



**GSB GROUP BERHAD**  
287036-X

# 2016

ANNUAL  
REPORT





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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 2016.

## FINANCIAL PERFORMANCE

For the financial year under review, the continuing operations of GSB Group recorded a revenue of RM17,569,016 and a loss after tax of RM1,299,501 in comparison to a revenue of RM18,928,048 and a loss after tax of RM1,373,215 in the preceding financial year.

The property development segment's revenue has decreased from RM11,485,546 to RM11,323,078 and registered a profit of RM2,011,632 as compared to segment profit of RM1,408,586 in the preceding financial year. The revenue contribution from our replication of compact discs and digital versatile discs segment has decreased from RM7,442,502 to RM6,245,938, and there is an increase in segment loss from RM466,410 to RM1,221,414.

On a positive note, the assets for the Group grew further from RM120,181,000 to RM146,257,000 contributed mainly by increase in property development segment's assets from RM96,046,883 to RM124,457,000.

## CORPORATE DEVELOPMENTS

### Forging ahead to grow our Property Development Segment

Our Group currently has a total landbank of 45.87 acres, of which 43.15 acres are owned by our Group and located in Shah Alam and Klang, Selangor and Bentong, Pahang while the remaining 2.72 acres via joint venture development project located in Johor Bahru, Johor. 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.

On 29 March 2016, the Group announced the completion of the acquisition of two (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 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. Barring any unforeseen circumstances, this project is expected to be launched in the financial year ending 31 March 2018.

To further strengthen our Group's foothold in Bentong, Pahang, our Group is in the midst of working towards completion of the acquisition of 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 pending payment of balance purchase price and is expected to be completed in the financial year ending 31 March 2018.

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 currently focusing on its ongoing projects' sales and construction amidst a very challenging market.

### Manufacturing and replication of optical discs

Our Group takes cognisance of the way this industry is facing tough challenges and is implementing cost cutting measures.

## CORPORATE DEVELOPMENTS

On 18 December 2015, our Group secured a new investor to undertake Private Placement of new shares of the Company, representing 20% of the issued and paid-up share capital of the Company (excluding treasury shares, if any), to raise funds for our ongoing project.

# CHAIRMAN'S STATEMENT

## 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 and to explore ways to boost its revenues whilst cutting costs.

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

# CORPORATE INFORMATION

## 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  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel No.: (+603) 7841 8000  
Fax No.: (+603) 7841 8199

## SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia  
Tel No.: (+603) 2783 9299  
Fax No.: (+603) 2783 9222

## CORPORATE OFFICE / PRINCIPAL PLACE OF BUSINESS

No. 9, Jalan 3/91A  
Taman Shamelin Perkasa  
56100 Cheras  
Kuala Lumpur  
Malaysia  
Tel No.: (+603) 9281 1188  
Fax No.: (+603) 9287 9959  
Website: [www.gsbsummit.com](http://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

Ambank (M) Berhad  
AmInvestment Services Berhad  
CIMB Bank Berhad  
Hong Leong Bank Berhad  
OCBC Bank (Malaysia) 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



**GSB GROUP BERHAD**  
287036-X

## subsidiaries

● <b>BANDA INDUSTRIES SDN BHD (75604-P)</b> Property Development	<b>100%</b>
● <b>GSB HOTEL SDN BHD (829341-D)</b> Property Development	<b>100%</b>
● <b>GSB MANAGEMENT SDN BHD (196027-K)</b> Property Development and Construction	<b>100%</b>
● <b>GSB PROPERTIES SDN BHD (807671-T)</b> Property Development	<b>100%</b>
● <b>GSB SUMMIT AUDIO (M) SDN BHD (173431-U)</b> Dormant	<b>100%</b>
● <b>GSB SUMMIT CD (M) SDN BHD (226197-M)</b> Manufacture of compact discs and digital versatile discs	<b>100%</b>
● <b>GSB SUMMIT DEVELOPMENT SDN BHD (457212-A)</b> Property Development	<b>100%</b>
● <b>SERTA USAHA SDN BHD (116386-U)</b> Property Development	<b>100%</b>

# PROFILE OF DIRECTORS

## **LOY KWEE KEOW**

Senior Independent Non-Executive Chairman

LOY KWEE KEOW, a Malaysian, aged 57, 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 has worked as an Accountant, Finance Manager and also Group Financial Controller from 1983 to 1994.

He is currently an Occupational Safety and Health Practitioner attached to HSE Management Sdn Bhd and Quality Assessment & 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**

Managing Director

GAN PIK MUI, a Malaysian, aged 45, 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.)**

Independent Non-Executive Director

IR. LIAW BOO LAI @ LEOW BONG LAI (D.S.M.), a Malaysian, aged 74, 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.

## PROFILE OF DIRECTORS (CONT'D)

### **GAN BOON KAT**

Non-Independent Non-Executive Director

GAN BOON KAT, a Malaysian, aged 51, 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.

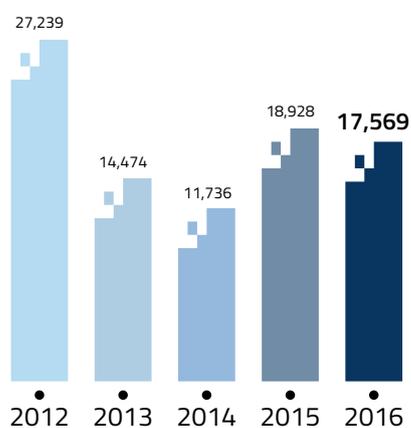
He is the brother of Ms. Gan Pik Mui, Managing Director of the Company and son of Dato' Gan Seng Biang, a substantial shareholder of the Company.

*Note:*

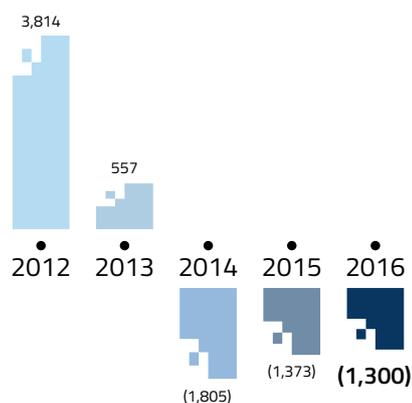
*Other than as disclosed, all directors do not have any family relationships with any director and/or substantial shareholder of the Company. All directors have no personal interest in any business arrangements involving the Company. All directors have not been convicted for any offence and have attended the Board of Directors' meetings of the Company for the financial year ended 31 March 2016 as disclosed in page 10 of this Annual Report.*

# GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS

## REVENUE (RM'000)



## PROFIT/LOSS FOR THE YEAR (RM'000)



### FINANCIAL YEAR ENDED 31 MARCH

2012

2013

2014

2015

2016

### FINANCIAL PERFORMANCE (in RM'000)

Revenue	27,239	14,474	11,736	18,928	17,569
Profit/(Loss) before taxation	4,091	1,182	(1,812)	(1,118)	(934)
Profit/(Loss) for the year	3,814	557	(1,805)	(1,373)	(1,300)

### FINANCIAL POSITION (in RM'000)

Total Assets	62,096	56,331	71,128	120,181	146,257
Total Liabilities	20,435	14,114	23,369	69,795	88,424
Net Current Assets	14,637	16,877	12,027	44,807	42,925
Net Assets	41,661	42,217	47,759	50,385	57,833
Total Borrowings	7,932	8,124	13,758	37,331	51,448
Equity Attributable to Owners of the Company	41,661	42,217	47,759	50,385	57,833
Issued Share Capital	40,000	40,000	40,000	44,000	52,800

### KEY FIGURES

Earnings/(Loss) Per Share (sen)	0.95	0.14	(0.45)	(0.31)	(0.28)
Net Assets Per Share (sen)	10.42	10.55	11.94	11.45	10.95
Net Debt to Equity Ratio	0.01	0.08	0.18	0.56	0.77

# 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.

# STATEMENT ON CORPORATE GOVERNANCE (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.

## Subsustainability

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 and 15 of this Annual Report.

## Board Meeting

During the financial year ended 31 March 2016, 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 is available on the Company's website while the activities of the Audit Committee during the year are stated in page 16 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.

Full details of the Nomination Committee terms of reference is available on the Company's website.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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.

The activities of the Nomination Committee for the financial year include:-

- review of the board composition with regard to the mix of skills, experience, independence and diversity (including gender diversity) whereby the Nomination Committee noted that the composition of directors and competencies of non-executive directors were sufficient for the required mix of skills to contribute effectively to the Company;
- the assessment undertaken by the Nomination Committee in respect of its board as a whole, the committees of the board and the contribution of each individual director including independent non-executive directors and the Managing Director was done via the following:
  1. Performance Evaluation Sheet – Individual Director Self / Peer Evaluation;
  2. Performance Evaluation Sheet – Board of Directors and Audit Committee; and
  3. Independent Directors' Self-Assessment Checklist.
- Review and recommend to the Board of Directors on the re-appointment of the Independent Directors who has served for more than nine (9) years whereby they have to be re-designated as non-independent directors if they continue to serve on board as recommended by MCCG 2012 unless they are re-appointed at an AGM; and
- Review and recommend to the Board of Directors on the re-appointment of a director who is above seventy (70) years of age.

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.

# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

## 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.

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:-

- Risk Management workshops conducted by Smart Focus Group.
- Fraud Risk Management Workshop.

The Directors will continue to undergo relevant training programme to further enhance their skills and knowledge wherever required, at the Group's expense. In addition, the Board is regularly updated on the latest updates on the Main Market Listing Requirements and other regulatory requirements relating to the discharge of Directors' duties and responsibilities.

## 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	-

# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

## 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.

In line with the recent amendments to the Bursa Securities' Main Market Listing Requirements, poll voting will be conducted for all resolutions of the upcoming Annual General Meeting and we will thereafter 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 voting by poll 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](http://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.

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 17 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.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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 25 July 2016.

### 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 25 July 2016.

### 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.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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.

### Caring for the society

The Hiichiikok Foundation Home For Children Care (hereinafter referred to as "HOME"), located in Off Jalan Ipoh, Kuala Lumpur is a HOME for children whom are either orphans, homeless, abused or from poor single parent households and underprivileged backgrounds. Besides food and shelter, it is the HOME's aim to provide loving care and nurture the children to be contributing members of society.

We visited the HOME in September 2015 where there were 20 children (ages ranging from 4 years old to 15 years old) under their care. We were pleased to bring some cheer and joy to the children from this HOME, treating the children to a lunch, presenting some essential items (food, mattresses and others) to the HOME and a gift for every child. Their smiles brought joy to us as well.

