



GSB GROUP BERHAD

(Company No. 287036-X)

(Incorporated in Malaysia)

**Condensed consolidated statement of comprehensive income (unaudited)
for the period ended 31 March 2016**

	3rd Quarter 3 months ended		Year To-date 12 months ended	
	31/03/2016 (RM '000)	31/03/2015 (RM '000)	31/03/2016 (RM '000)	31/03/2015 (RM '000)
Revenue	4,154	13,262	17,569	18,928
Cost of sales	(4,871)	(9,486)	(15,080)	(13,117)
Gross profit	(717)	3,776	2,489	5,811
Other operating income	1,213	1,042	4,148	1,066
Administrative expenses	(870)	(1,204)	(4,486)	(3,855)
Selling and distribution expenses	(475)	(1,139)	(1,122)	(1,679)
Other operating expenses	743	(1,033)	(1,019)	(1,352)
Profit/(Loss) from operations	(106)	1,442	10	(9)
Finance costs (net of finance income)	(155)	(767)	(944)	(1,109)
Profit/(Loss) before tax	(260)	675	(933)	(1,118)
Taxation	(186)	(281)	(346)	(255)
Profit/(Loss) for the period attributable to owners of the Company	(446)	394	(1,279)	(1,373)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income/(loss) for the period attributable to owners of the Company	(446)	394	(1,279)	(1,373)
Earnings/(Loss) per share (sen)				
Basic	(0.08)	0.09	(0.24)	(0.29)
Fully diluted	(0.10)	N/A	(0.27)	N/A

(The Condensed consolidated statement of comprehensive income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2015)



GSB GROUP BERHAD

(Company No. 287036-X)

(Incorporated in Malaysia)

**Condensed consolidated statement of financial position (unaudited)
as at 31 March 2016**

	As at 31/03/2016 (RM'000) (Unaudited)	As at 31/03/2015 (RM'000) (Audited)
Assets		
Property, plant and equipment	17,688	19,115
Goodwill	12	12
Investment properties	407	1,255
Other investments	-	-
Land held for property development	41,370	20,694
Deferred tax assets	43	75
Total non-current assets	<u>59,519</u>	<u>41,151</u>
Asset held for sale	848	-
Inventories	1,729	1,500
Trade and other receivables	28,050	25,800
Property development costs	47,805	42,440
Current tax assets	523	382
Cash and cash equivalents	7,087	8,909
Total current assets	<u>86,042</u>	<u>79,030</u>
Total assets	<u>145,561</u>	<u>120,181</u>
Equity		
Share capital	52,800	44,000
Share premium	940	940
Reserve	8,918	8,658
Accumulated losses	(4,805)	(3,212)
Total equity attributable to owners of the Company	<u>57,853</u>	<u>50,385</u>
Liabilities		
Other payables	9,287	9,287
Loans and borrowings	31,164	21,823
Deferred tax liabilities	4,161	4,464
Total non-current liabilities	<u>44,612</u>	<u>35,572</u>
Trade and others payables	22,627	18,464
Loans and borrowings	20,284	15,509
Current tax liabilities	184	250
Total current liabilities	<u>43,096</u>	<u>34,223</u>
Total liabilities	<u>87,707</u>	<u>69,795</u>
Total equity and liabilities	<u>145,561</u>	<u>120,181</u>
Net assets per share attributable to owners of the Company (sen)	<u>10.96</u>	<u>11.45</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 2015)



GSB GROUP BERHAD

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

**Condensed consolidated statements of changes in equity (unaudited)
for the period ended 31 March 2016**

	Attributable to owners of the Company					Total (RM'000)
	Share Capital	Share Premium	Revaluation Reserve	Share Option Reserve	Accumulated Loss	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
At 1 April 2015	44,000	940	8,658	-	(3,212)	50,386
Issuance of new ordinary shares	8,800	-	-	-	-	8,800
Cost of Issuance of new ordinary shares	-	-	-	-	(313)	(313)
Recognition of share-based payments	-	-	-	260	-	260
Total comprehensive loss for the year	-	-	-	-	(1,279)	(1,279)
At 31 March 2016	52,800	940	8,658	260	(4,804)	57,854

	Attributable to owners of the Company					Total (RM'000)
	Share Capital	Share Premium	Revaluation Reserve	Share Option Reserve	Accumulated Loss	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
At 1 April 2014	40,000	940	8,658	-	(1,839)	47,759
Issuance of new ordinary shares	4,000	-	-	-	-	4,000
Total comprehensive loss for the year	-	-	-	-	(1,373)	(1,373)
At 31 March 2015	44,000	940	8,658	-	(3,212)	50,386

(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 2015)



GSB GROUP BERHAD

(Company No. 287036-X)

