

ANNUAL REPORT 2010



**GSB GROUP BERHAD**  
287036-X



# 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



LAMAN ARA  
UTAMA

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# chairman's statement

## DEAR VALUED SHAREHOLDERS,

Despite a challenging year, GSB Group Berhad took the initiative to re-evaluate our businesses to find a strong position in the ever evolving storage media content industry. We have put in place several necessary measures that will enable us to capitalize on the new and diversified revenue streams for future growth. Our transformation measures are our continuous 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 2010.

### FINANCIAL PERFORMANCE

For the period under review, the continuing operations of GSB Group recorded a revenue of RM18 million and a loss before tax of RM598,241, in comparison to a turnover of RM29.26 million and profit before tax of RM639,192 for the same operations in the preceding financial year. However the discontinued operation made up for the loss after tax of RM111,499 and RM4.23 million for the respective financial year.

The continuing operations namely our Compact Discs ("CD") business improved its profit even though revenue reduced from RM14.65 million in Financial Year ("FY") 2009 to RM12.43 million in FY 2010.

Sales for our CD-ROM business dipped as a result of the worldwide trend; as overseas orders have yet to recover after the financial crisis. Various measures including securing new customers locally and tightened cost control measures has been implemented to close the gap.

The Group's venture in Property Development contributed RM7.58 million in turnover during FY2010 from RM14.61 million in FY2009. The 44 unit of boutique condovilla received overwhelmed response and are fully sold. As the project is in its early stage, the profit will only be realized in the coming stages progressively in the next financial year.

The turnover of discontinued operation, namely the Duplication of Audio Cassettes was down at RM11 thousand in FY2010 compared to RM108 thousand in FY2009 and also recorded a loss of RM122 thousand in FY2010 due to its cessation of the business operations in January 2010. 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.

### STRATEGIC DEVELOPMENTS

#### DVD Production Capability

Our DVD production has increased this year. We are anticipating more demand and support from our existing customers for time to come. The Group's overall technological capability is increased with this production line. The image of the Group is also enhanced with this technology that provide our customers more storage capacity, which requires higher productivity methods and expertise.

## chairman's statement (cont'd)

### **Diversification into Property Business**

As part of our efforts to generate diversified revenue streams, the Group is involved in property holding and property development.

The development of 44 units of boutique condovilla near the vicinity of Bandar Utama Damansara received good respond from the market and is 100% sold. To further strengthen the Group's position in this segment, the acquisition of Banda Industries Sdn Bhd has been completed in April 2010. This will enable the Group to tap into more opportunities in property development in the vicinity of Bentong, Pahang.

### **CORPORATE SOCIAL RESPONSIBILITY**

We are committed to undertaking responsible practices that impact positively upon all our stakeholders and which ensure the continued and sustainable growth of our businesses. For the period under review, we have implemented the following Corporate Social Responsibility ("CSR") initiatives:

#### ***Anti-Piracy Advocacy***

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

#### ***RoHS, REACH and Green Compliance***

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

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

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

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

## chairman's statement (cont'd)

### PROSPECTS

Going forward, we anticipate a positive outlook for the coming year despite intense market competition. As the price of raw material has stabilized, we can take the necessary measures to keep our cost down.

The continuous effort by the Government in nurturing a critical mass of ICT-Based SMEs shows its commitment to promote key policies of the Multimedia Super Corridor and Knowledge-based Economy Master Plan (KEMP).

The Government's clear and precise rules on intellectual property rights protection, together with the Ministry of Domestic Trade and Consumer Affairs' effective anti-piracy enforcement is having a positive impact on our core businesses.

Therefore, 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.

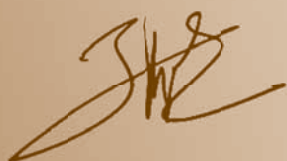
We will strengthen our position in the DVD segment which will be the mainstay of our business going forward. We could see new demand for our products and a solid base in the DVD market will allow us to move on to manufacture higher versions of DVDs. Our strategic investment in the DVD business enabled us to capture the current trend of video industry moving forward to the DVD storage.

Our continue effort to maximize shareholder value is reaping fruit as the Group's strategic venture on property development will increasingly contribute positively the result. To be proactive in diversifying the revenue streams, we are actively scrutinizing viable joint venture opportunities to further expand into 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 in enhancing the shareholders value of GSB Group Berhad.



**JEFFREY ONG PENG LOCK**  
Executive Chairman



# corporate information

## BOARD OF DIRECTORS

**Jeffrey Ong Peng Lock**  
*Executive Chairman*

**Gan Pik Mui**  
*Non-Independent Non-Executive Director*

**Loy Kwee Keow**  
*Independent Non-Executive Director*

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

**Liaw Boo Lai @ Leow Bong Lai**  
*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

Level 8, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya, Selangor  
Tel No : 03-7841 8000  
Fax No : 03-7841 8199

## REGISTRAR OFFICE

Tricor Investor Services Sdn Bhd  
(Formerly known as Tenaga Koperat Sdn Bhd )  
Level 17, The Gardens North Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel No : 03-2264 3883  
Fax No : 03-2282 1886

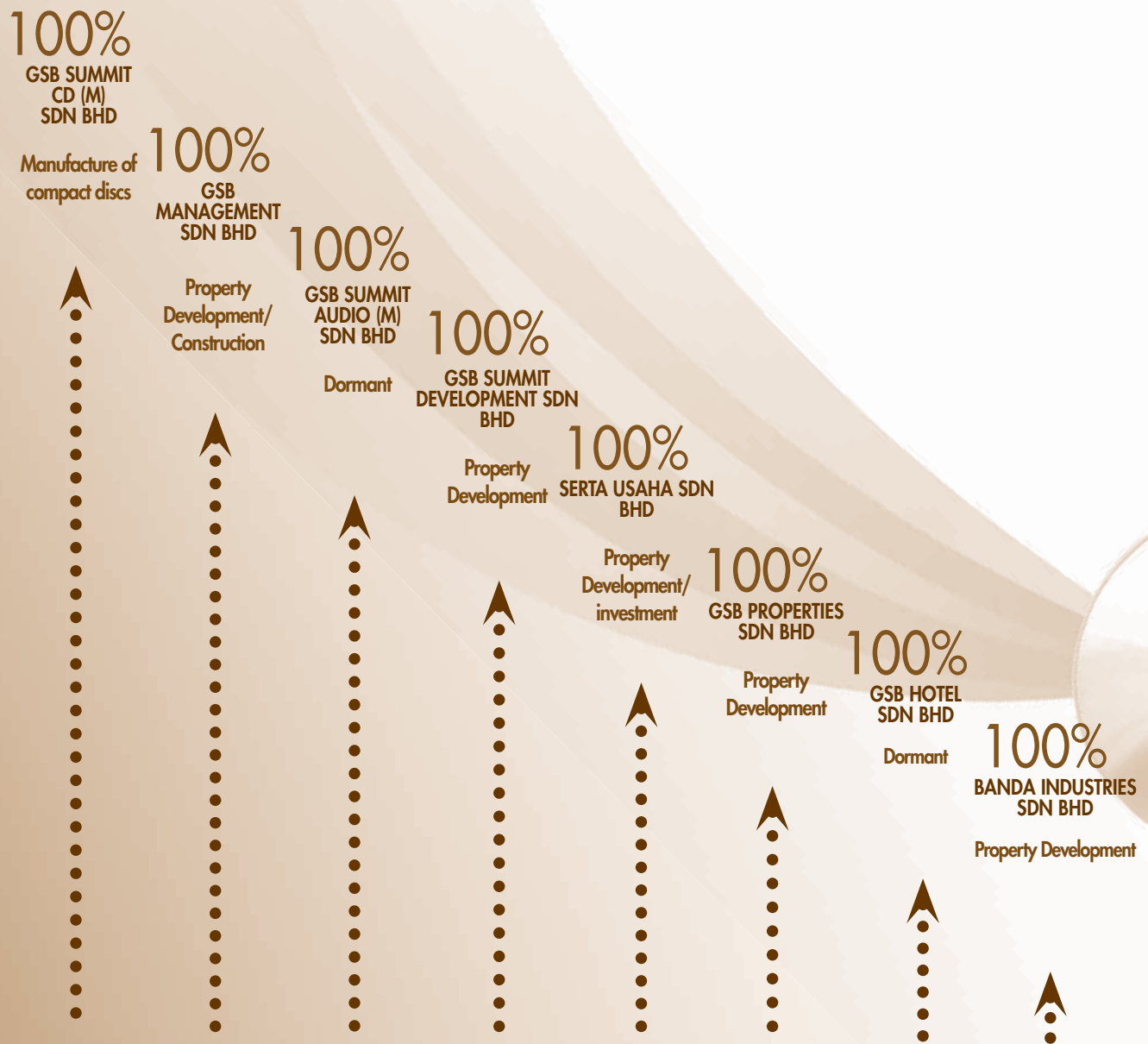
## AUDITORS

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

## STOCK EXCHANGE LISTING

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

# corporate structure



SUBSIDIARIES



**GSB GROUP BERHAD**  
287036-X



## profile of directors

### **JEFFREY ONG PENG LOCK**

Age 39, 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 51, 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 is also a regional director of Sustainable Certification Pte Ltd, a certifying body for ISO 9001, ISO 14001, OHSAS 18001 and ISO 22000 from Australia. He holds a Master of Science in Occupational Safety & Health from Universiti Utara Malaysia.

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

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

### **LIAW BOO LAI @ LEOW BONG LAI**

Aged 68, 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.

## profile of directors (cont'd)

### GAN PIK MUI

Age 39, 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 a 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 45, a Malaysian citizen and appointed to the Board on 21 December 2006. He is a non-independent, non-executive director of the Group.

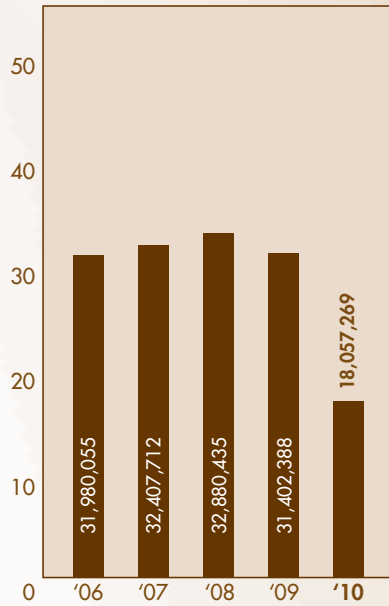
He has over 20 years of experience in the property market as a real estate consultant. He was attached to Goldhill Realty from 1993 to 2000 as Real Estate Consultant.

He is currently holding the post of a 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.

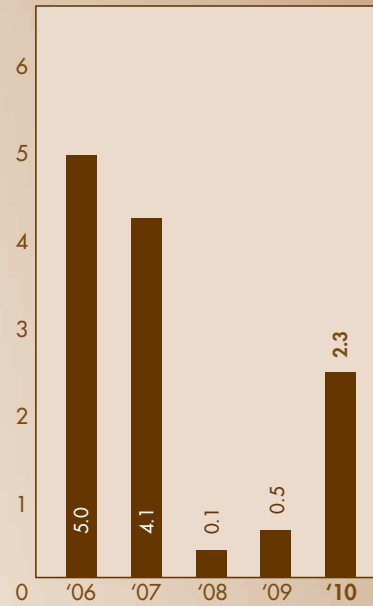
He is the brother of Gan Pik Mui, a director of the Company and son of Gan Seng Biang and Lim Yap Hap, one of the major shareholders of the Company.

# 5 years' financial highlights

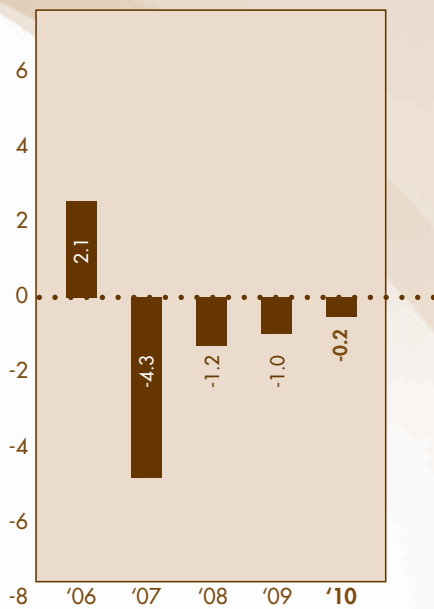
GROUP TURNOVER / RINGGIT



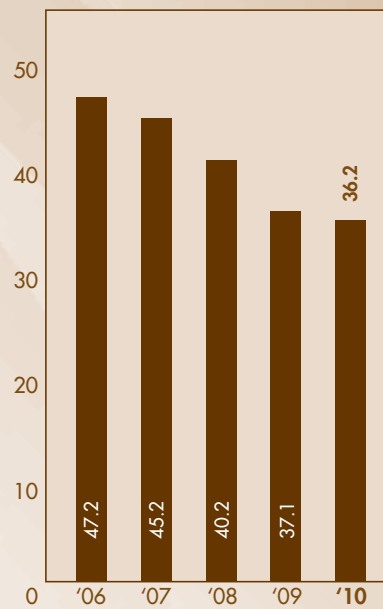
EARNINGS BEFORE TAX, INTEREST, DEPRECIATION AND AMORTISATION / RINGGIT IN MILLION



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.

## corporate governance statement (cont'd)

The Code recommends the appointment of a senior independent non-executive Director to whom concerns may be conveyed. The Board has not appointed any senior 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 2010, the Board met a total of 4 times. Details of the Director's attendance record are presented as below:-

| Directors                    | Numbers of Meetings Held** | Numbers 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.

