GSB GROUP BERHAD
287036-X

2018
ANNUAL REPORT

2018
ANNUAL REPORT

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MANAGING DIRECTOR'S STATEMENT

"On behalf of the Board of Directors, I hereby present the Annual Report and Audited Financial Statements of GSB Group Berhad ("GSB Group" or "the Group") for the financial year ended 31 March 2018."

FINANCIAL PERFORMANCE

For the financial year under review, the continuing operations of GSB Group recorded a revenue of RM36.568 million and a loss after tax of RM2.607 million in comparison to a revenue of RM33.316 million and a loss after tax of RM1.915 million in the preceding financial year.

The property development segment's revenue has increased from RM27.220 million to RM31.559 million which represent an increase of 16% or RM4.339 million. The increase was mainly as a result of increase in development activities in Bentong, Pahang and Plentong, Johor. Albeit the higher revenue was recorded during the financial year, this segment suffered a higher loss after tax of RM2.012 million as compared to RM0.748 million in the preceding year, mainly due to higher operating cost incurred during the financial year.

The revenue contribution from our replication of compact discs and digital versatile discs segment has decreased from RM6.096 million to RM5.009 million as the demand was lower during the financial year. Despite lower revenue recorded during the financial year, loss after tax was further reduced from RM0.596 million to RM0.425 million. This was mainly contributed from better margin and lower operating cost incurred during the year.

The assets for the Group grew further from RM166.613 million to RM206.993 million contributed mainly by increase in property development segment's assets from RM146.430 million to RM187.707 million.

CORPORATE DEVELOPMENTS

Forging ahead to grow our Property Development Segment

GSB Group owned a total landbank for property development of 96.36 acres, which are located in Shah Alam and Klang, Selangor and Bentong, Pahang. Included in the 96.36 acres of land are 52.09 acres of land in Bentong, Pahang of which the acquisition was completed on 24 October 2017.

The Group is currently developing 12.90 acres of land into a 210-unit residential property and 30-unit of shop offices in Bentong, Pahang. Favourably, the Group had obtained good response from the buyers on these two projects as the first phase of 71-unit residential has been fully sold to-date and only 4 unsold units from the 30-unit shop office development. The Group also entered into a joint venture agreement with a landowner to develop a mixed development known as "g Residence" in Plentong, Johor Bahru. These projects represent 86% of the total Group revenue for the year.

The Group's two plots of adjoining leasehold lands measuring in aggregate of approximately 2.22 acres located at Seksyen 15, Shah Alam, Daerah Petaling, Selangor will enable our Group to benefit from the vibrant growth in Shah Alam and the strong demand for strategically located quality properties in the vicinity. This project was initially expected to be launched in the financial year ended 31 March 2018, however in light of the current weak sentiments in the property development segment and also that we are in the process of amalgamating the two plots of lands, we expect to defer the launch to the following financial year ending 31 March 2019.

However, shareholders and stakeholders, rest assured we will not rest on our laurels and will continue to grow our property development segment. The Group is currently focusing on its ongoing projects' sales and construction amidst a very challenging market.

Manufacturing and replication of optical discs

As the revenue from manufacturing and replication of optical discs is shrinking, the Group takes cognisance of the way this industry is facing tough challenges and implementing cost cutting measures.

CORPORATE GOVERNANCE

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

CORPORATE SOCIAL RESPONSIBILITY

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

APPRECIATION

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

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

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

Gan Pik Mui
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis aims to provide our shareholders and other stakeholders with an overview of our business, operations and financial performance of the Group in the financial year ended 31 March 2018.

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

BUSINESS AND OPERATIONS

The Group has two significant business segments which offer different products and services, and are managed separately because they are of different industry and also require different marketing strategies. For each of the business segments, the Group's Managing Director reviews internal management reports at least on a quarterly basis:

Significant business segments:

- property development of residential and commercial properties; and
- manufacturing and replication of optical discs.

Property development:

- Our products are principally residential landed properties, serviced apartments, and commercial properties;
- Our current on-going projects are located in Bentong, Pahang and Plentong, Johor Bahru;
- We are a major property developer in Bentong, Pahang having acquired the subsidiary company which has been developing there since 1997. However, as for Plentong, Johor Bahru it is our first foray into the Johor Bahru market. The property development activities in Johor Bahru are admittedly very challenging;
- Our products are targeted at end-user market within the locality of our projects and affordable, hence we remain optimistic of our prospects.

Manufacturing:

- We manufacture and replicate optical discs such as Digital Versatile Disc (DVD), Audio Compact Disc (ACD), Video Compact Disc (VCD) and CD-ROM;
- Our company was incorporated in 1992 and we were certified by the Malaysia Book of Records as the first compact discs replication plant in Malaysia;
- We own and operate from our factory in Cheras, Kuala Lumpur;
- We were certified by with ISO 9001:2015 (Quality Management System) and ISO 14001:2015 (Environmental Management System);
- We hold a significant market share in Malaysia, amid our exports account for approximately 5% of our turnover for this business segment for the current financial year under review;
- Our customers are largely movie/audio copyright distributors and companies undertaking production of annual report for public listed entities; and
- Moving forward, we expect this segment's operating environment to be tougher in light of softer demand, increasing raw material costs and a volatile ringgit.

FINANCIAL YEAR ENDED 31 MARCH (RM'000s)	2014	2015	2016	2017	2018
Revenue	11,736	18,928	17,569	33,316	36,568
Loss before taxation	(1,812)	(1,118)	(934)	(863)	(1,437)
Loss for the year	(1,805)	(1,373)	(1,300)	(1,915)	(2,607)

OBJECTIVES AND STRATEGIES

Property development:

- For our Bentong projects, we will continue to build on our brand name in Bentong and follow up with launches in small parcels ensuring marketability and sustainability of earnings;
- As for our Plentong project, we are progressing with our construction of the main structure and optimistic that we can garner more potential buyers' interest upon seeing the construction progress;
- The Group's other land banks in Klang and also Shah Alam are in planning stage to further enhance expected returns compared to the initial plans; and
- The Group is also evaluating potential joint-ventures so that we will not be limited by our own capital constraints, whilst still returning value to our shareholders.

Manufacturing:

- We aim to maintain market leadership by implementing prudent measures, improving operational efficiency and focusing on product and service quality for our customers;
- To minimise impact of rising raw material costs, we are also educating our customers on the changes in the industry and gradually implementing higher selling prices for our products;
- We are also adopting a more selective approach on doing business with our customers to improve our margins and to improve sales collection;
- We are implementing cost cutting measures via reducing manpower requirements, reducing electricity costs by reducing shifts achieved by better production planning.

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

REVENUE

The Group revenue increased from RM33.3 million to RM36.6 million during the financial year under review, an increase of 10% as compared to the previous financial year.

The increase in Group revenue was mainly due to the increase in revenue from the Property development segment. The following discusses the revenue of each segment:

Property development:

- The contribution in revenue from this division increased from RM27.2 million to RM31.6 million, an increase of 16%;
- The sales for shop offices development in Bentong, Pahang recorded at 84% with construction at 81% completed;
- The sales for 71-unit residential development in Bentong, Pahang fully sold out with construction at 20% completed;
- The sales for mixed development in Plentong, Johor recorded at 33% and another 13% booked with an average construction of 38% completed.

Manufacturing:

- The contribution in revenue from this division decreased from RM6.1 million to RM5.0 million, representing a drop of RM1.1 mil or 18%;
- Market demand is expected to continue to be soft for this industry.

LOSS BEFORE TAX

The Group loss before tax increased from RM0.86 million to RM1.44 million during the financial year as the operating costs increases.

KNOWN TRENDS AND EVENTS

Property development:

- The property market continues to remain sluggish;
- Loan rejection for homebuyers remain the main reason for lower sales though bookings are encouraging;
- We are banking on good products at good locations to sell our property units.

Manufacturing:

- The Group is experiencing declining sales in the Manufacturing segment due to lower demand for optical discs replication. We take cognisance of the way this industry is facing tough challenges viz-a-viz the ever evolving apps market in today's digital world;
- Although the revenue from the Manufacturing segment is maintained as compared to the previous financial year, we expect this segment's operating environment to be tougher in light of softer demand, increasing raw material costs and uncertain Ringgit value.

REVIEW OF OPERATING ACTIVITIES

OPERATING ACTIVITIES

The Group's revenue increased by 10% from RM33.3 million in the previous financial year to RM36.6 million in the current financial year under review. The increase was on the back of contribution from the property development segment which saw an increase from RM27.2 million to RM31.6 million.