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**Condensed consolidated statement of cash flows (unaudited)
for the period ended 31 March 2016**

	12 months ended 31/03/2016 (RM'000)	12 months ended 31/03/2015 (RM'000)
<u>Cash flows from operating activities</u>		
Loss before taxation	(933)	(1,003)
<u>Adjustment for non-cash flows:-</u>		
Depreciation/Impairment of property, plant & equipment	1,527	1,004
Unrealised foreign exchange gain	(25)	(164)
Expenses recognised in respect of equity-settled share-based payment	260	
Finance cost	1,174	1,324
Finance income	226	(105)
	<u>3,161</u>	<u>2,060</u>
Operating profit before changes in working capital	2,228	1,057
<u>Changes in working capital</u>		
Inventories	(229)	(659)
Cash Held under Housing Development Account	(616)	(761)
Land held for property development	(19,770)	4,029
Trade and other receivables	(2,376)	(9,047)
Property development costs	(5,365)	(39,931)
Trade and other payables	4,162	23,116
	<u>(24,194)</u>	<u>(23,254)</u>
Cash used in operations	(21,966)	(22,197)
Interest paid	(1,160)	(1,324)
Interest received	(226)	105
Income tax paid	(1,027)	(879)
Income tax refund	204	212
Net cash flows used in operating activities	<u>(24,174)</u>	<u>(24,083)</u>
<u>Cash flows from investing activities</u>		
Acquisition of property, plant & equipment	(100)	(364)
Withdrawal/(placement) of fixed deposits	331	(1,380)
Decrease/(Increase) in joint venture development expenditure	377	(377)
Proceeds from disposal of other investments	-	16
Net cash generated from/(used in) investing activities	609	(2,104)
<u>Cash flows from financing activities</u>		
Drawdown of finance lease liabilities	-	215
Drawdown of term loans	14,350	16,700
Proceeds from issue of share capital	8,800	4,000
Corporate exercise fee in relation to issuance of new ordinary shares	(313)	-
Repayment of term loan borrowings	(2,450)	(287)
Repayment of finance lease liabilities	(200)	(211)
Net cash used in financing activities	20,186	20,416
Net change in cash and cash equivalents	(3,378)	(5,771)
Cash and cash equivalents at beginning of period	(10,670)	(4,921)
Effect on exchange rate fluctuation on cash held	151	346
Cash and cash equivalents at end of period	<u>(13,896)</u>	<u>(10,346)</u>
Cash and cash equivalents comprise :		
Cash and bank balances	7,087	8,909
Less : Bank overdraft and Deposits pledged	(20,984)	(19,254)
	<u>(13,896)</u>	<u>(10,345)</u>

(The Condensed consolidated statement of cash flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2015)



GSB GROUP BERHAD
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PART A: EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS 134 FOR THE INTERIM FINANCIAL STATEMENTS FOR THE FINAL QUARTER ENDED 31 MARCH 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 2015.

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

- 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*
- FRS 14, *Regulatory Deferral Accounts*
- 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)*



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

- FRS 9, *Financial Instruments (2014)*

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

- from the annual period beginning on 1 April 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for Amendments to FRS 2, and Amendments to FRS 119 which are not applicable to the Group.
- from the annual period beginning on 1 April 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for Amendments to FRS 5, Amendments to FRS 11, FRS 14 and Amendments to FRS 119 which are not applicable to the Group.

The Group's financial statements for annual period beginning on 1 April 2017 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 or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group except as mentioned below:

FRS 9 replaces the guidance in FRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of FRS 9.

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 2015 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.



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A5. Material Changes in Estimates

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

A6. Dividends Paid

No dividend has been paid during the current quarter ended 31 March 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:

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

Other operations of the Group comprise investment holding and dormant companies, neither of which is of a sufficient size to be reported separately.

Segment reporting for the 12 months ended 31 March 2016

	Replication of Optical Discs RM'000	Property Development RM'000	Others RM'000	Group RM'000
Revenue				
Segment revenue	6,246	20,622	-	26,868
Adjustments on consolidation	-	(9,299)	-	(9,299)
Total revenue	<u>6,246</u>	<u>11,323</u>	<u>-</u>	<u>17,569</u>
Results				
Segment results	(1,221)	3,565	(484)	1,860
Net Finance costs	(14)	(930)	-	(944)
Subtotal	<u>(1,235)</u>	<u>2,635</u>	<u>(484)</u>	<u>916</u>
Adjustments on consolidation				(1,849)
Taxation				<u>(346)</u>
Loss				<u>(1,279)</u>
Other comprehensive income for the period, net of tax				-
Total comprehensive loss				<u>(1,279)</u>



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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 27 May 2016 amounted to RM47.835 million (31 March 2015: RM33.96 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 27 May 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 FINAL QUARTER
ENDED 31 MARCH 2016**

B1. Review of Performance

	Quarter Ended 31/3/2016 RM'000	Quarter Ended 31/3/2015 RM'000
Revenue	4,153	13,262
(Loss)/ Profit before taxation	(260)	675

The group recorded lower revenue for the current quarter under review of RM4.1 million as compared to RM13.2 million for the corresponding quarter last year. The manufacturing and replication of optical discs division recorded slightly lower revenue of RM1.7 million as compared to RM1.9 million in the corresponding quarter last year, and the property development division contributed RM2.5 million as compared to RM11.3 million in the corresponding quarter last year.