## corporate governance statement (cont'd)

### 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 2010 and up to the date of this report are as follows:-

| Director                     | Name of conferences, seminars and training programmes attended  |
|------------------------------|---|
| Jeffrey Ong Peng Lock        | <ul style="list-style-type: none"><li>• Understanding on RoHs &amp; Reach Requirements</li><li>• Understanding The New EQA Regulations For ISO 14001 EMS</li><li>• eDividend Tea Talk</li></ul> |
| Loy Kwee Keow                | <ul style="list-style-type: none"><li>• Advanced Course on Indoor Air Quality</li><li>• 3RD National Industrial Hygiene Conference</li></ul>  |
| Liaw Boo Lai @ Leow Bong Lai | <ul style="list-style-type: none"><li>• ISO 14001:2004 Awareness</li></ul>  |
| Gan Pik Mui                  | <ul style="list-style-type: none"><li>• ISO 14001:2004 Awareness</li></ul>  |
| Gan Boon Kat                 | <ul style="list-style-type: none"><li>• ISO 14001:2004 Awareness</li></ul>  |

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.



## corporate governance statement (cont'd)

### DIRECTORS' REMUNERATION

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

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

| Remuneration                | Executive Director<br>(RM'000) | Non-Executive Director<br>(RM'000) |
|-----------------------------|--------------------------------|------------------------------------|
| Fees                        | 8                              | 19                                 |
| Salaries & Other Emoluments | 187                            | -                                  |
| Benefit in Kind             | 8                              | -                                  |

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

| Range of Remuneration    | No of<br>Executive Director | No of<br>Non-Executive Director |
|--------------------------|-----------------------------|---------------------------------|
| RM 1 to RM 50,000        | -                           | 4                               |
| RM 50,000 to RM 100,000  | -                           | -                               |
| RM 100,000 to RM 200,000 | 1                           | -                               |

### 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 statements 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 regular basis with their findings and these findings are further deliberated during the Board meeting.

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

A statement by the Directors on the application of the principles set out in 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 AAll 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.

## corporate governance statement (cont'd)

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 Chairman 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 formalizing 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 25 August 2010.**

### STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL AUDITED ACCOUNTS

In accordance with the requirements in Paragraph 15.26(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 25 August 2010.**

### 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.

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

Our compliance with RoHS (Restriction of Hazardous Substance) and REACH (Registration, Evaluation, Authorization of Chemicals) are part of our efforts in producing a safe product.

In addition, we are also in compliance with green technology (Greentech) an application of the environmental science to conserve the natural environment and resources.

These compliance has helped the company to play its part to be a socially responsible company in protecting man and the environment.

### Market Place

The Group is committed to ensure that the interests of all the important stakeholders – shareholders, suppliers and customers are being taken care. The Group emphasize on good corporate governance practices to meet shareholder expectations. For suppliers, the Group practice transparent and fair procurement policies. As for the customers, all facilities within the Group are compliance with ISO9001:2000 Quality Management System, ISO14001:2004 Environmental 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 conducive and safe environmental for employees to work in. The Group through its Occupational, Safety and Health Committee is actively ensuring safety, health and welfare of all employees are not being compromised. Consistent education, training, counseling or industrial accident prevention programmes are held to ensure a high level of awareness of safety requirements being disseminated to all employees and at all levels.

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



# audit committee report

## MEMBERS

The Audit Committee comprises the following directors:-

### **Loy Kwee Keow**

Chairman (Independent Non-Executive Director)

### **Liaw Boo Lai @ Leow Bong Lai**

Member (Independent Non-Executive Director)

### **Gan Pik Mui**

Member (Non-Independent Non-Executive Director)

## TERMS OF REFERENCE

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

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

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

## OBJECTIVES

- a) Provide assistance to the Board of Directors in fulfilling its statutory and fiduciary responsibilities for examinations of the Company and in monitoring its accounting and financial reporting practices.
- b) Determine that the Company has adequate administrative, operational, and internal accounting controls and that the Company is operating in accordance with its prescribed procedures and codes of conduct.
- c) Serve as an independent and objective party in the review of the financial information presented by management for distribution to shareholders and the general public.
- d) Provide direction and controls over the internal audit function and the external auditors.

## MEMBERSHIP

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

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

## audit committee report (cont'd)

### 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 (cont'd)

### 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 2010 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 RM26,241.

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 2010 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 25 August 2010.**

## 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 15.26(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, with the assistance of the outsourced internal auditors, 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 regular 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 addressed accordingly.

There was no material losses reported during the current financial year as a result of weaknesses in internal control. The Management continues to take measures to strengthen the internal control environment of the Group.

**This statement was made in accordance with a resolution of the Board dated 26 July 2010.**

## 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 amount of non-audit fees paid or payable to the external auditors by the Company for the financial year amounted to RM16,200.

### **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**

In April 2010, the Company acquired the entire equity interests of Banda Industries Sdn Bhd, comprising of 500,000 ordinary shares of RM1.00 each, for a total cash consideration of RM5,000,000.

### **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 37 of the Annual Report.



# financial statements

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# directors' report

for the year ended 31 March 2010

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2010.

## Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of its 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 Summit Audio (M) Sdn. Bhd., there has been no significant change in the nature of these activities during the financial year.

## Results

|                   | Group<br>RM | Company<br>RM |
|-------------------|-------------|---------------|
| Loss for the year | 879,339     | 210,548       |

## Reserves and provisions

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

## Dividends

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

## Directors of the Company

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

Jeffrey Ong Peng Lock  
Gan Pik Mui  
Gan Boon Kat  
Loy Kwee Keow  
Liaw Boo Lai @ Leow Bong Lai

## Directors' interests in shares

The interest and deemed interests in the ordinary 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<br>1.4.2009                           | Bought     | Sold         | At<br>31.3.2010 |
| <b>Shareholdings in which Directors have direct interest</b> |  |            |              |                 |
| <b>In the Company</b>  |  |            |              |                 |
| Jeffrey Ong Peng Lock  | 30,300,100                               | -          | (25,900,000) | 4,400,100       |
| Gan Pik Mui  | 25,065,000                               | 25,900,000 | -            | 50,965,000      |
| 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 the Company has an interest.

None of the other Directors holding office at 31 March 2010 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## directors' report

for the year ended 31 March 2010 (cont'd)

### Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salaries of full time employees of related corporations) by reason of a contract made by the Company or a related 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 30 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 authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

### Options granted over unissued shares

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

### Other statutory information

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

- i) all known bad debts have been written off and adequate provision has been 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.



directors' report  
for the year ended 31 March 2010 (cont'd)

**Other statutory information (continued)**

In the opinion of the Directors, except for the effects arising from the cessation of the business operations of a wholly-owned subsidiary, GSB Summit Audio (M) Sdn. Bhd., as disclosed in Note 25 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 March 2010 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.

**Event subsequent to the balance sheet date**

In April 2010, the Company acquired the entire equity interest of Banda Industries Sdn. Bhd., comprising of 500,000 ordinary shares of RM1.00 each, for a total cash consideration of RM5,000,000. Consequently, Banda Industries Sdn. Bhd. became a wholly owned subsidiary of the Company.

**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: 26 July 2010

# balance sheets

as at 31 March 2010

|   | Note | Group             |                   | Company           |                   |
|---|------|-------------------|-------------------|-------------------|-------------------|
|   |      | 2010<br>RM        | 2009<br>RM        | 2010<br>RM        | 2009<br>RM        |
| <b>Assets</b>                               |      |                   |                   |                   |                   |
| Property, plant and equipment               | 3    | 6,833,527         | 8,860,137         | -                 | -                 |
| Goodwill                                    | 4    | 11,828            | 11,828            | -                 | -                 |
| Prepaid lease payments                      | 5    | 4,134,773         | 4,194,399         | -                 | -                 |
| Investment properties                       | 6    | 18,735,652        | 18,974,109        | -                 | -                 |
| Investments in subsidiaries                 | 7    | -                 | -                 | 17,445,870        | 17,445,870        |
| Investments in associates                   | 8    | -                 | -                 | -                 | -                 |
| Other investments                           | 9    | 16,000            | 16,000            | -                 | -                 |
| Long term advances due from<br>a subsidiary | 10   | -                 | -                 | 573,411           | 573,411           |
| Land held for development                   | 11   | 3,115,256         | 3,112,756         | -                 | -                 |
| Deferred tax assets                         | 12   | 677,000           | -                 | -                 | -                 |
| <b>Total non-current assets</b>             |      | <b>33,524,036</b> | <b>35,169,229</b> | <b>18,019,281</b> | <b>18,019,281</b> |
| Inventories                                 | 13   | 956,185           | 964,042           | -                 | -                 |
| Receivables, deposits and<br>prepayments    | 14   | 8,784,662         | 6,673,574         | 11,560,718        | 12,025,937        |
| Property development costs                  | 15   | 4,398,207         | 6,511,990         | -                 | -                 |
| Current tax assets                          |      | 268,570           | 374,274           | 3,268             | 3,268             |
| Cash and cash equivalents                   | 16   | 5,566,014         | 7,313,043         | 52,988            | 4,134             |
| Asset held for sale                         | 17   | 114,394           | -                 | -                 | -                 |
| <b>Total current assets</b>                 |      | <b>20,088,032</b> | <b>21,836,923</b> | <b>11,616,974</b> | <b>12,033,339</b> |
| <b>Total assets</b>                         |      | <b>53,612,068</b> | <b>57,006,152</b> | <b>29,636,255</b> | <b>30,052,620</b> |
| <b>Equity</b>                               |      |                   |                   |                   |                   |
| Share capital                               | 18   | 40,000,000        | 40,000,000        | 40,000,000        | 40,000,000        |
| Share premium                               |      | 939,803           | 939,803           | 939,803           | 939,803           |
| Reserves                                    | 18   | 1,330,455         | 1,425,729         | -                 | -                 |
| Accumulated losses                          |      | (6,052,196)       | (5,272,331)       | (12,315,195)      | (12,104,647)      |
| <b>Total equity</b>                         |      | <b>36,218,062</b> | <b>37,093,201</b> | <b>28,624,608</b> | <b>28,835,156</b> |
| <b>Liabilities</b>                          |      |                   |                   |                   |                   |
| Loans and borrowings                        | 19   | 7,943,632         | 10,130,446        | -                 | -                 |
| Deferred tax liabilities                    | 12   | 2,586,631         | 2,175,078         | -                 | -                 |
| <b>Total non-current liabilities</b>        |      | <b>10,530,263</b> | <b>12,305,524</b> | <b>-</b>          | <b>-</b>          |
| Payables and accruals                       | 20   | 3,623,209         | 3,754,471         | 1,011,647         | 1,217,464         |
| Loans and borrowings                        | 19   | 3,128,274         | 3,750,428         | -                 | -                 |
| Taxation                                    |      | 112,260           | 102,528           | -                 | -                 |
| <b>Total current liabilities</b>            |      | <b>6,863,743</b>  | <b>7,607,427</b>  | <b>1,011,647</b>  | <b>1,217,464</b>  |
| <b>Total liabilities</b>                    |      | <b>17,394,006</b> | <b>19,912,951</b> | <b>1,011,647</b>  | <b>1,217,464</b>  |
| <b>Total equity and liabilities</b>         |      | <b>53,612,068</b> | <b>57,006,152</b> | <b>29,636,255</b> | <b>30,052,620</b> |

The notes on pages 32 to 70 form an integral part of these financial statements.

# income statements

for the year ended 31 March 2010

|   | Note | Group        |                          | Company    |             |
|---|------|--------------|--------------------------|------------|-------------|
|   |      | 2010<br>RM   | 2009<br>RM<br>(Restated) | 2010<br>RM | 2009<br>RM  |
| <b>Continuing operations</b>                                  |      |              |                          |            |             |
| Revenue   | 21   | 18,046,002   | 29,265,313               | -          | -           |
| Cost of sales   |      | (13,936,596) | (22,483,385)             | -          | -           |
| <b>Gross profit</b>   |      | 4,109,406    | 6,781,928                | -          | -           |
| Other income  |      | 140,082      | 78,298                   | -          | -           |
| Distribution expenses   |      | (1,134,262)  | (1,144,947)              | -          | -           |
| Administrative expenses                                       |      | (2,508,795)  | (3,039,312)              | (210,548)  | (243,824)   |
| Other expenses  |      | (521,951)    | (788,820)                | -          | (2,310,000) |
| <b>Results from operating activities</b>                      |      | 84,480       | 1,887,147                | (210,548)  | (2,553,824) |
| Interest income   |      | 74,034       | 137,891                  | -          | -           |
| Finance costs   |      | (756,755)    | (1,035,472)              | -          | -           |
| <b>Operating (loss)/profit</b>                                | 22   | (598,241)    | 989,566                  | (210,548)  | (2,553,824) |
| Share of loss after tax of equity<br>accounted associates     |      | -            | (350,374)                | -          | -           |
| <b>(Loss)/Profit before tax</b>                               |      | (598,241)    | 639,192                  | (210,548)  | (2,553,824) |
| Income tax expense  | 24   | (169,599)    | (191,692)                | -          | -           |
| <b>(Loss)/Profit after tax from<br/>continuing operations</b> |      | (767,840)    | 447,500                  | (210,548)  | (2,553,824) |
| <b>Discontinued operations</b>                                |      |              |                          |            |             |
| Loss from discontinued operations,<br>net of tax              | 25   | (111,499)    | (4,235,654)              | -          | -           |
| <b>Loss for the year</b>                                      |      | (879,339)    | (3,788,154)              | (210,548)  | (2,553,824) |
| <b>Basic (loss)/earnings per ordinary<br/>share (sen):</b>    |      |              |                          |            |             |
| from continuing operations                                    |      | (0.19)       | 0.11                     |            |             |
| from discontinued operations                                  |      | (0.03)       | (1.06)                   |            |             |
|   | 26   | (0.22)       | (0.95)                   |            |             |

The notes on pages 32 to 70 form an integral part of these financial statements.



