GSB GROUP BERHAD

287036-X

ANNUAL REPORT 2009

Vision

To be a leading provider in optical storage media serving the needs of education, entertainment and software industries

Mission

To continue our leadership and reputation in optical storage media industry by providing the highest level of Quality, Service and Trust

Contents

Chairman's Statement

Dear Valued Shareholders,

Overcoming the challenges in the past year, GSB Group Berhad took the initiative to streamline our business in order to have a better position in the storage media content industry that evolves over time. We have put in place several necessary measures that will enable us to capture the new and diversified revenue streams for future growth. This is our continue effort to enhance the shareholder's value.

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 2009.

FINANCIAL PERFORMANCE

For the period under review, the continuing operations of GSB Group recorded a revenue of RM29.37million and a profit before tax of RM504,011 , in comparison to a turnover of RM23.42million and loss before tax of RM3.21million for the same operations in the preceding financial year. However the discontinued operation made up for the loss after tax of RM4.1million and RM1.89million for the respective financial year.

Turnover from the continuing operations namely our Compact Discs ("CD") business reduced from RM16.32 million in Financial Year ("FY") 2008 to RM14.65 million in FY 2009. The Cassette business also have a lower performance by generating revenue of RM107,952 from RM304,578 in the previous year.

Sales for our CD-ROM business were affected after the financial crisis, as a drop of overseas order was experienced from our customers. Counter measures were taken by expansion of customer base in the local CD-ROM segment and tighter cost control measures. However the newly secured market was not enough to close the gap.

The decrease in the Cassette business was mainly due to lower market demand. The decline has been consistent for some years now as 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 an increased RM14.61 million in turnover during FY2009 from RM6.79 million in FY2008 and yielded a profit of RM1.52 million. The 7 unit of factories developed are fully sold and near completion.

The turnover of discontinued operation, namely the Plastic Fabricated Parts was down at RM2.03 million in FY2009 compared to RM9.46 million in FY2008 and also recorded a loss of RM3.92 million in FY2009 due to its cessation of the business operations in November 2008, as the operation suffered from lower demand from customers compounded with the volatility in the price of General Purpose Polystyrene (GPP), a key ingredient in our products affected by the world oil prices.

STRATEGIC DEVELOPMENTS

DVD Production Capability

Our new DVD production line is already running and is starting to contribute to the Group. We are anticipating more demand and support from our existing customers as time progress. With this production line, the Group's overall technological capability is increased as the DVD technology requires higher productivity methods and expertise. It brought the Group's image up to another level.

Chairman's Statement (cont'd)

Diversification into Property Business

As part of our efforts to generate diversified revenue streams, the Group has ventured into property business through property development.

The 7 units of factory in Desa Tun Razak, Cheras is currently near completion and the Group is working on another development project which consists of 44 units of boutique condovilla near the vicinity of Bandar Utama Damansara. We have received good respond from the market and is more than 80% sold.

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 past year, we have supported 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. Through out the years, we continue to be CDSA-compliant and go out all the way to ensure stringent anti-piracy measures are in place in all aspects of our business. The Group is committed in ensuring transparency, accountability and integrity; it 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 third year. Having met all the stringent criteria of the 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.

Sony Music Charity Project

The group is honored to be invited to be a partner with Sony Music to produce an MP3 CD entitled "From the Heart" to raise fund for The National Society For The Deaf. The Group has replicated 5,000 copies free of charge in this charity project. The project will help to sustain essential work at the Cued Speech Centers to save Malaysian hearing impaired children from becoming illiterate.

PROSPECTS

Despite the financial crisis and intense market competition, our manufacturing segment which is our core business is anticipating a positive outlook for the coming year.

The Ministry of Domestic Trade and Consumer Affairs' effective enforcement to combat piracy is having a positive impact on our core businesses. This is the Government's commitment to promote key policies of the Multimedia Super Corridor and Knowledge-based Economy Master Plan (KEMP).

These policies translate 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.

Chairman's Statement (cont'd)

With that in mind, we are confident to capture more business in our CD-ROM segment. With the growing acceptance of the storage medium for entertainment, data storage and education purposes, it is also foreseeable of the growing trend by companies to produce their annual reports in digital format.

On top of that, our strategy of growing our new revenue streams through our investment in the DVD business enabled us to move on to cater for the requirement of the video industry. By strengthening our position in the DVD segment, it will be the mainstay of our business going forward as we could see new demand for our products.

Our continue effort to maximize shareholder value is reaping fruit as we have taken necessary measures to streamline our business. Meanwhile the price of raw material has stabilized.

The Group's strategic venture on property development has already contributed 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.

APPRECIATION

We wish to convey our heartfelt appreciation to our loyal shareholders and customers. Their support to the Group, products and services is much valued during this challenging time. With that in mind, the Group remains committed to deliver value to you.

To our management team and employees, I am grateful for your hard work and dedication throughout the year in overcoming the challenges we faced. We look forward to your continued support in the coming year.

Last but not least, I trust that the Board will provide me their valuable 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

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
Main Market
Stock Name : GSB
Stock Code : 7077

Corporate Structure

GSB GROUP BERHAD

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

- 100%
  GSB MANAGEMENT SDN BHD
  (Formerly known as GSB Plastech (M) Sdn Bhd)
  Dormant

- 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
  Property development

- 100%
  GSB HOTEL SDN BHD
  Dormant

Board of Directors and Profile

JEFFREY ONG PENG LOCK

Age 38, 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.

LOY KWEE KEOW

Aged 50, 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 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.

Board of Directors and Profile (cont'd)

LIAW BOO LAI @ LEOW BONG LAI

Aged 67, 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 President 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 38, 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 44, a Malaysian citizen and appointed to the Board on 21 December 2006. He is a non-independent, non-executive director of the Group.

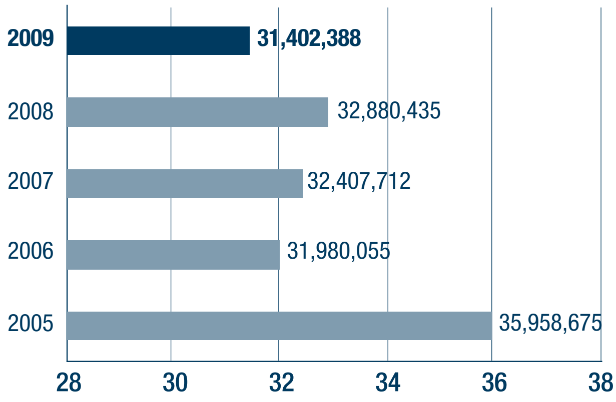
He has over 20 years of experience in the property market as a real estate consultant. He was attached to Goldhill Realty from 1993 to 2000 as Real Estate Consultant.

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.

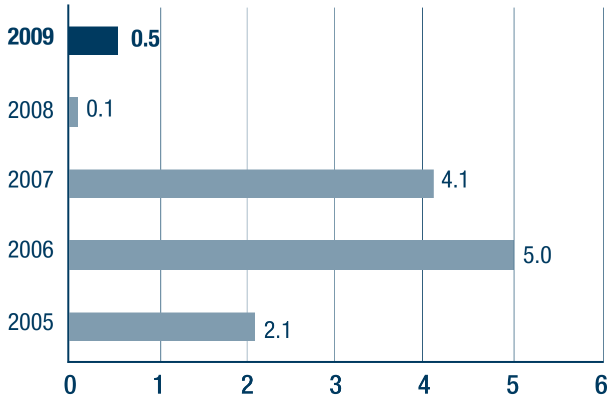
He is the brother of Gan Pik Mui, a director of the Company and son of Gan Seng Biang and Lim Yap Hap, one of the major shareholders of the Company.

