

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 June 2020

- Amendments to MFRS 16, Leases – Covid-19- Related Rent Concessions

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 17 August 2020

- Amendments to MFRS 4, Insurance Contracts- Extension of the Temporary Exemption from Applying MFRS 9

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

- Amendments to MFRS 9, Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments, MFRS 4, Insurance Contracts and MFRS 16, Leases –Interest Rate Benchmark Reform (Phase 2)

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

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 – 2020)
- Amendments to MFRS 3, Business Combinations — Reference to the Conceptual Framework
- Amendment to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018 – 2020)

- Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets — Onerous Contracts - Cost of Fulfilling a Contract
- Amendment to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018 – 2020)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, Insurance Contracts and Amendments to MFRS 17, Insurance Contracts
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of liabilities as current or non-current
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

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 2020 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
REVENUE							
External sales:							
-Sales of properties	78,343	-	-	-	-	-	78,343
-Rental income	-	6,822	-	-	-	-	6,822
-Car park management income	-	-	197	-	-	-	197
-Others	896	-	-	-	-	-	896
-Hotel and food and beverage	-	6,196	-	-	-	-	6,196
Inter-segment	-	-	-	-	-	-	-
Total	79,239	13,018	197	-	-	-	92,454
OTHER INCOME							
Interest income	216	115	1	1	2	-	335
Rental income *	1,912	17	-	-	-	-	1,929
Inter-segment	-	-	-	-	-	-	-
Others	808	-	8	-	-	-	816
Total	2,936	132	9	1	2	-	3,080
RESULTS							
Segment results	19,487	3,927	139	(239)	-	-	23,314
Finance cost							(902)
Profit before tax							22,412
Taxation							(5,351)
Net profit for the period							17,061

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 2021 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

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.

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.

10. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter ended 31 March 2021.

11. COMMITMENT

There were no capital commitments not provided for in the financial statements as at 31 March 2021.

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 2020.

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	861,000
Harapan Terang Motor Sdn Bhd	5,100

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 profit before taxation of RM92.5 million and RM22.4 million respectively for the current quarter ended 31 March 2021. This represents an increase of 15% and 37% respectively over the results achieved in the preceding corresponding quarter ended 31 March 2020.

Although the Second Movement Control Order (MCO 2.0) was implemented in the current quarter, it was not prevalent. As such, the Group's operations in the current quarter was not as adversely impacted as compared to the preceding year same quarter.

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

	First Quarter Ended 31.03.21 RM'000	First Quarter Ended 31.03.20 RM'000	Variations Increase/ (Decrease) RM'000	%
Revenue	92,454	80,288	12,166	15
Cost of sales	46,998	31,216	15,782	51
Other income	3,080	3,146	(66)	(2)
Selling and marketing expenses	2,545	4,356	(1,811)	(42)
Administrative expenses	22,677	30,135	(7,458)	(25)
Finance costs	902	1,416	(514)	(36)
Profit before taxation	22,412	16,311	6,101	37

16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group registered a revenue of RM92.5 million and profit before taxation of RM22.4 million in the current quarter ended 31 March 2021 as compared to a revenue of RM155.6 and loss before taxation of RM74.7 million reported in the the immediate preceding quarter ended 31 December 2020. This was partly due to the loss arising from fair value adjustment as disclosed in the preceding quarterly report.

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

	First Quarter Ended 31.03.21 RM'000	Fourth Quarter Ended 31.12.20 RM'000	Variances Increase/ (Decrease) RM'000	%
Revenue	92,454	155,588	(63,134)	(41)
Cost of sales	46,998	68,324	(21,326)	(31)
Other income	3,080	8,566	(5,486)	(64)
Selling and marketing expenses	2,545	8,672	(6,127)	(71)
Administrative expenses	22,677	18,095	4,582	25
Other expenses	-	142,779*	142,779	N/A
Finance costs	902	1,005	(103)	(10)
Profit/ (Loss) before taxation	22,412	(74,721)	97,133	130

**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 remains uncertain because of closed borders and travel restrictions. 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 31.03.2021 RM'000	Financial Period Ended 31.03.2021 RM'000
Taxation		
-current taxation	5,351	5,351
Total Income Tax Expense	5,351	5,351

20. STATUS OF CORPORATE PROPOSAL ANNOUNCED

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

21. BORROWINGS

	As at 31.03.2021 RM'000	As at 31.12.2020 RM'000
<u>Short term borrowings (Secured)</u>		
Term loan	12,963	12,338
<u>Long term borrowings (Secured)</u>		
Term loan	86,696	88,155
<u>Total Borrowings</u>		
Term loan	99,659	100,493

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 2020.

23. DIVIDEND PAYABLE

No interim ordinary dividend has been declared or approved for the financial period ended 31 March 2021.

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 31.03.21 RM'000	Financial Period Ended 31.03.21 RM'000
Profit attributable to ordinary equity holders of the parent	17,061	17,061
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>1.68</u>	<u>1.68</u>

(b) DILUTED

	Current Quarter Ended 31.03.21 RM'000	Financial Period Ended 31.03.21 RM'000
Profit attributable to ordinary equity holders of the parent	17,061	17,061
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>1.68</u>	<u>1.68</u>

25. PROFIT BEFORE TAXATION

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

	3 Months Ended 31.03.21 RM'000	Year-to-date Ended 31.03.21 RM'000
(a) Interest income	335	335
(b) Other income including investment income	2,745	2,745
(c) Interest expense	835	835
(d) Depreciation and amortisation	2,614	2,614
(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>-</u>	<u>-</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 27 May 2021.

On Behalf of the Board
 KSL Holdings Berhad

 Lee Chye Tee
 Executive Director