The Bentong projects in Pahang known as Bentong Avenue and Valleyview33 achieved take-up rates of approximately 84% and 100% respectively.

Valleyview33 project has been completed successfully with vacant possession given in third quarter of the year.

The Plentong Johor Bahru project known as g'Residence achieved 33% take-up rate with another 12% booked, pending loan approval whilst construction is at 38%.

The contribution in revenue from the Manufacturing segment decreased from RM6.1 million to RM5.0 million.

STATUS OF ACQUISITIONS OR PROJECTS UNDERTAKEN THAT MAY IMPACT THE OPERATING ACTIVITIES

- The Group's acquisition of a 52-acre freehold land in Bentong, Pahang that is adjacent to the Group's current development in Bentong, Pahang had completed on 24 October 2017. The completion of acquisition of this land will continue to enable the Group to benefit from favourable sales response in the Bentong, Pahang market;

- Our Kebenaran Merancang ("KM") for our 6.06-acre land in the vicinity of Klang, Selangor which consists of townhouses, cluster homes and semi-detached homes within a gated-guarded concept, had expired and we are currently seeking renewal of the KM. Meanwhile, the Group also plans to amend the existing layout plan to medium cost apartments to suit the current market conditions and also to increase the gross development value of the land;

- The Group's two plots of adjoining leasehold lands (totaling 2.22 acres) in Shah Alam, Selangor has a Kebenaran Merancang ("KM"). The Group had applied for amalgamation for these two plots of land and expected to take 4 to 5 months to complete the amalgamation. Once the amalgamation is approved, the KM will be valid for 12 months from the said approval.

ANTICIPATED OR KNOWN RISKS

ANTICIPATED OR KNOWN RISKS AND PLANS/ STRATEGIES TO MITIGATE SUCH RISKS

Foreign currency risk:

- Approximately 5% of the Group's Manufacturing segment operations are exports;
- The certain raw material used in the production process in the Manufacturing segment were purchased in United States Dollar denomination;
- Foreign currency exposure is managed by a policy of matching as far as possible receipts and payments in each individual currency.

Liquidity and cash flow risk:

- The Group's exposure to liquidity and cash flow risk arises mainly from general funding and business activities;
- The Group has to practice prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain credit facilities, and stakeholders.

FORWARD-LOOKING STATEMENT

TREND AND OUTLOOK

Property development:

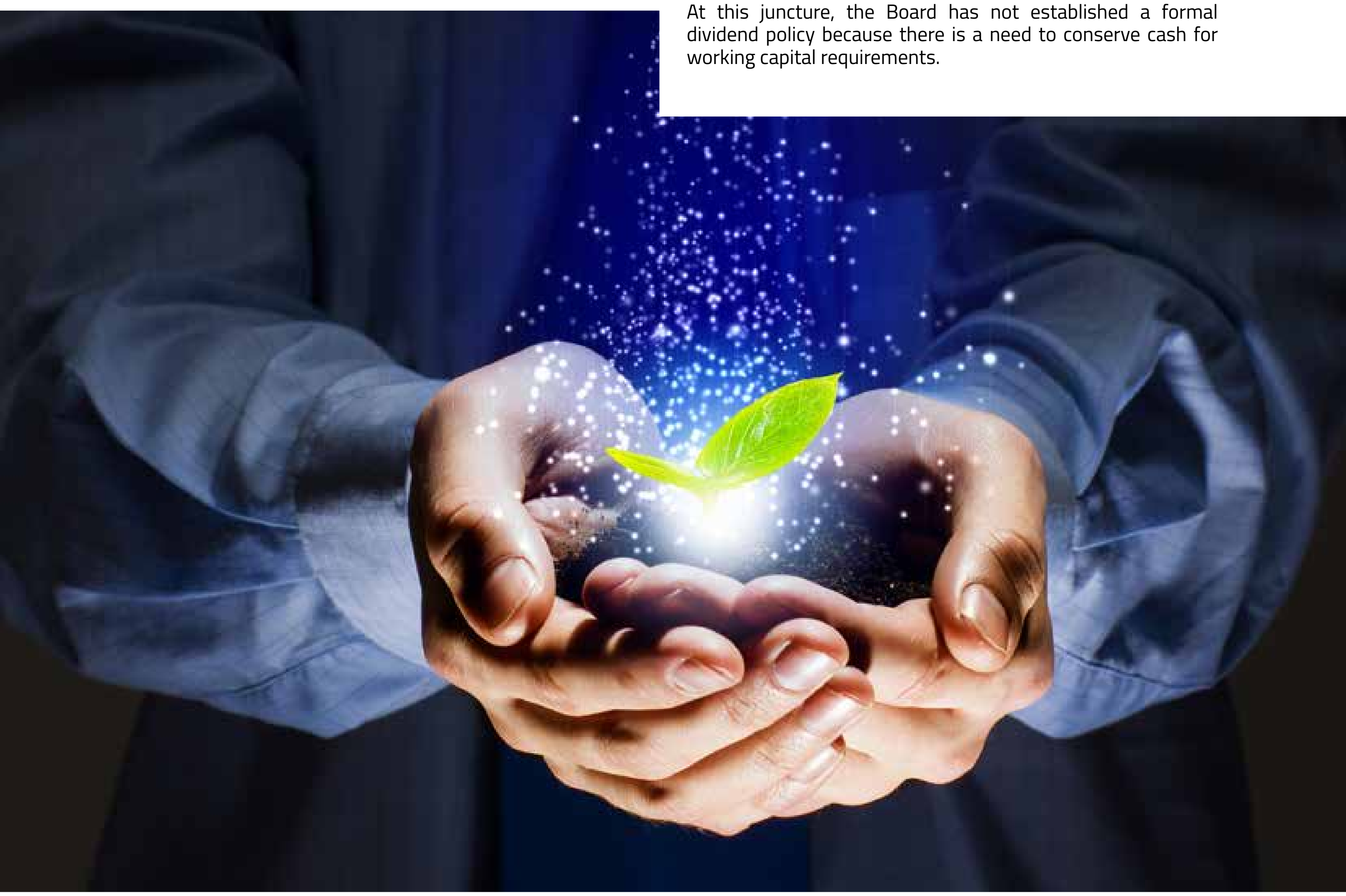
- Moving forward, the property industry in Malaysia is expected to be sustained via more developments of affordable homes;
- The Group is revisiting its layout planning for its other land banks in Seksyen 15 Shah Alam, Selangor and Klang, Selangor to cater for affordable homes pricing;
- The Group will continue to ride on its established reputation in Bentong, Pahang to launch in stages, parcels of projects that will suit and complement the existing township;
- The Group expects that as construction progress at our Plentong, Johor Bahru site, sales will improve.

Manufacturing:

- As the Group is experiencing declining sales in the Manufacturing segment due to lower demand for optical discs replication. Measures had been taken to lower our operating costs whilst at the same time to gain more market share over the smaller manufacturers.

DIVIDEND POLICY

At this juncture, the Board has not established a formal dividend policy because there is a need to conserve cash for working capital requirements.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Datin Toh Siew Chuon
(Executive Chairman)

Gan Pik Mui
(Managing Director)

Tee Eng Seng
(Executive Director)

Loy Kwee Keow
(Senior Independent Non-Executive Director)

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

Gan Boon Kat
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

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

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

Gan Boon Kat
(Non-Independent Non-Executive Director)

NOMINATION COMMITTEE

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

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

Gan Boon Kat
(Non-Independent Non-Executive Director)

COMPANY SECRETARIES

Leong Shiak Wan
(MAICSA 7012855)

Zuriati Binti Yaacob
(LS0009971)

REGISTERED OFFICE

Level 8, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No.: (+603) 7841 8000
Fax No.: (+603) 7841 8199

SHARE REGISTRAR

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

CORPORATE OFFICE / PRINCIPAL PLACE OF BUSINESS

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

AUDITORS

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

PRINCIPAL BANKERS

CIMB Bank Berhad
Hap Seng Credit Sdn Bhd
Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad
United Overseas Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING

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

LEGAL STATUS

Public listed company limited by shares
Domicile and incorporated in Malaysia

CORPORATE STRUCTURE

GSB GROUP BERHAD
287036-X

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

PROFILE OF DIRECTORS

DATIN TOH SIEW CHUON
Executive Chairman

DATIN TOH SIEW CHUON, a Malaysian, aged 52, female, is the Executive Chairman of the Company and was appointed to the Board on 19 June 2018.

Datin Toh is a fellow member of the Malaysian Institute of Chartered Secretaries and Administrators and a member of the Malaysian Associate of Certified Chartered Accountants. She started her career as practice in audit firm focusing on auditing and taxation. She has also accumulated more than 20 years of experience in a construction company after serving in the auditing and taxation industry.

