

## 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 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 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 101 Classification of Liabilities as Current or Non-Current	1 January 2024
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
<b>REVENUE</b>							
External sales:							
-Sales of properties	933,376	-	-	-	-	-	933,376
-Rental income	-	95,104	-	-	4,024	-	99,128
-Car park management income	-	-	5,261	-	-	-	5,261
-Others	3,109	-	-	-	96	-	3,205
-Hotel, food and beverage	-	98,972	-	-	308	-	99,280
Inter-segment	-	-	-	104,887	-	(104,500)	387
<b>Total</b>	<b>936,485</b>	<b>194,076</b>	<b>5,261</b>	<b>104,887</b>	<b>4,428</b>	<b>(104,500)</b>	<b>1,140,637</b>
<b>OTHER INCOME</b>							
Interest income	12,261	1,086	36	3	52	-	13,438
Rental income *	8,422	171	-	-	-	-	8,593
Inter-segment	2,163	221	65	6,839	-	(9,288)	-
Fair value adjustment	-	43,979	-	-	-	-	43,979
Others	6,967	899	19	-	605	-	8,490
<b>Total</b>	<b>29,813</b>	<b>46,356</b>	<b>120</b>	<b>6,842</b>	<b>657</b>	<b>(9,288)</b>	<b>74,500</b>
<b>RESULTS</b>							
Segment results	371,066	168,171	3,999	111,137	(444)	(113,788)	540,141
Finance cost							(4,163)
Profit before tax							535,978
Taxation							(121,355)
Net profit for the period							414,623

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 2023 that are unusual because of their nature, size or incidence except for the net gain arising from fair value adjustment of RM44 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 2023.

#### **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 2023 except for the below:

- (a) On 06 October 2023, the Company has incorporated a subsidiary namely Bestari Kaya Sdn. Bhd. with an issued and paid-up share capital of RM 100-00 comprising One Hundred (100) Ordinary Shares of RM 1-00 each., for which the Company's wholly owned subsidiary, Sering Cemerlang Sdn Bhd holds 100%.

- (b) On 03 November 2023, the Company has also incorporated a subsidiary namely KSL City Development Sdn. Bhd. with an issued and paid-up share capital of RM 1,000,000-00 comprising One Million (1,000,000) Ordinary Shares of RM 1-00 each.

#### 11. COMMITMENT

The amount of capital commitment not provided for in the financial statements as at 31 December 2023 is as follow:

Approved and contracted for: RM  
457,482,389

#### 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	5,412,000
Harapan Terang Motor Sdn Bhd	20,400
Bintang-bintang Sdn Bhd	(200,000)
<b><u>Purchases from :</u></b>	
Tiram Quarry Sdn Bhd	645,881

#### 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 RM268.19 million and RM162.01 million respectively for the current quarter ended 31 December 2023. This represents an increase of 119% and 182% respectively over the results achieved in the preceding corresponding quarter ended 31 December 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:

	<b>Fourth Quarter Ended 31.12.23 RM'000</b>	<b>Fourth Quarter Ended 31.12.22 RM'000</b>	<b>Variances Increase/ (Decrease) RM'000</b>	<b>%</b>
Revenue	268,193	122,316	145,877	119
Cost of sales	102,597	59,277	43,320	73
Other income	58,685	53,897	4,788	9
Selling and marketing expenses	16,576	16,899	(323)	(2)
Administrative expenses	44,539	41,363	3,176	8
Finance costs	1,150	1,160	(10)	(1)
Profit before taxation	162,016	57,514	104,502	182

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

The Group's profit before taxation for the quarter under review was approximately 47% higher than the results registered in the immediate preceding quarter ended 30 September 2023.

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

	<b>Fourth Quarter Ended 31.12.23 RM'000</b>	<b>Third Quarter Ended 30.09.23 RM'000</b>	<b>Variances Increase/ (Decrease) RM'000</b>	<b>%</b>
Revenue	268,193	267,309	884	0
Cost of sales	102,597	110,543	(7,946)	(7)

Other income	58,685*	6,234	52,451	841
Selling and marketing expenses	16,576	16,380	196	1
Administrative expenses	44,539	35,118	9,421	27
Finance costs	1,150	1,033	117	11
Profit before taxation	162,016	110,469	51,547	47

*\*Inclusive of net gain in fair value adjustment*      **44,389**

## 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 31.12.2023 RM'000</b>	<b>Financial Period Ended 31.12.2023 RM'000</b>
Taxation		
-current taxation	31,023	119,980
-overprovision of taxation	(2,944)	(3,012)
-Deferred taxation	4,387	4,387
Total Income Tax Expense	32,466	121,355

## 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

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
<b><u>Short term borrowings (Secured)</u></b>		
Term loan	20,325	20,325
<b><u>Long term borrowings (Secured)</u></b>		
Term loan	27,687	48,013
<b><u>Total Borrowings</u></b>		
Term loan	48,012	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 31 December 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.

	<b>Current Quarter Ended 31.12.23 RM'000</b>	<b>Financial Period Ended 31.12.23 RM'000</b>
Profit attributable to ordinary equity holders of the parent	129,550	414,622
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>12.74</u>	<u>40.76</u>

**(b) DILUTED**

	<b>Current Quarter Ended 31.12.23 RM'000</b>	<b>Financial Period Ended 31.12.23 RM'000</b>
Profit attributable to ordinary equity holders of the parent	129,550	414,622
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>12.74</u>	<u>40.76</u>

**25. PROFIT BEFORE TAXATION**

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

	<b>3 Months Ended 31.12.23 RM'000</b>	<b>Year-to-date Ended 31.12.23 RM'000</b>
(a) Interest income	8,509	13,438
(b) Other income including investment income	5,787	16,673
(c) Interest expense	645	2,806
(d) Depreciation and amortisation	4,972	10,014
(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) Goodwill written off	2	2
(j) Gain/(loss) on derivatives	-	-
(k) Exceptional items/ Net gain in FV adjustment	<u>44,389</u>	<u>44,389</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 28 February 2024.

On Behalf of the Board  
KSL Holdings Berhad

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KU HWA SENG  
Chairman