# 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)

## SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR UNDER REVIEW

The Terms of Reference of the Audit Committee can be viewed at the Company's website. 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.
- b) Reviewed the audited statutory financial statements of the Group for the financial year ended 31 March 2015 together with the directors' report and auditors' report thereon in compliance with regulatory requirements. During the review, the Audit Committee focused on significant matters arising from the audit of the financial statements and significant judgements made by the Management.
- 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 2015 before making recommendations to the Board.
- h) Reviewed Employee Share Option Scheme ("ESOS") allocation of number of options to be granted to employees that were proposed by the Options Committee, and abstained from making decision in respect of the Audit Committee member's own allocation.
- i) Reviewed the performance of the External Auditors in terms of their capability, professionalism and independence before recommending them to the Board to be considered for re-appointment at the Annual General Meeting.
- j) Reviewed the expanded scope of Internal Audit to focus on more operational aspects of our core businesses especially at project sites.

# AUDIT COMMITTEE REPORT (CONT'D)

## 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.

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 2016 and the attendance record is as follows:-

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	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 25 July 2016.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Introduction

The Board of directors 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 on Risk Management and Internal Control which is prepared pursuant to Bursa Malaysia Listing Requirement For The Main Market and Principle 6 of the Malaysian Code on Corporate Governance 2012, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 March 2016.

## A. 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.

## B. Control Environment

### Organisation Structure

The Board of Directors and Senior Management consistently endeavour 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 Group 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 team continues to independently, objectively and regularly review key processes, check compliance with policies/procedures, evaluate the adequacy and effectiveness of internal control, risk management and governance measures in respect of any non-compliance. The annual audit plan, established primarily on a risk-based approach, is reviewed and approved by the Audit Committee annually. The Audit Committee oversees the Internal Audit team's functions, its independence, scope of work and resources.

The Internal Audit team also periodically reports on the activities performed and key strategic and control issues observed by Internal Audit team to the Audit Committee in order to preserve its independence. The Audit Committee reviews and approves Internal Audit's annual budget, audit plan and human resources requirements to ensure the function maintains an adequate number of internal auditors. In order to ensure standardisation and consistency in providing assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance, the Internal Audit team has aligned its current internal audit practices with the COSO/COCO Internal Controls – Integrated Framework. Using this framework, all internal control assessments performed by Internal Audit team are based on the internal control elements of scope and coverage. Internal Audit team continues to adopt the risk-based audit plan to ensure the programmes carried out are gathered, assessed and prioritised to derive the annual audit plan.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

In the financial year ended 31 March 2016, reviews in various areas involving Manufacturing operations and Property Development operations, Information Technology, Finance, Procurement, Human Resources, and subsidiaries were conducted. Key coverage areas included :

- Governance
- Operations
- Sales & Marketing
- IT Security Management
- Procurement
- Accounting/ Financial Activities
- Property Management

All reports from the internal audit reviews carried out were submitted and presented to the Audit Committee with the feedback and corrective actions to be undertaken Management.

The Internal Audit fee incurred for the financial year ended 31 March 2016 was RM22,000.

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.

## Quality Assurance

The Internal Audit team develops and maintains a quality assurance and improvement programme that covers all aspects of internal audit activities. The quality assurance programme assesses the effectiveness of Internal Audit processes and identifies opportunities for improvement via both internal and external assessments. It has its own peer reviewer mechanism to ensure consistently good quality output of every audit engagement. The team leader is well experienced to manage the internal audit assignments.

## 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 at the expense of the Group, if any.

## 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 and is every employee's responsibility. 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 has 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.

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the Audit Committee. The Audit Committee, supported by the Internal Audit team, provides an independent assessment of the effectiveness of the Group's Enterprise Risk Management ("ERM") framework and reports to the Board. The Group's ERM is consistent with the ERM framework and involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. This framework helps to reduce the uncertainties surrounding the Group's internal and external environment,

The ERM process is based on the following principles:

- Consider and manage risks enterprise-wide;
- Integrate risk management into business activities;
- Manage risk in accordance with the Risk Management framework;
- Tailor responses to business circumstances; and
- Communicate risks and responses to Management

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

All identified risks are displayed on a risk matrix based on their risk ranking to assist Management in prioritising their efforts and appropriately managing the different classes of risks. The Board and Management drive a proactive risk management culture and regular risk awareness and coaching sessions are held to ensure that the Group's employees have a good understanding and application of risk management principles. There is no dedicated ERM department, however, the Managing Director ("MD") and Chief Financial Officer ("CFO") work closely with the Group's operational managers to continuously strengthen the risk management initiatives within the Group so that it responds effectively to the constantly changing business environment and is thus able to protect and enhance shareholder value.

The Board recognises the importance of effective ERM in enhancing shareholder value while upholding a high standard of corporate governance. Combining a strong and sustained commitment from the Board and Senior Management with a clear direction and oversight from all levels of leadership, the Group embraces a holistic risk management approach to achieve its business targets with minimal surprises.

Risk management policies and practices form part of GSB's overall strategies to chart positive growth in today's rapidly evolving business environment. The Board continues to ensure that risk management is effectively institutionalised and its risk maturity level is elevated. This is achieved via a multitude of ERM initiatives clustered into key strategic areas, as part of the Group's efforts to ensure smooth ERM practice on the ground coupled with continuous tracking and monitoring of risks and controls. It also strengthens its risk culture and practice, harmonises its risks and risk appetites at the operational level wherever possible.

## **Risk Structure/Accountability and Responsibility**

Further improving GSB's risk governance, ERM structures have been established within each department and subsidiary. The aim is for a risk culture to be internalised through risk ownership and to drive ERM implementation at the functional level. ERM Resource Persons also known as Heads of Departments ("HODs") / Risk Coordinators ("RCs"), are appointed at each business unit, and act as the single point of contact to liaise directly with the Group's Chief Risk Coordinator, the CFO, in matters relating to ERM, including the submission of reports on a periodic basis. In addition, they are responsible for assisting their HODs to manage and administer the business units' risk portfolios, which include arranging, organising and coordinating ERM programmes.

## **Assurance from the Management**

The Board has also received assurance from the MD and 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.

## **Review of the Statement by External Auditors**

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 March 2016, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

## **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 25 July 2016.**

## OTHER INFORMATION

### UTILIZATION OF PROCEEDS

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 by 23 November 2015. In furtherance, as at 27 May 2016, an amount of RM3,828,000 has been utilized from the net proceeds of RM8,450,000 from private placement of 88,000,000 new ordinary shares of RM0.10 each that was completed on 18 December 2015. The balance of the proceeds will be utilised for payments to contractor for the property development project in Johor Bahru within the next 12 months.

### 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.

### EMPLOYEES' SHARE OPTION SCHEME

During the financial year, the options offered to take up unissued ordinary shares of RM0.10 each and the exercise prices are as follows:

Date of offer	Exercise price	Number of options over ordinary shares of RM0.10 each		Exercised	Forfeited	At 31.3.2016
		At 1.4.2015	Granted			
3.12.2015	RM0.10	-	30,075,000	-	2,025,000	28,050,000

As at to date, there were no outstanding options and no options exercised yet.

The aggregate maximum allocation applicable to the directors and senior management in percentage:

	Maximum allocation	%
Gan Pik Mui	3,500,000	11.64
Gan Boon Kat	3,500,000	11.64
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)	2,000,000	6.65
Loy Kwee Keow	2,000,000	6.65
Koh Sui Ming	2,000,000	6.65
<b>TOTAL</b>	<b>13,000,000</b>	<b>43.23</b>

The actual options granted to directors and senior management are as follows:

	Date of offer	%	Actual options granted				At 31.3.2016	%
			Addition	%	Forfeited	%		
Gan Pik Mui	3,500,000	11.64	-	-	-	3,500,000	11.64	
Gan Boon Kat	3,300,000	10.97	-	-	-	3,300,000	10.97	
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)	2,000,000	6.65	-	-	-	2,000,000	6.65	
Loy Kwee Keow	2,000,000	6.65	-	-	-	2,000,000	6.65	
Koh Sui Ming	1,500,000	4.98	-	-	-	1,500,000	4.98	
<b>TOTAL</b>	<b>12,300,000</b>	<b>40.89</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,300,000</b>	<b>40.89</b>	

## OTHER INFORMATION (CONT'D)

Options offered and exercised by non-executive directors:

Name of director	Amount of options granted	Amount of options exercised
Gan Boon Kat	3,300,000	-
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)	2,000,000	-
Loy Kwee Keow	2,000,000	-

More on the Company's Employees' Share Options Scheme (ESOS) are described on pages 26 and 27 of this Annual Report.

### 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 RM15,000.

### 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.

### 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

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 2016.

## 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

	<b>Group RM'000</b>	<b>Company RM'000</b>
Loss for the year	<u>(1,300)</u>	<u>(366)</u>

## Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

## 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' REPORT (CONT'D)

### Directors' interests in shares

The interests and deemed interests in the shares and options over 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 1.4.2015	Bought	Sold	At 31.3.2016
Interests in the Company:				
Gan Pik Mui	55,065,100	-	-	55,065,100
Gan Boon Kat	9,119,490	-	-	9,119,490

	Number of options over ordinary shares of RM0.10 each			
	At 1.4.2015	Granted	Forfeited	At 31.3.2016
Interests in the Company:				
Gan Pik Mui	-	3,500,000	-	3,500,000
Gan Boon Kat	-	3,300,000	-	3,300,000
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)	-	2,000,000	-	2,000,000
Loy Kwee Keow	-	2,000,000	-	2,000,000

### 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 the Company or 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 apart from the issue of the Employees Share Option Scheme ("ESOS").

## DIRECTORS' REPORT (CONT'D)

### Issue of shares and debentures

During the financial year, the Company:

- (i) increased its authorised share capital from RM50,000,000 to RM500,000,000 comprising 5,000,000,000 ordinary shares of RM0.10 each; and
- (ii) issued 88,000,000 new ordinary shares of RM0.10 each at par via a private placement to eligible investors for a total cash consideration of RM8,800,000 for working capital purposes.

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

At the Extraordinary General Meeting held on 30 January 2015, the Company's shareholders approved the establishment of an ESOS of not more than 44,000,000 new ordinary shares to eligible Directors and employees of the Group.

The salient features of the ESOS scheme are, inter alia, as follows:

- i) Eligible executives are those executives (including full-time executive directors) of the Group who have been confirmed in service on the date of the offer. The maximum allowable allotments for the full-time executive directors have been approved by the shareholders of the Company in a general meeting.
- ii) The aggregate number of shares to be issued under the ESOS shall not be more than 10% of the issued share capital of the Group or 44,000,000 new ordinary shares, whichever is higher.
- iii) The Scheme shall be in force for a period of four (4) years from the first grant date.
- iv) The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the preceding the date of offer and shall in no event be less than the par value of the shares of the Group of RM0.10.
- v) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate.
- vi) The option granted to eligible executives will lapse when they are no longer in employment with the Group.

