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Chairman's Statement

Dear Valued Shareholders,

Prevailed against a challenging year, GSB Group Berhad took the necessary measures to strengthen our position in the ever evolving storage media content industry. In our continue effort to enhance the shareholder's value, we have put in place several initiatives that will enable us to capitalize on various new and diversified revenue streams for future growth.

On behalf of the Board of Directors, I am pleased to present the Annual Report for GSB Group Berhad ("GSB Group" or "the Group") for the financial year ended 31 March 2008.

FINANCIAL PERFORMANCE

For the period under review, GSB Group recorded revenue of RM32.88 million and a loss before taxation and minority interest of RM5.11 million, in comparison to a turnover of RM32.41 million and loss before taxation and minority interest of RM1.66 million for the preceding financial year.

The loss before taxation and minority interest has increased as compared to corresponding year due to significant increase in the raw material prices and lower sales volume in the Compact Discs, Cassette and Plastic Fabricated Parts business. In addition, the impairment of goodwill and investment in associated company amounting to RM2.03 million has contributed significantly to the loss for the year.

While turnover for our Compact Discs ("CD") business reduced from RM17.18 million in Financial Year ("FY") 2007 to RM16.31 million in FY 2008, the Cassette and Plastic Fabricated Parts business, also had a lower performance by which producing RM304,000 and RM9.46 million respectively.

Both Music and Video segment of our CD business decline as a result of a worldwide trend. This drop in business was countered by expansion of customer base in the CD-ROM segment and tighter cost control measures. However the newly secured market was not enough to cover the huge jump in material cost faced by the whole industry. The newly secured market contribution should be seen in 2009 revenue.

The Plastic Fabricated Parts experienced lower turnover as a result of lower demand from customers. The price of General Purpose Polystyrene (GPPS), a key ingredient in our products, went up prominently following the increase in world oil prices, which has a significant impact on the Plastic Fabricated Parts business.

The decrease in the Cassette business was mainly due to lower market demand. The decline has been on a consistent basis for some time, it is expected that this sunset business will ultimately being phased out in place of newer media formats.

The Group's venture in Property Development contributed RM6.80 million in turnover and yielded a profit of RM1.79 million. The 7 unit of factories developed received overwhelming responses. They are fully sold and will be completed by 2009. Although this new segment is relatively small to the Group, it presents new opportunities for our diversification strategy.

STRATEGIC DEVELOPMENTS

New DVD Production Capability

We would see our new DVD production lines contributing to the Group revenue in 2009. We are anticipating demand and support from our existing customers. This is not only expanding our current CD capability to DVD technology which is newer and better for storage capacity, it also brings the Group's image up to another level as DVD production requires higher technical productivity methods and expertise. Through this upgrade, the Group's overall technological capability has also increased.

Diversification into Property Business

As part of our efforts to generate a diversified revenue streams the Group has ventured into property business through holding and property development. Our subsidiaries, Serta Usaha Sdn Bhd and GSB Summit Development Sdn Bhd now owns Ritz Garden Hotel, a thirteen-storey, 90-room, establishment located south-west off Kuala Lumpur, and is currently developing 7 units of factory in Desa Tun Razak, Cheras. In view of the highly received response from the market and remunerative return, the Group is actively scrutinizing viable join venture opportunities for further expansion.

CORPORATE SOCIAL RESPONSIBILITY

GSB are committed to undertaking responsible practices that impact positively upon all our stakeholders and which ensure the continued and sustainable growth of our businesses. Under our Corporate Social Responsibility ("CSR") initiatives for the period under review, we have taken part in the following causes:

Anti-Piracy Advocacy

Our stand against piracy is one of the Group's main thrusts throughout the length and breadth of our organisation. We are the first 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 of our 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 organization's intellectual property rights.

Certified Sony "Green Partner"

We have been certified as a Sony "Green Partner" for the second year. By meeting all the stringent criteria required by Sony's environmental protection standard we are in a strong position to expand our business to companies that is increasingly environmental-focused. This has further enhanced the Group's image in addition to the Environmental Management System ("ISO 14001:2004") certification which we obtained in 2005.

PROSPECTS

Our core businesses, the manufacturing segment anticipates a positive outlook for the coming year, despite intense market competition in a challenging economy.

This is fueled by the Government's continued determination to promote key policies in support of the Multimedia Super Corridor and Knowledge-based Economy Master Plan (KEMP). These policies translates into the continuous efforts by the Government in nurturing a critical mass of ICT-Based SMEs, by developing clear and precise rules on intellectual property rights protection and be complemented by affective enforcement to combat piracy via the Ministry of Domestic Trade and Consumer Affairs. These policies are having a positive impact on our core businesses.

With that in mind, we foresee more business on our CD-ROM segment. This is also in line with the growing acceptance of these storage medium for entertainment, data storage and education purposes, together with the growing trend by companies to produce their annual reports in digital format.

Our investment in the DVD business will enable us to cater to the requirement of the various industry namely the video industry. With this new capacity, we should see new demand for our products. By strengthening our position in the DVD segment, it will be the mainstay of our business going forward.

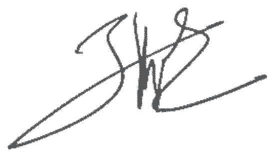
On top of this, we anticipate our strategy of growing our new revenue streams to kick in smoothly. Our continue effort to maximize shareholder value is reaping fruit. The Group's strategic venture on property development has already contribute positively to our result. As a proactive manner to diversify our revenue streams, the Group is actively scrutinizing viable join venture opportunities to further expand this new segment.

The global phenomenon of price increase of raw material has affected the Group to some extent and we have measures in place to keep our costs down by adopting a more efficient operation.

APPRECIATION

We wish to convey our heartfelt appreciation to our loyal shareholders and customers for their support of the Group, our products and services despite the challenging market environment. Know that the Group remains committed to delivering value to you. To our management team and employees, thank you for your hard work and dedication over the past year despite the challenges that have come our way. We look forward to your continued support as we move steadily forward.

Last but not least, I trust that the Board will provide me their guidance and insights as we work together to achieve our vision of making GSB Group Berhad the leader in the storage media content industry.



JEFFREY ONG PENG LOCK
Executive Chairman

Corporate Information

BOARD OF DIRECTORS

Jeffrey Ong Peng Lock
Executive Chairman

Yap Kiam Beng
Executive Director

Loy Kwee Keow
Independent Non-Executive Director

Liaw Boo Lai @ Leow Bong Lai
Independent Non-Executive Director

Gan Pik Mui
Non-Independent Non-Executive Director

Gan Boon Kat
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Loy Kwee Keow
Chairman (Independent Non-Executive Director)

Liaw Boo Lai @ Leow Bong Lai
Member (Independent Non-Executive Director)

Gan Pik Mui
Member (Non-Independent Non-Executive Director)

COMPANY SECRETARIES

See Siew Cheng
(MAICSA 7011225)

Leong Shiak Wan
(MAICSA 7012855)

REGISTERED OFFICE

10th Floor, Wisma Havela Thakardas
No. 1, Jalan Tiong Nam Off Jalan Raja Laut
50350 Kuala Lumpur
Tel No : 03-9195 1688
Fax No : 03-9195 1799

REGISTRAR OFFICE

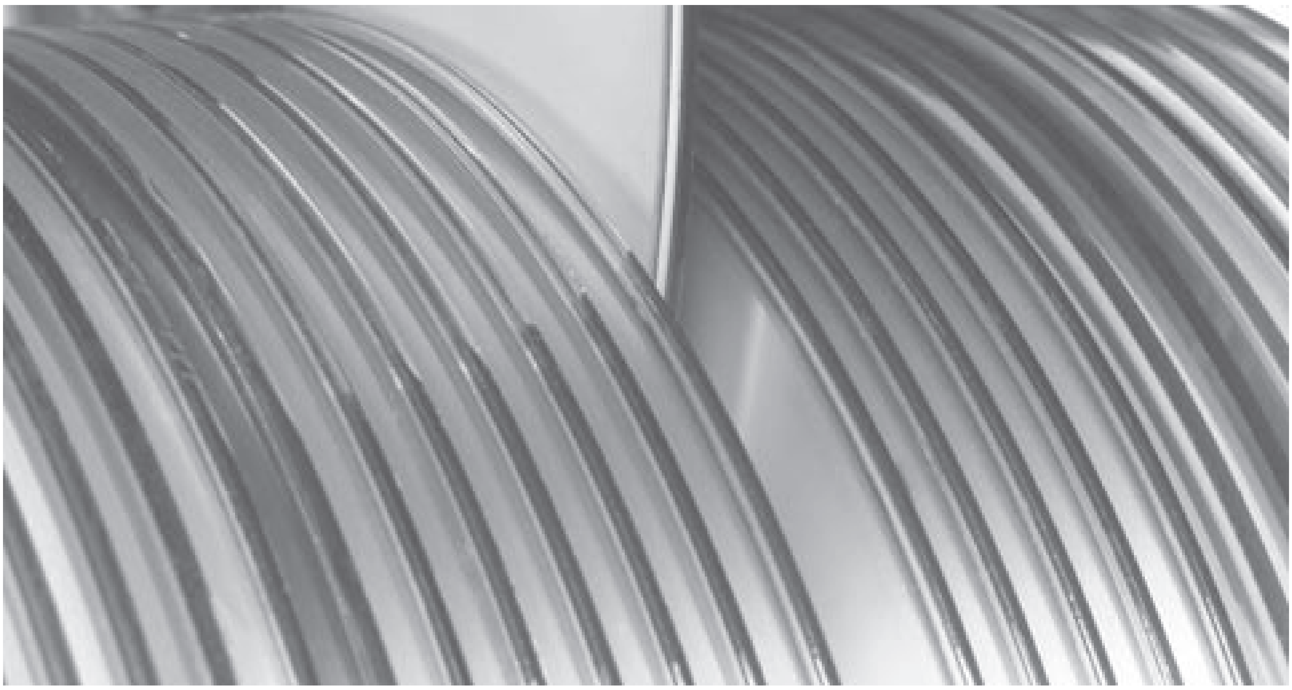
Tenaga Koperat Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No : 603-2264 3883
Fax No : 603-2282 1886

AUDITORS

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Second Board
Stock Name : GSB
Stock Code : 7077



Corporate Structure

GSB GROUP BERHAD

Subsidiaries

100%
GSB SUMMIT CD (M) SDN BHD
Manufacture of compact discs and digital versatile discs

100%
GSB PLASTECH (M) SDN BHD
Manufacture of plastic fabricated parts

100%
GSB SUMMIT AUDIO (M) SDN BHD
Mechanical reproduction of sound and music

100%
GSB SUMMIT DEVELOPMENT SDN BHD
Property development

100%
SERTA USAHA SDN BHD
Property investment and development

100%
GSB PROPERTIES SDN BHD
Dormant

100%
GSB HOTEL SDN BHD
Dormant

Associate Company

38%
GIGA GATES SDN BHD and its subsidiaries
Investment holding, Information technology and communication services, mobile contents and data application services

Board of Directors and Profile

JEFFREY ONG PENG LOCK

Age 37, a Malaysian citizen and currently the Chairman of the Group, was appointed to the Board on 16 February 2007. He is a non-independent, Executive Chairman of the Group.

He is a chartered accountant of the Malaysian Institute of Accountants. He holds a Bachelor of Science (Hons) in Computer Science from the University of Kent, at Canterbury, England, and he is also a fellow member of the Association of Chartered Certified Accountants.

He was previously employed by KPMG, Kuala Lumpur as an Audit Assistant in 1995 and subsequently went on secondment to KPMG, London for a period of 2 years as an Assistant Manager. On his return from KPMG London, he continued to work for KPMG, Kuala Lumpur up until 2005 as a Senior Manager. During his time with KPMG, he has been given various responsibilities and assignments, including job planning, delegation of work to supporting staff, supervision, control and completion of specific audit assignments. His experience covered a wide range of industries including insurance, leasing, plantation, manufacturing, construction and property development and investment holding. In addition to the statutory audit, his assignments covered international reporting of various multinational clients, assisting in due diligence for the sale of line of businesses and the review of profit and cashflow forecast and projections for the submission to authorities for listing exercises. He joined the Group in 2005 as a General Manager and became an Executive Chairman in 2007.

