



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 4TH QUARTER ENDED 31 MARCH 2013

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

The financial statements of the Group have been prepared in accordance with Financial Reporting Standards (FRS) and the Companies Act, 1965 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 July 2012

- Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits* (2011)
- FRS 127, *Separate Financial Statements* (2011)
- FRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*



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- Amendments to FRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to FRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to FRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to FRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to FRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, *Financial Instruments* (2009)
- FRS 9, *Financial Instruments* (2010)
- Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures*

The Group will apply the abovementioned standards, amendments and interpretations from the annual period beginning on 1 April 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2012 and 1 January 2013, except for FRS128, IC Interpretation 20, 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.



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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.

The Group is an entity within the scope of IC Interpretation 15, Agreements for the Construction of Real Estate and will be exempted from adopting Malaysian Financial Reporting Standards (MFRSs) and as such is referred to as a “Transitioning Entity”. Being a Transitioning Entity, the Group is required to adopt MFRSs for annual period beginning on 1 April 2014.

Hence, the financial statements of the Group for the annual period beginning on 1 April 2014 will be prepared in accordance with the MFRSs issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group will not be adopting the FRSSs, Interpretations and amendments that are effective for annual periods beginning on or after 1 January 2014 and 1 January 2015.

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 March 2013.



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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:

- 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 year ended 31 March 2013

	Replication of Optical Discs RM’000	Property Development RM’000	Others RM’000	Group RM’000
Revenue				
Segment revenue	11,056	4,171	-	15,227
Adjustments on consolidation	-	(753)	-	(753)
Total revenue	<u>11,056</u>	<u>3,418</u>	<u>-</u>	<u>14,474</u>
Results				
Segment results	(131)	1,951	(416)	1,403
Net Finance income/(costs)	(30)	18	5	(6)
(Loss)/Profit before tax	<u>(161)</u>	<u>1,969</u>	<u>(411)</u>	<u>1,397</u>
Adjustments on consolidation				(173)
Taxation	<u>(26)</u>	<u>(664)</u>	<u>24</u>	<u>(667)</u>
Profit for the period				557
Other comprehensive income for the year, net of tax				-
Total comprehensive income for the year				<u>557</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 28 May 2013 amounted to RM6.11 million (31 March 2012: RM6.42 million) represent corporate guarantees given by the Company for banking facilities extended to subsidiary companies.



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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 28 May 2013, 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 4TH QUARTER ENDED 31 MARCH 2013**

B1. Review of Performance

	Quarter Ended 31/3/2013 RM'000	Quarter Ended 31/3/2012 RM'000
Revenue	3,123	5,827
Profit/(Loss) before taxation	472	(880)

The Group recorded lower revenue for the current quarter ended 31 March 2013 of RM3.123 million as compared to RM5.827 million for the corresponding quarter last year. This is mainly due to lower revenue from the property division which generated RM0.3 million in the current quarter as compared to RM2.8 million in the corresponding quarter last year. The revenue generated during the current quarter under review were mainly from sales of inventory property whilst in the corresponding quarter last year the higher revenue were mainly from billings from Phase 11 and 12 of Taman Bentong Makmur.

The Group recorded profit before tax for the current quarter ended 31 March 2013 of RM0.472 million as compared to loss before tax of RM0.88 million for the corresponding quarter last year. This is mainly due to recognition of Other Income arising from the overprovision of Infrastructure Costs in Taman Bentong Makmur.

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B2. Comparison Against Preceding Quarter's Results

	Quarter Ended 31/3/2013 RM'000	Quarter Ended 31/12/2012 RM'000
Revenue	3,123	3,280
Profit before taxation	472	83

The Group recorded lower revenue of RM3.123 million or 5% lower for the current quarter ended 31 March 2013 as compared to the preceding quarter ended 31 December 2012.

This 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 revenue from the manufacturing and replication of optical discs division recorded an improvement of 10% in revenue from RM2.5m in the preceding quarter to RM2.8m in the current quarter under review.

The Group recorded higher profit before tax for the current quarter ended 31 March 2013 of RM0.472 million as compared to a profit before tax of RM0.083 million for the preceding quarter. This is mainly due to recognition of Other Income arising from the overprovision of Infrastructure Costs in Taman Bentong Makmur.

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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 4th quarter ended 31 March 2013.

B5. Income Tax Expense

	3 months ended		Cumulative 12 months	
	31/3/2013	31/3/2012	31/3/2013	31/3/2012
	RM'000	RM'000	RM'000	RM'000
Estimate tax payable				
- Malaysian tax expense	327	(115)	670	1,196
- Deferred taxation	(45)	(73)	(45)	(919)
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	282	(188)	625	277
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The overall effective tax rate of the Group for the 12 months ended 31 March 2013 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.



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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 28 May 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	543	-
Working Capital (*)	Within 24 months	12,389	12,389	-
Total		22,000	22,000	-

(*) Working Capital

	RM’000	Utilized (RM’000)	Carried Forward (RM’000)
Salary (#)	3,357	3,357	-
Raw materials	5,200	5,200	-
Payment to main contractor for construction work	3,832	3,832	-
Total	12,389	12,389	-



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B8. Borrowings and Debt Securities

Total Group borrowings as at 31 March 2013 are as follows:-

	Short Term Borrowings RM'000	Long Term Borrowings RM'000
Secured		
- Finance lease liabilities and term loans	1,962	6,162
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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 March 2013, 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 28 May 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.



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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	
	31/3/2013	31/3/2012
	RM'000	RM'000
Profit/(Loss) for the period attributable to ordinary shareholders of parent	190	(692)
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	Quarter Ended	
	31/3/2013	31/3/2012
Earnings/(Loss) per share(sen)	0.05	(0.17)
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B14. Realised and Unrealised Losses Disclosures

The (accumulated losses) / retained earnings of the Company and its subsidiaries as at 31 March 2013, analysed as follows:-

	As at	As at
	31/3/2013	31/12/2012
	RM'000	RM'000
Total (accumulated losses) / retained earnings of the Company and its subsidiaries:		
- realised	4,993	691
- unrealised	(74)	(65)
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	4,919	626
Less : Consolidation adjustments	(4,954)	(851)
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Total (accumulated losses) / retained earnings	(35)	(225)
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B15. Notes to the Statements of Comprehensive Income

	3 months ended		Cumulative 12 months	
	31/3/2013	31/3/2012	31/3/2013	31/3/2012
	RM'000	RM'000	RM'000	RM'000
Interest income	(114)	(28)	(148)	(134)
Interest expense	84	13	154	620
Depreciation and amortisation	341	265	958	1,015
Loss/(Gain) on disposal of property, plant and equipment	-	50	(102)	(5,161)
Loss on disposal of investment properties	37	-	37	-
Impairment loss on investment properties	68	-	68	-
Impairment loss on receivables/(reversal)	94	-	94	(19)

B16. Authorisation for Issue

This Interim Financial Report of GSB Group Berhad for the fourth financial quarter ended 31 March 2013 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 30 May 2013.

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