5 Years' Financial Highlights

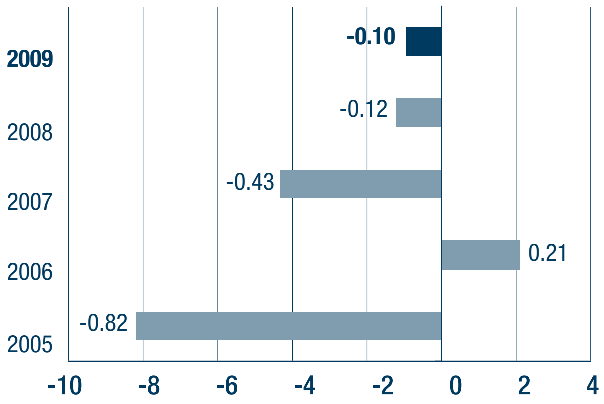
GROUP TURNOVER / RINGGIT



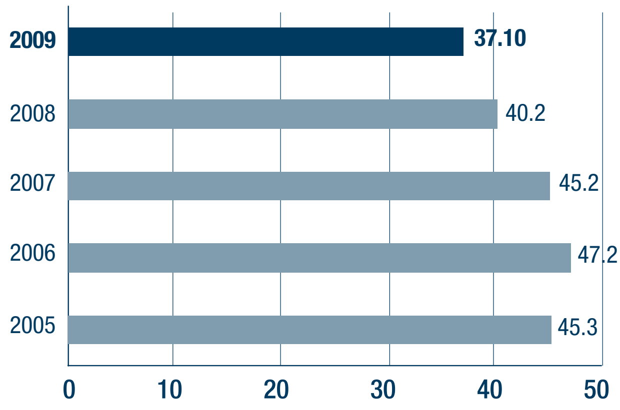
EARNINGS BEFORE TAX, INTEREST, DEPRECIATION AND AMORTISATION / RINGGIT IN MILLION



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 Directors ("the Board") fully appreciate the importance of adopting high standards of corporate governance within the Group to ensure that the recommendation of the Malaysian Code on Corporate Governance ("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 five (5) members, an Executive Chairman 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.

The Executive Chairman is primarily responsible for the orderly conduct and working of the Board and 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 5 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 2009, the Board met a total of 4 times. Details of the Director's attendance record are presented as below:-

Directors	Numbers of Meetings Held**	Number of Meetings Attended
Jeffrey Ong Peng Lock	4	4
Loy Kwee Keow	4	4
Liaw Boo Lai @ Leow Bong Lai	4	4
Gan Pik Mui	4	4
Gan Boon Kat	4	4
**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 17 to 19 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.

Conferences, seminars and training programmes attended by Directors in financial year 2009 and up to the date of this report are as follows:-

Director	Name of conferences, seminars and training programmes attendded
Jeffrey Ong Peng Lock	• Technical Briefing on Main Market Listing Requirements • Financial Risk Management – Succeeding in Turbulent Times • High level forum for Directors of listed issuers in enhancing Corporate Governance
Loy Kwee Keow	• Seminar Managing Chemicals at Work Place • High level forum for Directors of listed issuers in enhancing Corporate Governance
Liaw Boo Lai @ Leow Bong Lai	• High level forum for Directors of listed issuers in enhancing Corporate Governance
Gan Pik Mui	• High level forum for Directors of listed issuers in enhancing Corporate Governance
Gan Boon Kat	• High level forum for Directors of listed issuers in enhancing Corporate Governance

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	23
Salaries & Other Emoluments	392	-
Benefit in Kind	22	-

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

Range of Remuneration	No of Executive Director	No of Non-Executive Director
RM 1 to RM 50,000	-	4
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.

Corporate Governance Statement (cont'd)

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 17 to 19 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 27 August 2009.

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 27 August 2009.

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:-

Corporate Governance Statement (cont'd)

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.

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.

In 2009, The Group participated in the Sony Music Charity Project. The Group produced (free of charge) 5,000 copies of MP3 CDs entitled "From the Heart" to help raise funds for The National Society For The Deaf. The project will help to sustain essential work at the Cued Speech Centers to save Malaysian hearing impaired children from becoming illiterate.

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

Audit Committee Report (cont'd)

- 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 2009 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.

The professional fees incurred for the internal audit functions during the current financial year amounts to RM32,945.

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

AUDIT COMMITTEE ATTENDANCE RECORD

The Audit Committee met four (4) times during the financial year ended 31 March 2009 and the attendance record is as follows:-

Directors	Numbers of Meetings Held**	Number of Meetings Attended
Loy Kwee Keow	4	4
Liaw Boo Lai @ Leow Bong Lai	4	4
Gan Pik Mui	4	4

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

The Audit Committee Report was made in accordance with a resolution of the Audit Committee dated 27 August 2009.

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 a key subsidiary have been established and documented and communicated to all staff members.
3. Key risks areas were 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 of a key subsidiary have meetings on a monthly basis to discuss operational, corporate, financial and key management issues.
6. For key operational areas, annual independent audit on operational procedures of a key subsidiary was carried out in line with the International Standard of Operation ("ISO") Certification Programmes.
7. A reporting system has been established to generate financial information for management and the Board of Directors' review.

Certain aspects of the controls and the recommendations highlighted by the internal auditors have been or will be addressed in due course.

This statement was made in accordance with a resolution of the Board dated 27 July 2009.

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

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

NON-AUDIT FEES

The Company did not pay the external auditors any non-audit fees during the financial year.

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 35 of the Annual Report.

Financial Statement

Directors' Report
for the year ended 31 March 2009

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. Except for the cessation of the business operations of a wholly owned subsidiary, GSB Management Sdn. Bhd. (formerly known as GSB Plastech (M) Sdn. Bhd.), there has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the year	3,788,154	2,553,824

RESERVES AND PROVISION

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

DIVIDENDS

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the 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 (resigned on 28 November 2008)

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 as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.4.2008	Bought	Sold	At 31.3.2009
Shareholdings in which Directors have direct interest				
The Company				
Jeffrey Ong Peng Lock	27,600,100	2,700,000	-	30,300,100
Gan Pik Mui	23,065,000	6,700,000	(4,700,000)	25,065,000
Gan Boon Kat	9,119,490	-	-	9,119,490

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

None of the other Directors holding office at 31 March 2009 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) 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, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29 to the financial statements.

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

ISSUE OF SHARES AND DEBENTURES

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

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

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.

OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the Directors, except for the cessation of the business operations of a subsidiary, GSB Management Sdn. Bhd. (formerly known as GSB Plastech (M) Sdn. Bhd.), and disposal of associates, as disclosed in Note 24 and Note 8 to the financial statements respectively, the results of the operations of the Group and of the Company for the financial year ended 31 March 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

On 7 November 2008, a wholly-owned subsidiary, GSB Management Sdn. Bhd. (formerly known as GSB Plastech (M) Sdn. Bhd.), ceased its operations and has since remained dormant.

On 12 March 2009, the Company disposed of its entire equity interest of 38% in its associates, Giga Gates Sdn. Bhd. and its subsidiaries, for a total cash consideration of RM100,000.

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

....

Gan Boon Kat

Kuala Lumpur,
Date: 27 July 2009

Balance Sheets
at 31 March 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Assets					
Property, plant and equipment	3	8,860,137	13,809,577	-	-
Goodwill	4	11,828	11,828	-	-
Prepaid lease payments	5	4,194,399	4,254,025	-	-
Investment properties	6	18,974,109	17,268,998	-	-
Investments in subsidiaries	7	-	-	17,445,870	17,195,870
Investments in associates	8	-	652,082	-	688,000
Other investments	9	16,000	16,000	-	-
Long term advances due from a subsidiary	10	-	-	573,411	1,964,816
Land held for development	11	3,112,756	3,153,557	-	-
Total non-current assets		35,169,229	39,166,067	18,019,281	19,848,686
Receivables, deposits and prepayments	12	6,673,574	13,625,110	12,025,937	13,637,123
Inventories	13	964,042	1,673,299	-	-
Property development costs	14	6,511,990	4,478,244	-	-
Current tax assets		374,274	313,488	3,268	5,173
Cash and cash equivalents	15	7,313,043	4,299,226	4,134	3,419
Total current assets		21,836,923	24,389,367	12,033,339	13,645,715
Total assets		57,006,152	63,555,434	30,052,620	33,494,401
Equity					
Share capital	16	40,000,000	40,000,000	40,000,000	40,000,000
Share premium		939,803	939,803	939,803	939,803
Reserves	16	1,425,729	744,705	-	-
Accumulated losses		(5,272,331)	(1,484,177)	(12,104,647)	(9,550,823)
Total equity		37,093,201	40,200,331	28,835,156	31,388,980
Liabilities					
Loans and borrowings	17	10,130,446	9,649,240	-	-
Deferred tax liabilities	18	2,175,078	2,035,300	-	-
Total non-current liabilities		12,305,524	11,684,540	-	-
Payables and accruals	19	3,754,471	6,098,103	1,217,464	2,105,421
Loans and borrowings	17	3,750,428	5,462,847	-	-
Taxation		102,528	109,613	-	-
Total current liabilities		7,607,427	11,670,563	1,217,464	2,105,421
Total liabilities		19,912,951	23,355,103	1,217,464	2,105,421
Total equity and liabilities		57,006,152	63,555,434	30,052,620	33,494,401

The notes on pages 32 to 65 form an integral part of these financial statements.