### Options granted over unissued shares (continued)

The options offered to take up unissued ordinary shares of RM0.10 each and the exercise prices are as follows:

Date of offer	Exercise price	Number of options over ordinary shares of RM0.10 each				
		At 1.4.2015	Granted	Exercised	Forfeited	At 31.3.2016
3.12.2015	RM0.10	-	30,075,000	-	2,025,000	28,050,000

The Company has been granted exemption pursuant to Section 169A(1) of the Companies Act, 1965 by the Companies Commission of Malaysia from having to disclose in this report the names of persons (other than Directors) who have been granted options of not more than 750,000 ordinary shares of RM0.10 each during the financial year.

The names of persons (other than Directors) who have been granted options equal to and more than 750,000 ordinary shares of RM0.10 each during the financial year are as follows:

Name	Number of options over ordinary shares of RM0.10 each				
	At 1.4.2015	Granted	Exercised	Forfeited	At 31.3.2016
Koh Sui Ming	-	1,500,000	-	-	1,500,000
Gan Boon Han	-	1,000,000	-	-	1,000,000
Gan Boon Pin	-	1,000,000	-	-	1,000,000
Yap Teck Kheng	-	1,000,000	-	-	1,000,000
Ang Su Ngoh	-	1,000,000	-	-	1,000,000
Tam Chui Chui	-	750,000	-	-	750,000
Wong Yew Huei	-	750,000	-	-	750,000
Loi Choi Lei	-	750,000	-	-	750,000

### 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.

## DIRECTORS' REPORT (CONT'D)

### Other statutory information (continued)

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.

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, except for the income from termination of joint venture agreements as disclosed in the financial statements of the Group, the financial performance of the Group and of the Company for the financial year ended 31 March 2016 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 31 to the financial statements.

## DIRECTORS' REPORT (CONT'D)

### 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: 25 July 2016

# STATEMENTS OF FINANCIAL POSITION

as at 31 March 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Assets</b>					
Property, plant and equipment	3	17,688	19,115	-	-
Goodwill	4	12	12	-	-
Investment properties	5	407	1,255	-	-
Investments in subsidiaries	6	-	-	25,138	23,388
Land held for property development	7	41,370	20,694	-	-
Deferred tax assets	8	43	75	-	-
<b>Total non-current assets</b>		<b>59,520</b>	<b>41,151</b>	<b>25,138</b>	<b>23,388</b>
Inventories	9	1,729	1,500	-	-
Current tax assets		503	382	14	14
Trade and other receivables	10	28,730	25,701	26,775	26,530
Prepayments		36	98	-	-
Property development costs	11	47,805	42,440	-	-
Cash and bank balances	12	7,086	8,909	71	30
		<b>85,889</b>	<b>79,030</b>	<b>26,860</b>	<b>26,574</b>
Assets classified as held for sale	13	848	-	-	-
<b>Total current assets</b>		<b>86,737</b>	<b>79,030</b>	<b>26,860</b>	<b>26,574</b>
<b>Total assets</b>		<b>146,257</b>	<b>120,181</b>	<b>51,998</b>	<b>49,962</b>
<b>Equity</b>					
Share capital		52,800	44,000	52,800	44,000
Share premium		940	940	940	940
Share option reserve		260	-	260	-
Revaluation reserve		8,658	8,658	-	-
Accumulated losses		(4,825)	(3,212)	(10,298)	(9,619)
<b>Total equity attributable to owners of the Company</b>	14	<b>57,833</b>	<b>50,386</b>	<b>43,702</b>	<b>35,321</b>
<b>Liabilities</b>					
Loans and borrowings	15	31,164	21,821	-	-
Deferred tax liabilities	8	4,161	4,464	-	-
Other payables	17	9,287	9,287	-	-
<b>Total non-current liabilities</b>		<b>44,612</b>	<b>35,572</b>	<b>-</b>	<b>-</b>
Loans and borrowings	15	20,284	15,509	-	-
Trade and other payables	17	23,344	18,464	8,296	14,641
Current tax liabilities		184	250	-	-
<b>Total current liabilities</b>		<b>43,812</b>	<b>34,223</b>	<b>8,296</b>	<b>14,641</b>
<b>Total liabilities</b>		<b>88,424</b>	<b>69,795</b>	<b>8,296</b>	<b>14,641</b>
<b>Total equity and liabilities</b>		<b>146,257</b>	<b>120,181</b>	<b>51,998</b>	<b>49,962</b>

The notes on pages 37 to 97 form an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Revenue</b>	18	17,569	18,928	-	-
Cost of sales		(15,080)	(13,117)	-	-
<b>Gross profit</b>		2,489	5,811	-	-
Other income		4,148	1,066	8	323
Distribution expenses		(1,126)	(1,679)	-	-
Administrative expenses		(4,483)	(3,855)	-	-
Other expenses		(1,019)	(1,352)	(374)	(700)
<b>Results from operating activities</b>		9	(9)	(366)	(377)
Finance income	21	226	105	-	-
Finance costs	22	(1,169)	(1,214)	-	-
<b>Loss before tax</b>	19	(934)	(1,118)	(366)	(377)
Tax expense	23	(366)	(255)	-	-
<b>Loss for the year</b>		(1,300)	(1,373)	(366)	(377)
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive expense for the year</b>		(1,300)	(1,373)	(366)	(377)

	Note	2016 RM	2015 RM
<b>Basic loss per ordinary share (sen)</b>	24	(0.28)	(0.31)
<b>Diluted loss per ordinary share (sen)</b>	24	(0.26)	(0.31)

The notes on pages 37 to 97 form an integral part of these financial statements.

## Statements of changes in equity for the year ended 31 March 2016

	<i>Non-distributable</i>					Total RM'000
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Share option reserve RM'000	Accumulated losses RM'000	
<b>Group</b>						
<b>At 1 April 2014</b>	40,000	940	8,658	-	(1,839)	47,759
Total comprehensive expense for the year	-	-	-	-	(1,373)	(1,373)
Issue of ordinary shares	4,000	-	-	-	-	4,000
<b>At 31 March 2015/ 1 April 2015</b>	44,000	940	8,658	-	(3,212)	50,386
Total comprehensive expense for the year	-	-	-	-	(1,300)	(1,300)
Share options granted	-	-	-	260	-	260
Issue of ordinary shares	8,800	-	-	-	-	8,800
Cost incurred on issue of ordinary shares	-	-	-	-	(313)	(313)
<b>At 31 March 2016</b>	52,800	940	8,658	260	(4,825)	57,833
	Note 14	Note 14	Note 14	Note 14	Note 14	

## Statements of changes in equity (CONT'D) for the year ended 31 March 2016

Company	Share capital		Share premium		Non-distributable		Share option		Total
	RM'000	RM'000	RM'000	RM'000	Revaluation reserve RM'000	Share option reserve RM'000	Accumulated losses RM'000	RM'000	
<b>At 1 April 2014</b>	40,000	940	-	-	-	-	(9,242)	31,698	
Total comprehensive expense for the year	-	-	-	-	-	-	(377)	(377)	
Issue of ordinary shares	4,000	-	-	-	-	-	-	4,000	
<b>At 31 March 2015/ 1 April 2015</b>	44,000	940	-	-	-	-	(9,619)	35,321	
Total comprehensive expense for the year	-	-	-	-	-	-	(366)	(366)	
Share options granted	-	-	-	260	-	-	-	260	
Issue of ordinary shares	8,800	-	-	-	-	-	-	8,800	
Costs incurred on issue of ordinary shares	-	-	-	-	-	-	(313)	(313)	
<b>At 31 March 2016</b>	52,800	940	-	260	-	-	(10,298)	43,702	
	Note 14	Note 14	Note 14	Note 14	Note 14	Note 14	Note 14		

The notes on pages 37 to 97 form an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

for the year ended 31 March 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash flows from operating activities</b>					
Loss before tax		(934)	(1,118)	(366)	(377)
Adjustments for:					
Depreciation of property, plant and equipment		1,209	1,120	-	-
Finance costs		1,169	1,214	-	-
Finance income		(226)	(105)	-	-
Loss on disposal of other investments		-	1	-	-
Net impairment loss on trade and other receivables		29	190	-	-
Net impairment loss on property, plant and equipment		334	-	-	-
Gain on disposal of property, plant and equipment		(17)	-	-	-
Unrealised foreign exchange gain		(138)	(164)	-	-
Equity settled share-based payment transactions		260	-	100	-
<b>Operating profit/(loss) before changes in working capital</b>		<u>1,686</u>	<u>1,138</u>	<u>(266)</u>	<u>(377)</u>
Changes in working capital:					
Inventories		20	(5)	-	-
Property development costs		(4,973)	(37,274)	-	-
Trade and other payables		4,880	23,115	(6,346)	180
Trade and other receivables and prepayments	(iii)	<u>(2,594)</u>	<u>(9,237)</u>	<u>(1,834)</u>	<u>(3,801)</u>
Cash used in operations		(981)	(22,263)	(8,446)	(3,998)
Interest paid		(1,169)	(1,214)	-	-
Interest received		226	105	-	-
Income tax paid		(1,055)	(810)	-	-
Income tax refund		231	143	-	-
<b>Net cash used in operating activities</b>		<u>(2,748)</u>	<u>(24,039)</u>	<u>(8,446)</u>	<u>(3,998)</u>

**STATEMENTS OF CASH FLOWS** (CONT'D)  
for the year ended 31 March 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	(ii)	(35)	(52)	-	-
Addition to land held for property development		(21,694)	342	-	-
Proceeds from/(placement of) deposits pledged with licensed banks		331	(1,380)	-	-
Proceed from disposal of other investments		-	15	-	-
Proceeds from disposal of property, plant and equipment		17	-	-	-
<b>Net cash used in investing activities</b>		<u>(21,381)</u>	<u>(1,075)</u>	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>					
Drawdown of term loans		14,350	16,700	-	-
Proceeds from issue of share capital		8,800	4,000	8,800	4,000
Repayment of term loans		(1,163)	(287)	-	-
Repayment of finance lease liabilities		(269)	(308)	-	-
Costs incurred on issue of ordinary shares		(313)	-	(313)	-
<b>Net cash from financing activities</b>		<u>21,405</u>	<u>20,105</u>	<u>8,487</u>	<u>4,000</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(2,724)</u>	<u>(5,009)</u>	<u>41</u>	<u>2</u>
Cash and cash equivalents at 1 April		(9,735)	(4,860)	30	28
Effect of exchange rate fluctuations on cash held		113	134	-	-
<b>Cash and cash equivalents at 31 March</b>	(i)	<u><u>(12,346)</u></u>	<u><u>(9,735)</u></u>	<u><u>71</u></u>	<u><u>30</u></u>

# STATEMENTS OF CASH FLOWS (CONT'D)

for the year ended 31 March 2016

## Notes to statements of cash flows

### (i) Cash and cash equivalents

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	3,257	4,677	71	30
Deposits placed with licensed banks	3,769	4,100	-	-
Highly liquid investments	60	132	-	-
	<u>7,086</u>	<u>8,909</u>	<u>71</u>	<u>30</u>
Less: Deposits pledged	(3,769)	(4,100)	-	-
Bank overdrafts	(15,663)	(14,544)	-	-
	<u>(12,346)</u>	<u>(9,735)</u>	<u>71</u>	<u>30</u>

### (ii) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM116,000 (2015: RM364,000), of which RM81,000 (2015: RM312,000) were acquired by means of finance lease.