Datin Toh also privately owns a group of companies involved in property development and undertaken various remarkable residential and mix development projects in Malaysia. She also sits on the Board of Kerjaya Prospek Group Berhad as an Executive Director.

Datin Toh is a substantial shareholder of the Company, sister-in-law of Mr. Tee Eng Seng, a director and substantial shareholder of the Company and spouse of Datuk Tee Eng Ho, a substantial shareholder of the Company.

GAN PIK MUI
Managing Director

GAN PIK MUI, a Malaysian, aged 47, female, is the Managing Director of the Company and was appointed to the Board on 21 December 2006.

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

She was previously with KPMG Management Consulting for 3 years as a Senior Consultant involved in the area of corporate restructuring acting as a financial consultant to quoted and unquoted clients for Scheme of Arrangement pursuant to Section 176 of the Companies Act, 1965 of Malaysia and informal scheme of arrangement through Corporate Debt Restructuring Committee of Malaysia before leaving for England where she was attached with a property management company in London for a year.

She is the sister of Mr. Gan Boon Kat, a director of the Company.

TEE ENG SENG
Executive Director

TEE ENG SENG, a Malaysian, aged 49, male, is the Executive Director of the Company and was appointed to the Board on 19 June 2018.

Mr. Tee started on his career working in construction related companies and has more than 20 years of experience in Civil and Building Construction.

Mr. Tee also privately owns a group of companies involved in property development and has undertaken various remarkable residential and mix developments projects in Malaysia. He also sits on the Board of Kerjaya Prospek Group Berhad as an Executive Director.

Mr. Tee is a substantial shareholder of the Company, brother-in-law of Datin Toh Siew Chuon, a director and substantial shareholder of the Company and brother of Datuk Tee Eng Ho, a substantial shareholder of the Company.

LOY KWEE KEOW
Senior Independent Non-Executive Director

LOY KWEE KEOW, a Malaysian, aged 59, male, was appointed to the Board on 24 May 2005 as Independent Non-Executive Director and subsequently redesignated as the Senior Independent Non-Executive Chairman on 24 July 2012. He was appointed as Chairman of the Audit Committee and Nomination Committee on 30 December 2005 and 30 May 2013 respectively. On 19 June 2018, he was redesignated as from Senior Independent Non-Executive Chairman to Senior Independent Non-Executive Director.

Mr. Loy is a member of the Chartered Institute Management Accountants and the Malaysian Institute of Accountants and has been appointed as accountant in several reputable companies.

He is currently an Occupational Safety and Health Practitioner. He is also attach to Sustainable Certification Pte Ltd, a certifying body for ISO 9001, ISO 14001, OHSAS 18001 and ISO 22000 from Australia. He holds a Master of Science in Occupational Safety & Health from University Utara Malaysia.

He has developed and assisted numerous business organizations in achieving ISO certification from the International Certifying Body. He is actively involved with Occupational Health & Safety issues in the construction industries for 15 years and later branched into other industries. He has been conducting trainings, seminars and talks for multinational companies, small and medium companies and large local corporations. He brings with him many years of experience and practical knowledge in the Occupational Health & Safety and Environmental areas. He specialized in the implementation of Safety Management System, Airborne Contaminants & Noise Exposure Monitoring, Engineering Control Equipment Monitoring and Indoor Air Quality Assessment. He is a registered Safety Health Officer, a competent person for Industrial Hygiene & Noise and IAQ Assessor registered with the Department of Occupational Safety & Health, Malaysia.

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

Independent Non-Executive Director

IR. LIAW BOO LAI @ LEOW BONG LAI (D.S.M.), a Malaysian, aged 76, male, is an Independent Non-Executive Director of the Company and was appointed to the Board on 31 May 2005. He was appointed as a member of the Audit Committee and Nomination Committee on 6 September 2005 and 30 May 2013 respectively.

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

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

GAN BOON KAT

Non-Independent Non-Executive Director

GAN BOON KAT, a Malaysian, aged 53, male, is a Non-Independent Non-Executive Director of the Company and was appointed to the Board on 21 December 2006. He was appointed as a member of the Audit Committee and Nomination Committee on 1 August 2011 and 30 May 2013 respectively.

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

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

He is the brother of Ms. Gan Pik Mui, Managing Director of the Company.

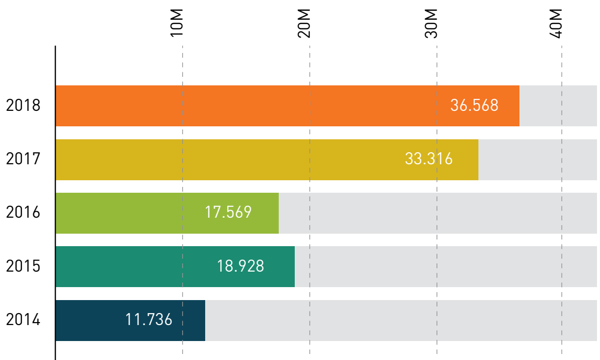
Note:
Other than as disclosed, all directors do not have any family relationships with any director and/or substantial shareholder of the Company and do not hold any directorship in other public companies. All directors have no personal interest in any business arrangements involving the Company. All directors have not been convicted for any offence and have attended the Board of Directors' meetings of the Company for the financial year ended 31 March 2018 as disclosed in Corporate Governance Overview Statement of the Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

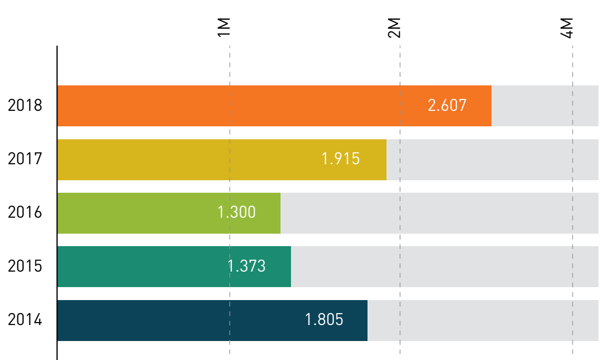
DATIN TOH SIEW CHUON Executive Chairman Malaysian, aged 52, female Please refer to the Profile of Directors for Datin Toh Siew Chuon's profile	**GAN PIK MUI** Managing Director Malaysian, aged 47, female Please refer to the Profile of Directors for Gan Pik Mui's profile
TEE ENG SENG Executive Director Malaysian, aged 49, male Please refer to the Profile of Directors for Tee Eng Seng's profile	

GROUP FIVE-YEAR FINANCIAL HIGHLIGHTS

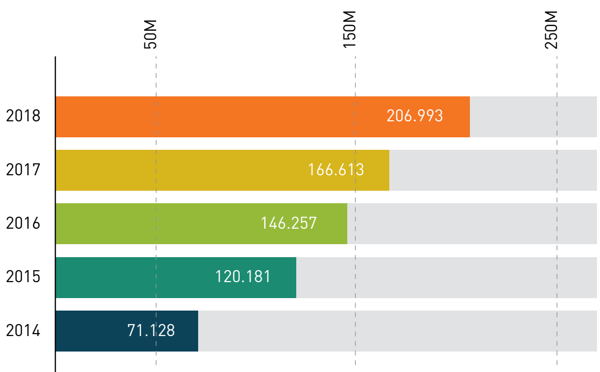
	FINANCIAL YEAR ENDED 31 MARCH				
	2014	2015	2016	2017	2018
FINANCIAL PERFORMANCE (RM'000)					
Revenue	11,736	18,928	17,569	33,316	36,568
Loss before taxation	(1,812)	(1,118)	(934)	(863)	(1,437)
Loss for the year	(1,805)	(1,373)	(1,300)	(1,915)	(2,607)
FINANCIAL POSITION (RM'000)					
Total Assets	71,128	120,181	146,257	166,613	206,993
Total Liabilities	23,369	69,795	88,424	110,531	153,482
Net Current Assets	12,027	44,807	42,925	31,760	25,250
Net Assets	47,759	50,385	57,833	56,082	53,511
Cash and Bank Balances	5,249	8,909	7,086	5,517	7,128
Total Borrowings	13,758	37,331	51,448	48,601	69,171
Equity Attributable to Owners of the Company	47,759	50,385	57,833	56,082	53,511
Issued Share Capital	40,000	44,000	52,800	53,740	53,754
No. of Ordinary Shares	400,000	440,000	528,000	528,000	528,100
KEY FIGURES					
Loss Per Share (sen)	(0.45)	(0.31)	(0.28)	(0.36)	(0.49)
Net Assets Per Share (sen)	11.94	11.45	10.95	10.62	10.13
Net Debt to Equity Ratio	0.18	0.56	0.77	0.77	1.16