# consolidated statement of changes in equity

for the year ended 31 March 2010

| Group   | <i>Non-distributable</i> |                     |                           | Accumulated losses<br>RM | Total equity<br>RM |
|---|--------------------------|---------------------|---------------------------|--------------------------|--------------------|
|   | Share capital<br>RM      | Share premium<br>RM | Revaluation reserve<br>RM |                          |                    |
| <b>At 1 April 2008</b>  | 40,000,000               | 939,803             | 744,705                   | (1,484,177)              | 40,200,331         |
| Loss for the year   | -                        | -                   | -                         | (3,788,154)              | (3,788,154)        |
| Revaluation of property, plant and equipment, net of tax            | -                        | -                   | 681,024                   | -                        | 681,024            |
| <b>At 31 March 2009/1 April 2009</b>                                | 40,000,000               | 939,803             | 1,425,729                 | (5,272,331)              | 37,093,201         |
| Loss for the year   | -                        | -                   | -                         | (879,339)                | (879,339)          |
| Realisation of revaluation reserve on property, plant and equipment | -                        | -                   | (95,274)                  | 99,474                   | 4,200              |
| <b>At 31 March 2010</b>   | 40,000,000               | 939,803             | 1,330,455                 | (6,052,196)              | 36,218,062         |

# statement of changes in equity

for the year ended 31 March 2010

| Company                              | <i>Non-distributable</i> |                     | Accumulated losses<br>RM | Total equity<br>RM |
|--------------------------------------|--------------------------|---------------------|--------------------------|--------------------|
|                                      | Share capital<br>RM      | Share premium<br>RM |                          |                    |
| <b>At 1 April 2008</b>               | 40,000,000               | 939,803             | (9,550,823)              | 31,388,980         |
| Loss for the year                    | -                        | -                   | (2,553,824)              | (2,553,824)        |
| <b>At 31 March 2009/1 April 2009</b> | 40,000,000               | 939,803             | (12,104,647)             | 28,835,156         |
| Loss for the year                    | -                        | -                   | (210,548)                | (210,548)          |
| <b>At 31 March 2010</b>              | 40,000,000               | 939,803             | (12,315,195)             | 28,624,608         |

The notes on pages 32 to 70 form an integral part of these financial statements.

# cash flow statements

for the year ended 31 March 2010

|   | Note | Group       |                        | Company    |             |
|---|------|-------------|------------------------|------------|-------------|
|   |      | 2010<br>RM  | 2009<br>RM<br>Restated | 2010<br>RM | 2009<br>RM  |
| <b>Cash flows from operating activities</b>               |      |             |                        |            |             |
| (Loss)/Profit before tax from:                            |      |             |                        |            |             |
| - continuing operations                                   |      | (598,241)   | 639,192                | (210,548)  | (2,553,824) |
| - discontinued operations                                 | 25   | (121,785)   | (4,235,167)            | -          | -           |
| Adjustments for:  |      |             |                        |            |             |
| Allowance for doubtful debts                              |      | 63,146      | 101,932                | -          | 1,722,000   |
| Amortisation of prepaid lease payments                    |      | 59,626      | 59,626                 | -          | -           |
| Depreciation of property, plant and equipment             |      | 1,948,587   | 2,654,008              | -          | -           |
| Depreciation of investment properties                     |      | 286,734     | 286,734                | -          | -           |
| Finance costs   |      | 756,755     | 1,035,472              | -          | -           |
| Impairment loss on investments in associates              |      | -           | -                      | -          | 350,374     |
| Inventories written off                                   |      | -           | 4,273                  | -          | -           |
| Interest income   |      | (74,034)    | (137,891)              | -          | -           |
| Loss on disposal of property, plant and equipment         |      | 66,023      | 2,278,075              | -          | -           |
| 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                | -          | -           |
| Reversal of allowance for doubtful debts                  |      | (5,979)     | (15,065)               | -          | -           |
| Share of loss of equity accounted associates              |      | -           | 350,374                | -          | -           |
| Unrealised foreign exchange loss - net                    |      | 26,459      | 12,397                 | -          | -           |
| Operating profit/(loss) before changes in working capital |      | 2,407,291   | 3,478,748              | (210,548)  | (243,824)   |
| Changes in working capital:                               |      |             |                        |            |             |
| Receivables, deposits and prepayments                     |      | (2,194,714) | 6,852,272              | 465,219    | 1,280,591   |
| Inventories   |      | 7,857       | 704,984                | -          | -           |
| Land held for development                                 |      | -           | (1,006,315)            | -          | -           |
| Property development costs                                |      | 2,113,783   | (2,033,746)            | -          | -           |
| Payables and accruals                                     |      | (131,262)   | (2,343,632)            | (205,817)  | (887,957)   |
| Cash generated from operations                            |      | 2,202,955   | 5,652,311              | 48,854     | 148,810     |
| Interest received   |      | 74,034      | 137,891                | -          | -           |
| Interest paid   |      | (756,755)   | (1,035,472)            | -          | -           |
| Income tax refunded                                       |      | -           | 57,905                 | -          | 1,905       |
| Income tax paid   |      | (305,124)   | (405,183)              | -          | -           |
| <b>Net cash from operating activities</b>                 |      | 1,215,110   | 4,407,452              | 48,854     | 150,715     |

The notes on pages 32 to 70 form an integral part of these financial statements.

**cash flow statements**  
for the year ended 31 March 2010 (cont'd)

|   | Note | Group              |                        | Company       |                  |
|---|------|--------------------|------------------------|---------------|------------------|
|   |      | 2010<br>RM         | 2009<br>RM<br>Restated | 2010<br>RM    | 2009<br>RM       |
| <b>Cash flows from investing activities</b>             |      |                    |                        |               |                  |
| Acquisition of investment properties                    |      | (48,277)           | (1,991,845)            | -             | -                |
| Acquisition of property, plant and equipment            |      | (312,394)          | (353,910)              | -             | -                |
| Improvement/Acquisition of land held for development    |      | (2,500)            | (979,534)              | -             | -                |
| Placement of deposits pledged with licensed banks       |      | (58,763)           | (2,628,994)            | -             | -                |
| Increase in investment in a subsidiary                  |      | -                  | -                      | -             | (250,000)        |
| Proceeds from disposal of property, plant and equipment |      | 210,000            | 1,096,971              | -             | -                |
| Proceeds from disposal of land held for development     |      | -                  | 1,965,896              | -             | -                |
| Proceeds from disposal of associates                    |      | -                  | 100,000                | -             | 100,000          |
| <b>Net cash used in investing activities</b>            |      | <b>(211,934)</b>   | <b>(2,791,416)</b>     | <b>-</b>      | <b>(150,000)</b> |
| <b>Cash flows from financing activities</b>             |      |                    |                        |               |                  |
| Drawdown of term loans                                  |      | 1,000,000          | 2,400,000              | -             | -                |
| Drawdown of bankers' acceptances                        |      | 2,364,718          | 5,308,530              | -             | -                |
| Repayment of term loans                                 |      | (2,816,929)        | (1,477,557)            | -             | -                |
| Repayment of finance lease liabilities                  |      | (369,838)          | (507,897)              | -             | -                |
| Repayment of bankers' acceptances                       |      | (2,775,861)        | (7,029,250)            | -             | -                |
| <b>Net cash used in financing activities</b>            |      | <b>(2,597,910)</b> | <b>(1,306,174)</b>     | <b>-</b>      | <b>-</b>         |
| Net (decrease)/increase in cash and cash equivalents    |      | (1,594,734)        | 309,862                | 48,854        | 715              |
| Cash and cash equivalents at 1 April                    |      | 4,185,402          | 3,875,540              | 4,134         | 3,419            |
| <b>Cash and cash equivalents at 31 March</b>            | (i)  | <b>2,590,668</b>   | <b>4,185,402</b>       | <b>52,988</b> | <b>4,134</b>     |

*The notes on pages 32 to 70 form an integral part of these financial statements.*

**cash flow statements**  
for the year ended 31 March 2010 (cont'd)

i) *Cash and cash equivalents*

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

|                                     | <b>Group</b> |             | <b>Company</b> |             |
|-------------------------------------|--------------|-------------|----------------|-------------|
|                                     | <b>2010</b>  | <b>2009</b> | <b>2010</b>    | <b>2009</b> |
|                                     | <b>RM</b>    | <b>RM</b>   | <b>RM</b>      | <b>RM</b>   |
| Cash and bank balances              | 2,023,079    | 4,684,049   | 52,988         | 4,134       |
| Deposits placed with licensed banks | 3,542,935    | 2,628,994   | -              | -           |
|                                     | 5,566,014    | 7,313,043   | 52,988         | 4,134       |
| Less: Deposits pledged              | (2,687,757)  | (2,628,994) | -              | -           |
| Bank overdrafts                     | (287,589)    | (498,647)   | -              | -           |
|                                     | 2,590,668    | 4,185,402   | 52,988         | 4,134       |

*The notes on pages 32 to 70 form an integral part of these financial statements.*



# notes to the financial statements

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

## Registered office

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

## Principal place of business

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

The consolidated financial statements of the Company as at and for the year ended 31 March 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the year ended 31 March 2010 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of its 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 Summit Audio (M) Sdn. Bhd., there has been no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors on 26 July 2010.

## 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 (FRSs), 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 for the Group and the Company:

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009**

- FRS 8, *Operating Segments*

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010**

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
  - *Puttable Financial Instruments and Obligations Arising on Liquidation*
  - *Separation of Compound Instruments*

## notes to the financial statements (cont'd)

### 1. Basis of preparation (continued)

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

- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
  - *Reclassification of Financial Assets*
  - *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, *FRS 2 - Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, *FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010**

- Amendments to FRS 132, *Financial Instruments: Presentation - Classification of Rights Issues*

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010**

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011**

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopter*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*

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

- from the annual period beginning 1 April 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009, 1 January 2010 and 1 March 2010, except for FRS 4, Amendments to FRS 2, IC Interpretation 11, IC Interpretation 13 and IC Interpretation 14 which are not applicable to the Group or the Company; and
- from the annual period beginning 1 April 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, except for Amendments to FRS 2, IC Interpretation 12, IC Interpretation 16 and IC Interpretation 17 which are not applicable to the Group or the Company.

## notes to the financial statements (cont'd)

### 1. Basis of preparation (continued)

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

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), Accounting Policies, Changes in Accounting Estimates and Errors, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

Material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below:

#### (i) FRS 8, Operating Segments

FRS 8 replaces FRS 114<sup>2004</sup>, Segment Reporting and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business segments (see note 27).

#### (ii) Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes which will become effective for the Group and the Company's financial statements for the year ending 31 March 2011. Amendment that has material impact is:

- **FRS 117, Leases**

The amendments clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

This change in accounting policy will result in the reclassification of entire lease of land as at 31 March 2010 from prepaid lease payments to property, plant and equipment.

#### (iii) IC Interpretation 15, Agreements for the Construction of Real Estate

IC Interpretation 15 replaces the existing FRS 201<sup>2004</sup>, Property Development Activities and provides guidance on how to account for revenue from construction of real estate. The adoption of IC Interpretation 15 will result in a change in accounting policy which will be applied retrospectively whereby the recognition of revenue from all property development activities of the Company will change from the percentage of completion method to the completed method.

The Directors do not expect any material change in profit before tax on initial application of this interpretation as all current development of the Company are expected to be completed before the effective date of this interpretation.

#### (b) Basis of measurement

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

## notes to the financial statements (cont'd)

### 1. Basis of preparation (continued)

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the 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 except for the valuation of investment properties as disclosed in Note 6.

### 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.

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 the purchase method of accounting.

Investments in subsidiaries are stated in the Company's balance sheet at cost less accumulated impairment losses.



## notes to the financial statements (cont'd)

### 2. Significant accounting policies (continued)

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

##### (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.

#### (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 date 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.

**2. Significant accounting policies (continued)**

**(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 any accumulated impairment losses.

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

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

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.

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

Depreciation is recognised in the 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.

## notes to the financial statements (cont'd)

### 2. Significant accounting policies (continued)

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

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

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

|  |               |
|--|---------------|
| • Buildings                            | 45 - 50 years |
| • Plant, machinery and audio equipment | 8 - 10 years  |
| • Office equipment                     | 8 - 10 years  |
| • Motor vehicles                       | 5 - 6 years   |
| • Furniture, fixtures and fittings     | 8 - 10 years  |
| • Renovations                          | 10 years      |
| • Electrical installation              | 10 years      |

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate 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.

##### (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.

## notes to the financial statements (cont'd)

### 2. Significant accounting policies (continued)

#### (e) 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.

#### **Amortisation**

Goodwill with indefinite useful lives is tested for impairment annually and whenever there is an indication that it 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, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 45 years for buildings. Freehold land is not depreciated.

##### (ii) *Determination of fair value*

During the year, the Directors estimated the fair values of the Group's investment properties without the involvement of independent valuers. In 2009, an external, independent valuation firm, having appropriate recognised professional qualifications and experience in the location and category of property being valued, valued 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 losses where applicable.



**2. Significant accounting policies (continued)**

**(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 recognised 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.

**(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.

**2. Significant accounting policies (continued)**

**(k) Receivables**

Receivables, including long term advances due from a subsidiary, are initially recognised at their costs 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) Asset held for sale**

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

**(m) Cash and cash equivalents**

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

**(n) Impairment**

The carrying amounts of assets except for asset held for sale, inventories, assets arising from property development, deferred tax assets and financial assets (other than investments in subsidiaries) are reviewed at the balance sheet date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. 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.

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.

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)**

**(n) Impairment (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 the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to 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.

**(o) 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.

**(p) Employee benefits**

**(i) Short term employee benefits**

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

A liability is recognised for the amount expected to be paid under short-term cash bonus 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.

**(q) Provisions**

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

**(r) 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.

## notes to the financial statements (cont'd)

### 2. Significant accounting policies (continued)

#### (r) 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.

#### (s) 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.

#### (t) Revenue and other income

##### (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.

##### (iv) Interest income

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

#### (u) Borrowing costs

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)**

**(v) Income tax**

Income tax expense comprises current and deferred tax. Income 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 by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the balance sheets and their tax bases. 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 or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax 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 the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(w) 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 are restated as if the operation had been discontinued from the start of the comparative period.