He is the spouse of Gan Pik Mui, a director of the Company and son-in-law of Gan Seng Biang and Lim Yap Hap, one of the major shareholders of the Company.

YAP KIAM BENG

Aged 43, a Malaysian citizen and currently the Executive Director of the Group, was appointed to the Board on 3 November 1999.

He is a chartered accountant of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants. He holds a Bachelor of Accounting (Hons) from University of Malaya.

Prior to joining the Group, he was attached to an international accounting firm, Coopers & Lybrand from 1989 to 1994. He joined the Group as its General Manager in 1994 and became the Executive Director in 1999.

He does not have any family relationship with any director or major shareholder of the Company.

LOY KWEE KEOW

Aged 49, a Malaysian citizen and was appointed to the Board on 24 May 2005. He is the Chairman of the Audit Committee of the Board. He is an independent, non-executive director of the Group.

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

He is currently an Occupational Safety and Health Practitioner attached to HSE Management Sdn Bhd and Quality & Analytical Monitoring Sdn Bhd as a Project Director. He holds a Master of Science in Occupational Safety & Health from Universiti Utara Malaysia.

He had 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 experiences 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 Department of Occupational Safety & Health, Malaysia.

He does not have any family relationship with any director or major shareholder of the Company.

LIAW BOO LAI @ LEOW BONG LAI

Aged 66, a Malaysian citizen and was appointed to the Board on 31 May 2005. He is also a member of the Audit Committee of the Board. He is an independent, non-executive director of the Group.

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

Currently he is the Treasurer of Malaysia Aquaculture Development Association and also a Vice President of Persatuan I-Ching, Malaysia and a Director of Kg. Chennah Agro Resorts Sdn Bhd.

He does not have any family relationship with any director or major shareholder of the Company.

GAN PIK MUI

Age 37, a Malaysian citizen and appointed to the Board on 21 December 2006. She is a non-independent, non-executive director of the Group. She is also a member of the Audit Committee of the Group.

She is a chartered accountant of the Malaysian Institute of Accountants. She holds a Bachelor of Art (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 non quoted 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 currently holding the post of an Executive Director in a family run business involving in property development and construction. Her current role is to ensure the smooth running of the accounting and finance department, including forecast and budget of various project, and other corporate affair matters. She is also responsible for sourcing and evaluating business opportunities and craft action plans necessary to achieve company's objectives.

She is the spouse of Jeffrey Ong Peng Lock, an Executive Chairman of the Company and daughter of Gan Seng Biang and Lim Yap Hap, one of the major shareholders of the Company.

GAN BOON KAT

Age 43, a Malaysian citizen and appointed to the Board on 21 December 2006. He is a non-independent, non-executive director of the Group.

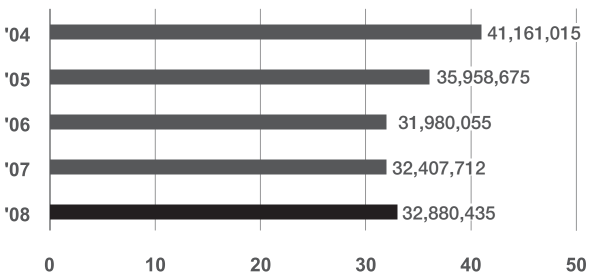
He has over 20 years of experience in the property market as a real estate consultant. He was attached to Goldhill Realty from 1993 to 2000 as Real Estate Consultant.

He is currently holding the post of an Executive Director in a family run business involving in property development and construction. His current responsibilities in the company is to oversee the operation 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 objectives.

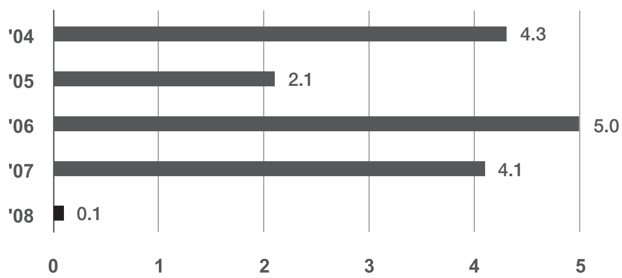
He is the brother of Gan Pik Mui, a director of the Company and son of Gan Seng Biang and Lim Yap Hap, one of the major shareholders of the Company.

5 Years' Financial Highlights

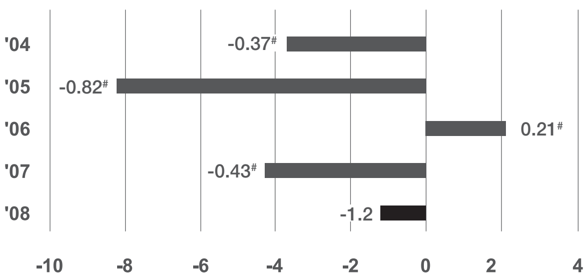
GROUP TURNOVER / RINGGIT



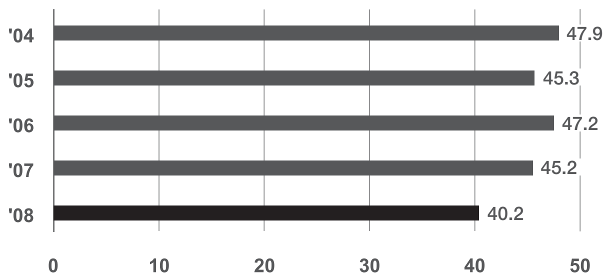
EARNINGS BEFORE INTEREST AND DEPRECIATION / RINGGIT IN MILLION



NET EARNINGS PER SHARE / SEN



NET TANGIBLE ASSETS / RINGGIT IN MILLION



Computed based on ordinary share of RM0.10 each - for effective comparison purposes.

Corporate Governance Statement

The Board of Director ("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 ("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 best practices set out in Part 1 and 2 of 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.

PRINCIPLES STATEMENT

The following statement sets out how the Company has applied the principles in Part 1 of the Code. The principles are dealt with under the following headings: Board of Directors, Directors' Remuneration, Shareholders and Accountability and Audit.

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 six (6) members, an Executive Chairman, an Executive Director with two (2) independent non-executive Directors and two (2) non-independent non-executive Directors. The present Board composition complied with Paragraph 15.02 of the 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 7 to 8 in this Annual Report.

There is a clear division of responsibility between the Chairman and the Executive 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 together with the Executive Director are responsible for the day to day running of the business, organizational effectiveness and implementation of Board policies and decisions.

More than half of the Directors, 4 out of 6 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 Directors, thereby ensuring that no one individual or group dominates the Board decision-making process.

The Code recommends the appointment of a senior independent non-executive Director to whom concerns may be conveyed. The Board has not appointed any independent non-executive Director to fulfill that role as the Chairman normally encourages the participation by all Directors during meetings. However, the Board recognizes the importance of this provision and would actively look into this matter and will consider the relevant steps to comply with this practise.

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

Board Meeting

During the financial year ended 31 March 2008, the Board met a total of 5 times. Details of the Director's attendance record are presented as below:-

Directors	Numbers of Meetings Held**	Number of Meetings Attended
Jeffrey Ong Peng Lock	5	5
Yap Kiam Beng	5	5
Loy Kwee Keow	5	5
Liaw Boo Lai @ Leow Bong Lai	5	5
Gan Pik Mui	5	5
Gan Boon Kat	5	5
**Refers to the number of meetings held during the time the director in office		

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.

The Audit Committee is chaired by an independent non-executive Director whom reports the outcomes 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. Fuller details of the Audit Committee terms of reference and its activities during the year are stated in pages 16 to 18 of the Annual Report.

In addition to the above Board Committee, 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 Joint Company Secretaries who are responsible for ensuring that Board meeting procedure are followed and that applicable rules and regulations are complied with.

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

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.

Appointment to the Board

The Code endorses as good practice, a formal procedure for appointments to the Board, with a nomination committee making recommendations to the Board. Establishment of a Nomination Committee has not been carried out as the Board believes that the present number of Directors is deemed sufficient, considering the size of the Group and the nature of its operations, to undertake the said procedure for Board appointment as a whole.

In addition, the Board is on its view, with the current Directors' mix of experiences and expertise, the current size of members is sufficient and optional in effectively addressing all issues affecting the Group.

Directors' Training

The Board as a whole recruits only individuals of sufficient caliber, knowledge and experience to discharge the duties of a Director appropriately. All the Directors have attended and completed the Mandatory Accreditation Programme as prescribed by Bursa Malaysia Securities Berhad. The Directors will continue to undergo other relevant training programme to further enhance their skills and knowledge wherever required.

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.

The Joint Company Secretaries 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 consumerate 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	Executive Director (RM'000)	Non-Executive Director (RM'000)
Fees	11	80
Salaries & Other Emoluments	347	-
Benefit in Kind	35	-

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

Remuneration	Executive Director	Non-Executive Director
RM 1 to RM 50,000	1	9
RM 50,000 to RM 100,000	-	-
RM 100,000 to RM 200,000	2	-

SHAREHOLDERS AND INVESTORS

The Company recognizes 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 Company and the Group.

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.

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'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 recognize 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 is effective and appropriate in mitigating against the Group's significant risks. The internal auditors report independently to the Audit Committee on a quarterly 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 Part 1 of the Malaysian Code of Corporate Governance is included in this Annual Report.

Relationship with the Auditors

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

Compliance Statement

Save as disclosed below, the Group has substantially complied with the Best Practices set out in Part 2 of the Code throughout the year.

Pursuant to Best Practice Provision AAII of the Code, the Chairman and Chief Executive Officer roles are not separate as the Board is mindful of the combined roles but is comfortable that there is no undue risk involved in the sense that all related party transactions are strictly dealt with in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad and where necessary, independent consultants engaged to advise other Board members.

Appointment of a senior independent non-executive Director to whom concerns may be conveyed has not been made as the Chairman normally encourages participation by all Directors during meetings. Nevertheless, the Board is looking into this matter and will consider the relevant steps to comply with this practice.

Establishment of a Nominating Committee has not been carried out, as the Board believes that the present number of Directors is deemed optimal considering the size of the Group and the nature of its operations. The Board as a whole assumes the responsibilities, though not formally, of assessing the effectiveness of the Board, its committee and individual Director as well as candidates for all directorships.

There was no formal review done on the present members of the Board of Directors, as the mix of experience and expertise of the current number of Directors, in the opinion of the Board, are considered sufficient and optimum in addressing the issues affecting the Group.

Pursuant to Best Practice Provision AA XIII of the Code on training to new recruits to the Board, the Company does not have a formal training programme for its new Directors since it is the Board's policy to recruit only individual of sufficient calibre and experience to carry out the necessary duties of a Director. Nevertheless, the Board will review the necessity for a formal orientation programme for its new Directors from time to time.

The Board has not developed position description for the Board members nor any formal schedule of matters specifically reserved to it for decision. The Board is of the view that the current set up of the Board and the Board Committee that is in place are sufficient to effectively handle and facilitate the smooth functioning of the Group.

The Board does not have any agreed procedure for Directors, whether as a full Board or in their individual capacity, in furtherance of their duties to take independent professional advice at the Company's expense, if necessary. Any need for professional advice normally comes under the purview of the Board who will deliberate on a consensual basis.

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 Board, through the Executive Director and the Audit Committee, has been able to identify business risks of the Group and will ensure that implementation of appropriate measures be taken to manage these risks. Nevertheless, the Board is considering to formalize its existing risk management process to better identify, monitor and manage the business risks affecting the Group.

This statement was made in accordance with a resolution of the Board dated 26 August 2008.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL AUDITED ACCOUNTS

In accordance with the requirements in Paragraph 15.27(a) of the Listing Requirements of the BMSB, the Board of Directors are required to issue a statement explaining their responsibility for preparing the annual audited financial statements.

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 26 August 2008.

CORPORATE SOCIAL RESPONSIBILITY

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 summarized 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 penalized for any instance of non-compliance with environment laws and regulations.

The Group has during the year successfully established an environmental management system that has met the requirements of Sony Green Partner Program. This is an addition to the Environmental Management System (ISO14001:2004) Certification which we obtained in 2005.

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 the facilities within the Group are accredited with ISO9001:2000 Quality Management System and CDSA Anti-Piracy Compliance Program. The Group is committed to supply quality products and meeting customers' satisfactions through continual improvement in technology, process and services.