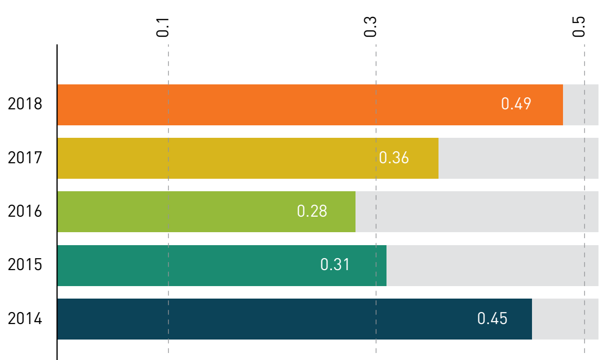
Revenue (RM'Million)



Loss for the Year (RM'Million)



Total Assets (RM'Million)



Loss Per Share (Sen)

CORPORATE GOVERNANCE OVERVIEW 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 2017 ("the Code" or "MCCG 2017") are practiced throughout the Group as a mean of managing the business and affairs of the Group with integrity and professionalism so as to enhance business prosperity and corporate accountability in order to protect the interest of shareholders, whilst ensuring at the same time the interest of other stakeholders are safeguarded.

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

The MCCG 2017 supersedes its earlier editions takes on a new approach to promote greater internalization of corporate governance culture. The Code has been developed to reflect the new modes of thinking as well as the "CARE" (i.e. C – Comprehend; A – Apply and RE – Report) concepts that underpins the MCCG 2017.

It was equipped with 3 Principles, 32 Practices and 4 Step Ups, the MCCG 2017 calls upon companies to view corporate governance disclosures as an opportunity to demonstrate to stakeholders that they have a holistic and an effective corporate governance system which governs their processes, people and practices in their achievement of corporate excellence.

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.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board and Management Responsibilities

The Board is fully aware of its continuing responsibilities over the stewardship of the Group's strategic direction and ultimately the enhancement of shareholders' value. The Board delegates the responsibility of implementing the Board's approved strategies and policies to the Management led by the Managing Director.

The Board assumes the following responsibilities:

- Reviewing and adopting the overall strategic plans for the Group's two core businesses;
- Setting policies appropriate for the businesses and corporate governance of the Group;
- Reviewing and approving annual budget and monitoring Management's performance;
- Overseeing and evaluating the performance of the Group's businesses including but not limited to quarterly and annual financial statements;
- Reviewing and approving material acquisitions and disposals;
- Reviewing and approving issuance of new securities such as private placements and employee share option scheme;
- Reviewing internal control systems and identifying principal risks to ensure the implementation of a risk management system to manage these risks;
- Establishing succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing Board and Management;
- Overseeing the adequate communication to shareholders and relevant stakeholders of the Group;
- Reviewing the adequacy and integrity of the Group's information systems; and
- Overseeing and evaluating the conduct of business of the Group to ensure compliance with legal and regulatory requirements.

In assisting the discharge of its stewardship role, the Board has established Board Committees, as deliberated in the ensuing section below.

There is a clear division of responsibilities between the Board and the Management. The Managing Director is responsible for the day-to-day management of the Group and the implementation of strategies and policies set by the Board under delegated authority from the Board. In carrying out her responsibilities, the Managing Director ensures that all reports to the Board present a true and fair view of the Group's financial position and operational performance. The Management of the Group's two core businesses reports to the Managing Director separately as there are of different industry. The Board has adopted a policy on delegation of approving authority and authority limits. The policy applies to members of the Board, the Managing Director and key senior management personnel. It establishes the authority of each of these groups to act effectively and make decisions in relation to the activities of the Group.

There is a clear division of responsibility between the Executive Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman is primarily responsible for instilling good governance practices, leadership and effectiveness of the Board whilst the Managing Director is responsible for the day to day management, organisational effectiveness and implementation of Board policies and decisions.

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.

Company Secretaries

The Group engaged external qualified company secretaries from Symphony Corporatehouse Sdn. Bhd.. The Company Secretaries are qualified to act as company secretary under Section 235 of the Companies Act, 2016. In order to ensure effective functioning of the Board, the Company Secretaries regularly update and advises the Board on new statutory and regulatory requirements relating to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and Companies Act in relation to the discharge of the Board's fiduciary duties and responsibilities.

The Company Secretaries attended all shareholders, Board and Board Committee meetings and ensures that all deliberations and decisions made by the shareholders, Board and Board Committee meetings are accurately minuted, and the records of the proceedings of the shareholders, Board and Board Committee meetings are properly kept. The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in corporate governance through attendance at relevant conferences and training programmes.

Dissemination of Information

The Chairman ensures that all Directors have access to all information within the Group. Unless otherwise agreed due to reasonable reason, all notice, agenda and materials for meeting including Board paper will be forwarded to each Directors not earlier than 7 days before the meeting day 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.

The Board have direct access to members of the senior management team, the services of the Company Secretary and the internal and external auditors, to enable them to discharge their responsibilities. The Board shall also have full and unrestricted access to any information of the Group from any employee.

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

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

Board Charter and Code of Conduct

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

The Group has in place a Whistleblowing Programme which offers all stakeholders such as supplier, vendors, dealers, partners and employees the ability to raise issues of concern about the Group in a totally confidential way, with guaranteed protection from any reprisal for honest reporting through Whistleblowing channels. This programme is governed by the Group's Whistleblowing policy and overseen by the Audit Committee. Information on the policy and procedures relating to the Whistleblowing Programme is available at our corporate website at http://www.gsbsummit.com.my/whistle.html. The Group believes this programme is very much in keeping with the Group's long-standing commitment to the highest professional standards.

The Board Charter and Code of Conduct was last reviewed on 27 February 2017 and is accessible at the Company's website at http://www.gsbsummit.com.my/conduct.html.

Board Composition

The existing Board members consist of six (6) members, of whom half were Non-Executive Directors and two (2) of them were Independent Directors.

The present Board composition has been maintained in line with the needs of the Company and in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") that stipulates at least two (2) Directors or one third of the Board of the Company, whichever is higher, are Independent Directors.

In despite the above compliance, the MCCG 2017 further encourage at least half of the board comprises independent directors and for Large Companies, the board should comprises a majority independent directors. The MCCG 2017 defined a listed issuer as a Large Company.

The Board acknowledged that the presence of independent non-executive Directors is essential as they provide an unbiased and independent view, advice and judgment to the decision-making of the Board and provide a capable check and balance for the Executive Director, thereby ensuring that no one individual or group dominates the Board decision-making process.

The Board will consider the need of the balance Board as recommended by MCCG 2017 and take appropriate action accordingly.

A brief profile of each Director is presented at Profile of Directors of the Annual Report. The members of the Board have diverse professional and entrepreneurial background, varied skills and experiences for effective oversight of the Group. The Independent Non-Executive Directors provide the necessary check and balance in the Board's exercise of its functions and independent evaluation of the Board's decision making process.

Practice 4.2 of the Code recommend that the tenure of an independent director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the board continues to retain the Independent Director after the twelfth (12) year, the board should seek annual shareholders' approval through a two-tier voting process.

This year, Mr. Loy Kwee Keow and Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.) whose join the Board on 24 May 2005 and 31 May 2005 respectively as Independent Non-Executive Director had exceeded their 12-year service as Independent Director. The Board wish to retain both the Directors service as Independent Director, hence the Nomination Committee had assessed the independence of Mr Loy Kwee Keow and Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.).

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

Following to the satisfactory assessment results of both the Directors independence were not impaired, the Board had recommended that the approval of the shareholders be sought through a two-tier voting process to re-appoint Mr Loy Kwee Keow and Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.) as Independent Non-Executive Directors.

The Board recognises the benefits and importance of gender diversity in the Board composition. Although, the Board have yet to form a gender diversity policy, however, the Board has no restriction in choosing women candidates whom is suitable, qualified, experience and competent candidates.

The Nomination Committee will take steps to ensure suitable women candidates are sought for consideration should there be a need to increase its current board size. The Board currently has 6 members, of whom 2 of them were women, representing 33.33% women or 3.33% above the benchmark of 30% women directors. Presently, with the current Directors' mix of experiences and expertise, the Board is of the view that the current size of members is sufficient in effectively addressing all issues affecting the Group.

Retirement and Rotation

In accordance with the Company's Constitution, 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 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.

