



GSB GROUP BERHAD
287036-X

ANNUAL REPORT 2015



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ANNUAL REPORT 2015

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CHAIRMAN'S STATEMENT

“ *On behalf of the Board of Directors, I hereby present the Annual Report and Audited Financial Statements of GSB Group Berhad (“GSB Group” or “the Group”) for the financial year ended 31 March 2015.*

”



FINANCIAL PERFORMANCE

For the financial year under review, the continuing operations of GSB Group recorded a revenue of RM18,928,048 and a loss after tax of RM1,373,215, in comparison to a revenue of RM11,736,186 and a loss after tax of RM1,804,510 in the preceding financial year.

The property development segment's revenue has increased from RM3,701,735 to RM11,485,546 and registered a profit of RM1,408,586 as compared to segment loss of RM502,486 in the preceding financial year. The revenue contribution from our replication of compact discs and digital versatile discs segment has decreased from RM8,034,451 to RM7,442,502, but there is a decrease in segment loss from RM866,219 to RM466,410.

On a positive note, the assets for the Group grew further from RM71,128,323 to RM120,180,523 contributed mainly by increase in property development segment's assets from RM44,915,544 to RM96,045,883.

CORPORATE DEVELOPMENTS

Forging ahead to grow our Property Development Segment

Our Group is currently developing a mixed development known as “g Residence” in Johor Bahru and commercial and residential developments known as Bentong Avenue and Valleyview33 respectively in Bentong.

During the financial year under review, our Group obtained the shareholders' approval on 30 January 2015 to acquire 2 plots of adjoining leasehold lands measuring in aggregate of approximately 2.22 acres known as Lot 325 and 326, both located at Seksyen 15, Shah Alam, Daerah Petaling, Selangor together with a conditional development order from the relevant authority in respect of the lands for a total purchase consideration of RM20,500,000. The said acquisition is expected to be completed by December 2015 and will enable our Group to benefit from the vibrant growth in Shah Alam and the strong demand for strategically located quality properties in the vicinity. The growth in population from the increasing economic activities in the surrounding area is expected to provide a good base of potential buyers for the proposed development on the lands.

Recently on 31 July 2015, our Group obtained the shareholders' approval to acquire a piece of freehold land measuring approximately 52.08 acres known as Lot 1248, Mukim and Daerah Bentong, Pahang for a purchase consideration of RM29,492,570. The said acquisition is expected to be completed in 2016. The acquisition will enable our Group to expand our existing landbank in Bentong and tap into the growing property demand in Bentong. In addition, there are a number of development projects in the pipeline in the surrounding area of this land, leading into the town center of Bentong, including upgrading of the main road and bridge. As the land is located next to our Group's existing development known as Taman Bentong Makmur, it will complement our current development project. The proximity and good access to the town center of Bentong are also expected to enhance the future development on the land.

However, shareholders and stakeholders, rest assured we will not rest on our laurels and will continue to grow our property development segment. The Group is continually looking to grow its property development segment via joint venture developments and acquisition of strategic land bank.

Manufacturing and replication of optical discs

Our Group takes cognisance of the way this industry is facing tough challenges and whilst implementing cost control measures, we embarked on new products such as remastering of audio compact discs to higher sound quality and constantly exploring other avenues to increase revenue.

OTHER CORPORATE DEVELOPMENTS

Bursa Securities Malaysia Berhad had on 12 January 2015 approved the Employees' Share Option Scheme (ESOS) of up to 10% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any one time, during the duration of the ESOS which we envisage shall:

- provide an opportunity for eligible employees to participate as shareholders of our Company and inculcate a greater sense of belonging and dedication as eligible employees are given the opportunity to participate in the equity of our Company upon exercising their ESOS;
- reward and retain eligible employees whose services are vital to the continued growth of our Group;
- motivate eligible employees towards better performance through greater loyalty and productivity to our Group; and
- make our Group's remuneration scheme more competitive to attract more skilled and experienced individuals to join our Group and contribute to its continued growth.

Recently at an EGM held on 31 July 2015, our Group obtained the shareholders' approval to undertake Private Placement of new shares of the Company, representing up to 20% of the issued and paid-up share capital of the Company (excluding treasury shares, if any), which will allow the Company to raise funds for our ongoing project.

CORPORATE GOVERNANCE

The Board of Directors of the Group emphasises on corporate governance and at all times looking at value creation for our shareholders. Measures taken and implemented have been outlined in this Annual Report under the Statement on Corporate Governance, the Statement on Risk Management and Internal Control, and the Audit Committee Report.

CORPORATE SOCIAL RESPONSIBILITY

Our Company recognises that its businesses have direct and indirect impact on the communities in which we operate. We bear a special responsibility to use our knowledge and experience for the betterment of society and to further develop and initiate improvements for and with society. Some of our initiatives in contributing towards being a positive global citizen included initiatives that were carried out through efforts in the workplace, the marketplace and the environment, which are highlighted in the Corporate Social Responsibility Statement in this Annual Report.

LOOKING AHEAD

GSB Group has demonstrated its commitment to grow its property development segment with the strategic acquisitions undertaken. Despite the current cautionary sentiments amongst property developers and home buyers, we will persevere given that our products are not high-end developments and are at good locations. We priced our products for end-user markets and end-financiers should be more receptive to lending.

On the manufacturing front, the Group will also endeavour its best to capitalise on its reputable brand name in the storage media content industry, in particular for its STEIGERN Audiophile or GIPFEL Audio-Pro remastering services, and to explore ways to boost its revenues.

We trust we are enhancing our shareholders' value and will continue to do so.

APPRECIATION

On behalf of the Board of Directors, I wish to extend my heartfelt gratitude to all our shareholders for their steadfast support and confidence in the Group.

My sincere appreciation also goes to the various government authorities, business associates, clients, financiers and partners for their continuing support.

To our management and employees, thank you for the unwavering commitment and dedication to the progress of GSB Group.

LOY KWEE KEOW
SENIOR INDEPENDENT NON-EXECUTIVE CHAIRMAN

BOARD OF DIRECTORS

Loy Kwee Keow
*Senior Independent
Non-Executive Chairman*

Gan Pik Mui
Managing Director

Ir. Liaw Boo Lai @ Leow Bong Lai
*D.S.M.
Independent Non-Executive Director*

Gan Boon Kat
*Non-Independent
Non-Executive Director*

AUDIT COMMITTEE

Loy Kwee Keow - Chairman
*Senior Independent
Non-Executive Chairman*

Ir. Liaw Boo Lai @ Leow Bong Lai
*D.S.M.
Independent Non-Executive Director*

Gan Boon Kat
*Non-Independent
Non-Executive Director*

NOMINATION COMMITTEE

Loy Kwee Keow - Chairman
*Senior Independent
Non-Executive Chairman*

Ir. Liaw Boo Lai @ Leow Bong Lai
*D.S.M.
Independent Non-Executive Director*

Gan Boon Kat
*Non-Independent
Non-Executive Director*

COMPANY SECRETARY

Leong Shiak Wan
(MAICSA 7012855)



REGISTERED OFFICE

Level 8, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
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Fax No. : (+603) 7841 8199

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens, North Tower
Mid Valley City
Lingkar Syed Putra
59200 Kuala Lumpur
Malaysia
Tel No. : (+603) 2264 3883
Fax No. : (+603) 2282 1886

CORPORATE OFFICE / PRINCIPAL PLACE OF BUSINESS

No. 9, Jalan 3/91A
Taman Shamelin Perkasa
56100 Cheras
Kuala Lumpur
Malaysia
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Fax No. : (+603) 9287 9959
Website : www.gsbsummit.com

AUDITORS

KPMG (Firm No AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

PRINCIPAL BANKERS

Affin Hwang Asset Management
Berhad (*formerly known as Hwang
Investment Management Berhad*)
Ambank (M) Berhad
AmInvestment Services Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
United Overseas Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name: GSB
Stock Code: 7077

LEGAL STATUS

Public listed company limited
by shares
Domicile and incorporated in Malaysia

subsidiaries



GSB GROUP BERHAD
287036-X

<ul style="list-style-type: none"> ● BANDA INDUSTRIES SDN BHD (75604-P) Property Development 	100%
<ul style="list-style-type: none"> ● GSB HOTEL SDN BHD (829341-D) Property Development 	100%
<ul style="list-style-type: none"> ● GSB MANAGEMENT SDN BHD (196027-K) Property Development and Construction 	100%
<ul style="list-style-type: none"> ● GSB PROPERTIES SDN BHD (807671-T) Property Development 	100%
<ul style="list-style-type: none"> ● GSB SUMMIT AUDIO (M) SDN BHD (173431-U) Dormant 	100%
<ul style="list-style-type: none"> ● GSB SUMMIT CD (M) SDN BHD (226197-M) Manufacture of compact discs and digital versatile discs 	100%
<ul style="list-style-type: none"> ● GSB SUMMIT DEVELOPMENT SDN BHD (457212-A) Property Development 	100%
<ul style="list-style-type: none"> ● SERTA USAHA SDN BHD (116386-U) Property Development 	100%

LOY KWEE KEOW

LOY KWEE KEOW, a Malaysian, aged 56, is the Senior Independent Non-Executive Chairman of the Company and was appointed to the Board on 24 May 2005. He was appointed as Chairman of the Audit Committee and Nomination Committee on 30 December 2005 and 30 May 2013 respectively.

Mr. Loy is a member of the Chartered Institute Management Accountants and the Malaysian Institute of Accountants. He was the Accountant of Lian Seng Properties Group of Companies and IOI Properties Bhd for the period from 1983 to 1986 and 1988 to 1993, respectively. In 1986 to 1987, he was the Finance Manager in Tan Yew Lai Development Sdn. Bhd. He was the Group Financial Controller in Press Metal Industries Bhd in 1993 until 1994.

He is currently an Occupational Safety and Health Practitioner attached to HSE Management Sdn Bhd and Quality & Analytical Monitoring Sdn Bhd as a Project Director. He is also a regional director of Sustainable Certification Pte Ltd, a certifying body for ISO 9001, ISO 14001, OHSAS 18001 and ISO 22000 from Australia. He holds a Master of Science in Occupational Safety & Health from University Utara Malaysia.

He has developed and assisted numerous business organizations in achieving ISO certification from International Certifying Body. He is actively involved with Occupational Health & Safety issues in the construction industries for 10 years and later branched into other industries. He has been conducting trainings, seminars and talks for multinational companies, small and medium companies and large local corporations. He brings with him many years of experience and practical knowledge in the Occupational Health & Safety and Environmental areas. He specialized in the implementation of Safety Management System, Airborne Contaminants & Noise Exposure Monitoring, Engineering Control Equipment Monitoring and Indoor Air Quality Assessment. He is a registered Safety Health Officer, a competent person for Industrial Hygiene & Noise and IAQ Assessor registered with the Department of Occupational Safety & Health, Malaysia.

GAN PIK MUI

GAN PIK MUI, a Malaysian, aged 44, is Managing Director of the Company and was appointed to the Board on 21 December 2006.

Ms. Gan is a Chartered Accountant of the Malaysian Institute of Accountants. She holds a Bachelor of Arts (Hons) in Accounting and Financial Management from the University of Essex, England, a Master of Science in Management from City University of London and she is also a fellow member of the Association of Chartered Certified Accountants.

She was previously with KPMG Management Consulting for 3 years as a Senior Consultant involved in the area of corporate restructuring acting as a financial consultant to quoted and unquoted clients for Scheme of Arrangement pursuant to Section 176 of the Companies Act of Malaysia and informal scheme of arrangement through Corporate Debt Restructuring Committee of Malaysia before leaving for England where she was attached with a property management company in London for a year.

She is the daughter of Dato' Gan Seng Biang, a substantial shareholder of the Company, and sister of Mr. Gan Boon Kat, a director of the Company.

IR. LIAW BOO LAI @ LEOW BONG LAI (D.S.M.)

IR. LIAW BOO LAI @ LEOW BONG LAI (D.S.M.), a Malaysian, aged 73, is an Independent Non-Executive Director of the Company and was appointed to the Board on 31 May 2005. He was appointed as a member of the Audit Committee and Nomination Committee on 6 September 2005 and 30 May 2013 respectively.

Ir. Liaw graduated with a degree in Mechanical Engineering. He is a member of the Professional Engineer, Malaysia. He was an engineer in Lee Wah Engine Work Pte. Ltd. from 1970 till 1974. In 1975, he held the post of a Manager in Euco Metal Sdn Bhd and was subsequently appointed as a Director of Sun Engineering and Construction Sdn Bhd, a position he held for more than 22 years until 2001.

Presently, he is the Advisor to Malaysia Aquaculture Development Association, the Vice President of Persatuan I-Ching and also Director of KGC Eco Resort Sdn Bhd.

GAN BOON KAT

GAN BOON KAT, a Malaysian, aged 50, is a Non-Independent Non-Executive Director of the Company and was appointed to the Board on 21 December 2006. He was appointed as a member of the Audit Committee and Nomination Committee on 1 August 2011 and 30 May 2013 respectively.

Mr. Gan has over 20 years of experience in the property industry. He was attached to Goldhill Realty from 1993 to 2000 as Real Estate Consultant.

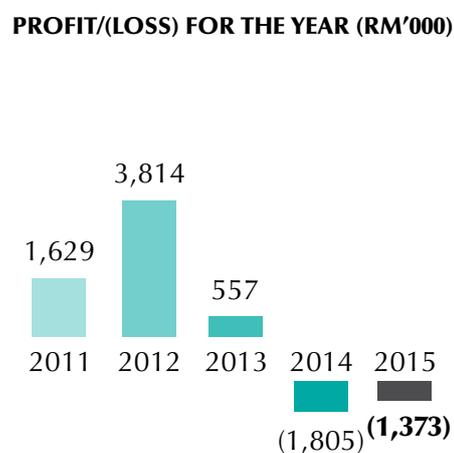
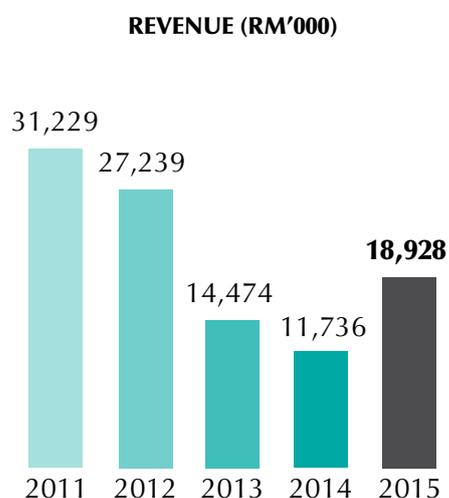
He is currently holding the post of a Director in a family-run property development and construction business. His responsibilities in the company includes overseeing the operations of the property and construction division, controlling all aspects of the development including planning, costing, feasibility, implementation, scheduling, award of tenders and due diligence. He is also responsible for sourcing and evaluating business opportunities and craft action plans necessary to achieve company's objective.

