



# **Property**

## **KERJAYA PROSPEK PROPERTY BERHAD**

(Formerly known as GSB Group Berhad)

Registration No. 199401001358 (287036-X)

(Incorporated in Malaysia)

### **Interim Financial Report 31 December 2019**



## Property

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 (Incorporated in Malaysia)

#### Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Financial Period Ended 31 December 2019

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mth) Current Year Quarter 31/12/2019 RM'000	(3-mth) Preceding Year Quarter 31/12/2018 RM'000	(9-mth) Current Year to-Date 31/12/2019 RM'000	(9-mth) Preceding Year to-Date 31/12/2018 RM'000
Revenue	9,930	3,101	34,160	28,971
Cost of sales	(6,949)	(3,672)	(25,864)	(25,857)
<b>Gross profit/(loss)</b>	<b>2,981</b>	<b>(571)</b>	<b>8,296</b>	<b>3,114</b>
Other income	25	31	1,080	212
Distribution expenses	(70)	(600)	(414)	(2,916)
Administrative expenses	(819)	(429)	(4,212)	(3,347)
Other expenses	(90)	(29)	(301)	(349)
<b>Results from operating activities</b>	<b>2,027</b>	<b>(1,598)</b>	<b>4,449</b>	<b>(3,286)</b>
Finance cost, net of income	(370)	(977)	(771)	(1,343)
<b>Profit/(Loss) before tax</b>	<b>1,657</b>	<b>(2,575)</b>	<b>3,678</b>	<b>(4,629)</b>
Tax expense	(616)	249	(1,302)	(61)
<b>Profit/(Loss) from continuing operations</b>	<b>1,041</b>	<b>(2,326)</b>	<b>2,376</b>	<b>(4,690)</b>
<b>Discontinued operation</b>				
Profit from discontinued operation, net of tax	-	24	11	165
<b>Profit/(Loss) and total comprehensive income/(expenses) for the period</b>	<b>1,041</b>	<b>(2,302)</b>	<b>2,387</b>	<b>(4,525)</b>
<b>Basic earnings/(loss) per ordinary share (sen)</b>				
from continuing operations	0.19	(0.43)	0.43	(0.86)
from discontinued operation	-	0.01	*	0.03
	<b>0.19</b>	<b>(0.42)</b>	<b>0.43</b>	<b>(0.83)</b>
<b>Diluted earnings/(loss) per ordinary share (sen)</b>				
from continuing operations	0.19	(0.43)	0.43	(0.86)
from discontinued operation	-	0.01	*	0.03
	<b>0.19</b>	<b>(0.42)</b>	<b>0.43</b>	<b>(0.83)</b>

\* - Amount less than 0.01 sen

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying notes attached to this interim financial report.



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#### Unaudited Condensed Consolidated Statement of Financial Position As At 31 December 2019

	Unaudited As at 31/12/2019 RM'000	Audited As at 31/03/2019 RM'000
<b>Assets</b>		
Property, plant and equipment	14,540	14,977
Land held for property development	40,429	38,648
<b>Total non-current assets</b>	<u>54,969</u>	<u>53,625</u>
Inventories	84,675	80,198
Contract assets	5,321	5,852
Contract costs	2,658	5,574
Trade and other receivables	24,365	14,317
Current tax assets	88	1,230
Prepayments	500	50
Cash and bank balances	258	1,131
	<u>117,865</u>	<u>108,352</u>
Asset classified as held for sale	-	53,652
<b>Total current assets</b>	<u>117,865</u>	<u>162,004</u>
<b>Total assets</b>	<u><u>172,834</u></u>	<u><u>215,629</u></u>
<b>Equity</b>		
Share capital	56,629	56,629
Share option reserve	3	5
Retained earnings/(Accumulated losses)	1,391	(996)
<b>Total equity attributable to owners of the Company</b>	<u>58,023</u>	<u>55,638</u>
<b>Liabilities</b>		
Loans and borrowings	11,449	11,164
Deferred tax liabilities	2,700	2,737
Other payables	10,774	10,774
<b>Total non-current liabilities</b>	<u>24,923</u>	<u>24,675</u>
Trade and other payables	40,019	60,912
Loans and borrowings	48,956	38,325
Provision for taxation	913	-
	<u>89,888</u>	<u>99,237</u>
Liabilities classified as held for sale	-	36,079
<b>Total current liabilities</b>	<u>89,888</u>	<u>135,316</u>
<b>Total liabilities</b>	<u>114,811</u>	<u>159,991</u>
<b>Total equity and liabilities</b>	<u><u>172,834</u></u>	<u><u>215,629</u></u>
Net assets per share attributable to owners of the Company (sen)	<u>10.50</u>	<u>10.07</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying notes attached to this interim financial report.