The group recorded losses mainly due to revision in estimated cost to completion for construction of its projects arising from such as higher raw material costs (resulting from higher steel bar prices in recent months).

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B2. Comparison Against Preceding Quarter's Results

	Quarter Ended 31/3/2016 RM'000	Quarter Ended 31/12/2015 RM'000
Revenue	4,153	2,755
Loss before taxation	(260)	(2,336)

The group recorded higher revenue for the current quarter under review of RM4.1 million as compared to RM2.8 million for the preceding quarter. Whilst the manufacturing and replication of optical discs division recorded similar revenue of RM1.7 million for both reporting quarters, the property development division contributed RM2.5 million revenue in the current quarter under review as compared to RM1.1 million in the preceding quarter.

The group recorded lower losses mainly due to overprovision of expenses recognised in respect of equity-settled share-based payments in the preceding quarter now adjusted in view of a recently completed valuation exercise of the Group's Employees Share Option Scheme.

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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 had on 8 March 2016 entered into a mutual termination of a joint venture with the landowner in relation to a development in Kelana Jaya, Selangor, as the Group is still unable to submit the application for Development Order which is pending amendment to the local plan by the relevant authorities. Nevertheless, the Group has increased its land bank via completion of a new acquisition of lands in Shah Alam, Selangor on 29 March 2016. In addition, the Group's acquisition of land adjacent to its current project in Bentong, Pahang has been approved by shareholders and pending completion.

B4. Profit Forecast

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the current quarter ended 31 March 2016.

B5. Income Tax Expense

	3 months ended		Cumulative 12 months	
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	RM'000	RM'000	RM'000	RM'000
Estimate tax (income)/expense				
- Current tax (income)/expense	251	113	439	116
- Deferred tax expense/(income)	(65)	168	(93)	168
	<hr/>	<hr/>	<hr/>	<hr/>
	186	281	346	284
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B6. Investment in Quoted Securities

There was no purchase or disposal of any quoted securities during the interim financial period under review.

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B7. Status of Corporate Proposals Announced

As at 27 May 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	2,292	2,178
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	3,828	4,972

B8. Borrowings and Debt Securities

Total Group borrowings as at 31 March 2016 are as follows:-

	Short Term Borrowings RM'000	Long Term Borrowings RM'000
Secured		
- Finance lease liabilities, bank overdrafts, term loans	20,284	31,164

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



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B9. Derivative Financial Instruments

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

B10. Fair Value Changes of Financial Liabilities

As at 31 March 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 27 May 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 465,726,776 ordinary shares.

	Quarter Ended	
	31/3/2016	31/3/2015
	RM'000	RM'000
(Loss)/Profit for the period attributable to ordinary shareholders of parent	(446)	394
Weighted average number of ordinary shares	465,726,776	440,000,000
	Quarter Ended	
	31/3/2016	31/3/2015
(Loss)/Earnings per share (sen)		
- Basic	(0.08)	0.09
- Diluted	(0.10)	0.09



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B14. Realised and Unrealised Losses Disclosures

The accumulated losses / retained earnings of the Company and its subsidiaries as at 31 March 2016, analysed as follows:-

	As at 31/3/2016 RM'000	As at 31/3/2015 RM'000
Total accumulated losses /(retained earnings) of the Company and its subsidiaries:		
- realised	(3,279)	(3,273)
- unrealised	(62)	96
	<u>(3,341)</u>	<u>(3,177)</u>
Less : Consolidation adjustments	8,145	6,303
Total accumulated losses	<u>4,805</u>	<u>3,126</u>

B15. Notes to the Statements of Comprehensive Income

	3 months ended		Cumulative 12 months	
	31/3/2016	31/3/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
Interest (income)	(102)	-	(226)	(105)
Interest expense	261	653	1,174	1,324
Depreciation and amortization	795	256	1,527	1,004
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

B16. Authorisation for Issue

This Interim Financial Report of GSB Group Berhad for the third financial quarter ended 31 March 2016 was authorised for issuance by the Board of Directors of the Company in accordance with a resolution dated 30 May 2016.

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