 RM'000	Financial Period Ended 31.12.2020 RM'000
Taxation		
-current taxation	19,198	28,475
-Under provision of taxation	(151)	(151)
-Deferred taxation	(17,074)	(17,074)
Total Income Tax Expense	<u>1,973</u>	<u>11,250</u>

20. STATUS OF CORPORATE PROPOSAL ANNOUNCED

There were no corporate proposals announced during the period under review.

21. BORROWINGS

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
<u>Short term borrowings (Secured)</u>		
Term loan	<u>3,333</u>	<u>6,933</u>
<u>Long term borrowings (Secured)</u>		
Term loan	<u>97,159</u>	<u>101,692</u>
<u>Total Borrowings</u>		
Term loan	<u>100,492</u>	<u>108,625</u>

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 2019.

23. DIVIDEND PAYABLE

No interim ordinary dividend has been declared or approved for the financial period ended 31 December 2020.

24. EARNINGS PER SHARE

(a) BASIC

Basic earnings per share amounts are calculated by dividing loss 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 31.12.20 RM'000	Financial Period Ended 31.12.20 RM'000
Loss attributable to ordinary equity holders of the parent	(77,949)	(64,211)
Issued ordinary shares as at beginning of the period	1,017,216	1,017,216
Effect of shares issued during the period- Treasury share	-	-
Weighted average number of ordinary shares in issue	1,017,216	1,017,216
	Sen	Sen
Basic earnings per share	<u>(7.66)</u>	<u>(6.31)</u>

(b) DILUTED

	Current Quarter Ended 31.12.20 <u>RM'000</u>	Financial Period Ended 31.12.20 <u>RM'000</u>
Loss attributable to ordinary equity holders of the parent	(77,949)	(64,211)
Weighted average number of ordinary shares in issue	1,017,216	1,017,216
Adjusted weighted average number of ordinary shares in issue and issuable	1,017,216	1,017,216
	Sen	Sen
Diluted earnings per share	<u>(7.66)</u>	<u>(6.31)</u>

25. LOSS BEFORE TAXATION

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

	3 Months Ended 31.12.20 <u>RM'000</u>	Year-to-date Ended 31.12.20 <u>RM'000</u>
(a) Interest income	5,674	7,795
(b) Other income including investment income	2,874	10,722
(c) Interest expense	919	4,236
(d) Depreciation and amortisation	3,220	11,179
(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 loss in FV adjustment	<u>142,779</u>	<u>142,779</u>

26. 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 22 March 2021.

On Behalf of the Board  
KSL Holdings Berhad

---

Lee Chye Tee  
Executive Director