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#### Unaudited Condensed Consolidated Statement of Changes in Equity For The Financial Period Ended 31 December 2019

	<----- Non-distributable ----->				
	Share Capital	Share Option Reserve	(Accumulated Losses)/ Retained Earnings		Total
			RM'000	RM'000	
<b>At 1 April 2019</b>	56,629	5	(996)	55,638	
Profit and total comprehensive expenses for the period	-	-	2,387	2,387	
Share options lapsed	-	(2)	-	(2)	
<b>At 31 December 2019</b>	<b>56,629</b>	<b>3</b>	<b>1,391</b>	<b>58,023</b>	

	<----- Non-distributable ----->					
	Share Capital	Revaluation Reserve	Share Option Reserve	(Accumulated Losses)/ Retained Earnings		Total
				RM'000	RM'000	
<b>At 1 April 2018, as previously reported</b>	53,754	8,658	446	(9,347)	53,511	
Effect fo adoption of MFRS	-	(8,658)	-	10,565	1,907	
<b>As at 1 April 2018, restated</b>	53,754	-	446	1,218	55,418	
Loss and total comprehensive expense for the period	-	-	-	(4,525)	(4,525)	
Share options exercised	2,872	-	(441)	-	2,431	
<b>At 31 December 2018</b>	<b>56,626</b>	<b>-</b>	<b>5</b>	<b>(3,307)</b>	<b>53,324</b>	

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying notes attached to this interim financial report.



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### Unaudited Condensed Consolidated Statement of Cash Flows For The Financial Period Ended 31 December 2019

	9-month ended 31/12/2019 RM'000	9-month ended 31/12/2018 RM'000
<b><u>Cash Flows From Operating Activities</u></b>		
Profit/(Loss) before taxation from:		
- Continuing operations	3,678	(4,629)
- Discontinued operation	34	665
<u>Adjustments for:-</u>		
Depreciation of property, plant and equipment	447	520
Finance costs	793	1,581
Finance income	(15)	(86)
Gain on disposal of asset held for sale	-	(159)
Gain on disposal of subsidiaries	(987)	-
Loss on disposal of plant and equipment	-	28
Equity settled share-based payment transactions	(2)	-
Operating profit/(loss) before changes in working capital	3,948	(2,080)
<u>Changes in working capital:-</u>		
Inventories	(4,838)	(23,110)
Land held for property development	(2,444)	(2,249)
Contract cost	3,480	3,282
Contract assets	(1,996)	8,006
Contract liabilities	-	4,165
Trade and other payables	(2,600)	26,540
Trade and other receivables and prepayments	(6,128)	(17,654)
Cash used in operations	(10,578)	(3,100)
Interest paid	(793)	(1,581)
Interest received	15	86
Income tax paid	(353)	(2,018)
Income tax refund	1,184	-
<b>Net cash flow used in operating activities</b>	(10,525)	(6,613)
<b><u>Cash Flows From Investing Activities</u></b>		
Additions to:		
- Property, plant & equipment	(1)	(5)
Proceeds from:		
- Deposits pledged with licensed banks	-	1,404
- Disposal of assets held for sale	-	1,007
<b>Net cash (used in)/from investing activities</b>	(1)	2,406
<b><u>Cash Flows From Financing Activities</u></b>		
Proceeds from exercise of ESOS	-	2,431
Drawdown of revolving credits	20,590	15,000
Repayment of term loans/bridging loan	(9,307)	(15,188)
Repayment of finance lease liabilities	(30)	(44)
<b>Net cash from financing activities</b>	11,253	2,199
Net change in cash and cash equivalents	727	(2,008)
Cash and cash equivalents at beginning of period	(13,100)	(7,512)
<b>Cash and cash equivalents at end of period</b>	(12,373)	(9,520)
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	258	2,840
Less: Bank overdraft and deposits pledged	(12,631)	(12,360)
	(12,373)	(9,520)