He is the brother of Ms. Gan Pik Mui, Managing Director of the Company and son of Dato' Gan Seng Biang, a substantial shareholder of the Company.

Note:

Other than as disclosed, all directors do not have any family relationships with any director and/or substantial shareholder of the Company. All directors have no personal interest in any business arrangements involving the Company. All directors have not been convicted for any offence and have attended the Board of Directors' meetings of the Company for the financial year ended 31 March 2015 as disclosed in page 10 of this Annual Report.

GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS



FINANCIAL YEAR ENDED 31 MARCH	2011	2012	2013	2014	2015
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FINANCIAL PERFORMANCE (in RM'000)

Revenue	31,229	27,239	14,474	11,736	18,928
Profit/(Loss) before taxation	2,282	4,091	1,182	(1,812)	(1,118)
Profit/(Loss) for the year	1,629	3,814	557	(1,805)	(1,373)

FINANCIAL POSITION (in RM'000)

Total Assets	73,109	62,096	56,331	71,128	120,181
Total Liabilities	35,262	20,435	14,114	23,369	69,795
Net Current Assets	22,364	14,637	16,877	12,027	44,807
Net Assets	37,847	41,661	42,217	47,759	50,385
Total Borrowings	13,592	7,932	8,124	13,758	37,331
Equity Attributable to Owners of the Company	37,847	41,661	42,217	47,759	50,385
Issued Share Capital	40,000	40,000	40,000	40,000	44,000

KEY FIGURES

Earnings/(Loss) Per Share (sen)	0.41	0.95	0.14	(0.45)	(0.31)
Net Assets Per Share (sen)	9.46	10.42	10.55	11.94	11.45
Net Debt to Equity Ratio	0.25	0.01	0.08	0.18	0.56

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“**the Board**”) fully appreciate the importance of adopting high standards of corporate governance within the Group to ensure that the recommendation of the Malaysian Code on Corporate Governance 2012 (“**the Code**”) are practiced throughout the Group as a mean of managing the business and affairs of the Group with integrity and professionalism so as to enhance business prosperity and corporate accountability in order to protect the interest of shareholders, whilst ensuring at the same time the interest of other stakeholders are safeguarded.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is thus fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and recommendations set out in the Code respectively.

The Board is pleased to provide the following statements, which outline the main corporate governance principles and practices that were in place throughout the financial year, unless otherwise stated.

BOARD OF DIRECTORS

The Board is fully aware of its continuing responsibilities over the stewardship of the Group’s directions and operations, and ultimately the enhancement of shareholders’ value.

The Group is led and managed by an effective Board comprising members with wide range of business experiences and expertise required to successfully direct and supervise the Group’s business activities, which are vital to the success of the Group.

The Board has the overall responsibility for, apart from its statutory responsibility, determining the Group’s overall strategic plans including approving of major investments and financing decisions. Financial performance review and implementation of corporate governance practice in the Group are reserved for the Board, which also has responsibility for Executive Directors’ Remuneration and succession planning for top management.

Board Balance

The existing Board members consist of four (4) members, a Senior Independent Non-Executive Chairman, a Managing Director with one (1) independent non-executive Director and one (1) non-independent non-executive Director. The present Board composition has been maintained in line with the needs of the Company and in compliance with Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements (“**Listing Requirements**”) that stipulates at least two (2) Directors or one third of the Board of the Company, whichever is higher, are independent Directors. A brief profile of each Director is presented on pages 6 to 7 in this Annual Report.

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director is responsible for the day to day running of the business, organisational effectiveness and implementation of Board policies and decisions.

More than half of the Directors, 3 out of 4 Board members, are non-executive Directors, 2 of whom are considered by the Board to be independent. The presence of non-executive Directors provides significant contributions towards the formulation of policies and decision-making. The presence of independent non-executive Directors is essential as they provide an unbiased and independent view, advice and judgment to the decision-making of the Board and provide a capable check and balance for the Executive Director, thereby ensuring that no one individual or group dominates the Board decision-making process. The Senior Independent Non-Executive Director to whom concerns regarding the Company may be conveyed is the Chairman of the Company.

The Nomination Committee and the Board have upon their annual assessment, concluded that each of the Independent Non-Executive Directors continues to demonstrate conduct and behaviour that are essential indicators of independence as set out in the Listing Requirements.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.

Recommendation 3.2 of the Code recommends that the tenure of an Independent Director should not exceed nine (9) years cumulatively. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to his re-designation as a Non-Independent Director. The Nomination Committee had assessed the independence of Mr Loy Kwee Keow and Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.), who each has served on the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to re-appoint Mr Loy Kwee Keow and Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M) as Independent Non-Executive Directors.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

Board Charter and Code of Conduct

The primary objective of the Company's Charter is to set out the roles and responsibilities of the Board including their Code of Conduct. The Board is guided by the Charter and Code of Conduct which provides reference for Directors in relation to the Board's role, powers, duties, functions and ethical values. The Board will periodically review and update the Board Charter and Code of Conduct in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibility.

Substainability

The Board has taken steps to ensure that the Group's strategies continue to promote sustainability, with attention given to environmental, social and governance aspects of the Group's business. More on the Group's Corporate Social Responsibility activities are as described on pages 14 of this Annual Report.

Board Meeting

During the financial year ended 31 March 2015, the Board met a total of 4 times. Details of the Director's attendance record are presented as below:-

Directors	Numbers of Meetings Held**	Number of Meetings Attended
Loy Kwee Keow	4	4
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)	4	3
Gan Pik Mui	4	4
Gan Boon Kat	4	4

** Refers to the number of meetings held during the time the director in office

Fostering Commitment of the Board

The Group recognizes that its Directors may be invited to become Directors of other companies and that exposure to other organizations can broaden the experience and knowledge of its Directors and this will benefit the Group. Therefore the Group's Directors are at liberty to accept other board appointments as long as there is no conflict with the business of the Group and do not adversely affect the Directors' performance as a Board member. The directors will notify the Chairman before accepting any new directorship and the notification should include an indication of time that will be spent on the new appointment.

Board Committees

The Board has established Board Committee delegated with specific powers and responsibilities to assist it in carrying out its duties and functions. The Board Committee that has been established is the Audit Committee and the Nomination Committee.

Audit Committee

The Audit Committee is chaired by an independent non-executive Director who reports the outcome of Audit Committee Meetings to the Board. Its prime duties include the review of financial statements, quarterly results, accounting policies, appointment of External Auditors, review of audit plan and the auditors' remuneration. Full details of the Audit Committee terms of reference and its activities during the year are stated in pages 16 to 18 of the Annual Report.

Nomination Committee

The Nomination Committee comprises the following members:

- Loy Kwee Keow
- Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)
- Gan Boon Kat

The Chairman of the Nomination Committee is the Senior Independent Director identified by the Board. The Nomination Committee shall meet at least once a year to carry out the duties and responsibilities as stated below. The Nomination Committee shall meet to assess the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual director.

The Nomination Committee shall be responsible for the following:

- Propose new nominees for the Board;
- Make appropriate recommendations to the Board on matters of renewal or extension of directors appointment and reappointment of retiring directors;
- Consider, in making its recommendations, candidates for directorships proposed by the Managing Director and, within bounds of practicability, by any other senior executive or any director or shareholder;
- Recommend to the Board, directors to fill the seats on Board committees;
- Assess directors on an ongoing basis;
- Review annually and assess performance of non-executive directors on annual basis based on skills, experience and core competencies which non-executive directors should bring to the Board and submit its recommendations to the Board;
- Carry out a process implemented by the Board on an annual basis for assessing the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual director.

The Nomination Committee convened meeting and tabled the annual assessment of all Directors and also concluded that each of the Independent Non-Executive Director continues to demonstrate conduct and behavior that are essential indicators of independence as set out in the Listing Requirements.

Establishment of a Remuneration Committee has not been undertaken as the Board is of the view that remuneration of Directors has been expeditiously handled by the Board as a whole. The remuneration package of Directors is a matter for the Board as whole and individual directors are required to abstain from the discussion of their own remuneration.

In addition to the above Board Committees, the Board may, wherever required, set up other Board Committee delegated with specific power and responsibilities.

Supply of Information

The Chairman ensures that Directors have access to all information within the Group. Prior to each Board meeting, all Directors are provided with an agenda and information relevant to the business of the meeting to enable them to discuss and contribute to the meeting effectively. They were issued in sufficient time to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

All Directors has unhindered access to the advice and services of the Company Secretary who is responsible for ensuring that Board meeting procedure are followed and that applicable rules and regulations are complied with.

The Directors review and approve corporate announcements, including the announcement of the quarterly financial reports, prior to releasing of the announcement to the Bursa Securities.

From time to time, the Board determines, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Group's expense.

Board Gender Diversity

The Board subscribed to the gender diversity policy as evident from its current Board composition.

The Nomination Committee will take steps to ensure suitable women candidates are sought for consideration should there be a need to increase its current board size. Presently, with the current Directors' mix of experiences and expertise, the Board is of the view that the current size of members is sufficient in effectively addressing all issues affecting the Group.

Directors' Training

The Board as a whole recruits only individuals of sufficient caliber, knowledge and experience to discharge the duties of a Director appropriately. All the Directors have attended and completed the Mandatory Accreditation Programme as prescribed by Bursa Securities. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the financial year.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

The Board of Directors has assessed the training needs of the Directors in accordance with Paragraph 15.08(2) of Bursa Securities' Main Market Listing Requirements in order to effectively discharge their duties.

Conferences, seminars and training programmes attended by Directors in the financial year 2015 and up to the date of this report are as follows:-

Director	Name of conferences, seminars and training programmes attended
Loy Kwee Keow	<ul style="list-style-type: none">• Risk Management workshops conducted by Smart Focus Group.• "Program Hand Holding Cukai Barang dan Perkhidmatan (GST) untuk Industri, Peniaga dan Pengguna" by Royal Malaysian Customs Department on 22 January 2015 at Wisma Kastam Pulau Indah.
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)	<ul style="list-style-type: none">• Risk Management workshops conducted by Smart Focus Group.• "Program Hand Holding Cukai Barang dan Perkhidmatan (GST) untuk Industri, Peniaga dan Pengguna" by Royal Malaysian Customs Department on 22 January 2015 at Wisma Kastam Pulau Indah.
Gan Pik Mui	<ul style="list-style-type: none">• Risk Management workshops conducted by Smart Focus Group.• "Program Hand Holding Cukai Barang dan Perkhidmatan (GST) untuk Industri, Peniaga dan Pengguna (Sektor Pembinaan & Hartanah)" by Royal Malaysian Customs Department on 29 April 2015 at Wisma Kastam Pulau Indah.
Gan Boon Kat	<ul style="list-style-type: none">• Risk Management workshops conducted by Smart Focus Group.• "Program Hand Holding Cukai Barang dan Perkhidmatan (GST) untuk Industri, Peniaga dan Pengguna (Sektor Pembinaan & Hartanah)" by Royal Malaysian Customs Department on 29 April 2015 at Wisma Kastam Pulau Indah.

The Directors will continue to undergo relevant training programme to further enhance their skills and knowledge wherever required, at the Group's expense.

Re-election of Directors

In accordance with the Company's Articles of Association, one-third of the Board members shall retire from office at each Annual General Meeting and they can offer themselves for re-election. Newly appointed Directors by the Board are subject to election by the shareholders at the next Annual General Meeting held following their appointments. These provide an opportunity for shareholders to renew their mandates. The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholding in the Group of each Director standing for election are furnished in the Annual Report accompanying Notice of the Annual General Meeting.

Directors over the age of seventy (70) are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act 1965.

The Company Secretary will ensure that all appointments are properly made and that all information necessary is obtained, as well as legal and regulatory obligations are met.

DIRECTORS' REMUNERATION

The Directors' fees are approved at the Annual General Meeting by the shareholders, based on the recommendation of the Board. All Directors are provided with Directors' fees with the Executive Director being provided with remuneration package which commensurate to their duties and responsibilities. The Board, as a whole, determines the remuneration packages of the Executive Director. The Directors involved do not participate in decision regarding their own remuneration packages.

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company during the financial year are as follows:

Remuneration	Group (RM'000)	Company (RM'000)
Fees	115	19
Salaries & Other Emoluments	275	-
Total	390	19

The number of Directors of the Company whose income from the Company falling within the following bands are:-

Range of Remuneration	No. of Executive Director	No. of Non-Executive Directors
RM 1 to RM 50,000	-	2
RM 50,000 to RM 100,000	-	-
RM 100,000 to RM 200,000	-	1
RM 200,000 to RM 300,000	1	-

SHAREHOLDERS AND INVESTORS

The Company recognises the importance of accountability to its shareholders through proper communication with them. The Annual General Meeting is the principal form of dialogue with the shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report before the meeting. All shareholders are encouraged to attend the Annual General Meeting and participate in its proceedings. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group and Company.

The Code recommends that the Board should encourage poll voting for substantive resolutions and make an announcement of the detailed results showing the number of votes casted for and against each resolution. The Chairman of the meeting shall inform shareholders of their rights to demand a poll vote at the commencement of the general meeting.

The Company also ensures that its shareholders are well informed via proper procedures which have been established for the timely release of material share price-sensitive information, quarterly financial results, regulatory financial statements and other matters affecting shareholders' interests.

Shareholders and members of the public can also obtain information on the Group by accessing the Group's and also Bursa Securities' websites. There is also a continuous effort to enhance the Group's website at www.gsbsummit.com

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for preparing the annual audited financial statements and ensures that the financial statements give a true and fair view of the state of affairs of the Company and Group.

The Board aims to present a balanced, clear and understandable assessment of the Company and Group's financial positions and prospects in the annual financial statements and quarterly announcement to the shareholders, investors and regulatory authorities. In this regard, the Board ensures that the Company and Group's financial statements are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

A statement by Directors of their responsibilities in preparing the financial statement is included in this Annual Report.

Internal Control

The Directors recognise the importance of monitoring sound internal control system to safeguard the shareholders' investment and the company's assets. In this regard, the Board has appointed an external professional firm to undertake the internal audit function and risk management function during the year with the aim to ensure its existing internal control system and risk management framework are effective and appropriate in mitigating against the Group's significant risks. The internal auditors report independently to the Audit Committee on a regular basis with their findings and these findings are further deliberated during the Board meeting.

CORPORATE GOVERNANCE STATEMENT

(CONT'D)

Apart from the above, the Directors regularly reviewed and assessed the key risk areas and ensure that all significant risks are adequately addressed at various levels within the Group.

A statement by the Directors on the application of the principles set out in the Code is included in this Annual Report.

Relationship with the Auditors

The Board has established that the Audit Committee play the role of maintaining the appropriate relationship with the Company and Group auditors as stated on pages 16 to 18 of this Annual Report. The good relationship with the Company and Group auditors has always prevail and maintained on a transparent and professional basis.

