

**GSB GROUP BERHAD***(Company No. 287036-X)**(Incorporated in Malaysia)***Condensed consolidated statement of comprehensive income (unaudited)
for the period ended 30 June 2016**

	1st Quarter		Year To-date	
	3 months ended		3 months ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	(RM '000)	(RM '000)	(RM '000)	(RM '000)
Revenue	6,821	5,188	6,821	5,188
Cost of sales	(5,082)	(3,527)	(5,082)	(3,527)
Gross profit	<u>1,739</u>	<u>1,661</u>	<u>1,739</u>	<u>1,661</u>
Other operating income	239	209	239	209
Administrative expenses	(899)	(1,194)	(899)	(1,194)
Selling and distribution expenses	(470)	(152)	(470)	(152)
Other operating expenses	(85)	(64)	(85)	(64)
Profit from operations	<u>522</u>	<u>460</u>	<u>522</u>	<u>460</u>
Finance costs (net of finance income)	(293)	(505)	(293)	(505)
Profit/(Loss) before tax	<u>230</u>	<u>(45)</u>	<u>230</u>	<u>(45)</u>
Taxation	(325)	(129)	(325)	(129)
(Loss) for the period attributable to owners of the Company	<u>(96)</u>	<u>(174)</u>	<u>(96)</u>	<u>(174)</u>
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive loss for the period attributable to owners of the Company	<u><u>(96)</u></u>	<u><u>(174)</u></u>	<u><u>(96)</u></u>	<u><u>(174)</u></u>
Loss per share (sen)				
Basic	<u>(0.02)</u>	<u>(0.04)</u>	<u>(0.02)</u>	<u>(0.04)</u>
Fully diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The Condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2016)



GSB GROUP BERHAD

(Company No. 287036-X)

(Incorporated in Malaysia)

Condensed consolidated statement of financial position (unaudited) as at 30 June 2016

	As at 30/06/2016 (RM'000) (Unaudited)	As at 31/03/2016 (RM'000) (Audited)
Assets		
Property, plant and equipment	17,512	17,688
Goodwill	12	12
Investment properties	388	407
Other investments	-	-
Land held for property development	41,475	41,370
Deferred tax assets	43	43
Total non-current assets	<u>59,430</u>	<u>59,520</u>
Inventories	1,750	1,729
Trade and other receivables	42,446	28,766
Property development costs	46,430	47,805
Current tax assets	730	503
Cash and cash equivalents	6,067	7,086
	<u>97,423</u>	<u>85,889</u>
	848	848
Total current assets	<u>98,272</u>	<u>86,737</u>
Total assets	<u>157,702</u>	<u>146,257</u>
Equity		
Share capital	52,800	52,800
Share premium	940	940
Reserve	8,918	8,918
Accumulated losses	(4,921)	(4,825)
Total equity attributable to owners of the Company	<u>57,737</u>	<u>57,833</u>
Liabilities		
Other payables	9,287	9,287
Loans and borrowings	30,264	31,164
Deferred tax liabilities	4,150	4,161
Total non-current liabilities	<u>43,699</u>	<u>44,612</u>
Trade and others payables	35,673	23,344
Loans and borrowings	20,170	20,284
Current tax liabilities	422	184
Total current liabilities	<u>56,265</u>	<u>43,812</u>
Total liabilities	<u>99,965</u>	<u>88,424</u>
Total equity and liabilities	<u>157,702</u>	<u>146,257</u>
Net assets per share attributable to owners of the Company (sen)	<u>10.94</u>	<u>10.95</u>

(The Condensed consolidated statement of financial position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2016)



GSB GROUP BERHAD

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

**Condensed consolidated statements of changes in equity (unaudited)
for the period ended 30 June 2016**

	Attributable to owners of the Company					Total (RM'000)
	Share Capital (RM'000)	Share Premium (RM'000)	Revaluation Reserve (RM'000)	Share Option Reserve (RM'000)	Accumulated Loss (RM'000)	
At 1 April 2016	52,800	940	8,658	260	(4,825)	57,833
Total comprehensive loss for the year	-	-	-	-	(96)	(96)
At 30 June 2016	<u>52,800</u>	<u>940</u>	<u>8,658</u>	<u>260</u>	<u>(4,921)</u>	<u>57,737</u>

	Attributable to owners of the Company					Total (RM'000)
	Share Capital (RM'000)	Share Premium (RM'000)	Revaluation Reserve (RM'000)	Share Option Reserve (RM'000)	Accumulated Loss (RM'000)	
At 1 April 2015	44,000	940	8,658	-	(3,212)	50,386
Total comprehensive loss for the year	-	-	-	-	(173)	(173)
At 30 June 2015	<u>44,000</u>	<u>940</u>	<u>8,658</u>	<u>-</u>	<u>(3,385)</u>	<u>50,213</u>

