



**GSB GROUP BERHAD**

*(Company No. 287036-X)*

*(Incorporated in Malaysia)*

**Condensed consolidated statement of comprehensive income (unaudited)  
for the period ended 30 June 2017**

	1st Quarter 3 months ended		Year To-date 3 months ended	
	30/06/2017 (RM '000)	30/06/2016 (RM '000)	30/06/2017 (RM '000)	30/06/2016 (RM '000)
<b>Revenue</b>	2,721	6,821	2,721	6,821
Cost of sales	(2,072)	(5,082)	(2,072)	(5,082)
<b>Gross profit</b>	649	1,739	649	1,739
Other operating income	177	237	177	237
Administrative expenses	(805)	(899)	(805)	(899)
Selling and distribution expenses	(321)	(470)	(321)	(470)
Other operating expenses	(44)	(85)	(44)	(85)
<b>Loss from operations</b>	(343)	522	(343)	522
Finance costs (net of finance income)	(248)	(293)	(248)	(293)
<b>Loss before tax</b>	(591)	229	(591)	229
Taxation	(94)	(325)	(94)	(325)
<b>Loss for the period attributable to owners of the Company</b>	(685)	(96)	(685)	(96)
<b>Other comprehensive income, net of tax</b>	-	-	-	-
<b>Total comprehensive (expense)/income for the period attributable to owners of the Company</b>	(685)	(96)	(685)	(96)
Loss per share (sen)				
Basic	(0.13)	(0.02)	(0.13)	(0.02)
Fully diluted	(0.13)	(0.02)	(0.13)	(0.02)

**(The Condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017)**



**GSB GROUP BERHAD**

(Company No. 287036-X)

(Incorporated in Malaysia)

**Condensed consolidated statement of financial position (unaudited)**  
as at 30 June 2017

	As at 30/06/2017 (RM'000) (Unaudited)	As at 31/03/2017 (RM'000) (Audited)
<b>Assets</b>		
Property, plant and equipment	16,642	16,804
Goodwill	12	12
Investment properties	388	407
Other investments	-	-
Land held for property development	43,105	42,846
<b>Total non-current assets</b>	<u>60,147</u>	<u>60,069</u>
Inventories	1,633	1,623
Trade and other receivables	45,364	45,168
Property development costs	56,085	52,438
Current tax assets	1,102	950
Cash and cash equivalents	6,463	5,517
	110,646	105,696
Asset held for sale	848	848
<b>Total current assets</b>	<u>111,493</u>	<u>106,544</u>
<b>Total assets</b>	<u><u>171,641</u></u>	<u><u>166,613</u></u>
<b>Equity</b>		
Share capital	53,740	53,740
Reserve	9,082	9,082
Accumulated losses	(7,425)	(6,740)
<b>Total equity attributable to owners of the Company</b>	<u>55,397</u>	<u>56,082</u>
<b>Liabilities</b>		
Other payables	9,653	9,655
Loans and borrowings	25,742	22,383
Deferred tax liabilities	3,709	3,709
<b>Total non-current liabilities</b>	<u>39,105</u>	<u>35,747</u>
Trade and others payables	51,423	47,877
Loans and borrowings	25,329	26,218
Current tax liabilities	388	689
<b>Total current liabilities</b>	<u>77,139</u>	<u>74,784</u>
<b>Total liabilities</b>	<u>116,244</u>	<u>110,531</u>
<b>Total equity and liabilities</b>	<u><u>171,641</u></u>	<u><u>166,613</u></u>
Net assets per share attributable to owners of the Company (sen)	<u>10.31</u>	<u>10.44</u>

(The Condensed consolidated statement of financial position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2017)



**GSB GROUP BERHAD**

*(Company No. 287036-X)  
(Incorporated in Malaysia)*

**Condensed consolidated statements of changes in equity (unaudited)  
for the period ended 30 June 2017**

	Attributable to owners of the Company					Total (RM'000)
	Share Capital (RM'000)	Share Premium (RM'000)	Revaluation Reserve (RM'000)	Share Option Reserve (RM'000)	Accumulated Loss (RM'000)	
At 1 April 2017	53,740	-	8,658	424	(6,740)	56,082
Total comprehensive expense for the year	-	-	-	-	(685)	(685)
At 30 June 2017	<u>53,740</u>	<u>-</u>	<u>8,658</u>	<u>424</u>	<u>(7,425)</u>	<u>55,397</u>