Income Statements
for the year ended 31 March 2009

	Note	Group		Company	
		2009	2008	2009	2008
		RM	RM	RM	RM
			Restated		
Continuing operations					
Revenue	20	29,373,265	23,417,421	-	-
Cost of sales		(22,610,184)	(16,789,053)	-	-
Gross profit		6,763,081	6,628,368	-	-
Other income		105,029	337,721	-	-
Distribution expenses		(1,144,947)	(1,956,386)	-	-
Administrative expenses		(3,180,117)	(3,917,214)	(243,824)	(343,810)
Other expenses		(791,080)	(2,599,346)	(2,310,000)	(3,255,000)
Results from operating activities		1,751,966	(1,506,857)	(2,553,824)	(3,598,810)
Interest income		137,891	-	-	-
Finance costs		(1,035,472)	(1,113,619)	-	-
Operating profit/(loss)	21	854,385	(2,620,476)	(2,553,824)	(3,598,810)
Share of loss after tax of equity accounted associates		(350,374)	(592,918)	-	-
Profit/(Loss) before tax		504,011	(3,213,394)	(2,553,824)	(3,598,810)
Tax expense	23	(191,692)	345,984	-	-
Profit/(Loss) after tax from continuing operations		312,319	(2,867,410)	(2,553,824)	(3,598,810)
Discontinued operation					
Loss from discontinued operation, net of tax	24	(4,100,473)	(1,897,793)	-	-
Loss for the year		(3,788,154)	(4,765,203)	(2,553,824)	(3,598,810)
Basic earnings/(loss) per ordinary share (sen):					
from continuing operations		0.08	(0.72)		
from discontinued operation		(1.03)	(0.47)		
	25	(0.95)	(1.19)		

The notes on pages 32 to 65 form an integral part of these financial statements.

Statements of Changes in Equity

for the year ended 31 March 2009

Group	Non-distributable Share capital RM	Non-distributable Share premium RM	Non-distributable Revaluation reserve RM	Distributable Retained earnings/ (Accumulated losses) RM	Total RM	Minority interest RM	Total equity RM
At 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 2008/1 April 2008	40,000,000	939,803	744,705	(1,484,177)	40,200,331	-	40,200,331
Loss for the year	-	-	-	(3,788,154)	(3,788,154)	-	(3,788,154)
Revaluation of property, plant and equipment, net of tax	-	-	681,024	-	681,024	-	681,024
At 31 March 2009	40,000,000	939,803	1,425,729	(5,272,331)	37,093,201	-	37,093,201

Company	Non-distributable Share capital RM	Non-distributable Share premium RM	Accumulated losses RM	Total equity RM
At 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 2008/1 April 2008	40,000,000	939,803	(9,550,823)	31,388,980
Loss for the year	-	-	(2,553,824)	(2,553,824)
At 31 March 2009	40,000,000	939,803	(12,104,647)	28,835,156

The notes on pages 32 to 65 form an integral part of these financial statements.

Cash Flow Statements
for the year ended 31 March 2009

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash flows from operating activities					
Profit/(Loss) before tax from:					
- continuing operations		504,011	(3,213,394)	(2,553,824)	(3,598,810)
- discontinued operation	24	(4,099,986)	(1,897,793)	-	-
Adjustments for:					
Allowance for doubtful debts		101,932	312,117	1,722,000	-
Allowance for doubtful debts no longer required		(15,065)	(14,797)	-	-
Amortisation of prepaid lease payments		59,626	59,626	-	-
Depreciation of property, plant and equipment		2,654,008	3,755,885	-	-
Depreciation of investment properties		286,734	286,734	-	-
Finance costs		1,067,206	1,200,084	-	-
Gain on disposal of subsidiaries		-	(4,750)	-	-
Impairment loss on investment in subsidiary		-	-	-	1,355,000
Impairment loss on investments in associates		-	1,300,000	350,374	1,900,000
Impairment loss on goodwill		-	726,032	-	-
Inventories written off		4,273	163,580	-	-
Interest income		(137,891)	-	-	-
Loss/(Gain) on disposal of property, plant and equipment		2,278,075	(130,000)	-	-
Loss on disposal of land held for development		60,754	-	-	-
Loss on disposal of associates		201,708	-	237,626	-
Property, plant and equipment written off		182,326	-	-	-
Share of loss of equity accounted associates		350,374	592,918	-	-
Unrealised foreign exchange loss/(gain) - net		12,397	(175,187)	-	-
Operating profit/(loss) before changes in working capital		3,510,482	2,961,055	(243,824)	(343,810)
Changes in working capital:					
Receivables, deposits and prepayments		6,852,272	(680,906)	1,280,591	(62,040)
Inventories		704,984	1,526,381	-	-
Land held for development		(1,006,315)	-	-	-
Property development costs		(2,033,746)	2,319,932	-	-
Payables and accruals		(2,343,632)	(169,164)	(887,957)	1,989,078
Cash generated from operations		5,684,045	5,957,298	148,810	1,583,228
Interest received		137,891	-	-	-
Interest paid		(1,067,206)	(1,200,084)	-	-
Tax refunded		57,905	469,802	1,905	-
Tax paid		(405,183)	(233,800)	-	-
Net cash from operating activities		4,407,452	4,993,216	150,715	1,583,228

Cash Flow Statements
for the year ended 31 March 2009 (cont'd)

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Cash flows from investing activities					
Acquisition of a subsidiary, net of cash acquired		-	(2)	-	(2)
Acquisition of remaining equity shares in a subsidiary from minority shareholder		-	(1,000,000)	-	(1,000,000)
Acquisition of investment properties		(1,991,845)	-	-	-
Acquisition of property, plant and equipment	(ii)	(353,910)	(818,143)	-	-
Acquisition of land held for development		(979,534)	-	-	-
Deposits pledged with licensed banks		(2,628,994)	-	-	-
Disposal of subsidiaries, net of cash disposed	30	-	(1,538)	-	-
Increase in investments in associates		-	(588,000)	-	(588,000)
Increase in investment in subsidiary		-	-	(250,000)	-
Proceeds from disposal of property, plant and equipment		1,096,971	130,000	-	-
Proceeds from disposal of land held for development		1,965,896	-	-	-
Proceeds from disposal of associates		100,000	-	100,000	-
Net cash used in investing activities		(2,791,416)	(2,277,683)	(150,000)	(1,588,002)
Cash flows from financing activities					
Drawdown of term loans		2,400,000	-	-	-
Drawdown of bankers' acceptances		5,308,530	560,250	-	-
Repayment of borrowings		(1,477,557)	(861,931)	-	-
Repayment of finance lease liabilities		(507,897)	(755,603)	-	-
Repayment of bankers' acceptances		(7,029,250)	(135,000)	-	-
Net cash used in financing activities		(1,306,174)	(1,192,284)	-	-
Net increase/(decrease) in cash and cash equivalents		309,862	1,523,249	715	(4,774)
Cash and cash equivalents at 1 April		3,875,540	2,352,291	3,419	8,193
Cash and cash equivalents at 31 March	*(i)*	4,185,402	3,875,540	4,134	3,419

i) *Cash and cash equivalents*

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

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash and bank balances	4,684,049	4,220,771	4,134	3,419
Deposits with licensed banks	2,628,994	78,455	-	-
	7,313,043	4,299,226	4,134	3,419
Less: Deposits pledged	(2,628,994)	-	-	-
Bank overdrafts	(498,647)	(423,686)	-	-
	4,185,402	3,875,540	4,134	3,419

ii) *Acquisition of property, plant and equipment*

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM353,910 (2008 - RM2,398,143) of which Nil (2008 - RM1,580,000) were acquired by means of finance lease arrangements.

The notes on pages 32 to 65 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 2009 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 2009 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 7 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 27 July 2009.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs / Interpretations	Effective date
Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*	1 January 2010
Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*	1 January 2010
FRS 4, *Insurance Contracts*	1 January 2010
FRS 7, *Financial Instruments: Disclosures*	1 January 2010
FRS 8, *Operating Segments*	1 July 2009
FRS 123, *Borrowing Costs*	1 January 2010
FRS 139, *Financial Instruments: Recognition and Measurement*	1 January 2010
IC Interpretation 9, *Reassessment of Embedded Derivatives*	1 January 2010
IC Interpretation 10, *Interim Financial Reporting and Impairment*	1 January 2010
IC Interpretation 11, FRS 2 - *Group and Treasury Share Transactions*	1 January 2010
IC Interpretation 13, *Customer Loyalty Programmes*	1 January 2010
IC Interpretation 14, FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*	1 January 2010

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 April 2010 except for Amendments to FRS 2, FRS 4, IC Interpretation 13 and IC Interpretation 14, FRS 119 which are not applicable to the Group and the Company.

