

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 March 2024.

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 2023. 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 2023.

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 2023 except for the adoption of the following Accounting Standards, Amendments and Interpretations:

Effective for financial periods beginning on or after 1 January 2024:

Amendments to MFRS 16 Lease liability in a sale and leaseback

Amendments to MFRS 101 Presentation of Financial Statements- Non-Current Liabilities with Covenants and Classification of Liabilities as Current or Non-Current

Amendments to MFRS 107 Supplier Finance Agreements
and MFRS 7

Standards issued but not yet effective

		<u>Effective dates</u>
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
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 2023 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	270,105	-	-	-	-	-	270,105
-Rental income	-	29,320	-	-	-	-	29,320
-Car park management income	-	-	1,545	-	-	-	1,545
-Others	157	31	-	-	437	-	625
-Hotel, food and beverage	-	26,664	-	-	-	-	26,664
Inter-segment	-	-	-	-	-	-	-
Total	270,262	56,015	1,545	-	437	-	328,259
OTHER INCOME							
Interest income	1,941	211	6	1	-	-	2,159
Rental income *	1,975	46	-	-	-	-	2,021
Inter-segment	-	-	-	-	-	-	-
Fair value adjustment	-	-	-	-	-	-	-
Others	436	221	3	-	16	-	676
Total	4,352	478	9	1	16	-	4,856
RESULTS							
Segment results	106,457	25,691	1,283	(101)	(14)	-	133,316
Finance cost							(863)
Profit before tax							132,453
Taxation							(31,451)
Net profit for the period							101,002

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 March 2024 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 2023.

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 31 March 2024.

11. COMMITMENT

The amount of capital commitment not provided for in the financial statements as at 31 March 2024 is as follow:

Approved and contracted for:	RM <u>526,565,208</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 2023.

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	1,353,000
Harapan Terang Motor Sdn Bhd	5,100
<u>Purchases from :</u>	
Tiram Quarry Sdn Bhd	155,117

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 below:

- (a) On 29 April 2024, KSL Medini Development Sdn. Bhd., a wholly-owned subsidiary of the Group entered into a conditional SPA with Tropicana Firstwide Sdn. Bhd., Tropicana Rhythm Crest Sdn. Bhd. and Tropicana Desa Mentari Sdn. Bhd. for the proposed acquisition of 183.3323 acres in total area of freehold lands located in Mukim Pulai, Daerah Johor Bahru, Negeri Johor for a purchase consideration of RM211,578,650.
- (b) On 20 May 2024, the Company has incorporated a subsidiary namely KSL Lestari Sdn. Bhd. with paid-up share capital of RM 100,000-00 comprising One Hundred Thousand (100,000) Ordinary Shares of RM 1-00 each.

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 RM328.26 million and RM132.45 million respectively for the current quarter ended 31 March 2024. This represents an increase of 17% and 13% respectively over the results achieved in the preceding corresponding quarter ended 31 March 2023.

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:

	First Quarter Ended 31.03.24 RM'000	First Quarter Ended 31.03.23 RM'000	Variances Increase/ (Decrease) RM'000	%
Revenue	328,259	279,928	48,331	17
Cost of sales	141,714	130,552	11,162	9
Other income	4,856	4,137	719	17
Selling and marketing expenses	17,959	11,191	6,768	60
Administrative expenses	40,126	23,723	16,403	69
Finance costs	863	998	(135)	(14)
Profit before taxation	132,453	117,601	14,852	13

16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's profit before taxation for the quarter under review was approximately 18% lower than the results registered in the immediate preceding quarter ended 31 December 2023.

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

	First Quarter Ended 31.03.24 RM'000	Fourth Quarter Ended 31.12.23 RM'000	Variances Increase/ (Decrease) RM'000	%
Revenue	328,259	269,194	59,065	22
Cost of sales	141,714	103,120	38,594	37

Other income	4,856	56,333*	(51,477)	(91)
Selling and marketing expenses	17,959	16,707	1,252	7
Administrative expenses	40,126	43,556	(3,430)	(8)
Finance costs	863	1,151	(288)	(25)
Profit before taxation	132,453	160,993	(28,540)	(18)

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

17. COMMENTARY ON PROSPECTS

Looking ahead, the Malaysia economy is anticipated to experience an upswing in 2024. This growth is expected to be bolstered by robust domestic spending, enhancements in tourism activities, ongoing multi-year infrastructure projects, and the implementation of catalytic initiatives under the national master plans.

In light of this, the Group is optimistic about an upturn in the property sector. However, the ongoing global geopolitical uncertainties and inflationary effects on construction costs continue to pose challenges to the business operations within the property sector. We persist in our close monitoring of operational cost efficiencies and maintain our sensitivity to market sentiments when it comes to the timing and pricing of new project launches.

18. PROFIT FORECAST

Not applicable

19. INCOME TAX EXPENSE

	Current Quarter Ended 31.03.2024 RM'000	Financial Period Ended 31.03.2024 RM'000
Taxation		
-current taxation	31,451	31,451
Total Income Tax Expense	31,451	31,451

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 8 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

The Group had on 3 April 2024 completed and fully settled the total purchase consideration of the Proposed Acquisition in accordance with the terms of the conditional sale and purchase agreement dated 8 August 2022.

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

The Group had on 7 May 2024 completed and fully settled the total purchase consideration of the Proposed Acquisition in accordance with the terms of the conditional sale and purchase agreement dated 12 September 2022.

21. BORROWINGS

	As at 31.03.2024 RM'000	As at 31.12.2023 RM'000
<u>Short term borrowings (Secured)</u>		
Term loan	20,325	20,325
<u>Long term borrowings (Secured)</u>		
Term loan	22,606	27,687
<u>Total Borrowings</u>		
Term loan	42,931	48,012

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 2023.

23. DIVIDEND PAYABLE

No interim ordinary dividend has been declared or approved for the financial period ended 31 March 2024.

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 31.03.24 RM'000	Financial Period Ended 31.03.24 RM'000
Profit attributable to ordinary equity holders of the parent	101,001	101,001
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>9.93</u>	<u>9.93</u>

(b) DILUTED

	Current Quarter Ended 31.03.24 RM'000	Financial Period Ended 31.03.24 RM'000
Profit attributable to ordinary equity holders of the parent	101,001	101,001
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>9.93</u>	<u>9.93</u>

25. PROFIT BEFORE TAXATION

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

	3 Months Ended 31.03.24 RM'000	Year-to-date Ended 31.03.24 RM'000
(a) Interest income	2,159	2,159
(b) Other income including investment income	2,697	2,697
(c) Interest expense	546	546
(d) Depreciation and amortisation	2,268	2,268
(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	-	-
(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 27 May 2024.

On Behalf of the Board
KSL Holdings Berhad

KU HWA SENG
Chairman