	Attributable to owners of the Company					Total (RM'000)
	Share Capital (RM'000)	Share Premium (RM'000)	Revaluation Reserve (RM'000)	Share Option Reserve (RM'000)	Accumulated Loss (RM'000)	
At 1 April 2016	52,800	940	8,658	260.00	(4,825)	57,833
Total comprehensive expense for the year	-	-	-	-	(96)	(96)
At 30 June 2016	<u>52,800</u>	<u>940</u>	<u>8,658</u>	<u>260</u>	<u>(4,921)</u>	<u>57,737</u>

**(The Condensed consolidated statements of changes in equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31st March 2017)**



**GSB GROUP BERHAD**

(Company No. 287036-X)  
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**Condensed consolidated statement of cash flows (unaudited)  
for the period ended**

	3 months ended 30/06/2017 (RM'000)	3 months ended 30/06/2016 (RM'000)
<b><u>Cash flows from operating activities</u></b>		
(Loss)/Profit before taxation	(591)	230
<b><u>Adjustment for non-cash flows:-</u></b>		
Depreciation/Impairment of assets	181	195
Finance cost	310	377
Finance income	(63)	(84)
	427	488
Operating profit before changes in working capital	(164)	718
<b><u>Changes in working capital</u></b>		
Inventories	(10)	(21)
Cash Held under Housing Development Account	518	502
Land held for property development	(259)	(105)
Trade and other receivables	(197)	(13,680)
Property development costs	(3,647)	1,375
Trade and other payables	3,337	12,329
	(258)	400
Cash (used in)/generated from operations	(422)	1,118
Interest paid	(310)	(179)
Interest received	63	84
Income tax paid	(546)	(326)
Income tax refund	-	-
<b>Net cash flow (used in)/from operating activities</b>	<b>(1,214)</b>	<b>697</b>
<b><u>Cash flows from investing activities</u></b>		
Acquisition of property, plant & equipment	-	-
Placement of fixed deposits	(11)	202
<b>Net cash (used in)/from investing activities</b>	<b>(11)</b>	<b>202</b>
<b><u>Cash flows from financing activities</u></b>		
Drawdown of term loans	7,915	-
Repayment of term loan borrowings	(5,125)	(1,060)
Repayment of finance lease liabilities	(42)	(66)
<b>Net cash from/(used in) financing activities</b>	<b>2,748</b>	<b>(1,126)</b>
Net change in cash and cash equivalents	1,522	(227)
Cash and cash equivalents at beginning of period	(12,362)	(14,107)
Effect on exchange rate fluctuation on cash held	72	-
<b>Cash and cash equivalents at end of period</b>	<b>(10,768)</b>	<b>(14,334)</b>
<b>Cash and cash equivalents comprise :</b>		
Cash and bank balances	6,463	6,067
Less : Bank overdraft and Deposits pledged	(17,231)	(20,403)
	<b>(10,768)</b>	<b>(14,336)</b>

(The Condensed consolidated statement of cash flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2017)



**GSB GROUP BERHAD**  
(Company No. 287036-X)  
(Incorporated in Malaysia)

**PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS 134 FOR THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2017**

**A1. Basis of Preparation**

These unaudited condensed interim financial statements have been prepared in accordance with the applicable disclosure provisions of Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and in compliance with Financial Reporting Standard “FRS 134, Interim Financial Reporting”.

This quarterly 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 year ended 31 March 2017.

**A2. Significant Accounting Policies**

The financial statements of the Group have been prepared in accordance with Financial Reporting Standards (FRS) and the requirements of the Companies Act, 2016 in Malaysia. 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:

***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- FRS 9, *Financial Instruments (2014)*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to FRS 4, *Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*
- Amendments to FRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 140, *Investment Property – Transfers of Investment Property*

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

- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 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 for the annual period beginning on 1 April 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 April 2017, except for FRS 12 which is not applicable to the Group.



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The Group's financial statements for annual period beginning on 1 April 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs).

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

The Group falls within the scope of IC Interpretation 15, *Agreements for the Construction of Real Estate*. Therefore, the Group is currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") and is referred to as a "Transitioning Entity".

The preparation of unaudited condensed financial statements in conformity with the FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates

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

The most recent annual audited financial statements for the year ended 31 March 2017 of the Group were not subject to any qualification.

