

## 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
<b>REVENUE</b>							
External sales:							
-Sales of properties	256,065	-	-	-	-	-	256,065
-Rental income	-	16,185	-	-	-	-	16,185
-Car park management income	-	-	450	-	-	-	450
-Others	2,493	-	-	-	-	-	2,493
-Hotel and food and beverage	-	17,248	-	-	-	-	17,248
Inter-segment	-	-	-	-	-	-	-
<b>Total</b>	<b>258,558</b>	<b>33,433</b>	<b>450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>292,441</b>
<b>OTHER INCOME</b>							
Interest income	1,000	592	4	2	5	-	1,603
Rental income *	5,730	65	-	-	-	-	5,795
Inter-segment	162	64	6	242	-	(474)	-
Others	2,349	-	32	-	54	-	2,435
<b>Total</b>	<b>9,241</b>	<b>721</b>	<b>42</b>	<b>244</b>	<b>59</b>	<b>(474)</b>	<b>9,833</b>
<b>RESULTS</b>							
Segment results	75,024	7,335	292	(455)	40	(474)	81,762
Finance cost							(2,807)
Profit before tax							78,955
Taxation							(19,159)
<b>Net profit for the period</b>							<b>59,796</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 30 September 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 30 September 2021.

#### 11. COMMITMENT

The amount of capital commitment not provided for in the financial statements as at 30 September 2021 is as follow:

Approved and contracted for:	RM <u>6,642,281</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 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	3,690,000
Harapan Terang Motor Sdn Bhd	15,300

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#### 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 registered a revenue of RM67.4 million and profit before taxation of RM11.7 million in the current quarter ended 30 September 2021 as compared to a revenue of RM67.7 million and profit before taxation of RM8.7 million reported in the previous year corresponding quarter.

The Group achieved profit before taxation of RM11.7 million for the current quarter, which is higher by 35% compared with RM8.7 million for the previous year corresponding quarter.

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

	Third Quarter Ended 30.09.21 RM'000	Third Quarter Ended 30.09.20 RM'000	Variances Increase/ (Decrease) RM'000	%
Revenue	67,447	67,756	(309)	0
Cost of sales	37,011	36,848	163	0
Other income	3,688	3,522	166	5
Selling and marketing expenses	3,748	3,577	171	5
Administrative expenses	17,672	21,147	(3,475)	(16)
Finance costs	960	1,036	(76)	(7)
Profit before taxation	11,744	8,670	3,074	35

16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's profit before taxation for the quarter under review was approximately 74% lower than the results registered in the immediate preceding quarter ended 30 June 2021.

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

	Third Quarter Ended 30.09.21 RM'000	Second Quarter Ended 30.06.21 RM'000	Variances Increase/ (Decrease) RM'000	%
Revenue	67,447	132,540	(65,093)	(49)
Cost of sales	37,011	69,974	(32,963)	(47)

Other income	3,688	3,065	623	20
Selling and marketing expenses	3,748	2,095	1,653	79
Administrative expenses	17,672	17,792	(120)	(1)
Finance costs	960	945	15	2
Profit before taxation	11,744	44,799	(33,055)	(74)

#### 17. COMMENTARY ON PROSPECTS

Over the past year, Movement Control Order and Total Lockdown have affected the Malaysian economy and property market. 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.

With the accelerated vaccination program by the government, more economic sectors are expected to reopen in line with the National Recovery Plan which will set the stage for an anticipated economic rebound.

With the lifting of restrictions and the resumption of interstate and overseas travel, the Group expects the overall operating results of the Group to improve gradually for the remaining quarter of the financial year.

#### 18. PROFIT FORECAST

Not applicable

#### 19. INCOME TAX EXPENSE

	Current Quarter Ended 30.09.2021 RM'000	Financial Period Ended 30.09.2021 RM'000
Taxation	3,032	19,159
-current taxation	3,032	19,159
Total Income Tax Expense	3,032	19,159

#### 20. STATUS OF CORPORATE PROPOSAL ANNOUNCED

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

## 21. BORROWINGS

	As at 30.09.2021 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	80,781	88,155
<u>Total Borrowings</u>		
Term loan	93,744	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 30 September 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 30.09.21 RM'000	Financial Period Ended 30.09.21 RM'000
Profit attributable to ordinary equity holders of the parent	8,712	59,796
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>0.86</u>	<u>5.88</u>
 (b) DILUTED		
	Current Quarter Ended 30.09.21 RM'000	Financial Period Ended 30.09.21 RM'000
Profit attributable to ordinary equity holders of the parent	8,712	59,796
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>0.86</u>	<u>5.88</u>

## 25. PROFIT BEFORE TAXATION

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

	3 Months Ended 30.09.21 RM'000	Year-to-date Ended 30.09.21 RM'000
(a) Interest income	558	1,603
(b) Other income including investment income	3,130	8,230
(c) Interest expense	883	2,596
(d) Depreciation and amortisation	2,601	7,821
(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	-	-

## 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 25 November 2021.

On Behalf of the Board  
 KSL Holdings Berhad

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 Lee Chye Tee  
 Executive Director