

**GSB GROUP BERHAD***(Company No. 287036-X)**(Incorporated in Malaysia)***Condensed consolidated statement of comprehensive income (unaudited)  
for the period ended 30 June 2012**

	<b>1st Quarter</b>		<b>Year To-date</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>30/06/2012</b>	<b>30/06/2011</b>	<b>30/06/2012</b>	<b>30/06/2011</b>
	<b>(RM '000)</b>	<b>(RM '000)</b>	<b>(RM '000)</b>	<b>(RM '000)</b>
<b>Revenue</b>	4,486	6,163	4,486	6,163
Cost of sales	(3,124)	(4,595)	(3,124)	(4,595)
<b>Gross profit</b>	<u>1,362</u>	<u>1,568</u>	<u>1,362</u>	<u>1,568</u>
Other operating income	140	258	140	258
Administrative expenses	(719)	(1,111)	(719)	(1,111)
Selling and distribution expenses	(265)	(180)	(265)	(180)
Other operating expenses	(4)	-	(4)	-
<b>Profit / (Loss) from operations</b>	<u>514</u>	<u>535</u>	<u>514</u>	<u>535</u>
Finance costs	(32)	(274)	(32)	(274)
<b>Profit / (Loss) before tax</b>	<u>482</u>	<u>261</u>	<u>482</u>	<u>261</u>
Taxation	(162)	(138)	(162)	(138)
<b>Profit / (Loss) for the period attributable to owners of the Company</b>	<u>320</u>	<u>123</u>	<u>320</u>	<u>123</u>
<b>Other comprehensive income, net of tax</b>	-	-	-	-
<b>Total comprehensive income / (loss) for the period attributable to owners of the Company</b>	<u>320</u>	<u>123</u>	<u>320</u>	<u>123</u>
Earnings per share (sen)				
Basic	<u>0.08</u>	<u>0.03</u>	<u>0.08</u>	<u>0.03</u>
Fully diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**(The Condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2012)**

**GSB GROUP BERHAD***(Company No. 287036-X)**(Incorporated in Malaysia)***Condensed consolidated statement of financial position (unaudited)  
as at 30 June 2012**

	As at 30/06/2012 (RM'000) (Unaudited)	As at 31/03/2012 (RM'000) (Audited)
<b>Assets</b>		
Property, plant and equipment	10,585	11,086
Goodwill	12	12
Investment properties	2,040	2,040
Other investments	16	16
Land held for property development	23,443	23,477
Deferred tax assets	366	380
<b>Total non-current assets</b>	<b>36,462</b>	<b>37,011</b>
Inventories	2,329	2,917
Trade and other receivables	10,254	10,701
Property development costs	3,641	3,308
Current tax assets	502	526
Cash and cash equivalents	6,908	7,632
<b>Total current assets</b>	<b>23,634</b>	<b>25,084</b>
<b>Total assets</b>	<b>60,096</b>	<b>62,095</b>
<b>Equity</b>		
Share capital	40,000	40,000
Share premium	940	940
Reserve	1,312	1,312
Accumulated losses	(272)	(592)
<b>Total equity attributable to owners of the Company</b>	<b>41,980</b>	<b>41,660</b>
<b>Liabilities</b>		
Loans and borrowings	5,931	6,099
Deferred tax liabilities	2,389	2,389
<b>Total non-current liabilities</b>	<b>8,320</b>	<b>8,488</b>
Trade and others payables	9,119	10,105
Loans and borrowings	579	1,833
Current tax liabilities	98	9
<b>Total current liabilities</b>	<b>9,796</b>	<b>11,947</b>
<b>Total liabilities</b>	<b>18,116</b>	<b>20,435</b>
<b>Total equity and liabilities</b>	<b>60,096</b>	<b>62,095</b>
Net assets per share attributable to owners of the Company (sen)	10.50	10.42

**(The Condensed consolidated statement of financial position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2012)**



**GSB GROUP BERHAD**

*(Company No. 287036-X)*

*(Incorporated in Malaysia)*

**Condensed consolidated statements of changes in equity (unaudited)  
for the period ended 30 June 2012**

	Attributable to owners of the Company				Total (RM'000)
	Share Capital (RM'000)	Share Premium (RM'000)	Revaluation Reserve (RM'000)	Accumulated Loss (RM'000)	
At 1 April 2012	40,000	940	1,312	(592)	41,660
Total comprehensive income for the period	-	-	-	320	320
At 30 June 2012	<u>40,000</u>	<u>940</u>	<u>1,312</u>	<u>(272)</u>	<u>41,980</u>