The External Auditors are also invited to brief the Audit Committee on their audit findings and the committee also review the proposed fees for non-audit services, as required and subsequently recommend to the Board for approval.

The terms of reference of the Audit Committee is revised to incorporate the recommendations introduced in the Code involving policies and procedure to assess the suitability and independence of the External Auditors. The Board had agreed the requirement for oral/written assurance from the External Auditors confirming their independence and abided by the other recommendations on the engagement of the External Auditors for non-audit work and further reinforced the importance of assuring the independence of the External Auditors throughout the conduct of the audit engagement at all times.

This statement was made in accordance with a resolution of the Board dated 21 August 2015.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL AUDITED ACCOUNTS

The Directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the financial year end and of the results and cashflows of the Company and of the Group for the financial year then ended.

The Directors are accountable for ensuring that the Company keeps proper accounting and other records which disclose with reasonable accuracy at any time of the financial position of the Company to enable them to ensure that the financial statements are complied with approved accounting standards and the provisions of the Companies Act, 1965.

The Directors in preparing the financial statements have used suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors consider that all applicable approved accounting standards in Malaysia have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Directors are also responsible for safeguard of the assets of the Company and of the Group and for prevention and detection of material fraud and other irregularities.

This statement was made in accordance with a resolution of the Board dated 21 August 2015.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Group acknowledges that the corporate social responsibility is an important aspect of the Group business. The Group continues to undertake responsible practices that impact the society and environment in a positive manner and to inculcate a culture of responsibility in all aspects of the Group business.

The corporate social responsibility initiatives undertaken by the Group during the financial year are summarised below:

Environment

The Group complies with all relevant environmental laws and other requirements and raises the environmental awareness among employees. During the year, the Group was not penalised for any instance of non-compliance with environment laws and regulations.

Our company's commitment in protecting and preserving the Earth's natural environment has always been our focal point. The ISO14001: 2004 certification has helped in many ways streamline our manufacturing process and producing optical discs that are safe and globally acceptable.

Our compliance with RoHS (Restriction of Hazardous Substance) a directive on the restriction of the use of six hazardous substances (lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls and polybrominated diphenylether) and REACH (Registration, Evaluation, Authorization of Chemicals) a regulation to improve the protection of human health and the environment from the risks posed by the properties of chemical substances are part of our efforts in producing a safe product. Both of these directives are adopted by the European Union (EU) and has been enforced since 2003 (RoHS) and 2007 (REACH) globally.

In addition, we are also in compliance with green technology ("Greentech") an application of the environmental science to conserve the natural environment and resources. We ensure our raw materials are purchased from Green suppliers and tested to be free from harmful and banned substances. Our manufacturing process are also planned to include proper control in key areas including recycling, waste treatment and energy conservation amongst others.

These compliance has helped enhance the Group's image and reputation as a company that is focus and socially responsible in protecting man and the environment.

Market Place

The Group is committed to ensure that the interests of all the important stakeholders – shareholders, suppliers and customers are being taken care. The Group emphasize on good corporate governance practices to meet shareholder expectations. For suppliers, the Group practice transparent and fair procurement policies. As for the customers, all manufacturing facilities within the Group are compliance with ISO9001:2008 Quality Management System, ISO14001:2004 Environmental Management System. The Group is committed to supply quality products and meeting customers' satisfactions through continual improvement in technology, process and services.

Our stand against piracy is one of the Group's main thrusts throughout the length and breadth of our organisation. We are the first and only company in Malaysia to be certified under the Content Delivery and Storage Association ("CDSA") Anti-Piracy Compliance Programme since 2005. Today, we continue to be CDSA-compliant and go out all the way to ensure stringent anti-piracy measures are in place in all aspects of our business. The Group's commitment to transparency, accountability and integrity is reflected in our respect for individual's and organisation's intellectual property rights.

Workplace

The Group recognises the importance of ensuring a conducive and safe environmental for employees to work in. The Group through its Occupational, Safety and Health Committee is actively ensuring safety, health and welfare of all employees are not being compromised. Consistent education, training, counseling or industrial accident prevention programmes are held to ensure a high level of awareness of safety requirements being disseminated to all employees and at all levels.

The Group constantly upgrades the employees' skill, knowledge and experiences that would enhance the individual employee's competency. Monthly contributions are made to Human Resource Development Fund to support the Government effort to encourage corporate bodies to invest in training and skills upgrading for employees.

AUDIT COMMITTEE REPORT

MEMBERS

The Audit Committee comprises the following directors:-

Loy Kwee Keow

Chairman (Senior Independent Non-Executive Chairman)

Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)

Member (Independent Non-Executive Director)

Gan Boon Kat

Member (Non-Independent Non-Executive Director)

TERMS OF REFERENCE

The Board has set up the Audit Committee in accordance with the requirements by the Bursa Malaysia Securities Berhad ("Bursa Securities").

The Audit Committee comprises of three (3) members two of whom are independent Directors. The Chairman of the committee shall be an independent non-executive Director appointed by the Board.

The committee holds at least four (4) meetings a year. The quorum shall be two (2) members, whom must be independent Directors.

OBJECTIVES

- a) Provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities for examination of the Group and Company and in monitoring its accounting and financial reporting practices.
- b) Determine that the Group and Company have adequate administrative, operational, and internal accounting controls and that the Group and Company are operating in accordance with its prescribed procedures and codes of conduct.
- c) Serve as an independent and objective party in the review of the financial information presented by management for distribution to shareholders and the general public.
- d) Provide direction and controls over the internal audit function and the External Auditors. The Audit Committee has the right to meet the External and/or the Internal Auditors without the presence of the Executive Directors and the Management Team.

COMPOSITION

The committee shall be appointed by the Board and shall consist of:-

- a) Not less than three (3) members of whom a majority shall be independent non-executive Directors to be appointed by the Board; and
- b) At least one (1) member of the Audit Committee must fulfill the following requirements: -
 - i) Must be a member of the Malaysian Institute of Accountants; or
 - ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and
 - Must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1968; or
 - Must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

AUTHORITY

The Audit Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Audit Committee.

The Audit Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

FUNCTIONS AND RESPONSIBILITIES

The duties and functions of the Committee shall be:-

- a) To consider and recommend the appointment of the External Auditors, audit fees, non-audit professional services and question on any resignation or dismissal of the External Auditors before making recommendation to the Board;
- b) To discuss with the External Auditor before the audit commences the nature and scope of the audit and to ensure coordination where more than one audit firm is involved;
- c) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:-
 - i) Changes in or implementation of major accounting policy changes;
 - ii) Significant and unusual events;
 - iii) Compliance with accounting standards requirements;
 - iv) Compliance with stock exchange and legal requirements.
- d) To discuss problems and reservations arising from the interim and final audits, the evaluation and findings of the system of internal controls and matters the External Auditors may wish to discuss (in the absence of management where necessary). To also obtain oral/written confirmation from the External Auditors on the status of their independence and whether the Management Team had given its full support and unrestricted access to information;
- e) To keep under review the effectiveness of internal control systems, in particular, review the External Auditor's management letter and management's response;
- f) To review any related party transaction and conflict of interest situation that may arise in the Group or Company including any transaction, procedure or course of conduct that raise questions of management integrity;
- g) To review the adequacy of the scope, functions and resources of the internal audit functions and that the internal auditor has the necessary authority to carry out its work;
- h) To review the internal audit programme, process, the results of the internal audit programme and process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- i) To review the audit reports with the auditors; and
- j) To consider other related matters, as defined by the Board.

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR UNDER REVIEW

During the financial year, the activities of the Audit Committee included the followings:-

- a) Reviewed the unaudited quarterly financial statements of the Group, the explanatory notes and the draft announcements to ensure compliance with Main Market Listing Requirements and the Malaysian Financial Reporting Standards "MFRS 134, Interim Financial Reporting" before making recommendations to the Board.

AUDIT COMMITTEE REPORT

(CONT'D)

- b) Reviewed the audited statutory financial statements of the Group for the financial year ended 31 March 2014 together with the directors' report and auditors' report thereon in compliance with regulatory requirements.
- c) Considered the suitability and independence of the External Auditors and Internal Auditors, and reviewed the non-audit services provided by the External Auditor to ensure there was no impairment of independence or objectivity.
- d) Discussed and reviewed the External Auditors' scope of works and the audit planning memorandum to approve the audit strategy prior to commencement of audit, discussed updates on new developments of accounting standards issued by the Malaysian Accounting Standards Board, discussed the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit.
- e) Reviewed and discussed the major findings of the internal audit and risk management investigations and management's responses and ensure that appropriate actions are taken on the recommendation for the internal audit and risk management functions for both property development and manufacturing segments.
- f) Deliberated on the detailed internal audit reports and its recommendations and Management's response to these recommendations. Where appropriate, the Audit Committee would instruct the Management to improve Control procedures based on Internal Auditors' recommendations and suggestions for improvements.
- g) Reviewed the Statement on Corporate Governance, Audit Committee Report, and Statement of Risk Management and Internal Control for inclusion in the Annual Report 2014 before making recommendations to the Board.
- h) Reviewed Employee Share Option Scheme ("ESOS") By-Laws for inclusion in the Circular to Shareholders dated 15 January 2015 in relation to amongst others the proposed establishment of an ESOS of the Company, and reviewed the composition and formation of the Option Committee of the ESOS.

INTERNAL AUDIT FUNCTION

The Group's internal audit functions are outsourced to an external professional firm, which reports to the Audit Committee and assists the Board of Directors in monitoring and managing risks and internal controls. The Audit Committee approves the internal audit plan during the Audit Committee Meeting in the beginning of the financial year. The scope of internal audit covers the audits of all operations of subsidiary companies in the Group.

The approach adopted by the Group is of a risk based approach to the implementation and monitoring of controls of the subsidiary companies. The internal auditor has been assigned to review and assess the adequacy of such controls prevailing in those key operational areas selected for review.

No major weakness which resulted in material losses, contingencies or uncertainties was identified during the period.

The professional fees incurred for the internal audit functions during the current financial year amounted to RM22,000.00.

In addition, for a key operational business, annual independent audit on operational and copyright management procedures in line with the International Standard of Operation ("ISO") Certificate Programme are carried out to provide further assurance of adequacy and integrity of the internal controls applied in the Group.

AUDIT COMMITTEE ATTENDANCE RECORD

The Audit Committee met four (4) times during the financial year ended 31 March 2015 and the attendance record is as follows:-

<u>Directors</u>	<u>Numbers of Meetings Held**</u>	<u>Number of Meetings Attended</u>
Loy Kwee Keow	4	4
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)	4	4
Gan Boon Kat	4	4

** Refers to the number of meetings held during the time the director in office

The Audit Committee Report was made in accordance with a resolution of the Board dated 21 August 2015.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of GSB Group Berhad (“the Board”) acknowledges the importance of maintaining a sound system of internal control and effective risk management as part of its on-going efforts to practice good corporate governance. The Board is committed to practising good standards of corporate governance and observing best practices, and will continue to improve on current practices.

The Board is pleased to provide the following statement, which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 March 2015.

Responsibility of the Board

The Board is ultimately responsible for the system of internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations, and risk management in order to safeguard shareholders’ investments and the Group’s assets.

The Board recognises that the Group’s system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and that it can only provide reasonable and not absolute assurance against misstatement, fraud or loss. The Board continuously evaluates appropriate initiatives to strengthen the transparency and efficiency of its operations, taking into account the requirements for sound and appropriate internal controls and management information systems within the Group.

Control Environment

The Board of Directors and Senior Management consistently endeavor to maintain an adequate system of internal controls designed to manage risks rather than eliminate them. The Group has an organization structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes in the Group. The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to Senior Management on the manner the Company controls its businesses, the state of internal control and its activities. The internal control processes are reviewed and updated from time to time. This is to ensure that they are relevant and effective to respond to market changes.

Internal Audit

The Group’s internal audit function is outsourced to external consultant. The Internal Audit team reviews the risk identification procedures and control processes implemented by the management, conducts audits that encompass reviewing critical areas that the Company faces, and reports to the Audit Committee on a periodic basis. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee. The Internal Audit fee incurred for the financial year ended 31 March 2015 was RM22,000.00.

For key operational areas, annual independent audit on operational procedures of a key subsidiary was carried out in line with the International Standard of Operation (“ISO”) Certification Programme and also the Content Delivery and Storage Association (“CDSA”) Anti-Piracy Compliance Programme.

Risk Management

The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review. This is to ensure that all high risks are adequately addressed at various levels within the Group. Risk management is embedded in the Group’s management system. The Group firmly believes that risk management is critical for the Group’s continued profitability and the enhancement of shareholder value. The risk profile of the Group is established during risk mapping and assessment sessions facilitated by the external consultant. The risk responses and internal controls that the Management have taken and/or is taking are documented in the risk templates. For each of the risks identified, a risk owner is assigned to ensure appropriate risk response actions are carried out.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

Information and Communication

While the Management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board of Directors has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from Management as well as to seek inputs from the Audit Committee, external and internal auditors, and other experts of which the expenses will be borne by the Group, if any.

Assurance From The Management

The Board has also received assurance from the Managing Director ("MD") and the Chief Financial Officer ("CFO"), that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Group.

Conclusion

The Board is pleased to report that there were no major internal control weaknesses identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Group's Annual Report. The Board is of the view that the existing system of the internal control is adequate. Nevertheless, Management continues to take measures to strengthen the control environment.

This statement is made in accordance with the resolution of the Board of Directors dated 30 July 2015.

UTILIZATION OF PROCEEDS

An amount of RM3,248,000 out of the net proceeds of RM3,848,700 (net of fees in relation to the Private Placement exercise completed on 9 April 2014) has been utilised as working capital for the property development project in Johor Bahru. The balance amounts are expected to be utilised by December 2015.

SHARE BUYBACKS

The Company did not make any share buyback during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were exercised by the Company in the financial year.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

During the financial year, the Company did not sponsor any ADR or GDR programme.

IMPOSITION OF SANCTIONS / PENALTIES

There were no sanctions and / or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

NON-AUDIT FEES

The amount of non-audit fees paid or payable to the External Auditors by the Company for the financial year amounted to RM13,000.00.

VARIATION IN RESULTS

There were no profit estimate, forecast or projections or unaudited results released which differ by 10% or more from audited results for the financial year.

PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not make any release on the profit estimate, forecast or projections for the said financial year.

PROFIT GUARANTEES

There was no profit guarantee given to the Company by any shareholder during the year. Neither was there any profit guarantee given by the Company and its subsidiaries.

OTHER INFORMATION

(CONT'D)

MATERIAL CONTRACTS

There are no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest, either still subsisting at the end of the financial year or entered into since the end of the previous financial year except as disclosed in the financial statements.

