

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 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	403,653	-	-	-	-	-	403,653
-Rental income	-	23,068	-	-	-	(120)	22,948
-Car park management income	-	-	749	-	-	-	749
-Others	1,834	-	-	-	-	-	1,834
-Hotel and food and beverage	-	28,382	-	-	-	-	28,382
Inter-segment	-	-	-	6,775	-	(6,775)	-
Total	405,487	51,450	749	6,775	-	(6,895)	457,566
OTHER INCOME							
Interest income	3,308	811	6	536	10	-	4,671
Rental income *	6,262	78	-	-	-	(153)	6,187
Inter-segment	389	167	13	640	-	(1,209)	-
Fair value adjustment	-	86	-	-	-	-	86
Others	4,242	1	43	-	54	-	4,340
Total	14,201	1,143	62	1,176	64	(1,362)	15,284
RESULTS							
Segment results	123,883	14,275	355	7,055	26	(7,210)	138,384
Finance cost							(3,811)
Profit before tax							134,573
Taxation							(24,868)
Net profit for the period							109,705

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 2021 that are unusual because of their nature, size or incidence except for the net gain arising from fair value adjustment of RM86 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 2021.

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 2021.

11. COMMITMENT

The amount of capital commitment not provided for in the financial statements as at 31 December 2021 is as follow:

Approved and contracted for:	RM <u>1,118,812</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/(paid to):</u>	
Bestari Bestmart Sdn Bhd	3,444,000
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 registered a revenue of RM165.1 million and profit before taxation of RM55.6 million in the current quarter ended 31 December 2021 as compared to a revenue of RM155.6 million and loss before taxation of RM74.7 million reported in the previous year corresponding quarter.

The Group achieved profit before taxation of RM55.6 million for the current quarter, which is higher by 174% compared with the loss before taxation RM74.7 million for the previous year corresponding quarter. This was mainly due to fair value adjustment of investment properties.

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

	Fourth Quarter Ended 31.12.21 RM'000	Fourth Quarter Ended 31.12.20 RM'000	Variances Increase/ (Decrease) RM'000	%
Revenue	165,125	155,746	9,537	6
Cost of sales	82,078	68,324	13,754	20
Other income	5,365	8,566	(3,201)	(37)
Selling and marketing expenses	5,329	8,672	(3,343)	(39)
Administrative expenses	26,547	18,095	8,452	47
Fair Value adjustment of Investment Properties	86	(142,779)	(142,865)	(100)
Finance costs	1,004	1,005	(1)	0
Profit /(Loss) before taxation	55,618	(74,721)	130,339	174

16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's profit before taxation for the quarter under review was approximately 374% higher than the results registered in the immediate preceding quarter ended 30 September 2021.

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

	Fourth Quarter Ended 31.12.21 RM'000	Third Quarter Ended 30.09.21 RM'000	Variances Increase/ (Decrease) RM'000	%
Revenue	165,125	67,447	97,678	145
Cost of sales	82,078	37,011	45,067	122
Other income	5,451*	3,688	1,763	48
Selling and marketing expenses	5,329	3,748	1,581	42
Administrative expenses	26,547	17,672	8,875	50
Finance costs	1,004	960	44	5
Profit before taxation	55,618	11,744	43,874	374

**Inclusive of net gain in fair value adjustment* 86

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 financial year ahead.

18. PROFIT FORECAST

Not applicable

19. INCOME TAX EXPENSE

	Current Quarter Ended 31.12.2021 RM'000	Financial Period Ended 31.12.2021 RM'000
Taxation		
-current taxation	2,903	21,880
-Over provision of taxation	3,966	3,966
-Deferred taxation	(1,160)	(1,160)
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Total Income Tax Expense	5,709	24,868

20. STATUS OF CORPORATE PROPOSAL ANNOUNCED

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

21. BORROWINGS

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
<u>Short term borrowings (Secured)</u>		
Term loan	12,963	12,338
Revolving credit	20,000	-
	<hr/>	<hr/>
	32,963	12,338
	<hr/>	<hr/>
<u>Long term borrowings (Secured)</u>		
Term loan	75,700	88,155
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<u>Total Borrowings</u>		
Term loan	108,663	100,493
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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 December 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 31.12.21 RM'000	Financial Period Ended 31.12.21 RM'000
Profit attributable to ordinary equity holders of the parent	49,909	109,705
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>4.91</u>	<u>10.78</u>

(b) DILUTED

	Current Quarter Ended 31.12.21 RM'000	Financial Period Ended 31.12.21 RM'000
Profit attributable to ordinary equity holders of the parent	49,909	109,705
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>4.91</u>	<u>10.78</u>

25. PROFIT BEFORE TAXATION

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

	3 Months Ended 31.12.21 RM'000	Year-to-date Ended 31.12.21 RM'000
(a) Interest income	3,069	4,672
(b) Other income including investment income	2,382	10,612
(c) Interest expense	878	3,474
(d) Depreciation and amortisation	3,233	11,054
(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	<u>86</u>	<u>86</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 24 February 2022.

On Behalf of the Board
KSL Holdings Berhad

Lee Chye Tee
Executive Director