

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 30 September 2023.

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 2022. These explanatory notes attached to the interim financial statements provide and 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 2022.

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 2022 except for the adoption of the following Accounting Standards, Amendments and Interpretations:

		<u>Effective dates</u>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

Standards issued but not yet effective

		<u>Effective dates</u>
Amendments to MFRS 16	Lease liability in a sale and leaseback	1 January 2024
Amendments to MFRS 101	Non-Current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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 2022 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	730,410	-	-	-	-	-	730,410
-Rental income	-	67,663	-	-	1,564	-	69,227
-Car park management income	-	-	3,712	-	-	-	3,712
-Others	2,584	-	-	-	-	-	2,584
-Hotel, food and beverage	-	66,472	-	-	39	-	66,511
Inter-segment	-	-	-	104,500	-	(104,500)	-
Total	732,994	134,135	3,712	104,500	1,603	(104,500)	872,444
OTHER INCOME							
Interest income	4,189	683	21	2	34	-	4,929
Rental income *	5,975	115	-	-	-	-	6,090
Inter-segment	1,327	179	39	2,726	-	(4,271)	-
Fair value adjustment	-	-	-	-	-	-	-
Others	4,324	30	11	-	431	-	4,796
Total	15,815	1,007	71	2,728	465	(4,271)	15,815
RESULTS							
Segment results	293,318	83,398	2,912	106,855	(737)	(108,771)	376,975
Finance cost							(3,013)
Profit before tax							373,962
Taxation							(88,889)
Net profit for the period							285,073

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 2023 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 2022.

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 2023.

11. COMMITMENT

The amount of capital commitment not provided for in the financial statements as at 30 September 2023 is as follow:

Approved and contracted for:	RM <u>280,891,533</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>
<u>Rental received from:</u>	
Bestari Bestmart Sdn Bhd	4,059,000
Harapan Terang Motor Sdn Bhd	15,300
<u>Purchases from :</u>	
Tiram Quarry Sdn Bhd	577,882

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:-

- (a) The Company has on 6 October 2023 incorporated a subsidiary company named Bestari Kaya Sdn Bhd with an issued and paid-up share capital of RM 1,000,000-00, for which the Company's wholly owned subsidiary, Sering Cemerlang Sdn Bhd holds 100%.
- (b) On 23 November 2023, KSL Bestari Sdn. Bhd., a subsidiary of the Group entered into a conditional sale and purchase agreement with Bandar Setia Alam Sdn. Bhd., a direct wholly-owned subsidiary of S P Setia Berhad, to acquire approximately 72,820 square meters of freehold land in Mukim Bukit Raja, Daerah Petaling, Negeri Selangor, for a total consideration of RM228,800,000.

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 RM267.31 million and RM110.47 million respectively for the current quarter ended 30 September 2023. This represents an increase of 40% and 50% respectively over the results achieved in the preceding corresponding quarter ended 30 September 2022.

The current quarter's performance was mainly contributed by the Group's flagship projects from the property development segment in Johor Bahru, Kluang and Klang namely Taman Bestari Indah, Taman Kempas Indah, Taman Mutiara Bestari, KSL Residence @Kangkar Tebrau, KSL Avery Park, Taman Mengkibol, Bandar Bestari Klang and 18 Madge.

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

	Third Quarter Ended 30.09.23 RM'000	Third Quarter Ended 30.09.22 RM'000	Variences Increase/ (Decrease) RM'000	%
Revenue	267,309	190,260	77,049	40
Cost of sales	110,543	83,451	27,092	32
Other income	6,234	3,944	2,290	58
Selling and marketing expenses	16,380	7,627	8,753	115
Administrative expenses	35,118	28,410	6,708	24
Finance costs	1,033	1,066	(33)	(3)
Profit before taxation	110,469	73,650	36,819	50

16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's profit before taxation for the quarter under review was approximately 24% lower than the results registered in the immediate preceding quarter ended 30 June 2023.

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

	Third Quarter Ended 30.09.23 RM'000	Second Quarter Ended 30.06.23 RM'000	Variences Increase/ (Decrease) RM'000	%
Revenue	267,309	325,207	(57,898)	(18)
Cost of sales	110,543	145,664	(35,121)	(24)
Other income	6,234	5,444	790	15

Selling and marketing expenses	16,380	12,354	4,026	33
Administrative expenses	35,118	25,759	9,359	36
Finance costs	1,033	982	51	5
Profit before taxation	110,469	145,892	(35,423)	(24)

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

	Current Quarter Ended 30.09.2023 RM'000	Financial Period Ended 30.09.2023 RM'000
Taxation		
-current taxation	25,962	88,957
-overprovision of taxation	(68)	(68)
Total Income Tax Expense	25,894	88,889

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

	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
<u>Short term borrowings (Secured)</u>		
Term loan	20,325	20,325
<u>Long term borrowings (Secured)</u>		
Term loan	32,769	48,013
<u>Total Borrowings</u>		
Term loan	53,094	68,338

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 2022.

23. DIVIDEND PAYABLE

No interim ordinary dividend has been declared or approved for the financial period ended 30 September 2023.

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 30.09.23 RM'000	Financial Period Ended 30.09.23 RM'000
Profit attributable to ordinary equity holders of the parent	84,575	285,073
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>8.31</u>	<u>28.02</u>

(b) DILUTED

	Current Quarter Ended 30.09.23 RM'000	Financial Period Ended 30.09.23 RM'000
Profit attributable to ordinary equity holders of the parent	84,575	285,073
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	8.31	28.02

25. PROFIT BEFORE TAXATION

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

	3 Months Ended 30.09.23 RM'000	Year-to-date Ended 30.09.23 RM'000
(a) Interest income	1,575	4,929
(b) Other income including investment income	4,659	10,886
(c) Interest expense	701	2,161
(d) Depreciation and amortisation	1,673	5,042
(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 29 November 2023.

On Behalf of the Board
KSL Holdings Berhad

KU HWA SENG
Chairman