The impact of applying FRS 7 and 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 exemptions given in the respective FRSs. The initial application of the other standards, amendments and interpretations is not expected to have any material impact on the financial statements or any material change in accounting policy.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the notes to the 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 is 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 the periods presented in these financial statements, and have been applied consistently by Group entities.

(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)

(i) Subsidiaries (continued)

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

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 was 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.

(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 profit or loss of the equity accounted associate, after adjustments, if any, 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) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 are translated at exchange rates at the dates of the transactions except for those measured at fair value, which 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 statements.

(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 its property comprising land and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. A valuation was carried out during the financial year.

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 statements.

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 expenses" respectively in the income statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

(ii) 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 statements as incurred.

(iii) Depreciation

Depreciation is recognised in the income statements 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.

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

(i) Finance lease

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leased assets (continued)

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, the leased assets are not recognised on the Group's balance sheet.

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.

Certain leasehold land were revalued previously and the Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, Leases in 2006.

Payments made under operating leases are recognised in the income statements 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.

(e) 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.

For business acquisitions beginning from 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 with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired.

(f) Investment property

(i) 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 (other than leasehold 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 properties 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 statements on a straight-line basis over the estimated useful life of buildings of 45 years. Freehold land is not depreciated.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investment property (continued)

(ii) Determination of fair value

An external, independent valuation firm, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(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 or such portion thereof on which 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 statements by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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 realisable value.

The excess of revenue recognised in the income statements over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statements is classified as progress billings within trade payables.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 and finished goods, 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 and pledged deposits.

(m) Impairment of assets

The carrying amounts of assets except for inventories, assets arising from property development and financial assets (other than investments in subsidiaries) 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, the recoverable amount is estimated usually at each reporting date.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets (continued)

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 statements 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 statements, a reversal of that impairment loss is also recognised in the income statements.

(n) Loans and borrowings

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

(o) Employee benefits

(i) Short term employee benefits

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

A 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 statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

(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.

(q) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Contingent liabilities (continued)

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

(r) 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.

(s) 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 statements.

(iii) Rental income

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(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 statements using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements 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) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statements is restated as if the operation had been discontinued from the start of the comparative period.

(w) 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.

(x) 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	Buildings	Plant, machinery and audio equipment	Office equipment	Motor vehicles	Furniture, fixtures and fittings	Renovations	Electrical installation	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Cost / Valuation								
At 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	15,640	2,332,355	-	-	47,568	2,580	-	2,398,143
Disposals	-	-	-	(728,579)	-	(5,637)	-	(734,216)
At 31 March 2008/ 1 April 2008	3,432,314	43,160,246	215,520	1,330,832	2,634,008	315,554	373,844	51,462,318
Additions	10,620	307,372	-	-	35,918	-	-	353,910
Disposals	-	(14,568,890)	-	(159,097)	(259,590)	-	-	(14,987,577)
Written off	-	(430,875)	-	-	-	(315,554)	(373,844)	(1,120,273)
Effect of revaluation	(875,307)	-	-	-	-	-	-	(875,307)
Revaluation surplus	908,030	-	-	-	-	-	-	908,030
At 31 March 2009	3,475,657	28,467,853	215,520	1,171,735	2,410,336	-	-	35,741,101
Represented:								
At cost	-	28,467,853	215,520	1,171,735	2,410,336	-	-	32,265,444
At valuation - 2009	3,475,657	-	-	-	-	-	-	3,475,657
At 31 March 2009	3,475,657	28,467,853	215,520	1,171,735	2,410,336	-	-	35,741,101
Depreciation								
At 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/ 1 April 2008	805,978	33,176,233	209,220	656,173	2,208,324	284,852	311,961	37,652,741
Depreciation for the year	69,329	2,217,624	840	233,511	117,568	3,580	11,556	2,654,008
Disposals	-	(11,317,215)	-	(100,761)	(194,555)	-	-	(11,612,531)
Written off	-	(325,998)	-	-	-	(288,432)	(323,517)	(937,947)
Effect of revaluation	(875,307)	-	-	-	-	-	-	(875,307)
At 31 March 2009	-	23,750,644	210,060	788,923	2,131,337	-	-	26,880,964
Carrying amounts								
At 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/ 1 April 2008	2,626,336	9,984,013	6,300	674,659	425,684	30,702	61,883	13,809,577
At 31 March 2009	3,475,657	4,717,209	5,460	382,812	278,999	-	-	8,860,137

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Security

The buildings of subsidiaries with carrying amount of RM2,667,000 (2008 - RM1,883,000) have been pledged to a licensed bank as security for term loan facilities granted to a subsidiary (Note 17).

Assets under finance lease agreements

Included in property, plant and equipment of the Group are motor vehicles and machinery acquired under finance lease agreements with carrying value of RM1,547,916 (2008 - RM1,851,617).

Property, plant and equipment under revaluation model

The Group's buildings were revalued on 31 March 2009 by an independent professional qualified valuer using the open market value method.

Had the buildings been carried under the historical cost model, their carrying amounts would have been RM2,149,755 (2008 - RM2,190,834).

Titles

The strata titles of buildings, with carrying amount of RM808,992 (2008 - RM730,000), have not been issued to the subsidiaries as the master title has not been sub-divided.

4. GOODWILL

Group	RM
Cost	
At 1 April 2007	744,801
Disposal of a subsidiary	(6,941)
At 31 March 2008/1 April 2008/31 March 2009	737,860
Impairment loss	
At 1 April 2007	-
Impairment loss	726,032
At 31 March 2008/1 April 2008/31 March 2009	726,032
Carrying amounts	
At 1 April 2007	744,801
At 31 March 2008/1 April 2008/31 March 2009	11,828

5. PREPAID LEASE PAYMENTS

Group	Unexpired period more than 50 years RM
Cost	
At 1 April 2007/1 April 2008/31 March 2009	4,829,759
Accumulated amortisation	
At 1 April 2007	516,108
Amortisation for the year	59,626
At 31 March 2008	575,734
Amortisation for the year	59,626
At 31 March 2009	635,360
Carrying amounts	
At 1 April 2007	4,313,651
At 31 March 2008/1 April 2008	4,254,025
At 31 March 2009	4,194,399

Security

The leasehold land of subsidiaries with carrying value of RM4,194,399 (2008 - RM4,254,025) have been pledged to a licensed bank as security for term loan facilities granted to a subsidiary (Note 17).

6. INVESTMENT PROPERTIES

Group	Freehold land RM	Buildings RM	Total RM
Cost			
At 1 April 2007/31 March 2008/ 1 April 2008	5,000,000	12,914,038	17,914,038
Additions	1,991,845	-	1,991,845
At 31 March 2009	6,991,845	12,914,038	19,905,883
Depreciation			
At 1 April 2007	-	358,306	358,306
Depreciation for the year	-	286,734	286,734
At 31 March 2008/1 April 2008	-	645,040	645,040
Depreciation for the year	-	286,734	286,734
At 31 March 2009	-	931,774	931,774

6. INVESTMENT PROPERTIES (CONTINUED)

Group	Freehold land RM	Buildings RM	Total RM
Carrying amounts			
At 1 April 2007	5,000,000	12,555,732	17,555,732
At 31 March 2008/1 April 2008	5,000,000	12,268,998	17,268,998
At 31 March 2009	6,991,845	11,982,264	18,974,109
Fair values			
At 1 April 2007	5,200,000	12,800,000	18,000,000
At 31 March 2008/1 April 2008	5,200,000	12,800,000	18,000,000
At 31 March 2009	7,592,000	13,400,000	20,992,000

The Directors estimated the fair values of investment properties based on available valuation reports dated 8 October 2007 and 31 March 2009 performed by an independent professional qualified valuer using the open market value method.

The following are recognised in the income statements in respect of investment properties:

	Group	
	2009 RM	2008 RM
Rental income	720,000	720,000
Direct operating expenses:		
- income generating investment properties	1,127,000	1,249,000

Titles

The title for freehold land acquired during the year with carrying value of RM1,991,845 is pending issuance by the relevant authorities.

Security

The freehold land and building of a subsidiary with carrying value of RM16,982,264 (2008 - RM17,268,998) have been pledged to a licensed bank as security for term loan facilities granted to a subsidiary (Note 17).