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying notes attached to this interim financial report.



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**PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING FOR THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

Kerjaya Prospek Property Berhad (formerly known as GSB Group Berhad) (“KPPROP” or the “Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). The registered office is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor. The principal place of business is located at No. 1, Jalan Wangsa Permai, First Floor, Bangunan One Wangsa, Taman Wangsa Permai, 52200 Kuala Lumpur.

**A1. Basis of Preparation**

This unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Securities and in compliance with MFRS 134, Interim Financial Reporting.

This interim financial report does not include all the information required for the full annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 31 March 2019.

The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the change in the financial position and performance of KPPROP and its subsidiaries (the “Group”) since the financial year ended 31 March 2019.

**A2. Significant Accounting Policies**

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 March 2019.

**Standards issued but not yet effective**

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:-

***MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2020***

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to References to the Conceptual Framework in MFRS standards
- Amendments to MFRS 9, MFRS 139 and MFRS 7: *Interest Rate Benchmark Reform*

***MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2021***

- MFRS 17, *Insurance Contracts*



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**A2. Significant Accounting Policies (Cont'd)**

The following are accounting standards, amendments and interpretations that have been issued by the MASB but have not been adopted by the Group (Cont'd):-

***MFRSs, Interpretations and Amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, amendments and interpretations from the annual period beginning on 1 April 2020 for the accounting standard that is effective for annual periods beginning on or after 1 January 2020.

The Group does not plan to apply MFRS 17, *Insurance Contract* that is effective for annual periods beginning on 1 April 2021 as it is not applicable to the Group.

The initial application of the applicable accounting standards, amendments or interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

**A3. Auditors' Report on Preceding Annual Financial Statements**

The most recent annual audited financial statements for the financial year ended 31 March 2019 of the Group were not subject to any qualification.

**A4. Seasonal and Cyclical Factors**

There were no material seasonal or cyclical factors affecting the performance of the Group during the interim period under review.

**A5. Unusual Items affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no items of an unusual nature, size or incidence which materially affect the assets, liabilities, equity, net income or cash flows of the Group during the interim period under review.

**A6. Material Changes in Estimates**

There were no material changes in the estimates of the amounts reported in previous interim periods and financial year that have a material effect on the results of the current interim period under review.



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**A7. Debt and Equity Securities**

There were no issuances, repurchases or repayments of debt and equity securities during the interim period under review.

**A8. Dividends Paid**

No dividend has been paid during the interim period under review.

**A9. Segment Reporting**

The Group's primary format for reporting segment information is business segments.

The Group is organised into two main business segments:

- Development of residential and commercial properties
- Manufacturing and replication of optical discs

Other non-reportable segments comprise operations related to investment holding company.

**Segment reporting for the 9-month financial period ended 31 December 2019**

	<b>Property Development RM'000</b>	<b>Replication of Optical Discs RM'000</b>	<b>Discontinued Operation - Property Development RM'000</b>	<b>Others RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>					
External revenue	32,493	1,667	4,698	-	38,858
<b>Results</b>					
Segment results	5,856	(210)	41	(1,197)	4,490
Finance costs	(783)	-	(10)	-	(793)
Finance income	12	-	3	-	15
Profit/(Loss) before tax	5,085	(210)	34	(1,197)	3,712
Taxation	(1,338)	36	(23)	-	(1,325)
Profit/(Loss) after tax	3,747	(174)	11	(1,197)	2,387
<b>Segment assets</b>	156,234	7,914	-	8,686	172,834
<b>Segment liabilities</b>	109,234	1,178	-	4,399	114,811





