



GSB GROUP BERHAD

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

**Condensed consolidated statement of profit or loss and other comprehensive income (unaudited)
for the period ended 30 September 2017**

	2nd Quarter		Year To-date	
	3 months ended		6 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	(RM '000)	(RM '000)	(RM '000)	(RM '000)
Revenue	4,555	12,019	7,276	18,840
Cost of sales	(4,186)	(9,646)	(6,258)	(14,728)
Gross profit	<u>369</u>	<u>2,373</u>	<u>1,018</u>	<u>4,112</u>
Other operating income	191	283	368	522
Administrative expenses	(563)	(928)	(1,368)	(1,827)
Selling and distribution expenses	(166)	(503)	(487)	(973)
Other operating expenses	(4,040)	(101)	(4,084)	(186)
(Loss)/Profit from operations	<u>(4,209)</u>	<u>1,124</u>	<u>(4,553)</u>	<u>1,648</u>
Finance costs (net of finance income)	(953)	(251)	(1,201)	(544)
(Loss)/Profit before tax	<u>(5,162)</u>	<u>873</u>	<u>(5,754)</u>	<u>1,104</u>
Taxation	91	(453)	(3)	(778)
(Loss)/Profit for the period attributable to owners of the Company	<u>(5,071)</u>	<u>420</u>	<u>(5,757)</u>	<u>326</u>
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive (expense)/income for the period attributable to owners of the Company	<u>(5,071)</u>	<u>420</u>	<u>(5,757)</u>	<u>326</u>
(Loss)/Earnings per share (sen)				
Basic	<u>(0.96)</u>	<u>0.08</u>	<u>(1.07)</u>	<u>0.06</u>
Fully diluted	<u>(0.96)</u>	<u>0.08</u>	<u>(1.07)</u>	<u>0.06</u>

(The Condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017)



GSB GROUP BERHAD

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

**Condensed consolidated statement of financial position (unaudited)
as at 30 September 2017**

	As at 30/09/2017 (RM'000) (Unaudited)	As at 31/03/2017 (RM'000) (Audited)
Assets		
Property, plant and equipment	16,465	16,804
Goodwill	12	12
Investment properties	370	407
Other investments	-	-
Land held for property development	42,085	42,846
Total non-current assets	<u>58,932</u>	<u>60,069</u>
Inventories	1,762	1,623
Trade and other receivables	43,874	45,168
Property development costs	80,066	52,438
Current tax assets	1,215	950
Cash and cash equivalents	7,901	5,517
	<u>134,817</u>	<u>105,696</u>
Asset held for sale	848	848
Total current assets	<u>135,664</u>	<u>106,544</u>
Total assets	<u>194,597</u>	<u>166,613</u>
Equity		
Share capital	53,740	53,740
Reserve	9,082	9,082
Accumulated losses	(12,497)	(6,740)
Total equity attributable to owners of the Company	<u>50,325</u>	<u>56,082</u>
Liabilities		
Other payables	9,653	9,655
Loans and borrowings	23,525	22,383
Deferred tax liabilities	3,709	3,709
Total non-current liabilities	<u>36,887</u>	<u>35,747</u>
Trade and others payables	81,885	47,877
Loans and borrowings	25,261	26,218
Current tax liabilities	238	689
Total current liabilities	<u>107,384</u>	<u>74,784</u>
Total liabilities	<u>144,271</u>	<u>110,531</u>
Total equity and liabilities	<u>194,597</u>	<u>166,613</u>
Net assets per share attributable to owners of the Company (sen)	<u>9.36</u>	<u>10.44</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 2017)



GSB GROUP BERHAD

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

**Condensed consolidated statements of changes in equity (unaudited)
for the period ended 30 September 2017**

	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 2017	53,740	-	8,658	424	(6,740)	56,082
Total comprehensive expense for the year	-	-	-	-	(5,757)	(5,757)
At 30 September 2017	<u>53,740</u>	<u>-</u>	<u>8,658</u>	<u>424</u>	<u>(12,497)</u>	<u>50,325</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 2016	52,800	940	8,658	260	(4,825)	57,833
Total comprehensive income for the year	-	-	-	-	326	326
At 30 September 2016	<u>52,800</u>	<u>940</u>	<u>8,658</u>	<u>260</u>	<u>(4,499)</u>	<u>58,159</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 2017)