**(x) 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.

**(y) 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.



## notes to the financial statements (cont'd)

### 3. Property, plant and equipment

| Group                              | Note | Buildings<br>RM | Plant,<br>machinery<br>and audio<br>equipment<br>RM | Office<br>equipment<br>RM | Motor<br>vehicles<br>RM | Furniture,<br>fixtures<br>and<br>fittings<br>RM | Renovations<br>RM | Electrical<br>installation<br>RM | Total<br>RM  |
|------------------------------------|------|-----------------|---|---------------------------|-------------------------|---|-------------------|----------------------------------|--------------|
| <b>Cost/Valuation</b>              |      |                 |   |                           |                         |   |                   |                                  |              |
| At 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      |
| <hr/>                              |      |                 |   |                           |                         |   |                   |                                  |              |
| At 31 March 2009/<br>1 April 2009  |      | 3,475,657       | 28,467,853  | 215,520                   | 1,171,735               | 2,410,336                                       | -                 | -                                | 35,741,101   |
| Additions                          |      | -               | 309,612   | -                         | -                       | 2,782   | -                 | -                                | 312,394      |
| Disposals                          |      | (280,000)       | -   | -                         | -                       | -   | -                 | -                                | (280,000)    |
| Transfer to asset held<br>for sale | 17   | (116,212)       | -   | -                         | -                       | -   | -                 | -                                | (116,212)    |
| <hr/>                              |      |                 |   |                           |                         |   |                   |                                  |              |
| At 31 March 2010                   |      | 3,079,445       | 28,777,465  | 215,520                   | 1,171,735               | 2,413,118                                       | -                 | -                                | 35,657,283   |
| <hr/>                              |      |                 |   |                           |                         |   |                   |                                  |              |
| <b>Represented:</b>                |      |                 |   |                           |                         |   |                   |                                  |              |
| At cost                            |      | -               | 28,777,465  | 215,520                   | 1,171,735               | 2,413,118                                       | -                 | -                                | 32,577,838   |
| At valuation - 2009                |      | 3,079,445       | -   | -                         | -                       | -   | -                 | -                                | 3,079,445    |
| <hr/>                              |      |                 |   |                           |                         |   |                   |                                  |              |
| At 31 March 2010                   |      | 3,079,445       | 28,777,465  | 215,520                   | 1,171,735               | 2,413,118                                       | -                 | -                                | 35,657,283   |
| <hr/>                              |      |                 |   |                           |                         |   |                   |                                  |              |
| <b>Depreciation</b>                |      |                 |   |                           |                         |   |                   |                                  |              |
| At 1 April 2008                    |      | 805,978         | 33,176,233  | 209,220                   | 656,173                 | 2,208,324                                       | 284,852           | 311,961                          | 37,652,741   |
| Depreciation for<br>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)    |
| <hr/>                              |      |                 |   |                           |                         |   |                   |                                  |              |
| At 31 March 2009/<br>1 April 2009  |      | -               | 23,750,644  | 210,060                   | 788,923                 | 2,131,337                                       | -                 | -                                | 26,880,964   |
| Depreciation for<br>the year       |      | 93,517          | 1,581,305   | 780                       | 200,059                 | 72,926  | -                 | -                                | 1,948,587    |
| Disposals                          |      | (3,977)         | -   | -                         | -                       | -   | -                 | -                                | (3,977)      |
| Transfer to asset held<br>for sale | 17   | (1,818)         | -   | -                         | -                       | -   | -                 | -                                | (1,818)      |
| <hr/>                              |      |                 |   |                           |                         |   |                   |                                  |              |
| At 31 March 2010                   |      | 87,722          | 25,331,949  | 210,840                   | 988,982                 | 2,204,263                                       | -                 | -                                | 28,823,756   |
| <hr/>                              |      |                 |   |                           |                         |   |                   |                                  |              |
| <b>Carrying amounts</b>            |      |                 |   |                           |                         |   |                   |                                  |              |
| At 1 April 2008                    |      | 2,626,336       | 9,984,013   | 6,300                     | 674,659                 | 425,684   | 30,702            | 61,883                           | 13,809,577   |
| <hr/>                              |      |                 |   |                           |                         |   |                   |                                  |              |
| At 31 March 2009/<br>1 April 2009  |      | 3,475,657       | 4,717,209   | 5,460                     | 382,812                 | 278,999   | -                 | -                                | 8,860,137    |
| <hr/>                              |      |                 |   |                           |                         |   |                   |                                  |              |
| At 31 March 2010                   |      | 2,991,723       | 3,445,516   | 4,680                     | 182,753                 | 208,855   | -                 | -                                | 6,833,527    |
| <hr/>                              |      |                 |   |                           |                         |   |                   |                                  |              |

## notes to the financial statements (cont'd)

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

#### *Security*

The buildings of subsidiaries with carrying amount of RM2,591,053 (2009 - RM2,667,000) have been pledged to a licensed bank as security for term loan facilities granted to a subsidiary (Note 19).

#### *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 amount of RM1,286,917 (2009 - RM1,547,916).

#### *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 RM1,488,482 (2009 - RM2,149,755).

#### *Titles*

The strata titles of buildings with carrying amount of RM400,670 (2009 - RM808,992), have not been issued to the subsidiaries as the master title has not been sub-divided.

### 4. Goodwill

| <b>Group</b>   | <b>RM</b>      |
|--|----------------|
| <b>Cost</b>  |                |
| At 1 April 2008/31 March 2009/1 April 2009/31 March 2010 | <u>737,860</u> |
| <b>Impairment loss</b>                                   |                |
| At 1 April 2008/31 March 2009/1 April 2009/31 March 2010 | <u>726,032</u> |
| <b>Carrying amounts</b>                                  |                |
| At 1 April 2008/31 March 2009/1 April 2009/31 March 2010 | <u>11,828</u>  |

## notes to the financial statements (cont'd)

### 5. Prepaid lease payments

| <b>Group</b>                               | <b>Unexpired<br/>period<br/>more than<br/>50 years<br/>RM</b> |
|--|---|
| <b>Cost</b>                                |   |
| At 1 April 2008/1 April 2009/31 March 2010 | <u>4,829,759</u>  |
| <b>Amortisation</b>                        |   |
| At 1 April 2008                            | 575,734   |
| Amortisation for the year                  | <u>59,626</u>   |
| At 31 March 2009/1 April 2009              | 635,360   |
| Amortisation for the year                  | <u>59,626</u>   |
| At 31 March 2010                           | <u>694,986</u>  |
| <b>Carrying amounts</b>                    |   |
| At 1 April 2008                            | <u>4,254,025</u>  |
| At 31 March 2009/1 April 2009              | <u>4,194,399</u>  |
| At 31 March 2010                           | <u>4,134,773</u>  |
| <b>Security</b>                            |   |

The leasehold land of subsidiaries with carrying value of RM4,134,773 (2009 - RM4,194,399) have been pledged to a licensed bank as security for term loan facilities granted to a subsidiary (Note 19).

### 6. Investment properties

| <b>Group</b>                  | <b>Freehold<br/>land<br/>RM</b> | <b>Buildings<br/>RM</b> | <b>Total<br/>RM</b> |
|-------------------------------|---------------------------------|-------------------------|---------------------|
| <b>Cost</b>                   |                                 |                         |                     |
| At 1 April 2008               | 5,000,000                       | 12,914,038              | 17,914,038          |
| Additions                     | 1,991,845                       | -                       | 1,991,845           |
| At 31 March 2009/1 April 2009 | 6,991,845                       | 12,914,038              | 19,905,883          |
| Additions                     | 48,277                          | -                       | 48,277              |
| At 31 March 2010              | <u>7,040,122</u>                | <u>12,914,038</u>       | <u>19,954,160</u>   |
| <b>Depreciation</b>           |                                 |                         |                     |
| At 1 April 2008               | -                               | 645,040                 | 645,040             |
| Depreciation for the year     | -                               | 286,734                 | 286,734             |
| At 31 March 2009/1 April 2009 | -                               | 931,774                 | 931,774             |
| Depreciation for the year     | -                               | 286,734                 | 286,734             |
| At 31 March 2010              | <u>-</u>                        | <u>1,218,508</u>        | <u>1,218,508</u>    |

## notes to the financial statements (cont'd)

### 6. Investment properties (continued)

| Group                         | Freehold<br>land<br>RM | Buildings<br>RM | Total<br>RM |
|-------------------------------|------------------------|-----------------|-------------|
| <b>Carrying amounts</b>       |                        |                 |             |
| At 1 April 2008               | 5,000,000              | 12,268,998      | 17,268,998  |
| At 31 March 2009/1 April 2009 | 6,991,845              | 11,982,264      | 18,974,109  |
| At 31 March 2010              | 7,040,122              | 11,695,530      | 18,735,652  |
| <b>Fair values</b>            |                        |                 |             |
| At 1 April 2008               | 5,200,000              | 12,800,000      | 18,000,000  |
| At 31 March 2009/1 April 2009 | 7,592,000              | 13,400,000      | 20,992,000  |
| At 31 March 2010              | 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, and an assessment of the prevailing property market. In the opinion of the Directors, the fair values of the investment properties did not fluctuate in the current year.

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

|   | Group      |            |
|---|------------|------------|
|   | 2010<br>RM | 2009<br>RM |
| Rental income                             | 720,000    | 720,000    |
| Direct operating expenses:                |            |            |
| - income generating investment properties | 969,000    | 1,127,000  |

#### **Security**

The freehold land and building of a subsidiary with carrying value of RM16,695,532 (2009 - RM16,982,264) have been pledged to a licensed bank as security for term loan facilities granted to a subsidiary (Note 19).

### 7. Investments in subsidiaries

|                          | Company     |             |
|--------------------------|-------------|-------------|
|                          | 2010<br>RM  | 2009<br>RM  |
| Unquoted shares, at cost | 21,220,870  | 21,220,870  |
| Less: Impairment losses  | (3,775,000) | (3,775,000) |
|                          | 17,445,870  | 17,445,870  |

## notes to the financial statements (cont'd)

### 7. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

| Name of subsidiaries                | Country of incorporation | Principal activities                       | Effective ownership interest |           |
|-------------------------------------|--------------------------|--|------------------------------|-----------|
|                                     |                          |  | 2010<br>%                    | 2009<br>% |
| GSB Summit Audio*<br>(M) Sdn. Bhd.  | Malaysia                 | Mechanical reproduction of sound and music | 100                          | 100       |
| GSB Summit CD<br>(M) Sdn. Bhd.      | Malaysia                 | Manufacture of compact discs               | 100                          | 100       |
| GSB Management<br>Sdn. Bhd.         | Malaysia                 | Property development                       | 100                          | 100       |
| GSB Summit<br>Development Sdn. Bhd. | Malaysia                 | Property development                       | 100                          | 100       |
| Serta Usaha Sdn. Bhd.               | Malaysia                 | Property development                       | 100                          | 100       |
| GSB Properties<br>Sdn. Bhd.         | Malaysia                 | Property development                       | 100                          | 100       |
| GSB Hotel Sdn. Bhd.                 | Malaysia                 | Property development                       | 100                          | 100       |

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

### 8. Investments in associates

|                                  | Group      |             | Company    |             |
|----------------------------------|------------|-------------|------------|-------------|
|                                  | 2010<br>RM | 2009<br>RM  | 2010<br>RM | 2009<br>RM  |
| At cost:                         |            |             |            |             |
| Unquoted shares in Malaysia      | -          | 2,588,000   | -          | 2,588,000   |
| Impairment losses                | -          | (1,300,000) | -          | (2,250,374) |
| Share of post-acquisition losses | -          | (986,292)   | -          | -           |
|                                  | -          | 301,708     | -          | 337,626     |
| Investments disposed of          | -          | (301,708)   | -          | (337,626)   |
|                                  | -          | -           | -          | -           |

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



## notes to the financial statements (cont'd)

### 8. Investment in associates (continued)

Details of the associates, were as follows:

| Name of company                           | Principal activities | Country of incorporation | Effective ownership interest |           |
|---|----------------------|--------------------------|------------------------------|-----------|
|   |                      |                          | 2010<br>%                    | 2009<br>% |
| Giga Gates Sdn. Bhd. and its subsidiaries | Investment holding   | Malaysia                 | -                            | -         |

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

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

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

### 9. Other investments

|                               | Group        |              |
|-------------------------------|--------------|--------------|
|                               | 2010<br>RM   | 2009<br>RM   |
| At cost:                      |              |              |
| Investment in club membership | 30,030       | 30,030       |
| Less: Impairment losses       | (14,030)     | (14,030)     |
|                               | <hr/> 16,000 | <hr/> 16,000 |

## notes to the financial statements (cont'd)

### 10. Long term advances due from a subsidiary

|                                    | Company     |             |
|------------------------------------|-------------|-------------|
|                                    | 2010<br>RM  | 2009<br>RM  |
| Amount due from a subsidiary       | 1,964,816   | 1,964,816   |
| Less: Allowance for doubtful debts | (1,391,405) | (1,391,405) |
|                                    | 573,411     | 573,411     |

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

### 11. Land held for development

| Group                                    | Freehold<br>land<br>RM | Development<br>costs<br>RM | Total<br>RM |
|--|------------------------|----------------------------|-------------|
| <b>Cost</b>                              |                        |                            |             |
| At 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) |
|  | 2,106,441              | 1,006,315                  | 3,112,756   |
| At 31 March 2009/1 April 2009            |                        |                            |             |
| Improvements                             | -                      | 2,500                      | 2,500       |
|  | 2,106,441              | 1,008,815                  | 3,115,256   |

#### **Titles**

The titles for freehold land with carrying amount of RM1,077,351 (2009 - RM2,106,441) are pending issuance by the relevant authorities.

