

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 June 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 and MFRS 7	Supplier Finance Agreements

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	528,969	-	-	-	-	-	528,969
-Rental income	-	59,526	-	-	-	-	59,526
-Car park management income	-	-	3,160	-	-	-	3,160
-Others	1,338	501	-	-	860	-	2,699
-Hotel, food and beverage	-	54,885	-	-	-	-	54,885
Inter-segment	-	-	-	-	-	-	-
Total	530,307	114,912	3,160	-	860	-	649,239
OTHER INCOME							
Interest income	4,259	1,123	43	2,771	-	(3,996)	4,200
Rental income *	4,037	105	-	-	-	-	4,142
Inter-segment	-	-	-	-	-	-	-
Fair value adjustment	-	-	-	-	-	-	-
Others	3,026	391	4	-	30	-	3,451
Total	11,322	1,619	47	2,771	30	-	11,793
RESULTS							
Segment results	225,918	57,665	2,616	2,523	(34)	(3,996)	284,692
Finance cost							(2,071)
Profit before tax							282,621
Taxation							(67,030)
Net profit for the period							215,591

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 June 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 30 Jun 2024 except for the below:

- (a) On 20 May 2024, the Company has incorporated a subsidiary namely KSL Lestari Sdn. Bhd. with an issued and paid-up share capital of RM 100,000-00 comprising One Hundred Thousand (100,000) Ordinary Shares of RM 1-00 each.

- (b) On 26 June 2024, the Company has also incorporated a subsidiary namely Gebeng Bestari Sdn. Bhd. with an issued and paid-up share capital of RM 1-00 comprising One (1-00) Ordinary Shares.

11. COMMITMENT

The amount of capital commitment not provided for in the financial statements as at 30 June 2024 is as follow:

Approved and contracted for:	RM <u>596,022,515</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	2,706,000
Harapan Terang Motor Sdn Bhd	10,200
<u>Purchases from :</u>	
Tiram Quarry Sdn Bhd	454,990
Segamat Quarry Sdn Bhd	4,588

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 09 July 2024, Goodpark Development Sdn. Bhd., a wholly-owned subsidiary of the Group, entered into a conditional Sale and Purchase Agreement (SPA) with Myview Diversified Sdn. Bhd. for the acquisition of two pieces of freehold land located in Mukim Plentong, Daerah Johor Bahru, Negeri Johor for a purchase consideration of RM84,881,326.

- (b) On 23 July 2024, Bintang-bintang Development Sdn. Bhd., a wholly-owned subsidiary of the Group, entered into a conditional SPA with Bumijaya Makmur Sdn. Bhd. and QSK Realty Sdn. Bhd. for the proposed acquisition of four (4) pieces of freehold land located in Mukim Gemereh, Daerah Segamat, Negeri Johor for a purchase consideration of RM7,679,260.

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 RM320.98 million and RM150.17 million respectively for the current quarter ended 30 June 2024. This represents a decrease of 1% and an increase of 3% respectively over the results achieved in the preceding corresponding quarter ended 30 June 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:

	Second Quarter Ended 30.06.24 RM'000	Second Quarter Ended 30.06.23 RM'000	Variances Increase/ (Decrease) RM'000	%
Revenue	320,980	325,207	(4,227)	(1)
Cost of sales	133,917	145,664	(11,747)	(8)
Other income	6,937	5,444	1,493	27
Selling and marketing expenses	16,029	12,354	3,675	30
Administrative expenses	26,595	25,759	836	3
Finance costs	1,208	982	226	23
Profit before taxation	150,168	145,892	4,276	3

16. COMMENT ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's profit before taxation for the quarter under review was approximately 13% higher than the results registered in the immediate preceding quarter ended 31 March 2024.

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

	Second Quarter Ended 30.06.24 RM'000	First Quarter Ended 31.03.24 RM'000	Variations Increase/ (Decrease) RM'000	%
Revenue	320,980	328,259	(7,279)	(2)
Cost of sales	133,917	141,714	(7,797)	(6)
Other income	6,937	4,856	2,081	43
Selling and marketing expenses	16,029	17,959	(1,930)	(11)
Administrative expenses	26,595	40,126	(13,531)	(34)
Finance costs	1,208	863	345	40
Profit before taxation	150,168	132,453	17,715	13

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 30.06.2024 RM'000	Financial Period Ended 30.06.2024 RM'000
Taxation		
-current taxation	35,579	67,030
Total Income Tax Expense	35,579	67,030

20. STATUS OF CORPORATE PROPOSAL ANNOUNCED

There were no corporate proposals announced during the period under review.

21. BORROWINGS

	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
<u>Short term borrowings (Secured)</u>		
Term loan	20,214	20,325
<u>Long term borrowings (Secured)</u>		
Term loan	17,636	27,687
Revolving Credit	100,000	-
	<u>117,636</u>	<u>27,687</u>
<u>Total Borrowings</u>		
Term loan	<u>137,850</u>	<u>48,012</u>

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 30 June 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 30.06.24 RM'000	Financial Period Ended 30.06.24 RM'000
Profit attributable to ordinary equity holders of the parent	114,650	215,651
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>11.27</u>	<u>21.20</u>
(b) DILUTED		
	Current Quarter Ended 30.06.24 RM'000	Financial Period Ended 30.06.24 RM'000
Profit attributable to ordinary equity holders of the parent	114,650	215,651
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>11.27</u>	<u>21.20</u>

25. PROFIT BEFORE TAXATION

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

	3 Months Ended 30.06.24 RM'000	Year-to-date Ended 30.06.24 RM'000
(a) Interest income	2,041	4,200
(b) Other income including investment income	4,896	7,593
(c) Interest expense	859	1,405
(d) Depreciation and amortisation	2,240	4,508
(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	-	-

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 August 2024.

On Behalf of the Board
KSL Holdings Berhad

KU HWA SENG
Chairman