



GSB GROUP BERHAD

Registration No. 199401001358 (287036-X)

(Incorporated in Malaysia)

Interim Financial Report 30 September 2019



GSB GROUP BERHAD
 Registration No. 199401001358 (287036-X)
 (Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
 For The Financial Period Ended 30 September 2019**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mth) Current Year Quarter 30/09/2019 RM'000	(3-mth) Preceding Year Quarter 30/09/2018 RM'000	(6-mth) Current Year to-Date 30/09/2019 RM'000	(6-mth) Preceding Year to-Date 30/09/2018 RM'000
Revenue	12,455	14,023	24,230	25,870
Cost of sales	(8,861)	(12,149)	(18,915)	(22,185)
Gross profit	<u>3,594</u>	<u>1,874</u>	<u>5,315</u>	<u>3,685</u>
Other income	1,037	11	1,055	181
Distribution expenses	(140)	(1,945)	(344)	(2,316)
Administrative expenses	(2,583)	(1,407)	(3,393)	(2,918)
Other expenses	(105)	(136)	(211)	(320)
Results from operating activities	<u>1,803</u>	<u>(1,603)</u>	<u>2,422</u>	<u>(1,688)</u>
Finance cost, net of income	(267)	(183)	(401)	(366)
Profit/(Loss) before tax	<u>1,536</u>	<u>(1,786)</u>	<u>2,021</u>	<u>(2,054)</u>
Tax expense	(640)	(248)	(686)	(310)
Profit/(Loss) from continuing operations	<u>896</u>	<u>(2,034)</u>	<u>1,335</u>	<u>(2,364)</u>
Discontinued operation				
Profit from discontinued operation, net of tax	9	445	11	141
Profit/(Loss) and total comprehensive income/(expenses) for the period	<u><u>905</u></u>	<u><u>(1,589)</u></u>	<u><u>1,346</u></u>	<u><u>(2,223)</u></u>
Basic earnings/(loss) per ordinary share (sen)				
from continuing operations	0.16	(0.38)	0.24	(0.44)
from discontinued operation	*	0.08	*	0.03
	<u>0.16</u>	<u>(0.30)</u>	<u>0.24</u>	<u>(0.41)</u>
Diluted earnings/(loss) per ordinary share (sen)				
from continuing operations	0.16	(0.38)	0.24	(0.44)
from discontinued operation	*	0.08	*	0.03
	<u>0.16</u>	<u>(0.30)</u>	<u>0.24</u>	<u>(0.41)</u>

* - Amount less than 0.01 sen

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying notes attached to this interim financial report.



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Unaudited Condensed Consolidated Statement of Financial Position As At 30 September 2019

	Unaudited As at 30/09/2019 RM'000	Audited As at 31/03/2019 RM'000
Assets		
Property, plant and equipment	14,675	14,977
Land held for property development	39,514	38,648
Total non-current assets	54,189	53,625
Inventories	77,940	80,198
Contract assets	5,252	5,852
Contract costs	3,613	5,574
Trade and other receivables	21,909	14,317
Current tax assets	95	1,230
Prepayments	9	50
Cash and bank balances	581	1,131
	109,399	108,352
Asset classified as held for sale	-	53,652
Total current assets	109,399	162,004
Total assets	163,588	215,629
Equity		
Share capital	56,629	56,629
Share option reserve	3	5
Retained profit/(Accumulated loss)	350	(996)
Total equity attributable to owners of the Company	56,982	55,638
Liabilities		
Loans and borrowings	11,630	11,164
Deferred tax liabilities	2,712	2,737
Other payables	10,774	10,774
Total non-current liabilities	25,116	24,675
Trade and other payables	48,887	60,912
Loans and borrowings	32,092	38,325
Provision for taxation	511	-
	81,490	99,237
Liabilities classified as held for sale	-	36,079
Total current liabilities	81,490	135,316
Total liabilities	106,606	159,991
Total equity and liabilities	163,588	215,629
Net assets per share attributable to owners of the Company (sen)	10.31	10.07

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying notes attached to this interim financial report.



