



# **Property**

## **KERJAYA PROSPEK PROPERTY BERHAD**

(Formerly known as GSB Group Berhad)

Registration No. 199401001358 (287036-X)

(Incorporated in Malaysia)

### **Interim Financial Report 31 March 2020**

**KERJAYA PROSPEK PROPERTY BERHAD**  
(Formerly known as GSB Group Berhad)  
Registration No. 199401001358 (287036-X)  
(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For The Financial Period Ended 31 March 2020**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mth) Current Year Quarter 31/03/2020 RM'000	(3-mth) Preceding Year Quarter 31/03/2019 RM'000	(12-mth) Current Year to-Date 31/03/2020 RM'000	(12-mth) Preceding Year to-Date 31/03/2019 RM'000
Revenue	68,892	43,170	214,079	145,883
Cost of sales	(49,185)	(25,170)	(153,925)	(83,994)
<b>Gross profit</b>	<u>19,707</u>	<u>18,000</u>	<u>60,154</u>	<u>61,889</u>
Other income	286	405	898	2,269
Distribution expenses	(352)	(985)	(1,852)	(1,383)
Administrative expenses	(8,579)	(5,400)	(20,286)	(18,015)
Other expenses	(1,570)	(1,081)	(4,249)	(4,287)
<b>Results from operating activities</b>	<u>9,492</u>	<u>10,939</u>	<u>34,665</u>	<u>40,473</u>
Finance income	326	414	810	1,092
Finance costs	(3,168)	(1,613)	(7,727)	(5,156)
<b>Profit before tax</b>	<u>6,650</u>	<u>9,740</u>	<u>27,748</u>	<u>36,409</u>
Tax expense	(758)	(1,960)	(6,620)	(8,586)
<b>Profit for the period</b>	<u>5,892</u>	<u>7,780</u>	<u>21,128</u>	<u>27,823</u>
<b>Other comprehensive expenses, net of tax</b>				
<b>Item that will not be reclassified subsequently to profit or loss</b>				
Net change in fair value of equity investments designated at fair value through other comprehensive income	-	(14,305)	-	(40,925)
<b>Total comprehensive income/(expenses) for the period</b>	<u><u>5,892</u></u>	<u><u>(6,525)</u></u>	<u><u>21,128</u></u>	<u><u>(13,102)</u></u>
<b>Profit attributable to:</b>				
Owners of the Company	5,889	7,780	21,125	27,823
Non-controlling interests	3	-	3	-
<b>Profit for the period</b>	<u><u>5,892</u></u>	<u><u>7,780</u></u>	<u><u>21,128</u></u>	<u><u>27,823</u></u>
<b>Total comprehensive income/(expenses) attributable to:</b>				
Owners of the Company	5,889	(6,525)	21,125	(13,102)
Non-controlling interests	3	-	3	-
<b>Total comprehensive income/(expenses) for the period</b>	<u><u>5,892</u></u>	<u><u>(6,525)</u></u>	<u><u>21,128</u></u>	<u><u>(13,102)</u></u>
<b>Basic earnings per ordinary share (sen)</b>	<u>4.51</u>	<u>1.43</u>	<u>16.18</u>	<u>5.10</u>
<b>Diluted earnings per ordinary share (sen)</b>	<u>4.51</u>	<u>1.43</u>	<u>16.17</u>	<u>5.10</u>

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**Unaudited Condensed Consolidated Statement of Financial Position As At 31 March 2020**

