

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	219,754	-	-	-	-	-	219,754
-Rental income	-	17,016	-	-	-	-	17,016
-Car park management income	-	-	931	-	-	-	931
-Others	734	-	-	-	-	-	734
-Hotel and food and beverage	-	23,988	-	-	-	-	23,988
Inter-segment	-	-	-	-	-	-	-
Total	220,488	41,004	931	-	-	-	262,423
OTHER INCOME							
Interest income	1,255	239	4	1	8	-	1,507
Rental income *	3,684	19	-	-	-	-	3,703
Inter-segment	9,647	5,778	3	47,737	-	(63,165)	-
Fair value adjustment	-	-	-	-	-	-	-
Others	1,876	64	26	-	-	-	1,966
Total	16,462	6,100	33	47,738	8	(63,165)	7,176
RESULTS							
Segment results	78,329	24,842	768	47,184	(124)	(63,165)	87,834
Finance cost							(1,831)
Profit before tax							86,003
Taxation							(19,209)
Net profit for the period							66,794

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 June 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 30 June 2022.

11. COMMITMENT

The amount of capital commitment not provided for in the financial statements as at 30 June 2022 is as follow:

Approved and contracted for:	RM <u>10,775,954</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	2,460,000
Harapan Terang Motor Sdn Bhd	10,200

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 except for the following proposed acquisition:-

KSL Development Sdn Bhd, a wholly owned subsidiary of Harapan Terang Sdn Bhd, which in turn is the wholly-owned subsidiary of the Company, had on 8 August 2022 entered into a conditional Sales and Purchase Agreement (SPA) with Tropicana Desa Mentari Sdn Bhd (TDM) to acquire 13 parcels of freehold master lands which are zoning for mixed development project, measuring approximately 84.087 acres, located in Mukim Pulau, Daerah Johor Bahru, Negeri Johor for a total consideration of RM 109,884,891.60.

On the even date, deposit which is equivalent to ten per centum (10%) of the Purchase Price has been paid to TDM via internally generated funds of the Company. The details of the SPA had been announced to the Bursa on 08 August 2022 and additional information on 11 August 2022.

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 RM183.5 million and RM70.9 million respectively for the current quarter ended 30 June 2022. This represents an increase of 38% and 58% respectively over the results achieved in the preceding corresponding quarter ended 30 June 2021.

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

	Second Quarter Ended 30.06.22 RM'000	Second Quarter Ended 30.06.21 RM'000	Variences Increase/ (Decrease) RM'000	%
Revenue	183,538	132,540	50,998	38
Cost of sales	90,826	69,974	20,852	30
Other income	3,566	3,065	501	16
Selling and marketing expenses	5,149	2,095	3,054	146
Administrative expenses	19,240	17,792	1,448	8
Finance costs	952	945	7	1
Profit before taxation	70,937	44,799	26,138	58

16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's profit before taxation for the quarter under review was approximately 371% higher than the results registered in the immediate preceding quarter ended 31 March 2022.

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

	Second Quarter Ended 30.06.22 RM'000	First Quarter Ended 31.03.22 RM'000	Variences Increase/ (Decrease) RM'000	%
Revenue	183,538	78,885	104,653	133
Cost of sales	90,826	35,393	55,433	157
Other income	3,566	3,610	(44)	(1)
Selling and marketing expenses	5,149	4,133	1,016	25
Administrative expenses	19,240	27,024	(7,784)	(29)
Finance costs	952	879	73	8
Profit before taxation	70,937	15,066	55,871	371

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 30.06.2022 RM'000	Financial Period Ended 30.06.2022 RM'000
Taxation		
-current taxation	15,598	19,209
Total Income Tax Expense	15,598	19,209

20. STATUS OF CORPORATE PROPOSAL ANNOUNCED

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

21. BORROWINGS

	As at 30.06.2022 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>58,175</u>	<u>68,338</u>
 <u>Total Borrowings</u>		
Term loan	<u>78,500</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 30 June 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 30.06.22 RM'000	Financial Period Ended 30.06.22 RM'000
Profit attributable to ordinary equity holders of the parent	55,339	66,794
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>5.44</u>	<u>6.57</u>
(b) DILUTED		
	Current Quarter Ended 30.06.22 RM'000	Financial Period Ended 30.06.22 RM'000
Profit attributable to ordinary equity holders of the parent	55,339	66,794
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>5.44</u>	<u>6.57</u>

25. PROFIT BEFORE TAXATION

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

	3 Months Ended 30.06.22 RM'000	Year-to-date Ended 30.06.22 RM'000
(a) Interest income	686	1,507
(b) Other income including investment income	2,880	5,669
(c) Interest expense	764	1,561
(d) Depreciation and amortisation	2,518	5,031
(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 25 August 2022.

On Behalf of the Board
KSL Holdings Berhad

Lee Chye Tee
Executive Director