

## **A. EXPLANATORY NOTES PURSUANT TO MFRS 134**

### **1. ACCOUNTING POLICIES AND BASIS OF PREPARATION**

The Group has prepared its financial statements using the Malaysian Financial Reporting Standards (“MFRS”) for the financial period ended 31 December 2022.

The interim financial report is unaudited and is prepared in accordance with MFRS134 *Interim Financial Reporting* and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2021. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2021.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2021 except for the adoption of the following new MFRSs and Amendments to MFRSs that are effective for financial statements effective from 1 January 2022, as disclosed below:

- 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

### **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	453,635	-	-	-	-	-	453,635
-Rental income	-	51,847	-	-	-	(120)	51,727
-Car park management income	-	-	2,852	-	-	-	2,852
-Others	1,943	-	-	-	-	-	1,943
-Hotel and food and beverage	-	64,842	-	-	-	-	64,842
Inter-segment	9,500	5,700	-	48,337	-	(63,657)	-
<b>Total</b>	<b>465,078</b>	<b>122,389</b>	<b>2,852</b>	<b>48,337</b>	<b>-</b>	<b>(63,777)</b>	<b>574,999</b>
<b>OTHER INCOME</b>							
Interest income	5,139	677	15	1	21	-	5,853
Rental income *	7,960	38	-	-	-	(264)	7,734
Inter-segment	656	297	22	2,606	-	(3,581)	-
Fair value adjustment	-	45,498	-	-	-	-	45,498
Others	5,631	124	35	-	1	-	5,791
<b>Total</b>	<b>19,386</b>	<b>46,634</b>	<b>72</b>	<b>2,607</b>	<b>22</b>	<b>(3,845)</b>	<b>64,876</b>
<b>RESULTS</b>							
Segment results	128,773	108,726	2,287	49,821	(914)	(66,132)	222,561
Finance cost							(4,057)
Profit before tax							218,504
Taxation							(37,495)
Net profit for the period							181,009

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 2022 that are unusual because of their nature, size or incidence except for the net gain arising from fair value adjustment of RM45 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 2022.

#### **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 2022.

## 11. COMMITMENT

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

Approved and contracted for:	<b>RM</b> <u>246,682,303</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 2022.

## 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/(paid to):</u></b>	
Bestari Bestmart Sdn Bhd	5,123,677
Harapan Terang Motor Sdn Bhd	20,400
Bintang-bintang Sdn Bhd	(200,000)

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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 RM122.32 million and RM58.85 million respectively for the current quarter ended 31 December 2022. This represents a decrease of 30% and 5% respectively over the results achieved in the preceding corresponding quarter ended 31 December 2021.

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

	<b>Fourth Quarter Ended 31.12.22 RM'000</b>	<b>Fourth Quarter Ended 31.12.21 RM'000</b>	<b>Variances Increase/ (Decrease) RM'000</b>	<b>%</b>
Revenue	122,316	175,386	(53,070)	(30)
Cost of sales	58,597	89,186	(30,589)	(34)
Other income	53,756	5,567	48,189	866
Selling and marketing expenses	41,077	2,465	38,612	1,566
Administrative expenses	16,387	26,574	(10,187)	(38)
Finance costs	1,160	1,004	156	16
Profit before taxation	58,851	61,724	(2,873)	(5)

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

The Group's profit before taxation for the quarter under review was approximately 20% lower than the results registered in the immediate preceding quarter ended 30 September 2022.

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

	<b>Fourth Quarter Ended 31.12.22 RM'000</b>	<b>Third Quarter Ended 30.09.22 RM'000</b>	<b>Variances Increase/ (Decrease) RM'000</b>	<b>%</b>
Revenue	122,316	190,260	(67,944)	(36)
Cost of sales	58,597	83,451	(24,854)	(30)
Other income	53,756*	3,944	49,812	1263
Selling and marketing expenses	41,077	7,627	33,450	439
Administrative expenses	16,387	28,410	(12,023)	(42)
Finance costs	1,160	1,066	94	9
Profit before taxation	58,851	73,650	(14,799)	(20)

*\*Inclusive of net gain in fair value adjustment*      45,498

## 17. COMMENTARY ON PROSPECTS

The property industry remains challenging with escalating cost of building materials, supply chain disruptions, shortage of workers and uptrend in interest rate. The economy has yet to recover from the consequential impact of the Covid-19 pandemic.

The Group has continued to exercise caution in its business plans and activities. At the same time, the Group continued to place greater emphasis on building capacities, expertise and improving management effectiveness and efficiency so that the Group will remain strong and resilient in facing the current and future challenges.

Despite the economic downturn, the Group has been preparing the ground works including seeking regulatory approvals and stands ready to launch new housing projects at the appropriate time taking into account market sentiments.

## 18. PROFIT FORECAST

Not applicable

## 19. INCOME TAX EXPENSE

	<b>Current Quarter Ended 31.12.2022 RM'000</b>	<b>Financial Period Ended 31.12.2022 RM'000</b>
Taxation		
-current taxation	2,260	36,004
-Overprovision of taxation	(3,090)	(3,090)
-Deferred taxation	4,581	4,581
Total Income Tax Expense	<u>3,751</u>	<u>37,495</u>

## 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 Pulau, 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 31.12.2022 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
	<b>20,325</b>	<b>40,325</b>

**Long term borrowings (Secured)**

Term loan	48,013	68,338
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**Total Borrowings**

Term loan	68,338	108,663
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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 2021.

**23. DIVIDEND PAYABLE**

No interim ordinary dividend has been declared or approved for the financial period ended 31 December 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 31.12.22 RM'000</b>	<b>Financial Period Ended 31.12.22 RM'000</b>
Profit attributable to ordinary equity holders of the parent	55,100	181,009
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>5.42</u>	<u>17.79</u>

**(b) DILUTED**

	<b>Current Quarter Ended 31.12.22 RM'000</b>	<b>Financial Period Ended 31.12.22 RM'000</b>
Profit attributable to ordinary equity holders of the parent	55,100	181,009
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>5.42</u>	<u>17.79</u>

## 25. PROFIT BEFORE TAXATION

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

	<b>3 Months Ended 31.12.22 RM'000</b>	<b>Year-to-date Ended 31.12.22 RM'000</b>
(a) Interest income	3,649	5,853
(b) Other income including investment income	4,609	13,525
(c) Interest expense	868	3,235
(d) Depreciation and amortisation	2,676	10,213
(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	45,498	45,498

## 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 27 February 2023.

On Behalf of the Board  
KSL Holdings Berhad

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KU HWA SENG  
Chairman