	<b>As at 31/03/2020 RM'000</b>	<b>As at 31/03/2019 RM'000</b>
<b>Assets</b>		
Property, plant and equipment	266,580	182,838
Right-of-use assets	9,799	-
Land held for property development	67,867	-
<b>Total non-current assets</b>	<u>344,246</u>	<u>182,838</u>
Inventories	346,140	277,996
Contract assets	14,512	5,914
Contract costs	36,274	18,044
Other investments	-	48,526
Trade and other receivables	36,310	41,051
Current tax assets	13,618	8,285
Prepayments	1,209	712
Cash and bank balances	78,956	9,911
	<u>527,019</u>	<u>410,439</u>
Asset classified as held for sale	10,011	-
<b>Total current assets</b>	<u>537,030</u>	<u>410,439</u>
<b>Total assets</b>	<u>881,276</u>	<u>593,277</u>
<b>Equity</b>		
Share capital	132,832	56,629
Redeemable convertible preference shares	239,505	-
Fair value reserve	-	(40,925)
Share option reserve	3	5
Reverse acquisition reserve	(323,918)	(52,384)
Retained earnings	269,058	288,858
<b>Total equity attributable to owners of the Company</b>	<u>317,480</u>	<u>252,183</u>
Non controlling interests	250	-
<b>Total equity</b>	<u>317,730</u>	<u>252,183</u>
<b>Liabilities</b>		
Loans and borrowings	214,151	105,954
Deferred tax liabilities	26,625	23,047
Redeemable convertible preference shares	32,546	-
<b>Total non-current liabilities</b>	<u>273,322</u>	<u>129,001</u>
Trade and other payables	176,473	209,431
Contract liabilities	30,726	-
Loans and borrowings	72,684	2,662
Provision for taxation	275	-
Redeemable convertible preference shares	10,066	-
<b>Total current liabilities</b>	<u>290,224</u>	<u>212,093</u>
<b>Total liabilities</b>	<u>563,546</u>	<u>341,094</u>
<b>Total equity and liabilities</b>	<u>881,276</u>	<u>593,277</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.59</u>	<u>0.46</u>

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**Unaudited Condensed Consolidated Statement of Changes in Equity  
For The Financial Year Ended 31 March 2020**

	<----- Attributable to owners of the Company ----->						Total	Non- controlling Interests	Total Equity
	<----- Non-distributable ----->			Distributable					
	Share Capital	RCPS	Fair Value Reserve	Share Option Reserve	Reverse Acquisition Reserve	Retained Earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 1 April 2018</b>	53,754	-	-	446	(49,950)	261,035	265,285	-	265,285
Net change in fair value of equity investments designated at fair value through other comprehensive income	-	-	(40,925)	-	-	-	(40,925)	-	(40,925)
Total other comprehensive expenses for the year	-	-	(40,925)	-	-	-	(40,925)	-	(40,925)
Profit for the year	-	-	-	-	-	27,823	27,823	-	27,823
Profit and total comprehensive expenses for the year	-	-	(40,925)	-	-	27,823	(13,102)	-	(13,102)
Share options exercised	2,875	-	-	(441)	(2,434)	-	-	-	-
<b>At 31 March 2019/1 April 2019</b>	<b>56,629</b>	<b>-</b>	<b>(40,925)</b>	<b>5</b>	<b>(52,384)</b>	<b>288,858</b>	<b>252,183</b>	<b>-</b>	<b>252,183</b>
Profit and total comprehensive income for the year	-	-	-	-	-	21,125	21,125	3	21,128
Share options lapsed	-	-	-	(2)	-	-	(2)	-	(2)
Acquisition of subsidiaries	76,203	239,505	-	-	(271,534)	-	44,174	247	44,421
Transfer upon the disposal of equity instrument designated at FVOCI	-	-	40,925	-	-	(40,925)	-	-	-
<b>At 31 March 2020</b>	<b>132,832</b>	<b>239,505</b>	<b>-</b>	<b>3</b>	<b>(323,918)</b>	<b>269,058</b>	<b>317,480</b>	<b>250</b>	<b>317,730</b>

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**Unaudited Condensed Consolidated Statement of Cash Flows For The Financial Year Ended 31 March 2020**