GSB GROUP BERHAD

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

**Condensed consolidated statement of cash flows (unaudited)
for the period ended**

	6 months ended 30/09/2017 (RM'000)	6 months ended 30/09/2016 (RM'000)
<u>Cash flows from operating activities</u>		
(Loss)/Profit before taxation	(5,754)	1,104
<u>Adjustment for non-cash flows:-</u>		
Depreciation/Impairment of assets	376	390
Finance cost	297	749
Finance income	(109)	(205)
	564	934
Operating (loss)/profit before changes in working capital	(5,190)	2,038
<u>Changes in working capital</u>		
Inventories	(139)	84
Cash Held under Housing Development Account	518	502
Land held for property development	761	(242)
Trade and other receivables	1,293	(10,816)
Property development costs	(27,628)	(1,233)
Trade and other payables	33,799	12,520
	8,603	815
Cash from operations	3,413	2,853
Interest paid	(297)	(471)
Interest received	109	205
Income tax paid	(717)	(518)
Income tax refund	-	-
Net cash flow from operating activities	2,509	2,069
<u>Cash flows from investing activities</u>		
Acquisition of property, plant & equipment	-	(104)
Placement of fixed deposits	(166)	193
Net cash (used in)/from investing activities	(166)	89
<u>Cash flows from financing activities</u>		
Drawdown of term loans	7,915	-
Repayment of term loan borrowings	(7,327)	(2,178)
Repayment of finance lease liabilities	(80)	(46)
Net cash from/(used in) financing activities	508	(2,224)
Net change in cash and cash equivalents	2,850	(66)
Cash and cash equivalents at beginning of period	(12,362)	(14,107)
Effect on exchange rate fluctuation on cash held	72	-
Cash and cash equivalents at end of period	(9,440)	(14,173)
Cash and cash equivalents comprise :		
Cash and bank balances	7,901	6,110
Less : Bank overdraft and Deposits pledged	(17,341)	(20,283)
	(9,440)	(14,173)

(The Condensed consolidated statement of cash flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2017)



GSB GROUP BERHAD

(Company No. 287036-X)

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PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS 134 FOR THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017

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 2017.

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, 2016 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 2018

- FRS 9, *Financial Instruments (2014)*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to FRS 4, *Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*
- Amendments to FRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 140, *Investment Property – Transfers of Investment Property*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 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 plans to apply the abovementioned accounting standards, amendments and interpretations for 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 April 2018.



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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".

The preparation of unaudited condensed financial statements in conformity with the FRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates

A3. Auditors' Report on Preceding Annual Financial Statements

The most recent annual audited financial statements for the year ended 31 March 2017 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 interim reporting period under review.



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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:

- 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 6 months ended 30 September 2017

	Property Development RM'000	Replication of Optical Discs RM'000	Others RM'000	Group RM'000
Revenue				
Segment revenue	19,512	3,011	-	22,523
Adjustments on consolidation	(15,247)	-	-	(15,247)
Total revenue	4,265	3,011	-	7,276
Results				
Segment results	(2,408)	21	(97)	(2,484)
Net finance costs	(1,202)	-	-	(1,202)
Subtotal	(3,610)	21	(97)	(3,686)
Adjustments on consolidation				(2,068)
Taxation				(3)
Loss				(5,757)
Other comprehensive income for the period, net of tax				-
Total comprehensive expense				(5,757)

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 23 November 2017 amounted to RM61.2 million (31 March 2017: RM45.95 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.



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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 23 November 2017, 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 SECOND QUARTER
ENDED 30 SEPTEMBER 2017**

B1. Review of Performance

	Quarter Ended 30/09/2017 RM'000	Quarter Ended 30/09/2016 RM'000
Revenue	4,555	12,019
(Loss)/Profit before taxation	(5,162)	873

The Group has recorded lower revenue for the current quarter under review of RM4.6 million as compared to RM12.0 million for the corresponding quarter last year. There is a significant decrease in revenue of property division to RM3.39 million as compared to RM10.9 million mainly due to lower revenue recognised in the commercial development project in Bentong. In addition, revenue was also affected by the soft property market especially in the Southern Region of Malaysia.

As for the manufacturing and replication of optical disc division, revenue recorded during the current quarter under review increased slightly to RM1.2 million compared to RM1.1 million in the corresponding quarter last year.

The Group recorded a loss before tax of RM5.16 million in the current quarter under review as compared to a profit before tax of RM0.9 million in the corresponding quarter last year. This is mainly due to the provision for liquidated and ascertained damages (LAD) for the Bentong projects during the current quarter under review, coupled with the late payment interest paid to the vendor and other incidental cost incurred in relation to the acquisition of a land in Bentong.