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009 RM	2008 RM
Unquoted shares in Malaysia, at cost	21,220,870	20,970,870
Less: Impairment losses	(3,775,000)	(3,775,000)
	17,445,870	17,195,870

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest 2009 %	Effective ownership interest 2008 %
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 Management Sdn. Bhd. (formerly known as GSB Plastech (M) Sdn. Bhd.)*	Malaysia	Dormant	100	100
GSB Summit Development Sdn. Bhd.	Malaysia	Property development	100	100
Serta Usaha Sdn. Bhd.	Malaysia	Property development	100	100
GSB Properties Sdn. Bhd.	Malaysia	Property development	100	100
GSB Hotel Sdn. Bhd.**	Malaysia	Property development	100	-

* Ceased operations during the financial year
** Incorporated during the financial year

8. INVESTMENTS IN ASSOCIATES

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
At cost:				
Unquoted shares in Malaysia	2,588,000	2,588,000	2,588,000	2,588,000
Impairment loss	(1,300,000)	(1,300,000)	(2,250,374)	(1,900,000)
Share of post-acquisition loss	(986,292)	(635,918)	-	-
	301,708	652,082	337,626	688,000
Investments disposed of	(301,708)	-	(337,626)	-
	-	652,082	-	688,000

On 12 March 2009, the Company disposed of its entire equity interest in its associates for a total cash consideration of RM100,000.

Summary financial information on associates:

	2009 RM	2008 RM
Revenue (100%)	-	554,103
Loss (100%)	-	(1,554,058)
Total assets (100%)	-	2,773,462
Total liabilities (100%)	-	(912,442)

8. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of the associates, are as follows:

Name of company	Principal activities	Country of incorporation	Effective ownership interest 2009 %	Effective ownership interest 2008 %
Giga Gates Sdn. Bhd. and its subsidiaries	Investment holding	Malaysia	-	38

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

Name of company	Principal activities	Country of incorporation	2009 %	2008 %
China Alliances (Shanghai) Co. Ltd	Information technology and telecommunication services. Data communication and mobile content provider	The People's Republic of China	-	100
Giga Gates Mobile Sdn. Bhd.	Provision of mobile ringing tones and contents download and other related services	Malaysia	-	100
Tappo Tappi Sdn. Bhd.	Trading of handphones and related products, provision of mobile ringing tones and contents download and related services	Malaysia	-	100
Tech Bonanza Sdn. Bhd.	Multiple gateway for technology enabling and content provisioning services	Malaysia	-	100

The associates have a financial year end of 30 June. For the purpose of applying the equity method of accounting, the unaudited financial statements for the period ended 31 March 2009 have been used. Results of these financial statements between 12 March 2009 (date of disposal) and 31 March 2009 are immaterial to the Group.

9. OTHER INVESTMENTS

	Group 2009 RM	Group 2008 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

	Company 2009 RM	Company 2008 RM
Amount due from a subsidiary	1,964,816	1,964,816
Less: Allowance for doubtful debts	(1,391,405)	-
	573,411	1,964,816

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	Freehold land RM	Development costs RM	Total RM
Cost			
At 1 April 2007/31 March 2008/1 April 2008	3,153,557	-	3,153,557
Additions	979,534	-	979,534
Transfer from property development costs	-	1,006,315	1,006,315
Disposal	(2,026,650)	-	(2,026,650)
At 31 March 2009	2,106,441	1,006,315	3,112,756

Titles

The titles for freehold land with carrying value of RM2,106,441 are pending issuance by the relevant authorities.

12. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
	Note	2009 RM	2008 RM	2009 RM	2008 RM
Trade					
Trade receivables	12.1	6,560,804	9,268,366	-	-
Less: Allowance for doubtful debts		(1,043,262)	(1,041,307)	-	-
		5,517,542	8,227,059	-	-
Progress billings receivable		191,183	2,467,105	-	-
		5,708,725	10,694,164	-	-
Non-trade					
Other receivables		788,445	1,025,738	100,000	6,903
Less: Allowance for doubtful debts		(84,912)	-	-	-
		703,533	1,025,738	100,000	6,903
Deposits		162,090	195,780	-	-
Prepayments		99,226	187,113	-	-
Amounts due from subsidiaries	12.2	-	-	12,256,532	13,630,220
Less: Allowance for doubtful debts		-	-	(330,595)	-
Amount due from former holding company of a subsidiary	12.2	-	1,522,315	-	-
		964,849	2,930,946	12,025,937	13,637,123
		6,673,574	13,625,110	12,025,937	13,637,123

12. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

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	
		2009	2008
		RM	RM
Functional currency	**Foreign currency**		
RM	USD	73,836	230,695
RM	SGD	292,772	755,984
RM	AUD	-	596,405

12.2 Amounts due from subsidiaries and former holding company of a subsidiary

The amounts due from subsidiaries and former holding company of a subsidiary are unsecured, interest-free and repayable on demand.

13. INVENTORIES

	Group	
	2009	2008
	RM	RM
At cost:		
Raw materials and consumables	910,250	1,125,151
Work-in-progress	22,406	116,997
Finished goods	31,386	431,151
	964,042	1,673,299

In 2009, inventories recognised as cost of sales amounted to RM8,215,000 (2008 - RM14,207,000).

14. PROPERTY DEVELOPMENT COSTS

Group	Leasehold land RM	Development costs RM	Total RM
Cumulative property development costs			
At 1 April 2007	5,154,032	1,853,639	7,007,671
Costs incurred during the year	-	1,726,444	1,726,444
At 31 March 2008/1 April 2008	5,154,032	3,580,083	8,734,115
Costs incurred during the year	5,200,850	8,710,430	13,911,280
Transfer to land held for development	-	(1,006,315)	(1,006,315)
At 31 March 2009	10,354,882	11,284,198	21,639,080

14. PROPERTY DEVELOPMENT COSTS (CONTINUED)

Group	Leasehold land RM	Development costs RM	Total RM
Cumulative costs recognised in income statement			
At 1 April 2007	-	(209,495)	(209,495)
Recognised during the year	(1,682,103)	(2,364,273)	(4,046,376)
At 31 March 2008/1 April 2008	(1,682,103)	(2,573,768)	(4,255,871)
Recognised during the year	(3,419,052)	(7,452,167)	(10,871,219)
At 31 March 2009	(5,101,155)	(10,025,935)	(15,127,090)
Property development costs at 31 March 2008	3,471,929	1,006,315	4,478,244
Property development costs at 31 March 2009	5,253,727	1,258,263	6,511,990

Landowner's entitlement

During the year, a subsidiary entered into a joint venture agreement with a related party (Note 29) to develop a parcel of leasehold land. The subsidiary paid a sum of RM5.2 million being the landowner's entitlement to develop the said parcel of leasehold land. The leasehold land has been charged to a licensed bank to secure the term loan granted to the subsidiary.

Borrowing costs

Included in addition to development costs of the Group during the year are borrowing costs amounting to RM34,858 (2008 - Nil) capitalised at an interest rate of 8.25% per annum.

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash and bank balances	4,684,049	4,220,771	4,134	3,419
Deposits with licensed banks	2,628,994	78,455	-	-
	7,313,043	4,299,226	4,134	3,419

Deposits placed with licensed banks pledged for a bank facility

Deposits placed with licensed banks of RM2,628,994 of the Group have been pledged for bank facilities granted to certain subsidiaries (Note 17).

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 2007	50,000,000	1.00	50,000,000
Subdivision of RM1 each to RM0.10 each	450,000,000	-	-
Balance at 31 March 2008/1 April 2008/31 March 2009	500,000,000	0.10	50,000,000
Issued and fully paid:			
Balance at 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 2008/1 April 2008/31 March 2009	400,000,000	0.10	40,000,000

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

Share premium

The share premium of the Group and of the Company represents premium arising from the issuance of ordinary shares of the Company at 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. LOANS AND 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 27.

	Group	
	2009 RM	2008 RM
Non-current		
Finance lease liabilities	588,823	1,030,060
Secured term loans	9,541,623	8,619,180
	10,130,446	9,649,240
Current		
Finance lease liabilities	398,376	465,036
Secured bankers' acceptances	1,100,530	2,821,250
Secured bank overdrafts	498,647	423,686
Secured term loans	1,752,875	1,752,875
	3,750,428	5,462,847
	13,880,874	15,112,087

17. LOANS AND BORROWINGS (CONTINUED)

17.1 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
2009						
Finance lease liabilities	2009 - 2014	987,199	398,376	399,321	189,502	-
Bankers' acceptances (secured)	2009	1,100,530	1,100,530	-	-	-
Bank overdrafts (secured)	2009	498,647	498,647	-	-	-
Term loans (secured)	2014	11,294,498	1,752,875	2,652,875	6,758,624	130,124
		13,880,874	3,750,428	3,052,196	6,948,126	130,124
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

17.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum lease payments 2009 RM	Interest 2009 RM	Principal 2009 RM	Minimum lease payments 2008 RM	Interest 2008 RM	Principal 2008 RM
Less than one year	456,631	58,255	398,376	558,975	93,939	465,036
Between one and five years	623,229	34,406	588,823	1,120,360	90,300	1,030,060
	1,079,860	92,661	987,199	1,679,335	184,239	1,495,096

17.3 Security

The term loans of certain subsidiaries are charged against the freehold land and building (Note 6), leasehold land (Note 5 and Note 14) and buildings (Note 3) of the subsidiaries, and are supported by the corporate guarantee from the Company.