	<b>12-month ended 31/03/2020 RM'000</b>	<b>12-month ended 31/03/2019 RM'000</b>
<b><u>Cash Flows From Operating Activities</u></b>		
Profit before taxation	27,748	36,409
<b><u>Adjustments for:-</u></b>		
Depreciation of property, plant and equipment	3,739	3,704
Write off of property, plant and equipment	-	482
Impairment loss on receivables	565	-
Finance income	(810)	(1,092)
Dividend income	-	(1,452)
Finance costs	7,727	5,156
Gain on disposal of plant and equipment	(85)	-
Operating profit before changes in working capital	<u>38,884</u>	<u>43,207</u>
<b><u>Changes in working capital:-</u></b>		
Inventories	69,383	(66,014)
Land held for property development	(396)	-
Contract assets/liabilities	27,449	(36,347)
Contract cost	(15,572)	(2,582)
Trade and other receivables	30,050	9,914
Trade and other payables	<u>(49,832)</u>	<u>30,160</u>
Cash generated from/(used in) operations	99,966	(21,662)
Interest received	810	1,092
Interest paid	(5,719)	(5,156)
Income tax paid	<u>(12,043)</u>	<u>(21,470)</u>
<b>Net cash flow generated from/(used) in operating activities</b>	<u>83,014</u>	<u>(47,196)</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Acquisition of property, plant and equipment	(55,184)	(1,054)
Acquisition of subsidiaries	(11,050)	-
Addition of other investments	-	(75,703)
Proceeds from disposal of investment in subsidiary	-	*
Proceeds from disposal of plant and equipment	85	-
Proceeds from disposal of other investments	48,526	-
<b>Net cash used in investing activities</b>	<u>(17,623)</u>	<u>(76,757)</u>
<b><u>Cash Flows From Financing Activities</u></b>		
Net (repayment)/drawdown of term loan	(16,330)	108,617
Drawdown from revolving credit	5,900	-
Deposit pledged with licensed bank	-	4,300
Repayment of hire purchase liabilities	(10)	-
<b>Net cash (used in)/generated from financing activities</b>	<u>(10,440)</u>	<u>112,917</u>
Net change in cash and cash equivalents	54,951	(11,036)
Cash and cash equivalents at beginning of year	9,911	20,947
<b>Cash and cash equivalents at end of year</b>	<u>64,862</u>	<u>9,911</u>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	78,956	7,345
Highly liquid investments	-	2,566
Less: Bank overdraft	<u>(14,094)</u>	<u>-</u>
	<u>64,862</u>	<u>9,911</u>

\* - Amount less than RM1,000



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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 YEAR ENDED 31 MARCH 2020**

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*.

Reverse Accounting

Pursuant to the corporate exercise (“Corporate Exercise”) undertaken by the Company of which the details were disclosed in the Circular to Shareholders of the Company dated 29 November 2019 (“Circular”), and approved by the Company’s shareholders on 23 December 2019, inter alia, the Company had on 10 January 2020 completed its acquisitions of the entire equity interest in Kerjaya Property Sdn. Bhd. (formerly known as Kerjaya Prospek Property Sdn. Bhd.) (“KPSB”) and Kerjaya Hotel Sdn. Bhd. (“KHSB”) (collectively referred to as the “Combined Entities”) as disclosed in Note A11. These acquisitions have been accounted for using reverse accounting in accordance with MFRS 3, *Business Combinations*. Accordingly, the Combined Entities (being the legal subsidiaries in the transaction) is regarded as the accounting acquirer, and the Company (being the legal parent in the transaction) is regarded as the accounting acquiree. In this regard, the interim financial report represents a continuation of the financial position, financial performance and cash flows of the Combined Entities.

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 and the Accountants’ Report on the Combined Financial Statements of the Combined Entities (“Accountants’ Report”) as disclosed in the Circular.

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.