Workplace

The Group recognizes the importance of ensuring a conductive 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 which would enhance the individual employee's competency. Monthly contributions are made to Human Resource Development Fund to support the Government effort to encourage corporate bodies to invest in training and skills upgrading for employees.

Audit Committee Report

MEMBERS

The Audit Committee comprises the following directors:-

Loy Kwee Keow
Chairman *(Independent Non-Executive Director)*

Liaw Boo Lai @ Leow Bong Lai
Member *(Independent Non-Executive Director)*

Gan Pik Mui
Member *(Non-Independent Non-Executive Director)*

TERMS OF REFERENCE

The Board of Directors of the Company has set up a Board of Audit Committee in accordance with the requirements by the Bursa Malaysia Securities Berhad.

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

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

OBJECTIVES

a) Provide assistance to the Board of Directors in fulfilling its statutory and fiduciary responsibilities for examinations of the Company and in monitoring its accounting and financial reporting practices.

b) Determine that the Company has adequate administrative, operational, and internal accounting controls and that the Company is operating in accordance with its prescribed procedures and codes of conduct.

c) Serve as an independent and objective party in the review of the financial information presented by management for distribution to shareholders and the general public.

d) Provide direction and controls over the internal audit function and the external auditors.

MEMBERSHIP

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

a) Not less than three (3) members of whom a majority shall be independent non-executive Directors to be appointed by the Board; and

b) At least one (1) member of the Audit Committee must fulfill the following requirements: -

   i) Must be a member of the Malaysian Institute of Accountants; or
   ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and

      - Must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1968; or
      - Must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

AUTHORITY

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

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

FUNCTIONS AND RESPONSIBILITIES

The duties and functions of the Committee shall be:-

a) To consider and recommend the appointment of the external auditors, audit fees and question on any resignation or dismissal of the external auditors before making recommendation to the Board;

b) To discuss with the external auditor before the audit commences the nature and scope of the audit and to ensure coordination where more than one audit firm is involved;

c) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:-

   i) Changes in or implementation of major accounting policy changes;
   ii) Significant and unusual events;
   iii) Compliance with accounting standards requirements;
   iv) Compliance with stock exchange and legal requirements.

d) To discuss problems and reservations arising from the interim and final audits, the evaluation and findings of the system of internal controls and matters the auditors may wish to discuss (in the absence of management where necessary);

e) To keep under review the effectiveness of internal control systems, in particular, review the external auditor's management letter and management's response;

f) To review any related party transaction and conflict of interest situation that may arise in the Company or Group including any transaction, procedure or course of conduct that raise questions of management integrity;

g) To review the adequacy of the scope, functions and resources of the internal audit functions and that the internal audit has the necessary authority to carry out its work;

h) To review the internal audit programme, process, the results of the internal audit programme and process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

i) To review the audit reports with the auditors; and

j) To consider other related matters, as defined by the Board.

AUDIT COMMITTEE REPORT

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

a) Reviewing the audited accounts for financial year ended 31 March 2008 and unaudited quarterly financial results announcements of the Group and making recommendations to the Board.

b) Discussing and reviewing the external auditors' scope of works and the audit planning memorandum, the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit.

c) Reviewed and discussed the major findings of the internal audit investigation and management's responses and ensure that appropriate actions are taken on the recommendation of the internal audit function.

d) Discussion and updating on new developments of accounting standards issued by the Malaysian Accounting Standards Board.

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 first Audit Committee Meeting in the beginning of the financial year. The scope of internal audit covers the audits of all operations of all 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 assessed the adequacy of such controls prevailing in those key operational areas selected for reviewed.

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

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 six (6) times during the financial year ended 31 March 2008 and the attendance record is as follows:-

Directors	Numbers of Meetings Held**	Number of Meetings Attended
Loy Kwee Keow	6	6
Liaw Boo Lai @ Leow Bong Lai	6	6
Yap Kiam Beng *(Resigned on 21 November 2007)*	6	3
Gan Pik Mui *(Appointed on 21 November 2007)*	6	3
**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 Audit Committee dated 26 August 2008.

Statement of Internal Control

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Paragraph 15.27(b) of the Bursa Malaysia Securities Berhad's ("BMSB") Listing Requirements requires directors of listed companies to include a statement in annual reports on the state of their internal controls. The Board of Directors sets out below the Internal Control Statement of the Group which has been prepared in accordance with the guidance provided under BMSB's "Statement on Internal Control: Guidance for Directors of Public Listed Companies".

The Board acknowledges its responsibility for the Group's system of internal control and the need to review its adequacy and integrity regularly. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and the system by its nature can only provide reasonable assurance but not absolute assurance against material misstatement, fraud or loss.

The system of internal control is maintained to achieve the following objectives:-

1. Safeguard the shareholders' interest and assets of the Group
2. Ensure the achievement of operation objectives
3. Ensure compliance with regulatory requirements
4. Identify and manage financial and business risks affecting the Group

For the year under review, the Group had in place a process for identifying, evaluating and managing the significant risks affecting the achievement of its business objectives. This process is reviewed by the Board of Directors annually.

Salient features of the framework of internal control system of the Group are as follows: -

1. The Management structure is defined, with clear line of responsibilities and delegation of authorities and segregation of duties.
2. Policies and procedures of key subsidiaries are established and documented and communicated to all staff members.
3. Key risks areas are reviewed and assessed by the Board and the Audit Committee. The internal audit function is outsourced and performed by an external professional firm.
4. Financial results are reviewed quarterly by the Board and the Audit Committee.
5. Executive Directors and head of departments meet regularly to discuss operational, corporate, financial and key management issues.
6. For key operational areas, annual independent audit on operational procedures of a key subsidiary is carried out in line with the International Standard of Operation ("ISO") Certification Programmes.
7. Reporting system established to ensure timely generation of financial information for management and the Board of Directors' review.

Certain aspects of the controls and the recommendations highlighted by the internal auditors are currently being addressed and have been implemented. The Directors are of the opinion that the existing system of internal control is adequate to achieve the above objectives.

This statement was made in accordance with a resolution of the Board dated 28 July 2008.

Other Information

CONFLICT OF INTEREST

None of the Directors has any conflict or interest in the Company.

CONVICTIONS FOR OFFENCES

None of the Directors has been convicted for offences within the past ten (10) years other than traffic offences, if any.

UTILIZATION OF PROCEEDS

The Company did not make any corporate proposal to raise proceed during the financial year.

SHARE BUYBACKS

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

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

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

AMERICAN DEPOSITORY RECEIPT (“ADR”) OR GLOBAL DEPOSITORY RECEIPT (“GDR”) PROGRAMME

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

IMPOSITION OF SANCTIONS / PENALTIES

During the financial year, there was a private reprimand imposed on the Company by Bursa Malaysia Securities Berhad on a deviation of 145.33% between the Company’s unaudited results and audited results for the financial year ended 31 March 2007.

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 RM30,000,00.

VARIATION IN RESULTS

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

PROFIT GUARANTEES

There was no profit guarantee given to the Company by any shareholder during the year.

MATERIAL CONTRACTS

During the year, there were no material contracts on the Company and its subsidiaries involving Directors’ and major shareholders’ interests.

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.

REVALUATION OF LANDED PROPERTIES

The revaluation policy on landed properties is stated in page 40 of the Annual Report.

Contents

Directors' Report
for the year ended 31 March 2008

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2008.

Principal activities

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 30 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Loss attributable to shareholders of the Company	4,765,203	3,598,810

Reserves and provision

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

Dividend

No dividend was paid during the 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:

- Jeffrey Ong Peng Lock
- Gan Pik Mui
- Gan Boon Kat
- Loy Kwee Keow
- Liaw Boo Lai @ Leow Bong Lai
- Yap Kiam Beng
- Datuk Hj. Zakaria Hashim (resigned on 16.8.07)

Directors' interests

The interest and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	At 1.4.2007	Bought/ (Sold)	At 24.10.2007	Effect of share split on 25.10.2007	Bought/ (Sold)	At 31.3.2008
	(No. of ordinary shares of RM1 each)			(No. of ordinary shares of RM0.10 each)		
Shareholdings in which Directors have direct interest						
The Company						
Jeffrey Ong Peng Lock	1,995,000	-	1,995,000	19,950,000	7,650,100	27,600,100
Gan Pik Mui	1,806,500	-	1,806,500	18,065,000	5,000,000	23,065,000
Gan Boon Kat	911,949	-	911,949	9,119,490	-	9,119,490
Yap Kiam Beng	28,000	-	28,000	280,000	(280,000)	-

By virtue of their interest in the shares of the Company, Jeffrey Ong Peng Lock, Gan Pik Mui and Gan Boon Kat are also deemed interested in the shares of the subsidiaries during the financial year to the extent that GSB Group Berhad has an interest.

Directors' interests (continued)

None of the other Directors holding office at 31 March 2008 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received or 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 salary of a full time employee of the Company or of related companies) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

Issue of shares

There were no changes in the issued and paid-up capital of the Company during the financial year, other than the subdivision of shares as disclosed below.

Subdivided shares

At an Extraordinary General Meeting held on 28 September 2007, the shareholders of the Company approved the subdivision of the issued and paid-up share capital of the Company by sub dividing 40,000,000 ordinary shares of RM1.00 each into 400,000,000 ordinary shares of RM0.10 each.

Options granted over unissued shares

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

Other statutory information

Before the balance sheets and income 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) all current assets have been stated at the lower of cost and net realisable value.

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 Group and in the Company financial statements 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.

Other statutory information (continued)

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 allowance for impairment of investment in associates of RM1,300,000 and RM1,900,000 respectively, the results of the operations of the Group and of the Company for the year ended 31 March 2008 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.

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:

Jeffrey Ong Peng Lock

Yap Kiam Beng

Kuala Lumpur,
Date: 28 July 2008

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 28 to 71 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2008 and of the results of their operations and cash flows for the year ended on that date.

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

Jeffrey Ong Peng Lock

Yap Kiam Beng

Kuala Lumpur,
Date: 28 July 2008

Statutory Declaration

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

I, **Yap Kiam Beng**, 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 28 to 71 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 Kuala Lumpur on 28 July 2008

Yap Kiam Beng

Before me:

PESURUHJAYA SUMPAH
W 440
CHOONG SIEW KAY
MALAYSIA

35-2, The Boulevard Offices,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.

Independent Auditors' Report
to the members of GSB Group Berhad

Report on the Financial Statements

We have audited the financial statements of GSB Group Berhad, which comprise the balance sheets as at 31 March 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 71.

Directors' Responsibility for the Financial Statements
The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgment, 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 Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and 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 of 31 March 2008 and of their financial performance and cash flows for the year then ended.

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 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

Foong Mun Kong
Approval Number: 2613/12/08(J)
Chartered Accountant

Date: 28 July 2008
Petaling Jaya, Selangor

Balance Sheets

at 31 March 2008

		Group		Company	
		2008	2007	2008	2007
	Note	RM	RM	RM	RM
			Restated		
Assets					
Property, plant and equipment	3	13,809,577	15,169,452	-	-
Goodwill	4	11,828	744,801	-	-
Prepaid lease payments	5	4,254,025	4,313,651	-	-
Investment property	6	17,268,998	17,555,732	-	-
Investments in subsidiaries	7	-	-	17,195,870	17,550,870
Investments in associates	8	652,082	1,957,000	688,000	2,000,000
Other investments	9	16,000	16,000	-	-
Long term advances due from a subsidiary	10	-	-	1,964,816	1,964,816
Land held for development	11	3,153,557	3,153,557	-	-
Total non-current assets		39,166,067	42,910,193	19,848,686	21,515,686
Receivables, deposits and prepayments	12	13,625,110	13,066,337	13,637,123	13,575,081
Inventories	13	1,673,299	3,363,259	-	-
Property development costs	14	4,478,244	6,798,176	-	-
Current tax assets		313,488	566,906	5,173	5,173
Cash and cash equivalents	15	4,299,226	2,513,123	3,419	8,193
Total current assets		24,389,367	26,307,801	13,645,715	13,588,447
Total assets		63,555,434	69,217,994	33,494,401	35,104,133
Equity					
Share capital		40,000,000	40,000,000	40,000,000	40,000,000
Share premium		939,803	939,803	939,803	939,803
Reserves		744,705	783,705	-	-
(Accumulated losses)/Retained earnings		(1,484,177)	3,242,026	(9,550,823)	(5,952,013)
Total equity attributable to shareholders of the Company	16	40,200,331	44,965,534	31,388,980	34,987,790
Minority interest		-	1,001,729	-	-
Total equity		**40,200,331**	**45,967,263**	**31,388,980**	**34,987,790**

	Note	Group 2008 RM	Group 2007 RM Restated	Company 2008 RM	Company 2007 RM
Liabilities					
Borrowings	17	9,649,240	9,907,838	-	-
Deferred tax liabilities	18	2,035,300	2,477,100	-	-
Total non-current liabilities		11,684,540	12,384,938	-	-
Payables and accruals	19	6,098,103	6,280,497	2,105,421	116,343
Borrowings	17	5,462,847	4,553,679	-	-
Taxation		109,613	31,617	-	-
Total current liabilities		11,670,563	10,865,793	2,105,421	116,343
Total liabilities		23,355,103	23,250,731	2,105,421	116,343
Total equity and liabilities		63,555,434	69,217,994	33,494,401	35,104,133

The notes on pages 36 to 71 form an integral part of these financial statements.