(The Condensed consolidated statements of changes in equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31st March 2016)

**GSB GROUP BERHAD***(Company No. 287036-X)**(Incorporated in Malaysia)***Condensed consolidated statement of cash flows (unaudited)
for the period ended**

	3 months ended 30/06/2016 (RM'000)	3 months ended 30/06/2015 (RM'000)
<u>Cash flows from operating activities</u>		
Profit/(Loss) before taxation	230	(44)
<u>Adjustment for non-cash flows:-</u>		
Depreciation/Impairment of property, plant & equipment	195	361
Finance cost	377	619
Finance income	(84)	(114)
	488	867
Operating profit before changes in working capital	718	823
<u>Changes in working capital</u>		
Inventories	(22)	158
Cash Held under Housing Development Account	502	-
Land held for property development	(105)	130
Trade and other receivables	(13,680)	(3,630)
Property development costs	1,375	(4,648)
Trade and other payables	12,329	5,001
	399	(2,990)
Cash used in operations	1,117	(2,167)
Interest paid	(179)	(619)
Interest received	84	114
Income tax paid	(325)	(34)
Income tax refund	-	-
Net cash flows used in operating activities	697	(2,706)
<u>Cash flows from investing activities</u>		
Acquisition of property, plant & equipment	-	(17)
Withdrawal of fixed deposits	202	72
Decrease joint venture development expenditure	-	390
Net cash generated from/(used in) investing activities	202	446
<u>Cash flows from financing activities</u>		
Drawdown of finance lease liabilities	-	(21)
Repayment of term loan borrowings	(1,060)	(74)
Repayment of finance lease liabilities	(66)	(50)
Net cash used in financing activities	(1,126)	(146)
Net change in cash and cash equivalents	(227)	(2,406)
Cash and cash equivalents at beginning of period	(14,107)	(10,670)
Cash and cash equivalents at end of period	(14,334)	(13,076)
Cash and cash equivalents comprise :		
Cash and bank balances	6,069	7,307
Less : Bank overdraft and Deposits pledged	(20,403)	(20,383)
	(14,334)	(13,076)

(The Condensed consolidated statement of cash flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2016)



GSB GROUP BERHAD

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PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS 134 FOR THE INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 JUNE 2016

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 2016.

A2. Significant Accounting Policies

The financial statements of the Group have been prepared in accordance with Financial Reporting Standards (FRS) 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:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

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

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

- Amendments to FRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to FRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*



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

- FRS 9, *Financial Instruments (2014)*

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

- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

- 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 April 2016, except for FRS 14, Amendments to FRS 10, and FRS 12 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 April 2017 for those amendments that are effective for annual periods beginning on or after 1 April 2017.

The Group's financial statements for annual period beginning on 1 April 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs).

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

The Group falls within the scope of IC Interpretation 15, *Agreements for the Construction of Real Estate*. Therefore, the Group is currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") and is referred to as a "Transitioning Entity".

A3. Auditors' Report on Preceding Annual Financial Statements

The most recent annual audited financial statements for the year ended 31 March 2016 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.



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A6. Dividends Paid

No dividend has been paid during the current quarter ended 30 June 2016.

A7. Segment Reporting

The Group's primary format for reporting segment information is business segments.

The Group is organized into two main business segments:

- Development of residential and commercial properties for sale and rental
- Manufacturing and replication of optical discs

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 3 months ended 30 June 2016

	Property Development RM'000	Replication of Optical Discs RM'000	Others RM'000	Group RM'000
Revenue				
Segment revenue	6,369	2,164	-	8,533
Adjustments on consolidation	(1,712)	-	-	(1,712)
Total revenue	<u>4,657</u>	<u>2,164</u>	<u>-</u>	<u>6,821</u>
Results				
Segment results	757	(27)	(36)	694
Net finance costs	(255)	(38)	-	(293)
Subtotal	<u>502</u>	<u>(65)</u>	<u>(36)</u>	<u>401</u>
Adjustments on consolidation				(172)
Taxation				<u>(325)</u>
Loss				(96)
Other comprehensive income for the period, net of tax				-
Total comprehensive expense				<u>(96)</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.



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A9. Contingent Liabilities

The contingent liabilities of the Group as at 25 August 2016 amounted to RM46.91 million (31 March 2016: RM48.45 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 August 2016, 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 FIRST QUARTER
ENDED 30 JUNE 2016**

B1. Review of Performance

	Quarter Ended 30/6/2016 RM'000	Quarter Ended 30/6/2015 RM'000
Revenue	6,821	5,188
Profit/(Loss) before taxation	230	(44)

The group recorded higher revenue for the current quarter under review of RM6.8 million as compared to RM5.2 million for the corresponding quarter last year. The property development division contributed RM4.7 million as compared to RM3.4 million in the corresponding quarter last year mainly from its Bentong projects whilst the manufacturing and replication of optical discs division also recorded higher revenue of RM2.2 million as compared to RM1.8 million in the corresponding quarter last year.