CONTRACTS RELATING TO LOANS

There were no contracts relating to loans by the Company in respect of the material contracts involving Directors and major shareholders.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

There were no recurrent related party transactions of a revenue or trading nature conducted during the financial year by the Company and its subsidiaries.

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DIRECTORS' REPORT

for the year ended 31 March 2015

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GSB GROUP BERHAD

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the year	1,373,215	377,271

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

No dividend was paid during the financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Gan Pik Mui
Gan Boon Kat
Loy Kwee Keow
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.4.2014	Bought	Sold	
Interests in the Company:				
Gan Pik Mui	55,065,100	-	-	55,065,100
Gan Boon Kat	9,119,490	-	-	9,119,490

By virtue of their interests in the shares of the Company, the Directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 March 2015 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salaries of full time employees of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 40,000,000 new ordinary shares of RM0.10 per ordinary share at par via a private placement to eligible investors for a total cash consideration of RM4,000,000 for working capital purposes.

The Company has obtained the approval from Bursa Malaysia Securities Berhad to implement the Employees' Share Option Scheme ("ESOS") as disclosed in Note 30 to the Financial Statements.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

DIRECTORS' REPORT

for the year ended 31 March 2015
(CONT'D)

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

The significant events are disclosed in Note 29 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 30 to the financial statements.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Gan Pik Mui

.....
Gan Boon Kat

Petaling Jaya,

Date: 30 July 2015

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Assets					
Property, plant and equipment	3	19,114,781	19,869,618	-	-
Goodwill	4	11,828	11,828	-	-
Investment properties	5	1,255,357	1,255,357	-	-
Investments in subsidiaries	6	-	-	23,388,042	23,388,042
Other investments	7	-	16,000	-	-
Land held for property development	8	20,694,013	24,345,930	-	-
Deferred tax assets	9	74,727	218,500	-	-
Total non-current assets		41,150,706	45,717,233	23,388,042	23,388,042
Inventories	10	1,499,952	841,432	-	-
Current tax assets		381,574	89,818	13,696	13,696
Trade and other receivables	11	25,701,637	16,648,062	26,530,549	12,750,284
Prepayments		98,093	74,068	-	30,827
Property development costs	12	42,439,988	2,508,885	-	-
Cash and cash equivalents	13	8,908,573	5,248,825	29,466	27,802
Total current assets		79,029,817	25,411,090	26,573,711	12,822,609
Total assets		120,180,523	71,128,323	49,961,753	36,210,651
Equity					
Share capital		44,000,000	40,000,000	44,000,000	40,000,000
Share premium		939,803	939,803	939,803	939,803
Revaluation reserve		8,657,926	8,657,926	-	-
Accumulated losses		(3,212,347)	(1,839,132)	(9,618,797)	(9,241,526)
Total equity attributable to owners of the Company	14	50,385,382	47,758,597	35,321,006	31,698,277
Liabilities					
Loans and borrowings	15	21,821,531	5,452,957	-	-
Deferred tax liabilities	9	4,463,709	4,532,813	-	-
Other payables	16	9,287,134	-	-	-
Total non-current liabilities		35,572,374	9,985,770	-	-
Loans and borrowings	15	15,508,977	8,304,548	-	-
Trade and other payables	16	18,464,146	4,635,663	14,640,747	4,512,374
Current tax liabilities		249,644	443,745	-	-
Total current liabilities		34,222,767	13,383,956	14,640,747	4,512,374
Total liabilities		69,795,141	23,369,726	14,640,747	4,512,374
Total equity and liabilities		120,180,523	71,128,323	49,961,753	36,210,651

The notes on pages 32 to 76 form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Revenue	17	18,928,048	11,736,186	-	-
Cost of sales		(13,117,434)	(9,375,786)	-	-
Gross profit		5,810,614	2,360,400	-	-
Other income		1,066,239	318,303	321,996	3,331
Distribution expenses		(1,679,136)	(877,489)	-	-
Administrative expenses		(3,854,781)	(3,219,102)	-	-
Other expenses		(1,351,511)	(216,839)	(699,267)	(164,209)
Results from operating activities		(8,575)	(1,634,727)	(377,271)	(160,878)
Finance income	20	105,215	121,388	-	-
Finance costs	21	(1,214,305)	(298,589)	-	-
Loss before tax	18	(1,117,665)	(1,811,928)	(377,271)	(160,878)
Tax (expense)/income	22	(255,550)	7,418	-	-
Loss for the year		(1,373,215)	(1,804,510)	(377,271)	(160,878)
Other comprehensive income, net of tax					
Revaluation of property, plant and equipment		-	7,345,718	-	-
Other comprehensive income for the year		-	7,345,718	-	-
Total comprehensive (expense)/ income for the year		(1,373,215)	5,541,208	(377,271)	(160,878)
		2015 RM	2014 RM		
Basic loss per ordinary share (sen)	23	(0.31)	(0.45)		

The notes on pages 32 to 76 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2015

Group	Non-distributable			Accumulated losses RM	Total RM
	Share capital RM	Share premium RM	Revaluation reserve RM		
At 1 April 2013	40,000,000	939,803	1,312,208	(34,622)	42,217,389
Deferred tax on revaluation gain	-	-	(2,448,572)	-	(2,448,572)
Surplus on revaluation of properties	-	-	9,794,290	-	9,794,290
Total other comprehensive income for the year	-	-	7,345,718	-	7,345,718
Loss for the year	-	-	-	(1,804,510)	(1,804,510)
Total comprehensive income for the year	-	-	7,345,718	(1,804,510)	5,541,208
At 31 March 2014/ 1 April 2014	40,000,000	939,803	8,657,926	(1,839,132)	47,758,597
Total comprehensive expense for the year	-	-	-	(1,373,215)	(1,373,215)
Issue of ordinary shares	4,000,000	-	-	-	4,000,000
At 31 March 2015	44,000,000	939,803	8,657,926	(3,212,347)	50,385,382
	Note 14	Note 14	Note 14		

Company	Non-distributable			Accumulated losses RM	Total equity RM
	Share capital RM	Share premium RM	Share premium RM		
At 1 April 2013	40,000,000	939,803		(9,080,648)	31,859,155
Total comprehensive expense for the year	-	-		(160,878)	(160,878)
At 31 March 2014/ 1 April 2014	40,000,000	939,803		(9,241,526)	31,698,277
Total comprehensive expense for the year	-	-		(377,271)	(377,271)
Issue of ordinary shares	4,000,000	-		-	4,000,000
At 31 March 2015	44,000,000	939,803		(9,618,797)	35,321,006
	Note 14	Note 14			

The notes on pages 32 to 76 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Cash flows from operating activities					
Loss before tax		(1,117,665)	(1,811,928)	(377,271)	(160,878)
Adjustments for:					
Depreciation of property, plant and equipment		1,119,032	900,801	-	-
Finance costs		1,214,305	298,589	-	-
Finance income		(105,215)	(121,388)	-	-
Loss on disposal of other investments		620	-	-	-
Net impairment loss on trade and other receivables		190,113	-	-	-
Unrealised foreign exchange differences		(164,222)	54,134	-	-
Operating profit/(loss) before changes in working capital		1,136,968	(679,792)	(377,271)	(160,878)
Changes in working capital:					
Inventories		(5,079)	392,839	-	-
Land held for property development		1,403,741	-	-	-
Property development costs		(37,274,322)	1,958,569	-	-
Trade and other payables		23,115,617	1,363,719	179,593	37,915
Trade and other receivables and prepayments		(9,237,056)	(5,013,404)	(3,800,658)	124,041
Cash held under Housing Development Accounts		(872,939)	(1,248)	-	-
Cash (used in)/generated from operations		(21,733,070)	(1,979,317)	(3,998,336)	1,078
Interest paid		(1,214,305)	(298,589)	-	-
Interest received		105,215	121,388	-	-
Income tax paid		(810,310)	(273,629)	-	-
Income tax refund		143,572	589,161	-	-
Net cash (used in)/from operating activities		(23,508,898)	(1,840,986)	(3,998,336)	1,078
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(52,195)	(741,524)	-	-
Improvements of land held for property development		(1,062,046)	(2,669,200)	-	-
Placement of deposits pledged with licensed banks		(1,380,008)	(69,094)	-	-
Proceeds from disposal of other investments		15,380	-	-	-
Increase in investment in subsidiaries		-	-	-	(199,995)
Net cash used in investing activities		(2,478,869)	(3,479,818)	-	(199,995)

The notes on pages 32 to 76 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2015

(CONT'D)

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Cash flows from financing activities					
Drawdown of term loans		16,700,000	-	-	-
Drawdown of finance lease liabilities		-	400,000	-	-
Proceeds from issue of share capital		4,000,000	-	4,000,000	-
Repayment of term loans		(286,722)	(276,785)	-	-
Repayment of finance lease liabilities		(307,700)	(135,324)	-	-
Net cash from/(used in) financing activities		20,105,578	(12,109)	4,000,000	-
Net (decrease)/increase in cash and cash equivalents					
		(5,882,189)	(5,332,913)	1,664	(198,917)
Cash and cash equivalents at 1 April		(4,920,960)	442,061	27,802	226,719
Effect of exchange rate fluctuations on cash held		133,565	(30,108)	-	-
Cash and cash equivalents at 31 March	(i)	(10,669,584)	(4,920,960)	29,466	27,802

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Cash and bank balances		4,887,526	2,449,500	29,466	27,802
Deposits placed with licensed banks		3,889,117	2,509,109	-	-
Highly liquid investments		131,930	290,216	-	-
	13	8,908,573	5,248,825	29,466	27,802
Less: Deposits pledged		(3,889,117)	(2,509,109)	-	-
Bank overdrafts		(14,543,545)	(7,388,120)	-	-
Bank balances pledged		(211,110)	(211,110)	-	-
Cash held under Housing Development Accounts		(934,385)	(61,446)	-	-
		(10,669,584)	(4,920,960)	29,466	27,802

(ii) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM364,195 (2014: RM741,524), of which RM312,000 (2014: RM400,000) were acquired by means of finance lease.

The notes on pages 32 to 76 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

GSB Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business

9, Jalan 3/91A
Taman Shamelin Perkasa
Cheras, 56100 Kuala Lumpur

Registered office

Level 8, Symphony House
Pusat Dagangan Dana 1
Jalan PJU1A/46
47301 Petaling Jaya, Selangor

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2015 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 March 2015 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 30 July 2015.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company 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 and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to FRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to FRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

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* and FRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (cont'd)

- 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)*

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

- FRS 9, *Financial Instruments (2014)*

The Group and the Company plan 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 and the Company.
- 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 and the Company.

The Group and the Company'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 and Company except as mentioned below:

FRS 9, *Financial Instruments*

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - valuation of property, plant and equipment
- Note 5 - valuation of investment properties
- Note 9 - deferred tax assets
- Note 12 - revenue and cost of sales for property development projects
- Note 27 - contingencies

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated using the purchase method of accounting except for certain subsidiaries, GSB Summit CD (M) Sdn. Bhd. and GSB Summit Audio (M) Sdn. Bhd., which were consolidated prior to 1 January 2002 using the merger method of accounting in accordance with Malaysian Accounting Standard 2 'Accounting for Acquisitions and Mergers', the accepted accounting principle prevailing at that time.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(ii) Business combinations (cont'd)

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see Note 2(n)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost or valuation less any accumulated depreciation and any accumulated impairment losses.

The Group revalues its property comprising land and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (cont'd)

(i) Recognition and measurement (continued)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	81 years
• Buildings	45 - 50 years
• Plant, machinery and audio equipment	8 - 10 years
• Office equipment	8 - 10 years
• Motor vehicles	5 - 6 years
• Furniture, fixtures and fittings	8 - 10 years
• Renovation	10 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leased assets (cont'd)

(i) Finance lease (cont'd)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

(ii) Amortisation

Goodwill with indefinite useful lives is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

(g) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include freehold land which in substance is a finance lease held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses. Freehold land is not depreciated.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment properties (cont'd)

(ii) Determination of fair value

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every five years. In between the five year valuation, the Directors will estimate the fair value of the Group's investment property without involvement of independent valuers.

The fair values are based on directors valuation or market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

(h) Other investments

Investment in club membership is measured at cost less accumulated impairment losses.

(i) Land held for property development

Land held for property development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle of 2 to 4 years. Such land is classified as non-current asset and is measured at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when active development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's operating cycle of 2 to 4 years.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(j) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as progress billings receivable under trade and other receivables while the excess billing to purchasers over revenue recognised in profit or loss is classified as progress billings under trade and other payables.

(k) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Construction work-in-progress (cont'd)

Construction work-in-progress is presented as part of trade and other receivables as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount due to contract customers in the statement of financial position.

(l) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

The cost of completed properties includes expenditures incurred in the acquisition of land, direct cost and appropriate proportions of common cost attributable to developing the properties to completion.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts, pledged bank balances and deposits and cash held under Housing Development Accounts.

(n) Impairment

(i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has indefinite useful lives, the recoverable amount is estimated each period at the same time.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment (cont'd)

(ii) Other assets (cont'd)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(o) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Provisions (cont'd)

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Property development

Revenue from property development activities are recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for works performed to date bear to the estimated total property development costs.

Where the financial outcome of a property development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development cost incurred that is probable will be recoverable, and property development cost on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including cost to be incurred over the defect liability period, is recognised immediately in profit or loss.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(r) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) **Borrowing costs (cont'd)**

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(s) **Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

Unutilised reinvestment allowance and investment tax allowance are treated as tax base of assets and are recognised as a reduction of tax expense as and when they are utilised.