Income Statements
for the year ended 31 March 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Revenue	20	32,880,435	32,407,712	-	-
Cost of sales		(27,141,585)	(26,305,823)	-	-
Gross profit		5,738,850	6,101,889	-	-
Other operating income		521,690	646,034	-	-
Distribution expenses		(2,869,856)	(2,900,297)	-	-
Administrative expenses		(4,109,523)	(3,902,315)	(343,810)	(248,937)
Other operating expenses		(2,599,346)	(221,556)	(3,255,000)	-
Results from operating activities		(3,318,185)	(276,245)	(3,598,810)	(248,937)
Interest income		-	36,363	-	4,557
Finance costs		(1,200,084)	(1,375,907)	-	-
Operating loss		(4,518,269)	(1,615,789)	(3,598,810)	(244,380)
Share of loss after tax and minority interest of equity accounted associates		(592,918)	(43,000)	-	-
Loss before tax	21	(5,111,187)	(1,658,789)	(3,598,810)	(244,380)
Tax expense	23	345,984	(77,732)	-	178
Loss for the year		(4,765,203)	(1,736,521)	(3,598,810)	(244,202)
Attributable to:					
Shareholders of the Company		(4,765,203)	(1,732,048)	(3,598,810)	(244,202)
Minority interest		-	(4,473)	-	-
Loss for the year		(4,765,203)	(1,736,521)	(3,598,810)	(244,202)
Basic earnings per share (sen)	24	(1.19)	(0.43)		

The notes on pages 36 to 71 form an integral part of these financial statements.

Statement Of Changes In Equity

for the year ended 31 March 2008

Group	Note	Share capital RM	Share premium RM	Revaluation reserve RM	Distributable Retained profits/ (Accumulated losses) RM	Total RM	Minority interest RM	Total equity RM
		← Non-distributable →						
At 1 April 2006		40,000,000	939,803	1,029,955	4,974,074	46,943,832	1,006,202	47,950,034
Loss for the year		-	-	-	(1,732,048)	(1,732,048)	(4,473)	(1,736,521)
Reversal of reserve	18	-	-	(246,250)	-	(246,250)	-	(246,250)
At 31 March 2007/ 1 April 2007		40,000,000	939,803	783,705	3,242,026	44,965,534	1,001,729	45,967,263
Loss for the year		-	-	-	(4,765,203)	(4,765,203)	-	(4,765,203)
Acquisition of minority interest		-	-	-	-	-	(1,001,729)	(1,001,729)
Realisation of revaluation reserve		-	-	(39,000)	39,000	-	-	-
At 31 March 2008		40,000,000	939,803	744,705	(1,484,177)	40,200,331	-	40,200,331

Statement Of Changes In Equity
for the year ended 31 March 2008

Company	Note	Non-distributable Share capital RM	Non-distributable Share premium RM	Non-distributable Revaluation reserve RM	Accumulated losses RM	Total equity RM
At 1 April 2006		40,000,000	939,803	-	(5,707,811)	35,231,992
Loss for the year		-	-	-	(244,202)	(244,202)
At 31 March 2007/ 1 April 2007		40,000,000	939,803	-	(5,952,013)	34,987,790
Loss for the year		-	-	-	(3,598,810)	(3,598,810)
At 31 March 2008		40,000,000	939,803	-	(9,550,823)	31,388,980

The notes on pages 36 to 71 form an integral part of these financial statements.

Cash Flow Statements
for the year ended 31 March 2008

		Group		Company	
	Note	2008	2007	2008	2007
		RM	RM	RM	RM
			Restated		
Cash flows from operating activities					
Loss before tax		(5,111,187)	(1,658,789)	(3,598,810)	(244,380)
Adjustments for:					
Allowance for doubtful debts		312,117	20,825	-	-
Allowance for doubtful debts no longer required		(14,797)	(65,724)	-	-
Allowance for inventory obsolescence		-	50,000	-	-
Allowance for impairment of investment in subsidiary		-	-	1,355,000	-
Allowance for impairment of investment in associates		1,300,000	-	1,900,000	-
Allowance for impairment of goodwill		726,032	-	-	-
Amortisation of prepaid lease payments		59,626	113,879	-	-
Depreciation of property, plant and equipment		3,755,885	4,030,266	-	-
Depreciation of investment property		286,734	286,733	-	-
Finance costs		1,200,084	1,375,907	-	-
Gain on disposal of property, plant and equipment		(130,000)	-	-	-
Gain on disposal of subsidiaries		(4,750)	-	-	-
Inventories written off		163,580	19,614	-	-
Interest income		-	(36,363)	-	(4,557)
Share of loss of equity accounted associates		592,918	43,000	-	-
Unrealised foreign exchange gain - net		(175,187)	(43,498)	-	-
Operating profit/ (loss) before changes in working capital		2,961,055	4,135,850	(343,810)	(248,937)
Receivables, deposits and prepayments		(680,906)	4,554,347	(62,040)	2,272,565
Inventories		1,526,381	2,498,759	-	-
Payables and accruals		(169,164)	(393,932)	1,989,078	(39,849)
Property development costs		2,319,932	(744,676)	-	-
Cash generated from operations		5,957,298	10,050,348	1,583,228	1,983,779

Cash Flow Statements
for the year ended 31 March 2008

	Note	Group 2008 RM	Group 2007 RM Restated	Company 2008 RM	Company 2007 RM
Cash generated from operations		5,957,298	10,050,348	1,583,228	1,983,779
(continued)					
Interest paid		(1,200,084)	(1,375,907)	-	-
Tax paid		(233,800)	(311,641)	-	(646)
Tax refunded		469,802	-	-	-
Interest received		-	36,363	-	4,557
Net cash from operating activities		4,993,216	8,399,163	1,583,228	1,987,690
Cash flows from investing activities					
Acquisition of a subsidiary, net of cash acquired		(2)	(533)	(2)	(4)
Acquisition of remaining equity shares in a subsidiary from minority shareholder		(1,000,000)	-	(1,000,000)	-
Acquisition of associates		-	(2,000,000)	-	(2,000,000)
Additions to investment property		-	(20,000)	-	-
Increase in investment in associate		(588,000)	-	(588,000)	-
Purchase of property, plant and equipment	*(ii)*	(818,143)	(764,354)	-	-
Proceeds from disposal of property, plant and equipment		130,000	-	-	-
Disposal of subsidiaries, net of cash disposed	31	(1,538)	-	-	-
Net cash used in investing activities		(2,277,683)	(2,784,887)	(1,588,002)	(2,000,004)
Cash flows from financing activities					
Drawdown of term loans		-	500,000	-	-
Drawdown of bankers' acceptances		560,250	1,171,000	-	-
Repayment of borrowings		(861,931)	(7,509,802)	-	-
Repayment of finance lease liabilities		(755,603)	(551,663)	-	-
Repayment of bankers' acceptances		(135,000)	(1,083,000)	-	-
Net cash used in financing activities		(1,192,284)	(7,473,465)	-	-

		Group		Company	
	Note	2008	2007	2008	2007
		RM	RM	RM	RM
			Restated		
Net increase/(decrease) in cash and cash equivalents		1,523,249	(1,859,189)	(4,774)	(12,314)
Cash and cash equivalents at 1 April		2,352,291	4,211,480	8,193	20,507
Cash and cash equivalents at 31 March	*(i)*	3,875,540	2,352,291	3,419	8,193

i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Cash and bank balances	4,220,771	2,434,668	3,419	8,193
Deposits with licensed banks	78,455	78,455	-	-
Bank overdrafts	(423,686)	(160,832)	-	-
	3,875,540	2,352,291	3,419	8,193

ii) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM2,398,143 (2007 - RM1,299,354) of which RM1,580,000 (2007 - RM535,000) were acquired by means of finance lease arrangements.

The notes on pages 36 to 71 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 Second Board of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office
10th Floor
Wisma Havela Thakardas
No. 1, Jalan Tiong Nam
Off Jalan Raja Laut
50350 Kuala Lumpur

Principal place of business
9, Jalan 3/91A
Taman Shamelin Perkasa
Cheras, 56100 Kuala Lumpur

The consolidated financial statements as at and for the year ended 31 March 2008 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The financial statements of the Company as at and for the year ended 31 March 2008 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are stated in Note 30 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The financial statements were approved by the Board of Directors on 28 July 2008.

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 and the Companies Act, 1965 in Malaysia.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The MASB has also issued the following Financial Reporting Standards (FRSs) and Interpretations that are effective for annual periods beginning after 1 July 2007 and that have not been applied in preparing these financial statements:

FRSs / Interpretations	Effective date
FRS 107, *Cash Flow Statements*	1 July 2007
FRS 111, *Construction Contracts*	1 July 2007
FRS 112, *Income Taxes*	1 July 2007
FRS 118, *Revenue*	1 July 2007
FRS 120, *Accounting for Government Grants and Disclosure of Government Assistance*	1 July 2007
Amendment to FRS 121, *The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation*	1 July 2007
FRS 134, *Interim Financial Reporting*	1 July 2007
FRS 137, *Provisions, Contingent Liabilities and Contingent Assets*	1 July 2007
FRS 139, *Financial Instruments: Recognition and Measurement*	To be announced
IC Interpretation 1, *Changes in Existing Decommissioning, Restoration and Similar Liabilities*	1 July 2007
IC Interpretation 2, *Members' Shares in Co-operative Entities and Similar Instruments*	1 July 2007
IC Interpretation 5, *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*	1 July 2007
IC Interpretation 6, *Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*	1 July 2007
IC Interpretation 7, *Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies*	1 July 2007
IC Interpretation 8, *Scope of FRS 2*	1 July 2007

The Group and the Company plan to apply the abovementioned FRSs and Interpretations for the annual period beginning 1 April 2008 except for FRS 120, Interpretation 1, Interpretation 2, Interpretation 5, Interpretation 6, Interpretation 7 as explained below and FRS 139 which the effective date has yet to be announced.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRS 120, Interpretation 1, Interpretation 2, Interpretation 5, Interpretation 6, Interpretation 7 are not applicable to the Group and the Company. Hence, no further disclosure is warranted.

The impact of applying FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemption given in FRS 139.103AB.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the notes to financial statements.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements 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 estimate is 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.

2. Significant accounting policies

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

Certain comparative amounts have been reclassified to conform to current year's presentation (see note 32).

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

2. Significant accounting policies (continued)

(a) Basis of consolidation (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.

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous years. On consolidation, the differences between the carrying value of the investment over the nominal value of the share acquired is taken to merger reserve.

The Group adopted the exemption provided under FRS 3 "Business Combinations" to apply the Standard prospectively. Accordingly, business combinations entered into prior to 1 January 2002 have not been restated to comply with this Standard.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Associates

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) Changes in group composition

Where a subsidiary issues new equity shares to minority interests for cash considerations and the issue price has been established at fair value, the reduction in Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When a group purchases a subsidiary's equity shares from minority interest for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(v) Transactions eliminated on consolidation

Intra-group balances, 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

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

(c) Property, plant and equipment

(i) Recognition and measurement

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

The Group revalues it's 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. The last valuation was carried out in 2004.