	Attributable to owners of the Company				Total (RM'000)
	Share Capital (RM'000)	Share Premium (RM'000)	Revaluation Reserve (RM'000)	Accumulated Loss (RM'000)	
At 1 April 2011	40,000	940	1,312	(4,405)	37,847
Total comprehensive income for the period	-	-	-	123	123
At 30 June 2011	<u>40,000</u>	<u>940</u>	<u>1,312</u>	<u>(4,282)</u>	<u>37,970</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 2012)**



**GSB GROUP BERHAD**

(Company No. 287036-X)

(Incorporated in Malaysia)

**Condensed consolidated statement of cash flows (unaudited)  
for the period ended 30 June 2012**

	3 months ended 30/06/2012 (RM'000)	3 months ended 30/06/2011 (RM'000)
<b><u>Cash flows from operating activities</u></b>		
Profit before taxation	482	261
<b><u>Adjustment for non-cash flows:-</u></b>		
Depreciation of property, plant & equipment	237	351
Depreciation of investment property	-	-
Negative goodwill recognised	-	-
Impairment loss on trade receivables / (reversal)	-	(19)
Gain on disposal of property, plant & equipment	(102)	(188)
Finance cost	32	274
Finance income	(17)	(38)
	150	380
Operating profit before changes in working capital	632	641
<b><u>Changes in working capital</u></b>		
Inventories	531	348
Trade and other receivables	378	(1,857)
Property development costs	44	211
Trade and other payables	(1,090)	3,944
	(137)	2,646
Cash generated from operations	495	3,287
Interest paid	(32)	(274)
Interest received	17	38
Income tax paid	(24)	(113)
Income tax refund/recoverable	25	-
<b>Net cash flows generated from operating activities</b>	<b>481</b>	<b>2,938</b>
<b><u>Cash flows from investing activities</u></b>		
Acquisition of property, plant & equipment	(4)	(634)
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	-
Acquisition of land held for development	-	-
Proceeds from disposal of property, plant & equipment	370	275
Investment in development properties	(113)	(1,524)
Improvement of land held for property development	(173)	-
<b>Net cash generated from/(used in) from investing activities</b>	<b>80</b>	<b>(1,883)</b>
<b><u>Cash flows from financing activities</u></b>		
Drawdown of finance lease liabilities	-	-
Repayment of term loan borrowings	(63)	(306)
Repayment of finance lease liabilities	(286)	(27)
<b>Net cash used in financing activities</b>	<b>(349)</b>	<b>(333)</b>
Net change in cash and cash equivalents	212	722
Cash and cash equivalents at beginning of period	6,696	(2,094)
<b>Cash and cash equivalents at end of period</b>	<b>6,908</b>	<b>(1,372)</b>
<b>Cash and cash equivalents comprise :</b>		
Cash and bank balances	6,908	4,319
Less : Bank overdraft	-	(5,691)
	6,908	(1,372)

(The Condensed consolidated statement of cash flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2012)



**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 1ST QUARTER ENDED 30 JUNE 2012.**

**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 do 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 2012.

**A2. Significant Accounting Policies**

Save as disclosed below, the significant accounting policies, method of computation and basis of consolidation adopted are consistent with those of the audited financial statements for the financial year ended 31 March 2012.

The Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group:

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011**

- IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement

**FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012**

- FRS 124, Related Party Disclosures (revised)
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures – Transfers of Financial Assets
- Amendments to FRS 112, Income Taxes – Deferred Tax; Recovery of Underlying Assets

The Group plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning on 1 April 2012 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2011 and 1 January 2012, except for IC Interpretation 19, Amendments to IC Interpretation 14 and Amendments to FRS 1 which are not applicable to the Group.



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

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impact to the current and prior periods' financial statements upon their first adoption.

The initial application of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group.

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

The most recent annual audited financial statements for the year ended 31 March 2012 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 quarter ended 30 June 2012.

**A7. Segment Reporting**

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

The Group is organized into two main business segments:

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

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



**GSB GROUP BERHAD**

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

**Segment reporting for the period ended 30 June 2012**

	<b>Replication of Optical Discs RM'000</b>	<b>Property Development RM'000</b>	<b>Others RM'000</b>	<b>Group RM'000</b>
<b>Revenue</b>				
External revenue	3,271	1,365	-	4,636
Inter-segment revenue	-	(150)	-	(150)
Total revenue	<u>3,271</u>	<u>1,215</u>	<u>-</u>	<u>4,486</u>
<b>Results</b>				
Segment result	78	467	(31)	514
Finance costs	(16)	(16)	-	(32)
Profit before tax	<u>62</u>	<u>451</u>	<u>(31)</u>	<u>482</u>
Elimination of inter-segment profits				-
Taxation	<u>(15)</u>	<u>(147)</u>	<u>-</u>	<u>(162)</u>
Profit for the period				320
Other comprehensive income for the period, net of tax				-
Total comprehensive income for the period				<u>320</u>

**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 22 August 2012 amounted to RM6.36 million (31 March 2012: RM6.42 million) represent 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.