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**A9. Segment Reporting (Cont'd)**

**Segment reporting for the 9-month financial period ended 31 December 2018**

	<b>Property Development RM'000</b>	<b>Replication of Optical Discs RM'000</b>	<b>Discontinued Operation - Property Development RM'000</b>	<b>Others RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>					
External revenue	26,425	2,546	13,568	-	42,539
<b>Results</b>					
Segment results	(2,112)	(505)	817	(669)	(2,469)
Finance costs	(1,399)	-	(182)	-	(1,581)
Finance income	52	-	30	4	86
(Loss)/Profit before tax	(3,459)	(505)	665	(665)	(3,964)
Taxation	(98)	37	(500)	-	(561)
(Loss)/Profit after tax	(3,557)	(468)	165	(665)	(4,525)
<b>Segment assets</b>	153,326	9,088	59,975	7,626	230,015
<b>Segment liabilities</b>	132,369	1,292	43,061	1,877	178,599

**Segment performance for the 9-month financial period ended 31 December 2019 as compared to corresponding preceding financial period ended 31 December 2018**

(i) Property development

The property development segment has achieved a total external revenue of RM32.49 million in the current financial period, representing an increase of approximately RM6.06 million as compared to its corresponding preceding financial period of RM26.43 million. Segment profit was recorded at RM3.75 million in the current financial period compared to segment loss of RM3.56 million in the corresponding preceding financial period. The increase in external revenue in this segment was mainly due to higher development progress being registered for the development project in Plentong, Johor. The increase in segment profit was due to higher development progress and efficiency achieved in project management.

(ii) Replication of optical discs

The revenue on this segment has decreased to RM1.67 million in the current financial period compared to its corresponding preceding financial period of RM2.55 million. The segment loss has decreased from RM0.47 million to RM0.17 million. The Group is experiencing declining sales in this segment due to lower demand for optical disc replication.



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**A10. Material Events Subsequent to the End of the Interim Period**

Material Event 1

The Company had, on 9 August 2019 entered into:-

- (a) conditional share sale agreements with Datuk Tee Eng Ho (“Datuk Tee”) and Tee Eng Seng (“TES”) for the proposed acquisitions of:-
  - (i) the entire equity interest in Aeon Frontier Sdn. Bhd. (“AFSB”) for a purchase consideration of RM33,473,902 (“Proposed AFSB Acquisition”); and
  - (ii) the entire equity interest in Kerjaya Property Sdn. Bhd. (formerly known as Kerjaya Prospek Property Sdn Bhd) (“KPSB”) for a purchase consideration of RM367,590,902 (“Proposed KPSB Acquisition”);
  
- (b) a conditional share sale agreement with Datuk Tee, TES and Datin Toh Siew Chuon (“Datin Toh”) for the proposed acquisition of the entire equity interest in Kerjaya Hotel Sdn. Bhd. (“KHSB”) for a purchase consideration of RM270,978,389 (“Proposed KHSB Acquisition”); and

(The Proposed AFSB Acquisition, Proposed KPSB Acquisition and Proposed KHSB Acquisition are collectively referred to as “Proposed Acquisitions”)

(Datuk Tee, Datin Toh and TES are collectively referred to as the “Vendors”)

- (c) a conditional share subscription agreement with Desanda Property Sdn. Bhd. (“DPSB”) and Datuk Tee as well as TES (collectively, the “Existing DPSB Shareholders”) for the:-
  - (i) proposed subscription by KPPROP of 42,489,490 new ordinary shares in DPSB (“Subscription Shares”), representing approximately 99.4% of the enlarged issued share capital of DPSB, at an issue price of RM1.00 per Subscription Share (“Proposed DPSB Subscription”); and
  - (ii) proposed subscription by the Existing DPSB Shareholders of 251,366,435 new ordinary shares in KPPROP (“KPPROP Shares”) at an issue price of RM0.17 per KPPROP Share (“Proposed Reinvestment”)