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**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 audited financial statements of the Group for the year ended 31 March 2019 except for the adoption of the following new accounting standards and/or interpretations (including the consequential amendments, if any) during the current financial year:-

***MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment and Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

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 MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7: *Financial Instruments: Disclosure - Interest Rate Benchmark Reform*

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

- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions*



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

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 (Cont'd):-

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

- MFRS 17, *Insurance Contracts*

***MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2022***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

***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 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.





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**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 except that the Group's operations and performance are affected by the Movement Control Order ("MCO") implemented by Malaysia Government on 18 March 2020 as a preventive measure against Covid-19 pandemic.

**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.

**A7. Debt and Equity Securities**

Share Capital

Pursuant to the Corporate Exercise as disclosed in Note A1, the Company had on 10 January 2020 increased its issued and paid-up share capital from RM56,626,167 to RM132,832,363 by way of:

- (i) an issuance of 196,905,307 new ordinary shares at an issue price of RM0.17 per new ordinary share to acquire the entire equity interest in Aeon Frontier Sdn. Bhd. ("AFSB") for a purchase consideration of RM33,473,902; and
- (ii) an issuance of 251,366,435 new ordinary shares at an issue price of RM0.17 per ordinary share to subscribe for 99.4% equity interest in Desanda Property Sdn. Bhd. ("DPSB").

On 30 January 2020, as part of the Corporate Exercise, 1,000,711,742 ordinary shares of the Company were consolidated into 200,142,339 ordinary shares.

Redeemable Convertible Preference Shares ("RCPS")

Pursuant to the Corporate Exercise, the Company had on 10 January 2020 issued 3,168,054,651 new RCPS at an issue price of RM0.17 per new RCPS as part of the purchase consideration to acquire the entire equity interest in KPSB and KHSB as disclosed in Note A11.

Save as disclosed above, there were no other 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.



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**A9. Segment Reporting**

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

The Group is organised into two main business segments:

- Property development - development of residential and commercial properties
- Hospitality – hotel operation

Other non-reportable segments comprise operations related to investment holding, distribution of electricity, leasing of properties and manufacturing and replication of optical discs.

**Segment reporting for the financial year ended 31 March 2020**

	<b>Property Development RM'000</b>	<b>Hospitality RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>					
External revenue	176,308	30,761	7,010	-	214,079
Inter-segment revenue	-	-	3,205	(3,205)	-
Total revenue	<u>176,308</u>	<u>30,761</u>	<u>10,215</u>	<u>(3,205)</u>	<u>214,079</u>
<b>Results</b>					
Segment results	29,794	5,483	(612)	-	34,665
Finance income					810
Finance costs					(7,727)
Profit before tax					<u>27,748</u>
Taxation					(6,620)
Profit after tax					<u>21,128</u>

**Segment reporting for the financial year ended 31 March 2019**

	<b>Property Development RM'000</b>	<b>Hospitality RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>					
External revenue	106,020	32,895	6,968	-	145,883
Inter-segment revenue	-	-	3,326	(3,326)	-
Total revenue	<u>106,020</u>	<u>32,895</u>	<u>10,294</u>	<u>(3,326)</u>	<u>145,883</u>
<b>Results</b>					
Segment results	28,389	8,535	3,549	-	40,473
Finance income					1,092
Finance costs					(5,156)
Profit before tax					<u>36,409</u>
Taxation					(8,586)
Profit after tax					<u>27,823</u>



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**A10. Material Events Subsequent to the End of the Financial Year**

The outbreak of Coronavirus Disease 2019 (“Covid-19”) in early 2020 and the MCO implemented on 18 March 2020 as a measure to contain the Covid-19 have affected the business and economic environments of the Group and hence, may impact its performance and financial position in the future. Nevertheless, the Group have implemented various cost management and marketing strategy, together with various stimulus measures announced by the Government of Malaysia will help to mitigate the Group’s financial and operational disruption.

