



GSB GROUP BERHAD

(Company No. 287036-X)

(Incorporated in Malaysia)

**Interim Report
For the 3-month Period Ended
31 December 2018**



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

Interim Report for the 3-month Period Ended 31 December 2018
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mth) Current Year Quarter 31/12/2018 RM'000	(3-mth) Preceding Year Quarter 31/12/2017 RM'000	(9-mth) Current Year to-Date 31/12/2018 RM'000	(9-mth) Preceding Year to-Date 31/12/2017 RM'000
Revenue	10,424	14,426	42,539	21,701
Cost of sales	(9,824)	(12,000)	(37,131)	(18,259)
Gross profit	600	2,426	5,408	3,442
Other income	37	197	237	564
Distribution expenses	(608)	(574)	(2,996)	(380)
Administrative expenses	(816)	(104)	(4,198)	(4,103)
Other expenses	(370)	16	(920)	(2,116)
Results from Operating activities	(1,157)	1,961	(2,469)	(2,593)
Financial cost, net of income	(1,012)	(262)	(1,495)	(1,462)
(Loss)/Profit before tax	(2,169)	1,699	(3,964)	(4,055)
Tax expense	(133)	-	(561)	(3)
(Loss)/Profit for the period	(2,302)	1,699	(4,525)	(4,058)
Other comprehensive income for the period	-	-	-	-
(Loss)/ Profit and total comprehensive (loss)/income for the period	(2,302)	1,699	(4,525)	(4,058)
(Loss)/Earnings per share				
Basic (sen)	(0.42)	0.32	(0.83)	(0.76)
Diluted (sen)	(0.42)	0.32	(0.83)	(0.76)

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 2018 and the accompanying notes attached to this interim financial report.



GSB GROUP BERHAD
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Interim Report for the 3-month Period Ended 31 December 2018
Unaudited Condensed Consolidated Statement of Financial Position

	Unaudited As at 31/12/2018 (RM'000)	Audited As at 31/03/2018 (RM'000)
Assets		
Property, plant and equipment	15,356	15,899
Land held for property development	75,244	72,995
Total non-current assets	<u>90,600</u>	<u>88,894</u>
Inventories	5,793	1,520
Current tax assets	1,994	1,843
Trade and other receivables	43,523	37,023
Prepayments	7	34
Property development costs	85,258	69,703
Cash and bank balances	2,840	7,128
	<u>139,415</u>	<u>117,251</u>
Asset held for sale	-	848
Total current assets	<u>139,415</u>	<u>118,099</u>
Total assets	<u><u>230,015</u></u>	<u><u>206,993</u></u>
Equity		
Share capital	56,626	53,754
Share option reserves	5	446
Revaluation reserves	8,658	8,658
Accumulated losses	(13,872)	(9,347)
Total equity attributable to owners of the Company	<u>51,417</u>	<u>53,511</u>
Liabilities		
Non-current liabilities		
Loans and borrowings	36,328	47,244
Deferred tax liabilities	3,694	3,734
Other payables	10,802	9,655
	<u>50,824</u>	<u>60,633</u>
Current liabilities		
Loans and borrowings	31,735	21,927
Trade and others payables	96,039	69,656
Current tax liabilities	-	1,266
	<u>127,774</u>	<u>92,849</u>
Total liabilities	<u>178,598</u>	<u>153,482</u>
Total equity and liabilities	<u><u>230,015</u></u>	<u><u>206,993</u></u>
Net assets per share attributable to owners of the Company (sen)	<u>9.31</u>	<u>10.13</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 2018 and the accompanying notes attached to this interim financial report.



GSB GROUP BERHAD
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Interim Report for the 3-month Period Ended 31 December 2018
Unaudited Condensed Consolidated Statement of Changes in Equity

	----- Non-distributable -----				
	Share Capital	Share Option Reserve	Revaluation Reserve	Accumulated Losses	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At 1 April 2018	53,754	446	8,658	(9,347)	53,511
Total comprehensive loss for the period	-	-	-	(4,525)	(4,525)
Share options exercised	2,872	(441)	-	-	2,431
At 31 December 2018	56,626	5	8,658	(13,872)	51,417

	----- Non-distributable -----				
	Share Capital	Share Option Reserve	Revaluation Reserve	Accumulated Losses	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At 1 April 2017	53,740	424	8,658	(6,740)	56,082
Total comprehensive loss for the period	-	-	-	(4,058)	(4,058)
Share options exercised	2	(2)	-	-	-
At 31 December 2017	53,742	422	8,658	(10,798)	52,024

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 2018 and the accompanying notes attached to this interim financial report.