(The Proposed DPSB Subscription and Proposed Reinvestment are collectively referred to as “Proposed DPSB Transactions”)

(The conditional share sale agreements and conditional share subscription agreement are collectively referred to as the “Agreements”)



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**A10. Material Events Subsequent to the End of the Interim Period (Cont'd)**

Material Event 1 (Cont'd)

Concurrently with the Proposed Acquisitions and Proposed DPSB Transactions, the Company proposed to undertake the following:-

- (a) proposed exemption under Paragraph 4.08(1)(a) and (b) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions (“the Rules”) to be sought by Javawana Sdn. Bhd., being a company controlled by the Vendors from the obligation to undertake a mandatory take-over offer to acquire all remaining KPPROP Shares not already owned by them upon the completion of the Proposed Acquisitions and Proposed DPSB Transactions (“Proposed Exemption”);
- (b) proposed amendments to the Constitution of the Company to facilitate the creation and issuance of the new Redeemable Convertible Preference Shares (“RCPS”) to be issued by KPPROP at an issue price of RM0.17 per RCPS pursuant to the Proposed KPSB Acquisition and the Proposed KHSB Acquisition (“Proposed Amendments”);
- (c) proposed consolidation of every five (5) existing KPPROP Shares into one (1) KPPROP Share (“Consolidated Share”) held on an entitlement date to be determined later (“Proposed Share Consolidation”);
- (d) proposed private placement of up to 125 million new Consolidated Shares (where applicable) at an issue price to be determined and to placee(s) to be identified at a later stage (“Proposed Private Placement”); and
- (e) proposed change of name of the Company from “GSB Group Berhad” to “Kerjaya Prospek Property Berhad” (“Proposed Change of Name”).

(The Proposed Acquisitions, Proposed DPSB Transactions, Proposed Exemption, Proposed Amendments, Proposed Share Consolidation and Proposed Private Placement collectively referred to as the “Proposals”).

On 23 December 2019, the shareholders of the Company had at its Extraordinary General Meeting approved the resolutions in relation to the Proposals and the Proposed Change of Name.

On 24 December 2019, the Securities Commission had, vide its letter dated 24 December 2019, approved the application for the Proposed Exemption under subparagraphs 4.08(1)(a) and 4.08(1)(b) of the Rules.

On 27 December 2019, the Company received the Notice of Registration of the change of name of the Company dated 26 December 2019 issued by the Companies Commission of Malaysia. Accordingly, the name of the Company has been changed from “GSB Group Berhad” to “Kerjaya Prospek Property Berhad”.

On 27 December 2019, the Agreements have become unconditional upon fulfillment of all the conditions precedent set out therein.



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**A10. Material Events Subsequent to the End of the Interim Period (Cont'd)**

Material Event 1 (Cont'd)

On 10 January 2020, the Proposed Acquisitions and the Proposed DPSB Transactions have been completed in accordance with the terms of the respective Agreements. Accordingly, AFSB, KPSB and KHSB are now wholly-owned subsidiaries of KPPROP while DPSB is a 99.4%-owned subsidiary of KPPROP.

On 30 January 2020, the Company's issued share capital, 1,000,711,742 KPPROP Shares have been consolidated into 200,142,339 Consolidated Shares.

On 31 January 2020, the Proposed Share Consolidation has been completed following the listing of and quotation for 200,142,339 Consolidated Shares on the Main Market of Bursa Securities.