### (iii) Increase in investment in subsidiaries

During the year, the Company increased its investment in subsidiaries via the capitalization of advances given to its subsidiary amounting to RM1,750,000.

The notes on pages 37 to 97 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  
Block D13  
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 2016 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 2016 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 25 July 2016.

## **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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

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 January 2016***

- FRS 14, *Regulatory Deferral Accounts*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- 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 2017***

- Amendments to FRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to FRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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

- FRS 9, *Financial Instruments (2014)*

#### ***FRSs, Interpretations and amendments effective for a date yet to be confirmed***

- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

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

- 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 April 2016, except for FRS 14, Amendments to FRS 10, and FRS 12 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 April 2017 for those amendments that are effective for annual periods beginning on or after 1 April 2017.

The Group's financial statements for annual period beginning on 1 April 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs).

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

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

### (b) Basis of measurement

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

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 1. Basis of preparation (continued)

### (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 8 - deferred tax assets
- Note 18 - calculation of revenue and cost of sales for property development projects

## 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (a) Basis of consolidation (continued)

##### (i) Subsidiaries (continued)

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (a) Basis of consolidation (continued)

##### (iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

##### (iv) 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (b) Foreign currency transactions (continued)

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.

##### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

###### *Financial assets*

##### (a) *Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises financial assets that are held for trading or financial assets that are specifically designated into this category upon initial recognition.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

##### (b) *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, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(n)(i)).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (c) Financial instruments (continued)

##### (ii) Financial instrument categories and subsequent measurement (continued)

###### *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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (d) Property, plant and equipment (continued)

##### (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. Freehold land is not depreciated.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (d) Property, plant and equipment (continued)

##### (iii) Depreciation (continued)

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.

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, or as investment property if held to earn rental income or for capital appreciation or for both.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (e) Leased assets (continued)

##### (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, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (g) Investment properties (continued)

##### (i) Investment properties carried at cost (continued)

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.

##### (h) 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (i) 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 accrued billing 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.

#### (j) 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.

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.

#### (k) 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (l) Non-current asset held for sale

Non-current asset that is expected to be recovered primarily through sale rather than through continuing use, is classified as held for sale or distribution.

Immediately before classification as held for sale, the asset is remeasured in accordance with the Group's accounting policies. Thereafter generally the asset is measured at the lower of its carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

#### (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 and pledged bank balances and deposits.

#### (n) Impairment

##### (i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and 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. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (n) Impairment (continued)

##### (i) Financial assets (continued)

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, deferred tax assets and non-current asset classified as held for sale) 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (n) Impairment (continued)

##### (ii) Other assets (continued)

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) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

##### (i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

##### (ii) Ordinary shares

Ordinary shares are classified as equity.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (p) 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.

##### (iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (q) 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.

#### 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.

#### (r) 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (r) Revenue and other income (continued)

##### (ii) Property development (continued)

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.

Revenue from sale of completed properties is measured at fair value of the consideration received or receivable and is recognised in the profit or loss when significant risks and rewards of ownership have been transferred to the customer.

##### (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.

#### (s) 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (t) 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 2. Significant accounting policies (continued)

#### (u) 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.

#### (v) 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. 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.

#### (w) 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. Property, plant and equipment

Group Cost/Valuation	Long term	Buildings	Plant, machinery and audio equipment	Office equipment	Motor vehicles	Furniture, fixtures and fittings	Total
	leasehold land RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2014	10,425	6,873	30,115	329	1,581	2,725	52,107
Additions	-	-	28	17	312	5	364
At 31 March 2015/1 April 2015	10,425	6,873	30,143	346	1,893	2,730	52,471
Additions	-	-	15	2	90	9	116
Disposals	-	-	-	-	(64)	-	(64)
At 31 March 2016	10,425	6,873	30,158	348	1,919	2,739	52,523
<b>Depreciation and impairment loss</b>							
At 1 April 2014	635	63	27,792	322	991	2,423	32,236
Depreciation for the year	60	197	533	8	280	36	1,120
At 31 March 2015/1 April 2015	695	260	28,325	330	1,271	2,459	33,356
Disposals	-	-	-	-	(64)	-	(64)
Depreciation for the year	60	378	477	9	255	24	1,209
Impairment loss	-	-	334	-	-	-	334
At 31 March 2016	755	638	28,802	339	1,462	2,483	34,501
Accumulated depreciation	-	-	334	-	-	-	334
Accumulated impairment loss	755	638	29,136	339	1,462	2,483	34,835

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. Property, plant and equipment (continued)

Carrying amounts	Long term leasehold land RM'000	Plant, machinery and audio equipment RM'000		Office equipment RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Renovation RM'000	Total RM'000
		Buildings RM'000	and equipment RM'000					
At 1 April 2014	9,790	6,810	2,323	7	590	302	49	19,871
At 31 March 2015/1 April 2015	9,730	6,613	1,818	16	622	271	45	19,115
At 31 March 2016	9,670	6,235	1,022	9	457	256	39	17,688
<b>Cost/Valuation is represented by:</b>								
At cost	-	-	30,158	348	1,919	2,739	61	35,225
At valuation	10,425	6,873	-	-	-	-	-	17,298
At 31 March 2016	10,425	6,873	30,158	348	1,919	2,739	61	52,523

#### 3.1 Impairment loss

During the financial year, the continuous losses in replication of compact discs segment caused the Group to assess the recoverable amount of the related plant, machinery and audio equipment. The Group tested the related assets for impairment and recognised an impairment loss of RM334,000 (2015: Nil) with respect to plant, machinery and audio equipment.

#### 3.2 Assets under finance lease agreements

Included in property, plant and equipment of the Group are motor vehicles acquired under finance lease agreements with carrying amounts of RM622,000 (2015: RM779,000).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3. Property, plant and equipment (continued)

#### *3.3 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 RM1,256,000 (2015: RM1,295,000).

#### *3.4 Titles*

The strata titles of buildings in certain subsidiaries with carrying amounts of RM333,000 (2015: RM344,000), have not been issued to the subsidiaries as the master title has not been sub-divided.

#### *3.5 Security*

The leasehold lands and buildings of certain subsidiaries with carrying amount of RM15,549,000 (2015: RM15,835,000) were pledged to a licensed bank as security for term loan facilities granted to a subsidiary (Note 15).

### 4. Goodwill

	<b>Group RM'000</b>
<i>Cost</i>	
At 1 April 2014/31 March 2015/1 April 2015	738
At 31 March 2016	738
<i>Impairment loss</i>	
At 1 April 2014/31 March 2015/1 April 2015	726
At 31 March 2016	726
<i>Carrying amounts</i>	
At 1 April 2014/31 March 2015/1 April 2015	12
At 31 March 2016	12

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. Investment properties

Group	<b>Freehold land</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At cost</b>		
At 1 April	1,255	1,255
Transfer to asset held for sale	(848)	-
At 31 March	407	1,255
<b>Fair value</b>		
At 1 April	1,255	1,255
At 31 March	539	1,255
Direct operating expenses arising from non-income generating investment properties	5	8

No rental income is generated from the investment properties during and in the previous financial year.

#### 5.1 Fair value information

Fair value of investment properties are categorised as follows:

	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2016</b>			
<b>Group</b>			
Freehold land	-	539	539
<b>2015</b>			
<b>Group</b>			
Freehold land	-	1,255	1,255

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 5. Investment properties (continued)

### 5.1 Fair value information (continued)

#### 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.

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The Group estimates the fair value of the investment properties based on comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable locality.	Market price of property per square feet ("sq ft") in vicinity compared.	The estimated fair value would increase (decrease) if market prices of property were higher (lower).

#### Valuation processes applied by the Group for Level 3 fair value

Assessment of the fair values of the Group's investment properties is undertaken annually. The changes in Level 3 fair values are analysed by the management based on the assessment undertaken.

#### Highest and best use

The Group's investment properties are currently freehold land. The highest and best use of the properties is for rental generation as they are located within the vicinity of the commercial area.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. Investment properties (continued)

#### 5.2 Security

The freehold land with carrying amount of RM407,000 (2015: RM1,255,000) was charged to a licensed bank as security for bank overdraft facility granted to a subsidiary (Note 15).

### 6. Investments in subsidiaries

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost	28,913	27,163
Less: Impairment losses	<u>(3,775)</u>	<u>(3,775)</u>
	<u>25,138</u>	<u>23,388</u>

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2016 %	2015 %
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 Development Sdn. Bhd.	Malaysia	Property development	100	100
Serta Usaha Sdn. Bhd.	Malaysia	Property development	100	100
GSB Summit CD (M) Sdn. Bhd.	Malaysia	Manufacture of compact discs	100	100
GSB Summit Audio (M) Sdn. Bhd.*	Malaysia	Dormant	100	100

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 7. Land held for property development

Group	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
<b>Cost</b>				
At 1 April 2014	17,232	-	7,114	24,346
Additions	73	-	989	1,062
Transfer to property development costs	(2,616)	-	(694)	(3,310)
Cost recognised in profit or loss	-	-	(1,404)	(1,404)
At 31 March 2015/1 April 2015	14,689	-	6,005	20,694
Additions	-	20,500	1,194	21,694
Transfer to property development costs	(419)	-	(222)	(641)
Transfer to other receivables	-	-	(377)	(377)
At 31 March 2016	<u>14,270</u>	<u>20,500</u>	<u>6,600</u>	<u>41,370</u>

#### 7.1 Security

The land held for property development amounting to RM26,784,000 (2015: RM12,853,000) have been pledged to licensed banks as security for credit facilities granted to certain subsidiaries (Note 15).

### 8. Deferred tax assets/(liabilities)

#### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revaluation of property, plant and equipment	-	-	(3,439)	(3,532)	(3,439)	(3,532)
Land held for property development/property development costs	-	-	(752)	(775)	(752)	(775)
Property, plant and equipment	-	-	(241)	(301)	(241)	(301)
Unabsorbed capital allowance	271	144	-	-	271	144
Deductible temporary differences	-	32	-	-	-	32
Tax loss carry-forwards	43	43	-	-	43	43
Deferred tax assets/(liabilities)	314	219	(4,432)	(4,608)	(4,118)	(4,389)
Set off of tax	(271)	(144)	271	144	-	-
Net tax assets/(liabilities)	<u>43</u>	<u>75</u>	<u>(4,161)</u>	<u>(4,464)</u>	<u>(4,118)</u>	<u>(4,389)</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 8. Deferred tax assets/(liabilities) (continued)

#### *Unrecognised deferred tax assets*

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

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Taxable temporary differences	(21)	(6)	-	-
Unabsorbed capital allowances	51	48	-	-
Tax loss carry-forwards	2,797	1,779	225	225
Other deductible temporary differences	-	29	-	-
	<u>2,827</u>	<u>1,850</u>	<u>225</u>	<u>225</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 temporary 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.