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

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

Pursuant to the Corporate Exercise disclosed in Note A1, the Company had on 10 January 2020:

- (i) acquired the entire equity interest in AFSB for a purchase consideration of RM33,473,902 via issuance of 196,905,307 new ordinary shares at an issue price of RM0.17 per new ordinary share;
- (ii) subscribed for 99.4% equity interest in DPSB via issuance of 251,366,435 new ordinary shares at an issue price of RM0.17 per new ordinary shares;
- (iii) acquired the entire equity interest in KPSB for a purchase consideration of RM367,590,902, of which RM267,590,902 satisfied via issuance of 1,574,064,127 new RCPS at an issue price of RM0.17 per new RCPS and RM100,000,000 satisfied in cash; and
- (iv) acquired the entire equity interest in KHSB for a purchase consideration of RM270,978,389 via issuance of 1,593,990,524 new RCPS at an issue price of RM0.17 per new RCPS.

Save as disclosed above, there were no other 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>31/03/2020</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>173,577</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 YEAR 31 MARCH 2020**

**B1. Review of Performance**

	Individual Period		Changes RM'000	Cumulative Period		Changes RM'000
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	31/03/2020	31/03/2019		31/03/2020	31/03/2019	
	RM'000	RM'000		RM'000	RM'000	
Revenue	68,892	43,170	25,722	214,079	145,883	68,196
Results from operating activities	9,492	10,939	(1,447)	34,665	40,473	(5,808)
Profit before tax	6,650	9,740	(3,090)	27,748	36,409	(8,661)
Profit for the period	5,892	7,780	(1,888)	21,128	27,823	(6,695)
Total comprehensive income/ (expenses) for the period	5,892	(6,525)	12,417	21,128	(13,102)	34,230

The Group recorded revenue of RM68.89 million for the reporting quarter, an increase of RM25.72 million over the corresponding quarter of the preceding year. Profit before tax was recorded at RM6.65 million against a profit before tax of RM9.74 million in the corresponding quarter of the preceding year, representing a decrease of RM3.09 million.

For the current financial year ended 31 March 2020, revenue rose 46.75% to RM214.08 million compared with RM145.88 million in the financial year ended 31 March 2019. The Group recorded a profit before tax of RM27.75 million, which was RM8.66 million or 23.79% lower when compared to the corresponding period in the preceding year. The reduction in profit before tax was mainly due to expenses incurred in relation to the Corporate Exercise as disclosed in Note A1 which amounted to approximately RM3.8 million, and higher finance costs incurred for additional borrowings in the current quarter under review.

**Property development**

The property development segment continued to be the major contributor. The segment recorded a revenue of RM176.31 million as compared to RM106.02 million in the financial year ended 31 March 2019. During the financial year, the group launched the Bloomsvale project located at Jalan Puchong/Jalan Klang Lama, Kuala Lumpur, coupled with higher sales recorded for our Kaleidoscope (Setiawangsa, Kuala Lumpur) and Straits Residences (Seri Tanjung Pinang, Penang) projects, have contributed to the high revenue for the current financial year under review. We also completed our g-Residences project in Plentong, Johor in March 2020.

The property development segment recorded an operating profit of RM29.79 million for the financial year ended 31 March 2020 as compared to RM28.39 million for the financial year ended 31 March 2019.



Property

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**B1. Review of Performance (Cont'd)**

**Hospitality**

The hospitality segment recorded a revenue for the financial year ended 31 March 2020, which was RM30.76 million or 6.49% lower when compared to the financial year ended 31 March 2019. The decrease is mainly due to competitive pricing and the MCO implemented on 18 March 2020 to contain the Covid-19 pandemic.

With this decrease in revenue the segment recorded lower operating profit of RM5.48 million for this financial year as compared to an operating profit of RM8.54 million in the financial year ended 31 March 2019.

**Others**

Revenue from others segment comprises mainly the distribution of electricity, leasing of properties and the replication of optical discs.