### 12. Deferred tax assets and liabilities

#### **Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

| Group  | Assets     |            | Liabilities |            | Net        |            |
|--|------------|------------|-------------|------------|------------|------------|
|  | 2010<br>RM | 2009<br>RM | 2010<br>RM  | 2009<br>RM | 2010<br>RM | 2009<br>RM |
| Revaluation of property, plant and equipment | -          | -          | 1,204,559   | 1,227,006  | 1,204,559  | 1,227,006  |
| Property, plant and equipment                | -          | -          | 1,382,072   | 969,300    | 1,382,072  | 969,300    |
| Deductible temporary differences             | (92,000)   | -          | -           | (21,228)   | (92,000)   | (21,228)   |
| Unutilised tax losses                        | (585,000)  | -          | -           | -          | (585,000)  | -          |
|  | (677,000)  | -          | 2,586,631   | 2,715,078  | 1,909,631  | 2,715,078  |

## notes to the financial statements (cont'd)

### 12. Deferred tax assets and liabilities (continued)

#### *Unrecognised deferred tax assets*

Deferred tax assets/(liabilities) have not been recognised for the following items:

|  | Group      |            | Company    |            |
|--|------------|------------|------------|------------|
|  | 2010<br>RM | 2009<br>RM | 2010<br>RM | 2009<br>RM |
| (Taxable)/Deductible temporary differences | (121,000)  | 379,000    | -          | -          |
| Unabsorbed capital allowances              | 7,263,000  | 7,263,000  | -          | -          |
| Unutilised tax losses                      | 511,000    | 2,851,000  | 295,103    | 295,103    |
|  | 7,653,000  | 10,493,000 | 295,103    | 295,103    |
| At 25%                                     | 1,913,250  | 2,623,250  | 73,776     | 73,776     |

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

#### **Movement in temporary differences during the year**

| Group  | At<br>1.4.2008<br>RM | Recognised<br>in income<br>statements<br>(Note 24)<br>RM | Recognised<br>in equity<br>RM | At<br>31.3.2009<br>RM | Recognised<br>in income<br>statements<br>(Note 24)<br>RM | Recognised<br>in equity<br>RM | At<br>31.3.2010<br>RM |
|--|----------------------|--|-------------------------------|-----------------------|--|-------------------------------|-----------------------|
| Revaluation of property, plant and equipment | 1,000,000            | -  | 227,006                       | 1,227,006             | (18,247)   | (4,200)                       | 1,204,559             |
| Property, plant and equipment                | 1,035,300            | (66,000)   | -                             | 969,300               | 412,772  | -                             | 1,382,072             |
| Deductible temporary differences             | -                    | (21,228)   | -                             | (21,228)              | (70,772)   | -                             | (92,000)              |
| Unutilised tax losses                        | -                    | -  | -                             | -                     | (585,000)  | -                             | (585,000)             |
|  | 2,035,300            | (87,228)   | 227,006                       | 2,175,078             | (261,247)  | (4,200)                       | 1,909,631             |

#### **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 RM8,540,000 (2009 - RM8,610,000) to be set off against future taxable profits.

## notes to the financial statements (cont'd)

### 13. Inventories

|                               | Group      |            |
|-------------------------------|------------|------------|
|                               | 2010<br>RM | 2009<br>RM |
| At cost:                      |            |            |
| Raw materials and consumables | 781,380    | 910,250    |
| Work-in-progress              | 135,974    | 22,406     |
| Finished goods                | 38,831     | 31,386     |
|                               | 956,185    | 964,042    |

Inventories recognised as cost of sales amounted to RM4,427,800 (2009 - RM8,215,000).

### 14. Receivables, deposits and prepayments

|                                    |      | Group       |             | Company    |            |
|------------------------------------|------|-------------|-------------|------------|------------|
|                                    | Note | 2010<br>RM  | 2009<br>RM  | 2010<br>RM | 2009<br>RM |
| <b>Trade</b>                       |      |             |             |            |            |
| Trade receivables                  | 14.1 | 6,295,999   | 6,560,804   | -          | -          |
| Less: Allowance for doubtful debts |      | (1,100,429) | (1,043,262) | -          | -          |
|                                    |      | 5,195,570   | 5,517,542   | -          | -          |
| Progress billings receivable       |      | 2,299,138   | 191,183     | -          | -          |
|                                    |      | 7,494,708   | 5,708,725   | -          | -          |
| <b>Non-trade</b>                   |      |             |             |            |            |
| Other receivables                  |      | 432,482     | 788,445     | 152,000    | 100,000    |
| Less: Allowance for doubtful debts |      | -           | (84,912)    | -          | -          |
|                                    |      | 432,482     | 703,533     | 152,000    | 100,000    |
| Deposits                           |      | 641,400     | 162,090     | 500,000    | -          |
| Prepayments                        |      | 216,072     | 99,226      | -          | -          |
| Amounts due from subsidiaries      | 14.2 | -           | -           | 11,239,313 | 12,256,532 |
| Less: Allowance for doubtful debts |      | -           | -           | (330,595)  | (330,595)  |
|                                    |      | 1,289,954   | 964,849     | 11,560,718 | 12,025,937 |
|                                    |      | 8,784,662   | 6,673,574   | 11,560,718 | 12,025,937 |

## notes to the financial statements (cont'd)

### 14. Receivables, deposits and prepayments (continued)

#### 14.1 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:

| Functional<br>currency | Foreign<br>currency | Group      |            |
|------------------------|---------------------|------------|------------|
|                        |                     | 2010<br>RM | 2009<br>RM |
| RM                     | USD                 | 66,087     | 73,836     |
| RM                     | SGD                 | 208,873    | 292,772    |

#### 14.2 Amounts due from subsidiaries

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

### 15. Property development costs

| Group   | Leasehold<br>land<br>RM | Development<br>costs<br>RM | Total<br>RM  |
|---|-------------------------|----------------------------|--------------|
| <b>Cumulative property development costs</b>                        |                         |                            |              |
| At 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 2009/1 April 2009                                       | 10,354,882              | 11,284,198                 | 21,639,080   |
| Costs incurred during the year                                      | 234,017                 | 1,827,853                  | 2,061,870    |
| At 31 March 2010  | 10,588,899              | 13,112,051                 | 23,700,950   |
| <b>Cumulative costs recognised in income statements</b>             |                         |                            |              |
| At 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 2009/1 April 2009                                       | (5,101,155)             | (10,025,935)               | (15,127,090) |
| Recognised during the year  | (1,279,464)             | (2,896,189)                | (4,175,653)  |
| At 31 March 2010  | (6,380,619)             | (12,922,124)               | (19,302,743) |
| <b>Property development costs<br/>at 31 March 2008</b>              | 3,417,929               | 1,006,315                  | 4,478,244    |
| <b>Property development costs<br/>at 31 March 2009/1 April 2009</b> | 5,253,727               | 1,258,263                  | 6,511,990    |
| <b>Property development costs<br/>at 31 March 2010</b>              | 4,208,280               | 189,927                    | 4,398,207    |



## notes to the financial statements (cont'd)

### 15. Property development costs (continued)

#### *Landowner's entitlement*

In 2009, a subsidiary entered into a joint venture agreement with a related party (Note 30) 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 was charged to a licensed bank to secure a 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 (2009 - RM34,858) capitalised at an interest rate of 7.30% per annum (2009 - 8.25% per annum).

### 16. Cash and cash equivalents

|                                     | Group            |                  | Company       |              |
|-------------------------------------|------------------|------------------|---------------|--------------|
|                                     | 2010<br>RM       | 2009<br>RM       | 2010<br>RM    | 2009<br>RM   |
| Cash and bank balances              | 2,023,079        | 4,684,049        | 52,988        | 4,134        |
| Deposits placed with licensed banks | 3,542,935        | 2,628,994        | -             | -            |
|                                     | <u>5,566,014</u> | <u>7,313,043</u> | <u>52,988</u> | <u>4,134</u> |

#### *Deposits placed with licensed banks pledged for bank facilities*

Deposits placed with licensed banks amounting to RM2,687,757 (2009 - RM2,628,994) of the Group have been pledged for bank facilities granted to certain subsidiaries (Note 19).

### 17. Asset held for sale

A property held under GSB Summit CD (M) Sdn. Bhd., a wholly-owned subsidiary, is presented as an asset held for sale following the commitment of the subsidiary to sell a building to a third party. A sale and purchase agreement ("SPA") was signed on 4 November 2009 and the completion of the sale is pending the fulfillment of condition precedent to the SPA.

|                            | Note | Group<br>2010<br>RM |
|----------------------------|------|---------------------|
| <b>Asset held for sale</b> |      |                     |
| Property                   | 17.1 | <u>114,394</u>      |

#### 17.1 Property

Property held for sale comprise the following:

|                          | Note | Group<br>2010<br>RM |
|--------------------------|------|---------------------|
| Property:                |      |                     |
| Cost                     | 3    | 116,212             |
| Accumulated depreciation | 3    | <u>(1,818)</u>      |
|                          |      | <u>114,394</u>      |

## notes to the financial statements (cont'd)

### 18. Share capital and reserves

| Share capital   | Number of shares | Group and Company |            |
|---|------------------|-------------------|------------|
|   |                  | Par value RM      | Amount RM  |
| Ordinary shares   |                  |                   |            |
| <b>Authorised:</b>                                      |                  |                   |            |
| Balance at 1 April 2008                                 | 50,000,000       | 1.00              | 50,000,000 |
| Subdivision of RM1 each to RM0.10 each                  | 450,000,000      | -                 | -          |
| Balance at 31 March 2009/1 April 2009/<br>31 March 2010 | 500,000,000      | 0.10              | 50,000,000 |
| <b>Issued and fully paid:</b>                           |                  |                   |            |
| Balance at 1 April 2008                                 | 40,000,000       | 1.00              | 40,000,000 |
| Subdivision of RM1 each to RM0.10 each                  | 360,000,000      | -                 | -          |
| Balance at 31 March 2009/1 April 2009/<br>31 March 2010 | 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.

### 19. 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 28.

|                           | Group            |                   |
|---------------------------|------------------|-------------------|
|                           | 2010<br>RM       | 2009<br>RM        |
| <b>Non-current</b>        |                  |                   |
| Finance lease liabilities | 218,938          | 588,823           |
| Secured term loans        | 7,724,694        | 9,541,623         |
|                           | <u>7,943,632</u> | <u>10,130,446</u> |

notes to the financial statements (cont'd)

19. Loans and borrowings (continued)

|                              | Group      |            |
|------------------------------|------------|------------|
|                              | 2010<br>RM | 2009<br>RM |
| <b>Current</b>               |            |            |
| Finance lease liabilities    | 398,423    | 398,376    |
| Secured bankers' acceptances | 689,387    | 1,100,530  |
| Secured bank overdrafts      | 287,589    | 498,647    |
| Secured term loans           | 1,752,875  | 1,752,875  |
|                              | 3,128,274  | 3,750,428  |
|                              | 11,071,906 | 13,880,874 |

19.1 Terms and debt repayment schedule

| Group                          | Year of<br>maturity | Carrying<br>amount<br>RM | Under 1<br>year<br>RM | 1 - 2<br>years<br>RM | 2 - 5<br>years<br>RM |                       |
|--------------------------------|---------------------|--------------------------|-----------------------|----------------------|----------------------|-----------------------|
| <b>2010</b>                    |                     |                          |                       |                      |                      |                       |
| Finance lease liabilities      | 2010 -<br>2014      | 617,361                  | 398,423               | 177,391              | 41,547               |                       |
| Bankers' acceptances (secured) | 2010                | 689,387                  | 689,387               | -                    | -                    |                       |
| Bank overdrafts (secured)      | 2010                | 287,589                  | 287,589               | -                    | -                    |                       |
| Term loans (secured)           | 2014                | 9,477,569                | 1,752,875             | 2,402,875            | 5,321,819            |                       |
|                                |                     | 11,071,906               | 3,128,274             | 2,580,266            | 5,363,366            |                       |
| Group                          | Year of<br>maturity | Carrying<br>amount<br>RM | Under 1<br>year<br>RM | 1 - 2<br>years<br>RM | 2 - 5<br>years<br>RM | Over 5<br>years<br>RM |
| <b>2009</b>                    |                     |                          |                       |                      |                      |                       |
| Finance lease liabilities      | 2009 -<br>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               |

## notes to the financial statements (cont'd)

### 19. Loans and borrowings (continued)

#### 19.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

| Group                      | Minimum lease payments | Interest   | Principal  | Minimum lease payments | Interest   | Principal  |
|----------------------------|------------------------|------------|------------|------------------------|------------|------------|
|                            | 2010<br>RM             | 2010<br>RM | 2010<br>RM | 2009<br>RM             | 2009<br>RM | 2009<br>RM |
| Less than one year         | 431,102                | 32,679     | 398,423    | 456,631                | 58,255     | 398,376    |
| Between one and five years | 227,453                | 8,515      | 218,938    | 623,229                | 34,406     | 588,823    |
|                            | 658,555                | 41,194     | 617,361    | 1,079,860              | 92,661     | 987,199    |

#### 19.3 Security

The term loans, bankers' acceptances and bank overdrafts are charged against the freehold land and building (Note 6), leasehold land (Note 5 and Note 15), buildings (Note 3) and deposits placed with licensed banks (Note 16) of certain subsidiaries, and are supported by the corporate guarantee from the Company.