Subject to agreement by the Inland Revenue Board, the Group has unabsorbed capital allowances and unutilised reinvestment allowances not accounted for, amounting to RM6,857,000 (2015: RM6,857,000) and RM8,540,000 (2015: RM8,540,000) respectively to be set off against future taxable profits from the same business source.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 9. Inventories

	Group	
	2016 RM'000	2015 RM'000
Raw materials and consumables	686	804
Work-in-progress	130	32
Finished goods	10	10
Completed properties	903	654
	<u>1,729</u>	<u>1,500</u>
Recognised in profit or loss:		
Inventories recognised as cost of sales	<u>2,174</u>	<u>2,738</u>

#### *Security*

The completed properties amounting to RM135,984 (2015: RM135,984) have been pledged to a licensed bank as security for bank overdrafts facilities granted to a subsidiary (Note 15).

### 10. Trade and other receivables

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Trade</b>					
Trade receivables		4,949	5,197	-	-
Less: Allowance for impairment losses		<u>(250)</u>	<u>(221)</u>	-	-
		4,699	4,976	-	-
Accrued billings	10.1	<u>9,500</u>	<u>8,140</u>	-	-
		14,199	13,116	-	-
<b>Non-trade</b>					
Other receivables	10.2	5,981	6,329	-	-
Deposits	10.3	8,550	6,256	-	-
Amounts due from subsidiaries	10.4	<u>-</u>	<u>-</u>	<u>26,775</u>	<u>26,530</u>
		14,531	12,585	26,775	26,530
		<u>28,730</u>	<u>25,701</u>	<u>26,775</u>	<u>26,530</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 10. Trade and other receivables (continued)

#### 10.1 Accrued billings

	Note	Group	
		2016	2015
		RM'000	RM'000
Aggregate costs incurred to date		18,000	7,795
Add: Attributable profits		4,237	3,118
		22,237	10,913
Less: Progress billings		(12,789)	(2,773)
Accrued billings		9,448	8,140
 <i>As at 31 March</i>			
Accrued billings		9,500	8,140
Progress billings	17	(52)	-
		9,448	8,140

#### 10.2 Other receivables

Included in the other receivables of the Group is an amount due from joint venture partner of RM4,452,000 (2015: RM2,894,000) to a subsidiary, which is subject to interest of 8% (2015: 8%) per annum from date of letter of payment notice issued to the joint venture partner.

#### 10.3 Deposits

Included in the deposits of the Group in 2016 is RM8,349,000 being deposit paid to the landowner by a subsidiary to acquire a piece of land in the District of Bentong, Pahang.

Included in the deposits of the Group in 2015 are:

- (i) RM2,474,000 being deposit paid to the landowner by a subsidiary to acquire a piece of land in the District of Bentong, Pahang.
- (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.

#### 10.4 Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 11. Property development costs

	Note	Group	
		2016 RM'000	2015 RM'000
At 1 April			
Land		35,558	2,265
Development costs		19,631	4,434
Accumulated costs charged to profit or loss		<u>(12,749)</u>	<u>(4,190)</u>
		42,440	2,509
Reversal of completed project			
Land		(616)	-
Development costs		(3,452)	-
Accumulated costs charged to profit or loss		<u>4,068</u>	<u>-</u>
		-	-
Costs incurred during the year		15,178	46,009
Transfer from land held for property development			
- Land	7	419	2,616
- Property development costs	7	<u>222</u>	<u>694</u>
		58,259	51,828
Costs charged to profit or loss		(10,205)	(8,559)
Costs transferred to inventories		<u>(249)</u>	<u>(829)</u>
		<u>47,805</u>	<u>42,440</u>
<b>Represented by:</b>			
At 31 March			
Land		35,112	35,558
Development costs		31,579	19,631
Accumulated costs charged to profit or loss		<u>(18,886)</u>	<u>(12,749)</u>
		<u>47,805</u>	<u>42,440</u>

#### 11.1 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 11. Property development costs (continued)

#### 11.1 Estimation uncertainty and critical judgements (continued)

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

#### 11.2 Security

Included in the property development costs is RM419,000 (2015: nil) being land costs pledged to a licensed bank as security for bank overdrafts facilities granted to a subsidiary (Note 15).

### 12. Cash and bank balances

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	12.1	3,257	4,677	71	30
Deposits placed with licensed banks	12.2	3,769	4,100	-	-
Highly liquid investments	12.3	60	132	-	-
		<u>7,086</u>	<u>8,909</u>	<u>71</u>	<u>30</u>

#### 12.1 Cash and bank balances

Included in the Group's cash and bank balances is RM1,550,000 (2015: RM934,000) maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 12. Cash and bank balances (continued)

#### 12.2 Deposits placed with licensed banks

Included in the deposits placed with licensed banks are the following:-

- (i) RM3,769,000 (2015: RM3,757,000) pledged for credit facilities granted to certain subsidiaries; and
- (ii) Nil (2015: RM343,000) 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.

#### 12.3 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.

### 13. Asset classified as held for sale

A freehold land is presented as an “asset held for sale” following the commitment of the Group to a plan to sell the land. Efforts to sell the land have commenced, and a sale is expected by 31 March 2017. At 31 March 2016, the asset classified as held for sale is as follows:

	<b>Group 2016 RM'000</b>
<b>Assets classified as held for sale</b>	
Investment properties	<u>848</u>

The carrying value of investment property is the same as its carrying value before it was being reclassified to current asset.

#### *Security*

The freehold land with carrying amount of RM848,000 (2015: Nil) was charged to a licensed bank as security for bank overdraft facility granted to a subsidiary (Note 15).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 14. Capital and reserves

#### Share capital

	Group and Company		Number of shares 2015 '000
	Amount 2016 RM'000	Number of shares 2016 '000	
Authorised:			
Ordinary shares of RM0.10 each			
At 1 April	50,000	500,000	50,000
Increased during the year	<u>450,000</u>	<u>4,500,000</u>	<u>-</u>
At 31 March	<u>500,000</u>	<u>5,000,000</u>	<u>500,000</u>
Issued and fully paid:			
Ordinary shares of RM0.10 each			
At 1 April	44,000	440,000	40,000
Issued for cash under private placement	<u>8,800</u>	<u>88,000</u>	<u>4,000</u>
At 31 March	<u>52,800</u>	<u>528,000</u>	<u>44,000</u>

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 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.

#### Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings. Share option is disclosed in note 16.

#### Revaluation reserve

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 15. Loans and borrowings

	Note	Group	
		2016 RM'000	2015 RM'000
<b>Non-current</b>			
Finance lease liabilities	15.1	92	228
Secured term loans	15.2	31,072	21,593
		<u>31,164</u>	<u>21,821</u>
<b>Current</b>			
Finance lease liabilities	15.1	207	259
Secured bank overdrafts	15.2	15,663	14,544
Secured term loans	15.2	4,414	706
		<u>20,284</u>	<u>15,509</u>
		<u>51,448</u>	<u>37,330</u>

#### 15.1 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2016 RM'000	2016 RM'000	2016 RM'000	2015 RM'000	2015 RM'000	2015 RM'000
Less than one year	218	(11)	207	274	(15)	259
Between one and five years	98	(6)	92	241	(13)	228
	<u>316</u>	<u>(17)</u>	<u>299</u>	<u>515</u>	<u>(28)</u>	<u>487</u>

#### 15.2 Security

The term loans and bank overdrafts are secured by the property, plant and equipment (Note 3), investment properties (Note 5), land held for property development (Note 7), inventories (Note 9), property development costs (Note 11), deposits placed with licensed banks (Note 12) and asset classified as held for sale (Note 13) of certain subsidiaries, and are supported by the corporate guarantees from the Company, joint and several guarantee by Directors of the Company, certain third parties and a person connected with Directors.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 16. Employee benefits

#### Share-based payments arrangement

##### Share option programme (equity settled)

On 3 December 2015, the Group granted share options to qualified key management personnel and executives to purchase shares in the Company under the Employees Share Option Scheme approved by the shareholders of the Company on 30 January 2015. In accordance with these programmes, holders of vested options are entitled to purchase shares at the market price of the shares at the date of grant.

The terms and conditions related to the grants of the share option programme are as follows:

Grant date/ employees entitled	Number of options '000	Vesting conditions	Contractual life of options
Options granted to employees on 3 December 2015	10,526	Immediate	4.3 years
	10,526	1 year of service	4.3 years
	9,023	2 years of service	4.3 years
	<u>30,075</u>		

The number and weighted average exercise prices of share options are as follows:

	2016		2015	
	Weighted average exercise price RM	Number of options '000	Weighted average exercise price RM	Number of options '000
Outstanding at 1 April	-	-	-	-
Granted during the year	RM0.10	30,075	-	-
Forfeited during the year	RM0.10	(2,025)	-	-
Exercised during the year	-	-	-	-
Outstanding at 31 March	<u>RM0.10</u>	<u>28,050</u>	<u>-</u>	<u>-</u>
Exercisable at 31 March	<u>RM0.10</u>	<u>9,817</u>	<u>-</u>	<u>-</u>

The options outstanding at 31 March 2016 have an exercise price of RM0.10 (2015: Nil) and a weighted average contractual life of 4.3 years (2015: Nil).

During the financial year, no share options were exercised. The weighted average share price at the date of exercise for the year was RM0.10 (2015: Nil).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 16. Employee benefits (continued)

#### Share-based payments arrangement (continued)

#### Share option programme (equity settled) (continued)

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a Black Scholes model, with the following inputs:

	Key management personnel and executives	
	2016 RM'000	2015 RM'000
<b>Fair value of share options and assumptions</b>		
Fair value at grant date	RM0.02	-
Weighted average share price	RM0.10	-
Exercise price	RM0.10	-
Expected volatility (weighted average volatility)	40.4%	-
Option life (expected weighted average life)	4.3 years	-
Risk-free interest rate (based on Malaysian Government bonds)	3.8%	-

#### Value of employee services received for issue of share options

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Share options granted in 2016	260	-	100	-
Total expense recognised as share-based payments	260	-	100	-

The share options expense is not recognised in full in the profit or loss of the Company as certain amount has been re-charged to the subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 17. Trade and other payables

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-current</b>					
<b>Non-trade</b>					
Other payable	17.1	9,287	9,287	-	-
<b>Current</b>					
<b>Trade</b>					
Trade payable		11,420	11,812	-	-
Progress billing	10.1	52	-	-	-
		<u>11,472</u>	<u>11,812</u>	<u>-</u>	<u>-</u>
<b>Non-trade</b>					
Amounts due to subsidiaries	17.2	-	-	8,186	14,298
Amounts due to Directors	17.3	7,883	3,048	-	-
Other payables and accruals		3,989	3,604	110	343
		<u>11,872</u>	<u>6,652</u>	<u>8,296</u>	<u>14,641</u>
		<u>23,344</u>	<u>18,464</u>	<u>8,296</u>	<u>14,641</u>

#### 17.1 Other payable

Other payable represents the landowner's entitlement of RM9,287,000 (2015: RM9,287,000) that is expected to be payable to the joint venture partner over the final three years of the joint venture period.