(t) **Earnings per ordinary share**

The Group presents basic earnings per share data for its ordinary shares (EPS).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(v) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold land RM	Buildings RM	Plant, machinery and audio equipment RM	Office equipment RM	Motor vehicles RM	Furniture, fixtures and fittings RM	Renovation RM	Total RM
Cost/Valuation								
At 1 April 2013	4,829,759	3,079,445	30,018,627	329,261	1,152,653	2,521,371	46,612	41,977,728
Transfer from inventories	-	242,825	-	-	-	-	-	242,825
Additions	-	-	96,656	-	428,534	203,574	12,760	741,524
Revaluation surplus	5,893,328	3,900,962	-	-	-	-	-	9,794,290
Adjustment for revaluation	(298,135)	(351,435)	-	-	-	-	-	(649,570)
At 31 March 2014/ 1 April 2014	10,424,952	6,871,797	30,115,283	329,261	1,581,187	2,724,945	59,372	52,106,797
Additions	-	-	27,973	17,116	312,000	5,046	2,060	364,195
At 31 March 2015	10,424,952	6,871,797	30,143,256	346,377	1,893,187	2,729,991	61,432	52,470,992
Represented:								
At cost	-	-	30,143,256	346,377	1,893,187	2,729,991	61,432	35,174,243
At valuation	10,424,952	6,871,797	-	-	-	-	-	17,296,749
At 31 March 2015	10,424,952	6,871,797	30,143,256	346,377	1,893,187	2,729,991	61,432	52,470,992

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Long term leasehold land RM	Buildings RM	Plant, machinery and audio equipment RM	Office equipment RM	Motor vehicles RM	Furniture, fixtures and fittings RM	Renovation RM	Total RM
Depreciation								
At 1 April 2013	873,867	333,125	27,250,123	320,666	832,007	2,371,556	4,604	31,985,948
Depreciation for the year	59,627	81,801	541,853	1,413	159,215	51,214	5,678	900,801
Adjustment for revaluation	(298,135)	(351,435)	-	-	-	-	-	(649,570)
At 31 March 2014/ 1 April 2014	635,359	63,491	27,791,976	322,079	991,222	2,422,770	10,282	32,237,179
Depreciation for the year	59,629	196,537	533,119	7,810	279,798	36,069	6,070	1,119,032
At 31 March 2015	694,988	260,028	28,325,095	329,889	1,271,020	2,458,839	16,352	33,356,211
Carrying amounts								
At 1 April 2013	3,955,892	2,746,320	2,768,504	8,595	320,646	149,815	42,008	9,991,780
At 31 March 2014/ 1 April 2014	9,789,593	6,808,306	2,323,307	7,182	589,965	302,175	49,090	19,869,618
At 31 March 2015	9,729,964	6,611,769	1,818,161	16,488	622,167	271,152	45,080	19,114,781

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets under finance lease agreements

Included in property, plant and equipment of the Group are motor vehicles and machinery acquired under finance lease agreements with carrying amounts of RM778,919 (2014: RM724,486).

Property, plant and equipment under revaluation model

The Group's land and buildings were revalued on 31 March 2014 by an independent professional qualified valuer using the open market value method.

The carrying amounts of the revalued leasehold land had they been stated under the historical cost model as required by the Financial Reporting Standards (FRS) 116 on "Property, Plant and Equipment" is not disclosed due to the absence of complete historical records.

Had the buildings been carried under the historical cost model, their carrying amounts would have been RM1,295,482 (2014: RM1,334,082).

Titles

The strata titles of buildings with carrying amounts of RM344,478 (2014: RM355,618), have not been issued to the subsidiaries as the master title has not been sub-divided.

Security

The leasehold lands and buildings of certain subsidiaries with carrying amount of RM15,747,310 (2014: RM16,000,000) were pledged to a licensed bank as security for term loan facilities granted to another subsidiary.

4. GOODWILL

	Group RM
<i>Cost</i>	
At 1 April 2013/31 March 2014/1 April 2014/31 March 2015	737,860
<i>Impairment loss</i>	
At 1 April 2013/31 March 2014/1 April 2014/31 March 2015	726,032
<i>Carrying amounts</i>	
At 1 April 2013/31 March 2014/1 April 2014/31 March 2015	11,828

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

5. INVESTMENT PROPERTIES

Group	Freehold land	
	2015 RM	2014 RM
At cost		
At 1 April/31 March	1,255,357	1,255,357
Depreciation		
At 1 April/31 March	-	-
Carrying amounts		
At 1 April	1,255,357	1,255,357
At 31 March	1,255,357	1,255,357
Fair values		
At 1 April	1,255,357	1,255,357
At 31 March	1,255,357	1,255,357

Estimation uncertainty and key assumptions

The Directors estimated the fair values of investment properties as at 31 March 2015 based on the comparison of the Company's investment properties with similar properties that were listed for sale within the same locality or other comparable localities, and an assessment of the prevailing property market. In the opinion of the Directors, the fair values of the investment properties approximate its carrying amounts as at 31 March 2015.

5.1 Fair value information

Fair value of investment properties are categorised as follows:

2015 Group	Level 2	Level 3	Total
Freehold land	-	1,255,357	1,255,357
2014 Group	Level 2	Level 3	Total
Freehold land	-	1,255,357	1,255,357

Level 2 fair value

Level 2 fair values of investment properties have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

5. INVESTMENT PROPERTIES (CONT'D)

5.1 Fair value information (cont'd)

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Comparison method of valuation which entails comparing the property with similar properties that were sold recently and those that are currently offered for sale in the vicinity.	Recent transactions of similar properties at or near reporting period with similar land usage, land size and location. The characteristics, merits and disadvantages of these properties are noted and diligent adjustments thereof are then made by valuer to reflect the differences and to arrive at the value of the property.	The estimated fair value would increase (decrease) if recent transactions of similar properties at or near reporting period with similar land usage, land size and location were higher (lower).

Valuation processes applied by the Group for Level 3 fair value

The Group estimates the fair value of the investment properties based on the comparison of the Group's investment properties with similar properties that were sold recently and those that are currently offered for sale in the vicinity.

Assessment of the Group's investment properties is undertaken annually. Changes in Level 3 fair values are analysed by the management every twelve months.

Highest and best use

The Group's investment properties are currently freehold land. The highest and best use of the properties should be properties located nearby the Group's investment properties.

5.2 Security

The freehold land with carrying amount of RM1,255,357 (2014: RM1,255,357) was charged to a licensed bank as security for bank overdraft facility granted to a subsidiary (Note 15).

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM	2014 RM
Unquoted shares, at cost	27,163,042	27,163,042
Less: Impairment losses	(3,775,000)	(3,775,000)
	23,388,042	23,388,042

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2015 %	2014 %
Banda Industries Sdn. Bhd.	Malaysia	Property development	100	100
GSB Hotel Sdn. Bhd.	Malaysia	Property development	100	100
GSB Management Sdn. Bhd.	Malaysia	Property development and construction	100	100
GSB Properties Sdn. Bhd.	Malaysia	Property development	100	100
GSB Summit Audio (M) Sdn. Bhd.*	Malaysia	Dormant	100	100
GSB Summit CD (M) Sdn. Bhd.	Malaysia	Manufacture of compact discs	100	100
GSB Summit Development Sdn. Bhd.	Malaysia	Property development	100	100
Serta Usaha Sdn. Bhd.	Malaysia	Property development	100	100

* Ceased operations during the financial year ended 31 March 2010.

7. OTHER INVESTMENTS

	Group	
	2015 RM	2014 RM
Investment in club membership, at cost	-	30,030
Less: Impairment losses	-	(14,030)
	-	16,000

8. LAND HELD FOR PROPERTY DEVELOPMENT

	Note	Freehold land RM	Development costs RM	Total RM
Group Cost				
At 1 April 2013 (Restated)		17,232,357	4,444,373	21,676,730
Improvements		-	2,669,200	2,669,200
At 31 March 2014/1 April 2014		17,232,357	7,113,573	24,345,930
Improvements		73,291	988,755	1,062,046
Transfer to property development costs				
Cost recognised in profit or loss	12	(2,616,351)	(693,871)	(3,310,222)
		-	(1,403,741)	(1,403,741)
At 31 March 2015		14,689,297	6,004,716	20,694,013

8. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D)

8.1 Security

The land held for property development amounting to RM14,422,364 (2014: RM13,285,382) have been pledged to licensed banks as security for credit facilities granted to certain subsidiaries (Note 15).

9. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2015 RM	2014 RM	2015 RM	2014 RM	2015 RM	2014 RM
Revaluation of property, plant and equipment	-	-	(3,582,698)	(3,578,279)	(3,582,698)	(3,578,279)
Land held for property development/ property development costs	-	-	(724,440)	(775,790)	(724,440)	(775,790)
Property, plant and equipment	-	-	(156,571)	(178,744)	(156,571)	(178,744)
Deductible temporary differences	32,012	87,462	-	-	32,012	87,462
Tax loss carry-forwards	42,715	131,038	-	-	42,715	131,038
Deferred tax assets/ (liabilities)	<u>74,727</u>	<u>218,500</u>	<u>(4,463,709)</u>	<u>(4,532,813)</u>	<u>(4,388,982)</u>	<u>(4,314,313)</u>

Unrecognised deferred tax assets

Deferred tax assets/(liabilities) have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Taxable temporary differences	(6,000)	(10,000)	-	-
Unabsorbed capital allowances	48,000	20,000	-	-
Tax loss carry-forwards	1,779,209	927,021	225,776	225,776
Other deductible temporary differences	29,212	-	-	-
	<u>1,850,421</u>	<u>937,021</u>	<u>225,776</u>	<u>225,776</u>

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits there from.

Unabsorbed capital allowances/Unutilised reinvestment allowances

The Group has unabsorbed capital allowances and unutilised reinvestment allowances carried forward from a subsidiary that has temporarily ceased its business activity on manufacturing plastic fabricated parts. Subsequently, the subsidiary extended its business activity to property development and construction activities. Consequently, these unabsorbed and utilised allowances are only eligible for utilisation by the Group in future against the income generated from the same business source.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Unabsorbed capital allowances/Unutilised reinvestment allowances (cont'd)

Subject to agreement by the Inland Revenue Board, the Group has unabsorbed capital allowances and unutilised reinvestment allowances not accounted for, amounting to RM6,857,500 (2014: RM6,857,500) and RM8,540,000 (2014: RM8,540,000) respectively to be set off against future taxable profits from the same business source.

Movement in temporary differences during the year

	At 1.4.2013 RM	Recognised in profit or loss (Note 22) RM	Recognised in other comprehensive income RM	At 31.3.2014/ 1.4.2014 RM	Recognised in profit or loss (Note 22) RM	At 31.3.2015 RM
Group						
Revaluation of property, plant and equipment	(1,147,954)	18,247	(2,448,572)	(3,578,279)	(4,419)	(3,582,698)
Land held for property development/property development costs	(809,630)	33,840	-	(775,790)	51,350	(724,440)
Property, plant and equipment	(344,005)	165,261	-	(178,744)	22,173	(156,571)
Deductible temporary differences	97,000	(9,538)	-	87,462	(55,450)	32,012
Tax loss carry-forwards	173,000	(41,962)	-	131,038	(88,323)	42,715
	<u>(2,031,589)</u>	<u>165,848</u>	<u>(2,448,572)</u>	<u>(4,314,313)</u>	<u>(74,669)</u>	<u>(4,388,982)</u>

10. INVENTORIES

	Group	
	2015 RM	2014 RM
Raw materials and consumables	804,364	755,325
Work-in-progress	32,008	19,646
Finished goods	10,139	66,461
Completed properties	653,441	-
	<u>1,499,952</u>	<u>841,432</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	<u>2,737,634</u>	<u>3,380,735</u>

11. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Trade					
Trade receivables		5,196,827	7,385,694	-	-
Less: Allowance for impairment losses		(220,553)	(1,112,335)	-	-
		4,976,274	6,273,359	-	-
Accrued billings	11.1	8,140,448	-	-	-
		13,116,722	6,273,359	-	-
Non-trade					
Other receivables	11.2	6,329,216	690,674	-	-
Deposits	11.3	6,255,699	9,684,029	-	-
Amount due from subsidiaries	11.4	-	-	26,530,549	13,072,280
Less: Allowance for impairment losses		-	-	-	(321,996)
		-	-	26,530,549	12,750,284
		12,584,915	10,374,703	26,530,549	12,750,284
		25,701,637	16,648,062	26,530,549	12,750,284

11.1 Accrued billings

	Group	
	2015 RM	2014 RM
Aggregate costs incurred to date	7,795,386	-
Add: Attributable profits	3,118,159	-
	10,913,545	-
Less: Progress billings	(2,773,097)	-
Accrued billings	8,140,448	-

11.2 Other receivables

Included in the other receivables is an amount due from joint venture partner of RM2,894,554 (2014: RM562,339) to a subsidiary, which is subject to interest of 8% (2014: 8%) per annum from date of letter of payment notice issued to the joint venture partner.

11.3 Deposits

Included in the deposits in 2015 are:

- (i) RM2,474,629 being deposit paid to the landowner by a subsidiary to acquire a piece of land in the District of Bentong, Pahang.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

11. TRADE AND OTHER RECEIVABLES (CONT'D)

11.3 Deposits (cont'd)

- (ii) RM2,050,000 being deposit paid to the landowner by a subsidiary to acquire 2 plots of lands in the District of Shah Alam, Selangor.
- (iii) RM1,500,000 being deposit paid to joint venture partner by a subsidiary as part of its landowner's entitlement to develop a parcel of freehold land in the District of Petaling, Selangor.

Included in the deposits in 2014 are:

- (i) RM9,500,000 being deposits paid to joint venture partners to develop residential developments.

11.4 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

12. PROPERTY DEVELOPMENT COSTS

	Note	Group 2015 RM	Group 2014 RM
At 1 April			
Land		2,264,922	2,264,922
Development costs		4,433,828	4,230,388
Accumulated costs charged to profit or loss		(4,189,865)	(2,027,856)
		2,508,885	4,467,454
Costs incurred during the year		46,008,883	203,440
Transfer from land held for property development	8	3,310,222	-
		51,827,990	4,670,894
Costs charged to profit or loss		(8,558,818)	(2,162,009)
Costs transferred to inventories		(829,184)	-
		42,439,988	2,508,885
At 31 March			
Land		35,557,561	2,264,922
Development costs		19,631,110	4,433,828
Accumulated costs charged to profit or loss		(12,748,683)	(4,189,865)
		42,439,988	2,508,885

12.1 Estimation uncertainty and critical judgements

The Group estimates revenue and budgeted costs for property development projects based on the following key assumptions:

- Revenue on development projects have been projected based on the estimated market selling price of the units;
- The property development costs have been projected based on prevailing cost of construction and such costs are reviewed on an on-going basis.

Any revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

12. PROPERTY DEVELOPMENT COSTS (CONT'D)

12.2 Security

Included in the property development costs is nil (2014: RM1,364,897) being land costs pledged to a licensed bank as security for bank overdraft facilities granted to a subsidiary (Note 15).

13. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Cash and bank balances	13.1	4,887,526	2,449,500	29,466	27,802
Deposits placed with licensed banks	13.2	3,889,117	2,509,109	-	-
Highly liquid investments	13.3	131,930	290,216	-	-
		8,908,573	5,248,825	29,466	27,802

13.1 Cash and bank balances

Included in the Group's cash and bank balances is RM211,110 (2014: RM211,110) pledged for bank guarantee facilities granted to a subsidiary.

Included in the Group's cash and bank balances is RM934,385 (2014: RM61,446) maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991.

13.2 Deposits placed with licensed banks

Included in the deposits placed with licensed banks is RM3,546,398 (2014: RM2,176,725) pledged for credit facilities granted to certain subsidiaries (Note 15).

Included in the deposits placed with licensed bank is RM342,719 (2014: RM332,384) pledged for a bank guarantee facility of which a RM200,000 bank guarantee is issued in favour of Pengawal Perumahan, in accordance with the requirement of Section 6(1)(a) of the Housing Development (Control & Licensing) Act 1966.

