



**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 31 MARCH 2015**

**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 2014.

**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 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*
- Amendments to FRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*



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

- Amendments to FRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to FRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

***FRSs, Interpretations and amendments effective for a date yet to be confirmed***

- FRS 9, *Financial Instruments (2009)*
- FRS 9, *Financial Instruments (2010)*
- FRS 9, *Financial Instruments – Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of FRS 9 and Transition Disclosures*

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below:

- FRS 9 replaces the guidance in FRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting. The Group is currently assessing the financial impact that may arise from the adoption of FRS 9.
- The Company falls within the scope of IC Interpretation 15, *Agreements for the Construction of Real Estate*. Therefore, the Company is currently exempted from adopting the Malaysian Financial Reporting Standards (“MFRS”) and is referred to as a “Transitioning Entity”. Being a Transitioning Entity, the Company will adopt the MFRS and present its first set of MFRS financial statements when adoption of the MFRS is mandated by the MASB.



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

The most recent annual audited financial statements for the year ended 31 March 2014 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 2014.

**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.



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**Segment reporting for the period ended 30 June 2014**

	<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>				
Segment revenue	2,136	163	-	2,299
Adjustments on consolidation	-	(11)	-	(11)
Total revenue	<u>2,136</u>	<u>152</u>	<u>-</u>	<u>2,288</u>
<b>Results</b>				
Segment results	(200)	(329)	(185)	(714)
Net Finance income/(costs)	(1)	(90)	-	(91)
(Loss)/Profit before tax	<u>(201)</u>	<u>(419)</u>	<u>(185)</u>	<u>(805)</u>
Adjustments on consolidation				(14)
Taxation				<u>1</u>
(Loss)/Profit for the period				(818)
Other comprehensive income for the period, net of tax				<u>-</u>
Total comprehensive (loss)/income for the period				<u>(818)</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 25 August 2014 amounted to RM16.75m million (31 March 2014: RM5.88 million) representing 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, except for the 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 followed by 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.

**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 25 August 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 1ST QUARTER ENDED  
30 JUNE 2014**

**B1. Review of Performance**

	<b>Quarter Ended 30/06/2014 RM'000</b>	<b>Quarter Ended 30/06/2013 RM'000</b>
Revenue	2,288	2,627
(Loss)/Profit before taxation	(819)	(609)

The Group recorded lower revenue for the current quarter under review of RM2.288 million as compared to RM2.627 million for the corresponding quarter last year.

The manufacturing and replication of optical disc division recorded lower revenue of RM2.136 million in the current quarter under review as compared to RM2.628 million for the corresponding quarter last year due to softer demand. There was only a small contribution to turnover from the property division in the current quarter under review pending new launches and construction of projects.

As such, the Group recorded a higher loss before tax for the current quarter under review of RM0.819 million as compared to loss before tax of RM0.609 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, low turnover contribution from property division and the charging out of expenses in relation to the private placement exercise as shown in Note B7 of this report.

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

	<b>Quarter Ended 30/06/2014 RM'000</b>	<b>Quarter Ended 31/03/2014 RM'000</b>
Revenue	2,288	4,035
(Loss)/Profit before taxation	(819)	(591)

The Group recorded lower revenue of RM2.288 million or 43% lower for the current quarter under review as compared to the preceding quarter's RM4.035 million.

Whilst the manufacturing and replication of optical discs division recorded higher revenue of RM2.136 million compared to RM1.748 in the preceding quarter, overall the Group recorded lower revenue due to low turnover from property division pending new launches and construction of projects.

Therefore the Group recorded a higher loss before tax for the current quarter under review of RM0.819 million as compared to a loss before tax of RM0.592 million for the preceding quarter due to lower turnover and the charging out of expenses in relation to the private placement exercise as shown in Note B7 of this report.

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

On 11 July 2014, GSB Properties Sdn. Bhd., a wholly-owned subsidiary of GSB Group, witnessed a successful launch of its iconic project, g Residence, in Johor Bahru. The sales is very encouraging and we have opened up the second tower for sales. Construction is also under way.

Another wholly-owned subsidiary of GSB Group, Serta Usaha Sdn. Bhd., has on 25 July 2014 received its Development Order approval to build a gated & guarded community living development in Klang which will consist townhouse, cluster homes and semi-detached homes.

The Group is awaiting relevant approvals for the development of commercial suites in Kelana Jaya near Paradigm Mall.

As we are continually looking to grow our property development segment via joint venture developments or acquisition of strategic land bank, we have recently announced that Serta Usaha Sdn. Bhd. received a Letter of Award dated 22 August 2014 from PKNS Engineering And Construction Berhad for the purchase of two (2) plots of adjoining leasehold commercial lands totaling 2.22 acres (8,993 square meters) in Section 15, Shah Alam, Selangor Darul Ehsan.

**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 30 June 2014.

**B5. Income Tax Expense**

	<b>3 months ended</b>		<b>Cumulative 12 months</b>	
	<b>30/06/2014</b>	<b>30/06/2013</b>	<b>31/03/2015</b>	<b>31/03/2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Estimate tax expense/(income)				
- Current tax expense/(income)	1	2	1	159
- Deferred tax expense/(income)	-	-	-	(166)
	<hr/>	<hr/>	<hr/>	<hr/>
	1	2	1	(7)
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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.

**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 25 August 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	849	-	849
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	151	151	-
Total		4,000	151	3,849



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**B8. Borrowings and Debt Securities**

Total Group borrowings as at 30 June 2014 are as follows:-

	<b>Short Term Borrowings RM'000</b>	<b>Long Term Borrowings RM'000</b>
Secured		
- Finance lease liabilities and term loans	5,576	5,657
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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 30 June 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 25 August 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.



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**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 440,000,000 ordinary shares.

	<b>Quarter Ended</b>	
	<b>30/06/2014</b>	<b>30/06/2013</b>
	<b>RM'000</b>	<b>RM'000</b>
(Loss)/Profit for the period attributable to ordinary shareholders of parent	(818)	(611)
Weighted average number of ordinary shares	440,000,000	400,000,000
	<b>Quarter Ended</b>	
	<b>30/06/2014</b>	<b>30/06/2013</b>
(Loss)/Earnings per share(sen)	(0.19)	(0.15)

**B14. Realised and Unrealised Losses Disclosures**

The (accumulated losses) / retained earnings of the Company and its subsidiaries as at 30 June 2014, analysed as follows:-

	<b>As at</b>	<b>As at</b>
	<b>30/06/2014</b>	<b>31/03/2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- realised	2,531	3,339
- unrealised	40	40
	2,571	3,379
Less : Consolidation adjustments	(5,228)	(5,218)
Total accumulated losses	(2,657)	(1,839)



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

	<b>3 months ended</b>		<b>Cumulative 12 months</b>	
	<b>30/06/2014</b>	<b>30/06/2013</b>	<b>31/03/2015</b>	<b>31/03/2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	(31)	(17)	( 31)	(17)
Interest expense	123	39	123	39
Depreciation and amortization	300	187	300	187

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**B16. Authorisation for Issue**

This Interim Financial Report of GSB Group Berhad for the first financial quarter ended 30 June 2014 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 28 August 2014.

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