#### 17.2 Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

#### 17.3 Amounts due to Directors

The amounts due to Directors are unsecured, interest free and repayable on demand.

### 18. Revenue

	Group	
	2016 RM'000	2015 RM'000
Property development	11,324	11,485
Sale of goods	6,245	7,443
	<u>17,569</u>	<u>18,928</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 19. Loss before tax

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Loss before tax is arrived at after charging:</b>				
Auditors' remuneration				
- Audit fees	130	115	36	34
- Non-audit fees	15	13	15	13
Depreciation of property, plant and equipment	1,209	1,120	-	-
Impairment loss:				
- Property, plant and equipment	334	-	-	-
- Trade receivables	29	66	-	-
- Other receivables	-	175	-	-
Loss on disposal of other investments	-	1	-	-
Personnel expenses (including key management personnel):				
- Contributions to state plans	461	363	-	-
- Wages, salaries and others	4,176	3,469	-	-
Rental of premises	-	1	-	-
<b>and after crediting:</b>				
Reversal of impairment loss:				
- Trade receivables	-	51	-	-
- Other receivables	-	-	-	322
Gain on foreign exchange:				
- Realised	19	4	-	-
- Unrealised	138	164	-	-
Gain on disposal of property, plant and equipment	17	-	-	-
Interest receivable from advances to joint venture partner	267	514	-	-
Income from termination of joint venture agreements	2,845	-	-	-

### 20. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Directors:</b>				
- Fees	115	115	19	19
- Remuneration	275	275	-	-
	390	390	19	19

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 21. Finance income

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income of financial assets that are not at fair value through profit or loss:		
- Fixed deposits	120	77
- Housing development accounts	24	9
- Retention sum from property development project	57	-
- Others	25	19
	<u>226</u>	<u>105</u>

### 22. Finance costs

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest expense of financial liabilities that are not at fair value through profit or loss:		
- Finance lease liabilities	18	16
- Bank overdrafts	1,147	809
- Term loans	402	808
- Others	4	-
	<u>1,571</u>	<u>1,633</u>
Interest expense:		
- Recognised in profit or loss	1,169	1,214
- Capitalised in land held for property development	402	419
	<u>1,571</u>	<u>1,633</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 23. Tax expense

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current tax expense</b>				
- Current year	458	332	-	-
- Under/(over) provision in prior year	179	(152)	-	-
Total current tax expense	637	180	-	-
<b>Deferred tax expense</b>				
- Origination and reversal of temporary differences	(278)	57	-	-
- Under provision in prior years	7	18	-	-
Total deferred tax (income)/expense	(271)	75	-	-
Total tax expense	366	255	-	-

#### Reconciliation of tax expense

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loss before tax	(934)	(1,118)	(366)	(377)
Income tax calculated using Malaysian tax rate at 25% (2015: 25%)	(233)	(279)	(92)	(94)
Non-deductible expenses	890	440	92	94
Non-taxable income	(711)	-	-	-
Effect of deferred tax assets not recognised	234	228	-	-
Under/(over) provision in prior years	186	(134)	-	-
	366	255	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 24. Loss per ordinary share

#### Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 March 2016 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Loss for the year attributable to ordinary shareholders	<u>(1,300)</u>	<u>(1,373)</u>
 <i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares at 31 March	<u>465,727</u>	<u>439,123</u>
	<b>2016</b>	<b>2015</b>
	<b>Sen</b>	<b>Sen</b>
Basic loss per ordinary share	<u>(0.28)</u>	<u>(0.31)</u>

#### Diluted loss per ordinary share

The calculation of diluted loss per ordinary share at 31 March 2016 was based on loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Loss for the year attributable to ordinary shareholders	<u>(1,300)</u>	<u>(1,373)</u>
 <i>Weighted average number of ordinary shares</i>		
Weighted average number of ordinary shares at 31 March (basic)	465,727	439,123
Effect of share options on issue	<u>28,050</u>	<u>-</u>
Weighted average number of ordinary shares at 31 March (diluted)	<u>493,777</u>	<u>439,123</u>
	<b>2016</b>	<b>2015</b>
	<b>Sen</b>	<b>Sen</b>
Diluted loss per ordinary share	<u>(0.26)</u>	<u>(0.31)</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 25. 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

Other non-reportable segments comprise operations related to investment holding company. None of these segments met the quantitative thresholds for reporting segments in 2016 and 2015.

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

Performance is measured based on segment profit/(loss) 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/(loss) 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)

### 25. Operating segments (continued)

	<b>Replication of compact discs RM'000</b>	<b>Property development RM'000</b>	<b>Total RM'000</b>
<b>2016</b>			
<b>Group</b>			
<b>Segment loss</b>	(1,221)	2,011	790
<i>Included in the measure of segment loss are:</i>			
Revenue from external customers	6,245	11,324	17,569
Income from termination of joint venture agreements	-	2,845	2,845
Impairment of property, plant and equipment	(334)	-	(334)
<i>Not included in the measure of segment loss but provided to Managing Director:</i>			
Depreciation	(634)	(204)	(838)
Finance costs	(14)	(1,155)	(1,169)
Finance income	-	226	226
<b>Segment assets</b>	12,541	124,457	136,998
<i>Included in the measure of segment assets are:</i>			
Additions to non-current assets other than financial instruments and deferred tax assets	24	21,786	21,810
	<b>Replication of compact discs RM'000</b>	<b>Property development RM'000</b>	<b>Total RM'000</b>
<b>2015</b>			
<b>Group</b>			
<b>Segment loss</b>	(466)	1,409	943
<i>Included in the measure of segment loss are:</i>			
Revenue from external customers	7,442	11,486	18,928
<i>Not included in the measure of segment loss but provided to Managing Director:</i>			
Depreciation	(701)	(229)	(930)
Finance costs	(14)	(1,200)	(1,214)
Finance income	-	105	105
<b>Segment assets</b>	14,695	96,046	110,741
<i>Included in the measure of segment assets are:</i>			
Additions to non-current assets other than financial instruments and deferred tax assets	34	1,392	1,426

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 25. Operating segments (continued)

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

	Group		Additions to non- current assets RM'000			
	2016 RM'000	2015 RM'000				
<b>Profit or loss</b>						
Total profit for reportable segments	790	943				
Other non-reportable segments	(781)	(952)				
Finance income	226	105				
Finance costs	(1,169)	(1,214)				
Consolidated loss before tax	(934)	(1,118)				
	<b>External revenue RM'000</b>	<b>Depreciation RM'000</b>	<b>Finance costs RM'000</b>	<b>Finance income RM'000</b>	<b>Segment assets RM'000</b>	
<b>2016</b>						
Total reportable segments	17,569	(838)	(1,169)	226	136,998	116
Other non-reportable segments	-	(371)	-	-	9,259	-
Consolidated total	17,569	(1,209)	(1,169)	226	146,257	116
<b>2015</b>						
Total reportable segments	18,928	(930)	(1,214)	105	110,729	364
Other non-reportable segments	-	(190)	-	-	9,452	-
Consolidated total	18,928	(1,120)	(1,214)	105	120,181	364

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. Financial instruments

#### 26.1 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).

	<b>Carrying amount RM'000</b>	<b>L&amp;R RM'000</b>	<b>FL RM'000</b>
<b>2016</b>			
<b>Financial assets</b>			
<b>Group</b>			
Trade and other receivables	28,730	28,730	-
Cash and bank balances	7,086	7,086	-
	35,816	35,816	-
<b>Company</b>			
Trade and other receivables	26,775	26,775	-
Cash and bank balances	71	71	-
	26,846	26,846	-
<b>Financial liabilities</b>			
<b>Group</b>			
Loans and borrowings	51,448	-	51,448
Trade and other payables	32,631	-	32,631
	84,079	-	84,079
<b>Company</b>			
Other payables	8,296	-	8,296
<b>2015</b>			
<b>Financial assets</b>			
<b>Group</b>			
Trade and other receivables	25,701	25,701	-
Cash and bank balances	8,909	8,909	-
	34,610	34,610	-
<b>Company</b>			
Trade and other receivables	26,530	26,530	-
Cash and bank balances	30	30	-
	26,560	26,560	-
<b>Financial liabilities</b>			
<b>Group</b>			
Loans and borrowings	37,330	-	37,330
Trade and other payables	27,751	-	27,751
	65,081	-	65,081
<b>Company</b>			
Other payables	14,641	-	14,641

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. Financial instruments (continued)

#### 26.2 Net (losses) and gains arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net gains/(losses) on:				
Loans and receivables	354	608	105	321
Financial liabilities measured at amortised cost	(1,169)	(1,214)	(97)	-
	<u>(815)</u>	<u>(606)</u>	<u>8</u>	<u>321</u>

#### 26.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

#### 26.4 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.

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. Financial instruments (continued)

#### 26.4 Credit risk (continued)

*Exposure to credit risk, credit quality and collateral (continued)*

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 Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Gross RM'000	Individual impairment RM'000	Net RM'000
<b>Group</b>			
<b>2016</b>			
Not past due	4,035	-	4,035
Past due 1 - 30 days	504	-	504
Past due 31 - 60 days	40	-	40
Past due 61 - 90 days	65	-	65
Past due more than 90 days	305	(250)	55
	4,949	(250)	4,699
<b>2015</b>			
Not past due	4,253	-	4,253
Past due 1 - 30 days	368	-	368
Past due 31 - 60 days	170	-	170
Past due 61 - 90 days	26	-	26
Past due more than 90 days	380	(221)	159
	5,197	(221)	4,976

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

	Group	
	2016 RM'000	2015 RM'000
At 1 April	(221)	(1,112)
Impairment loss recognised	(29)	(66)
Impairment loss reversed	-	51
Impairment loss written off	-	906
At 31 March	(250)	(221)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. Financial instruments (continued)

#### 26.4 Credit risk (continued)

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 written off an impairment loss amounting to RM174,916 (2015: Nil) for other receivables 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 RM48,454,000 (2015: RM33,961,000) 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 recognized since the fair value on initial recognition was not material.