**A4. 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 financial period under review.

**A5. Material Changes in Estimates**

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

**A6. Dividends Paid**

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



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**A7. Segment Reporting**

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

The Group is organized into two main business segments:

- Development of residential and commercial properties for sale and rental
- Manufacturing and replication of optical discs

Other operations of the Group comprise investment holding and dormant companies, neither of which is of a sufficient size to be reported separately.

**Segment reporting for the 3 months ended 30 June 2017**

	Property Development RM'000	Replication of Optical Discs RM'000	Others RM'000	Group RM'000
<b>Revenue</b>				
Segment revenue	5,274	1,849	-	7,123
Adjustments on consolidation	(4,402)	-	-	(4,402)
Total revenue	872	1,849	-	2,721
<b>Results</b>				
Segment results	369	35	(38)	366
Net finance costs	(250)	-	-	(250)
Subtotal	119	35	(38)	116
Adjustments on consolidation				(707)
Taxation				(94)
Loss				(685)
Other comprehensive income for the period, net of tax				-
Total comprehensive expense				(685)

**A8. 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 financial period under review.

**A9. Contingent Liabilities**

The contingent liabilities of the Group as at 25 August 2017 amounted to RM40.00 million (31 March 2017: RM45.95 million) representing corporate guarantees given by the Company for banking facilities extended to subsidiary companies.

**A10. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayments of debt and equity securities by the Group during the interim financial period under review.



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**A11. Seasonal and Cyclical Factors**

The businesses of the Group are not materially affected by any seasonal or cyclical factors.

**A12. Material Events Subsequent to the End of the Reporting Period**

There are no material events subsequent to the end of the interim financial period up to 25 August 2017, being a date not earlier than seven days from the date of this interim financial report.





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**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN  
MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA  
FOR THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER  
ENDED 30 JUNE 2017**

**B1. Review of Performance**

	<b>Quarter Ended 30/06/2017 RM'000</b>	<b>Quarter Ended 30/06/2016 RM'000</b>
Revenue	2,721	6,821
(Loss)/Profit before taxation	(591)	229

The group has recorded lower revenue for the current quarter under review of RM2.7 million as compared to RM6.8 million for the corresponding quarter last year. There is a significant decrease in revenue of property division to RM0.9 million as compared to RM4.7 million mainly due to lower revenue recognised in the residential development project in Bentong that has entered the final stages of development during the quarter under review and is nearing completion. In addition, revenue was also affected by the soft property market especially in the Southern Region of Malaysia.

As for the manufacturing and replication of optical disc division, revenue recorded during the current quarter under review declined slightly to RM1.8 million compared to RM2.2 million in the corresponding quarter last year.

As a result of the lower revenue, the Group recorded a loss before tax in the current quarter under review of RM0.6 million compared to a profit before tax of RM0.2 million in the corresponding quarter last year.

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**B2. Comparison Against Preceding Quarter's Results**

	<b>Quarter Ended 30/06/2017 RM'000</b>	<b>Quarter Ended 31/03/2017 RM'000</b>
Revenue	2,721	8,284
Loss before taxation	(591)	(1,347)

The group has recorded a lower revenue for the current quarter under review of RM2.7 million as compared to RM8.3 million for the preceding quarter. During the quarter under review, revenue for the property division decreased by RM5.8 million from RM6.6 million in the preceding quarter mainly due to lower revenue recognised in the development projects in Bentong that consist of shoplots and residential units. These projects have entered the final stages of development during the quarter under review and are nearing completion. In addition, revenue was also affected by the soft property market especially in the Southern Region of Malaysia.

Revenue for the manufacturing and replication of optical disc division has increased slightly from RM1.6 million to RM1.8 million as compared to the preceding quarter.

The group recorded a lower loss before tax of RM0.6 million as compared to RM1.3 million loss in the preceding quarter mainly due to the provision for liquidated and ascertained damages (LAD) for the Plentong project during the preceding quarter.

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**B3. Prospects for the current financial year**

The Group is currently developing its property projects in Plentong, Johor Bahru and also Bentong, Pahang. Despite the current weak sentiments in the property development segment, the Group is persevering on offering reasonably priced properties in strategic locations as the Group is committed in creating and delivering high customer value and satisfaction.