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**Unaudited Condensed Consolidated Statement of Changes in Equity
For The Financial Period Ended 30 September 2019**

	<----- Non-distributable ----->				Total RM'000
	Share Capital RM'000	Revaluation Reserve RM'000	Share Option Reserve RM'000	(Accumulated Losses)/ Retained Earnings RM'000	
At 1 April 2019	56,629	-	5	(996)	55,638
Profit and total comprehensive income for the period	-	-	-	1,346	1,346
Share options lapsed	-	-	(2)	-	(2)
At 30 September 2019	56,629	-	3	350	56,982

	<----- Non-distributable ----->				Total RM'000
	Share Capital RM'000	Revaluation Reserve RM'000	Share Option Reserve RM'000	(Accumulated Losses)/ Retained Earnings RM'000	
At 1 April 2018, as previously reported	53,754	8,658	446	(9,347)	53,511
Effect fo adoption of MFRS	-	(8,658)	-	10,565	1,907
As at 1 April 2018, restated	53,754	-	446	1,218	55,418
Loss and total comprehensive expense for the period	-	-	-	(2,223)	(2,223)
Share options exercised	2,872	-	(441)	-	2,431
At 30 September 2018	56,626	-	5	(1,005)	55,626

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying notes attached to this interim financial report.



GSB GROUP BERHAD
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Unaudited Condensed Consolidated Statement of Cash Flows For The Financial Period Ended 30 September 2019

	6-month ended 30/09/2019 RM'000	6-month ended 30/09/2018 RM'000
<u>Cash Flows From Operating Activities</u>		
Profit/(Loss) before taxation from:		
- Continuing operations	2,021	(2,059)
- Discontinued operation	33	264
<u>Adjustments for:-</u>		
Depreciation of property, plant and equipment	312	366
Finance costs	418	548
Finance income	(10)	(65)
Gain on disposal asset held for sale	-	(159)
Gain on disposal of subsidiaries	(987)	-
Loss on disposal of plant and equipment	-	28
Equity settled share-based payment transactions	(2)	-
Operating profit/(loss) before changes in working capital	1,785	(1,077)
<u>Changes in working capital</u>		
Inventories	1,897	(10,047)
Land held for property development	(1,529)	(1,450)
Contract cost	2,525	1,218
Contract asset	(1,927)	10,851
Contract liabilities	-	(2,006)
Trade and other payables	6,268	27,844
Trade and other receivables and prepayments	(3,181)	(23,935)
Cash generated from operations	5,838	1,398
Interest paid	(418)	(548)
Interest received	10	65
Income tax paid	(132)	(714)
Income tax refund	1,184	-
Net cash flow from operating activities	6,482	201
<u>Cash Flows From Investing Activities</u>		
Additions to:-		
- Property, plant & equipment	(1)	(4)
Proceeds from:-		
- Deposits pledged with licensed banks	-	(21)
- Disposal of assets held for sale	-	1,007
Net cash (used in)/from investing activities	(1)	982
<u>Cash Flows From Financing Activities</u>		
Proceeds from exercise of ESOS	-	2,431
Drawdown of revolving credits	8,840	-
Repayment of term loans/bridging loan	(7,538)	(6,820)
Repayment of finance lease liabilities	(20)	(32)
Net cash from/(used in) financing activities	1,282	(4,421)
Net change in cash and cash equivalents	7,763	(3,238)
Cash and cash equivalents at beginning of period	(13,100)	(7,512)
Cash and cash equivalents at end of period	(5,337)	(10,750)
Cash and cash equivalents comprise:		
Cash and bank balances	581	4,513
Less: Bank overdraft and deposits pledged	(5,918)	(15,263)
	(5,337)	(10,750)

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2019 and the accompanying notes attached to this interim financial report.



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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING FOR THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

GSB Group Berhad (“GSB” or the “Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). The registered office is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor. The principal place of business is located at No. 1, Jalan Wangsa Permai, First Floor, Bangunan One Wangsa, Taman Wangsa Permai, 52200 Kuala Lumpur.

A1. Basis of Preparation

This unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Securities and in compliance with MFRS 134, Interim Financial Reporting.

This interim 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 financial year ended 31 March 2019.