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 charged to the income statement.

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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.

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

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements.

(ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in the income statement.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised directly in equity. Any loss is recognised immediately in the income statement.

(iii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iv) Depreciation

Depreciation is recognised in the income statement on the straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. 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.

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(iv) Depreciation (continued)

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

• 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
• Renovations	10 years
• Electrical installation	10 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(d) Leased assets

Accounting policy note on Leasehold land / Prepaid lease payments

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided except for leasehold land classified as investment property.

The Group had previously classified a lease of land as finance lease and had recognised the amount of prepaid lease payments as property within its property, plant and equipment. On adoption of FRS 117, Leases, the Group treats such a lease as an operating lease, with the unamortised carrying amount classified as prepaid lease payments in accordance with the transitional provisions in FRS117.67A.

Revalued leasehold land

The Group had previously revalued its leasehold land and has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions in FRS 117.67A. Such prepaid lease payments is amortised over the lease term.

(e) Investment property

Investment property carried at cost

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

Investment property are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy note 2(c).

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of building of 45 years. Freehold land is not depreciated.

2. Significant accounting policies (continued)

(f) Intangible assets

(i) Goodwill

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

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

(ii) Amortisation

Goodwill is tested for impairment annually and whenever there is an indication that they may be impaired.

(iii) Acquisition of minority interest

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

(g) Other investments

Investment in club membership is stated at cost, less impairment loss where applicable.

(h) Land held for development

Land held for development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating activities. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

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. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Land held for development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(i) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recongnised in the income statement by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

2. Significant accounting policies (continued)

(i) Property development costs (continued)

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

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

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

The excess of revenue recognised in the income statement over billings to purchasers is classified as amount due by contract customers within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as amount due to contract customer within trade payables.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated cost necessary to make the sale.

(k) Receivables

Receivables, including long term advances due from a subsidiary, are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(m) Impairment of assets

The carrying amounts of assets except for inventories, assets arising from property development and financial assets are reviewed at each reporting date 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 have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

2. Significant accounting policies (continued)

(m) Impairment of 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 to sell. 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. 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 groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of 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 each reporting date 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. 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 the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

(n) Borrowings

Borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

(o) Employee benefits

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 provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

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

2. Significant accounting policies (continued)

(p) Provisions

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

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 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.

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Group considers these to be insurance arrangements, and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

(q) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(r) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Sale of properties

Revenue from sale of development properties is recognised on the percentage of completion method in respect of all building units that have been sold. The stage of completion is determined by reference to the cost incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated.

An expected loss on a contract is recognised immediately in the income statement.

(iii) Rental income

Rental income is recognized in the income statement as it accrues.

(s) Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2. Significant accounting policies (continued)

(s) Lease payments (continued)

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.

(t) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred.

(u) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax 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 balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

(v) Earnings per share

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

(w) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Property, plant and equipment

Group	Long term leasehold land RM	Leasehold land and buildings RM	Plant, machinery and audio equipment RM	Office equipment RM	Motor vehicles RM	Furniture, fixtures and fittings RM	Renovations RM	Electrical installation RM	Total RM
Cost / Valuation									
At 1 April 2006	5,425,297	26,131,471	40,305,513	207,720	1,374,411	2,511,664	318,211	373,844	76,648,131
Effect of adopting FRS 117	(5,425,297)	(4,829,759)	-	-	-	-	-	-	(10,255,056)
At 1 April 2006, restated	-	21,301,712	40,305,513	207,720	1,374,411	2,511,664	318,211	373,844	66,393,075
Transfer to investment property	-	(17,894,038)	-	-	-	-	-	-	(17,894,038)
Additions	-	9,000	522,378	7,800	685,000	74,776	400	-	1,299,354
At 31 March 2007, restated/ 1 April 2007	-	3,416,674	40,827,891	215,520	2,059,411	2,586,440	318,611	373,844	49,798,391
Additions	-	-	2,332,355	-	-	47,568	18,220	-	2,398,143
Disposals	-	-	-	-	(728,579)	-	(5,637)	-	(734,216)
At 31 March 2008	-	3,416,674	43,160,246	215,520	1,330,832	2,634,008	331,194	373,844	51,462,318
Representing:									
At cost	-	-	43,160,246	215,520	1,330,832	2,634,008	331,194	373,844	48,045,644
At valuation	-	3,416,674	-	-	-	-	-	-	3,416,674
At 31 March 2008	-	3,416,674	43,160,246	215,520	1,330,832	2,634,008	331,194	373,844	51,462,318

3. Property, plant and equipment (continued)

Group	Long term leasehold land RM	Leasehold land and buildings RM	Plant, machinery and audio equipment RM	Office equipment RM	Motor vehicles RM	Furniture, fixtures and fittings RM	Renovations RM	Electrical installation RM	Total RM
Depreciation									
At 1 April 2006	217,012	1,197,142	26,374,804	205,534	911,750	1,899,095	273,743	264,660	31,343,740
Effect of adopting FRS 117	(217,012)	(456,482)	-	-	-	-	-	-	(673,494)
At 1 April 2006, restated	-	740,660	26,374,804	205,534	911,750	1,899,095	273,743	264,660	30,670,246
Transfer to investment property	-	(71,573)	-	-	-	-	-	-	(71,573)
Depreciation for the year	-	67,720	3,542,421	2,282	231,126	155,568	7,332	23,817	4,030,266
At 31 March 2007, restated/1 April 2007	-	736,807	29,917,225	207,816	1,142,876	2,054,663	281,075	288,477	34,628,939
Depreciation for the year	-	69,171	3,259,008	1,404	241,876	153,661	7,281	23,484	3,755,885
Disposals	-	-	-	-	(728,579)	-	(3,504)	-	(732,083)
At 31 March 2008	-	805,978	33,176,233	209,220	656,173	2,208,324	284,852	311,961	37,652,741

3. Property, plant and equipment (continued)

Group	Long term leasehold land RM	Leasehold land and buildings RM	Plant, machinery and audio equipment RM	Office equipment RM	Motor vehicles RM	Furniture, fixtures and fittings RM	Renovations RM	Electrical installation RM	Total RM
Carrying amounts									
At 1 April 2006, restated	-	20,561,052	13,930,709	2,186	462,661	612,569	44,468	109,184	35,722,829
At 31 March 2007, restated/1 April 2007	-	2,679,867	10,910,666	7,704	916,535	531,777	37,536	85,367	15,169,452
At 31 March 2008	-	2,610,696	9,984,013	6,300	674,659	425,684	46,342	61,883	13,809,577
Representing:									
At cost	-	-	9,984,013	6,300	674,659	425,684	46,342	61,883	11,198,881
At valuation	-	2,610,696	-	-	-	-	-	-	2,610,696
At 31 March 2008	-	2,610,696	9,984,013	6,300	674,659	425,684	46,342	61,883	13,809,577

3. Property, plant and equipment (continued)

Security

The leasehold land (Note 5) and buildings of subsidiaries with carrying value of RM6,137,000 (2007 - RM6,244,000) have been pledged to a licensed bank as security for term loan facilities granted to a subsidiary.

Assets under finance lease agreement

Included in property, plant and equipment of the Group are motor vehicles and machinery acquired under finance lease agreements with carrying value of RM1,851,617 (2007 - RM1,169,000).

Property, plant and equipment under revaluation model

The Group's buildings were revalued on 20 September 2004 by an independent professional qualified valuer using an open market value method.

Had the buildings been carried under the historical cost model, their carrying amounts would have been RM2,190,834 (2007 – RM2,242,321).

Titles

The strata titles of buildings, with carrying value of RM730,000 (2007 - RM750,000), have not been issued to the subsidiaries as the master title has not been sub-divided.

4. Goodwill

Group	**RM**
Cost	
At 1 April 2006	737,860
Acquisition through business combination	6,941
At 1 April 2007	744,801
Disposal of a subsidiary	(6,941)
Allowance for impairment loss	(726,032)
At 31 March 2008	11,828

Goodwill

The carrying amount of goodwill of a subsidiary was assessed for impairment during the year.

The recoverable amount of the goodwill arising on consolidation is determined based on the value in use of the investment in the subsidiary.

The value in use was determined by discounting the future cash flows of the subsidiary based on the following key assumptions:

a) cash flows were projected based on actual operating results; and
b) the subsidiary will continue its operations indefinitely.

The key assumptions represent management's assessment of future trends in the media industry.

5. Prepaid lease payments

Group	Unexpired period more than 50 years RM
Cost/Valuation	
At 1 April 2006	-
Effect of adopting FRS 117	10,255,056
At 1 April 2006, restated	10,255,056
Disposals	(5,425,297)
31 March 2007, restated/ 1 April 2007/31 March 2008	4,829,759
Accumulated amortisation	
At 1 April 2006	-
Effect of adopting FRS 117	673,494
At 1 April 2006, restated	673,494
Amortisation for the year	113,879
Disposals	(271,265)
At 31 March 2007, restated /1 April 2007	516,108
Amortisation for the year	59,626
At 31 March 2008	575,734
Carrying amounts	
At 1 April 2006, restated	9,581,562
At 31 March 2007, restated /1 April 2007	4,313,651
At 31 March 2008	4,254,025

6. Investment property

Group

	Note	RM
Cost		
At 1 April 2006		-
Transfer from property, plant and equipment	3	17,894,038
Additions		20,000
At 31 March 2007		17,914,038
Additions		-
At 31 March 2008		17,914,038
Accumulated depreciation		
At 1 April 2006		-
Transfer from property, plant and equipment	3	71,573
Depreciation for the year		286,733
At 31 March 2007		358,306
Depreciation for the year		286,734
At 31 March 2008		645,040
Carrying amount		
At 31 March 2007/1 April 2007		17,555,732
At 31 March 2008		17,268,998
Fair value		18,000,000

Included in the above are:

	2008 RM	2007 RM
Freehold land	5,000,000	5,000,000
Building	12,268,998	12,555,732

The Directors estimated the fair value of investment property based on the latest available valuation report dated 9 March 2005 performed by an independent professional qualified valuer using an open market value method.

7. Investments in subsidiaries

	Company	
	2008	2007
	RM	RM
Unquoted shares in Malaysia, at cost	20,970,870	19,970,870
Less: Impairment loss	(3,775,000)	(2,420,000)
	17,195,870	17,550,870

Details of the subsidiaries are in Note 30.

8. Investments in associates

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
At cost:				
Unquoted shares in Malaysia	2,588,000	2,000,000	2,588,000	2,000,000
Allowance for impairment	(1,300,000)	-	(1,900,000)	-
Share of post-acquisition loss	(635,918)	(43,000)	-	-
	652,082	1,957,000	688,000	2,000,000

During the current financial year, the Company subscribed for 588,000 ordinary shares of RM1.00 each by way of rights issue in the share capital of an associate.

Summary financial information on associates:

	2008	2007
Group	RM	RM
Revenue (100%)	554,103	1,037,085
Loss (100%)	(1,554,058)	(108,003)
Total assets (100%)	2,773,462	4,044,596
Total liabilities (100%)	912,442	1,381,789

Details of the associate, which was incorporated in Malaysia, are as follows:

	Effective ownership interest		Principal activities
	2008	2007	
	%	%	
Giga Gates Sdn. Bhd. and its subsidiaries*	38	40	Investment holding

8. Investments in associates (continued)

* Details of the subsidiaries held by Giga Gates Sdn. Bhd., are as follows:

Name of company	Principal activities	Country of incorporation	Effective ownership interest 2008 %	2007 %
China Alliances (Shanghai) Co. Ltd	Information technology and telecommunication services. Data communication and mobile content provider	Peoples' Republic of China	100	100
Giga Gates Mobile Sdn. Bhd.	Provision of mobile ringing tones and contents download and other related services	Malaysia	100	100
Tappo Tappi Sdn. Bhd.	Trading of handphones and related products, provision of mobile ringing tones and contents download and related services	Malaysia	100	100
Tech Bonanza Sdn. Bhd.	Multiple gateway for technology enabling and content provisioning services	Malaysia	100	75

The associate and its subsidiaries have a financial year end of 30 June 2007. For the purpose of applying the equity method of accounting, the unaudited financial statements for the year ended 31 March 2008 have been used and appropriate adjustments have been made.