13.3 Highly liquid investments

The Directors regard the highly liquid investments as cash and cash equivalents in view of its high liquidity and insignificant changes in value.

NOTES TO THE FINANCIAL STATEMENTS

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14. CAPITAL AND RESERVES

Share capital

	Group and Company		Group and Company	
	Amount 2015 RM	Number of shares 2015	Amount 2014 RM	Number of shares 2014
Authorised:				
Ordinary shares of RM0.10 each	50,000,000	500,000,000	50,000,000	500,000,000
Issued and fully paid:				
Ordinary shares of RM0.10 each				
At 1 April	40,000,000	400,000,000	40,000,000	400,000,000
Issued for cash under private placement	4,000,000	40,000,000	-	-
At 31 March	44,000,000	440,000,000	40,000,000	400,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Share premium

The share premium of the Group and of the Company represents premium arising from the issuance of ordinary shares of the Company at an issue price above par value.

Share premium may be applied only for the purpose as specified in the Companies Act, 1965.

Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment.

15. LOANS AND BORROWINGS

	Note	Group	
		2015 RM	2014 RM
Non-current			
Finance lease liabilities	15.1	228,494	273,198
Secured term loans	15.2	21,593,037	5,179,759
		21,821,531	5,452,957
Current			
Finance lease liabilities	15.1	259,976	210,972
Secured bank overdrafts	15.2	14,543,545	7,388,120
Secured term loans	15.2	705,456	705,456
		15,508,977	8,304,548
		37,330,508	13,757,505

15. LOANS AND BORROWINGS (CONT'D)

15.1 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	2015 RM	2015 RM	2015 RM	2014 RM	2014 RM	2014 RM
Less than one year	274,524	(14,548)	259,976	227,142	(16,170)	210,972
Between one and five years	241,645	(13,151)	228,494	284,751	(11,553)	273,198
	<u>516,169</u>	<u>(27,699)</u>	<u>488,470</u>	<u>511,893</u>	<u>(27,723)</u>	<u>484,170</u>

15.2 Security

The term loans and bank overdrafts are charged against the investment properties (Note 5), land held for property development (Note 8), property development costs (Note 12) and deposits placed with licensed banks (Note 13) of certain subsidiaries, and are supported by the corporate guarantee from the Company, joint and several guarantee by directors of the Company and certain third parties.

16. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Non-current					
Non-trade					
Other payable	16.1	9,287,134	-	-	-
Current					
Trade					
Trade payables		11,811,673	2,916,089	-	-
Non-trade					
Amount due to subsidiaries	16.2	-	-	14,298,369	4,349,589
Amount due to directors	16.3	3,047,999	-	-	-
Other payables and accruals		3,604,474	1,719,574	342,378	162,785
		<u>18,464,146</u>	<u>4,635,663</u>	<u>14,640,747</u>	<u>4,512,374</u>
		<u>27,751,280</u>	<u>4,635,663</u>	<u>14,640,747</u>	<u>4,512,374</u>

16.1 Other payable

Other payable represents the landowner's entitlement of RM9,287,134 (2014: Nil) that is expected to be payable to the joint venture partner over the final three years of the joint venture period.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

16. TRADE AND OTHER PAYABLES (CONT'D)

16.2 Amount due to subsidiaries

The amount due to subsidiaries is unsecured, interest free and repayable on demand.

16.3 Amount due to directors

The amount due to directors is unsecured, interest free and repayable on demand.

17. REVENUE

	Group	
	2015 RM	2014 RM
Sale of goods	7,442,502	8,034,451
Property development	11,485,546	3,701,735
	18,928,048	11,736,186

18. LOSS BEFORE TAX

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Loss before tax is arrived at after charging:				
Auditors' remuneration				
- Audit fees	115,000	100,000	34,000	32,000
- Non-audit fees	13,000	13,000	13,000	13,000
Depreciation of property, plant and equipment	1,119,032	900,801	-	-
Impairment loss				
- Trade receivables	66,160	-	-	-
- Other receivables	174,916	-	-	-
Loss on disposal of other investments	620	-	-	-
Loss on foreign exchange:				
- Realised	-	29,477	-	-
- Unrealised	-	54,134	-	-
Personnel expenses (including key management personnel):				
- Contributions to state plans	362,520	356,432	-	-
- Wages, salaries and others	3,469,442	3,286,205	-	-
Rental of premises	780	1,300	-	-
and after crediting:				
Reversal of impairment loss:				
- Trade receivables	50,963	-	-	-
- Other receivables	-	-	321,996	-
Gain on foreign exchange:				
- Realised	4,034	-	-	-
- Unrealised	164,222	-	-	-
Interest receivable from advances to joint venture partner	514,376	-	-	-

19. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Company's Directors:				
- Fees	115,000	115,000	19,000	19,000
- Remuneration	274,752	274,752	-	-
	389,752	389,752	19,000	19,000

20. FINANCE INCOME

	Group	
	2015 RM	2014 RM
Interest income of financial assets that are not at fair value through profit or loss:		
- Fixed deposits	77,256	101,407
- Housing development accounts	8,734	130
- Highly liquid investments	1,108	3,338
- Others	18,117	16,513
	105,215	121,388

21. FINANCE COSTS

	Group	
	2015 RM	2014 RM
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- Finance lease liabilities	16,355	5,790
- Bank overdrafts	808,993	283,158
- Term loans	807,692	428,671
- Others	-	9,641
	1,633,040	727,260
Recognised in profit or loss	1,214,305	298,589
Capitalised in land held for property development	418,735	428,671
	1,633,040	727,260

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

22. TAX EXPENSE/(INCOME)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current tax expense				
- current year	332,743	81,619	-	-
- prior year	(151,862)	76,811	-	-
Total current tax expense	180,881	158,430	-	-
Deferred tax expense				
- origination and reversal of temporary differences	57,088	(164,381)	-	-
- under/(over) provision in prior years	17,581	(1,467)	-	-
Total deferred tax expense/ (income)	74,669	(165,848)	-	-
Total income tax expense/(income)	255,550	(7,418)	-	-

Reconciliation of tax expense/(income)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Loss before tax	(1,117,665)	(1,811,928)	(377,271)	(160,878)
Income tax calculated using Malaysian tax rate at 25% (2014: 25%)	(279,416)	(452,982)	(94,318)	(40,219)
Non-deductible expenses	440,897	288,530	94,318	40,219
Non-taxable income	-	(1,565)	-	-
Effect of deferred tax assets not recognised	228,350	83,255	-	-
(Over)/Under provision in prior years	(134,281)	75,344	-	-
	255,550	(7,418)	-	-

23. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 March 2015 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2015 RM	2014 RM
Loss for the year attributable to ordinary shareholders	(1,373,215)	(1,804,510)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares at 31 March	439,123,287	400,000,000

23. LOSS PER ORDINARY SHARE (CONT'D)

	2015	2014
	Sen	Sen
Basic loss per ordinary share		
Basic loss per ordinary share	(0.31)	(0.45)
Diluted loss per ordinary share		

Diluted loss per ordinary share is not disclosed as there are no potential dilutive ordinary shares.

24. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Segment 1. Includes manufacturing and replication of optical discs.
- Segment 2. Includes property development of residential and commercial properties and property rental purchasing.

Other non-reportable segments comprise operations related investment holding company. None of these segments met the quantitative thresholds for reporting segments in 2015 and 2014.

The accounting policies of the reportable segments are the same as described in Note 2(u).

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Managing Director (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence no disclosure is made on segment liability.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

24. OPERATING SEGMENTS (CONT'D)

	Replication of compact discs RM	Property development RM	Total RM
2015			
Group			
Segment (loss)/profit	(466,410)	1,408,586	942,176
<i>Included in the measure of segment (loss)/profit are:</i>			
Revenue from external customers	7,442,502	11,485,546	18,928,048
<i>Not included in the measure of segment (loss)/profit but provided to Managing Director:</i>			
Depreciation	(700,682)	(229,210)	(929,892)
Finance costs	(13,887)	(1,200,418)	(1,214,305)
Finance income	-	105,215	105,215
Segment assets	14,695,069	96,045,883	110,740,952
<i>Included in the measure of segment assets are:</i>			
Additions to non-current assets other than financial instruments and deferred tax assets	33,833	330,362	364,195
	Replication of compact discs RM	Property development RM	Total RM
2014			
Group			
Segment loss	(866,219)	(502,486)	(1,368,705)
<i>Included in the measure of segment loss are:</i>			
Revenue from external customers	8,034,451	3,701,735	11,736,186
<i>Not included in the measure of segment loss but provided to Managing Director:</i>			
Depreciation	(722,611)	(103,784)	(826,395)
Finance costs	(21,197)	(277,392)	(298,589)
Finance income	-	121,388	121,388
Segment assets	16,593,789	44,915,544	61,509,333
<i>Included in the measure of segment assets are:</i>			
Additions to non-current assets other than financial instruments and deferred tax assets	123,930	617,594	741,524

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

	Group	
	2015 RM	2014 RM
Profit or loss		
Total profit/(loss) for reportable segments	942,176	(1,368,705)
Other non-reportable segments	(950,751)	(266,022)
Finance income	105,215	121,388
Finance costs	(1,214,305)	(298,589)
Consolidated loss before tax	(1,117,665)	(1,811,928)

24. OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items (cont'd)

	External revenue RM	Depreciation RM	Finance costs RM	Finance income RM	Segment assets RM	Additions to non-current assets RM
2015						
Total reportable segments	18,928,048	(929,892)	(1,214,305)	105,215	110,729,085	364,195
Other non-reportable segments	-	(189,140)	-	-	9,451,438	-
Consolidated total	18,928,048	(1,119,032)	(1,214,305)	105,215	120,180,523	364,195
2014						
Total reportable segments	11,736,186	(826,395)	(298,589)	121,388	61,509,333	741,524
Other non-reportable segments	-	(74,406)	-	-	9,618,990	-
Consolidated total	11,736,186	(900,801)	(298,589)	121,388	71,128,323	741,524

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R); and
- (b) Financial liabilities measured at amortised cost (FL).

	Carrying amount RM	L&R RM	FL RM
2015			
Financial assets			
Group			
Trade and other receivables	25,701,637	25,701,637	-
Cash and cash equivalents	8,908,573	8,908,573	-
	34,610,210	34,610,210	-
Company			
Trade and other receivables	26,530,549	26,530,549	-
Cash and cash equivalents	29,466	29,466	-
	26,560,015	26,560,015	-
Financial liabilities			
Group			
Loans and borrowings	37,330,508	-	37,330,508
Trade and other payables	27,751,280	-	27,751,280
	65,081,788	-	65,081,788
Company			
Other payables	14,640,747	-	14,640,747

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.1 Categories of financial instruments (cont'd)

	Carrying amount RM	L&R RM	FL RM
2014			
Financial assets			
Group			
Trade and other receivables	16,648,062	16,648,062	-
Cash and cash equivalents	5,248,825	5,248,825	-
	<u>21,896,887</u>	<u>21,896,887</u>	<u>-</u>
Company			
Trade and other receivables	12,750,284	12,750,284	-
Cash and cash equivalents	27,802	27,802	-
	<u>12,778,086</u>	<u>12,778,086</u>	<u>-</u>
Financial liabilities			
Group			
Loans and borrowings	13,757,505	-	13,757,505
Trade and other payables	4,635,663	-	4,635,663
	<u>18,393,168</u>	<u>-</u>	<u>18,393,168</u>
Company			
Other payables	4,512,374	-	4,512,374

25.2 Net (losses) and gains arising from financial instruments

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Net gains/(losses) on:				
Loans and receivables	608,266	228,439	321,996	-
Financial liabilities measured at amortised cost	(1,214,305)	(298,589)	-	-
	<u>(606,039)</u>	<u>(70,150)</u>	<u>321,996</u>	<u>-</u>

25.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

25.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 Credit risk (cont'd)

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any past due receivables, which are deemed to have higher credit risk, are monitored individually.

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

	Gross RM	Individual impairment RM	Net RM
Group			
2015			
Not past due	4,253,401	-	4,253,401
Past due 1 - 30 days	367,648	-	367,648
Past due 31 - 60 days	169,548	-	169,548
Past due 61 - 90 days	26,045	-	26,045
Past due more than 90 days	380,185	(220,553)	159,632
	5,196,827	(220,553)	4,976,274
2014			
Not past due	5,166,670	-	5,166,670
Past due 1 - 30 days	389,204	-	389,204
Past due 31 - 60 days	200,376	-	200,376
Past due 61 - 90 days	83,607	-	83,607
Past due more than 90 days	1,545,837	(1,112,335)	433,502
	7,385,694	(1,112,335)	6,273,359

NOTES TO THE FINANCIAL STATEMENTS

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25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 Credit risk (cont'd)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2015	2014
	RM	RM
At 1 April	(1,112,335)	(1,112,335)
Impairment loss recognised	(66,160)	
Impairment loss reversed	50,963	-
Impairment loss written off	906,979	-
	<hr/>	<hr/>
At 31 March	(220,553)	(1,112,335)

The remaining past due balances are not impaired mainly due to management's assessment that these trade receivables are recoverable based on their past payment trend and history of debt. Hence, the management is confident that no impairment is required.

As at the end of the reporting period, the Group has provided impairment loss for other receivables amounting to RM174,916 (2014: Nil) and there was no indication that the remainder of the other receivables are not recoverable.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of credit facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM33,960,798 (2014: RM5,885,215) representing the outstanding credit facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. Accordingly, the financial guarantees have not been recognised.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

25. FINANCIAL INSTRUMENTS (CONT'D)

25.4 Credit risk (cont'd)

Inter-company balances (cont'd)

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the current advances to the subsidiaries.

Highly liquid investments

Risk management objectives, policies and processes for managing the risk

Investments of the Group and of the Company are restricted to highly liquid investments with an insignificant risk of changes in value.

Exposure to credit risk, credit quality and collaterals

As at the end of the reporting period, the Group and the Company have only placed highly liquid investments domestically. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

In view that investments placed with an entity related to financial institutions with sound credit rating, management does not expect the counterparty to fail to meet its obligation.

The highly liquid investments of the Group and of the Company are not pledged as security.

As at the end of the reporting period, there is no indication that the highly liquid investments are not recoverable.