The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the change in the financial position and performance of GSB Group Berhad and its subsidiaries (the “Group”) since the financial year ended 31 March 2019.

A2. Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 March 2019.

Standards issued but not yet effective

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 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to References to the Conceptual Framework in MFRS standards
- Amendments to MFRS 9, MFRS 139 and MFRS 7: *Interest Rate Benchmark Reform*

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*



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A2. Significant Accounting Policies (Cont'd)

The following are accounting standards, amendments and interpretations that have been issued by the MASB but have not been adopted by the Group (Cont'd):-

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after a date yet to be confirmed

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

The Group plans to apply the abovementioned accounting standards, amendments and interpretations from the annual period beginning on 1 April 2020 for the accounting standard that is effective for annual periods beginning on or after 1 January 2020.

The Group does not plan to apply MFRS 17, *Insurance Contract* that is effective for annual periods beginning on 1 April 2021 as it is not applicable to the Group.

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

A3. Auditors' Report on Preceding Annual Financial Statements

The most recent annual audited financial statements for the financial year ended 31 March 2019 of the Group were not subject to any qualification.

A4. Seasonal and Cyclical Factors

There were no material seasonal or cyclical factors affecting the performance of the Group during the interim period under review.

A5. 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 period under review.

A6. Material Changes in Estimates

There were no material changes in the estimates of the amounts reported in previous interim periods and financial year that have a material effect on the results of the current interim period under review.

**GSB GROUP BERHAD**Registration No. 199401001358 (287036-X)
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There were no issuances, repurchases or repayments of debt and equity securities during the interim period under review.

A8. Dividends Paid

No dividend has been paid during the interim period under review.

A9. Segment Reporting

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

The Group is organised into two main business segments:

- Development of residential and commercial properties
- Manufacturing and replication of optical discs

Other non-reportable segments comprise operations related to investment holding company.

Segment reporting for the 6-month period ended 30 September 2019

	Property Development RM'000	Replication of Optical Discs RM'000	Discontinued operation - Property Development RM'000	Others RM'000	Group RM'000
Revenue					
External revenue	23,067	1,163	4,698	-	28,928
Results					
Segment results	3,622	(201)	41	(999)	2,463
Finance costs	(408)	-	(10)	-	(418)
Finance income	7	-	3	-	10
Profit/(Loss) before tax	3,221	(201)	34	(999)	2,055
Taxation	(711)	25	(23)	-	(709)
Profit/(Loss) after tax	2,510	(176)	11	(999)	1,346
Segment assets	148,163	8,111	-	7,314	163,588
Segment liabilities	96,424	1,176	-	9,006	106,606



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A9. Segment Reporting (Cont'd)

Segment reporting for the 6-month period ended 30 September 2018

	Property Development RM'000	Replication of Optical Discs RM'000	Discontinued operation - Property Development RM'000	Others RM'000	Group RM'000
Revenue					
External revenue	24,021	1,849	6,245	-	32,115
Results					
Segment results	(875)	(349)	376	(464)	(1,312)
Finance costs	(408)	-	(140)	-	(548)
Finance income	38	-	23	4	65
(Loss)/Profit before tax	(1,245)	(349)	259	(460)	(1,795)
Taxation	(335)	25	(118)	-	(428)
(Loss)/Profit after tax	(1,580)	(324)	141	(460)	(2,223)
Segment assets	142,985	9,835	65,090	7,588	225,498
Segment liabilities	121,292	1,477	47,147	1,863	171,779

Segment performance for the 6-month period ended 30 September 2019 as compared to corresponding preceding period ended 30 September 2019

(i) Property development

The property development segment has achieved a total external revenue of RM23.07 million in the current financial period, representing a decrease of approximately RM0.95 million as compared to its corresponding preceding financial period of RM24.02 million. Segment profit was recorded at RM2.51 million in the current financial period compared to segment loss of RM1.58 million in the corresponding preceding financial period. The decrease in external revenue in this segment was mainly due to lower development progress being registered for the development project in Plentong, Johor. The increase in profit before tax was due to efficiency achieved in project management.