Other segments recorded operating loss of RM0.61 million for the financial year ended 31 March 2020 as compared to operating profit of RM3.55 million for the financial year ended 31 March 2019. This is mainly due to expenses incurred in relation to the Corporate Exercise as disclosed in Note A1 which amounted to approximately RM3.8 million.

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

	<b>Current Quarter</b>	<b>Immediate Preceding Quarter</b>	
	<b>31/03/2020</b>	<b>31/12/2019</b>	<b>Changes</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	68,892	46,540	22,352
Results from operating activities	9,492	9,618	(126)
Profit before tax	6,650	8,164	(1,514)
Profit for the period	5,892	5,826	66
Total comprehensive income for the period	5,892	5,826	66

The Group recorded revenue of RM68.89 million for the current quarter ended 31 March 2020 as compared to a revenue of RM46.54 million for the immediate preceding quarter ended 31 December 2019. The increase in revenue is mainly from higher revenue recognition in the property development segment.

The Group recorded a lower profit before tax of RM6.65 million for the current quarter, representing a decrease of RM1.51 million compared to the preceding quarter ended 31 December 2019. The decrease was mainly due to expenses incurred in relation to the Corporate Exercise as disclosed in Note A1 which amounted to approximately RM3.8 million, and higher finance costs incurred for additional borrowings in the current quarter under review.



**Property**

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**B3. Prospects**

The uncertainty in the global and domestic economy arising from the Covid-19 pandemic, is expected to remain challenging for the Group in the coming financial year ending 31 March 2021. In response to the Covid-19 pandemic, the announcement of the MCO by the Government of Malaysia on 18 March 2020 had caused a halt to the Group's operations. During the subsequent gradual lifting of the MCO, the Group has implemented strict standard operating procedures with regard to hygiene and sanitation for the office premises, sales gallery, construction sites and hotels before the resumption of the operations.

The Group resumed its operations in stages since mid May 2020. Whilst the Group is taking steps to return to normalcy, it will take time to catch up on construction works and gradually recommence the operation of the hotels. Nonetheless, the Group will use its best endeavours to intensify its business strategies to mitigate the Covid-19 outbreak impact on the Group's performances.

The Group 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 gross development value of RM190 million. In view of the uncertainty of the current economy and outlook, the Group had decided to delay the launching of this project to forth (4th) quarter of the financial year ending 31 March 2021 and is expected to be completed within 48 months from its launching date.

In order to sustain as well as to enhance the Group's property development operations and its financial performance, the Group continually endeavours to identify viable landbanks and/or projects to expand and strengthen its landbank size and projects portfolio. Nevertheless, the Group will exercise vigilance and prudence in achieving its objectives of expansion.

On hospitality segment, due to the MCO, Conditional MCO and Recovery MCO as well as the social distancing rules implemented by the Malaysia Government, the Board opined that the occupancy rates will be affected and will lead to negative impact on the profit contribution by this segment.

**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.



Property

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**B5. Taxation**

The taxation figures are as follows:-

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 31/03/2020 RM'000	Preceding Year Quarter 31/03/2019 RM'000	Current Year to-Date 31/03/2020 RM'000	Preceding Year to-Date 31/03/2019 RM'000
Current tax (income)/expense	(101)	1,951	6,313	8,604
Deferred tax expense/(income)	859	9	307	(18)
	<u>758</u>	<u>1,960</u>	<u>6,620</u>	<u>8,586</u>

**B6. Status of Corporate Proposal**

Pursuant to the Corporate Exercise disclosed in Note A1, the Company proposed to undertake the private placement of up to 125 million new ordinary shares at an issue price to be determined and to placee(s) to be identified at a later stage ("Proposed Private Placement").

Bursa Securities had, vide its letter dated 29 April 2020, approved the application for an extension of time of six (6) months from 15 May 2020 to 15 November 2020 to complete the Proposed Private Placement.