Board Meeting

During the financial year ended 31 March 2018, the Board met a total of five (5) times. Details of the Director's attendance record are presented as below:-

Director	Number of meetings held**	Number of meetings attended
Datin Toh Siew Chuon	NA	NA
Gan Pik Mui	5	5
Tee Eng Seng	NA	NA
Loy Kwee Keow	5	4
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)	5	5
Gan Boon Kat	5	5

** Refer to the numbers of meeting held during the time the Directors 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 and the Nomination Committee.

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

The Board does not formalised its remuneration policy, however, the Board and Senior Management are remunerated based on their skills, experience, qualification and performance. Apart from remunerating the Board and Senior Management based on their skills, experience, qualification and performance, the Board also consider the performance of the Group in short term and long term objectives.

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

Audit Committee

The Audit Committee is chaired by an Independent Non-Executive Director who reports the outcome of Audit Committee Meetings to the Board. Its prime duties include the review of financial statements, quarterly results, accounting policies, appointment and resignation/retirement of External Auditors, review of audit plan and the auditors' remuneration. The full details of the Audit Committee terms of reference is available on the Company's website at www.gsbsummit.com.my/auditcom.html while the activities of the Audit Committee during the year are stated in the Audit Committee Report of the Annual Report.

Nomination Committee

The Nomination Committee is chaired by a Senior Independent Non-Executive Director who reports the outcome of Nomination Committee Meetings to the Board. Its prime responsibilities include consider and making recommendation to the Board balance directors mix, new nominee of Director and assessment of the effectiveness and performance of the Board, Board Committee and individual Directors. The full details of the Nomination Committee terms of reference is available on the Company's website at www.gsbsummit.com.my/nomi.html while the activities of the Nomination Committee during the year are stated in Nomination Committee Statement of the Annual Report.

Directors' Remuneration

The Directors' fees are approved at the Annual General Meeting by the shareholders, based on the recommendation of the Board. All Directors are provided with Directors' fees with the Executive Director being provided with remuneration package which consumerate to their duties and responsibilities. The Board, as a whole, determines the remuneration packages of the Executive Directors. 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 on namely basis during the financial year are as follows:

Director	Group (RM'000)	Company (RM'000)
Directors' fee		
-Datin Toh Siew Chuon*	-	-
-Gan Pik Mui*	5	5
-Tee Eng Seng*	-	-
-Loy Kwee Keow	5	5
-Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)	5	5
-Gan Boon Kat	4	4
	19	19
Salary		
-Datin Toh Siew Chuon*	-	-
-Gan Pik Mui*	186	-
-Tee Eng Seng*	-	-
-Loy Kwee Keow	-	-
-Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)	-	-
-Gan Boon Kat	156	-
	342	-
Employees Provident Fund		
-Datin Toh Siew Chuon*	-	-
-Gan Pik Mui*	14	-
-Tee Eng Seng*	-	-
-Loy Kwee Keow	-	-
-Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)	-	-
-Gan Boon Kat	15	-
	29	-
Total	390	19

* The Directors are also the Senior Management of the Company

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

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

Directors' Training

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

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

Conferences, seminars and training programmes attended by Directors in the financial year 2018 and up to the date of this report are as follows:-

Director	Name of conferences, seminars and training programmes attended
Datin Toh Siew Chuon	- Companies Act 2016 – Mastering the Impact on Accounting Matters and Preparation of Financial Statements - 30% Club Business Leaders Roundtable Meeting
Gan Pik Mui	- Bursa Seminar on Leading in a Volatile, Uncertain, Complex, Ambiguous World - Bursa Advocacy Session to Enhance Quality of Management Discussion & Analysis ("MD&A") for CEO and CFO of Listed Issuers
Tee Eng Seng	- 30% Club Business Leaders Roundtable Meeting
Loy Kwee Keow	- Bursa Integrating an Innovation Mindset with Effective Governance - 20th Conference and Exhibition on Occupational Safety and Health
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)	- Bursa Integrating an Innovation Mindset with Effective Governance
Gan Boon Kat	- Bursa Integrating an Innovation Mindset with Effective Governance

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

PRINCIPLE B: AUDIT AND RISK MANAGEMENT

Audit Committee

The Board recognises a robust Audit Committee can be a feature of a strong corporate governance culture underpinned by effective audit and risk management. The Board had established an effective Audit Committee to oversee the areas of financial reporting, related party transactions and conflicts of interest, internal control environment, internal audit and external audit.

The Audit Committee is led by Mr. Loy Kwee Keow whom is a Senior Independent Non-Executive Director and a chartered accountant by profession. The separation of Audit Committee Chairman and Chairman of the Board shall enable Audit Committee Chairman to devote sufficient time to the affairs of the audit committee and reduce the concentration of power in a single director.

The Audit Committee comprises exclusively Non-Executive Directors and majority independent in compliance with the requirement of the Listing Requirement. Currently, the Board is considering whether to adopt the recommendation of the Code to fill the Audit Committee with solely Independent Directors to further strengthen the objectivity of the audit committee.

All Audit Committee members are financially literate and are able to understand matters under the purview of the Audit Committee including financial reporting process. The qualification and experience of the individual Audit Committee members are disclosed in the Profile of Board of Directors in the Annual Report.

External 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 in Audit Committee Report of this Annual Report. The good relationship with the Company and Group auditors has always prevail and maintained on a transparent and professional basis.

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

Annually, the Audit Committee is tasked to review the appointment/re-appointment of External Auditors, audit fees, non-audit professional services and question on any resignation or dismissal of the External Auditors before making recommendation to the Board. In assessing the External Auditors, the Audit Committee is also required to review the independence and objectivity of the External Auditors to preserve their integrity and credibility.

The Board had agreed the requirement for oral/written assurance from the External Auditors confirming their independence and abided by the other recommendations on the engagement of the External Auditors for non-audit work and further reinforced the importance of assuring the independence of the External Auditors throughout the conduct of the audit engagement at all times.

The Board is satisfied with the objectivity, technical competence and audit independence of the External Auditors and views the External Auditors as having the ability to undertake their audit functions without any influence from the Group. The term of service of the external auditor is renewable every year subject to satisfactory performance.

Risk Management and Internal Control

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

The Audit Committee is discharged to review and report to the Board on the evaluation of system of internal controls, adequacy of the scope, competency and resources of the internal auditor function, audit plan, processes, results and action taken by management on internal auditors' recommendation.

Details of the risk management and internal control framework was published in the Company's Annual Report under Risk Management & Internal Control Statement.

Internal Control

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

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

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS

Shareholders and Investors

The Company recognises the importance of accountability to its shareholders through proper communication with them. The Annual General Meeting is the principal form of dialogue with the shareholders. Shareholders are notified of the meeting, not less than 28 days prior to meeting day and provided with a copy of the Company's Annual Report before the meeting. All shareholders are encouraged to attend the Annual General Meeting and participate in its proceedings. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group and Company.

Poll voting will be conducted for all resolutions of the upcoming Annual General Meeting and we will thereafter make an announcement of the detailed results showing the number of votes casted for and against each resolution. The Chairman of the meeting shall inform shareholders of voting by poll at the commencement of the general meeting.

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

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

This statement was made in accordance with a resolution of the Board dated 30 July 2018.

STATEMENT OF DIRECTORS' 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, 2016.

The Directors in preparing the financial statements have used appropriate 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 30 July 2018.

The Board has taken steps to ensure that the Group's strategies continue to promote sustainability, with primary focus on economic, environment, social ("EES") and governance aspects of the Group's business.

The Group acknowledges that corporate social responsibility is an important aspect of the Group business and incorporating EES aspects into business strategies will serve as a sound business model that supports business continuity and competitiveness over the long term. The Group continues to undertake responsible practices that may impact the society and environment in a positive manner and to inculcate a culture of responsibility in all aspects of the Group business.

Scope and Materiality

The Group limit its scope of coverage to include all its operations in Malaysia for Replication of Optical Discs and Property Development segment.

A sustainability matter is risk and opportunity arising from EES impacts and in identifying the sustainability matters relevant to the Group, the Group assessed the EES impact's materiality, importance and how will it affects the Group and our stakeholders.

Affordable Housing

The Group supports the government's affordable housing policy to provide more affordable homes to the Rakyat. Currently, the Group's ongoing residential projects in Bentong, Pahang and Plentong, Johor were priced within the range of affordability.

Meanwhile, the Group also plans to develop our 6.06 acres of Klang, Selangor land into a medium cost apartments to suit the current market conditions and also to increase the gross development value of the land.