25.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.5 Liquidity risk (cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group 2015	Carrying amount RM	Contractual interest rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
<i>Non-derivative financial liabilities</i>							
Finance lease liabilities	488,470	2.18 - 3.50	516,169	274,524	97,898	143,747	-
Secured term loans	22,298,493	7.35 - 7.85	29,905,171	2,016,406	4,143,406	18,983,531	4,761,828
Secured bank overdrafts	14,534,545	7.35 - 8.35	14,534,545	14,534,545	-	-	-
Trade and other payables	27,751,280	-	27,751,280	18,464,146	-	9,287,134	-
	65,072,788		72,707,165	35,289,621	4,241,304	28,414,412	4,761,828

25. FINANCIAL INSTRUMENTS (CONT'D)

25.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

Group 2014	Carrying amount RM	Contractual interest rate per annum %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
<i>Non-derivative financial liabilities</i>							
Finance lease liabilities	484,170	3.00 - 3.50	511,893	227,142	186,853	97,898	-
Secured term loans	5,885,215	7.10	8,994,537	705,456	705,456	2,116,368	5,467,257
Secured bank overdrafts	7,388,120	7.10 - 7.79	7,388,120	7,388,120	-	-	-
Trade and other payables	4,635,663	-	4,635,663	4,635,663	-	-	-
	<u>18,393,168</u>		<u>21,530,213</u>	<u>12,956,381</u>	<u>892,309</u>	<u>2,214,266</u>	<u>5,467,257</u>

As at the end of the reporting period, the Company's financial liabilities consist of other payables of RM14,640,747 (2014: RM4,512,374). The other payables of the Company do not bear any contractual interest and are expected to be settled within 1 year.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

25.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and foreign bank balances that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD") and Singapore Dollar ("SGD").

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
	USD 2015 RM	SGD 2015 RM	USD 2014 RM	SGD 2014 RM
Group				
Trade receivables	506,817	38,978	433,594	297,245
Cash and cash equivalents	504,602	539,307	772,671	654,099
Trade and other payables	(17,678)	-	-	(2,643)
Net exposure	993,741	578,285	1,206,265	948,701

Currency risk sensitivity analysis

A 10% (2014: 10%) strengthening of the Ringgit Malaysia ("RM") against the following currencies at the end of the reporting period would have increased post-tax profit or loss by the amount shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit/(loss)	
	2015 RM	2014 RM
USD	(74,531)	(90,470)
SGD	(90,470)	(71,153)

A 10% (2014: 10%) weakening of Ringgit Malaysia ("RM") against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remained constant.

25.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

25. FINANCIAL INSTRUMENTS (CONT'D)

25.6 Market risk (cont'd)

25.6.2 Interest rate risk (cont'd)

Risk management objectives, policies and processes for managing the risk

The Group adopts a practice to continuously seek alternative banking facilities which provide competitive interest rates to finance and/or refinance its working capital requirements.

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Fixed rate instruments				
Financial assets	6,783,671	2,509,109	-	-
Financial liabilities	(488,470)	(484,170)	-	-
Floating rate instruments				
Financial assets	131,930	290,216	-	-
Financial liabilities	(36,842,038)	(13,273,335)	-	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have (decreased)/increased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss		Profit or loss	
	100 bp increase 2015 RM'000	100 bp decrease 2015 RM'000	100 bp increase 2014 RM'000	100 bp decrease 2014 RM'000
Group				
Floating rate instruments	(275,326)	275,326	(97,373)	97,373

25.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.7 Fair value information (cont'd)

The table below analyses financial instrument carried at fair value and those not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2015								
Financial liabilities								
Finance lease liabilities	-	-	-	-	-	488,470	488,470	488,470
Secured term loans	-	-	-	-	-	22,298,493	22,298,493	22,298,493
Other payables	-	-	-	-	-	9,287,134	9,287,134	9,287,134
2014								
Financial liabilities								
Finance lease liabilities	-	-	-	-	-	484,170	484,170	484,170
Secured term loans	-	-	-	-	-	5,885,215	5,885,215	5,885,215

25. FINANCIAL INSTRUMENTS (CONT'D)

25.7 Fair value information (cont'd)

Level 2 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For borrowings, the market rate of interest is determined by reference to similar borrowings arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014: no transfer in either directions).

Level 3 fair value

The valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models for financial instruments not carried at fair value are as follows:

- Finance lease liabilities - The fair values of financial lease liabilities are estimated based on discounted cash flows using prevailing market rates of similar lease agreements.
- Secured term loans - The fair value of term loan is estimated to approximate its carrying amount as this is variable rate borrowings.
- Other payables - The fair value of other payables is determined using the discounted cash flows valuation technique.

26. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The debt-to-equity ratios at 31 March 2015 and at 31 March 2014 were as follows:

	Note	Group 2015 RM	Group 2014 RM
Total borrowings	15	37,330,508	13,757,505
Less: Cash and cash equivalents	13	(8,908,573)	(5,248,825)
Net debt		28,421,935	8,508,680
Total equity		50,385,382	47,758,597
Debt-to-equity ratios		0.56	0.18

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

27. CONTINGENT LIABILITIES - SECURED

The Directors are of the opinion that a provision is not required in respect of the matter below as it is not probable that a future sacrifice of economic benefits will be required.

	Company	
	2015	2014
	RM	RM
Corporate guarantees issued to licensed banks for credit facilities granted to subsidiaries	33,960,798	5,885,215

28. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group. There is no significant related party transaction during the year, other than key management personnel compensation (see Note 19).

The outstanding amounts due from/(to) subsidiaries and the amount due to directors as at 31 March are disclosed in Note 11 and Note 16 respectively.

29. SIGNIFICANT EVENTS

- (i) On 18 September 2014, Banda Industries Sdn. Bhd. ("Property developer" or "Banda"), a wholly-owned subsidiary of GSB Group Berhad, entered into a Termination and Settlement Agreement with Restu Angkasa Sdn. Bhd. ("Landowner") to mutually terminate the Joint Venture Agreement dated 18 May 2005 for a cash settlement sum of RM6,000,000 to be paid by the landowner. As of 31 March 2015, RM600,000 was paid with the remainder of RM5,400,000 payable to Banda.

Subsequently on 17 February 2015, Banda entered into a Sale and Purchase Agreement ("SPA") with the landowner for the proposed acquisition of a piece of land in the District of Bentong, measuring approximately 52.08 acres ("land") for a purchase consideration of RM29,492,570.

Pursuant to the SPA, the remainder of RM5,400,000 will be utilised to offset part of the purchase consideration. The proposed acquisition of land is expected to be completed in 2016.

- (ii) On 15 October 2014, Serta Usaha Sdn. Bhd. ("Purchaser" or "Serta Usaha"), a wholly owned subsidiary of GSB Group Berhad, entered into a Sales and Purchase Agreement ("SPA") with PKNS Engineering and Construction Berhad ("Vendor") for the acquisition of two (2) plots of adjoining leasehold lands measuring in aggregate of approximately 2.22 acres in Section 15, Shah Alam, Selangor Darul Ehsan ("lands") together with a conditional development order from the relevant authority in respect of the lands for a total purchase consideration of RM20,500,000. A deposit of RM2,050,000 was paid by Serta Usaha to the vendor as of 31 March 2015.
- (iii) On 24 December 2014, GSB Hotel Sdn. Bhd. ("Property developer and landowner"), a wholly owned subsidiary of GSB Group Berhad, entered into a Project Management Agreement ("PMA") with Genlite Sdn. Bhd. ("Project Manager") to undertake the mixed development and construction of hotel and commercial project on a parcel of land measuring approximately 3.0 acres in the District of Bentong.

29. SIGNIFICANT EVENTS (CONT'D)

Pursuant to the PMA, GSB Hotel Sdn. Bhd. contributes lands for the said project while Genlite Sdn. Bhd. is responsible for the construction and sales of the development products.

GSB Hotel Sdn. Bhd. will be entitled to 30% of a total minimum development value of RM 57,833,000 or total gross sales value of the development products, whichever is higher. The project is expected to complete within 3 years from the commencement date.

- (iv) On 24 December 2014, Banda Industries Sdn. Bhd. ("Property developer and landowner"), a wholly owned subsidiary of GSB Group Berhad, entered into a Project Management Agreement ("PMA") with Genlite Sdn. Bhd. ("Project Manager") to undertake the development and construction of residential buildings on a parcel of land measuring approximately 32.53 acres in the District of Bentong.

Pursuant to the PMA, Banda Industries Sdn. Bhd. contributes lands for the said project while Genlite Sdn. Bhd. is responsible for the construction and sales of the development products.

Banda Industries Sdn. Bhd. will be entitled to 30% of a total minimum development value of RM 142,167,000 or total gross sales value of the development products, whichever is higher. The project is expected to complete within 4 years from the commencement date.

30. SUBSEQUENT EVENTS

- (i) On 12 January 2015, Bursa Malaysia Securities Berhad has approved the Employees' Share option scheme ("ESOS") of up to 10% of the issued and paid-up share capital (excluding treasury shares) of the Company at any one time during the duration of the Scheme, for the eligible employees and Directors of the GSB Group Berhad and its subsidiaries (excluding its subsidiaries which are dormant).

The ESOS will be for a period of 5 years and may be extended for up to another 5 years immediately from the expiry of the first 5 years, but will not in aggregate exceed 10 years from the Effective Date. The ESOS is expected to be implemented by 2016.

- (ii) On 12 May 2015, the Company announced of its proposal to undertake the following:
- (a) private placement of new ordinary shares of RM0.10 each in the Company ("GSB Shares"), representing up to 20% of the issued and paid-up share capital of the Company (excluding treasury shares, if any) assuming that the maximum number of options available under the ESOS have been granted and exercised;
 - (b) increase in authorised share capital ("Proposed Increase in Authorised Share Capital") from RM50,000,000 comprising 500,000,000 GSB shares to RM500,000,000 comprising 5,000,000,000 GSB Shares; and
 - (c) amendments to the Memorandum and Articles of Association ("M&A") of the Company ("Proposed M&A Amendments") to facilitate the proposed increase in authorized share capital.

The Company intends to utilise the net proceeds to be raised from the Proposed Private Placement (after deducting the estimated expenses relating to the Proposed Private Placement) for the Group's existing mixed property development project.

The above proposal is to be approved by the Company's shareholders at the forthcoming Extraordinary General Meeting on 31 July 2015.

NOTES TO THE FINANCIAL STATEMENTS

(CONT'D)

31. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the accumulated losses of the Group and of the Company as at 31 March, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:				
- realised	3,270,582	3,338,850	(9,618,797)	(9,241,526)
- unrealised	(93,711)	39,756	-	-
	3,176,871	3,378,606	(9,618,797)	(9,241,526)
Less: Consolidation adjustments	(6,389,218)	(5,217,738)	-	-
Total accumulated losses	(3,212,347)	(1,839,132)	(9,618,797)	(9,241,526)

The determination of realised and unrealised profits is based on the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 27 to 75 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 31 on page 76 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Gan Pik Mui

.....
Gan Boon Kat

Petaling Jaya,

Date: 30 July 2015

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, **Gan Pik Mui**, the Director primarily responsible for the financial management of GSB Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 27 to 76 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Petaling Jaya on 30 July 2015.

.....
Gan Pik Mui

Before me:
S. Arokiadass A.M.N. (No. B460)
Commissioner for Oaths
Petaling Jaya

INDEPENDENT AUDITORS' REPORT

to the members of GSB Group Berhad (Company No. 287036-X)
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of GSB Group Berhad, which comprise the statements of financial position as at 31 March 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 27 to 75.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 31 on page 76 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards in Malaysia. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Petaling Jaya, Selangor

Date: 30 July 2015

Hasman Yusri Yusoff
Approval Number: 2583/08/16(J)
Chartered Accountant

LIST OF PROPERTIES

as at 31 March 2015

Registered Owner/ Location	Description	Date of Acquisition/ Revaluation	Tenure/ Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2015 (RM)
GSB Summit CD (M) Sdn Bhd					
Property, plant and equipment					
Parcel No. 1307 Storey No. 3, Building 1, Taman Shamelin Perkasa PT1604 Mukim of Kuala Lumpur, District of Kuala Lumpur.	Three (3) bedroom apartment for management	31-Mar-2014	Leasehold 99 years expiring on 11.09.2082 (age is approx 21 years)	95.00	126,777
PN 31020, Lot 54600 Mukim of Kuala Lumpur District of Kuala Lumpur.	Adjoining unit of semi- detached single storey factory with three storey office	31-Mar-2014	Leasehold 81 years expiring on 11.09.2082 (age is approx 17 years)	1,253.39	2,933,647
PN 31020, Lot 54600 Mukim of Kuala Lumpur District of Kuala Lumpur.	Industrial Land	31-Mar-2014	Leasehold 81 years expiring on 11.09.2082 (age is approx 17 years)	1,037.00	4,994,330
GSB Summit Audio (M) Sdn Bhd					
Property, plant and equipment					
Parcel No. D-113 1st Floor, Block D Pandan Height, PT 34798 Mukim of Ampang, District of Ulu Langat, State of Selangor.	Three (3) bedroom apartment for management	31-Mar-2014	Freehold (age is approx 17 years)	79.25	92,971
Parcel No. 1313 Storey No.3, Building 1 Taman Shamelin Perkasa PT1604 Mukim of Kuala Lumpur, District of Kuala Lumpur.	Three (3) bedroom apartment for management	31-Mar-2014	Leasehold 99 years expiring on 11.09.2082 (age is approx 21 years)	95.00	124,275
PN 31021, Lot 54601 Mukim of Kuala Lumpur District of Kuala Lumpur.	Adjoining unit of semi- detached single storey factory with three storey office	31-Mar-2014	Leasehold 81 years expiring on 11.09.2082 (age is approx 17 years)	1,253.39	2,835,243

LIST OF PROPERTIES

as at 31 March 2015

(CONT'D)

Registered Owner/ Location	Description	Date of Acquisition/ Revaluation	Tenure/ Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2015 (RM)
GSB Summit Audio (M) Sdn Bhd (cont'd)					
Property, plant and equipment					
PN 31021, Lot 54601 Mukim of Kuala Lumpur District of Kuala Lumpur.	Industrial Land	31-Mar-2014	Leasehold 81 years expiring on 11.09.2082 (age is approx 17 years)	1,041.00	4,991,668
Investment property					
H.S.(D) 69156, No PT632 Selambau Industrial Estate Pekan Bukit Selambau, Daerah Kuala Muda, Negeri Kedah Darul Aman	Vacant industrial land held	4-Apr-2008	Freehold	23,181.00	848,361
H.S.(D) 69219, No PT637 Selambau Industrial Estate Pekan Bukit Selambau, Daerah Kuala Muda, Negeri Kedah Darul Aman	Vacant industrial land held	4-Apr-2008	Freehold	11,121.00	406,997
Serta Usaha Sdn Bhd					
Land held for development					
G.M. 5148, Lot 791 Mukim of Klang Tempat Telok Gadong Road District of Klang State of Selangor	Vacant Land	28-Jul-2011	Freehold	24,534.00	10,406,466
Banda Industries Sdn Bhd					
Property, plant and equipment					
H.S. (D) 12321 PT No. 14978 P206, Lorong 10 Taman Bentong Mahmur 28700 Bentong Pahang Darul Mahmur	Shop office	31-Mar-2014	Freehold	208.00	237,499
Land held for development					
GM 2311 Lot 1668 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land	18-Jul-2000	Freehold	29,618.00	642,167

