



GSB GROUP BERHAD

(Company No. 287036-X)

(Incorporated in Malaysia)

**Interim Report
For the 3-month Period Ended
30 June 2018**



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

Interim Report for the 3-month Period Ended 30 June 2018
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(3-mth) Current Year Quarter 30/6/2018 RM'000	(3-mth) Preceding Year Quarter 30/6/2017 RM'000	(3-mth) Current Year to-Date 30/6/2018 RM'000	(3-mth) Preceding Year to-Date 30/6/2017 RM'000
Revenue	14,008	2,721	14,008	2,721
Cost of sales	(11,964)	(2,072)	(11,964)	(2,072)
Gross profit	2,044	649	2,044	649
Other income	179	177	179	177
Distribution expenses	(422)	(321)	(422)	(321)
Administrative expenses	(1,922)	(805)	(1,922)	(805)
Other expenses	(221)	(44)	(221)	(44)
Results from Operating activities	(342)	(344)	(342)	(344)
Financial cost, net of income	(231)	(248)	(231)	(248)
Loss before tax	(573)	(592)	(573)	(592)
Tax expense	(61)	(94)	(61)	(94)
Loss for the period	(634)	(686)	(634)	(686)
Other comprehensive income for the period	-	-	-	-
Loss and total comprehensive loss for the period	(634)	(686)	(634)	(686)
Loss per share				
Basic (sen)	(0.12)	(0.13)	(0.12)	(0.13)
Diluted (sen)	(0.12)	(0.13)	(0.12)	(0.13)

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 2018 and the accompanying notes attached to this interim financial report.



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Interim Report for the 3-month Period Ended 30 June 2018
Unaudited Condensed Consolidated Statement of Financial Position

	Unaudited	Audited
	As at	As at
	30/06/2018	31/03/2018
	(RM'000)	(RM'000)
Assets		
Property, plant and equipment	15,692	15,899
Land held for property development	73,689	72,995
Total non-current assets	89,381	88,894
Inventories	1,584	1,520
Current tax assets	1,069	1,843
Trade and other receivables	42,616	37,023
Prepayments	3	34
Property development costs	71,619	69,703
Cash and bank balances	7,754	7,128
	124,645	117,251
Asset held for sale	-	848
Total current assets	124,645	118,099
Total assets	214,026	206,993
Equity		
Share capital	54,468	53,754
Share option reserves	450	446
Revaluation reserves	8,658	8,658
Accumulated losses	(9,981)	(9,347)
Total equity attributable to owners of the Company	53,595	53,511
Liabilities		
Non-current liabilities		
Loans and borrowings	47,011	47,244
Deferred tax liabilities	3,721	3,734
Other payables	10,802	9,655
	61,534	60,633
Current liabilities		
Loans and borrowings	18,613	21,927
Trade and others payables	80,284	69,656
Current tax liabilities	-	1,266
	98,897	92,849
Total liabilities	160,431	153,482
Total equity and liabilities	214,026	206,993
Net assets per share attributable to owners of the Company (sen)	10.01	10.13

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 2018 and the accompanying notes attached to this interim financial report.



GSB GROUP BERHAD
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Interim Report for the 3-month Period Ended 30 June 2018
Unaudited Condensed Consolidated Statement of Changes in Equity

	<----- Non-distributable ----->					
	Share Capital	Share Premium	Share Option Reserve	Revaluation Reserve	Accumulated Losses	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At 1 April 2018	53,754	-	446	8,658	(9,347)	53,511
Total comprehensive loss for the period	-	-	-	-	(634)	(634)
Share options exercised	714	-	4	-	-	718
At 30 June 2018	54,468	-	450	8,658	(9,981)	53,595

	<----- Non-distributable ----->					
	Share Capital	Share Premium	Share Option Reserve	Revaluation Reserve	Accumulated Losses	Total
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
At 1 April 2017	53,740	-	424	8,658	(6,740)	56,082
Total comprehensive loss for the period	-	-	-	-	(686)	(686)
At 30 June 2017	53,740	-	424	8,658	(7,426)	55,396

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 2018 and the accompanying notes attached to this interim financial report.