(ii) Replication of optical disc

The revenue on this segment has decreased to RM1.16 million in the current financial period compared to its corresponding preceding financial period of RM1.85 million. The segment loss has decreased from RM0.32 million to RM0.18 million. The Group is experiencing declining sales in this segment due to lower demand for optical disc replication.



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A10. Material Events Subsequent to the End of the Interim Period

The Company (“GSB”) had, on 9 August 2019 entered into:-

- (a) conditional share sale agreements with Datuk Tee Eng Ho (“Datuk Tee”) and Tee Eng Seng (“TES”) for the proposed acquisitions of:-
 - (i) the entire equity interest in Aeon Frontier Sdn. Bhd. (“AFSB”) for a purchase consideration of RM33,473,902 (“Proposed AFSB Acquisition”); and
 - (ii) the entire equity interest in Kerjaya Prospek Property Sdn. Bhd. (“KPP”) for a purchase consideration of RM367,590,902 (“Proposed KPP Acquisition”);
- (b) a conditional share sale agreement with Datuk Tee, TES and Datin Toh Siew Chuon (“Datin Toh”) for the proposed acquisition of the entire equity interest in Kerjaya Hotel Sdn. Bhd. (“KHSB”) for a purchase consideration of RM270,978,389 (“Proposed KHSB Acquisition”); and

(The Proposed AFSB Acquisition, Proposed KPP Acquisition and Proposed KHSB Acquisition are collectively referred to as “Proposed Acquisitions”)

(Datuk Tee, Datin Toh and TES are collectively referred to as the “Vendors”)

- (c) a conditional share subscription agreement with Desanda Property Sdn. Bhd. (“DPSB”) and Datuk Tee as well as TES (collectively, the “Existing DPSB Shareholders”) for the:-
 - (i) proposed subscription by GSB of 42,489,490 new ordinary shares in DPSB (“Subscription Shares”), representing approximately 99.4% of the enlarged issued share capital of DPSB, at an issue price of RM1.00 per Subscription Share (“Proposed DPSB Subscription”); and
 - (ii) proposed subscription by the Existing DPSB Shareholders of 251,366,435 new ordinary shares in GSB (“GSB Shares”) at an issue price of RM0.17 per GSB Share (“Proposed Reinvestment”)

(The Proposed DPSB Subscription and Proposed Reinvestment are collectively referred to as “Proposed DPSB Transactions”)



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A10. Material Events Subsequent to the End of the Interim Period (Cont'd)

Concurrently with the Proposed Acquisitions and Proposed DPSB Transactions, the Company proposes to undertake the following:-

- (a) proposed exemption under Paragraph 4.08(1)(a) of the Rules of Take-Overs, Mergers and Compulsory Acquisitions to be sought by Javawana Sdn. Bhd., being a company controlled by the Vendors from the obligation to undertake a mandatory take-over offer to acquire all remaining GSB Shares not already owned by them upon the completion of the Proposed Acquisitions and Proposed DPSB Transactions (“Proposed Exemption”);
- (b) proposed amendments to the Constitution of the Company to facilitate the creation and issuance of the new Redeemable Convertible Preference Shares (“RCPS”) to be issued by GSB at an issue price of RM0.17 per RCPS pursuant to the Proposed KPP Acquisition and the Proposed KHSB Acquisition (“Proposed Amendments”);
- (c) proposed consolidation of every five (5) existing GSB Shares into one (1) GSB Share (“Consolidated Share”) held on an entitlement date to be determined later (“Proposed Share Consolidation”);
- (d) proposed private placement of up to 125 million new Consolidated Shares (where applicable) at an issue price to be determined and to placee(s) to be identified at a later stage (“Proposed Private Placement”); and
- (e) proposed mandate to seek for approval from GSB’s shareholders to carry out the recurrent related party transactions of a revenue or trading nature (“RRPT”) which are necessary for the day-to-day operations of GSB upon the completion of the Proposed Acquisitions and Proposed DPSB Transactions (“Proposed RRPT Mandate”).

(The Proposed Acquisitions, Proposed DPSB Transactions, Proposed Exemption, Proposed Amendments, Proposed Private Placement, Proposed Share Consolidation and Proposed RRPT Mandate are collectively referred to as the “Proposals”).