**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 22 August 2012, being a date not earlier than seven days from the date of this interim financial report.



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

**PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA FOR THE INTERIM FINANCIAL STATEMENTS FOR THE 1ST QUARTER ENDED 30 JUNE 2012**

**B1. Review of Performance**

	<b>Quarter Ended 30/06/2012 RM'000</b>	<b>Quarter Ended 30/06/2011 RM'000</b>
Revenue	4,486	6,163
Profit before taxation	482	261

The Group recorded lower revenue for the current quarter ended 30 June 2012 of RM4.486 million as compared to RM6.163 million for the corresponding quarter last year. This is mainly due to lower revenue from the property division which generated RM1.215 million in the current quarter as compared to RM2.991 million in the corresponding quarter last year. The revenue generated during the current quarter under review was mainly from sales of inventory properties.

The replication of optical disc division recorded slightly higher revenue of RM3.271 million in the current quarter ended 30 June 2012 as compared to RM3.172 million for the corresponding quarter last year. The sales of CD-ROM, VCD and DVD during the current quarter were in line with the management's expectation.

The Group recorded higher profit before tax for the current quarter ended 30 June 2012 of RM0.482 million as compared to RM0.261 million for the corresponding quarter last year. This is mainly due to higher contribution from the property division which generated a profit before tax of RM0.452 million in the current quarter as compared to a loss before tax of RM0.045 million in the corresponding quarter last year. The profits generated during the current quarter under review were mainly from sales of inventory properties that carried lower costs as some of the costs were already charged out previously. In addition, there was a gain from the disposal of a company vehicle resulting from excess of insurance claims over the tax written down value.

The replication of optical disc division recorded lower profit before tax of RM0.062 million in the current quarter ended 30 June 2012 as compared to RM0.330 million for the corresponding quarter last year due to additional administrative expenses incurred and also due higher factory overheads incurred in June 2012 for upkeep of injection machineries in the factory.





**GSB GROUP BERHAD**

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

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

	<b>Quarter Ended 30/06/2012 RM'000</b>	<b>Quarter Ended 31/3/2012 RM'000</b>
Revenue	4,486	5,827
Profit/(Loss) before taxation	482	(880)

The Group recorded lower Group revenue of RM4.486 million or 23% lower for the current quarter ended 30 June 2012 as compared to the most recent preceding quarter ended 31 March 2012.

This is mainly due to progress billings from the property division which generated RM2.851 million in the preceding quarter via billings for Taman Bentong Makmur, whilst in the current quarter under review revenue were mainly from sales of inventory properties in Taman Bentong Makmur totaling RM1.215 million.

The replication of optical disc division recorded slightly higher revenue of RM3.271 million in the current quarter ended 30 June 2012 as compared to RM2.976 million for the preceding quarter. The sales of CD-ROM, VCD and DVD during the current quarter were in line with the management's expectation, in particular the replication of CD-ROM annual reports for clients with 31 December financial year ends peaking in the current quarter.

The Group recorded profit before tax for the current quarter ended 30 June 2012 of RM0.482 million as compared to a loss before tax of RM0.880 million for the preceding quarter. This is mainly due to higher contribution from the property division which generated a profit before tax of RM0.452 million in the current quarter as compared to a loss before tax of RM0.602 million in the preceding quarter. The profits generated during the current quarter under review were mainly from sales of inventory properties that carried lower costs as some of the costs were already charged out previously. In addition, there was a gain from the disposal of a company vehicle resulting from excess of insurance claims over the tax written down value.

The replication of optical disc division recorded profit before tax of RM0.062 million in the current quarter ended 30 June 2012 as compared to a loss of RM0.118 million for the preceding quarter due to impairment of trade receivables in the preceding quarter.



**GSB GROUP BERHAD**

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

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

It is based on the acceptance by the Malaysian population for usage of CD and DVD as a medium for entertainment, data storage, education and also statutory reporting purposes coupled with the Government's continuous support of the Multimedia Super Corridor and of knowledge and technology based economy, we should see continued demand for such products manufactured by the Group.