### 20. Payables and accruals

|                             | Note | Group      |            | Company    |            |
|-----------------------------|------|------------|------------|------------|------------|
|                             |      | 2010<br>RM | 2009<br>RM | 2010<br>RM | 2009<br>RM |
| <b>Trade</b>                |      |            |            |            |            |
| Trade payables              | 20.1 | 1,858,938  | 2,236,561  | -          | -          |
| <b>Non-trade</b>            |      |            |            |            |            |
| Amounts due to subsidiaries | 20.2 | -          | -          | 826,415    | 1,120,002  |
| Other payables and accruals |      | 1,764,271  | 1,517,910  | 185,232    | 97,462     |
|                             |      | 1,764,271  | 1,517,910  | 1,011,647  | 1,217,464  |
|                             |      | 3,623,209  | 3,754,471  | 1,011,647  | 1,217,464  |

#### 20.1 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      |            |
|---------------------|------------------|------------|------------|
|                     |                  | 2010<br>RM | 2009<br>RM |
| RM                  | USD              | -          | 136,848    |
| RM                  | SGD              | 110,289    | 11,344     |
| RM                  | EURO             | -          | 37,374     |

#### 20.2 Amounts due to subsidiaries

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

## notes to the financial statements (cont'd)

### 21. Revenue

| Group  | Continuing operations |                        | Discontinued operations<br>(see Note 25) |                        | Consolidated |            |
|--|-----------------------|------------------------|--|------------------------|--------------|------------|
|  | 2010<br>RM            | 2009<br>RM<br>Restated | 2010<br>RM                               | 2009<br>RM<br>Restated | 2010<br>RM   | 2009<br>RM |
| Sale of goods                                  | 12,435,672            | 14,654,405             | 11,267                                   | 2,137,075              | 12,446,939   | 16,791,480 |
| Sale of properties                             | 4,890,330             | 13,890,908             | -  | -                      | 4,890,330    | 13,890,908 |
| Rental income<br>from investment<br>properties | 720,000               | 720,000                | -  | -                      | 720,000      | 720,000    |
|  | 18,046,002            | 29,265,313             | 11,267                                   | 2,137,075              | 18,057,269   | 31,402,388 |

### 22. Operating (loss)/profit

|  | Group      |                        | Company    |            |
|--|------------|------------------------|------------|------------|
|  | 2010<br>RM | 2009<br>RM<br>Restated | 2010<br>RM | 2009<br>RM |
| <b>Operating (loss)/profit is arrived at<br/>after charging:</b> |            |                        |            |            |
| Allowance for doubtful debts                                     | 63,146     | 101,932                | -          | 1,722,000  |
| Amortisation of prepaid<br>lease payments                        | 59,626     | 59,626                 | -          | -          |
| Auditors' remuneration   | 80,000     | 75,000                 | 20,000     | 20,000     |
| Depreciation of property, plant<br>and equipment                 | 1,948,587  | 2,654,008              | -          | -          |
| Depreciation of investment<br>properties                         | 286,734    | 286,734                | -          | -          |
| Impairment loss on investments<br>in associates                  | -          | -                      | -          | 350,374    |
| Interest expense paid and payable on:                            |            |                        |            |            |
| - Finance lease liabilities                                      | 51,466     | 89,716                 | -          | -          |
| - Bankers' acceptances   | 45,031     | 61,541                 | -          | -          |
| - Bank overdraft   | 45,412     | 107,557                | -          | -          |
| - Term loans   | 613,036    | 775,317                | -          | -          |
| - Other borrowings   | 1,810      | 1,341                  | -          | -          |
| Inventories written off  | -          | 4,273                  | -          | -          |
| Loss on disposal of associates                                   | -          | 201,708                | -          | 237,626    |
| Loss on disposal of land held<br>for development                 | -          | 60,754                 | -          | -          |
| Loss on disposal of property,<br>plant and equipment             | 66,023     | 2,278,075              | -          | -          |



## notes to the financial statements (cont'd)

### 22. Operating (loss)/profit (continued)

|  | Group      |                        | Company    |            |
|--|------------|------------------------|------------|------------|
|  | 2010<br>RM | 2009<br>RM<br>Restated | 2010<br>RM | 2009<br>RM |
| <b>Operating (loss)/profit is arrived at after charging (continued):</b> |            |                        |            |            |
| Loss on foreign exchange:  |            |                        |            |            |
| - Realised   | 9,825      | 119,110                | -          | -          |
| - Unrealised   | 26,459     | 12,397                 | -          | -          |
| Personnel expenses (including key management personnel):                 |            |                        |            |            |
| - Contributions to Employees Provident Fund                              | 319,507    | 321,488                | -          | -          |
| - Wages, salaries and others   | 3,030,174  | 3,374,239              | -          | -          |
| Property, plant and equipment written off                                | -          | 182,326                | -          | -          |
| Rental expense of land and building                                      | -          | 105,000                | -          | -          |
| <b>and after crediting:</b>  |            |                        |            |            |
| Reversal of allowance for doubtful debts                                 | 5,979      | 15,065                 | -          | -          |
| Interest income  | 74,034     | 137,891                | -          | -          |
| Rental income from investment properties                                 | 720,000    | 720,000                | -          | -          |

### 23. Key management personnel compensation

The key management personnel compensations are as follows:

|   | Group          |                |
|---|----------------|----------------|
|   | 2010<br>RM     | 2009<br>RM     |
| Directors   |                |                |
| - Fees  | 87,000         | 34,000         |
| - Remuneration  | 187,500        | 391,883        |
| Other short term employee benefits (including estimated monetary value of benefits-in-kind) | 7,800          | 22,235         |
|   | <u>282,300</u> | <u>448,118</u> |

## notes to the financial statements (cont'd)

### 24. Income tax expense

|  | Group            |                        | Company          |                    |
|--|------------------|------------------------|------------------|--------------------|
|  | 2010<br>RM       | 2009<br>RM<br>Restated | 2010<br>RM       | 2009<br>RM         |
| Income tax expense on continuing operations                | 169,599          | 191,692                | -                | -                  |
| Income tax expense on discontinued operations              | (10,286)         | 487                    | -                | -                  |
| <b>Total income tax expense</b>                            | <b>159,313</b>   | <b>192,179</b>         | <b>-</b>         | <b>-</b>           |
| <b>Current tax expense</b>                                 |                  |                        |                  |                    |
| - current year   | 428,219          | 374,028                | -                | -                  |
| - prior year   | (7,659)          | (94,621)               | -                | -                  |
| <b>Total current tax expense</b>                           | <b>420,560</b>   | <b>279,407</b>         | <b>-</b>         | <b>-</b>           |
| <b>Deferred tax expense</b>                                |                  |                        |                  |                    |
| - origination and reversal of temporary differences        | (261,247)        | (371,928)              | -                | -                  |
| - prior year   | -                | 284,700                | -                | -                  |
| <b>Total deferred tax expense</b>                          | <b>(261,247)</b> | <b>(87,228)</b>        | <b>-</b>         | <b>-</b>           |
| <b>Total income tax expense</b>                            | <b>159,313</b>   | <b>192,179</b>         | <b>-</b>         | <b>-</b>           |
| <b>Reconciliation of tax expense</b>                       |                  |                        |                  |                    |
| (Loss)/Profit before tax                                   |                  |                        |                  |                    |
| - continuing operations                                    | (598,241)        | 639,192                | (210,548)        | (2,553,824)        |
| - discontinued operations                                  | (121,785)        | (4,235,167)            | -                | -                  |
|  | <b>(720,026)</b> | <b>(3,595,975)</b>     | <b>(210,548)</b> | <b>(2,553,824)</b> |
| Income tax calculated using Malaysian tax rate at 25%      | (180,007)        | (898,994)              | (52,637)         | (638,456)          |
| Effect of changes in tax rate                              | -                | (50,758)               | -                | -                  |
| Non-deductible expenses                                    | 1,100,823        | 593,524                | 52,637           | 621,124            |
| Effect of deferred tax assets not recognised               | -                | 532,000                | -                | 17,332             |
| Recognition of previously unrecognised deferred tax assets | (710,000)        | -                      | -                | -                  |
| Utilisation of reinvestment allowance                      | (43,844)         | (173,672)              | -                | -                  |
| (Over)/Under provision in prior year                       | (7,659)          | 190,079                | -                | -                  |
|  | <b>159,313</b>   | <b>192,179</b>         | <b>-</b>         | <b>-</b>           |

## notes to the financial statements (cont'd)

### 25. Discontinued operations

In December 2009, the Group discontinued the operation of its duplication of audio cassette segment. Consequently, the results of the audio cassette segment have been classified as a discontinued operation and shown separately from continuing operations in the income statement. The comparative results of the audio cassette segment have been classified as a discontinued operation and shown separately from continuing operations in the income statements.

In 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 statements. 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 statements.

The loss attributable to the discontinued operations are as follows:

#### Results of discontinued operations

|                                   | Group      |                        |
|-----------------------------------|------------|------------------------|
|                                   | 2010<br>RM | 2009<br>RM<br>Restated |
| Revenue                           | 11,267     | 2,137,075              |
| Expenses                          | (133,052)  | (6,340,508)            |
| Results from operating activities | (121,785)  | (4,203,433)            |
| Finance costs                     | -          | (31,734)               |
| Loss before tax                   | (121,785)  | (4,235,167)            |
| Income tax expense                | 10,286     | (487)                  |
| Loss for the year                 | (111,499)  | (4,235,654)            |

#### Included in results from operating activities are:

|   |        |           |
|---|--------|-----------|
| Depreciation of property, plant and equipment     | 46,944 | 706,578   |
| Loss on disposal of property, plant and equipment | -      | 2,282,739 |
| Property, plant and equipment written off         | -      | 182,326   |

#### Cash flows from discontinued operations

|   |          |             |
|---|----------|-------------|
| Net cash (used in)/from operating activities    | (26,427) | 2,145,364   |
| Net cash used in investing activities           | (48,277) | (957,874)   |
| Net cash used in financing activities           | -        | (1,090,000) |
| Net cash (used in)/from discontinued operations | (74,704) | 97,490      |

## notes to the financial statements (cont'd)

### 26. (Loss)/Earnings per ordinary share

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

The calculation of basic (loss)/earnings per share for the year ended 31 March 2010 was based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

| Group<br>2010   | Continuing<br>operations<br>RM | Discontinued<br>operation<br>RM | Total<br>RM |
|---|--------------------------------|---------------------------------|-------------|
| Loss for the year attributable to shareholders          | (767,840)                      | (111,499)                       | (879,339)   |
| <b>2009</b>   |                                |                                 |             |
| Profit/(Loss) for the year attributable to shareholders | 447,500                        | (4,235,654)                     | (3,788,154) |

#### Weighted average number of ordinary shares

|  | Group       |             |
|--|-------------|-------------|
|  | 2010        | 2009        |
| Weighted average number of ordinary shares at 31 March | 400,000,000 | 400,000,000 |

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

|                              | Group       |             |
|------------------------------|-------------|-------------|
|                              | 2010<br>Sen | 2009<br>Sen |
| From continuing operations   | (0.19)      | 0.11        |
| From discontinued operations | (0.03)      | (1.06)      |
|                              | (0.22)      | (0.95)      |

#### Diluted earnings per ordinary share

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

### 27. 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 assets/liabilities.

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

## notes to the financial statements (cont'd)

### 27. Segment reporting (continued)

#### 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 operations of its duplication of audio cassette segment and plastic fabricated parts during the year and in 2009, respectively.

|                                   | Replication<br>of compact<br>discs | Duplication<br>of audio<br>cassette<br>(Discontinued) | Property<br>development | Other<br>operations | Eliminations | Consolidated | Less:<br>Duplication<br>of audio<br>cassette<br>(Discontinued) | Continuing<br>operations |
|-----------------------------------|------------------------------------|---|-------------------------|---------------------|--------------|--------------|--|--------------------------|
| 2010                              | RM                                 | RM  | RM                      | RM                  | RM           | RM           | RM   | RM                       |
| <b>Business segments</b>          |                                    |   |                         |                     |              |              |  |                          |
| Total external revenue            | 12,435,672                         | 11,267  | 7,576,584               | -                   | (1,966,254)  | 18,057,269   | (11,267)   | 18,046,002               |
| Inter-segment revenue             | -                                  | -   | 1,152,499               | -                   | (1,152,499)  | -            | -  | -                        |
| Total segment revenue             | 12,435,672                         | 11,267  | 8,729,083               | -                   | (3,118,753)  | 18,057,269   | (11,267)   | 18,046,002               |
| Results from operating activities | 143,447                            | (121,785)   | 151,581                 | (210,548)           | -            | (37,305)     | 121,785  | 84,480                   |
| Interest income                   | -                                  | -   | 74,034                  | -                   | -            | 74,034       | -  | 74,034                   |
| Finance costs                     | (141,909)                          | -   | (614,846)               | -                   | -            | (756,755)    | -  | (756,755)                |
| <b>(Loss)/Profit before tax</b>   | 1,538                              | (121,785)   | (389,231)               | (210,548)           | -            | (720,026)    | 121,785  | (598,241)                |
| Income tax expense                |                                    |   |                         |                     |              | (159,313)    | (10,286)   | (169,599)                |
| <b>Loss for the year</b>          |                                    |   |                         |                     |              | (879,339)    | 111,499  | (767,840)                |

|                            | Replication<br>of compact<br>discs | Duplication<br>of audio<br>cassette<br>(Discontinued) | Property<br>development | Other<br>operations | Eliminations | Consolidated |
|----------------------------|------------------------------------|---|-------------------------|---------------------|--------------|--------------|
| 2010                       | RM                                 | RM  | RM                      | RM                  | RM           | RM           |
| <b>Segment assets</b>      | 15,068,708                         | 5,730,187   | 31,145,129              | 710,646             | -            | 52,654,670   |
| Unallocated assets         |                                    |   |                         |                     |              | 957,398      |
| <b>Total assets</b>        |                                    |   |                         |                     |              | 53,612,068   |
| <b>Segment liabilities</b> | 3,320,240                          | 5,971   | 11,183,672              | 185,232             | -            | 14,695,115   |
| Unallocated liabilities    |                                    |   |                         |                     |              | 2,698,891    |
| <b>Total liabilities</b>   |                                    |   |                         |                     |              | 17,394,006   |