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B2. Comparison Against Preceding Quarter's Results

	Quarter Ended 30/09/2017 RM'000	Quarter Ended 30/06/2017 RM'000
Revenue	4,555	2,721
Loss before taxation	(5,162)	(591)

The Group has recorded higher revenue for the current quarter under review of RM4.6 million as compared to RM2.7 million for the preceding quarter. Revenue for the property division increased from 0.9 million in the preceding quarter to RM3.39 million in the current quarter under review. This is mainly due to revenue recognised in development projects in Bentong and Plentong.

However, revenue for the manufacturing and replication of optical disc division decreased from RM1.8 million in the preceding quarter to RM1.2 million in the current quarter under review due to softer demand.

The Group recorded a higher loss before tax of RM5.16 million as compared to RM0.6 million loss in the preceding quarter mainly due to the provision for liquidated and ascertained damages (LAD) for the Bentong projects during the current quarter under review, coupled with the late payment interest paid to the vendor and other incidental cost incurred in relation to the acquisition of a land in Bentong.

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B3. Prospects for the current financial year

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

The Group's development activities in Plentong should see increased activities with the construction of its main structure. The residential project in Bentong has been completed and handed over, whilst the commercial project in Bentong is yet to be completed. In addition, a new residential project in Bentong has been launched in the current financial year and the construction is currently in progress.

B4. Profit Forecast

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the interim financial period under review.

B5. Income Tax Expense

	3 months ended		Cumulative 6 months	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Estimate tax expense/(income)				
- Current tax (income)/expense	(91)	453	3	778
- Deferred tax expense/(income)	-	-	-	-
	<u>(94)</u>	<u>453</u>	<u>3</u>	<u>778</u>

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

The proceeds from the private placement of 88,000,000 new ordinary shares of RM0.10 each completed on 18 December 2015 have been fully utilised in the first quarter of the current financial year.

Except the abovementioned, there were no other corporate proposals not announced or outstanding as at 23 November 2017, being a date not earlier than seven days from the date of this interim financial report.

B8. Borrowings and Debt Securities

Total Group borrowings as at 30 September 2017 are as follows:-

	Short Term Borrowings RM'000	Long Term Borrowings RM'000	Total Borrowings RM'000
Secured			
- Finance lease liabilities, bank overdrafts, term loans	23,525	25,261	48,786

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

	Short Term Borrowings RM'000	Long Term Borrowings RM'000	Total Borrowings RM'000
Secured			
- Finance lease liabilities, bank overdrafts, term loans	24,892	24,449	49,341

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 September 2017, 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 23 November 2017, being a date not earlier than seven days from the date of this interim financial report.

B12. Dividends

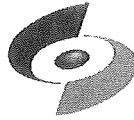
No dividend has been proposed for the interim financial periods under review.

B13. Loss Per Share

The basic loss per share of the Group have been computed by dividing the net 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	
	30/9/2017 RM'000	30/9/2016 RM'000
(Loss)/Profit for the period attributable to ordinary shareholders of parent	(5,071)	420
Weighted average number of ordinary shares	528,000,000	528,000,000
	Quarter Ended	
	30/9/2017	30/9/2016
(Loss)/Earnings per share (sen)		
- Basic	(0.96)	0.08
- Diluted	(0.96)	0.08

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B14. Realised and Unrealised Losses Disclosures

The accumulated losses / retained earnings of the Company and its subsidiaries as at 30 September 2017, analysed as follows:-

	As at 30/9/2017 RM'000	As at 30/9/2016 RM'000
Total accumulated losses /(retained earnings) of the Company and its subsidiaries:		
- realized	(1,166)	(4,223)
- unrealized	(388)	(62)
	<hr/>	<hr/>
	(1,554)	(4,285)
Less : Consolidation adjustments	14,051	8,784
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Total accumulated losses	12,497	4,499
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B15. Notes to the Statements of Comprehensive Income

	3 months ended		Cumulative 6 months	
	30/9/2017 RM'000	30/9/2016 RM'000	30/9/2017 RM'000	30/9/2016 RM'000
Interest (income)	(46)	(121)	(109)	(176)
Interest expense	999	372	1,310	1,261
Depreciation and amortization	195	195	376	631
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B16. Authorisation for Issue

This Interim Financial Report of GSB Group Berhad for the financial quarter ended 30 September 2017 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 27 November 2017.

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