Material Event 2

KPP Properties Sdn Bhd (formerly known as GSB Properties Sdn Bhd), a wholly-owned subsidiary of the Company, had on 8 January 2020, entered into the Sale and Purchase Agreements to purchase the following properties with the respective vendors:-

- (a) All that piece of vacant leasehold land held under HS (M) 12131, Lot 3, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL ("Land 1") for a consideration of RM2,596,254.00.
- (b) All that piece of vacant leasehold land held under Pajakan Mukim 8323, Lot 7244, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL ("Land 2") for a consideration of RM2,728,650.00.
- (c) All that piece of vacant leasehold land held under HS (M) 12129, PT 5, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL ("Land 3") for a consideration of RM2,482,836.00.
- (d) All that piece of vacant leasehold land held under Pajakan Mukim 8267, Lot 7242, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL ("Land 4") for a consideration of RM2,609,172.00.
- (e) All that piece of vacant leasehold land held under HS (M) 12149, PT 7, Mukim Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL ("Land 5") for a consideration of RM2,613,513.00.

(Land 1, Land 2, Land 3, Land 4 and Land 5 collectively referred to as "the Lands")

The sale and purchase of the respective Lands are subject to Condition Precedent set out in the Sale and Purchase Agreements.

Save as disclosed above, there were no material events subsequent to the end of the interim period.



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**A11. Changes in the Composition of the Group**

There were no changes in the composition of the Group including business combination, acquisition and/or disposal of subsidiary companies and long-term investments, restructuring and discontinued operations during the interim period under review.

**A12. Contingent Liabilities**

The contingent liabilities are as follows:

	<b>Company</b>	
	<b>As At</b>	<b>As At</b>
	<b>31/12/2019</b>	<b>31/3/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantees issued to licensed banks for credit facilities granted to subsidiaries	<u>60,382</u>	<u>66,667</u>



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**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019**

**B1. Review of Performance**

	Individual Period		Changes	Cumulative Period		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	31/12/2019	31/12/2018		31/12/2019	31/12/2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	9,930	3,101	6,829	34,160	28,971	5,189
Profit/(loss) before interest and tax	2,027	(1,598)	3,625	4,449	(3,286)	7,735
Profit/(loss) before tax	1,657	(2,575)	4,232	3,678	(4,629)	8,307
Tax expense	(616)	249	(865)	(1,302)	(61)	(1,241)
Profit/(loss) from continuing operations	1,041	(2,326)	3,367	2,376	(4,690)	7,066
Profit from discontinued operation, net of tax	-	24	(24)	11	165	(154)
Profit/(loss) for the period	1,041	(2,302)	3,343	2,387	(4,525)	6,912
Profit/(loss) attributable to ordinary equity holders of the Parent	1,041	(2,302)	3,343	2,387	(4,525)	6,912

For the current quarter ended 31 December 2019, the Group recorded a revenue of RM9.93 million, representing an increase of RM6.83 million as compared to RM3.10 million in the corresponding quarter of the preceding year. Profit before tax was recorded at RM1.66 million against a loss before tax of RM2.57 million in the corresponding quarter of the preceding year, representing an increase of RM4.23 million. The increase in revenue was mainly due to higher development progress being registered for the development project in Plentong, Johor. The increase in profit before tax was mainly due to higher development progress and efficiency achieved in project management.



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**B2. Comparison with the Immediate Preceding Quarter's Results**

	<b>Current Quarter</b>	<b>Immediate Preceding Quarter</b>	
	<b>31/12/2019</b>	<b>30/9/2019</b>	<b>Changes</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	9,930	12,455	(2,525)
Profit before interest and tax	2,027	1,803	224
Profit before tax	1,657	1,536	121
Tax expense	(616)	(640)	24
Profit from continuing operations	1,041	896	145
Profit from discontinued operation, net of tax	-	9	(9)
Profit for the period	1,041	905	136
Profit attributable to ordinary equity holders of the Parent	1,041	905	136

For the current quarter ended 31 December 2019, the Group recorded a revenue of RM9.93 million, representing a decrease of RM2.53 million compared to the immediate preceding quarter of RM12.46 million. Profit before tax was recorded at RM1.66 million, representing an increase of RM0.12 million compared to the profit before tax in the immediate preceding quarter of RM1.54 million. The decrease in revenue was mainly due to lower development progress being registered for the development project in Plentong, Johor. The increase in profit before tax was mainly due to lower operating costs incurred during the current period.