9. Other investments

	Group 2008 RM	2007 RM
At cost:		
Investment in club membership	30,030	30,030
Less: Impairment loss	(14,030)	(14,030)
	16,000	16,000

10. Long term advances due from a subsidiary

The advances due from a subsidiary are non-trade in nature, unsecured, interest free and are not expected to be repaid within the next twelve months.

11. Land held for development

	Group 2008 RM	2007 RM
Cost		
Land held for development	3,153,557	3,153,557

12. Receivables, deposits and prepayments

		Group		Company	
		2008	2007	2008	2007
	Note	RM	RM	RM	RM
Trade					
Trade receivables	12.1	11,735,471	9,802,697	-	-
Less: Allowance for doubtful debts		(1,041,307)	(743,987)	-	-
		10,694,164	9,058,710	-	-
Non-trade					
Amount due from subsidiaries	12.2	-	-	13,630,220	13,575,072
Amount due from former holding company of a subsidiary		1,522,315	2,292,315	-	-
Other receivables		1,025,738	1,321,151	6,903	9
Deposits		195,780	179,844	-	-
Prepayments		187,113	214,317	-	-
		2,930,946	4,007,627	13,637,123	13,575,081
		13,625,110	13,066,337	13,637,123	13,575,081

12.1 Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currencies of the Group entities are as follows:

		Group	
		2008	2007
		RM	RM
Functional currency	**Foreign currency**		
RM	USD	230,695	355,118
RM	SGD	755,984	855,456
RM	AUD	596,405	861,656

12.2 Amounts due from subsidiaries

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

13. Inventories

	Group	
	2008	2007
	RM	RM
At cost:		
Raw materials and consumables	1,125,151	2,476,955
Work-in-progress	116,997	172,976
Finished goods	431,151	763,328
	1,673,299	3,413,259
Allowance for inventory obsolescence	-	(50,000)
	1,673,299	3,363,259

In 2008, inventories recognised as cost of sales amounted to RM16,947,000 (2007 - RM18,060,000).

14. Property development costs

Group	Freehold land RM	Leasehold land RM	Development costs RM	Total RM
Cumulative property development costs				
At 1 April 2006	3,153,557	-	899,468	4,053,025
Transfer to land held for development	(3,153,557)	-	-	(3,153,557)
Costs incurred during the year	-	5,154,032	954,171	6,108,203
At 31 March/1 April 2007	-	5,154,032	1,853,639	7,007,671
Costs incurred during the year	-	-	2,220,477	2,220,477
At 31 March 2008	-	5,154,032	4,074,116	9,228,148
Cumulative costs recognised in income statement				
At 1 April 2006	-	-	-	-
Recognised during the year	-	-	(209,495)	(209,495)
At 31 March/1 April 2007	-	-	(209,495)	(209,495)
Recognised during the year	-	(2,176,136)	(2,364,273)	(4,540,409)
At 31 March 2008	-	(2,176,136)	(2,573,768)	(4,749,904)
Property development costs at 31 March 2007	-	5,154,032	1,644,144	6,798,176
Property development costs at 31 March 2008	-	2,977,896	1,500,348	4,478,244

Security

The leasehold land of a subsidiary has been pledged to a licensed bank as security for term loan facilities granted to a subsidiary.

Borrowing costs

Included in development costs of the Group in 2007 was net interest capitalized of a subsidiary at average rate of 9.25% per annum of RM120,000.

15. Cash and cash equivalents

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	4,220,771	2,434,668	3,419	8,193
Deposits with licensed banks	78,455	78,455	-	-
	4,299,226	2,513,123	3,419	8,193

16. Share capital and reserves

Share capital

	Group and Company		
	Number of shares	**Par value RM**	**Amount RM**
Ordinary shares			
Authorised:			
Balance at 1 April 2006/ 31 March 2007/1 April 2007	50,000,000	1.00	50,000,000
Subdivision of RM1 each to RM0.10 each	450,000,000	-	-
Balance at 31 March 2008	500,000,000	0.10	50,000,000
Issued and fully paid:			
Balance at 1 April 2006/ 31 March 2007/1 April 2007	40,000,000	1.00	40,000,000
Subdivision of RM1 each to RM0.10 each	360,000,000	-	-
Balance at 31 March 2008	400,000,000	0.10	40,000,000

Share premium

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

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

Revaluation reserve

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

17. Borrowings

This note provides information about the contractual terms of the Group's and the Company's interest-bearing borrowings. For more information about the Group's and the Company's exposure to interest rate risk, see Note 26.

	Group	
	2008 RM	**2007 RM**
Non-current		
Finance lease liabilities	1,030,060	426,725
Secured term loans	8,619,180	9,481,113
	9,649,240	9,907,838
Current		
Finance lease liabilities	465,036	243,973
Secured bankers' acceptances	2,821,250	2,396,000
Secured bank overdrafts	423,686	160,832
Secured term loans	1,752,875	1,752,874
	5,462,847	4,553,679
	15,112,087	14,461,517

17. Borrowings (continued)

Terms and debt repayment schedule

Group	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM
2008						
Finance lease liabilities	2009 - 2014	1,495,096	465,036	427,989	602,071	-
Bankers' acceptances (secured)	2009	2,821,250	2,821,250	-	-	-
Bank overdrafts (secured)	2009	423,686	423,686	-	-	-
Term loans (secured)	2014	10,372,055	1,752,875	1,752,875	5,758,625	1,107,680
		15,112,087	5,462,847	2,180,864	6,360,696	1,107,680
2007						
Finance lease liabilities	2008 - 2013	670,698	243,973	173,686	253,039	-
Bankers' acceptances (secured)	2008	2,396,000	2,396,000	-	-	-
Bank overdrafts (secured)	2008	160,832	160,832	-	-	-
Term loans (secured)	2010	11,233,987	1,752,874	1,752,876	7,728,237	-
		14,461,517	4,553,679	1,926,562	7,981,276	-

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum lease payments 2008 RM	Interest 2008 RM	Principal 2008 RM	Minimum lease payments 2007 RM	Interest 2007 RM	Principal 2007 RM
Less than one year	558,975	93,939	465,036	288,951	44,978	243,973
Between one and five years	1,120,360	90,300	1,030,060	477,170	50,445	426,725
More than five years	-	-	-	-	-	-
	1,679,335	184,239	1,495,096	766,121	95,423	670,698

The term loans of certain subsidiaries are charged against the leasehold land (Note 14), leasehold land (Note 5) and buildings (Note 3) of the subsidiaries, and are backed by the corporate guarantee from the Company.

Bankers' acceptances and bank overdrafts are charged by leasehold land and machineries of the subsidiaries and backed by corporate guarantee from the Company.

18. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following items:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Property, plant and equipment	1,035,300	1,462,300	-	-
Revaluation of property, plant and equipment	1,000,000	1,014,800	-	-
	2,035,300	2,477,100	-	-

Unrecognised deferred tax assets

Deferred tax assets have not been recognised for the following items:

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Unabsorbed capital allowances	6,054,135	5,989,000	-	-
Unutilised tax losses	2,282,579	2,067,368	225,776	225,776
Other items	175,000	66,000	-	-
	8,511,714	8,122,368	225,776	225,776

Deferred tax assets have not been recognised in respect of these 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.

Movement in temporary differences during the year

	At 1.4.2006 RM	Recognition in income statement (note 23) RM	Recognised in equity RM	At 31.3.2007 RM	Recognition in income statement (note 23) RM	At 31.3.2008 RM
Revaluation of property, plant and equipment	821,750	(53,200)	246,250	1,014,800	(14,800)	1,000,000
Property, plant and equipment	1,875,300	(413,000)	-	1,462,300	(427,000)	1,035,300
	2,697,050	(466,200)	246,250	2,477,100	(441,800)	2,035,300

Re-investment allowances

A subsidiary qualifies for re-investment allowances of 60% on qualifying expenditure incurred, to be set off against 70% of statutory income for each year of assessment. Any unutilised re-investment allowances can be carried forward to subsequent years until fully utilised. The amount of income exempted from tax is credited to a tax-exempt account from which tax-exempt dividends can be declared.

Subject to agreement by the Inland Revenue Board, the Group has unutilised reinvestment allowances not accounted for in the financial statements of the subsidiary, amounting to RM8,610,000 (2007 - RM8,610,000) to be set off against future taxable profits.

19. Payables and accruals

		Group		Company	
		2008	2007	2008	2007
	Note	RM	RM	RM	RM
Trade					
Trade payables	19.1	4,829,893	4,866,455	-	-
		4,829,893	4,866,455	-	-
Non-trade					
Amount due to subsidiary	19.2	-	-	2,000,000	-
Payables and accruals		1,268,210	1,414,042	105,421	116,343
		1,268,210	1,414,042	2,105,421	116,343
		6,098,103	6,280,497	2,105,421	116,343

19.1 Analysis of foreign currency exposure for significant payables

Significant payables that are not in the functional currencies of the Group entities are as follows:

		Group	
		2008	2007
		RM	RM
Functional currency	**Foreign currency**		
RM	USD	1,419,772	2,867,779
RM	SGD	300,891	-

19.2 Amount due to subsidiary

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

20. Revenue

	Group	
	2008	2007
	RM	RM
Sales of goods	26,083,314	31,422,851
Sales of properties	6,077,121	264,861
Rental income	720,000	720,000
	32,880,435	32,407,712

21. Loss before tax

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
		Restated		
Loss before tax is arrived at after charging:				
Allowance for doubtful debts	312,117	20,825	-	-
Allowance for inventory obsolescence	-	50,000	-	-
Allowance for impairment of goodwill	726,032	-	-	-
Allowance for impairment of investment in subsidiary	-	-	1,355,000	-
Allowance for impairment of investment in associates	1,300,000	-	1,900,000	-
Amortisation of prepaid lease payments	59,626	113,879	-	-
Auditors' remuneration	65,000	51,700	20,000	20,000
Bad debts written-off	130,000	-	-	-
Depreciation of property, plant and equipment	3,755,885	4,030,266	-	-
Depreciation of investment property	286,734	286,733	-	-
Interest expense on:				
- Finance lease	90,809	110,997	-	-
- Bankers' acceptances	170,022	147,477	-	-
- Bank overdraft	2,676	23,424	-	-
- Term loans	932,314	1,082,127	-	-
- Other borrowings	4,263	11,882	-	-
Inventories written off	163,580	19,614	-	-
Personnel expenses:				
- Contributions to Employees Provident Fund	400,576	402,716	-	-
- Wages, salaries and others	3,833,982	3,667,658	-	-
Rental of land and building	180,000	220,400	-	-
Rental of machinery	60,000	60,000	-	-
and after crediting:				
Allowance for doubtful debts no longer required	14,797	65,724	-	-
Gain on disposal of property, plant and equipment	130,000	-	-	-
Gain on foreign exchange:				
- Realised	36,689	288,547	-	-
- Unrealised	175,187	43,498	-	-
Gain on disposal of subsidiaries	4,750	-	-	-
Interest income	-	36,363	-	4,557

22. Key management personnel compensation

The key management personnel compensations are as follows:

	Group 2008 RM	Group 2007 RM
Directors		
- Fees	91,000	53,000
- Remuneration	347,404	538,587
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	34,600	45,713
	473,004	637,300

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

23. Tax expense

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Income tax expense				
- current year	162,394	558,000	-	-
- prior years	(66,578)	(14,068)	-	(178)
	95,816	543,932	-	(178)
Deferred tax expense				
Origination and reversal of temporary differences	(436,130)	(455,200)	-	-
Over provision in prior years	(5,670)	(11,000)	-	-
Tax expense	(345,984)	77,732	-	(178)
Reconciliation of tax expense				
Loss before tax	(5,111,187)	(1,658,789)	(3,598,810)	(244,380)
Income tax using Malaysian tax rate at 26% (2007: 27%)	(1,328,909)	(447,873)	(935,691)	(65,983)
Effect of changes in tax rate	-	11,000	-	-
Non-deductible expenses	953,943	375,673	935,691	65,983
Over provision in prior years	(72,248)	(25,068)	-	(178)
Effect of deferred tax assets not recognised	101,230	164,000	-	-
Tax expense	(345,984)	77,732	-	(178)

With effect from year of assessment 2008, the corporate tax rate is at 27%. The Finance Act 2007 also announced the reduction of corporate tax rate to 26% in 2008. Consequently deferred tax assets measured using these tax rates.

24. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per share for the year ended 31 March 2008 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2008 RM	**2007 RM**
Loss for the year attributable to ordinary shareholders	(4,765,203)	(1,732,048)

Weighted average number of ordinary shares

	Group	
	2008	**2007**
Weighted average number of ordinary shares at 31 March*	400,000,000	400,000,000

	Group	
	2008 Sen	**2007 Sen**
Basic earnings per ordinary share*	(1.19)	(0.43)

* The comparative figure was recomputed based on the enlarged number of ordinary shares in issue after the subdivision of shares which was completed on 28 September 2007 in accordance with FRS 133 : Earnings per Share.

Diluted earnings per share

No diluted earnings per share is calculated as there is no potential dilutive ordinary shares.

25. Segment reporting

Segment information is presented in respect of the Group's business. The primary format, business segments, is based on the Group's management and internal reporting structure. Segment information by geographical segments is not provided as the activities of the Group are located principally in Malaysia. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investment (other than investment property), corporate assets (primarily the tax recoverable and goodwill), and deferred tax liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

Business segments

The Group comprises the following main business segments:

- Replication of compact discs
- Duplication of audio cassette
- Plastic fabricated parts
- Property development

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

25. Segmental reporting (continued)

2008	Replication of compact discs RM	Duplication of audio cassette RM	Plastic fabricated parts RM	Property development RM	Other operations RM	Eliminations RM	Consolidated RM
Business segments							
Total external revenue	16,315,722	304,578	9,463,014	6,797,121	-	-	32,880,435
Inter-segment revenue	-	-	721,589	-	-	(721,589)	-
Total segment revenue	16,315,722	304,578	10,184,603	6,797,121	-	(721,589)	32,880,435
Results from operating activities	(1,309,063)	(351,066)	(1,089,739)	1,791,644	(2,359,961)	-	(3,318,185)
Finance costs	(208,944)	(3,055)	(86,465)	(901,620)	-	-	(1,200,084)
Share of loss of equity accounted associates	-	-	-	-	(592,918)	-	(592,918)
(Loss)/profit before tax	(1,518,007)	(354,121)	(1,176,204)	890,024	(2,952,879)	-	(5,111,187)
Tax expense							345,984
Loss for the year							(4,765,203)
Segment assets	19,880,393	3,567,244	6,550,890	32,563,529	15,980	-	62,578,036
Investments in associates	-	-	-	-	652,082	-	652,082
Unallocated assets							325,316
Total assets							63,555,434
Segment liabilities	6,518,356	32,487	2,692,260	11,971,279	105,421	-	21,319,803
Unallocated liabilities							2,035,300
Total liabilities							23,355,103
Capital expenditure	2,275,455	-	122,688	-	-	-	2,398,143
Depreciation	2,255,498	69,441	1,335,154	95,792	-	-	3,755,885
Amortisation of prepaid lease payment	32,164	27,462	-	-	-	-	59,626
Amortisation of investment property	-	-	-	286,734	-	-	286,734

25. Segmental reporting (continued)

2007	Replication of compact discs RM	Duplication of audio cassette RM	Plastic fabricated parts RM	Property development RM	Other operations RM	Eliminations RM	Consolidated RM
Business segments							
Total external revenue	17,181,779	867,507	13,373,565	984,861	-	-	32,407,712
Inter-segment revenue	-	-	1,561,364	-	-	(1,561,364)	-
Total segment revenue	17,181,779	867,507	14,934,929	984,861	-	(1,561,364)	32,407,712
Results from operating activities	(70,606)	(120,232)	190,230	(24,206)	(251,431)	-	(276,245)
Interest income	26,562	2,341	-	2,903	4,557	-	36,363
Finance costs	(63,920)	(3,833)	(216,559)	(1,091,595)	-	-	(1,375,907)
Share of loss of equity accounted associates	-	-	-	-	(43,000)	-	(43,000)
Loss before tax	(107,964)	(121,724)	(26,329)	(1,112,898)	(289,874)	-	(1,658,789)
Tax expense							(77,732)
Minority interest							4,473
Loss for the year							(1,732,048)
Segment assets	19,663,595	3,974,532	10,421,266	31,881,154	8,740	-	65,949,287
Investments in associates	-	-	-	-	1,957,000	-	1,957,000
Unallocated assets							1,311,707
Total assets							69,217,994
Segment liabilities	4,403,597	165,872	4,665,063	11,412,786	126,313	-	20,773,631
Unallocated liabilities							2,477,100
Total liabilities							23,250,731
Capital expenditure	811,211	3,650	6,535	477,958	-	-	1,299,354
Depreciation	2,473,907	86,428	1,373,261	96,670	-	-	4,030,266
Amortisation of prepaid lease payment	86,417	27,462	-	-	-	-	113,879
Amortisation of investment property	-	-	-	286,734	-	-	286,733

26. Financial instruments

Exposure to credit, interest rate, foreign currency and liquidity risks arises in the normal course of the Group's business.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

The Group's investment in fixed and floating rate borrowings is exposed to a risk of change in their fair value due to changes in interest rates. The Group manages its interest rate risk exposure by maintaining an appropriate mix of fixed and floating rate borrowings.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

2008	Average effective interest rate %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 -4 years RM	4 -5 years RM	More than 5 years RM
Fixed rate instruments								
Finance lease liabilities	6.59	1,495,096	465,036	427,989	412,569	147,955	41,547	-
Floating rate instruments								
Bankers' acceptances	8.25	2,821,250	2,821,250	-	-	-	-	-
Bank overdrafts	8.25	423,686	423,686	-	-	-	-	-
Term loans	8.37	10,372,055	10,372,055	-	-	-	-	-
		15,112,087	14,082,027	427,989	412,569	147,955	41,547	-
2007								
Fixed rate instruments								
Finance lease liabilities	5.38	670,698	243,973	173,686	99,527	94,465	59,047	-
Floating rate instruments								
Bankers' acceptances	6.86	2,396,000	2,396,000	-	-	-	-	-
Bank overdrafts	8.25	160,832	160,832	-	-	-	-	-
Term loans	9.25	11,233,987	11,233,987	-	-	-	-	-
		14,461,517	14,034,792	173,686	99,527	94,465	59,047	-

26. Financial instruments (continued)

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are primarily U.S. Dollars (USD), Singapore Dollars and Australian Dollars (AUD). No hedging is done for transactions in foreign currency at present.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping committed credit lines available. In addition, the Group ensures that the amount of debt maturing in any one year is not beyond the Group's means to repay and/or refinance.

Fair values

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

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follows.

	2008		2007	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Finance lease liabilities	1,495,096	1,458,497	670,698	670,698
Secured term loans	10,372,055	10,372,055	11,233,987	11,233,987
Investment in club membership	16,000	16,000	16,000	16,000

27. Capital commitment

	Group and Company	
	2008 RM	2007 RM
Capital expenditure commitment		
Plant and equipment		
Contracted but not provided for:		
Within one year	-	1,580,000

28. Contingent liabilities – unsecured

	Company	
	2008 RM	2007 RM
Corporate guarantees to licensed banks for credit facilities granted to subsidiaries	21,200,000	21,250,000

29. Related parties

Identity of related parties

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

Key management personnel are 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, and certain members of senior management of the Group.

The Group has a related party relationship with its subsidiaries (see Note 7) and associates (see Note 8).

Significant transactions with subsidiaries

	2008 RM	2007 RM
Transaction value for the year ended 31 March		
Management fees receivable	600,000	-

Significant transactions with associate

	2008 RM	2007 RM
Transaction value for the year ended 31 March		
Associate		
Rental income	30,000	6,000
Management fees	84,000	96,000

Significant transactions with a company controlled by a substantial shareholder of the Company

	2008 RM	2007 RM
Transaction value for the year ended 31 March		
Sun Acres Development Sdn Bhd - Construction contracts	1,408,782	-
Net balance outstanding as at 31 March		
Sun Acres Development Sdn Bhd - Construction contracts	193,661	-

The transactions have been entered into in the normal course of business and have been established under negotiated terms.

There are no allowances for doubtful debts being made in respect of the balances due from subsidiaries, associate and company in which a substantial shareholder has interest.

30. Subsidiaries

The principal activities of the subsidiaries, their places of incorporation and the interest of GSB Group Berhad are as follows:-

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2008 %	2007 %
GSB Summit Audio (M) Sdn. Bhd.	Malaysia	Mechanical reproduction of sound and music	100	100
GSB Summit CD (M) Sdn. Bhd.	Malaysia	Manufacture of compact discs	100	100
GSB Plastech (M) Sdn. Bhd.	Malaysia	Manufacture of plastic fabricated parts	100	100
GSB Summit Development Sdn. Bhd.	Malaysia	Property development	100	100
Serta Usaha Sdn. Bhd.	Malaysia	Property development	100	89.47
GSB Properties Sdn Bhd#	Malaysia	Dormant	100	-
Duta Legacy Sdn. Bhd.	Malaysia	Dormant	-	100
Benih Kurnia Sdn. Bhd.* (wholly-owned subsidiary of Duta Legacy Sdn. Bhd.)	Malaysia	Dormant	-	100

* Subsidiaries not audited by KPMG
# Incorporated during the financial year

During the year, the Company acquired an additional 10.53% interest in Serta Usaha Sdn. Bhd. for RM1,000,000 in cash, increasing its ownership from 89.47% to 100%.

31. Disposal of subsidiaries

Disposal of subsidiaries

On 17 August 2007, the Group disposed of its entire interest in Duta Legacy Sdn. Bhd. and its subsidiary Benih Kurnia Sdn. Bhd. for a cash consideration of RM2. Both subsidiaries are dormant. From 1 April 2007 to 17 August 2007, the subsidiaries incurred a loss after tax of RM2,259.

The disposal had the following effect on the Group's assets and liabilities on disposal date:

Group	Carrying amount RM
Current assets	1,542
Current liabilities	(13,231)
Net current liabilities	(11,689)
Goodwill	6,941
	(4,748)
Gain on disposal	4,750
Total sales consideration	2
Less : Cash and bank balances	(1,540)
Cash flow on disposal, net of cash disposed	(1,538)

32. Comparative figures

Certain comparative figures have been reclassified as a result of changes in accounting policies following the adoption of FRS 117, *Leases* as stated in Note 5 to conform with the presentation requirements of FRS 101, *Presentation of Financial Statements*.

