



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 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 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 2014.

A2. Significant Accounting Policies

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of 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:

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

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



GSB GROUP BERHAD

(Company No. 287036-X)
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MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

The Group plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 April 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014.
- from the annual period beginning on 1 April 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 141 which is not applicable to the Group.



GSB GROUP BERHAD

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- from the annual period beginning on 1 April 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 April 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

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, other than the following:

Capitalisation of landowner's entitlement upon commencement of a joint venture, amounting to RM31 million and correspondingly taking into account:-

- Part payments towards landowner's entitlement of RM5 million;
- Set of prepayments against landowner's entitlement of RM16.7 million;
- Accruals of landowner's entitlement of RM12.5 million net of fair value adjustments arriving at RM9.3 million.

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 2015.



GSB GROUP BERHAD

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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 12 months ended 31 March 2015

	Replication of Optical Discs RM'000	Property Development RM'000	Others RM'000	Group RM'000
Revenue				
Segment revenue	7,442	15,796	-	23,238
Adjustments on consolidation	-	(4,310)	-	(4,310)
Total revenue	<u>7,442</u>	<u>11,486</u>	<u>-</u>	<u>18,928</u>
Results				
Segment results	(466)	2,282	(514)	1,302
Net Finance income/(costs)	(14)	(1,205)	-	(1,219)
Subtotal	<u>(480)</u>	<u>1,077</u>	<u>(514)</u>	<u>83</u>
Adjustments on consolidation	-	(764)	(322)	(1,086)
Taxation				<u>(284)</u>
Profit/(Loss) for the period				<u>(1,287)</u>
Other comprehensive income for the period, net of tax				<u>-</u>
Total comprehensive profit/(loss) for the period				<u><u>(1,287)</u></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.



GSB GROUP BERHAD

(Company No. 287036-X)
(Incorporated in Malaysia)

A9. Contingent Liabilities

The contingent liabilities of the Group as at 25 May 2015 amounted to RM34.19 million (31 March 2014: RM5.88 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 25 May 2015, being a date not earlier than seven days from the date of this interim financial report.

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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 4TH QUARTER ENDED
31 MARCH 2015**

B1. Review of Performance

	Quarter Ended 31/3/2015 RM'000	Quarter Ended 31/3/2014 RM'000
Revenue	13,262	4,035
Profit/(Loss) before taxation	675	(591)

The Group recorded significantly higher revenue for the current quarter under review of RM13 million as compared to RM4 million for the corresponding quarter last year.

The manufacturing and replication of optical disc division recorded higher revenue of RM1.9 million in the current quarter under review compared to RM1.7 million in the corresponding quarter last year.

The property division recorded significantly higher revenue of RM11.3 million in the current quarter under review compared to RM2.2 million in the corresponding quarter last year, due to the new projects in Bentong, Pahang and also Plentong, Johor Bahru.

The Group recorded a profit before tax in the current quarter under review of RM675,000 as compared to loss before tax of RM591,000 in the corresponding quarter last year as there were significantly higher contributions from the property division.

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GSB GROUP BERHAD

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B2. Comparison Against Preceding Quarter's Results

	Quarter Ended 31/3/2015 RM'000	Quarter Ended 31/12/2014 RM'000
Revenue	13,262	1,527
Profit before taxation	675	32

The Group recorded significantly higher revenue of RM13 million for the current quarter under review compared to the preceding quarter's RM1.5 million.

The manufacturing and replication of optical discs division recorded higher revenue of RM1.9 million for the current quarter under review compared to RM1.5 million in the preceding quarter.

The property division recorded revenue of RM11.3 million for the current quarter under review whilst there was no revenue in the preceding quarter.

The Group recorded a higher profit before tax for the current quarter under review of RM675,000 compared to a small profit before tax of RM32,000 in the preceding quarter as there were higher contributions from the property division.

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(Company No. 287036-X)

(Incorporated in Malaysia)

B3. Prospects for the next financial year

The Group is currently developing its property projects in Plentong, Johor Bahru and also Bentong, Pahang. Contributions from these projects began to flow in during the final quarter of the financial year ended 31 March 2015 and expected to continue to do so in the next financial year.

The Group's other projects in the pipeline are in Klang, Selangor and Kelana Jaya, Selangor, currently awaiting certain approvals from authorities.

During the financial year ended 31 March 2015, the Group announced proposed acquisitions of lands in Shah Alam, Selangor and also Bentong, Pahang, of which the former has already obtained shareholders' approval.

The Group is also continually looking to grow our property development segment via joint venture developments or acquisition of strategic land bank.

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 2015.

B5. Income Tax Expense

	3 months ended		Cumulative 12 months	
	31/3/2015	31/3/2014	31/3/2015	31/3/2014
	RM'000	RM'000	RM'000	RM'000
Estimate tax expense/(income)				
- Current tax expense/(income)	113	62	116	59
- Deferred tax expense/(income)	168	(52)	168	(52)
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	281	10	284	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.



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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 25 May 2015, 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	Expected to be utilised by December 2015	849	487	362
Payment to contractor for piling works for the project in Johor Bahru	Expected to be utilised by December 2015	3,000	1,851	1,149
Estimated expenses for the Proposed Private Placement	Immediate	151	151	-
Total		4,000	2,489	1,511

B8. Borrowings and Debt Securities

Total Group borrowings as at 31 March 2015 are as follows:-

	Short Term Borrowings RM'000	Long Term Borrowings RM'000
Secured		
- Finance lease liabilities, bank overdrafts, term loans	15,509	21,822

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 2015, 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 May 2015, 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/(Loss) Per Share

The basic earnings/(loss) per share of the Group have been computed by dividing the net profit/(loss) 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.

	Quarter Ended	
	31/3/2015	31/3/2014
	RM'000	RM'000
Profit/(Loss) for the period attributable to ordinary shareholders of parent	394	(581)
Weighted average number of ordinary shares	440,000,000	400,000,000
	Quarter Ended	
	31/3/2015	31/3/2014
Profit/(Loss) per share (sen)	0.09	(0.15)

B14. Realised and Unrealised Losses Disclosures

The accumulated losses / retained earnings of the Company and its subsidiaries as at 31 March 2015, analysed as follows:-

	As at	As at
	31/3/2015	31/3/2014
	RM'000	RM'000
Total (retained earnings)/accumulated losses of the Company and its subsidiaries:		
- realised	(3,273)	(3,339)
- unrealised	96	(40)
	(3,177)	(3,379)
Less : Consolidation adjustments	6,303	5,218
Total accumulated losses	3,126	1,839



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B15. Notes to the Statements of Comprehensive Income

	3 months ended		Cumulative 12 months	
	31/3/2015	31/3/2014	31/03/2015	31/03/2014
	RM'000	RM'000	RM'000	RM'000
Interest (income)	-	(20)	(105)	(121)
Interest expense	653	125	1,324	299
Depreciation and amortization	256	260	1,004	901

B16. Authorisation for Issue

This Interim Financial Report of GSB Group Berhad for the fourth financial quarter ended 31 March 2015 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 28 May 2015.

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