**B3. Prospects**

Property development segment

Subsequent to the completion of the Proposed Acquisitions and Proposed DPSB Transactions as disclosed in Note A10, the Group's vacant landbank size has been increased and the Group's geographical reach has been extended to Gombak, Selangor and Malacca. In addition, KPPROP have access to on-going property development projects in strategic locations in Kuala Lumpur and Penang, namely Bloomsvale (Jalan Puchong/Jalan Klang Lama), Straits Residences (Seri Tanjung Pinang, Penang) as well as Kaleidoscope (Setiawangsa, Kuala Lumpur).

The on-going mixed development known as "G-Residence" in Plentong, Johor Bahru is targeted to be completed by first quarter of year 2020.

The Group also has an upcoming project in Shah Alam which comprises one (1) block of 27-storey serviced apartment and one (1) block of 22-storey small office/home office (SOHO), on top of seven (7)-storey podium carpark with estimated GDV of RM190 million. This upcoming project is expected to be commenced by third (3<sup>rd</sup>) quarter of year 2020 and is expected to be completed within 48 months from its commencement date.



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**B3. Prospects (Cont'd)**

Property development segment (Cont'd)

In order to sustain as well as to enhance the Group's property development operations and its financial performance, the Group continually endeavors to identify viable landbanks and/or projects to expand and strengthen its landbank size and projects portfolio.

Replication of optical discs segment

We take cognizance that this industry is facing tough challenges and we expect this segment's operating environment to be tougher in light of softer demand. Measures have been taken to lower the operating costs whilst at the same time to gain more market share over the smaller manufacturers.

**B4. Profit Forecast and Profit Guarantee**

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the interim period under review.

**B5. Taxation**

The taxation figures are as follows:-

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31/12/2019 RM'000	Preceding Year Quarter 31/12/2018 RM'000	Current Year to-Date 31/12/2019 RM'000	Preceding Year to-Date 31/12/2018 RM'000
Income tax expense on :				
- Continuing operations	(616)	249	(1,302)	(61)
- Discontinued operation	-	(382)	(23)	(500)
	<u>(616)</u>	<u>(133)</u>	<u>(1,325)</u>	<u>(561)</u>
Current tax expense	(628)	(147)	(1,365)	(601)
Deferred tax income	12	14	40	40
	<u>(616)</u>	<u>(133)</u>	<u>(1,325)</u>	<u>(561)</u>





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**B6. Status of Corporate Proposal**

Save for the Proposed Private Placement disclosed in Note A10, there is no other corporate proposal announced by the Company but not completed as at 17 February 2020 (being the latest practicable date which must not be earlier than 7 days from the date of issuance of this Interim Financial Report.

**B7. Borrowings and Debt Securities**

Total Group borrowings as at 31 December 2019 are as follows:-

	Contractual interest rate per annum %	As at 31/12/2019		
		Non-current	Current	Total
		RM'000	RM'000	borrowings RM'000
Secured term loans	7.35	11,449	712	12,161
Secured revolving credit	4.95	-	35,590	35,590
Secured bank overdrafts	4.95	-	12,631	12,631
Finance lease liabilities	2.64	-	23	23
<b>Total</b>		<b>11,449</b>	<b>48,956</b>	<b>60,405</b>

	Contractual interest rate per annum %	As at 31/3/2019		
		Non-current	Current	Total
		RM'000	RM'000	borrowings RM'000
Secured term loans	7.60	11,152	1,582	12,734
Secured bridging loan	7.96	-	8,778	8,778
Secured revolving credit	5.20	-	15,000	15,000
Secured bank overdrafts	5.20	-	12,924	12,924
Finance lease liabilities	2.64	12	41	53
<b>Total</b>		<b>11,164</b>	<b>38,325</b>	<b>49,489</b>

The proportion of debt that is based on the fixed interest rate and floating interest rate is as follows:

	Group	
	As At 31/12/2019 RM'000	As At 31/3/2019 RM'000
Fixed rates borrowings	23	53
Floating rates borrowings	60,382	49,436
	<b>60,405</b>	<b>49,489</b>

The Group borrowings were denominated in Ringgit Malaysia and secured by way of legal charges over the assets of certain subsidiaries, and are supported by the corporate guarantee from the Company, joint and several guarantee by a Director of the company, certain third parties and a person connected with Director.