Bankers' acceptances and bank overdrafts are charged by leasehold land and machinery of certain subsidiaries and supported by the corporate guarantee from the Company.

18. DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following items:

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Revaluation of property, plant and equipment	1,227,006	1,000,000	-	-
Property, plant and equipment	969,300	1,035,300	-	-
Other temporary differences	(21,228)	-	-	-
	2,175,078	2,035,300	-	-

Unrecognised deferred tax assets

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

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Unabsorbed capital allowances	7,263,000	5,766,000	-	-
Unutilised tax losses	2,851,000	2,341,000	295,103	225,776
Other items	379,000	258,000	-	-
	10,493,000	8,365,000	295,103	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

Group	At 1.4.2007 RM	Recognised in income statement (Note 23) RM	At 31.3.2008 RM	Recognised in income statement (Note 23) RM	Recognised in equity RM	At 31.3.2009 RM
Revaluation of property, plant and equipment	1,014,800	(14,800)	1,000,000	-	227,006	1,227,006
Property, plant and equipment	1,462,300	(427,000)	1,035,300	(66,000)	-	969,300
Other temporary differences	-	-	-	(21,228)	-	(21,228)
	2,477,100	(441,800)	2,035,300	(87,228)	227,006	2,175,078

Re-investment allowance

A subsidiary qualifies for re-investment allowance of 60% on qualifying expenditure incurred, to be set off against 70% of statutory income for each year of assessment. Any unutilised re-investment allowance 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, amounting to RM8,610,000 (2008 - RM8,610,000) to be set off against future taxable profits.

19. PAYABLES AND ACCRUALS

	Note	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Trade					
Trade payables	19.1	2,236,561	4,829,893	-	-
Non-trade					
Amounts due to subsidiaries	19.2	-	-	1,120,002	2,000,000
Payables and accruals		1,517,910	1,268,210	97,462	105,421
		1,517,910	1,268,210	1,217,464	2,105,421
		3,754,471	6,098,103	1,217,464	2,105,421

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:

Functional currency	Foreign currency	Group 2009 RM	Group 2008 RM
RM	USD	136,848	1,419,772
RM	SGD	11,344	300,891
RM	EURO	37,374	-

19.2 Amounts due to subsidiaries

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

20. REVENUE

Group	Continuing operations 2009 RM	Continuing operations 2008 RM	Discontinued operation (see Note 24) 2009 RM	Discontinued operation (see Note 24) 2008 RM	Consolidated 2009 RM	Consolidated 2008 RM
Sales of goods	14,762,357	16,620,300	2,029,123	9,463,014	16,791,480	26,083,314
Sales of properties	13,890,908	6,077,121	-	-	13,890,908	6,077,121
Rental income from investment properties	720,000	720,000	-	-	720,000	720,000
	29,373,265	23,417,421	2,029,123	9,463,014	31,402,388	32,880,435

21. OPERATING PROFIT/(LOSS)

	Group 2009 RM	Group 2008 RM	Company 2009 RM	Company 2008 RM
Operating profit/(loss) is arrived at after charging:				
Allowance for doubtful debts	101,932	312,117	1,722,000	-
Amortisation of prepaid lease payments	59,626	59,626	-	-
Auditors' remuneration	75,000	65,000	20,000	20,000
Bad debts written off	-	130,000	-	-
Depreciation of property, plant and equipment	2,654,008	3,755,885	-	-
Depreciation of investment properties	286,734	286,734	-	-
Impairment loss on goodwill	-	726,032	-	-
Impairment loss on investment in subsidiary	-	-	-	1,355,000
Impairment loss on investments in associates	-	1,300,000	350,374	1,900,000
Interest expense on:				
- Finance lease	89,716	90,809	-	-
- Bankers' acceptances	93,159	170,022	-	-
- Bank overdraft	107,557	2,676	-	-
- Term loans	775,317	932,314	-	-
- Other borrowings	1,457	4,263	-	-
Inventories written off	4,273	163,580	-	-
Loss on disposal of associates	201,708	-	237,626	-
Loss on disposal of land held for development	60,754	-	-	-
Loss on disposal of property, plant and equipment	2,278,075	-	-	-
Loss on foreign exchange:				
- Realised	119,110	-	-	-
- Unrealised	12,397	-	-	-
Personnel expenses:				
- Contributions to Employees Provident Fund	321,488	400,576	-	-
- Wages, salaries and others	3,374,239	3,833,982	-	-
Property, plant and equipment written off	182,326	-	-	-
Rental of land and building	105,000	180,000	-	-
Rental of machinery	-	60,000	-	-
Share of loss of equity accounted associates	350,374	592,918	-	-
and after crediting:				
Allowance for doubtful debts no longer required	15,065	14,797	-	-
Gain on disposal of property, plant and equipment	-	130,000	-	-
Gain on foreign exchange:				
- Realised	-	36,689	-	-
- Unrealised	-	175,187	-	-
Gain on disposal of subsidiaries	-	4,750	-	-
Interest income	137,891	-	-	-
Rental income from investment property	720,000	720,000	-	-

22. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group	
	2009	2008
	RM	RM
Directors		
- Fees	34,000	91,000
- Remuneration	391,883	347,404
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	22,235	34,600
	448,118	473,004

Other key management personnel comprise 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	
	2009	2008	2009	2008
	RM	RM	RM	RM
Tax expense on continuing operations	191,692	-	-	-
Tax expense on discontinued operation	487	-	-	-
Total tax expense	192,179	-	-	-
Current tax expense				
- current year	374,028	162,394	-	-
- over provision in prior years	(94,621)	(66,578)	-	-
Total current tax	279,407	95,816	-	-
Deferred tax expense				
- origination and reversal of temporary differences	(371,928)	(436,130)	-	-
- under/(over) provision in prior years	284,700	(5,670)	-	-
Total deferred tax	(87,228)	(441,800)	-	-
Total tax expense	192,179	(345,984)	-	-
Reconciliation of tax expense				
Profit/(Loss) before tax				
- continuing operations	504,011	(3,213,394)	(2,553,824)	(3,598,810)
- discontinued operation	(4,099,986)	(1,897,793)	-	-
	(3,595,975)	(5,111,187)	(2,553,824)	(3,598,810)
Income tax using Malaysian tax rate at 25% (2008 - 26%)	(898,994)	(1,328,909)	(638,456)	(935,691)
Effect of changes in tax rate*	(50,758)	-	-	-
Non-deductible expenses	593,524	953,943	621,124	935,691
Effect of deferred tax assets not recognised	532,000	101,230	17,332	-
Utilisation of reinvestment allowance	(173,672)	-	-	-
Under/(Over) provision in prior years	190,079	(72,248)	-	-
Tax expense	192,179	(345,984)	-	-

* The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

24. DISCONTINUED OPERATION

On 7 November 2008, the Group discontinued the operation of its plastic fabricated parts segment. Consequently, the results of the plastic fabricated parts segment have been classified as a discontinued operation and shown separately from continuing operations in the income statement. The comparative results of the plastic fabricated parts segment have been classified as a discontinued operation and shown separately from continuing operations in the income statement.

