

## **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
<b>REVENUE</b>							
External sales:							
-Sales of properties	375,623	-	-	-	-	-	375,623
-Rental income	-	32,424	-	-	-	-	32,424
-Car park management income	-	-	1,742	-	-	-	1,742
-Others	1,059	-	-	-	-	-	1,059
-Hotel and food and beverage	-	41,835	-	-	-	-	41,835
Inter-segment	9,500	5,700	-	47,350	-	(62,550)	-
Total	386,182	79,959	1,742	47,350	-	(62,550)	452,683
<b>OTHER INCOME</b>							
Interest income	1,722	459	8	1	14	-	2,204
Rental income *	5,609	29	-	-	-	-	5,638
Inter-segment	191	109	6	875	-	(1,181)	-
Fair value adjustment	-	-	-	-	-	-	-
Others	3,136	110	31	-	1	-	3,278
Total	10,658	707	45	876	15	(1,181)	11,120
<b>RESULTS</b>							
Segment results	133,996	43,902	1,510	47,254	(381)	(63,731)	162,550
Finance cost							(2,897)
Profit before tax							159,653
Taxation							(33,744)
Net profit for the period							125,909

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 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 September 2022.

#### 11. COMMITMENT

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

Approved and contracted for:	<b>RM</b> <u>191,538,454</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>
<b><u>Rental received from:</u></b>	
Bestari Bestmart Sdn Bhd	3,770,677
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 has registered revenue and profit before taxation of RM190.26 million and RM73.65 million respectively for the current quarter ended 30 September 2022. This represents an increase of 182% and 527% respectively over the results achieved in the preceding corresponding quarter ended 30 September 2021.

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

	<b>Third Quarter Ended 30.09.22 RM'000</b>	<b>Third Quarter Ended 30.09.21 RM'000</b>	<b>Variances Increase/ (Decrease) RM'000</b>	<b>%</b>
Revenue	190,260	67,447	122,813	182
Cost of sales	83,451	37,011	46,440	125
Other income	3,944	3,688	256	7
Selling and marketing expenses	7,627	3,748	3,879	103
Administrative expenses	28,410	17,672	10,738	61
Finance costs	1,066	960	106	11
Profit before taxation	73,650	11,744	61,906	527

**16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION**

The Group's profit before taxation for the quarter under review was approximately 4% higher than the results registered in the immediate preceding quarter ended 30 June 2022.

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

	<b>Third Quarter Ended 30.09.22 RM'000</b>	<b>Second Quarter Ended 30.06.22 RM'000</b>	<b>Variances Increase/ (Decrease) RM'000</b>	<b>%</b>
Revenue	190,260	183,538	6,722	4
Cost of sales	83,451	90,826	(7,375)	(8)
Other income	3,944	3,566	378	11
Selling and marketing expenses	7,627	5,149	2,478	48
Administrative expenses	28,410	19,240	9,170	48
Finance costs	1,066	952	114	12
Profit before taxation	73,650	70,937	2,713	4

## 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 1<sup>st</sup> 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

	<b>Current Quarter Ended 30.09.2022 RM'000</b>	<b>Financial Period Ended 30.09.2022 RM'000</b>
Taxation -current taxation	14,535	33,744
Total Income Tax Expense	14,535	33,744

## 20. STATUS OF CORPORATE PROPOSAL ANNOUNCED

There were no corporate proposals announced but not completed during the period under review except for the following:

### 1. Proposed Acquisition

On 08 August 2022, KSL Development Sdn Bhd, a wholly owned subsidiary of Harapan

Terang Sdn Bhd, which in turn is a wholly owned subsidiary of the Company announced its proposal to acquire all that parcel of lands measuring approximately 84.087 acres in area forming part of thirteen (13) parcels of freehold master lands located in Mukim Pulai, Daerah Johor Bahru, Negeri Johor for a total consideration of RM 109,884,891.60.

Status as at to-date

As at to-date, certain conditions precedent stipulated in the Sale and Purchase Agreement are still pending fulfillment.

**2. Proposed Acquisition**

On 12 September 2022, KSL Medini Development Sdn Bhd, a wholly owned subsidiary of the Company announced its proposal to acquire all that parcel of lands measuring approximately 53.89 acres in area forming part of ten (10) parcels of freehold master lands located in Mukim Jeram Batu, Daerah Pontian, Negeri Johor for a total consideration of RM102,935,612.34.

Status as at to-date

As at to-date, certain conditions precedent stipulated in the Sale and Purchase Agreement are still pending fulfillment.

**21. BORROWINGS**

	<b>As at 30.09.2022 RM'000</b>	<b>As at 31.12.2021 RM'000</b>
<b><u>Short term borrowings (Secured)</u></b>		
Term loan	20,325	20,325
Revolving credit	-	20,000
	20,325	40,325
 <b><u>Long term borrowings (Secured)</u></b>		
Term loan	53,094	68,338
 <b><u>Total Borrowings</u></b>		
Term loan	73,419	108,663

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 September 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.

	<b>Current Quarter Ended 30.09.22 RM'000</b>	<b>Financial Period Ended 30.09.22 RM'000</b>
Profit attributable to ordinary equity holders of the parent	59,115	125,909
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
	<b>Sen</b>	<b>Sen</b>
Basic earnings per share	<u>5.81</u>	<u>12.38</u>

**(b) DILUTED**

	<b>Current Quarter Ended 30.09.22 RM'000</b>	<b>Financial Period Ended 30.09.22 RM'000</b>
Profit attributable to ordinary equity holders of the parent	59,115	125,909
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
	<b>Sen</b>	<b>Sen</b>
Diluted earnings per share	<u>5.81</u>	<u>12.38</u>

**25. PROFIT BEFORE TAXATION**

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

	<b>3 Months Ended 30.09.22 RM'000</b>	<b>Year-to-date Ended 30.09.22 RM'000</b>
(a) Interest income	697	2,204
(b) Other income including investment income	3,247	8,916
(c) Interest expense	806	2,367
(d) Depreciation and amortisation	2,506	7,537
(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>-</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 24 November 2022.

On Behalf of the Board  
KSL Holdings Berhad

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Lee Chye Tee  
Executive Director