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**B8. Material Litigations**

The Group does not have any material litigation as at the date of this interim financial report.

**B9. Earnings/(Loss) Per Share**

The calculation of basic earnings/(loss) per ordinary share was based on the profit/(loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Quarter</b>	<b>Current Year to-Date</b>	<b>Preceding Year to-Date</b>
	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
Profit/(loss) attributable to ordinary shareholders (RM'000)				
- continuing operations	1,041	(2,326)	2,376	(4,690)
- discontinued operation	-	24	11	165
<b>Total</b>	<b>1,041</b>	<b>(2,302)</b>	<b>2,387</b>	<b>(4,525)</b>
Weighted average number of ordinary shares ('000)	552,440	542,092	552,440	542,092
From continuing operations (sen)	0.19	(0.43)	0.43	(0.86)
From discontinued operation (sen)	-	0.01	*	0.03
<b>Basic earnings/(loss) per ordinary share (sen)</b>	<b>0.19</b>	<b>(0.42)</b>	<b>0.43</b>	<b>(0.83)</b>

\* - Amount less than 0.01 sen



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**B9. Earnings/(Loss) Per Share (Cont'd)**

The calculation of diluted earnings/(loss) per ordinary share was based on the profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter</b>	<b>Preceding Year Quarter</b>	<b>Current Year to-Date</b>	<b>Preceding Year to-Date</b>
	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
Profit/(loss) attributable to ordinary shareholders (diluted) (RM'000)				
- continuing operations	1,041	(2,326)	2,376	(4,690)
- discontinued operation	-	24	11	165
<b>Total</b>	<b>1,041</b>	<b>(2,302)</b>	<b>2,387</b>	<b>(4,525)</b>
Weighted average number of ordinary shares (basic) ('000)	552,440	542,092	552,440	542,092
Effect of share options on issue ('000)	150	250	150	250
<b>Weighted average number of ordinary shares (diluted) ('000)</b>	<b>552,590</b>	<b>542,342</b>	<b>552,590</b>	<b>542,342</b>
From continuing operations (sen)	0.19	(0.43)	0.43	(0.86)
From discontinued operations (sen)	-	0.01	*	0.03
<b>Diluted earnings/(loss) per ordinary share (sen)</b>	<b>0.19</b>	<b>(0.42)</b>	<b>0.43</b>	<b>(0.83)</b>

\* - Amount less than 0.01 sen



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**B10. Notes to the Statement of Profit or Loss and Other Comprehensive Income**

Profit/(loss) before tax is arrived after charging/(crediting):

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2019 RM'000	Preceding Year Quarter 31/12/2018 RM'000	Current Year To Date 31/12/2019 RM'000	Preceding Year To Date 31/12/2018 RM'000
Interest income	(5)	(14)	(12)	(56)
Other income including investment income	(25)	(31)	(93)	(53)
Interest expense	375	991	783	1,399
Depreciation and amortisation	90	29	301	349
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain on disposal of subsidiaries	-	-	(987)	-
(Gain) or loss on disposal of quoted or unquoted investments or properties	-	-	-	(159)
Impairment of assets	-	-	-	-
Foreign exchange (gain) or loss	-	-	-	-
(Gain) or loss on derivatives	-	-	-	-

**B11. Derivative Financial Instruments**

There were no derivative financial instruments at the date of this report.

**B12. Fair Value Changes of Financial Liabilities**

As at 31 December 2019, there are no financial liabilities measured at fair value through profit or loss.

**B13. Authorisation for Issue**

This Interim Financial Report of KPPROP for the financial quarter ended 31 December 2019 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 24 February 2020.