## notes to the financial statements (cont'd)

### 27. Segment reporting (continued)

|   | Replication<br>of compact<br>discs                   | Duplication<br>of audio<br>cassette<br>(Discontinued) | Property<br>development                          | Other<br>operations     | Eliminations        | Consolidated   |                    |                          |                   |
|---|--|---|--|-------------------------|---------------------|--|--------------------|--------------------------|-------------------|
| 2010  | RM   | RM  | RM   | RM                      | RM                  | RM   |                    |                          |                   |
| Capital expenditure                                   | 312,190  | 48,277  | 124,839  | -                       | (124,635)           | 360,671  |                    |                          |                   |
| Depreciation of property, plant<br>and equipment      | 1,806,470  | 46,944  | 95,173   | -                       | -                   | 1,948,587  |                    |                          |                   |
| Amortisation of prepaid lease<br>payments             | 32,164   | 27,462  | -  | -                       | -                   | 59,626   |                    |                          |                   |
| Depreciation of investment<br>properties              | -  | -   | 286,734  | -                       | -                   | 286,734  |                    |                          |                   |
|   |  |   |  |                         |                     | Less:<br>Duplication<br>of audio<br>cassette and<br>plastic<br>fabricated<br>parts<br>(Discontinued) |                    |                          |                   |
|   | Replication<br>of compact<br>discs<br>(Discontinued) | Duplication<br>of audio<br>cassette<br>(Discontinued) | Plastic<br>fabricated<br>parts<br>(Discontinued) | Property<br>development | Other<br>operations | Eliminations   | Consolidated       | Continuing<br>operations |                   |
| 2009  | RM   | RM  | RM   | RM                      | RM                  | RM   | RM                 | RM                       |                   |
| <b>Business segments</b>                              |  |   |  |                         |                     |  |                    |                          |                   |
| Total external<br>revenue                             | 14,654,405   | 107,952   | 2,029,123  | 14,610,908              | -                   | -  | 31,402,388         | (2,137,075)              | 29,265,313        |
| Inter-segment<br>revenue                              | -  | -   | 183,314  | -                       | -                   | (183,314)  | -                  | -                        | -                 |
| <b>Total segment<br/>revenue</b>                      | <b>14,654,405</b>                                    | <b>107,952</b>  | <b>2,212,437</b>                                 | <b>14,610,908</b>       | <b>-</b>            | <b>(183,314)</b>   | <b>31,402,388</b>  | <b>(2,137,075)</b>       | <b>29,265,313</b> |
| <b>Results from<br/>operating<br/>activities</b>      | (19,554)   | (135,181)   | (3,884,938)                                      | 2,168,919               | (445,532)           | -  | (2,316,286)        | 4,203,433                | 1,887,147         |
| 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<br>of equity<br>accounted<br>associates | -  | -   | -  | -                       | (350,374)           | -  | (350,374)          | -                        | (350,374)         |
| <b>(Loss)/Profit<br/>before tax</b>                   | <b>(272,845)</b>                                     | <b>(135,181)</b>                                      | <b>(3,916,672)</b>                               | <b>1,524,629</b>        | <b>(795,906)</b>    | <b>-</b>   | <b>(3,595,975)</b> | <b>4,235,167</b>         | <b>639,192</b>    |
| Income tax<br>expense                                 |  |   |  |                         |                     |  | (192,179)          | 487                      | (191,692)         |
| <b>Loss for the year</b>                              |  |   |  |                         |                     |  | <b>(3,788,154)</b> | <b>4,235,654</b>         | <b>447,500</b>    |



## notes to the financial statements (cont'd)

### 27. Segment reporting (continued)

|   | Replication<br>of compact<br>discs | Duplication<br>of audio<br>cassette<br>(Discontinued) | Plastic<br>fabricated<br>parts<br>(Discontinued) | Property<br>development | Other<br>operations | Eliminations | Consolidated      |
|---|------------------------------------|---|--|-------------------------|---------------------|--------------|-------------------|
| 2009  | RM                                 | RM  | RM   | RM                      | RM                  | RM           | RM                |
| <b>Segment assets</b>                         | 17,238,439                         | 5,838,456   | 269,914  | 33,163,449              | 109,792             | -            | 56,620,050        |
| Unallocated assets                            |                                    |   |  |                         |                     |              | 386,102           |
| <b>Total assets</b>                           |                                    |   |  |                         |                     |              | <u>57,006,152</u> |
| <b>Segment liabilities</b>                    | 4,422,956                          | 14,532  | 155,443  | 12,944,952              | 97,462              | -            | 17,635,345        |
| Unallocated liabilities                       |                                    |   |  |                         |                     |              | 2,277,606         |
| <b>Total liabilities</b>                      |                                    |   |  |                         |                     |              | <u>19,912,951</u> |
| Capital expenditure                           | 353,910                            | 1,991,845   | -  | -                       | -                   | -            | 2,345,755         |
| Depreciation of property, plant and equipment | 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           |

### 28. 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 6 debtors which represents approximately 48% (2009 - 36%) of the Group's receivables. The Directors closely monitor the Group's 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.

## notes to the financial statements (cont'd)

### 28. Financial instruments (continued)

#### *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.

| 2010                                | Average<br>effective<br>interest<br>rate<br>% | Total<br>RM | Less<br>than<br>1 year<br>RM | 1 - 2<br>years<br>RM | 2 - 3<br>years<br>RM | 3 - 4<br>years<br>RM | 4 - 5<br>years<br>RM | More<br>than<br>5 years<br>RM |
|-------------------------------------|---|-------------|------------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------|
| <b>Fixed rate instruments</b>       |   |             |                              |                      |                      |                      |                      |                               |
| Deposits placed with licensed banks | 1.90  | 3,542,935   | 3,542,935                    | -                    | -                    | -                    | -                    | -                             |
| Finance lease liabilities           | 4.42  | 617,361     | 398,423                      | 177,391              | 30,798               | 10,749               | -                    | -                             |
| <b>Floating rate instruments</b>    |   |             |                              |                      |                      |                      |                      |                               |
| Bankers' acceptances                | 3.66  | 689,387     | 689,387                      | -                    | -                    | -                    | -                    | -                             |
| Bank overdrafts                     | 7.30  | 287,589     | 287,589                      | -                    | -                    | -                    | -                    | -                             |
| Term loans                          | 7.50  | 9,477,569   | 9,477,569                    | -                    | -                    | -                    | -                    | -                             |
|                                     |   | 14,614,841  | 14,395,903                   | 177,391              | 30,798               | 10,749               | -                    | -                             |
| <b>2009</b>                         |   |             |                              |                      |                      |                      |                      |                               |
| <b>Fixed rate instruments</b>       |   |             |                              |                      |                      |                      |                      |                               |
| Deposits placed 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               | -                             |
| <b>Floating rate instruments</b>    |   |             |                              |                      |                      |                      |                      |                               |
| 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               | -                             |

#### **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) 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 value of recognised financial instruments**

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

## notes to the financial statements (cont'd)

### 28. Financial instruments (continued)

#### Fair value of recognised financial instruments (continued)

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

|                               | 2010                  |                  | 2009                  |                  |
|-------------------------------|-----------------------|------------------|-----------------------|------------------|
|                               | Carrying amount<br>RM | Fair value<br>RM | Carrying amount<br>RM | Fair value<br>RM |
| Finance lease liabilities     | 617,361               | 580,000          | 987,199               | 899,000          |
| Secured term loans            | 9,477,569             | 9,477,569        | 11,294,498            | 11,294,498       |
| Investment in club membership | 16,000                | 16,000           | 16,000                | 16,000           |

### 29. Contingent liabilities - unsecured

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

|  | Company    |            |
|--|------------|------------|
|  | 2010<br>RM | 2009<br>RM |
| Corporate guarantees to licensed banks for credit facilities granted to subsidiaries | 10,454,545 | 12,893,675 |

### 30. Related parties

#### Identity of related parties

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

## notes to the financial statements (cont'd)

### 30. Related parties (continued)

The significant related party transactions of the Group, other than key management personnel compensation, are as follows:

#### Group

##### Significant transactions with former associates

|  | 2010<br>RM | 2009<br>RM |
|--|------------|------------|
| Transactions value for the year ended 31 March |            |            |
| <b>Former associates</b>                       |            |            |
| Rental income                                  | -          | (12,000)   |
| Management fees income                         | -          | (60,000)   |

##### Significant transactions with companies controlled by certain Directors of the Company

|  | 2010<br>RM | 2009<br>RM |
|--|------------|------------|
| Transactions value for the year ended 31 March |            |            |
| Sun Acres Development Sdn. Bhd.                |            |            |
| Construction contracts                         | 88,187     | 7,116,571  |
| 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                         | (144,036)  | (697,169)  |
| Due to Pembinaan Sima Sdn. Bhd.                |            |            |
| Management fees                                | (60,000)   | (15,000)   |

#### Company

##### Significant transactions with a company controlled by certain shareholders of the Company

|  | 2010<br>RM | 2009<br>RM |
|--|------------|------------|
| Transaction value for the year ended 31 March              |            |            |
| Banda Industries Sdn. Bhd.                                 |            |            |
| Deposits paid for acquisition of equity interest (Note 31) | 500,000    | -          |

## notes to the financial statements (cont'd)

### 30. Related parties (continued)

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 and companies in which certain Directors have interest.

The outstanding net amounts due from/(to) subsidiaries as at 31 March are disclosed in Note 14 and Note 20 respectively.

### 31. Event subsequent to the balance sheet date

In April 2010, the Company acquired the entire equity interests of Banda Industries Sdn. Bhd., comprising of 500,000 ordinary shares of RM1.00 each, for a total cash consideration of RM5,000,000. Consequently, Banda Industries Sdn. Bhd. became a wholly owned subsidiary of the Company.

## 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 70 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 2010 and of their financial performance and cash flows for the financial 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: 26 July 2010



# 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 70 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 in the Federal Territory on 26 July 2010.



.....  
**Jeffrey Ong Peng Lock**

Before me:



# 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 2010 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 financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 26 to 70.

### *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 judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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 2010 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.

independent auditors' report  
to the members of GSB Group Berhad (cont'd)

**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: 26 July 2010

# list of properties

as at 31 March 2010

| Registered Owner/<br>Location   | Description   | Date of<br>Acquisition/<br>Revaluation | Tenure/<br>Age (years)   | Total Land Area/<br>Built-up Area<br>(sq metres) | Net Book Value<br>as at<br>31 March 2010<br>(RM) |
|---|---|--|--|--|--|
| <b>GSB Summit CD (M) Sdn Bhd</b>  |   |  |  |  |  |
| <b><u>Property, plant and equipment</u></b>   |   |  |  |  |  |
| Parcel No. 1307<br>Storey No. 3, Building 1<br>Taman Shamelin Perkasa<br>PT1604<br>Mukim of Kuala Lumpur,<br>District of Kuala Lumpur.  | Three (3) bedroom<br>apartment for<br>management  | 31/03/2009                             | Leasehold 99<br>years<br>expiring on<br>11.09.2082<br>(age is<br>approx<br>16 years) | 95.00  | 145,635  |
| Plot No. B30<br>Gateway 2020<br>Industrial Park, Phase 5<br>Taman Shamelin Perkasa<br>PT 1604 and PT 1668<br>Mukim of Kuala Lumpur<br>and Ampang respectively,<br>District of Kuala Lumpur. | Adjoining unit of<br>semi-detached<br>single storey<br>factory with<br>three storey<br>office | 31/03/2009                             | Leasehold 99<br>years<br>expiring on<br>11.09.2082<br>(age is<br>approx<br>12 years) | 1,041.00   | 1,296,919  |
| <b><u>Prepaid lease payment</u></b>   |   |  |  |  |  |
| Plot No. B30<br>Gateway 2020<br>Industrial Park, Phase 5<br>Taman Shamelin Perkasa<br>PT 1604 and PT 1668<br>Mukim of Kuala Lumpur<br>and Ampang respectively,<br>District of Kuala Lumpur. | Adjoining unit of<br>semi-detached<br>single storey<br>factory with<br>three storey<br>office | 31/03/2009                             | Leasehold 99<br>years<br>expiring on<br>11.09.2082<br>(age is<br>approx<br>12 years) | 1,041.00   | 2,078,219  |
| <b><u>Asset held for sale</u></b>   |   |  |  |  |  |
| Parcel No. D-107<br>1st Floor, Block D<br>Pandan Height, PT 34798<br>Mukim of Ampang,<br>District of Ulu Langat,<br>State of Selangor.  | Three (3) bedroom<br>apartment for<br>management  | 31/03/2009                             | Freehold<br>(age is<br>approx<br>12 years)   | 79.62  | 114,394  |

## list of properties (cont'd)

| Registered Owner/<br>Location   | Description   | Date of<br>Acquisition/<br>Revaluation | Tenure/<br>Age (years)   | Total Land Area/<br>Built-up Area<br>(sq metres) | Net Book Value<br>as at<br>31 March 2010<br>(RM) |
|---|---|--|--|--|--|
| <b>GSB Summit Audio (M) Sdn Bhd</b>   |   |  |  |  |  |
| <b><u>Property, plant and equipment</u></b>   |   |  |  |  |  |
| Parcel No. D-113<br>1st Floor, Block D<br>Pandan Height, PT 34798<br>Mukim of Ampang,<br>District of Ulu Langat,<br>State of Selangor.  | Three (3) bedroom<br>apartment for<br>management  | 31/03/2009                             | Freehold<br>(age is<br>approx<br>12 years)   | 79.25  | 109,447  |
| Parcel No. 1313<br>Storey No.3, Building 1<br>Taman Shamelin Perkasa<br>PT1604<br>Mukim of Kuala Lumpur,<br>District of Kuala Lumpur.   | Three (3) bedroom<br>apartment for<br>management  | 31/03/2009                             | Leasehold 99<br>years expiring<br>on<br>11.09.2082<br>(age is approx<br>16 years)    | 95.00  | 145,587  |
| Plot No. B29<br>Gateway 2020<br>Industrial Park, Phase 5<br>Taman Shamelin Perkasa<br>PT 1604 and PT 1668<br>Mukim of Kuala Lumpur<br>and Ampang respectively,<br>District of Kuala Lumpur. | Adjoining unit of<br>semi-detached<br>single storey<br>factory with<br>three storey<br>office | 31/03/2009                             | Leasehold 99<br>years<br>expiring on<br>11.09.2082<br>(age is<br>approx<br>12 years) | 1,041.00   | 1,294,134  |
| <b><u>Investment property</u></b>   |   |  |  |  |  |
| H.S.(D) 69156, No PT632<br>Selambau Industrial Estate<br>Pekan Bukit Selambau,<br>Daerah Kuala Muda,<br>Negeri Kedah Darul Aman   | Vacant industrial<br>land held  | 04/04/2008                             | Freehold   | 23,181.00  | 894,482  |
| H.S.(D) 69219, No PT637<br>Selambau Industrial Estate<br>Pekan Bukit Selambau,<br>Daerah Kuala Muda,<br>Negeri Kedah Darul Aman   | Vacant industrial<br>land held  | 04/04/2008                             | Freehold   | 11,121.00  | 429,122  |
| H.S.(D) 69222, No PT638<br>Selambau Industrial Estate<br>Pekan Bukit Selambau,<br>Daerah Kuala Muda,<br>Negeri Kedah Darul Aman   | Vacant industrial<br>land held  | 04/04/2008                             | Freehold   | 18,569.00  | 716,518  |
| <b><u>Prepaid lease payment</u></b>   |   |  |  |  |  |
| Plot No. B29<br>Gateway 2020<br>Industrial Park, Phase 5<br>Taman Shamelin Perkasa<br>PT 1604 and PT 1668<br>Mukim of Kuala Lumpur<br>and Ampang respectively,<br>District of Kuala Lumpur. | Adjoining unit of<br>semi-detached<br>single storey<br>factory with<br>three storey<br>office | 31/03/2009                             | Leasehold 99<br>years<br>expiring on<br>11.09.2082<br>(age is<br>approx<br>12 years) | 1,041.00   | 2,056,553  |