GSB GROUP BERHAD
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Interim Report for the 3-month Period Ended 31 December 2018
Unaudited Condensed Consolidated Statement of Cash Flows

	9-month ended 31/12/2018 RM'000	9-month ended 31/12/2017 RM'000
<u>Cash Flows Used In Operating Activities</u>		
Loss before taxation	(3,964)	(4,055)
<u>Adjustment for:-</u>		
Depreciation of property, plant and equipment	520	515
Finance costs	1,581	1,603
Finance income	(86)	(141)
Gain on disposal of asset held for sale	(159)	-
Loss on disposal of plant and equipment	28	-
Operating loss before changes in working capital	<u>(2,080)</u>	<u>(2,078)</u>
<u>Changes in working capital</u>		
Inventories	(4,273)	(30)
Cash held under Housing Development Account	-	518
Land held for property development	(2,249)	(29,259)
Trade and other receivables and prepayment	(6,473)	(1,662)
Property development costs	(15,555)	(18,152)
Trade and other payables	27,530	41,298
Cash generated from operations	<u>(3,100)</u>	<u>(9,365)</u>
Interest paid	(1,581)	(1,603)
Interest received	86	141
Income tax paid	<u>(2,018)</u>	<u>(908)</u>
Net cash flow used in operating activities	<u><u>(6,613)</u></u>	<u><u>(11,735)</u></u>
<u>Cash Flows From/(Used In) Investing Activities</u>		
Additions to:-		
- Property, plant & equipment	(5)	-
- Placement of fixed deposits	-	(27)
Proceeds from:-		
- Upliftment of deposits pledged with licensed banks	1,404	-
- Disposal of asset held for sale	1,007	-
Net cash from/(used in) investing activities	<u>2,406</u>	<u>(27)</u>
<u>Cash Flows From Financing Activities</u>		
Proceeds from issuance of shares	2,431	-
Drawdown of revolving credit	15,000	17,124
Repayment of term loans/bridging loan	(15,188)	(1,438)
Repayment of finance lease liabilities	(44)	(99)
Net cash from financing activities	<u>2,199</u>	<u>15,587</u>
Net change in cash and cash equivalents	(2,008)	3,825
Cash and cash equivalents at beginning of period	(7,512)	(12,362)
Effect on exchange rate fluctuation on cash held	-	71
Cash and cash equivalents at end of period	<u><u>(9,520)</u></u>	<u><u>(8,466)</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	2,840	7,611
Less: Bank overdraft and deposits pledged	(12,360)	(16,077)
	<u><u>(9,520)</u></u>	<u><u>(8,466)</u></u>

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 2018 and the accompanying notes attached to this interim financial report.



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**PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARD 134 FOR THE INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER
PERIOD ENDED 31 DECEMBER 2018**

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 Malaysia Securities Berhad (“Bursa Malaysia”) and in compliance with Malaysian Financial Reporting Standard “MFRS 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 2018.

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 GSB Group Berhad (“GSB” or the “Company”) and its subsidiaries (the “Group”) since the year ended 31 March 2018.

A2. Significant Accounting Policies

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

Standards issued but not yet effective

The following are accounting standards, amendments and IC Interpretations of the MFRS that have been issued by the MASB but are not yet effective and have not been adopted by the Group:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred



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A2. Significant Accounting Policies (Cont'd)

Standards issued but not yet effective (Cont'd)

The following are accounting standards, amendments and IC Interpretations of the MFRS that have been issued by the MASB but are not yet effective and have not been adopted by the Group (Cont'd):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 101 & MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The Group plans to apply the abovementioned accounting standards, amendments and interpretations when they become effective in the respective periods.

A3. Auditors' Report on Preceding Annual Financial Statements

The most recent annual audited financial statements for the financial year ended 31 March 2018 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 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 financial period under review.

A6. Material Changes in Estimates

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

A8. Dividends Paid

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

A9. 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

The other operations of the Group comprise investment holding companies.

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

	Property Development	Replication of Optical Discs	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External sales	39,993	2,546	-	-	42,539
Inter-company sales	41,826	-	-	(41,826)	-
Total	81,819	2,546	-	(41,826)	42,539
Results					
Segment results	(1,239)	(350)	(669)	(211)	(2,469)
Finance costs	(1,581)	-	-	-	(1,581)
Finance income	86	-	-	-	86
Loss before tax	(2,734)	(350)	(669)	(211)	(3,964)
Taxation	(561)	-	-	-	(561)
Loss after tax	(3,295)	(350)	(669)	(211)	(4,525)



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A9. Segment Reporting (Cont'd)

Segment reporting for the 9-month period ended 31 December 2017

	Property Development	Replication of Optical Discs	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External sales	17,651	4,050	-	-	21,701
Inter-company sales	24,542	-	-	(24,542)	-
Total	42,193	4,050	-	(24,542)	21,701
Results					
Segment results	97	(134)	(99)	(2,457)	(2,593)
Finance costs	(1,603)	-	-	-	(1,603)
Finance income	141	-	-	-	141
Loss before tax	(1,365)	(134)	(99)	(2,457)	(4,055)
Taxation	(3)	-	-	-	(3)
Loss after tax	(1,368)	(134)	(99)	(2,457)	(4,058)

A10. Material Events Subsequent to the End of the Reporting Period

There were no material events subsequent to the end of the interim reporting period.

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 financial period under review.