Environment

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

Our Group's commitment in protecting and preserving the Earth's natural environment has always been our focal point. The Group's ISO14001: 2015 certification has helped in many ways streamlining our manufacturing process and producing optical discs that are safe and globally acceptable.

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

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

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

In the Property Development segment, the Group recognises new property development may causes environmental problem. The Group take initiative to study, identify, evaluate and communicate the information with relevant parties, where necessary, about the potential impacts on environment of our proposed project and to detail out the mitigation measures prior to constructions. These environment impact are inclusive of pollution, social and culture effect, traffic congestion, and ecological impact.

The Group will work closely with consultants and authorities prior to submission of proposed development to respective authorities. Throughout the construction, the Group will concurrently discuss with the relevant parties to monitor effectiveness of the action plans taken and its impact.

Market Place

The Group is committed to ensure that the interests of all the important stakeholders – shareholders, suppliers and customers are being taken care. The Group emphasize on good corporate governance practices to meet shareholder expectations. For suppliers, the Group practice transparent and fair procurement policies. As for the customers, all manufacturing facilities within the Group are compliance with ISO9001:2015 Quality Management System, ISO14001:2015 Environmental Management System. The Group is committed to supply quality products and meeting customers' satisfactions through continual improvement in technology, process and services.

Our stand against piracy is one of the Group's main thrusts throughout the length and breadth of our organisation. The Group's commitment to transparency, accountability and integrity is reflected in our respect for individual's and organisation's intellectual property rights.

Workplace

The Group recognises the importance of ensuring a condusive 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 and productivity. Monthly contributions are made to Human Resource Development Fund to support the Government effort to encourage corporate bodies to invest in training and skills upgrading for employees.

Caring for the society

The visit to The Hiichiikok Foundation Home For Children Care for children whom are either orphans, homeless, abused or from poor single parent households and underprivileged backgrounds in September 2015 brought joy to us.

This statement was made in accordance with a resolution of the Board dated 30 July 2018.

AUDIT COMMITTEE REPORT

MEMBERS

The Audit Committee comprises the following directors:-

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

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

Gan Boon Kat
Member (Non-Independent Non-Executive Director)

Duties and Functions

The Terms of Reference of the Audit Committee can be viewed at the Company's website at www.gsbsummit.com.my/auditcom.html.

The duties and functions shall be, amongst others:

Oversight of the External Auditor

- To consider the appointment or reappointment of external auditor, taking into consideration their independence, qualification, adequacy of experience and resources of the firm and the engagement team involved
- To discuss with the external auditor the audit plan before the audit commences the nature and scope of the audit and to ensure coordination if there is more than one audit firm is involved;
- To review the independence and objectivity of the external auditor and their services, including non-audit services during the course of audit;
- To review the assistance given by the employees of the Group to the external auditor;
- To assess the performance of the external auditor;
- To discuss problems and reservations arising from the interim and final audits, the evaluation and findings of the system of internal controls and matters the external auditor may wish to discuss (in the absence of management where necessary). To also obtain oral/written confirmation from the external auditor on the status of their independence and whether the Management had given its full support and unrestricted access to information;
- To discuss with the external auditor their evaluation of the system of risk management and internal control;
- To keep under review the effectiveness of internal control systems, in particular, review the external auditor's management letter and management's response;
- To consider and recommend the appointment of the external auditor, audit fees, non-audit professional services and question on any resignation or dismissal of the external auditor before making recommendation to the Board.

Oversight of the Internal Auditor

- To review the adequacy of the scope, functions and resources of the internal audit functions and that the internal auditor has the necessary authority to carry out its work;
- 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;
- To assess the performance of the internal audit function periodically.

Oversight of Financial Reporting

- To review the quarterly results, year-end financial statements and annual report prepared by the Management prior to the approval by the Board, focusing particularly on:-

    - Changes in or implementation of major accounting policy;
    - Significant matter highlighted including financial reporting issues, significant judgments made by Management, significant and unusual events or transactions, and how these matters are addressed;
    - Compliance with accounting standards requirements; and
    - Compliance with stock exchange and legal requirements.

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR UNDER REVIEW

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

- Reviewed the unaudited quarterly financial statements of the Group, the explanatory notes and the draft announcements to ensure compliance with Main Market Listing Requirements and the Financial Reporting Standards "FRS 134, Interim Financial Reporting" before making recommendations to the Board.
- Reviewed the audited statutory financial statements of the Group for the financial year ended 31 March 2017 together with the directors' report and auditors' report thereon in compliance with regulatory requirements. During the review, the Audit Committee focused on significant audit matters and key audit matters identify by the auditors due to potential cost overruns for properties under development and significant judgement and estimates by the management.
- Considered the suitability and independence of the External Auditors and Internal Auditors, and reviewed the non-audit services provided by the External Auditor to ensure there was no impairment of independence or objectivity.
- Discussed, reviewed and approved the External Auditors' scope of works and the Audit Plan and Strategy prior to commencement of audit, discussed updates on new developments of accounting standards issued by the Malaysian Accounting Standards Board, discussed the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit.
- Reviewed and discussed the major findings of the internal audit and risk management investigations and management's responses and ensure that appropriate actions are taken on the recommendation for the internal audit and risk management functions for both property development and manufacturing segments.
- Deliberated on the detailed internal audit reports and its recommendations and Management's response to these recommendations. Where appropriate, the Audit Committee would instruct the Management to improve Control procedures based on Internal Auditors' recommendations and suggestions for improvements.
- Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report 2017 before making recommendations to the Board.
- Reviewed the performance of the External Auditors in terms of their capability, professionalism and independence before recommending them to the Board to be considered for re-appointment at the Annual General Meeting.
- Reviewed the expanded scope of Internal Audit to focus on more operational aspects of our core businesses especially at project sites.

INTERNAL AUDIT FUNCTION

The Group has appointed an established external professional Internal Audit firm namely Smart Focus Group, headed by its Assurance Division Director, Mr. Lee Fook Sun, who graduated from Australia with a Bachelor of Commerce and a Masters in Accountancy. He is also a member of MIA and CPA Australia as well as a professional member of the Institute of Internal Auditors Malaysian (IA). He has vast experience and exposure in the Internal Audit field. He was assisted by three other Internal Auditors in this assignment during the financial year under review. The internal audit activities were reported directly to the Audit Committee based on the approved annual Internal Audit Plan.

Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilizing a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the Audit Committee. The Audit Committee approves the internal audit plan during the audit committee meeting in the beginning of the financial year. The scope of internal audit covers the audits of all operations of subsidiary companies in the Group.

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

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

The professional fees incurred for the internal audit functions during the current financial year amounted to RM20,163.

During the financial year, the following activities were carried out by the internal auditors in discharge of its responsibilities:

i) Review the system of internal controls of the various business operating units;
ii) Recommend improvements to the existing systems of internal controls;
iii) Follow up on implementation and disposition of audit findings and recommendation;
iv) Identify opportunities to improve the operations of and processes in the Company and the Group; and
v) Identification of risks and implementation of recommendations to mitigate the risks.

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 five (5) times during the financial year ended 31 March 2018 and the attendance record is as follows:-

Directors	Numbers of Meetings Held**	Number of Meetings Attended
Loy Kwee Keow	5	5
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)	5	5
Gan Boon Kat	5	5

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

The Audit Committee Report was made in accordance with a resolution of the Board dated 30 July 2018.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

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

The Board is pleased to present the following Risk Management and Internal Control Statement which was prepared pursuant to Bursa Malaysia Listing Requirement For The Main Market and Practice 9.1 and 9.2 of the Corporate Governance Guide, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), which outlines the nature and scope of risk management and internal control of the Group during the financial year ended 31 March 2018.

A. Responsibility of the Board

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

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

B. Control Environment

Organisation Structure

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

Internal Audit

The Group's Internal Audit function is outsourced to external consultant. The Internal Audit team reviews the risk identification procedures and control processes implemented by the Management, conducts audits that encompass reviewing critical areas that the Company faces, and reports to the Audit Committee on a periodic basis. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee.

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

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

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

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

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

The Internal Audit fee incurred for the financial year ended 31 March 2018 was RM20,163.

For key operational areas, annual independent audit on operational procedures of a key subsidiary was carried out in line with the International Standard of Operation ("ISO") Certification Programme.

Quality Assurance

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

Information and Communication

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

Our Group has relevant operating policies and procedures which comply with relevant laws and regulations. These policies and procedures ensure that processes adequately mitigate risks with appropriate internal controls. Regular reviews are conducted to ensure that risk policies and procedures are updated to align with new risk management action plans to address emerging risks and identified control gaps.