The Group's venture into property development business has been contributing positively to the performance of the Group and thus the Group will continue to scrutinize viable opportunities to further expand this revenue stream forward.

**B4. Profit Forecast**

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the 1st quarter ended 30 June 2012.

**B5. Income Tax Expense**

	3 months ended		Cumulative 12 months	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
Estimate tax payable				
- Malaysian tax expense	162	129	162	129
- Deferred taxation	-	9	-	9
	<hr/>	<hr/>	<hr/>	<hr/>
	162	138	162	138
	<hr/>	<hr/>	<hr/>	<hr/>

The overall effective tax rate of the Group for the 3 months ended 30 June 2012 is higher as compared to the statutory tax rate due 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.

**B7. Status of Corporate Proposals Announced**

On 21 January 2011, GSB Group Berhad's wholly owned subsidiary, Serta Usaha Sdn Bhd, entered into a conditional Sale and Purchase Agreement with Leopad Holdings Sdn Bhd ("the Purchaser") for the disposal of a property known as Lot No. 50 Section 94, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan held under Geran No. 35378 together with a hotel building erected thereon, bearing assessment address at Lorong Kapar, Off Jalan Syed Putra, 58000 Kuala Lumpur for a total cash consideration of RM22 million.



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

As at 22 August 2012, being a date not earlier than seven days from the date of this interim financial report, the utilization of the proceeds is as follows :-

**Utilisation of Proceeds**

			Utilization from the 100% sales proceed received	Unutilized
Utilization For	Estimated Timeframe	RM'000	RM'000	RM'000
Repayment of bank borrowings	Within 3 months	7,910	7,910	-
Payment of taxation arising from the clawback of previously claimed Industrial Building Allowance on the Property	Within 9 months	1,158	1,158	-
Estimated expense for the Proposed Disposal	Within 3 months	600	538	62
Working Capital (*)	Within 24 months	12,332	7,551	4,781
<b>Total</b>		<b>22,000</b>	<b>17,157</b>	<b>4,843</b>

(\*) Working Capital

	RM'000	Utilized (RM'000)	Carried Forward
Salary	3,300	2,021	1,279
Raw materials	5,200	1,698	3,502
Payment to main contractor for construction work	3,832	3,832	-
<b>Total</b>	<b>12,332</b>	<b>7,551</b>	<b>4,781</b>

**B8. Borrowings and Debt Securities**

Total Group borrowings as at 30 June 2012 are as follows:-

	<b>Short Term Borrowings RM'000</b>	<b>Long Term Borrowings RM'000</b>
<b>Secured</b>		
- Finance lease liabilities and short term loans	579	5,931

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.



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

**B9. Derivative Financial Instruments**

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

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

As at 30 June 2012, the Group does not have any financial liabilities measured at fair value through profit or loss.

**B11. Material Litigations**

The Group does not have any material litigation up to 22 August 2012, 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. Earnings Per Share**

The basic earnings per share of the Group have been computed by dividing the net profit attributable to ordinary shareholders of the Company for the current financial quarter by the weighted average number of ordinary shares in issue of 400,000,000 ordinary shares.

	Quarter Ended	
	2012 30/06/2012 RM'000	2011 30/06/2011 RM'000
Profit for the period attributable to ordinary shareholders of parent	320	123
<hr/>		
	Quarter Ended	
	2012 30/06/2012	2011 30/06/2011
Earnings per share (in sen)	0.08	0.03
<hr/>		



**GSB GROUP BERHAD**

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

**B14. Realised and Unrealised Losses Disclosures**

The (accumulated losses) / retained earnings of the Company and its subsidiaries as at 30 June 2012, analysed as follows:-

	As at 30/06/2012 RM'000	As at 31/03/2012 RM'000
Total (accumulated losses) / retained earnings of the Company and its subsidiaries:		
- realised	583	462
- unrealised	(4)	10
	<hr/> 579	<hr/> 472
Less : Consolidation adjustments	(851)	(1,064)
	<hr/> (272)	<hr/> (592)

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

	3 months ended		Cumulative 12 months	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
Interest income	(17)	(38)	(17)	(38)
Interest expense	32	274	32	274
Depreciation and amortisation	237	351	237	351
Gain on disposal of property, plant and equipment	(102)	(188)	(102)	(188)
Write back of doubtful debts	-	(19)	-	(19)

**B16. Authorisation for Issue**

This Interim Financial Report of GSB Group Berhad for the first financial quarter ended 30 June 2012 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 28 August 2012.