Save as disclosed above, there is no other corporate proposal announced by the Company but not completed as at 19 June 2020 (being the latest practicable date which must not be earlier than 7 days from the date of issuance of this Interim Financial Report).



**Property**

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(Incorporated in Malaysia)

**B7. Borrowings and Debt Securities**

Total Group borrowings as at 31 March 2020 are as follows:-

	<b>Contractual interest rate per annum %</b>	<b>As at 31/03/2020</b>		<b>Total borrowings RM'000</b>
		<b>Non-current RM'000</b>	<b>Current RM'000</b>	
Secured term loans	4.25 – 5.35	114,151	17,087	131,238
Secured revolving credit	4.25	100,000	41,490	141,490
Secured bank overdrafts	4.25	-	14,094	14,094
Hire purchase liabilities	2.64	-	13	13
<b>Total</b>		<b>214,151</b>	<b>72,684</b>	<b>286,835</b>

  

	<b>Contractual interest rate per annum %</b>	<b>As at 31/3/2019</b>		<b>Total borrowings RM'000</b>
		<b>Non-current RM'000</b>	<b>Current RM'000</b>	
Secured term loans	5.12	105,954	2,662	108,616

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

	<b>Group</b>	
	<b>As At 31/03/2020 RM'000</b>	<b>As At 31/3/2019 RM'000</b>
Fixed rates borrowings	13	-
Floating rates borrowings	286,822	108,616
	<b>286,835</b>	<b>108,616</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 and a subsidiary.

**B8. Material Litigations**

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





Property

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 (Incorporated in Malaysia)

**B9. Earnings Per Share**

Pursuant to the Corporate Exercise as disclosed in Note A1, the earnings per ordinary share has been restated and reflects the results of the Combined Entities, including the acquisitions, to arrive at the results of the Group.

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2020	Preceding Year Quarter 31/03/2019	Current Year to-Date 31/03/2020	Preceding Year to-Date 31/03/2019
Profit attributable to ordinary shareholders (RM'000)	5,889	7,780	21,125	27,823
Weighted average number of ordinary shares ('000)	130,574	545,309	130,574	545,309
Basic earnings per ordinary share (sen)	4.51	1.43	16.18	5.10

The calculation of diluted earnings per ordinary share was based on the profit 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:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2020	Preceding Year Quarter 31/03/2019	Current Year to-Date 31/03/2020	Preceding Year to-Date 31/03/2019
Profit attributable to ordinary shareholders (diluted) (RM'000)	5,889	7,780	21,125	27,823
Weighted average number of ordinary shares (basic) ('000)	130,574	545,309	130,574	545,309
Effect of share options on issue ('000)	30	250	30	250
Weighted average number of ordinary shares (diluted) ('000)	130,604	545,559	130,604	545,559
Diluted earnings per ordinary share (sen)	4.51	1.43	16.17	5.10

The effects of potential ordinary shares arising from the conversion of RCPS are anti-dilutive and accordingly, it has been ignored in the calculation of dilutive earnings per share. As a result, the diluted earnings per ordinary share is the same as basic earnings per share.



Property

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 (Incorporated in Malaysia)

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

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/03/2020 RM'000	Preceding Year Quarter 31/03/2019 RM'000	Current Year To Date 31/03/2020 RM'000	Preceding Year To Date 31/03/2019 RM'000
Interest income	(326)	(414)	(810)	(1,092)
Other income including investment income	(201)	(405)	(813)	(2,269)
Interest expense	3,168	1,613	7,727	5,156
Depreciation and amortisation	1,005	1,081	3,684	4,287
Provision for and write off of receivables	565	-	565	-
Provision for and write off of inventories	-	-	-	-
Gain on disposal of property, plant and equipment	(85)	-	(85)	-
Gain on disposal of subsidiaries	-	-	-	-
(Gain) or loss on disposal of quoted or unquoted investments or properties	-	-	-	-
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 March 2020, 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 March 2020 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 26 June 2020.