



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 2014

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 2013.

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*



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- Amendments to FRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- 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 plans to apply those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2012 and 1 January 2013, except for FRS 11, FRS 12, FRS 128, IC Interpretation 20, Amendments to FRS 1, Amendments to FRS 11 and Amendments to FRS 12 which are not applicable to the Group from the annual period beginning on 1 April 2013.



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

The Group has subsidiaries which fall within the scope of IC Interpretation 15, Agreements for the Construction of Real Estate. The Group and these subsidiaries 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.

The Group’s and the Company’s financial statements for annual period beginning on 1 April 2014 will be prepared in accordance with the MFRSs issued by MASB and International Financial Reporting Standards (IFRSs). As a result, the Group will not be adopting FRSs, 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 2013 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 2014.



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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 2014

	Replication of Optical Discs RM'000	Property Development RM'000	Others RM'000	Group RM'000
Revenue				
Segment revenue	8,034	5,754	-	13,788
Adjustments on consolidation	-	(2,052)	-	(2,052)
Total revenue	8,034	3,702	-	11,736
Results				
Segment results	(866)	(205)	(266)	(1,337)
Net Finance income/(costs)	(21)	(155)	-	(176)
(Loss)/Profit before tax	(887)	(361)	(266)	(1,513)
Adjustments on consolidation				(298)
Taxation	7	-	-	7
(Loss)/Profit for the period				(1,804)
Other comprehensive income for the period, net of tax				-
Total comprehensive (loss)/income for the period				(1,804)



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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 26 May 2014 amounted to RM11.41 million (31 March 2013: RM6.16 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.

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 26 May 2014, 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 2014**

B1. Review of Performance

	Quarter Ended 31/03/2014 RM'000	Quarter Ended 31/03/2013 RM'000
Revenue	4,035	3,123
(Loss)/Profit before taxation	(591)	472

The Group recorded higher revenue for the current quarter ended 31 March 2014 of RM4.035 million as compared to RM3.123 million for the corresponding quarter last year.

The manufacturing and replication of optical disc division recorded lower revenue of RM1.748 million in the current quarter under review as compared to RM2.796 million for the corresponding quarter last year due to softer demand. The property division recorded higher revenue of RM2.287 million in the current quarter under review as compared to RM0.327 million for the corresponding quarter last year due to sales of inventory properties.

However, the Group recorded a loss before tax for the current quarter ended 31 March 2014 of RM0.591 million as compared to profit before tax of RM0.472 million for the corresponding quarter last year. This is mainly due to lower sales volume of the optical disc division whilst still incurring factory overheads, and higher contribution from property division for the corresponding quarter last year due to Other Income from overprovision for infrastructure costs.

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B2. Comparison Against Preceding Quarter's Results

	Quarter Ended 31/03/2014 RM'000	Quarter Ended 31/12/2013 RM'000
Revenue	4,035	3,168
(Loss)/Profit before taxation	(591)	30

The Group recorded higher revenue of RM4.035 million or 27% higher for the current quarter ended 31 March 2014 as compared to the preceding quarter ended 31 December 2013.

Whilst the manufacturing and replication of optical discs division recorded similar revenue of RM1.7 million in both quarters, overall the Group recorded higher revenue due to higher sales of inventory properties in the current quarter under review.

However, the Group recorded a loss before tax for the current quarter ended 31 March 2014 of RM0.591 million as compared to a profit before tax of RM0.030 million for the preceding quarter mainly due to underprovision of taxation and also charging out of certain expenses.

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B3. Prospects for the current financial year

We are excited with the prospects of the property segment for the Group for the current financial year and beyond having recently entered into a Joint Venture Agreement to develop a piece of freehold land, situated within the neighbouring mature areas of Bandar Baru Permas Jaya, Taman Johor Jaya, Taman Molek and strategically located alongside the Pasir Gudang Highway, into a mixed development consisting 2 blocks of 25-storey serviced apartments with commercial lots at Levels 1 & 2, car parks at Levels 2 to 6. The land is also within 10 minutes to the Custom & Immigration Quarantine (CIQ) Complex via the nearby Eastern Dispersal Link (EDL). We plan to launch this project in the first quarter of the next financial year.

B4. Profit Forecast

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the current quarter ended 31 March 2014.

B5. Income Tax Expense

	3 months ended		Cumulative 12 months	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	RM'000	RM'000	RM'000	RM'000
Estimate tax payable				
- Malaysian tax expense	62	(327)	59	(670)
- Deferred taxation	(52)	45	(52)	45
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	10	(282)	7	(625)
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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

The Company has on 29 November 2013 announced its proposal to undertake a private placement of new ordinary shares of RM0.10 each representing up to 10% of the issued and paid-up share capital of the Company (“Proposed Private Placement”). On 28 January 2014, Bursa Malaysia Securities Berhad approved the listing and quotation of up to 40,000,000 new ordinary shares of RM0.10 each to be issued pursuant to the Proposed Private Placement. The Proposed Private Placement has been completed following the listing of and quotation for the 40,000,000 new ordinary shares of RM0.10 each on the Main Market of Bursa Malaysia Securities Berhad on 9 April 2014.

As at 26 May 2014, 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 proceeds received	Unutilized
Utilization For	Estimated Timeframe	RM'000	RM'000	RM'000
Payment to contractor for earthworks for the project in Johor Bahru	Within 12 months	860	-	860
Payment to contractor for piling works for the project in Johor Bahru	Within 12 months	3,000	-	3,000
Estimated expenses for the Proposed Private Placement	Immediate	140	140	-
Total		4,000	140	3,860

B8. Borrowings and Debt Securities

Total Group borrowings as at 31 March 2014 are as follows:-

	Short Term Borrowings RM'000	Long Term Borrowings RM'000
Secured		
- Finance lease liabilities and term loans	8,305	5,453

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.



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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 2014, 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 26 May 2014, 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)/Earnings Per Share

The basic (loss)/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	
	31/03/2014	31/03/2013
	RM'000	RM'000
(Loss)/Profit for the period attributable to ordinary shareholders of parent	(581)	190
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	Quarter Ended	
	31/03/2014	31/03/2013
(Loss)/Earnings per share(sen)	(0.15)	0.05
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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 2014, analysed as follows:-

	As at 31/03/2014 RM'000	As at 31/3/2013 RM'000
Total accumulated losses of the Company and its subsidiaries:		
- realised	(3,339)	(4,846)
- unrealised	(40)	(74)
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	(3,379)	(4,920)
Less : Consolidation adjustments	<hr style="width: 100%; border: 0.5px solid black;"/> 5,218	<hr style="width: 100%; border: 0.5px solid black;"/> 4,954
Total accumulated losses	<hr style="width: 100%; border: 0.5px solid black;"/> 1,839	<hr style="width: 100%; border: 0.5px solid black;"/> 34

B15. Notes to the Statements of Comprehensive Income

	3 months ended		Cumulative 12 months	
	31/03/2014 RM'000	31/03/2013 RM'000	31/03/2014 RM'000	31/03/2013 RM'000
Interest income	(20)	(114)	(125)	(148)
Interest expense	125	84	299	154
Depreciation and amortization	260	341	901	958
Loss/(Gain) on disposal of property, plant & equipment	-	-	-	(102)
Loss/(Gain) on disposal of investment properties	-	37	-	37
Impairment loss on investment properties	-	68	-	68
Impairment loss on receivables/(reversal)	-	94	-	94

B16. Authorisation for Issue

This Interim Financial Report of GSB Group Berhad for the fourth financial quarter ended 31 March 2014 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 28 May 2014.