Systems, Data and Information Security

The IT department is responsible for continuously monitoring and resolving both internal and external security threats to our Group. This includes conducting security awareness initiatives, compliance audits on our Group's IT networks and systems and vulnerability assessments to mitigate the impact of security attacks, negligence and malware. The IT policies are established to proactively manage current and potential security threats to our Group's data and content arising from physical and logical access.

Business Continuity Management

Business Continuity Management aims to minimise the impact of business disruption through building resilient capabilities for effective response to threats and disruptions. Formal recovery plans are established and continuously reviewed, maintained and tested. These activities have been conducted to ensure the availability and effectiveness of Business Continuity Planning ("BCP") in achieving timely recovery of services while prioritizing staff safety.

Risk Management

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

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT
[CONT'D]

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

The ERM process is based on the following principles:
- Consider and manage risks enterprise-wide;
- Integrate risk management into business activities;
- Manage risk in accordance with the Risk Management framework;
- Tailor responses to business circumstances; and
- Communicate risks and responses to Management

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

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

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

Risk Structure/Accountability and Responsibility

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

Monitoring Activities

In the year under review, the following monitoring activities were undertaken to provide assurance on the effectiveness of risk management and internal controls:

(a) Our Board through our Audit Committee has reviewed the risk management updates as well as the progress of compliance status of the internal control and risk management system.

(b) Our Audit Committee has reviewed the process and compliance, exceptions identified by external auditors and internal auditors on a periodic basis. The implementation of the recommendations are tracked and reported to the Audit Committee on a periodic basis.

Management has taken the necessary actions to remediate weaknesses identified for the year under review. Our Board and senior leadership continuously assess the effectiveness of monitoring activities over risks and take measures to strengthen our risk management and internal control environment.

Assurance from the Management

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

Review of the Statement by External Auditors

The external auditors have reviewed this Risk Management and Internal Control Statement pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 March 2018, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

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

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Risk Management and Internal Control Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Conclusion

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

This statement is made in accordance with the resolution of the Board of directors dated 30 July 2018

NOMINATION COMMITTEE STATEMENT

MEMBERS

The Nomination Committee comprises the following directors:-

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

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

Gan Boon Kat
Member (Non-Independent Non-Executive Director)

DUTIES AND FUNCTIONS

In compliance to the Listing Requirements, the Nomination Committee comprises exclusively of Non-Executive Directors, a majority of whom were Independent Directors.

The Nomination Committee's prime responsible are consider and recommend to the Board balance director mix, candidates for directorship, assessment of the effectiveness and performance of the Board, Board Committees and individual Board members as well as the independence of Independent Directors.

The Terms of Reference of the Nomination Committee can be viewed at the Company's website at www.gsbsummit.com.my/nomi.html.

The performance evaluation of the Board and Audit Committee were assessed by the Nomination Committee while the individual directors and independence of Independent Director was conducted by way of self-assessment. Each director was given a set of relevant questionnaire covering assessments for the Board, Board Committee, individual director and independence assessments for Independent Directors. Directors are required to fill out these questionnaires and provide their feedback, commentary and suggestions areas for improvement. The results of these questionnaires were compiled by the Company Secretary and tabled to the Nomination Committee for review and deliberation.

The main assessment criteria applied in the assessments include board participation, effectiveness, Chairman and Managing Directors working relation, board structure and mix, and directors' performance.

As part of this performance evaluation, the Nomination Committee will also identify and propose the training needs for strengthening the competency of the Board.

RETIREMENT AND ROTATION

All directors are required to retire for re-election at least once in every three years. Before recommending the retiring directors to the Board for re-election, the Nomination Committee will review and report the performance assessment of the retiring directors to the Board and retiring directors shall abstain from deliberation of their performance.

Newly appointed Directors by the Board are subject to election by the shareholders at the next Annual General Meeting held following their appointments.

ACTIVITIES

During the financial year, the Nomination Committee has conducted one (1) meeting with full attendance. At the meeting, the Nomination Committee:

i. Annual reviewed of the required mix of skills, experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board;

ii. Annual assessment and tabling to the Board on the effectiveness of the Board as a whole, the Committee of the Board and the contribution of each individual director, including Independent Non-Executive Directors and Managing Directors based on the evaluation forms circulated;

iii. Reviewed and reported to the Board on the annual declaration of independence by Independent Directors for continual adherence to the independence criteria of the listing requirements;

iv. Following to the satisfactory assessment results of the Directors independence were not impaired, the Board had recommended that the approval of the shareholders be sought to re-appoint Mr Loy Kwee Keow and Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.) as Independent Non-Executive Directors.

v. Reviewed and recommended to the Board for re-election of retiring directors in AGM;

vi. Reviewed the skills, qualifications, integrity, competence, professionalism, time commitment and experience of the nominated candidates for Executive Chairman and Executive Director and proposed their appointment to the Board.

This statement is made in accordance with the resolution of the Board of directors dated 30 July 2018

OTHER INFORMATION

UTILIZATION OF PROCEEDS

The net proceeds of RM3,848,700 (net of fees in relation to the Private Placement exercise completed on 9 April 2014) has been utilised as working capital for the property development project in Plentong, Johor by 23 November 2015. In furtherance, as at 30 June 2017, all the net proceeds of RM8,450,000 from private placement of 88,000,000 new ordinary shares of RM0.10 each that was completed on 18 December 2015 was fully utilised for working capital for the property development project in Plentong, Johor.

EMPLOYEES' SHARE OPTION SCHEME

During the previous financial year, there were 30,075,000 options granted of which 24,870,000 were accepted by employees. As at 29 June 2018, the options exercised is as follows:-

Listing date	No. of shares
9/11/2017	100,000
7/6/2018	1,700,000
26/6/2018	5,480,000
	7,280,000

There was no further new options granted during the financial year under review.

AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the External Auditors by the Company and its subsidiaries for the financial year are as follows:-

	The Company	The Group
Audit Fees	38,000	154,000
Non-audit Fees	10,000	10,000
Purpose of Non-audit Fees	Review of Risk Management and Internal Control Statement	Review of Risk Management and Internal Control Statement

MATERIAL CONTRACTS

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

CONTRACTS RELATING TO LOANS

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

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

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

FINANCIAL CONTENTS

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2018.

PRINCIPAL ACTIVITIES

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

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the year	(2,607)	(188)

RESERVES AND PROVISIONS

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

DIVIDENDS

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

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Gan Pik Mui
Gan Boon Kat
Loy Kwee Keow
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)
Datin Toh Siew Chuon *(appointed on 19.06.2018)*
Tee Eng Seng *(appointed on 19.06.2018)*

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.4.2017	**Bought**	**Sold**	**At 31.3.2018**
Interests in the Company:				
Gan Pik Mui	55,065,100	-	-	55,065,100
Gan Boon Kat	9,119,490	-	-	9,119,490

	Number of options over ordinary shares			
	At 1.4.2017	**Granted**	**Forfeited**	**At 31.3.2018**
Interests in the Company:				
Gan Pik Mui	3,500,000	-	-	3,500,000
Gan Boon Kat	3,300,000	-	-	3,300,000
Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.)	2,000,000	-	-	2,000,000
Loy Kwee Keow	2,000,000	-	-	2,000,000

DIRECTORS' BENEFITS

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

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of the Employees Share Option Scheme ("ESOS").

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid up share capital of the Company was increased from 528,000,000 ordinary shares to 528,100,000 ordinary shares by way of issuance of 100,000 new ordinary shares pursuant to the 100,000 options exercised under ESOS at exercise price at 10 sen for cash.

Subsequent to the financial year end and up to the date of this report, the issued and paid up share capital of the Company was increased from 528,100,000 ordinary shares to 542,070,000 ordinary shares by way of issuance of 13,970,000 new ordinary shares pursuant to the 13,970,000 options exercised under ESOS at exercise price at 10 sen for cash.

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 apart from the issue of options pursuant to ESOS.

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

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

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

i) Eligible executives are those executives (including full-time executive directors) of the Group who have been confirmed in service on the date of the offer. The maximum allowable allotments for the full-time executive directors have been approved by the shareholders of the Company in a general meeting.

ii) The aggregate number of shares to be issued under the ESOS shall not be more than 10% of the issued share capital of the Group or 44,000,000 new ordinary shares, whichever is higher.

iii) The Company has, on 15 April 2015 ("Effective Date"), implemented the ESOS. The ESOS will be in force for a period of 5 years and may be extended for up to another 5 years immediately from the expiry of the first 5 years, but will not in aggregate exceed 10 years from the Effective Date.

iv) The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the preceding the date of offer and shall in no event be less than the shares of the Group of RM0.10.

v) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate.

vi) The option granted to eligible executives will lapse when they are no longer in employment with the Group.

vii) The Options shall not carry any right to vote at any general meeting of the Company.

viii) A Grantee shall not be entitled to any dividends, rights or other entitlements on this unexercised Options.