## list of properties (cont'd)

| Registered Owner/<br>Location  | Description   | Date of<br>Acquisition/<br>Revaluation | Tenure/<br>Age (years)                     | Total Land Area/<br>Built-up Area<br>(sq metres) | Net Book Value<br>as at<br>31 March 2010<br>(RM) |
|--|---|--|--|--|--|
| <b>Serta Usaha Sdn Bhd</b>   |   |  |  |  |  |
| <b><u>Investment property</u></b>  |   |  |  |  |  |
| Lot 50, Section 94,<br>Jalan Kapar,<br>Off Jalan Syed<br>Putra Dalam,<br>Kuala Lumpur    | Thirteen storey<br>building<br>with a basement<br>mechanical car park | 31/07/2005                             | Freehold<br>(age is<br>approx<br>11 years) | 895.34   | 16,695,532                                       |
| <b><u>Land held for development</u></b>  |   |  |  |  |  |
| HS(D) No. 12718,<br>PT No. 15685,<br>Bandar Bentong,<br>Daerah Bentong,<br>Negeri Pahang | Vacant land   | 22/08/2005                             | Freehold                                   | 1,999.15   | 2,083,666  |
| <b>GSB Hotel Sdn Bhd</b>   |   |  |  |  |  |
| <b><u>Land held for development</u></b>  |   |  |  |  |  |
| GM 309<br>Lot 432<br>Mukim Bentong<br>Daerah Bentong<br>Negeri Pahang                    | Vacant land<br>Category : Pertanian                                   | 16/12/2008                             | Freehold                                   | 9,434.23   | 1,031,590  |
| <b>Total</b>   |   |  |  | <b>69,712.59</b>                                 | <b>29,091,798</b>                                |



# statistics of shareholdings

as at 31 March 2010

Financial Year End : 31 March 2010  
 Class of Shares : Ordinary shares of RM0.10 each  
 Voting Rights : One vote per ordinary share

## ANALYSIS OF SHAREHOLDERS BY RANGE GROUP AS AT 30 JULY 2010

| Size of Shareholdings | No of Shareholders | % of Shareholders | No of Shares Held | % of Issued Capital |
|-----------------------|--------------------|-------------------|-------------------|---------------------|
| 1 to 99               | 88                 | 3.3045            | 3,590             | 0.0009              |
| 100 to 1,000          | 321                | 12.0541           | 148,486           | 0.0371              |
| 1,001 to 10,000       | 472                | 17.7244           | 3,643,990         | 0.9110              |
| 10,001 to 100,000     | 1,476              | 55.4262           | 54,830,644        | 13.7077             |
| 100,001 to 19,999,999 | 302                | 11.3406           | 165,270,960       | 41.3177             |
| 20,000,000 and above  | 4                  | 0.1502            | 176,102,330       | 44.0256             |
| Total                 | 2,663              | 100.0000          | 400,000,000       | 100.0000            |

## THIRTY LARGEST SHAREHOLDERS AS AT 30 JULY 2010

| No | Name of Shareholders   | No of Shares Held | % of Issued Capital |
|----|--|-------------------|---------------------|
| 1  | Amsec Nominees (Tempatan) Sdn Bhd<br>Ambank (M) Berhad for Suria Bitara Sdn Bhd                            | 80,480,000        | 20.1200             |
| 2  | MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Gan Pik Mui           | 50,650,000        | 12.6625             |
| 3  | MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Gan Seng Biang        | 24,759,000        | 6.1898              |
| 4  | Gun Seong Thean  | 20,213,330        | 5.0533              |
| 5  | Amsec Nominees (Tempatan) Sdn Bhd<br>Ambank (M) Berhad for Sun Acres Development Sdn Bhd                   | 19,800,000        | 4.9500              |
| 6  | Amsec Nominees (Tempatan) Sdn Bhd<br>Ambank (M) Berhad for ID D'Art Sdn Bhd                                | 18,600,510        | 4.6501              |
| 7  | Amsec Nominees (Tempatan) Sdn Bhd<br>Ambank (M) Berhad for Gan Boon Kat                                    | 9,119,490         | 2.2799              |
| 8  | MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Jeffrey Ong Peng Lock | 4,100,100         | 1.0250              |
| 9  | Wong Kong Meng   | 3,840,000         | 0.9600              |
| 10 | Mohd Jamel Bin Abdul Munin   | 3,772,700         | 0.9432              |
| 11 | Yap Meei Sy  | 2,994,500         | 0.7486              |

## statistics of shareholdings (cont'd)

### THIRTY LARGEST SHAREHOLDERS AS AT 30 JULY 2010 (Continue)

| No | Name of Shareholders   | No of Shares Held  | % of Issued Capital |
|----|--|--------------------|---------------------|
| 12 | Mohd Jamel Bin Abdul Munin   | 2,781,870          | 0.6955              |
| 13 | Mayban Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Na Bon Tiam        | 2,693,000          | 0.6733              |
| 14 | Yap Win Seng   | 2,640,000          | 0.6600              |
| 15 | TA Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Tee Tsex Nee                      | 2,308,000          | 0.5770              |
| 16 | Goh Yun Wah  | 2,125,400          | 0.5314              |
| 17 | SJ Sec Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chah Kong Min @ Choy Soi Tuck | 2,000,000          | 0.5000              |
| 18 | Mayban Securities Nominees (Tempatan) Sdn Bhd<br>UOB-Kay Hian Pte Ltd for Ding Chin Look           | 1,729,000          | 0.4323              |
| 19 | Kong Aliong @ Kong Foo Liong   | 1,550,700          | 0.3877              |
| 20 | Hee Pooi Lee   | 1,407,000          | 0.3518              |
| 21 | Mayban Securities Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Low Siew Thong     | 1,400,000          | 0.3500              |
| 22 | Lim Kee Sim  | 1,075,500          | 0.2689              |
| 23 | Lye Thei   | 1,020,000          | 0.2550              |
| 24 | Chew Foong Tai   | 1,000,000          | 0.2500              |
| 25 | Eow Yin Kam  | 1,000,000          | 0.2500              |
| 26 | Goh Yun Lai  | 1,000,000          | 0.2500              |
| 27 | Kok Siew Kuan  | 1,000,000          | 0.2500              |
| 28 | Teo Kee Bock   | 1,000,000          | 0.2500              |
| 29 | Liew Chin Keong  | 979,400            | 0.2449              |
| 30 | Kong Aliong @ Kong Foo Liong   | 945,000            | 0.2363              |
|    | <b>Total</b>   | <b>267,984,500</b> | <b>66.9965</b>      |

## statistics of shareholdings (cont'd)

### SUBSTANTIAL SHAREHOLDERS

(As per the Register of Substantial Shareholders as at 30 July 2010)

| Name of Shareholders   | Direct No<br>of Shares | %              | Indirect No<br>of Shares | %              |
|------------------------|------------------------|----------------|--------------------------|----------------|
| 1 Suria Bitara Sdn Bhd | 80,480,000             | 20.1200        | 0                        | 0.0000         |
| 2 Gan Pik Mui          | 50,965,000             | 12.7413        | 0                        | 0.0000         |
| 3 Gan Seng Biang       | 24,760,510             | 6.1901         | 38,400,510*              | 9.6001         |
| 4 Gun Seong Thean      | 20,213,330             | 5.0533         | 0                        | 0.0000         |
| 5 Lim Yap Hap          | 210,000                | 0.0525         | 38,400,510#              | 9.6001         |
| <b>Total</b>           | <b>176,628,840</b>     | <b>44.1572</b> | <b>76,801,020</b>        | <b>19.2002</b> |

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

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

### DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings as at 30 July 2010)

| Name of Shareholders           | Direct No<br>of Shares | %              | Indirect No<br>of Shares | %             |
|--------------------------------|------------------------|----------------|--------------------------|---------------|
| 1 Gan Pik Mui                  | 50,965,000             | 12.7413        | 0                        | 0.0000        |
| 2 Gan Boon Kat                 | 9,119,490              | 2.2799         | 0                        | 0.0000        |
| 3 Jeffrey Ong Peng Lock        | 4,400,100              | 1.1000         | 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        |
| <b>Total</b>                   | <b>64,484,590</b>      | <b>16.1212</b> | <b>0</b>                 | <b>0.0000</b> |

# notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Seventeenth 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 Thursday, 30 September 2010 at 9.00 a.m. to transact the following items of business:

## **A G E N D A**

### **As Ordinary Business**

1. To receive the statutory financial statements for the year ended 31 March 2010 together with the Directors' and Auditors' Reports thereon. *Resolution 1*
2. To approve the payment of Directors' Fees amounting to RM24,000.00 for the year ended 31 March 2010. *Resolution 2*
3. To re-elect Mr Jeffrey Ong Peng Lock who retires in accordance with Article 82 of the Company's Articles of Association. *Resolution 3*
4. To re-elect Ms Gan Pik Mui 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 resolutions as Ordinary Resolutions and Special Resolution respectively:

(i) **Ordinary Resolution**

*Resolution 6*

**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."

(ii) **Special Resolution**

*Resolution 7*

**Proposed Amendments to the Articles of Association of the Company**

"THAT the Articles of Association of the Company be amended in the manner as set out in Appendix II in the Circular to Shareholders dated 7 September 2010."

## notice of annual general meeting (cont'd)

### (iii) Ordinary Resolution

Resolution 8

#### **Proposed Shareholders' Mandate for the Company's subsidiary to enter into Recurrent Related Party Transactions of a revenue or trading nature with the related party ("Proposed Shareholders' Mandate")**

"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby be given to the Company's subsidiary namely Banda Industries Sdn Bhd to enter into, with Pembinaan Sima Sdn Bhd, the Related Party Transactions involving Recurrent Transactions of a revenue or trading nature which are necessary for its day to day operations as set out in Section 3 (pages 3 to 6) of the Circular to Shareholders dated 7 September 2010.

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

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public and not to the detriment of minority shareholders.
  - (b) disclosure of the aggregate value of recurrent transactions conducted pursuant to the Proposed Shareholders' Mandate will be disclosed in the Annual Report for the said financial year AND that such approval shall continue to be in force until :-
    - (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at the meeting the authority is renewed;
    - (ii) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
    - (iii) revoked or varied by resolution passed by the shareholders in an AGM or an Extraordinary General Meeting.
- whichever is earlier.
- (c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate."

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

Petaling Jaya  
7 September 2010

## 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 Ground Floor Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan at least forty-eight (48) hours before the time approved for holding the meeting or any adjournment thereof (or in the case of a poll not less than twenty-four (24) hours before the time appointed for taking of the poll).

### 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. 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.
- (ii) The proposed Resolution 7, if approved, will empower the Company to update its Articles of Association which to be in line with Bursa Malaysia Securities Berhad's directive for all listed issuers who announce a book closing date for cash dividend entitlements on or after 1 September 2010 to pay by direct transfer or electronically via eDividend to shareholders who have provided their bank account information to Depository.
- (iii) The proposed Resolution 8, if approved, will empower the Directors from the date of the Seventeenth Annual General Meeting, to deal with the related party transactions involving recurrent transactions of revenue or trading nature which is necessary for its day-to-day operations. These Recurrent Related Party Transactions are in the ordinary business and are on terms not more favourable to the related party than those generally available to the public. This authority, unless revoke or varies at a general meeting, will expire at the next Annual General Meeting.



## statement accompanying notice of annual general meeting

pursuant to paragraph 8.27(2) of the main market listing requirements of Bursa Malaysia Securities Berhad

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

- Mr Jeffrey Ong Peng Lock
- Ms Gan Pik Mui

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

# proxy form



|                                       |
|---------------------------------------|
| CDS account no. of authorised nominee |
|                                       |

I/We \_\_\_\_\_ (name of shareholder as per NRIC, in capital letters)  
 IC No./ID No./Company No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)  
 of \_\_\_\_\_ (full address)  
 being a member(s) of the abovenamed Company, hereby appoint \_\_\_\_\_  
 (name of proxy as per NRIC, in capital letters) IC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)  
 or failing him/her \_\_\_\_\_ (name of proxy per NRIC, in capital letters)  
 IC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old) or failing him/her\* the Chairman  
 of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting of the  
 Company to be held at No 9, Jalan 3/91A, Taman Shamelin Perkasa, Cheras 56100 Kuala Lumpur on Thursday, the 30th  
 day of September 2010 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 RM24,000.00  |     |         |
| Resolution 3 | Re-election of Mr Jeffrey Ong Peng Lock as Director   |     |         |
| Resolution 4 | Re-election of Ms Gan Pik Mui as Director   |     |         |
| Resolution 5 | Appointment of Messrs KPMG as Auditors  |     |         |
| Resolution 6 | Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965   |     |         |
| Resolution 7 | Proposed Amendments to the Articles of Association of the Company   |     |         |
| Resolution 8 | Proposed Shareholders' Mandate for the Company's subsidiary to enter into Recurrent Related Party Transaction of a revenue or trading nature with the related party |     |         |

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

\_\_\_\_\_  
 Signature/Common Seal

Number of shares held: \_\_\_\_\_

Date : \_\_\_\_\_

|   |                      |                   |
|---|----------------------|-------------------|
| For appointment of two proxies, percentage of shareholdings to be represented by the proxies: |                      |                   |
|   | <u>No. of shares</u> | <u>Percentage</u> |
| Proxy 1   |                      | %                 |
| Proxy 2   |                      | %                 |
| Total   |                      | <u>100%</u>       |

**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 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 Ground Floor Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan at least forty-eight (48) hours before the time approved for holding the meeting or any adjournment thereof (or in the case of a poll not less than twenty-four (24) hours before the time appointed for taking of the poll).

\* Strike out whichever is not valid

Please fold here

STAMP

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

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**GSB GROUP BERHAD**  
287036-X

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

**REGISTERED OFFICE**

Level 8, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya, Selangor  
Tel No: 03-7841 8000  
Fax No: 03-7841 8199