The listing application in relation to the Proposed Acquisitions, Proposed DPSB Transactions and Proposed Private Placement, as well as the application for the Proposed Share Consolidation have been submitted to Bursa Securities on 2 October 2019, and have been approved by Bursa Securities on 15 November 2019, subject to certain conditions being satisfied. Nevertheless, the Proposals are subject to, inter-alia, the approval from the Securities Commission and the shareholders.

Save as disclosed above, there were no material events subsequent to the end of the interim period.



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A11. Changes in the Composition of the Group

On 13 March 2019, the Company has entered into a conditional share sale agreement (“the Agreement”) with Bentong Makmur Holdings Sdn. Bhd. (“BMHSB”), Gan Pik Mui and Gan Boon Kat for the disposal of:-

- (a) entire equity interest in Banda Industries Sdn. Bhd. (“BISB”) for a total consideration of RM16,580,000, comprising:-
 - (i) purchase consideration of RM9,582,000; and
 - (ii) settlement of amount owing to the Company and its subsidiaries (excluding GSB Hotel Sdn. Bhd.) by BISB amounting to RM6,998,000; and

- (b) entire equity interest in GSB Hotel Sdn. Bhd. (“GSBH”) for a total consideration of RM2,196,000, comprising:-
 - (i) purchase consideration of RM3,694,000; and
 - (ii) netting off the amount owing by the Company and its subsidiaries (excluding BISB) to GSBH amounting to RM1,498,000.

Pursuant to the terms of the Agreement, the Company and BMHSB have mutually agreed to settle the total consideration of RM18,776,000 payable by BMHSB against the advances owing by the Company and its subsidiaries (excluding BISB and GSBH) to Gan Pik Mui and Gan Boon Kat amounting to RM24,373,000.

The transaction was completed on 24 July 2019.

Save as disclosed above, 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 period under review.

A12. Contingent Liabilities

The contingent liabilities are as follows:

	Company	
	As At	As At
	30/9/2019	31/3/2019
	RM’000	RM’000
Corporate guarantees issued to licensed banks for credit facilities granted to subsidiaries	60,962	66,667



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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

B1. Review of Performance

	Individual Period		Changes	Cumulative Period		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	30/9/2019	30/9/2018		30/9/2019	30/9/2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	12,455	14,023	(1,568)	24,230	25,870	(1,640)
Profit/(loss) before interest and tax	1,803	(1,603)	3,406	2,422	(1,688)	4,110
Profit/(loss) before tax	1,536	(1,786)	3,322	2,021	(2,054)	4,075
Tax expense	(640)	(248)	(392)	(686)	(310)	(376)
Profit/(loss) from continuing operations	896	(2,034)	2,930	1,335	(2,364)	3,699
Profit from discontinued operation, net of tax	9	445	(436)	11	141	(130)
Profit/(loss) for the period	905	(1,589)	2,494	1,346	(2,223)	3,569
Profit/(loss) attributable to ordinary equity holders of the Parent	905	(1,589)	2,494	1,346	(2,223)	3,569

For the current quarter ended 30 September 2019, the Group recorded a revenue of RM12.46 million, representing a decrease of RM1.56 million as compared to RM14.02 million in the corresponding quarter of the preceding year. Profit before tax was recorded at RM1.54 million against a loss before tax of RM1.79 million in the corresponding quarter of the preceding year, representing an increase of RM3.33 million. The decrease in revenue was mainly due to lower development progress being registered for the development project in Plentong, Johor. The increase in profit before tax was mainly due to efficiency achieved in project management and a gain on disposal of two subsidiaries, namely Banda Industries Sdn Bhd and GSB Hotel Sdn Bhd, amounting to RM0.99 million.