LIST OF PROPERTIES

as at 31 March 2015

(CONT'D)

Registered Owner/ Location	Description	Date of Acquisition/ Revaluation	Tenure/ Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2015 (RM)
Banda Industries Sdn Bhd (cont'd)					
GM 948 Lot 1609 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land	15-May-2006	Freehold	16,610.00	835,688
GM 669 Lot 1547 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land	6-Aug-2008	Freehold	14,940.00	708,436
GM 670 Lot 979 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land	6-Aug-2008	Freehold	11,090.00	518,301
GM 3191 Lot 1610 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land	5-Jun-2006	Freehold	19,475.00	1,206,538
GM 3190 Lot 1543 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land	5-Jun-2006	Freehold	12,646.00	771,432
GM 3316 Lot 1544 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land	9-Sep-2005	Freehold	8,600.00	357,510
GM 1441 Lot 3728 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land	6-Jul-2007	Freehold	38,445.00	297,540
New Development of Phase 12 (Semi D)					
H.S.(D) 14656, P.T. No. 18564	Vacant land	10-Sep-2003	Freehold	153.00	929,131
H.S.(D) 14657, P.T. No. 18565				153.00	
H.S.(D) 14658, P.T. No. 18566				153.00	
H.S.(D) 14659, P.T. No. 18567				364.00	
H.S.(D) 14660, P.T. No. 18568				364.00	
H.S.(D) 14661, P.T. No. 18569				153.00	
H.S.(D) 14662, P.T. No. 18570				153.00	
H.S.(D) 14663, P.T. No. 18571				153.00	
H.S.(D) 14664, P.T. No. 18572				153.00	
Mukim Bentong, Daerah Bentong, Pahang					

LIST OF PROPERTIES

as at 31 March 2015
(CONT'D)

Registered Owner/ Location	Description	Date of Acquisition/ Revaluation	Tenure/ Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2015 (RM)
Banda Industries Sdn Bhd (cont'd)					
New Development of Phase 12 (Semi D) (cont'd)					
GRN. No. 25153, Lot No. 26647	Vacant land	23-Nov-2004	Freehold	1,347	1,167,392
H.S.(D) 15159, P.T. No. 18908				25	
GRN. No. 25154, Lot No. 26648				697	
GRN. No. 25155, Lot No. 26649				669	
H.S.(D) 15147, P.T. No. 18896				28	
GRN. No. 25156, Lot No. 26650				579	
H.S.(D) 15146, P.T. No. 18895				118	
GRN. No. 25157, Lot No. 26651				486	
GRN. No. 25158, Lot No. 26660				8	
H.S.(D) 15145, P.T. No. 18894				202	
GRN. No. 25145, Lot No. 26652				394	
GRN. No. 25152, Lot No. 26659				85	
H.S.(D) 15144, P.T. No. 18893				218	
GRN. No. 25146, Lot No. 26653				476	
GRN. No. 25151, Lot No. 26658				989	
H.S.(D) 15143, P.T. No. 18892				629	
GRN. No. 25147, Lot No. 26654				128	
GRN. No. 25150, Lot No.26657				360	
H.S.(D) 15142, P.T. No. 18891				209	
GRN. No. 25148, Lot No. 26655				111	
GRN. No. 25149, Lot No. 26656				754	
H.S.(D) 15141, P.T. No. 18890				317	
GRN. No. 25246, Lot No. 26662				325	
GRN. No. 25247, Lot No. 26675				103	
H.S.(D) 15161, P.T. No. 18910				223	
GRN. No. 25248, Lot No. 26663				360	
GRN. No. 25249, Lot No. 26674				70	
H.S.(D) 15162, P.T. No. 18911				220	
GRN. No. 25250, Lot No. 26664				389	
GRN. No. 25251, Lot No. 26673				42	
H.S.(D) 15163, P.T. No.18912				220	
GRN. No. 25252, Lot No. 26665				417	
GRN. No. 25253, Lot No. 26672				13	
H.S.(D) 15164, P.T. No. 18913				220	
GRN. No. 25254, Lot No. 26666				520	
H.S.(D) 15165, P.T. No. 18914				159	
H.S.(D) 15166, P.T. No. 18915				112	
GRN. No. 25241, Lot No. 26667				518	
GRN. No. 25242, Lot No. 26668				517	
GRN. No. 25243, Lot No. 26669				534	
GRN. No. 25423, Lot No. 26670				533	
Mukim Bentong, Daerah Bentong, Pahang					

ANALYSIS OF SHAREHOLDINGS

as at 31 July 2015

Financial Year End : 31 March 2015
 Class of Shares : Ordinary Share of RM0.10 each
 Voting Rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS/DEPOSITORS AS AT 31 JULY 2015

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	194	8.023	7,761	0.001
100 - 1,000	338	13.978	152,799	0.034
1,001 - 10,000	335	13.854	2,465,370	0.560
10,001 - 100,000	1,213	50.165	49,781,340	11.313
100,001 - 21,999,999 (*)	335	13.854	227,602,120	51.727
22,000,000 AND ABOVE (**)	3	0.124	159,990,610	36.361
TOTAL :	2,418	100.000	440,000,000	100.000

Remarks : * - less than 5% of issued shares
 ** - 5% and above of issued shares

LIST OF THIRTY LARGEST SECURITIES ACCOUNT HOLDERS/DEPOSITORS AS AT 31 JULY 2015

NO.	NAME	HOLDINGS	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR SURIA BITARA SDN.BHD.	80,480,000	18.290
2	GAN PIK MUI	54,750,100	12.443
3	GAN SENG BIANG	24,760,510	5.627
4	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR SUN ACRES DEVELOPMENT SDN.BHD.	19,800,000	4.500
5	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ID D'ART SDN BHD	18,600,510	4.227
6	CHEONG HONG KONG	9,551,200	2.170
7	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GAN BOON KAT	9,119,490	2.072
8	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM POH CHOO	7,000,000	1.590
9	TEE SOON LOONG	5,300,000	1.204
10	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LIAW KIT SIONG (MQ0012)	4,804,100	1.091
11	TAPAK BUMIMAJU SDN BHD	4,403,400	1.000
12	MOHD ZUKI BIN DESA	4,000,000	0.909
13	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	3,807,300	0.865
14	LIM YEN CHEING	3,797,300	0.863
15	NG KIM MOY	3,300,000	0.750
16	MOHD JAMEL BIN ABDUL MUNIN	2,772,700	0.630
17	FADHIL BIN ABD HAMID	2,730,000	0.620

ANALYSIS OF SHAREHOLDINGS

as at 31 July 2015
(CONT'D)

LIST OF THIRTY LARGEST SECURITIES ACCOUNT HOLDERS/DEPOSITORS AS AT 31 JULY 2015 (CONT'D)

NO.	NAME	HOLDINGS	%
18	THAM WOOL LOON	2,670,300	0.606
19	LEE BOON CHUAN	2,500,000	0.568
20	LIM SOON GUAN	2,500,000	0.568
21	LEE KIAN KAH	2,200,000	0.500
22	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR TAN SIEW BOOY (D18)	2,000,000	0.454
23	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR GOH TIAN CHUAN (MQ0008)	2,000,000	0.454
24	WONG KONG MENG	1,840,000	0.418
25	LAU WING FATT	1,810,000	0.411
26	LOH KIM POH	1,800,000	0.409
27	GUN SEONG THEAN	1,742,030	0.395
28	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,729,000	0.392
29	WONG SENG KEONG	1,700,000	0.386
30	MOHD JAMEL BIN ABDUL MUNIN	1,681,870	0.382
		<u>285,149,810</u>	<u>64.806</u>

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings as at 31 July 2015)

NO.	NAME	DIRECT NO. OF SHARES	%
1	GAN PIK MUI	55,065,100	12.515
2	GAN BOON KAT	9,119,490	2.072
3	LOY KWEE KEOW	0	0.000
4	LIAW BOO LAI @ LEOW BONG LAI	0	0.000
		<u>64,184,590</u>	<u>14.587</u>

SUBSTANTIAL SHAREHOLDERS

(As per the Register of Substantial Shareholders as at 31 July 2015)

NO.	NAME	DIRECT NO. OF SHARES	%	INDIRECT NO. OF SHARES	%
1	SURIA BITARA SDN. BHD.	80,480,000	18.290	0	0.000
2	GAN PIK MUI	55,065,100	12.515	0	0.000
3	GAN SENG BIANG	24,760,510	5.627	38,400,510 *	8.727
		<u>160,305,610</u>	<u>36.432</u>	<u>38,400,510</u>	<u>8.727</u>

Note * Deemed interest by virtue of shares held in Sun Acres Development Sdn Bhd and ID D'Art Sdn Bhd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting of the Company will be convened and held at No. 9 Jalan 3/91A Taman Shamelin Perkasa Cheras 56100 Kuala Lumpur on Tuesday, 22 September 2015 at 10.00 a.m. to transact the following items of business:-

AGENDA

As Ordinary Business

1. To receive the Statutory Financial Statements for the year ended 31 March 2015 together with the Directors' and Auditors' Reports thereon. **Resolution 1**
2. To approve the payment of Directors' Fees amounting to RM19,000.00 for the year ended 31 March 2015. **Resolution 2**
3. To re-elect Mr Gan Boon Kat who retires in accordance with Article 82 of the Company's Articles of Association. **Resolution 3**
4. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:-

"THAT Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.), retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting." **Resolution 4**
5. To re-appoint Messrs KPMG as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**

As Special Business

To consider and if thought fit, pass the following ordinary resolutions:

6. Proposed Retention of Independent Directors in accordance with the Malaysian Code on Corporate Governance 2012
 - (a) "THAT authority be and is hereby given to Mr Loy Kwee Keow who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company." **Resolution 6**
 - (b) "THAT subject to the passing of Ordinary Resolution 4, authority be and is hereby given to Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.) who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company." **Resolution 7**
7. Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965 **Resolution 8**

"THAT subject always to the Companies Act, 1965 and the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time upon such terms and conditions, and for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being, and that the Directors be and are empowered to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
8. To consider any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

LEONG SHIAK WAN (MAICSA 7012855)
Company Secretary

Petaling Jaya
28 August 2015

NOTES:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he shall be any person and there shall be no restriction as to the qualification of the proxy.
2. A member may appoint two (2) or more proxies to attend at the same meeting. Where a member appoints two (2) or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a Member of the Company is an authorised nominee as defined under Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDS") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. The instrument appointing a proxy or proxies shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, the instrument appointing a proxy or proxies must be either under seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy must be deposited at Ground Floor Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan at least forty-eight (48) hours before the time approved for holding the meeting or any adjournment thereof (or in the case of a poll not less than twenty-four (24) hours before the time appointed for taking of the poll).
8. Only members whose names appear in the Record of Depositors on 14 September 2015 shall be entitled to attend, speak and vote at the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

EXPLANATORY NOTE ON THE SPECIAL BUSINESS

1. The proposed Resolutions 6 and 7, if passed, will allow the named directors to continue to act as Independent Non-Executive Directors of the Company.

The Nomination Committee had assessed the independence of Mr Loy Kwee Keow and Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.), who each has served on the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years and the Board has recommended that the approval of the shareholders be sought to re-appoint Mr Loy Kwee Keow and Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.) as Independent Non-Executive Directors as both of them possess the following aptitudes necessary in discharging their roles and functions as Independent Non-Executive Directors of the Company:-

- (a) The Directors are familiar with the Group's business operations and provide invaluable advice during meetings and also the Risk Management exercise of the Group;
 - (b) They have devoted and can devote sufficient time and attention in carrying out their professional obligations as Independent Non-Executive Directors; and
 - (c) They exercise due care in all undertakings of the Group and carry out their fiduciary duties in the interest of the Company and its minority shareholders.
2. The proposed Resolution 8, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at general meeting, will expire at the next Annual General Meeting.

As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the authority granted to the Directors at the Twenty-First Annual General Meeting held on 26 September 2014 and which will lapse at the conclusion of the Twenty-Second Annual General Meeting.

A renewal for the said mandate is sought to avoid any delay and cost involved such as convening general meeting. Should the mandate be exercised, the directors would utilise the proceeds raised from this mandate for working capital or such other application they may in their absolute discretion deem fit.

PROXY FORM

I/We* _____ (name of shareholder as per NRIC, in capital letters)

NRIC No./ID No./Company No. _____ (new) _____ (old)

of _____ (full address)

being a member(s) of the abovenamed Company, hereby appoint _____

(name of proxy as per NRIC, in capital letters) NRIC No. _____ (new) _____ (old)

or failing him/her* _____ (name of proxy per NRIC, in capital letters)

NRIC No. _____ (new) _____ (old) or failing him/her* the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Second Annual General Meeting of the Company to be held at No 9, Jalan 3/91A, Taman Shamelin Perkasa, Cheras 56100 Kuala Lumpur on Tuesday, the 22nd day of September 2015 at 10.00 a.m. and at each and every adjournment thereof.

My/our proxy is to vote as indicated below:

RESOLUTIONS		FOR	AGAINST
Resolution 1	Receive of Statutory Financial Statements and Reports		
Resolution 2	Approval of Directors' Fees of RM19,000.00		
Resolution 3	Re-election of Mr Gan Boon Kat as Director		
Resolution 4	Re-appointment of Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.) as Director		
Resolution 5	Appointment of Messrs KPMG as Auditors		
Resolution 6	To retain Mr Loy Kwee Keow as Independent Non-Executive Director		
Resolution 7	To retain Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.) as Independent Non-Executive Director		
Resolution 8	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		

(Please indicate with an "X" in the spaces provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Signature/Common Seal

Number of shares held: _____

Date: _____

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he shall be any person and there shall be no restriction as to the qualification of the proxy.
2. A member may appoint two (2) or more proxies to attend at the same meeting. Where a member appoints two (2) or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a Member of the Company is an authorised nominee as defined under Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDS") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. The instrument appointing a proxy or proxies shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, the instrument appointing a proxy or proxies must be either under seal or under the hand of an officer or attorney duly authorised.
7. The instrument appointing a proxy must be deposited at Ground Floor Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan at least forty-eight (48) hours before the time approved for holding the meeting or any adjournment thereof (or in the case of a poll not less than twenty-four (24) hours before the time appointed for taking of the poll).
8. Only members whose names appear in the Record of Depositors on 14 September 2015 shall be entitled to attend, speak and vote at the Annual General Meeting.

* Strike out whichever is not valid

Fold this flap for sealing

Then fold here

STAMP

The Company Secretary
GSB GROUP BERHAD (287036-X)
Ground Floor Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

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Registered Office

GSB GROUP BERHAD

(287036-X)

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47301 Petaling Jaya, Selangor.
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Fax: 03-7841 8199

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