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 3RD QUARTER ENDED 31 DECEMBER 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.

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 will 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.

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 31 December 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.

Segment reporting for the period ended 31 December 2012

	Replication of Optical Discs RM'000	Property Development RM'000	Others RM'000	Group RM'000
Revenue				
External revenue	8,260	3,541	-	11,801
Inter-segment revenue	-	(450)	-	(450)
Total revenue	8,260	3,091	-	11,351
Results				
Segment result	(324)	1,207	(103)	780
Finance costs	(22)	(48)	-	(70)
(Loss)/Profit before tax	(346)	1,159	(103)	710
Elimination of inter-segment profits				-
Taxation	-	(343)	-	(343)
Profit for the period				367
Other comprehensive income for the period, net of tax				-
Total comprehensive income for the period				367

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 21 February 2013 amounted to RM6.18 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 21 February 2013, being a date not earlier than seven days from the date of this interim financial report.

(The rest of the page is left blank intentionally)

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 3RD QUARTER ENDED 31 DECEMBER 2012

B1. Review of Performance

	Quarter Ended 31/12/2012 RM'000	Quarter Ended 31/12/2011 RM'000
Revenue	3,280	7,461
Profit before taxation	83	385

The Group recorded lower revenue for the current quarter ended 31 December 2012 of RM3.28 million as compared to RM7.461 million for the corresponding quarter last year. This is mainly due to lower revenue from the property division which generated RM0.741 million in the current quarter as compared to RM4.536 million in the corresponding quarter last year. The revenue generated during the current quarter under review were mainly from sales of inventory properties whilst in the corresponding quarter last year the higher revenue was mainly from billings from Phase 11 and 12 in Taman Bentong Makmur.

The replication of optical disc division also recorded lower revenue of RM2.539 million in the current quarter under review as compared to RM2.925 million for the corresponding quarter last year. The lower sales during the current quarter were due to lower demand for production of VCDs and competitive pricing in relation to CD ROMs for annual reports .

The Group recorded lower profit before tax for the current quarter ended 31 December 2012 of RM0.083 million as compared to profit before tax of RM0.385 million for the corresponding quarter last year. This is mainly due to lower contribution from the property division consisting of sale of inventory properties only as compared to previous year's progress billings from projects. In addition, the CD division incurred loss before tax due to the decrease in sales resulting from fewer replication orders from our clients. There was lower demand for production of VCDs and also competitive pricing in relation to CD ROMs for annual reports.

B2. Comparison Against Preceding Quarter's Results

	Quarter Ended 31/12/2012 RM'000	Quarter Ended 30/9/2012 RM'000
Revenue	3,280	3,585
Profit before taxation	83	145

The Group recorded lower revenue of RM3.280 million or 9% lower for the current quarter ended 31 December 2012 as compared to the preceding quarter ended 30 September 2012.

The is mainly due to lower revenue from the property division as there were fewer sales of inventory properties in the current quarter under review compared to the preceding quarter.

The Group recorded lower profit before tax for the current quarter ended 31 December 2012 of RM0.083 million as compared to a profit before tax of RM0.145 million for the preceding quarter. This is mainly due to the fewer sales of inventory properties.

B3. Prospects for the current financial year

Based on the Government's continuous support of the Multimedia Super Corridor and of knowledge and technology based economy, we should see continued demand for optical disc products manufactured by the Group. The decrease in demand for VCDs might be offset by the increase in demand for DVDs which provides better clarity, sound and storage space.

The Group's venture into property development business has been contributing positively to the performance of the Group over the years 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 3rd quarter ended 31 December 2012.

B5. Income Tax Expense

	3 months ended		Cumulative 12 months	
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Estimate tax payable				
- Malaysian tax expense	63	(54)	343	1,311
- Deferred taxation	-	(10)	-	(846)
	63	(64)	343	465

The overall effective tax rate of the Group for the 9 months ended 31 December 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.

As at 21 February 2013, 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	543	538	5
Working Capital (*) (#)	Within 24 months	12,389	9,699	2,690
Total		22,000	19,305	2,695

(*) Working Capital

	RM'000	Utilized (RM'000)	Carried Forward (RM'000)
Salary (#)	3,357	3,063	294
Raw materials	5,200	2,804	2,396
Payment to main contractor for construction work	3,832	3,832	-
Total	12,389	9,699	2,690

Note (#): The expenses for the Proposed Disposal has been finalised at RM543,000 (previously reported as RM600,000). The difference of RM57,000 is now transferred into Working Capital's Salary.

B8. Borrowings and Debt Securities

Total Group borrowings as at 31 December 2012 are as follows:-

	Short Term Borrowings RM'000	Long Term Borrowings RM'000
Secured		
- Finance lease liabilities and term loans	283	6,191

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.

B10. Fair Value Changes of Financial Liabilities

As at 31 December 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 21 February 2013, 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 31/12/2012 RM'000	2011 31/12/2011 RM'000
Profit for the period attributable to ordinary shareholders of parent	20	449

	Quarter Ended	
	2012 31/12/2012	2011 31/12/2011
Earnings per share (in sen)	0.00	0.11

B14. Realised and Unrealised Losses Disclosures

The (accumulated losses) / retained earnings of the Company and its subsidiaries as at 31 December 2012, analysed as follows:-

	As at 31/12/2012 RM'000	As at 30/09/2012 RM'000
Total (accumulated losses) / retained earnings of the Company and its subsidiaries:		
- realised	691	642
- unrealised	(65)	(36)
	626	606
Less : Consolidation adjustments	(851)	(851)
Total (accumulated losses) / retained earnings	(225)	(245)

B15. Notes to the Statements of Comprehensive Income

	3 months ended		Cumulative 9 months	
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Interest income	(8)	(106)	(34)	(162)
Interest expense	20	260	70	799
Depreciation and amortisation	216	258	617	750
Gain on disposal of property, plant and equipment	-	(48)	(102)	(5,211)
Write back of doubtful debts	-	-	-	(19)

B16. Authorisation for Issue

This Interim Financial Report of GSB Group Berhad for the first financial quarter ended 31 December 2012 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 27 February 2013.