#### **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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. Financial instruments (continued)

#### 26.4 Credit risk (continued)

##### Inter-company balances (continued)

###### *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.

#### 26.5 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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. Financial instruments (continued)

#### 26.5 Liquidity risk (continued)

##### *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	Carrying amount RM'000	Contractual interest rate per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<i>Non-derivative financial liabilities</i>							
Finance lease liabilities	299	2.18 to 3.50	316	218	98	-	-
Secured term loans	35,486	7.35 to 10.35	50,754	5,725	12,106	13,050	19,873
Secured bank overdrafts	15,663	7.35 to 8.35	15,663	15,663	-	-	-
Trade and other payables	32,631	-	32,631	23,344	-	9,287	-
	<u>84,079</u>		<u>99,364</u>	<u>44,950</u>	<u>12,204</u>	<u>22,337</u>	<u>19,873</u>
<b>2015</b>							
<i>Non-derivative financial liabilities</i>							
Finance lease liabilities	487	2.18 to 3.50	515	274	97	144	-
Secured term loans	22,299	7.35 to 7.85	29,905	2,016	4,143	18,984	4,762
Secured bank overdrafts	14,544	7.35 to 8.35	14,544	14,544	-	-	-
Trade and other payables	27,751	-	27,751	18,464	-	9,287	-
	<u>65,081</u>		<u>72,715</u>	<u>35,298</u>	<u>4,240</u>	<u>28,415</u>	<u>4,762</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. Financial instruments (continued)

#### 26.5 Liquidity risk (continued)

As at the end of the reporting period, the Company's financial liabilities consist of other payables of RM8,296,000 (2015: RM14,641,000). The other payables of the Company do not bear any contractual interest and are expected to be settled within 1 year.

#### 26.6 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.

##### 26.6.1 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:

	<b>Denominated in</b>			
	<b>USD 2016 RM'000</b>	<b>SGD 2016 RM'000</b>	<b>USD 2015 RM'000</b>	<b>SGD 2015 RM'000</b>
<b>Group</b>				
Trade receivables	206	82	507	39
Cash and bank balances	563	51	505	539
Trade and other payables	(149)	(3)	(18)	-
<b>Net exposure</b>	<b>620</b>	<b>130</b>	<b>994</b>	<b>578</b>

##### *Currency risk sensitivity analysis*

A 10% (2015: 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. Financial instruments (continued)

#### 26.6 Market risk (continued)

##### 26.6.1 Currency risk (continued)

	Post-tax profit/(loss)	
	2016 RM'000	2015 RM'000
USD	(47)	(75)
SGD	<u>(10)</u>	<u>(90)</u>

A 10% (2015: 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.

##### 26.6.2 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.

##### *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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Fixed rate instruments</b>				
Financial assets	8,221	6,994	-	-
Financial liabilities	<u>(299)</u>	<u>(487)</u>	<u>-</u>	<u>-</u>
<b>Floating rate instruments</b>				
Financial assets	60	132	-	-
Financial liabilities	<u>(51,149)</u>	<u>(36,843)</u>	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. Financial instruments (continued)

#### 26.6 Market risk (continued)

##### 26.6.2 Interest rate risk (continued)

*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.

	Post-tax profit/(loss)		Post-tax profit/(loss)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	2016	2016	2015	2015
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Floating rate instruments	<u>(383)</u>	<u>383</u>	<u>(275)</u>	<u>275</u>

#### 26.7 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)

### 26. Financial instruments (continued)

#### 26.7 Fair value information (continued)

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'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>2016</b>								
<b>Financial liabilities</b>								
Finance lease liabilities	-	-	-	-	-	292	292	299
Secured term loans	-	-	-	-	-	24,504	24,504	35,486
Other payables	-	-	-	-	-	9,287	9,287	9,287
<b>2015</b>								
<b>Financial liabilities</b>								
Finance lease liabilities	-	-	-	-	-	475	475	487
Secured term loans	-	-	-	-	-	16,987	16,987	22,299
Other payables	-	-	-	-	-	9,287	9,287	9,287

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 26. Financial instruments (continued)

#### 26.7 Fair value information (continued)

##### 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 (2015: 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.

The fair value of long term borrowings and payables are determined using the discounted cash flows valuation technique.

### 27. Capital commitment

	2016 RM	2015 RM
<b>Land held for property development</b>		
Contracted but not provided for	<u>21,143,313</u>	<u>27,017,941</u>

### 28. Contingent liabilities

	Note	Company 2016 RM'000	2015 RM'000
Corporate guarantees issued to licensed banks for credit facilities granted to subsidiaries	15	<u>48,454</u>	<u>33,961</u>

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 29. 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 2016 and at 31 March 2015 were as follows:

	Note	Group 2016 RM'000	Group 2015 RM'000
Total borrowings	15	51,448	37,330
Less: Cash and bank balances	12	<u>(7,086)</u>	<u>(8,909)</u>
Net debt		<u>44,362</u>	<u>28,421</u>
Total equity		<u>57,833</u>	<u>50,386</u>
Debt-to-equity ratios		<u>0.77</u>	<u>0.56</u>

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.

### 30. 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 20).

The outstanding amounts due from/(to) subsidiaries and the amount due to directors as at 31 March are disclosed in Note 10 and Note 17 respectively.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. Significant events

- (i) On 8 March 2016, GSB Summit Development Sdn. Bhd. (“GSBSD”), a wholly-owned subsidiary of GSB Group Berhad, entered into a Termination and Settlement Agreement with Projects Start Sdn. Bhd. (“Landowner”) to mutually terminate the Joint Venture Agreement dated 29 June 2011 for a cash settlement sum of RM2,709,981 to be paid by the Landowner. As of 31 March 2016, RM1,500,000 was paid. The remainder of RM1,209,981 was paid to GSBSD on 9 June 2016.
- (ii) On 18 December 2015, the Company issued 88,000,000 new ordinary shares of RM0.10 each at par via a private placement to eligible investors for a total cash consideration of RM8,800,000 for working capital purposes.
- (iii) On 17 February 2015, Banda Industries Sdn. Bhd., a wholly-owned subsidiary of GSB Group Berhad, entered into a Sale and Purchase Agreement with Restu Angkasa Sdn. Bhd. for the 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. The acquisition of land has yet to be completed as of financial year end.

On 15 July 2016, Banda Industries Sdn. Bhd. (“BISB”), a wholly-owned subsidiary of GSB Group Berhad, entered into a supplementary Sales and Purchase Agreement with Restu Angkasa Sdn. Bhd. (“RASB”) to amend and vary certain terms and conditions of the Sales and Purchase Agreement dated 17 February 2015, in consideration of a total of RM499,050 being late payment interest to be paid by BISB to RASB, between the period of August 2016 and July 2017. The salient points are:

- (a) A sum of RM2,000,000 only shall be paid by BISB to RASB in cash on or before 15 July 2016;
- (b) A sum of RM3,470,042 only shall be paid by BISB to RASB in cash on or before 31 January 2017;
- (c) A sum of RM9,500,000 only shall be paid by BISB to RASB in cash on or before 31 July 2017.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31. Significant events (continued)

- (iv) On 15 October 2014, Serta Usaha Sdn. Bhd. (“SUSB”), a wholly owned subsidiary of GSB Group Berhad, entered into a Sales and Purchase Agreement 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. The acquisition was completed on 29 March 2016 following the full settlement of the purchase consideration by SUSB.
- (v) On 15 April 2015, the Company had implemented 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).

On 3 December 2015, the Company had made the offer of ESOS to the eligible persons to subscribe for new ordinary shares of RM0.10 each pursuant to Paragraph 9.19(51) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 32. 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries:				
- realised	3,243	3,271	(10,298)	(9,619)
- unrealised	<u>77</u>	<u>(94)</u>	<u>-</u>	<u>-</u>
	3,320	3,177	(10,298)	(9,619)
Less: Consolidation adjustments	<u>(8,145)</u>	<u>(6,389)</u>	<u>-</u>	<u>-</u>
Total accumulated losses	<u>(4,825)</u>	<u>(3,212)</u>	<u>(10,298)</u>	<u>(9,619)</u>

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

### 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 30 to 96 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 2016 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 32 on page 97 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: 25 July 2016

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

**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 30 to 97 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 25 July 2016.

.....  
**Gan Pik Mui**

Before me:

# 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 2016 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 30 to 96.

### *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.

**Independent Auditors' Report** (CONT'D)  
to the members of GSB Group Berhad  
(Company No. 287036-X)  
(Incorporated in Malaysia)

*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 2016 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 32 on page 97 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.

# **Independent Auditors' Report** (CONT'D)

to the members of GSB Group Berhad

(Company No. 287036-X)

(Incorporated in Malaysia)

## **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: 25 July 2016

### **Chan Kam Chiew**

Approval Number: 2055/06/18(J)

Chartered Accountant

# LIST OF PROPERTIES

as at 31 March 2016

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 2016 (RM)
<b>GSB Summit CD (M) Sdn Bhd</b>					
<b>Property, plant and equipment</b>					
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 22 years)	95.00	124,490
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 18 years)	1,253.39	2,975,414
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 18 years)	1,037.00	4,826,223
<b>GSB Summit Audio (M) Sdn Bhd</b>					
<b>Property, plant and equipment</b>					
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 18 years)	79.25	89,608
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 22 years)	95.00	119,232
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 18 years)	1,253.39	2,925,156
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 18 years)	1,041.00	4,844,116

# LIST OF PROPERTIES (CONT'D)

as at 31 March 2016

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 2016 (RM)
<b>GSB Summit Audio (M) Sdn Bhd (cont'd)</b>					
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
<b>Asset held for sales</b>					
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
<b>Serta Usaha Sdn Bhd</b>					
<b>Land held for development</b>					
G.M. 5148, Lot 791 Mukim of Klang Tempat Telok Gadong Road District of Klang State of Selangor	Vacant Land	28-July-2011	Freehold	24,534.00	10,802,605
PN 97185, lot 325, Seksyen 5, Bandar Shah Alam, Daerah Petaling, Negeri Selangor.	Vacant Land	29-March-2016	Leasehold 99 years expiring on 29-March-2106 (age is approx 9 years)	4,655.00	11,024,034
PN 97186, Lot 326, Seksyen 5, Bandar Shah Alam, Daerah Petaling, Negeri Selangor.	Vacant Land	29-March-2016	Leasehold 99 years expiring on 29-March-2106 (age is approx 9 years)	4,338.00	10,273,311
<b>Banda Industries Sdn Bhd</b>					
<b>Property, plant and equipment</b>					
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	232,652
<b>Land held for development</b>					
GM 948, Lot 1609 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land	15-May-2006	Freehold	16,610.00	1,118,681