The loss attributable to the discontinued operation was as follows:

Results of discontinued operation	**Group**	
	2009	**2008**
	RM	**RM**
Revenue	2,029,123	9,463,014
Expenses	(6,097,375)	(11,274,342)
Results from operating activities	(4,068,252)	(1,811,328)
Finance costs	(31,734)	(86,465)
Loss before tax	(4,099,986)	(1,897,793)
Tax expense	(487)	-
Loss for the year	(4,100,473)	(1,897,793)
Included in results from operating activities are:		
Depreciation of property, plant and equipment	654,717	1,335,154
Loss on disposal of property, plant and equipment	2,297,739	1,783
Property, plant and equipment written off	182,326	-
Cash flows from discontinued operation		
Net cash from / (used in) operating activities	130,482	(206,855)
Net cash from / (used in) investing activities	1,018,971	(122,338)
Net cash used in financing activities	(1,090,000)	(176,140)
Net cash from / (used in) discontinued operation	59,453	(505,333)

25. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per share for the year ended 31 March 2009 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

Group	**Continuing operations**	**Discontinued operation**	**Total**
2009	**RM**	**RM**	**RM**
Profit/(Loss) for the year attributable to shareholders	312,319	(4,100,473)	(3,788,154)
2008			
Loss for the year attributable to shareholders	(2,867,410)	(1,897,793)	(4,765,203)

25. EARNINGS/(LOSS) PER ORDINARY SHARE (CONTINUED)

Basic earnings/(loss) per ordinary share (continued)

Weighted average number of ordinary shares

	Group	
	2009	**2008**
Weighted average number of ordinary shares at 31 March	400,000,000	400,000,000

Basic earnings/(loss) per ordinary share

	Group	
	2009	**2008**
	Sen	**Sen**
From continuing operations	0.08	(0.72)
From discontinued operation	(1.03)	(0.47)
	(0.95)	(1.19)

Diluted earnings per ordinary share

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

26. 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 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

The Company discontinued the operation of its plastic fabricated parts segment during the year.

26. SEGMENTAL REPORTING (CONTINUED)

2009	Replication of compact discs RM	Duplication of audio cassette RM	Plastic fabricated parts (Discontinued) RM	Property development RM	Other operations RM	Eliminations RM	Consolidated RM	Less: Plastic fabricated parts (Discontinued) RM	Continuing operations RM
Business segments									
Total external revenue	14,654,405	107,952	2,029,123	14,610,908	-	-	31,402,388	(2,029,123)	29,373,265
Inter-segment revenue	-	-	183,314	-	-	(183,314)	-	-	-
Total segment revenue	14,654,405	107,952	2,212,437	14,610,908	-	(183,314)	31,402,388	(2,029,123)	29,373,265
Results from operating activities	(19,554)	(135,181)	(3,884,938)	2,168,919	(445,532)	-	(2,316,286)	4,068,252	1,751,966
Interest income	-	-	-	137,891	-	-	137,891	-	137,891
Finance costs	(253,291)	-	(31,734)	(782,181)	-	-	(1,067,206)	31,734	(1,035,472)
Share of loss of equity accounted associates	-	-	-	-	(350,374)	-	(350,374)	-	(350,374)
(Loss)/Profit before tax	(272,845)	(135,181)	(3,916,672)	1,524,629	(795,906)	-	(3,595,975)	4,099,986	504,011
Tax expense							(192,179)	487	(191,692)
Loss for the year							(3,788,154)	4,100,473	312,319

2009	Replication of compact discs RM	Duplication of audio cassette RM	Plastic fabricated parts (Discontinued) RM	Property development RM	Other operations RM	Eliminations RM	Consolidated RM
Segment assets	17,238,439	5,838,456	269,914	33,163,449	109,792	-	56,620,050
Unallocated assets							386,102
Total assets							57,006,152
Segment liabilities	4,422,956	14,532	155,443	12,944,952	97,462	-	17,635,345
Unallocated liabilities							2,277,606
Total liabilities							19,912,951
Capital expenditure	353,910	1,991,845	-	-	-	-	2,345,755
Depreciation	1,852,202	51,861	654,717	95,228	-	-	2,654,008
Amortisation of prepaid lease payments	32,164	27,462	-	-	-	-	59,626
Depreciation of investment properties	-	-	-	286,734	-	-	286,734

26. SEGMENTAL REPORTING (CONTINUED)

2008	Replication of compact discs RM	Duplication of audio cassette RM	Plastic fabricated parts (Discontinued) RM Restated	Property development RM	Other operations RM	Eliminations RM	Consolidated RM	Less: Plastic fabricated parts (Discontinued) RM Restated	Continuing operations RM
Business segments									
Total external revenue	16,315,722	304,578	9,463,014	6,797,121	-	-	32,880,435	(9,463,014)	23,417,421
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	(9,463,014)	23,417,421
Results from operating activities	(1,309,063)	(351,066)	(1,089,739)	1,791,644	(2,359,961)	-	(3,318,185)	1,811,328	(1,506,857)
Finance costs	(208,944)	(3,055)	(86,465)	(901,620)	-	-	(1,200,084)	86,465	(1,113,619)
Share of loss of equity accounted associates	-	-	-	-	(592,918)	-	(592,918)	-	(592,918)
(Loss)/Profit before tax	(1,518,007)	(354,121)	(1,176,204)	890,024	(2,952,879)	-	(5,111,187)	1,897,793	(3,213,394)
Tax expense							345,984	-	345,984
Loss for the year							(4,765,203)	1,897,793	(2,867,410)

2008	Replication of compact discs RM	Duplication of audio cassette RM	Plastic fabricated parts (Discontinued) RM Restated	Property development RM	Other operations RM	Eliminations RM	Consolidated RM
Segment assets	19,880,393	3,567,244	6,550,890	32,563,529	15,980	-	62,578,036
Investment 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 payments	32,164	27,462	-	-	-	-	59,626
Depreciation of investment properties	-	-	-	286,734	-	-	286,734

27. 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 new customers. The Group does not require collateral in respect of financial assets.

At the balance sheet date, concentration of credit risk arises in respect of 5 debtors which represents approximately 36% (2008 - 28%) of the Group's receivables. The Directors are closely monitoring the Group credit risk exposure to these major customers and are confident in recovering these amounts. 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 is exposed to a risk of change in the fair value of its floating rate borrowings 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.

2009	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								
Deposits with licensed banks	3.12	2,628,994	2,628,994	-	-	-	-	-
Finance lease liabilities	5.29	987,199	398,376	399,321	147,955	30,798	10,749	-
Floating rate instruments								
Bankers' acceptances	8.25	1,100,530	1,100,530	-	-	-	-	-
Bank overdrafts	8.25	498,647	498,647	-	-	-	-	-
Term loans	8.05	11,294,498	11,294,498	-	-	-	-	-
		16,509,868	15,921,045	399,321	147,955	30,798	10,749	-
2008								
Fixed rate instruments								
Deposits with licensed banks	3.70	78,455	78,455	-	-	-	-	-
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	-	-	-	-	-
		15,190,542	14,160,482	427,989	412,569	147,955	41,547	-

27. 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 (SGD), Australian Dollars (AUD) and European Dollars (EURO). 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.

	2009 Carrying amount RM	Fair value RM	2008 Carrying amount RM	Fair value RM
Finance lease liabilities	987,199	899,000	1,495,096	1,298,000
Secured term loans	11,294,498	11,294,498	10,372,055	10,372,055
Investment in club membership	16,000	16,000	16,000	16,000

28. CONTINGENT LIABILITIES - UNSECURED

	Company 2009 RM	2008 RM
Corporate guarantees to licensed banks for credit facilities granted to subsidiaries	12,893,675	13,616,991

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 include 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).

29. RELATED PARTIES (CONTINUED)

Group

Significant transactions with associates

	2009 RM	2008 RM
Transaction value for the year ended 31 March		
Associates		
Rental income	(12,000)	(30,000)
Management fees income	(60,000)	(84,000)

Significant transactions with companies controlled by certain Directors of the Company

	2009 RM	2008 RM
Transaction value for the year ended 31 March		
Sun Acres Development Sdn. Bhd.		
Construction contracts	7,116,571	1,408,782
Pembinaan Sima Sdn. Bhd.		
Payment for landowner's entitlement	5,200,850	-
Management fees paid	60,000	60,000
Net balance outstanding as at 31 March		
Due to Sun Acres Development Sdn. Bhd.		
Construction contracts	(697,169)	(193,661)
(Due to)/Due from Pembinaan Sima Sdn. Bhd.		
Management fees	(15,000)	1,522,315

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, associates and companies in which certain Directors have interest.

30. 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.

30. DISPOSAL OF SUBSIDIARIES (CONTINUED)

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	(13,230)
Net current liabilities	(11,688)
Goodwill	6,940
	(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)

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 26 to 65 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 financial position of the Group and of the Company as of 31 March 2009 and of their financial performance and cash flows for the year then ended.

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

………………………………………………………..
Jeffrey Ong Peng Lock

……………………………………………………….
Gan Boon Kat

Kuala Lumpur,
Date: 27 July 2009

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

I, Jeffrey Ong Peng Lock, 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 26 to 65 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 27 July 2009.