GSB GROUP BERHAD
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Interim Report for the 3-month Period Ended 30 June 2018
Unaudited Condensed Consolidated Statement of Cash Flows

	3-month ended 30/6/2018 RM'000	3-month ended 30/6/2017 RM'000
<u>Cash Flows From Operating Activities</u>		
Loss before taxation	(573)	(591)
<u>Adjustment for:-</u>		
Depreciation of property, plant and equipment	184	181
Finance costs	268	310
Finance income	(37)	(63)
Gain on disposal of property, plant and equipment	(131)	-
Operating loss before changes in working capital	<u>(289)</u>	<u>(163)</u>
<u>Changes in working capital</u>		
Inventories	(64)	(10)
Cash held under Housing Development Account	-	518
Land held for property development	(694)	(259)
Trade and other receivables and prepayment	(7,997)	(197)
Property development costs	(1,916)	(3,647)
Trade and other payables	14,209	3,337
Cash generated from/ (used in) operations	<u>3,249</u>	<u>(421)</u>
Interest paid	(268)	(310)
Interest received	37	63
Income tax paid	(566)	(546)
Net cash flow from/ (used in) operating activities	<u>2,452</u>	<u>(1,214)</u>
<u>Cash Flows From Investing Activities</u>		
Additions to:-		
- Property, plant & equipment	(4)	-
- Placement of fixed deposits	-	(11)
Proceeds from:-		
- Deposits pledged with licensed banks	(4)	-
- Disposal of asset held for sale	1,007	-
Net cash from/ (used in) investing activities	999	(11)
<u>Cash Flows From Financing Activities</u>		
Proceeds from issuance of shares	718	-
Drawdown of term loan/ bridging loans	-	7,915
Repayment of term loans	(3,344)	(5,125)
Repayment of finance lease liabilities	(17)	(42)
Net cash (used in)/from financing activities	(2,643)	2,748
Net change in cash and cash equivalents	808	1,523
Cash and cash equivalents at beginning of period	(7,512)	(12,362)
Effect on exchange rate fluctuation on cash held	-	72
Cash and cash equivalents at end of period	<u>(6,704)</u>	<u>(10,767)</u>

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 2018 and the accompanying notes attached to this interim financial report.



GSB GROUP BERHAD

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**PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING
STANDARD 134 FOR THE INTERIM FINANCIAL REPORTING FOR THE FIRST QUARTER
PERIOD ENDED 30 JUNE 2018**

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 Malaysia Securities Berhad (“Bursa Malaysia”) and in compliance with Malaysian Financial Reporting Standard “MFRS 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 2018.

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 (“GSB” or the “Company”) and its subsidiaries (the “Group”) since the year ended 31 March 2018.

A2. Significant Accounting Policies

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS) and the requirements of the Companies Act, 2016 in Malaysia.

Standards issued but not yet effective

The following are accounting standards, amendments and IC Interpretations of the MFRS that have been issued by the MASB but are not yet effective and have not been adopted by the Group:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The Group plans to apply the abovementioned accounting standards, amendments and interpretations when they become effective in the respective periods.



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A3. Auditors' Report on Preceding Annual Financial Statements

The most recent annual audited financial statements for the financial year ended 31 March 2018 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 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 financial period under review.

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities by the Group during the interim financial period under review.

A8. Dividends Paid

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

A9. 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

The other operations of the Group comprise investment holding companies.



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Segment reporting for the 3-month period ended 30 June 2018

	Property Development	Replication of Optical Discs	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External sales	12,744	1,264	-	-	14,008
Inter-company sales	11,442	-	-	(11,442)	-
Total	24,186	1,264	-	(11,442)	14,008
Results					
Segment results	106	89	(371)	(166)	(342)
Finance costs	(268)	-	-	-	(268)
Finance income	37	-	-	-	37
(Loss)/Profit before tax	(125)	89	(371)	(166)	(573)
Taxation	(74)	-	-	13	(61)
(Loss)/Profit after tax	(199)	89	(371)	(153)	(634)

Segment reporting for the 3-month period ended 30 June 2017

	Property Development	Replication of Optical Discs	Others	Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External sales	872	1,849	-	-	2,721
Inter-company sales	4,402	-	-	(4,402)	-
Total	5,274	1,849	-	(4,402)	2,721
Results					
Segment results	364	35	(38)	(705)	(344)
Finance costs	(280)	(31)	(31)	31	(311)
Finance income	32	31	31	(31)	63
Profit/ (Loss) before tax	116	35	(38)	(705)	(592)
Taxation	(94)	-	-	-	(94)
Profit/(Loss) after tax	22	35	(38)	(705)	(686)



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

There were no material events subsequent to the end of the interim reporting period.

A11. 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.

A12. Contingent Liabilities

The contingent liabilities are as follows:

	Company	
	As At 30/6/2018 RM'000	As At 31/3/2018 RM'000
Guarantees given to financial institutions for facilities granted to subsidiaries	<u>95,907</u>	<u>69,540</u>



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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 2018

B1. Review of Performance

	(3 months) Current year quarter ended 30/6/2018 (RM'000)	(3 months) Preceding year quarter ended 30/6/2017 (RM'000)
Revenue	14,008	2,721
Loss before tax	(573)	(592)

For the quarter ended 30 June 2018, the Group registered revenue of RM14.01 million, representing an increase of RM11.29 million as compared to the corresponding quarter of the preceding year. The increase was mainly contributed from development projects in Plentong, Johor and Bentong, Pahang.