## LIST OF PROPERTIES (CONT'D) as at 31 March 2016

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 2016 (RM)
<b>Banda Industries Sdn Bhd (cont'd)</b>					
<b><u>Land held for development</u></b>					
GM 669, Lot 1547 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land	6-August-2008	Freehold	14,940.00	962,976
GM 670, Lot 979 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land	6-August-2008	Freehold	11,090.00	707,247
GM 3191, Lot 1610 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land	5-Jun-2006	Freehold	19,475.00	1,538,343
GM 3190, Lot 1543 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land	5-Jun-2006	Freehold	12,646.00	986,888
GM 3316, Lot 1544 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land	9-Sep-2005	Freehold	8,600.00	504,033
GM 1441, Lot 3728 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land	6-Jul-2007	Freehold	38,445.00	952,703
New Development of Phase 12 (Semi D) H.S.(D) 14656, P.T. No. 18564 H.S.(D) 14657, P.T. No. 18565 H.S.(D) 14658, P.T. No. 18566 H.S.(D) 14659, P.T. No. 18567 H.S.(D) 14660, P.T. No. 18568 H.S.(D) 14661, P.T. No. 18569 H.S.(D) 14662, P.T. No. 18570 H.S.(D) 14663, P.T. No. 18571 H.S.(D) 14664, P.T. No. 18572 Mukim Bentong, Daerah Bentong, Pahang	Vacant land	10-Sep-2003	Freehold	153.00 153.00 153.00 364.00 364.00 153.00 153.00 153.00 153.00	974,047

# LIST OF PROPERTIES (CONT'D)

as at 31 March 2016

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 2016 (RM)
<b>Banda Industries Sdn Bhd (cont'd)</b>					
New Development of Phase 12 (Semi D)					
GRN. No. 25153, Lot No. 26647 H.S.(D) 15159, P.T. No. 18908	Vacant land	23-Nov-2004	Freehold	1,347	1,525,021
GRN. No. 25154, Lot No. 26648				25	
GRN. No. 25155, Lot No. 26649				697	
H.S.(D) 15147, P.T. No. 18896				669	
GRN. No. 25156, Lot No. 26650				28	
H.S.(D) 15146, P.T. No. 18895				579	
GRN. No. 25157, Lot No. 26651				118	
GRN. No. 25158, Lot No. 26660				486	
H.S.(D) 15145, P.T. No. 18894				8	
GRN. No. 25145, Lot No. 26652				202	
GRN. No. 25152, Lot No. 26659				394	
H.S.(D) 15144, P.T. No. 18893				85	
GRN. No. 25146, Lot No. 26653				218	
GRN. No. 25151, Lot No. 26658				476	
H.S.(D) 15143, P.T. No. 18892				989	
GRN. No. 25147, Lot No. 26654				629	
GRN. No. 25150, Lot No. 26657				128	
H.S.(D) 15142, P.T. No. 18891				360	
GRN. No. 25148, Lot No. 26655				209	
GRN. No. 25149, Lot No. 26656				111	
H.S.(D) 15141, P.T. No. 18890				754	
GRN. No. 25246, Lot No. 26662				317	
GRN. No. 25247, Lot No. 26675				325	
H.S.(D) 15161, P.T. No. 18910				103	
GRN. No. 25248, Lot No. 26663				223	
GRN. No. 25249, Lot No. 26674				360	
H.S.(D) 15162, P.T. No. 18911				70	
GRN. No. 25250, Lot No. 26664				220	
GRN. No. 25251, Lot No. 26673				389	
H.S.(D) 15163, P.T. No. 18912				42	
GRN. No. 25252, Lot No. 26665				220	
GRN. No. 25253, Lot No. 26672				417	
H.S.(D) 15164, P.T. No. 18913				13	
GRN. No. 25254, Lot No. 26666				220	
H.S.(D) 15165, P.T. No. 18914				520	
H.S.(D) 15166, P.T. No. 18915				159	
GRN. No. 25241, Lot No. 26667				112	
GRN. No. 25242, Lot No. 26668				518	
GRN. No. 25243, Lot No. 26669				517	
GRN. No. 25423, Lot No. 26670				534	
Mukim Bentong, Daerah Bentong, Pahang				533	

# ANALYSIS OF SHAREHOLDINGS

as at 30 June 2016

Financial Year End : 31 March 2016  
 Class of Shares : Ordinary Share of RM0.10 each  
 Voting Rights : One vote per ordinary share

## DISTRIBUTION OF SHAREHOLDERS/DEPOSITORS AS AT 30 JUNE 2016

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	200	8.230	8,031	0.002
100 - 1,000	336	13.827	150,399	0.029
1,001 - 10,000	334	13.745	2,482,970	0.470
10,001 - 100,000	1,234	50.782	52,579,080	9.958
100,001 - 26,399,999 (*)	323	13.292	249,549,420	47.263
26,400,000 AND ABOVE (**)	3	0.124	223,230,100	42.278
TOTAL :	2,430	100.000	528,000,000	100.000

Remark : \* - less than 5% of issued shares  
 \*\* - 5% And above of issued shares

## LIST OF THIRTY LARGEST SECURITIES ACCOUNT HOLDERS/DEPOSITORS AS AT 30 JUNE 2016

NO.	NAME	HOLDINGS	%
1	JAWAWANA SDN. BHD.	88,000,000	16.667
2	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR SURIA BITARA SDN.BHD.	80,480,000	15.242
3	GAN PIK MUJ	54,750,100	10.369
4	GAN SENG BIANG	24,760,510	4.689
5	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR SUN ACRES DEVELOPMENT SDN.BHD.	19,800,000	3.750
6	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ID D'ART SDN BHD	18,600,510	3.523
7	TAN KIM HENG	11,419,600	2.163
8	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GAN BOON KAT	9,119,490	1.727
9	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM POH CHOO	7,000,000	1.326
10	TAPAK BUMIMAJU SDN BHD	6,877,600	1.303
11	LIM YEN CHEING	6,000,000	1.136
12	CHUA SEONG SENG	4,760,000	0.902
13	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LIAW KIT SIONG (MQ0012)	4,648,400	0.880
14	LEE KIAN KAH	4,000,000	0.758
15	MOHD ZUKI BIN DESA	4,000,000	0.758
16	LAU WING FATT	3,400,000	0.644
17	TEE SOON LOONG	3,200,000	0.606
18	MOHD JAMEL BIN ABDUL MUNIN	2,772,700	0.525
19	FADHIL BIN ABD HAMID	2,730,000	0.517
20	LIM HOCK SOON	2,500,000	0.473

# ANALYSIS OF SHAREHOLDINGS (CONT'D)

as at 30 June 2016

NO.	NAME	HOLDINGS	%
21	LIM SOON GUAN	2,500,000	0.473
22	THAM WOUI LOON	2,495,300	0.473
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN AH HOI (E-SS2)	1,887,800	0.358
24	ANG SWEE KUANG	1,860,000	0.352
25	WONG KONG MENG	1,840,000	0.348
26	WONG SENG KEONG	1,780,000	0.337
27	GUN SEONG THEAN	1,742,030	0.330
28	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD ( A/C CLIENTS )	1,729,000	0.327
29	MOHD JAMEL BIN ABDUL MUNIN	1,681,870	0.319
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHING HONG TAT	1,405,000	0.266
		<b>377,739,910</b>	<b>71.541</b>

## DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings as at 30 June 2016)

NO.	NAME	DIRECT NO. OF SHARES	%
1	GAN PIK MUJ	55,065,100	10.428
2	GAN BOON KAT	9,119,490	1.727
3	LOY KWEE KEOW	0	0.000
4	IR. LIAW BOO LAI @ LEOW BONG LAI (D.S.M.)	0	0.000
		<b>64,184,590</b>	<b>12.155</b>

## SUBSTANTIAL SHAREHOLDERS

(As per the Register of Substantial Shareholders as at 30 June 2016)

NO.	NAME	DIRECT NO. OF SHARES	%	INDIRECT NO. OF SHARES	%
1	JAVAWANA SDN BHD	88,000,000	16.667	0	0.000
2	SURIA BITARA SDN BHD	80,480,000	15.242	0	0.000
3	GAN PIK MUJ	55,065,100	10.428	0	0.000
4	DATO' GAN SENG BIANG	24,760,510	4.689	38,400,510 *	7.272
		<b>248,305,610</b>	<b>47.026</b>	<b>38,400,510</b>	<b>7.272</b>

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-Third 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, 30 August 2016 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 2016 together with the Directors' and Auditors' Reports thereon.  | <b>Please refer to Explanatory Note A</b> |
| 2. | To approve the payment of Directors' Fees amounting to RM19,000.00 for the year ended 31 March 2016.  | <b>Ordinary Resolution 1</b>              |
| 3. | To re-elect Ms Gan Pik Mui who retires in accordance with Article 82 of the Company's Articles of Association.  | <b>Ordinary Resolution 2</b>              |
| 4. | To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129 of the Companies Act, 1965:-<br><br>"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." | <b>Ordinary Resolution 3</b>              |
| 5. | To re-appoint Messrs KPMG as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.   | <b>Ordinary Resolution 4</b>              |

### 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."   | <b>Ordinary Resolution 5</b> |
|    | (b) "THAT subject to the passing of Ordinary Resolution 3, 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."   | <b>Ordinary Resolution 6</b> |
| 7. | Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965<br><br>"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." | <b>Ordinary Resolution 7</b> |
| 8. | To consider any other business of which due notice shall have been given.  |                              |

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

BY ORDER OF THE BOARD

LEONG SHIAK WAN (MAICSA 7012855)  
Company Secretary

Petaling Jaya  
29 July 2016

## 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 22 August 2016 shall be entitled to attend, speak and vote at the Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## EXPLANATORY NOTE A

The Audited Financial Statements under Agenda 1 are meant for discussion only in accordance with the provision of Section 169(1) of the Companies Act, 1965, and it does not require a formal approval of the shareholders. Hence, the agenda will not be put forward to voting.

## EXPLANATORY NOTE ON THE SPECIAL BUSINESS

1. The proposed Ordinary Resolutions 5 and 6, 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 Ordinary Resolution 7, 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-Second Annual General Meeting held on 22 September 2015 and which will lapse at the conclusion of the Twenty-Third 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.

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# 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-Third 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 30th day of August 2016 at 10.00 a.m. and at each and every adjournment thereof.

My/our proxy is to vote as indicated below:

	RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1	Approval of Directors' Fees of RM19,000.00		
Ordinary Resolution 2	Re-election of Ms Gan Pik Mui as Director		
Ordinary Resolution 3	Re-appointment of Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.) as Director		
Ordinary Resolution 4	Appointment of Messrs KPMG as Auditors		
Ordinary Resolution 5	To retain Mr Loy Kwee Keow as Independent Non-Executive Director		
Ordinary Resolution 6	To retain Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.) as Independent Non-Executive Director		
Ordinary Resolution 7	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		%
<b>Total</b>		<b>100%</b>

**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 22 August 2016 shall be entitled to attend, speak and vote at the Annual General Meeting.

*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)

Level 8, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya, Selangor.  
Tel: 03-7841 8000  
Fax: 03-7841 8199

[www.gsbsummit.com.my](http://www.gsbsummit.com.my)