A12. Contingent Liabilities

The contingent liabilities are as follows:

	Company	
	As At 31/12/2018 RM'000	As At 31/3/2018 RM'000
Guarantees given to financial institutions for facilities granted to subsidiaries	<u>68,000</u>	<u>69,540</u>



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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 SECOND QUARTER ENDED 31 DECEMBER 2018

B1. Review of Performance

	(3 months) Current year quarter ended 31/12/2018 (RM'000)	(3 months) Preceding year quarter ended 31/12/2017 (RM'000)
Revenue	10,424	14,426
(Loss)/ Profit before tax	(2,169)	1,699

For the quarter ended 31 December 2018, the Group registered revenue of RM10.42 million, representing a reduction of RM4.00 million as compared to the corresponding quarter of the preceding year. The decrease was mainly due to lower revenue recognised for development projects in Plentong, Johor.

During the current quarter, the Group recorded a loss before tax of RM2.17 million against a profit before tax of RM1.70 million in the corresponding quarter of the preceding year, representing a reduction of RM3.87 million. This was mainly due to lower revenue recognised during the current period.

B2. Comparison with the Immediate Preceding Quarter's Results

	(3 months) Current Quarter ended 31/12/2018 (RM'000)	(3 months) Preceding Quarter ended 30/9/2018 (RM'000)
Revenue	10,424	18,107
Loss before tax	(2,169)	(1,222)

For the current quarter ended 31 December 2018, the Group registered revenue of RM10.42 million, representing a reduction of RM7.68 million or 42.43% as compared to the immediate preceding quarter.

During the current quarter, the Group has recorded a loss before tax of RM2.17 million as compared to a loss before tax of RM1.22 million in the immediate preceding quarter. The variance in loss before tax of RM0.95 million was mainly due to lower revenue recognised during the current period.



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B3. Prospects

The Group is currently developing its property projects in Plentong, Johor Bahru and also in Bentong, Pahang. The commercial project in Bentong has been completed during the current quarter under review. The Group is committed to complete the residential development project in Bentong and mix development project in Plentong, Johor.

In the replication of optical discs segment, the Group will continue to implement cost cutting measures to reduce its losses.

Barring any unforeseen circumstances, the Group expects its revenue shall be mainly driven by its development projects.

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 financial period under review.

B5. Taxation

The taxation figures are as follows:-

	Individual Quarter		Cumulative Quarters	
	Current	Preceding	Current	Preceding
	Year	Year	Year to-Date	Year to-Date
	Quarter	Quarter	Date	Date
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
	RM/000	RM/000	RM/000	RM/000
Deferred tax	(14)	-	(40)	-
Income tax	147	-	601	3
	<u>133</u>	<u>-</u>	<u>561</u>	<u>3</u>

B6. Status of Corporate Proposal

There were no corporate proposals for the financial period under review.



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B7. Borrowings and Debt Securities

Total Group borrowings as at 31 December 2018 are as follows:-

	As at 31/12/2018 RM'000	As at 31/3/2018 RM'000
Short-term borrowings		
Term loans	4,543	8,843
Finance lease payables	38	54
Bank overdrafts	12,154	13,030
Revolving credit	15,000	-
	<u>31,735</u>	<u>21,927</u>
Long-term borrowings		
Term loans and bridging loans	36,303	47,191
Finance lease payables	25	53
	<u>36,328</u>	<u>47,244</u>
Total	<u><u>68,063</u></u>	<u><u>69,171</u></u>

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

B8. Material Litigations

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

B9. (Loss)/Earnings Per Share

The basic (loss)/earnings per share of the Group have been computed by dividing the net (loss)/profit attributable to ordinary shareholders of the Company for the current financial quarter by the weighted average number of ordinary shares.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2018	Preceding Year Quarter 31/12/2017	Current Year to- Date 31/12/2018	Preceding Year to- Date 31/12/2017
(Loss)/ Profit attributable to equity holders of the Company (RM'000)	<u>(2,302)</u>	1,699	<u>(4,525)</u>	<u>(4,058)</u>
Weighted average number of ordinary shares in issue ('000)	<u>542,092</u>	528,019	<u>542,092</u>	<u>528,019</u>
Basic (loss)/ earnings per share (sen)	<u>(0.42)</u>	0.32	<u>(0.83)</u>	<u>(0.76)</u>
Diluted (loss)/ earnings per share (sen)	<u>(0.42)</u>	0.32	<u>(0.83)</u>	<u>(0.76)</u>



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B10. Notes to the Statements of Comprehensive Income

The following items have been included in arriving at loss before tax:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2018 (RM'000)	Preceding Year Quarter 31/12/2017 (RM'000)	Current Year To Date 31/12/2018 (RM'000)	Preceding Year To Date 31/12/2017 (RM'000)
Interest income	(21)	(32)	(86)	(141)
Other income including investment income	(37)	-	(77)	-
Interest expense	1,033	294	1,581	1,603
Depreciation and amortisation	154	139	520	515
Gain on disposal of asset held for sale	-	-	(159)	-
Loss on disposal of plant and equipment	-	-	28	-
	<u>-</u>	<u>-</u>	<u>28</u>	<u>-</u>

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 2018, there are no financial liabilities measured at fair value through profit or loss.

B13. Authorisation for Issue

This Interim Financial Report of GSB Group Berhad for the financial quarter ended 31 December 2018 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 25 February 2019.