…………………………………..
Jeffrey Ong Peng Lock

Before me:

PESURUHJAYA SUMPAH
W 440
CHOONG SIEW KAY
MALAYSIA

Suite 2110, 21st Floor, Plaza Permata,
No. 6, Jalan Kampar,
50400 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 2009 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 26 to 65.

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 2009 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: 2613/12/10(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 27 July 2009

List of Properties
as at 31 March 2009

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 2009 (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	31/03/2009	Freehold (age is approx 11 years)	79.25	112,780
Parcel No. 1313 Storey No.3, Building 1 Taman Shamelin Perkasa PT1604 Mukim of Kuala Lumpur, District of Kuala Lumpur.	Three (3) bedroom apartment for management	31/03/2009	Leasehold 99 years expiring on 11.09.2082 (age is approx 15 years)	95.00	150,000
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	31/03/2009	Leasehold 99 years expiring on 11.09.2082 (age is approx 11 years)	1,041.00	1,333,332
Investment property					
H.S.(D) 69156,No PT632 Selambau Industrial Estate Pekan Bukit Selambau, Daerah Kuala Muda, Negeri Kedah Darul Aman	Vacant industrial land held	04/04/2008	Freehold	23,181.00	873,314
H.S.(D) 69219,No PT637 Selambau Industrial Estate Pekan Bukit Selambau, Daerah Kuala Muda, Negeri Kedah Darul Aman	Vacant industrial land held	04/04/2008	Freehold	11,121.00	418,968
H.S.(D) 69222,No PT638 Selambau Industrial Estate Pekan Bukit Selambau, Daerah Kuala Muda, Negeri Kedah Darul Aman	Vacant industrial land held	04/04/2008	Freehold	18,569.00	699,563

List of Properties
as at 31 March 2009 (cont'd)

Registered Owner/ Location	Description	Date of Acquisition/ Revaluation	Tenure/ Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2009 (RM)
GSB SUMMIT AUDIO (M) SDN BHD					
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	31/03/2009	Leasehold 99 years expiring on 11.09.2082 (age is approx 11 years)	1,041.00	2,084,014
SERTA USAHA SDN BHD					
Investment property					
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 10 years)	895.34	16,982,264
Land held for development					
HS(D) No. 12718, PT No. 15685, Bandar Bentong, Daerah Bentong, Negeri Pahang	Vacant land	22/08/2005	Freehold	1,999.15	2,083,666
GSB HOTEL SDN BHD					
Land held for development					
GM 309 Lot 432 Mukim Bentong Daerah Bentong Negeri Pahang	Vacant land Category : Pertanian	16/12/2008	Freehold	9,434.23	1,029,090

List of Properties
as at 31 March 2009 (cont'd)

Registered Owner/ Location	Description	Date of Acquisition/ Revaluation	Tenure/ Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2009 (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	31/03/2009	Freehold (age is approx 11 years)	79.62	116,212
Parcel No. 1307 Storey No. 3, Building 1 Taman Shamelin Perkasa PT1604 Mukim of Kuala Lumpur, District of Kuala Lumpur.	Three (3) bedroom apartment for management	31/03/2009	Leasehold 99 years expiring on 11.09.2082 (age is approx 15 years)	95.00	150,000
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	31/03/2009	Freehold (age is approx 8 years)	195.93	280,000
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	31/03/2009	Leasehold 99 years expiring on 11.09.2082 (age is approx 11 years)	1,041.00	1,333,333
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	31/03/2009	Leasehold 99 years expiring on 11.09.2082 (age is approx 11 years)	1,041.00	2,110,385
Total				**69,908.52**	**29,756,921**

Statistics of Shareholdings

Financial Year End : 31 March 2009
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 2009

Size of Shareholdings			No of Shareholders	% of Shareholders	No of Shares Held	% of Issued Capital
1	to	99	65	2.3123	2,640	0.0007
100	to	1,000	321	11.4194	149,416	0.0373
1,001	to	10,000	512	18.2142	3,991,120	0.9978
10,001	to	100,000	1,606	57.1327	61,410,044	15.3525
100,001	to	19,999,999	302	10.7435	154,244,350	38.5611
20,000,000	and above		5	0.1779	180,202,430	45.0506
Total			**2,811**	**100.0000**	**400,000,000**	**100.0000**

THIRTY LARGEST SHAREHOLDERS AS AT 31 JULY 2009

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	Wong Kong Meng	3,840,000	0.9600
10	Mohd Jamel Bin Abdul Munin	3,772,700	0.9432
11	Mohd Jamel Bin Abdul Munin	2,781,870	0.6955

Statistics of Shareholdings (cont'd)

THIRTY LARGEST SHAREHOLDERS AS AT 31 JULY 2009 (CONTINUED)

No	Name of Shareholders	No of Shares Held	% of Issued Capital
12	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Na Bon Tiam	2,693,000	0.6732
13	Yap Win Seng	2,640,000	0.6600
14	Yap Meei SY	2,610,800	0.6527
15	Goh Yun Wah	2,089,400	0.5224
16	Mayban Securities Nominees (Tempatan) Sdn Bhd UOB-Kay Hian Pte Ltd for Ding Chin Look	1,729,000	0.4322
17	Hee Pooi Lee	1,407,000	0.3518
18	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Siew Thong	1,400,000	0.3500
19	Lim Kee Sim	1,075,500	0.2689
20	Kong Aliong @ Kong Foo Liong	1,044,900	0.2612
21	Lye Thei	1,020,000	0.2550
22	Goh Yun Lai	1,000,000	0.2500
23	Chew Foong Tai	1,000,000	0.2500
24	Teo Kee Bock	1,000,000	0.2500
25	Kok Siew Kuan	1,000,000	0.2500
26	Eow Yin Kam	1,000,000	0.2500
27	Kong Aliong @ Kong Foo Liong	955,000	0.2388
28	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phea Pei Chin	929,600	0.2324
29	Tam Chui Chui	919,000	0.2298
30	Chor Yun Wang	900,000	0.2250
	Total	**264,530,200**	**66.1327**

SUBSTANTIAL SHAREHOLDERS
(As per the Register of Substantial Shareholders as at 31 July 2009)

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 2009)

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
Total		**64,484,590**	**16.1212**	**0**	**0.0000**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixteenth 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 Wednesday, 30 September 2009 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 2009 together with the Directors' and Auditors' Reports thereon. ***Resolution 1***

2 To approve the payment of Directors' Fees amounting to RM27,000.00 for the year ended 31 March 2009. ***Resolution 2***

3 To re-elect Mr Liaw Boo Lai @ Leow Bong Lai who retires in accordance with Article 82 of the Company's Articles of Association. ***Resolution 3***

4 To re-elect Mr Gan Boon Kat 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 Resolution:

Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965

"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." ***Resolution 6***

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
8 September 2009

Notice of Annual General Meeting (cont'd)

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 directors did not allot nor issue any shares under the same mandate granted last year. Nevertheless a renewal for the said mandate is sought to avoid any delay and cost involved such as convening general meeting. Should the mandate be exercised, the directors would utilize the proceeds raised from this mandate for working capital or such other application they may in their absolute discretion deem fit.

Statement Accompanying Notice Of Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Main Listing Requirements of Bursa Malaysia Securities Berhad

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

    - Mr Liaw Boo Lai @ Leow Bong Lai
    - Mr Gan Boon Kat

    The profiles and interests in shares of the abovementioned Directors are set out on page 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)
(Incorporated in Malaysia)

CDS account no. of authorised nominee

PROXY FORM

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 Sixteenth Annual General Meeting of the Company to be held at No 9, Jalan 3/91A, Taman Shamelin Perkasa, Cheras 56100 Kuala Lumpur on Wednesday, the 30th day of September 2009 at 9.00 am and at each and every adjournment thereof.

My/our proxy is to vote as indicated below:

	RESOLUTIONS	FOR	AGAINST
Resolution 1	Receive of Statutory Financial Statements and Reports		
Resolution 2	Approval of Directors' Fees of RM27,000.00		
Resolution 3	Re-election of Mr Liaw Boo Lai @ Leow Bong Lai		
Resolution 4	Re-election of Mr Gan Boon Kat		
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		

(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.

2. A member may appoint two (2) or more proxies to attend at the same meeting. Where the 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 office 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 appointment for taking of the poll).

* Strike out whichever is not valid

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STAMP

The Company Secretary
GSB GROUP BERHAD (287036-X)
10th Floor Wisma Havela Thakardas
No. 1 Jalan Tiong Nam
Off Jalan Raja Laut
50350 Kuala Lumpur

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GSB GROUP BERHAD
287036-X

www.gsbsummit.com
www.gsbgroup.com.my

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