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B2. Comparison with the Immediate Preceding Quarter's Results

	Current Quarter	Immediate Preceding Quarter	
	30/9/2019	30/6/2019	Changes
	RM'000	RM'000	RM'000
Revenue	12,455	11,775	680
Profit before interest and tax	1,803	619	1,184
Profit before tax	1,536	485	1,051
Tax expense	(640)	(46)	(594)
Profit from continuing operations	896	439	457
Profit from discontinued operation, net of tax	9	2	7
Profit for the period	905	441	464
Profit attributable to ordinary equity holders of the Parent	905	441	464

For the current quarter ended 30 September 2019, the Group recorded a revenue of RM12.46 million, representing an increase of RM0.68 million compared to the immediate preceding quarter of RM11.78 million. Profit before tax was recorded at RM1.54 million, representing an increase of RM1.05 million compared to the immediate preceding quarter of RM0.49 million. The increase in revenue was mainly due to higher development progress being registered for the development project in Plentong, Johor. The increase in profit before tax was mainly due to increase in revenue and also a gain on disposal of subsidiaries amounting to RM0.99 million.

B3. Prospects

Property development segment

Currently, The Group has an on-going mixed development known as “G-Residence” in Johor Bahru as well as an upcoming project in Shah Alam. In order to sustain as well as to enhance the Group’s property development operations and its financial performance, the Group continuously endeavors to identify viable landbanks and/or projects to expand and strengthen its landbank size and projects portfolio.

The Proposed Acquisitions and Proposed DPSB Transactions as disclosed in Note A10 will enable the Group to significantly scale up its property development business. For instance, the Proposed Acquisitions will increase the Group’s vacant landbank size as well as extending the Group’s geographical reach to Malacca as well as other parts of Selangor such as Gombak. In addition, pursuant to the Proposed Acquisitions and Proposed DPSB Transactions, GSB will have access to on-going property development projects with total remaining GDV of RM1,743.88 million in strategic locations in Kuala Lumpur and Penang.



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B3. Prospects (Cont'd)

Property development segment (Cont'd)

The Proposed Acquisitions and Proposed DPSB Transactions are in line with GSB's long term strategic plan to expand its property development business. Upon the completion of the Proposed Acquisitions and Proposed DPSB Transactions, the Group will hold a diversified mix of property assets ranging from residential and commercial development to investment properties which provide recurrent income such as hotel, mall and offices, as well as an enlarged landbank size with expanded access to Gombak, Selangor and Malacca. Accordingly, the Proposed Acquisitions and Proposed DPSB Transactions are envisaged to enhance the performance and financials of the property development business of the Group moving forward which will bode well with the Group's objective of increasing shareholders' value in the long run.

Subject to the shareholders' approval, inter-alia, the Proposals as disclosed in Note A10 are expected to be completed by end of year 2019.

Replication of optical discs segment

We take cognizance that this industry is facing tough challenges and we expect this segment's operating environment to be tougher in light of softer demand. Measures have been taken to lower the operating costs whilst at the same time to gain more market share over the smaller manufacturers.

B4. Profit Forecast and Profit Guarantee

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

B5. Taxation

The taxation figures are as follows:-

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter	Preceding Year Quarter	Current Year to-Date	Preceding Year to-Date
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
	RM'000	RM'000	RM'000	RM'000
Income tax expense on :				
- Continuing operations	(640)	(248)	(686)	(310)
- Discontinued operation	-	(119)	(23)	(118)
	<u>(640)</u>	<u>(367)</u>	<u>(709)</u>	<u>(428)</u>
Current tax expense	(652)	(380)	(737)	(454)
Deferred tax income	12	13	28	26
	<u>(640)</u>	<u>(367)</u>	<u>(709)</u>	<u>(428)</u>



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B6. Status of Corporate Proposal

Save for the Proposals disclosed in Note A10, there is no other corporate proposal announced by the Company but not completed as at 18 November 2019 (being the latest practicable date which must not be earlier than 7 days from the date of issuance of this Interim Financial Report.