	As restated RM	As previously stated RM
Balance Sheet		
Property, plant and equipment	15,169,452	19,483,103
Prepaid lease payments	4,313,651	-
Income Statement		
Amortisation of prepaid lease payments	113,879	-
Depreciation of property, plant and equipment	4,030,266	4,144,145

Leasehold land normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

List of Properties

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 2008 (RM)
GSB SUMMIT AUDIO (M) SDN BHD					
Property, plant and equipment					
Parcel No. D-113 1st Floor, Block D Pandan Height, PT 34798 Mukim of Ampang, District of Ulu Langat, State of Selangor.	Three (3) bedroom apartment for management	28/09/04	Freehold (age is approx 10 years)	79.25	116,070
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	21/09/04	Leasehold 99 years expiring on 11.09.2082 (age is approx 14 years)	95.00	120,844
Plot No. B29 Gateway 2020 Industrial Park, Phase 5 Taman Shamelin Perkasa PT 1604 and PT 1668 Mukim of Kuala Lumpur and Ampang respectively, District of Kuala Lumpur.	Adjoining unit of semi-detached single storey factory with three storey office	21/09/04	Leasehold 99 years expiring on 11.09.2082 (age is approx 10 years)	1,041.00	985,858
Prepaid lease payment					
Plot No. B29 Gateway 2020 Industrial Park, Phase 5 Taman Shamelin Perkasa PT 1604 and PT 1668 Mukim of Kuala Lumpur and Ampang respectively, District of Kuala Lumpur.	Adjoining unit of semi-detached single storey factory with three storey office	21/09/04	Leasehold 99 years expiring on 11.09.2082 (age is approx 10 years)	1,041.00	2,111,476

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 2008 (RM)
GSB SUMMIT CD (M) SDN BHD					
Property, plant and equipment					
Parcel No. D-107 1st Floor, Block D Pandan Height, PT 34798 Mukim of Ampang, District of Ulu Langat, State of Selangor.	Three (3) bedroom apartment for management	28/09/04	Freehold (age is approx 10 years)	79.62	117,733
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	21/09/04	Leasehold 99 years expiring on 11.09.2082 (age is approx 14 years)	95.00	122,252
Parcel No. E-GP04 Block E, Phase 5 Pandan Perdana PT 4335 Mukim of Kuala Lumpur, District of Kuala Lumpur.	5 + 1 bedroom apartment (Penthouse) for senior management accommodation	22/09/04	Freehold (age is approx 7 years)	195.93	266,625
Plot No. B30 Gateway 2020 Industrial Park, Phase 5 Taman Shamelin Perkasa PT 1604 and PT 1668 Mukim of Kuala Lumpur and Ampang respectively, District of Kuala Lumpur.	Adjoining unit of semi-detached single storey factory with three storey office	21/09/04	Leasehold 99 years expiring on 11.09.2082 (age is approx 10 years)	1,041.00	896,954
Prepaid lease payment					
Plot No. B30 Gateway 2020 Industrial Park, Phase 5 Taman Shamelin Perkasa PT 1604 and PT 1668 Mukim of Kuala Lumpur and Ampang respectively, District of Kuala Lumpur.	Adjoining unit of semi-detached single storey factory with three storey office	21/09/04	Leasehold 99 years expiring on 11.09.2082 (age is approx 10 years)	1,041.00	2,142,549

List of Properties

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 2008 (RM)
SERTA USAHA SDN BHD					
Lot 50, Section 94, Jalan Kapar, Off Jalan Syed Putra Dalam, Kuala Lumpur	Thirteen storey building with a basement mechanical car park	31/07/2005	Freehold (age is approx 9 years)	895.34	17,268,998
HS(D) No. 12718, PT No. 15685, Bandar Bentong, Daerah Bentong, Negeri Pahang	Vacant land	22/08/2005	Freehold	1,999.15	1,111,775
HS(D) No. 193/95, PT No. 583, Mukim Teloi Kiri, Daerah Kuala Muda, Negeri Kedah	Vacant land	15/09/2005	Freehold	39,355.00	1,303,135
HS(D) No. 226/95, PT No. 616, Mukim Teloi Kiri, Daerah Kuala Muda, Negeri Kedah	Vacant land	15/09/2005	Freehold	22,311.00	738,647
GSB SUMMIT DEVELOPMENT SDN BHD					
Lot No. 31573-31578 & 31627, Desa Tun Razak PN 10174-10179 & 10228 Mukim Petaling, Daerah Wilayah Persekutuan Negeri Wilayah Persekutuan	Vacant industrial land under construction	15/09/2000	Leasehold 99 years expiring on 20.03.2085 (age is approx 20 years)	6,861.00	4,823,864
Total				**74,048.29**	**32,126,780**

Statistics of Shareholdings

Financial Year End : 31 March 2008
Class of Shares : Ordinary shares of RM0.10 each
Voting Rights : One vote per ordinary share.

ANALYSIS OF SHAREHOLDERS BY RANGE GROUP AS AT 31 JULY 2008

Size of Shareholdings			No of Shareholders	% of Shareholders	No of Shares Held	% of Issued Capital
1	to	99	48	1.6399	1,896	0.0005
100	to	1,000	320	10.9327	146,240	0.0366
1,001	to	10,000	545	18.6197	4,281,520	1.0704
10,001	to	100,000	1,703	58.1824	63,702,464	15.9256
100,001	to	19,999,999	306	10.4544	151,665,450	37.9164
20,000,000	and above		5	0.1708	180,202,430	45.0506
Total			2,927	100.0000	400,000,000	100.0000

THIRTY LARGEST SHAREHOLDERS AS AT 31 JULY 2008

No	Name of Shareholders	No of Shares Held	% of Issued Capital
1	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Suria Bitara Sdn Bhd	80,480,000	20.1200
2	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jeffrey Ong Peng Lock	30,000,100	7.5000
3	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Seng Biang	24,759,000	6.1898
4	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Pik Mui	24,750,000	6.1875
5	Gun Seong Thean	20,213,330	5.0533
6	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Sun Acres Development Sdn Bhd	19,800,000	4.9500
7	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for ID D'Art Sdn Bhd	18,600,510	4.6501
8	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Gan Boon Kat	9,119,490	2.2799
9	Tapak Bumimaju Sdn Bhd	5,425,100	1.3563
10	Wong Kong Meng	3,840,000	0.9600

Thirty Largest Shareholders as at 31 July 2008 (continued)

No	Name of Shareholders	No of Shares Held	% of Issued Capital
11	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Na Bon Tiam	2,693,000	0.6732
12	Yap Win Seng	2,640,000	0.6600
13	Goh Yun Wah	2,089,400	0.5224
14	Mayban Securities Nominees (Tempatan) Sdn Bhd UOB-Kay Hian Pte Ltd for Ding Chin Look	1,729,000	0.4322
15	Hee Pooi Lee	1,407,000	0.3518
16	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Foong Wai Chee	1,392,700	0.3482
17	Yap Meei SY	1,222,900	0.3057
18	Tu See Yen	1,128,700	0.2822
19	Lim Kee Sim	1,075,500	0.2689
20	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Beng Hwa	1,054,500	0.2636
21	Lye Thei	1,020,000	0.2550
22	Goh Yun Lai	1,000,000	0.2500
23	Kok Siew Kuan	1,000,000	0.2500
24	Chew Foong Tai	1,000,000	0.2500
25	Teo Kee Bock	1,000,000	0.2500
26	Eow Yin Kam	1,000,000	0.2500
27	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Eng Moi @ Ching Eng Moi	994,200	0.2486
28	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ting Yuet May	955,000	0.2388
29	Tam Chui Chui	919,000	0.2298
30	Chor Yun Wang	900,000	0.2250
	Total	**263,208,430**	**65.8023**

SUBSTANTIAL SHAREHOLDERS

(As per the Register of Substantial Shareholders as at 31 July 2008)

	Name of Shareholders	Direct No of Shares	%	Indirect No of Shares	%
1	Suria Bitara Sdn Bhd	80,480,000	20.1200	0	0.0000
2	Jeffrey Ong Peng Lock	30,300,100	7.5750	0	0.0000
3	Gan Pik Mui	25,065,000	6.2663	0	0.0000
4	Gan Seng Biang	24,760,510	6.1901	38,400,510*	9.6001
5	Gun Seong Thean	20,213,330	5.0533	0	0.0000
6	Lim Yap Hap	210,000	0.0525	38,400,510#	9.6001
Total		**181,028,940**	**45.2572**	**76,801,020**	**19.2002**

* Deemed interest by virture of shares held in Sun Acres Development and ID D'art Sdn Bhd

\# Deemed interest by virture of shares held in Sun Acres Development and ID D'art Sdn Bhd

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings as at 31 July 2008)

	Name of Shareholders	Direct No of Shares	%	Indirect No of Shares	%
1	Jeffrey Ong Peng Lock	30,300,100	7.5750	0	0.0000
2	Gan Pik Mui	25,065,000	6.2663	0	0.0000
3	Gan Boon Kat	9,119,490	2.2799	0	0.0000
4	Liaw Boo Lai @ Leow Bong Lai	0	0.0000	0	0.0000
5	Loy Kwee Keow	0	0.0000	0	0.0000
6	Yap Kiam Beng	0	0.0000	0	0.0000
Total		**64,484,590**	**16.1212**	**0**	**0.0000**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifteenth 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 Monday, 29 September 2008 at 9.00 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 2008 together with the Directors' and Auditors' Reports thereon. ***Resolution 1***

2. To approve the payment of Directors' Fees amounting to RM34,000.00 for the year ended 31 March 2008. ***Resolution 2***

3. To re-elect Mr Yap Kiam Beng who retires in accordance with Article 82 of the Company's Articles of Association. ***Resolution 3***

4. To re-elect Mr Loy Kwee Keow who retires in accordance with Article 82 of the Company's Articles of Association. ***Resolution 4***

5. To re-appoint Messrs KPMG as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. ***Resolution 5***

As Special Business

6. To consider and if thought fit, pass the following Ordinary Resolutions:

(i) Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965 ***Resolution 6***

"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."

(ii) Proposed Renewal of Shareholders' Mandate for the Company's Subsidiary to enter into Recurrent Related Party Transactions of a revenue or trading nature with the related party ("Proposal") ***Resolution 7***

"THAT subject to the provisions of the Listing Requirements of Bursa Securities, mandate be given to the Company's subsidiary namely GSB Summit Development Sdn Bhd to enter into with Sun Acres Development Sdn Bhd the Related Party Transactions involving Recurrent Transactions of a revenue or trading nature which are necessary for its day to day operations as set out in Section 3 (pages 2 to 4) of the Circular to Shareholders dated 5 September 2008.

AND THAT the aforesaid recurrent transactions of a revenue or trading nature are subject to the following:-

(a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public and not to the detriment of minority shareholders.

(b) disclosure of the aggregate value of recurrent transactions conducted during the financial year will be disclosed in the Annual Report for the said financial year AND that such approval shall continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at the meeting the authority is renewed;

(ii) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in an AGM or an Extraordinary General Meeting.

whichever is earlier.

(c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including such documents as may be required) to give effect to the Proposal contemplated and/or authorised by these Ordinary Resolution."

7. To consider any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

SEE SIEW CHENG
LEONG SHIAK WAN
Company Secretaries

Kuala Lumpur
5 September 2008

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 and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

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. 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.

4. The instrument appointing a proxy must be deposited at the Registered Office at 10th Floor Wisma Havela Thakardas No 1 Jalan Tiong Nam Off Jalan Raja Laut 50350 Kuala Lumpur 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).

5. **EXPLANATORY NOTE ON THE SPECIAL BUSINESS**

(i) The proposed Resolution 6, 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.

(ii) The proposed Resolution 7, if passed, will empower the Directors from the date of the Fifteenth Annual General Meeting, to deal with the related party transactions involving recurrent transactions of revenue or trading nature which are necessary for its day-to-day operations. These Renewal Recurrent Related Party Transactions are in the ordinary business and are on terms not more favourable to the related party than those generally available to the public. This authority, unless revoke or varied at a general meeting, will expire at the next Annual General Meeting.

Statement Accompanying Notice of Annual General Meeting
pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

1. **The Directors who are standing for re-election at the Fifteeth Annual General Meeting of the Company are as follows:**

    - Mr Yap Kiam Beng
    - Mr Loy Kwee Keow

    The profiles and interests in shares of the abovementioned Directors are set out on pages 7 and 8 of the Annual Report.

    None of the above Directors has been convicted for offences within the past ten (10) years other than traffic offences.

GSB GROUP BERHAD
287036-X

PROXY FORM

CDS account no. of authorised nominee

I/We ______________________ (name of shareholder as per NRIC, in capital letters) IC 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) IC No. ______________________ (new) ______________________ (old) or failing him/her ______________________ (name of proxy per NRIC, in capital letters) IC 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 Fifteenth Annual General Meeting of the Company to be held at No 9, Jalan 3/91A, Taman Shamelin Perkasa, Cheras 56100 Kuala Lumpur on Monday, the 29th day of September 2008 at 9.00am and at each and every adjournment thereof.

My/our proxy is to vote as indicated below:

RESOLUTIONS		FOR	AGAINST
Resolution 1	Receive Statutory Financial Statements and Reports		
Resolution 2	Approval of Directors' Fees of RM34,000.00		
Resolution 3	Re-election of Mr Yap Kiam Beng		
Resolution 4	Re-election of Mr Loy Kwee Keow		
Resolution 5	Appointment of Messrs KPMG as Auditors		
Resolution 6	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 7	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions		

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

____
Signature/Common Seal

Number of shares held: ______________________

Date: ______________________

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

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

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his instead. A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.

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* Strike out whichever is not valid

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STAMP

The Company Secretary
GSB Group Berhad (287036-X)
No. 9, Jalan 3/91A,
Taman Shamelin Perkasa Cheras,
56100 Kuala Lumpur.

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