

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:

Effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, 'Leases'- Covid -19 – related Rent Concessions beyond 30 June 2021

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
- Amendment to MFRS 17, 'Insurance Contracts'- Initial Application of MFRS 17 and MFRS 9 -Comparative Information
- 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
- Amendments to MFRS 112, ‘Income Taxes’- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

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 2021 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	62,007	-	-	-	-	-	62,007
-Rental income	-	7,579	-	-	-	-	7,579
-Car park management income	-	-	270	-	-	-	270
-Others	603	-	-	-	-	-	603
-Hotel and food and beverage	-	8,426	-	-	-	-	8,426
Inter-segment	-	-	-	-	-	-	-
Total	62,610	16,005	270	-	-	-	78,885
OTHER INCOME							
Interest income	705	110	2	-	4	-	821
Rental income *	1,845	10	-	-	-	-	1,855
Inter-segment	-	-	-	-	-	-	-
Fair value adjustment	-	-	-	-	-	-	-
Others	928	-	6	-	-	-	934
Total	3,478	120	8	-	4	-	3,610
RESULTS							
Segment results	9,884	6,214	194	(317)	(30)	-	15,945
Finance cost							(879)
Profit before tax							15,066
Taxation							(3,611)
Net profit for the period							11,455

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 2022 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 2021.

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 2022.

11. COMMITMENT

The amount of capital commitment not provided for in the financial statements as at 31 March 2022 is as follow:

Approved and contracted for:	RM <u>3,825,954</u>
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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 2021.

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	1,230,000
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 RM78.9 million and RM15.0 million respectively for the current quarter ended 31 March 2022. This represents a decrease of 15% and 33% respectively over the results achieved in the preceding corresponding quarter ended 31 March 2021.

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

	First Quarter Ended 31.03.22 RM'000	First Quarter Ended 31.03.21 RM'000	Variances Increase/ (Decrease) RM'000	%
Revenue	78,885	92,454	(13,569)	(15)
Cost of sales	35,393	46,998	(11,605)	(25)
Other income	3,610	3,080	530	17
Selling and marketing expenses	4,133	2,545	1,588	62
Administrative expenses	27,024	22,677	4,347	19
Finance costs	879	902	(23)	(3)
Profit before taxation	15,066	22,412	(7,346)	(33)

16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's profit before taxation for the quarter under review was approximately 76% lower than the results registered in the immediate preceding quarter ended 31 December 2021.

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

	First Quarter Ended 31.03.22 RM'000	Fourth Quarter Ended 31.12.21 RM'000	Variances Increase/ (Decrease) RM'000	%
Revenue	78,885	175,386	(96,501)	(55)
Cost of sales	35,393	89,186	(53,793)	(60)
Other income	3,610	5,567*	(1,957)	(35)
Selling and marketing expenses	4,133	2,465	1,668	68
Administrative expenses	27,024	26,574	450	2
Finance costs	879	1,004	(125)	(12)

Profit before taxation	15,066	61,724	(46,658)	(76)
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**Inclusive of net gain in fair value adjustment* 86

17. COMMENTARY ON PROSPECTS

Barring any unforeseen circumstances, the Group anticipates the overall operating performance of the Group to be satisfactory for the remaining quarter of the financial year ending 31 December 2022.

With the number of Covid cases under control following the country's high vaccination rate, the economy is expected to recover gradually over time. The property market is also foreseen regain its momentum with the opening up of all economic sectors. Various incentive outlined under Budget 2022 also hopes to provide liveliness to the property market with specific focus to residential sector.

As for the hotels and resorts business segment, the reopening of country borders to tourist and the easing up of most of restriction through the Covid-19 Pandemic to Endemic phase transition effective 1st April 2022 hopefully able to drive the improvement in the economic sector and provide the much needed boost to the tourism sectors.

18. PROFIT FORECAST

Not applicable

19. INCOME TAX EXPENSE

	Current Quarter Ended 31.03.2022 RM'000	Financial Period Ended 31.03.2022 RM'000
Taxation		
-current taxation	3,611	3,611
Total Income Tax Expense	<u>3,611</u>	<u>3,611</u>

20. STATUS OF CORPORATE PROPOSAL ANNOUNCED

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

21. BORROWINGS

	As at 31.03.2022 RM'000	As at 31.12.2021 RM'000
<u>Short term borrowings (Secured)</u>		
Term loan	20,325	20,325
Revolving credit	-	20,000
	<u>20,325</u>	<u>40,325</u>
<u>Long term borrowings (Secured)</u>		
Term loan	<u>63,257</u>	<u>68,338</u>
<u>Total Borrowings</u>		
Term loan	<u>83,582</u>	<u>108,663</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 2021.

23. DIVIDEND PAYABLE

No interim ordinary dividend has been declared or approved for the financial period ended 31 March 2022.

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 31.03.22 RM'000	Financial Period Ended 31.03.22 RM'000
Profit attributable to ordinary equity holders of the parent	11,455	11,455
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>1.13</u>	<u>1.13</u>

(b) DILUTED

	Current Quarter Ended 31.03.22 RM'000	Financial Period Ended 31.03.22 RM'000
Profit attributable to ordinary equity holders of the parent	11,455	11,455
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>1.13</u>	<u>1.13</u>

25. PROFIT BEFORE TAXATION

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

	3 Months Ended 31.03.22 RM'000	Year-to-date Ended 31.03.22 RM'000
(a) Interest income	821	821
(b) Other income including investment income	2,789	2,789
(c) Interest expense	797	797
(d) Depreciation and amortisation	2,513	2,513
(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. 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 26 May 2022.

On Behalf of the Board
KSL Holdings Berhad

Lee Chye Tee
Executive Director