The Group's development activities in Plentong should see increased activities with the construction of its main structure whilst the commercial and residential projects in Bentong are nearing completion and will be handed over in the current financial year. In addition, a new residential project in Bentong is slated to be launched in the current financial year.

**B4. Profit Forecast**

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

**B5. Income Tax Expense**

	3 months ended		Cumulative 3 months	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
Estimate tax expense/(income)				
- Current tax (income)/expense	94	325	94	325
- Deferred tax expense/(income)	-	-	-	-
	<u>94</u>	<u>325</u>	<u>94</u>	<u>325</u>

The effective tax rate is higher than the statutory tax rate due to losses incurred by certain subsidiary companies.

**B6. Investment in Quoted Securities**

There was no purchase or disposal of any quoted securities during the interim financial period under review.

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**B7. Status of Corporate Proposals Announced**

As at 25 August 2017, being a date not earlier than seven days from the date of this interim financial report, the utilisation of proceeds from private placement of 88,000,000 new ordinary shares of RM0.10 each completed on 18 December 2015 is as follows:-

*Utilisation of Proceeds*

			Utilisation from the proceeds received	Unutilised
Utilisation For	Estimated Timeframe	RM'000	RM'000	RM'000
Payment to contractor for the remaining piling works for the project in Johor Bahru	Within 18 months	1,186	1,186	-
Payment to contractor for the remaining basement infrastructure works for the project in Johor Bahru	Within 18 months	4,470	4,470	-
Payment to contractor for part of the initial building works for the project in Johor Bahru	Within 18 months	2,794	2,794	-
Estimated expenses for the Proposed Private Placement	Immediate	350	350	-
<b>Total</b>		<b>8,800</b>	<b>8800</b>	<b>-</b>

**B8. Borrowings and Debt Securities**

Total Group borrowings as at 30 June 2017 are as follows:-

	<b>Short Term Borrowings RM'000</b>	<b>Long Term Borrowings RM'000</b>
Secured		
- Finance lease liabilities, bank overdrafts, term loans	25,329	25,742

The Group borrowings are denominated in Ringgit Malaysia and secured by way of legal charges over the assets of the subsidiary companies and corporate guarantee from the Company.

**B9. Derivative Financial Instruments**

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



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**B10. Fair Value Changes of Financial Liabilities**

As at 30 June 2017, there are no financial liabilities measured at fair value through profit or loss.

**B11. Material Litigations**

The Group does not have any material litigation up to 25 August 2017, being a date not earlier than seven days from the date of this interim financial report.

**B12. Dividends**

No dividend has been proposed for the interim financial periods under review.

**B13. Loss Per Share**

The basic loss per share of the Group have been computed by dividing the net loss attributable to ordinary shareholders of the Company for the current financial quarter by the weighted average number of ordinary shares in issue of 528,000,000 ordinary shares.

	Quarter Ended	
	30/6/2017 RM'000	30/6/2016 RM'000
Loss for the period attributable to ordinary shareholders of parent	(685)	(96)
Weighted average number of ordinary shares	528,000,000	528,000,000
	Quarter Ended	
	30/6/2017	30/6/2016
Loss per share (sen)		
- Basic	(0.13)	(0.02)
- Diluted	(0.13)	(0.02)

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**B14. Realised and Unrealised Losses Disclosures**

The accumulated losses / retained earnings of the Company and its subsidiaries as at 30 June 2017, analysed as follows:-

	As at 30/6/2017 RM'000	As at 30/6/2016 RM'000
Total accumulated losses /(retained earnings) of the Company and its subsidiaries:		
- realized	(4,874)	(3,316)
- unrealized	(388)	(62)
	<u>(5,262)</u>	<u>(3,378)</u>
Less : Consolidation adjustments	12,687	8,299
Total accumulated losses	<u>7,425</u>	<u>4,921</u>

**B15. Notes to the Statements of Comprehensive Income**

	3 months ended		Cumulative 3 months	
	30/6/2017 RM'000	30/6/2016 RM'000	30/6/2017 RM'000	30/6/2016 RM'000
Interest (income)	(63)	(84)	(63)	(84)
Interest expense	311	377	311	377
Depreciation and amortization	181	195	181	195

**B16. Authorisation for Issue**

This Interim Financial Report of GSB Group Berhad for the financial quarter ended 30 June 2017 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 29 August 2017.

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