B7. Borrowings and Debt Securities

Total Group borrowings as at 30 September 2019 are as follows:-

	Contractual interest rate per annum %	As at 30/9/2019		Total borrowings RM'000
		Non-current RM'000	Current RM'000	
Secured term loans	7.35	11,630	701	12,331
Secured bridging loan	7.82	-	1,600	1,600
Secured revolving credit	4.95	-	23,840	23,840
Secured bank overdrafts	4.95	-	5,918	5,918
Finance lease liabilities	2.64	-	33	33
Total		11,630	32,092	43,722

	Contractual interest rate per annum %	As at 31/3/2019		Total borrowings RM'000
		Non-current RM'000	Current RM'000	
Secured term loans	7.60	11,152	1,582	12,734
Secured bridging loan	7.96	-	8,778	8,778
Secured revolving credit	5.20	-	15,000	15,000
Secured bank overdrafts	5.20	-	12,924	12,924
Finance lease liabilities	2.64	12	41	53
Total		11,164	38,325	49,489

The proportion of debt that is based on the fixed interest rate and floating interest rate is as follows:

	Group	
	As At 30/9/2019 RM'000	As At 31/3/2019 RM'000
Fixed rates borrowings	33	53
Floating rates borrowings	43,689	49,436
	43,722	49,489

The Group borrowings were denominated in Ringgit Malaysia and secured by way of legal charges over the assets of certain subsidiaries, and are supported by the corporate guarantee from the Company, joint and several guarantee by a Director of the company, certain third parties and a person connected with Director.



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B8. Material Litigations

The Group does not have any material litigation as at date of this interim financial report.

B9. Earnings/(Loss) Per Share

The calculation of basic earnings/(loss) per ordinary share was based on the profit/(loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2019	Preceding Year Quarter 30/9/2018	Current Year to-Date 30/9/2019	Preceding Year to-Date 30/9/2018
Profit/(loss) attributable to ordinary shareholders (RM'000)				
- continuing operations	896	(2,034)	1,335	(2,364)
- discontinued operation	9	445	11	141
Total	905	(1,589)	1,346	(2,223)
Weighted average number of ordinary shares ('000)	552,440	536,889	552,440	536,889
From continuing operations (sen)	0.16	(0.38)	0.24	(0.44)
From discontinued operation (sen)	*	0.08	*	0.03
Basic earnings/(loss) per ordinary share (sen)	0.16	(0.30)	0.24	(0.41)

* - Amount less than 0.01 sen



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B9. Earnings/(Loss) Per Share (Cont'd)

The calculation of diluted earnings/(loss) per ordinary share was based on the profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2019	Preceding Year Quarter 30/9/2018	Current Year to-Date 30/9/2019	Preceding Year to-Date 30/9/2018
Profit/(loss) attributable to ordinary shareholders (diluted) (RM'000)				
- continuing operations	896	(2,034)	1,335	(2,364)
- discontinued operation	9	445	11	141
Total	905	(1,589)	1,346	(2,223)
Weighted average number of ordinary shares (basic) ('000)	552,440	536,889	552,440	536,889
Effect of share options on issue ('000)	150	430	150	430
Weighted average number of ordinary shares (diluted) ('000)	552,590	537,319	552,590	537,319
From continuing operations (sen)	0.16	(0.38)	0.24	(0.44)
From discontinued operations (sen)	*	0.08	*	0.03
Diluted earnings/(loss) per ordinary share (sen)	0.16	(0.30)	0.24	(0.41)

* - Amount less than 0.01 sen



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B10. Notes to the Statement of Profit or Loss and Other Comprehensive Income

Profit/(loss) before tax is arrived after charging/(crediting):

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2019 RM'000	Preceding Year Quarter 30/9/2018 RM'000	Current Year To Date 30/9/2019 RM'000	Preceding Year To Date 30/9/2018 RM'000
Interest income	(5)	(22)	(7)	(42)
Other income including investment income	(50)	(11)	(68)	(22)
Interest expense	272	205	408	408
Depreciation and amortisation	106	159	211	320
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Gain on disposal of subsidiaries	(987)	-	(987)	-
(Gain) or loss on disposal of quoted or unquoted investments or properties	-	-	-	(159)
Impairment of assets	-	-	-	-
Foreign exchange (gain) or loss	-	-	-	-
(Gain) or loss on derivatives	-	-	-	-

B11. Derivative Financial Instruments

There were no derivative financial instruments at the date of this report.

B12. Fair Value Changes of Financial Liabilities

As at 30 September 2019, there are no financial liabilities measured at fair value through profit or loss.

B13. Authorisation for Issue

This Interim Financial Report of GSB Group Berhad for the financial quarter ended 30 September 2019 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 25 November 2019.