During the current quarter, the Group recorded a loss before tax of RM0.57 million against a loss before tax of RM0.59 million in the corresponding quarter of the preceding year, representing a reduction of RM0.19 million or 3.2%. This was mainly contributed by higher revenue recognised during the period.

B2. Comparison with the Immediate Preceding Quarter's Results

	(3 months) Current Quarter ended 30/6/2018 (RM'000)	(3 months) Preceding Quarter ended 31/3/2018 (RM'000)
Revenue	14,008	14,867
(Loss)/ Profit before tax	(573)	2,619

For the current quarter ended 30 June 2018, the Group registered revenue of RM14.01 million, representing a reduction of RM0.86 million or 5.8% as compared to the immediate preceding quarter.

During the current quarter, the Group has recorded a loss before tax of RM0.57 million as compared to a profit before tax of RM2.62 million in the immediate preceding quarter. The variance in loss before tax of RM3.19 million was mainly due to lower profit margin recorded during the period, lower other income and higher operating costs incurred during the current period.



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B3. Prospects

The Group is expected to continue record good results from residential development project in Bentong and committed to complete the mix development project in Plentong, Johor in early-2019.

In the replication of optical discs segment, the Group will continue to implement cost cutting measures to reduce its losses.

Barring any unforeseen circumstances, the Group expects its revenue shall be mainly driven by its development projects.

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 financial period under review.

B5. Taxation

The taxation figures are as follows:-

	Individual Quarter		Cumulative Quarters	
	Current	Preceding	Current	Preceding
	Year	Year	Year to-Date	Year to-Date
	Quarter	Quarter	Date	Date
	30/6/2018	30/6/2017	30/6/2018	30/6/2017
	RM/000	RM/000	RM/000	RM/000
Deferred tax	13	-	13	-
Income tax	(74)	(94)	(74)	(94)
	<u>(61)</u>	<u>(94)</u>	<u>(61)</u>	<u>(94)</u>

The effective tax rate is higher than the statutory tax rate due to losses incurred by certain subsidiary companies.

B6. Status of Corporate Proposal

There were no corporate proposals for the financial period under review.



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B7. Borrowings and Debt Securities

Total Group borrowings as at 30 June 2018 are as follows:-

	As at 30/6/2018 RM'000	As at 31/3/2018 RM'000
Short-term borrowings		
Term loans	5,721	8,843
Finance lease payables	47	54
Bank overdrafts	12,845	13,030
	<u>18,613</u>	<u>21,927</u>
Long-term borrowings		
Term loan and bridging loans	46,969	47,191
Finance lease payables	42	53
	<u>47,011</u>	<u>47,244</u>
Total	<u>65,624</u>	<u>69,171</u>

The Group borrowings were denominated in Ringgit Malaysia and secured by way of legal charges over the assets of the subsidiary companies and corporate guarantee from the Company.

B8. Material Litigations

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

B9. 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.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/6/2018	Preceding Year Quarter 30/6/2017	Current Year to- Date 30/6/2018	Preceding Year to- Date 30/6/2017
Loss attributable to equity holders of the Company (RM'000)	<u>(634)</u>	<u>(686)</u>	<u>(634)</u>	<u>(686)</u>
Weighted average number of ordinary shares in issue ('000)	<u>535,280</u>	<u>528,000</u>	<u>535,280</u>	<u>528,000</u>
Basic loss per share (sen)	<u>(0.12)</u>	<u>(0.13)</u>	<u>(0.12)</u>	<u>(0.13)</u>
Diluted loss per share (sen)	<u>(0.12)</u>	<u>(0.13)</u>	<u>(0.12)</u>	<u>(0.13)</u>



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B10. Notes to the Statements of Comprehensive Income

The following items have been included in arriving at loss before tax:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.2018 (RM'000)	Preceding Year Quarter 30.6.2017 (RM'000)	Current Year To Date 30.6.2018 (RM'000)	Preceding Year To Date 30.6.2017 (RM'000)
Interest income	37	63	37	63
Other income including investment income	20	177	20	177
Interest expense	268	310	268	310
Depreciation and amortisation	184	181	184	181
Impairment of and write off of receivables	-	-	-	-
Impairment of and write off of inventories	-	-	-	-
Gain/ (Loss) on disposal of quoted or unquoted investments or properties	159	-	159	-
Impairment of assets	-	-	-	-
Foreign exchange gain/(loss)	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

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 June 2018, 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 June 2018 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 28 August 2018.