The group recorded profit before taxation as compared to a small loss in the corresponding quarter last year, mainly due to higher contributions from its Bentong projects.

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B2. Comparison Against Preceding Quarter's Results

	Quarter Ended 30/6/2016 RM'000	Quarter Ended 31/3/2016 RM'000
Revenue	6,821	4,153
Profit/(Loss) before taxation	230	(260)

The group recorded higher revenue for the current quarter under review of RM6.8 million as compared to RM4.2 million for the preceding quarter. Both divisions recorded higher revenue with the property development division contributing RM4.7 million revenue in the current quarter under review mainly from its Bentong projects as compared to RM2.5 million in the preceding quarter, and the manufacturing and replication of optical discs division contributing RM2.2 million revenue in the current quarter under review as compared to RM1.7 million in the preceding quarter.

The group recorded profit before taxation as compared to a loss in the corresponding quarter last year, mainly due to higher contributions from its Bentong projects.

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B3. Prospects for the next financial year

The Group is currently developing its property projects in Plentong, Johor Bahru and also Bentong, Pahang. Despite the current weak sentiments in the property development segment, the Group is persevering on offering reasonably priced properties in strategic locations.

The Group's development activities in Plentong should see increased activities with the construction of its main structure whilst the development activities in Bentong are progressing as scheduled.

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 2016.

B5. Income Tax Expense

	3 months ended		Cumulative 3 months	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
Estimate tax (income)/expense				
- Current tax (income)/expense	325	180	325	180
- Deferred tax expense/(income)	-	(51)	-	(51)
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	325	129	325	129
	<hr/>	<hr/>	<hr/>	<hr/>

The effective tax rate is higher than the statutory tax rate due to 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

As at 25 August 2016, being a date not earlier than seven days from the date of this interim financial report, the utilisation of proceeds from private placement of 88,000,000 new ordinary shares of RM0.10 each completed on 18 December 2015 is as follows:-

Utilisation of Proceeds

			Utilisation from the proceeds received	Unutilised
Utilisation For	Estimated Timeframe	RM'000	RM'000	RM'000
Payment to contractor for the remaining piling works for the project in Johor Bahru	Within 18 months	1,186	1,186	-
Payment to contractor for the remaining basement infrastructure works for the project in Johor Bahru	Within 18 months	4,470	3,693	777
Payment to contractor for part of the initial building works for the project in Johor Bahru	Within 18 months	2,794	-	2,794
Estimated expenses for the Proposed Private Placement	Immediate	350	350	-
Total		8,800	5,229	3,571

B8. Borrowings and Debt Securities

Total Group borrowings as at 30 June 2016 are as follows:-

	Short Term Borrowings RM'000	Long Term Borrowings RM'000
Secured		
- Finance lease liabilities, bank overdrafts, term loans	20,170	30,264

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.



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B10. Fair Value Changes of Financial Liabilities

As at 30 June 2016, 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 2016, 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/(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 528,000,000 ordinary shares.

	Quarter Ended	
	30/6/2016 RM'000	30/6/2015 RM'000
Profit/(Loss) for the period attributable to ordinary shareholders of parent	(96)	(173)
Weighted average number of ordinary shares	528,000,000	440,000,000
	Quarter Ended	
	30/6/2016	30/6/2015
Earnings/(Loss) per share (sen)		
- Basic	(0.02)	(0.04)
- Diluted	(0.02)	(0.04)

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B14. Realised and Unrealised Losses Disclosures

The accumulated losses / retained earnings of the Company and its subsidiaries as at 30 June 2016, analysed as follows:-

	As at 30/6/2016 RM'000	As at 30/6/2015 RM'000
Total accumulated losses /(retained earnings) of the Company and its subsidiaries:		
- realised	(3,316)	(3,156)
- unrealised	(62)	139
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	(3,378)	(3,017)
Less : Consolidation adjustments	8,299	6,402
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Total accumulated losses	4,921	3,385
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B15. Notes to the Statements of Comprehensive Income

	3 months ended		Cumulative 3 months	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
Interest (income)	(84)	(114)	(84)	(114)
Interest expense	377	619	377	619
Depreciation and amortization	195	361	195	361
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B16. Authorisation for Issue

This Interim Financial Report of GSB Group Berhad for the financial quarter ended 30 June 2016 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 30 August 2016.

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