The options offered to take up unissued ordinary shares and the exercise prices are as follows:

		Number of options over ordinary shares				
Date of offer	**Exercise price**	**At 1.4.2017**	**Granted**	**Exercised**	**Forfeited**	**At 31.3.2018**
3.12.2015	RM0.10	26,100,000	-	(100,000)	(1,230,000)	24,770,000

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (CONT'D)

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 March 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events are disclosed in Note 31 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 21 to the financial statements.

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

………………………………………………………..
Gan Pik Mui
Director

……………………………………………………….
Gan Boon Kat
Director

Petaling Jaya,

Date: 30 July 2018

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Assets					
Property, plant and equipment	3	15,899	16,804	-	-
Goodwill	4	-	12	-	-
Investment property	5	-	407	-	-
Investments in subsidiaries	6	-	-	26,638	26,638
Land held for property development	7	72,995	42,846	-	-
Total non-current assets		88,894	60,069	26,638	26,638
Inventories	8	1,520	1,623	-	-
Property development costs	9	69,703	52,438	-	-
Trade and other receivables	10	37,023	45,109	29,621	27,214
Current tax assets		1,843	950	14	14
Prepayments		34	59	-	-
Cash and bank balances	11	7,128	5,517	20	22
		117,251	105,696	29,655	27,250
Asset classified as held for sale	12	848	848	-	-
Total current assets		118,099	106,544	29,655	27,250
Total assets		206,993	166,613	56,293	53,888
Equity					
Share capital		53,754	53,740	53,754	53,740
Share option reserve		446	424	446	424
Revaluation reserve		8,658	8,658	-	-
Accumulated losses		(9,347)	(6,740)	(10,747)	(10,559)
Total equity attributable to owners of the Company	13	53,511	56,082	43,453	43,605
Liabilities					
Loans and borrowings	14	47,244	22,383	-	-
Deferred tax liabilities	15	3,734	3,709	-	-
Other payables	16	9,655	9,655	-	-
Total non-current liabilities		60,633	35,747	-	-
Trade and other payables	16	69,656	47,877	12,840	10,283
Loans and borrowings	14	21,927	26,218	-	-
Current tax liabilities		1,266	689	-	-
Total current liabilities		92,849	74,784	12,840	10,283
Total liabilities		153,482	110,531	12,840	10,283
Total equity and liabilities		206,993	166,613	56,293	53,888

The notes on pages 41 to 83 form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	18	36,568	33,316	-	-
Cost of sales		(30,076)	(27,456)	-	-
Gross profit		6,492	5,860	-	-
Other income		2,125	1,798	-	-
Distribution expenses		(710)	(1,429)	-	-
Administrative expenses		(5,731)	(4,906)	-	-
Other expenses		(1,944)	(1,129)	(188)	(261)
Results from operating activities		232	194	(188)	(261)
Finance income	19	129	131	60	149
Finance costs	20	(1,798)	(1,188)	(60)	(149)
Loss before tax	21	(1,437)	(863)	(188)	(261)
Tax expense	23	(1,170)	(1,052)	-	-
Loss for the year		(2,607)	(1,915)	(188)	(261)
Other comprehensive income for the year		-	-	-	-
Loss and total comprehensive expense for the year		(2,607)	(1,915)	(188)	(261)

	Note	2018 sen	2017 sen
Basic loss per ordinary share	24	(0.49)	(0.36)
Diluted loss per ordinary share	24	(0.47)	(0.35)

The notes on pages 41 to 83 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	← Non-distributable			→		
	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Share option reserve RM'000	Accumulated losses RM'000	Total RM'000
Group						
At 1 April 2016	52,800	940	8,658	260	(4,825)	57,833
Loss and total comprehensive expense for the year	-	-	-	-	(1,915)	(1,915)
Share options granted	-	-	-	164	-	164
Transfer pursuant to Section 618(2) of the Companies Act 2016	940	(940)	-	-	-	-
At 31 March 2017/1 April 2017	53,740	-	8,658	424	(6,740)	56,082
Loss and total comprehensive expense for the year	-	-	-	-	(2,607)	(2,607)
Share options granted	-	-	-	26	-	26
Share options exercised	14	-	-	(4)	-	10
At 31 March 2018	53,754	-	8,658	446	(9,347)	53,511
	Note 13	Note 13	Note 13	Note 13		

	← Non-distributable		→		
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Accumulated losses RM'000	Total RM'000
Company					
At 1 April 2016	52,800	940	260	(10,298)	43,702
Total comprehensive expense for the year	-	-	-	(261)	(261)
Share options granted	-	-	164	-	164
Transfer pursuant to Section 618(2) of the Companies Act 2016	940	(940)	-	-	-
At 31 March 2017/1 April 2017	53,740	-	424	(10,559)	43,605
Total comprehensive expense for the year	-	-	-	(188)	(188)
Share options granted	-	-	26	-	26
Share options exercised	14	-	(4)	-	10
At 31 March 2018	53,754	-	446	(10,747)	43,453
	Note 13	Note 13	Note 13		

The notes on pages 41 to 83 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from operating activities					
Loss before tax		(1,437)	(863)	(188)	(261)
Adjustments for:					
Depreciation of property, plant and equipment		906	1,030	-	-
Finance costs		1,798	1,188	60	149
Finance income		(129)	(131)	(60)	(149)
Net impairment loss/(Reversal of impairment loss) on trade and other receivables		(19)	194	-	-
Goodwill written off		12	-	-	-
Gain on:					
- disposal of property, plant and equipment		(2)	(32)	-	-
- disposal of investment property		(132)	-	-	-
Unrealised foreign exchange loss/(gain)		5	(36)	-	-
Equity settled share-based payment transactions		26	164	11	68
Operating profit/(loss) before changes in working capital		1,028	1,514	(177)	(193)
Changes in working capital:					
Inventories		103	106	-	-
Land held for development		(2,124)	-	-	-
Property development costs		(15,143)	(4,633)	-	-
Trade and other payables		21,779	25,112	(2,392)	1,987
Trade and other receivables and prepayments	(iii)	(9,774)	(16,596)	2,557	(1,843)
Cash (used in)/ generated from operations		(4,131)	5,503	(12)	(49)
Interest paid		(4,542)	(2,601)	(60)	(149)
Interest received		129	131	60	149
Income tax paid		(1,536)	(1,433)	-	-
Income tax refund		75	30	-	-
Net cash (used in)/from operating activities		(10,005)	1,630	(12)	(49)
Cash flows from investing activities					
Additions to:					
- Property, plant and equipment	(ii)	(1)	(13)	-	-
- Land held for property development		(9,500)	(63)	-	-
Proceeds from:					
- Deposits pledged with licensed banks		1,172	777	-	-
- Disposal of property, plant and equipment		2	48	-	-
- Disposal of investment property		539	-	-	-
Net cash (used in)/from investing activities		(7,788)	749	-	-

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018
[CONT'D]

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from financing activities					
Drawdown of term loans		33,773	-	-	-
Proceeds from exercise of ESOS		10	-	10	-
Repayment of term loans		(10,810)	(2,415)	-	-
Repayment of finance lease liabilities		(114)	(227)	-	-
Net cash from/(used in) financing activities		22,859	(2,642)	10	-
Net increase/(decrease) in cash and cash equivalents		5,066	(263)	(2)	(49)
Cash and cash equivalents at 1 April		(12,573)	(12,346)	22	71
Effect of exchange rate fluctuations on cash held		(5)	36	-	-
Cash and cash equivalents at 31 March	(i)	(7,512)	(12,573)	20	22

Notes to statements of cash flows

(i) Cash and cash equivalents

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

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash and bank balances	5,512	2,730	20	22
Deposits placed with licensed banks	1,610	2,781	-	-
Highly liquid investments	6	6	-	-
	7,128	5,517	20	22
Less: Deposits pledged	(1,610)	(2,781)	-	-
Bank overdrafts	(13,030)	(15,309)	-	-
	(7,512)	(12,573)	20	22

(ii) Acquisition of property, plant and equipment

In the previous financial year, the Group acquired property, plant and equipment with an aggregate cost of RM162,000, of which RM149,000 were acquired by means of finance lease.

(iii) Increase in investment in subsidiaries

In the previous financial year, the Company increased its investment in subsidiaries via the capitalisation of advances given to its subsidiary amounting to RM1,500,000.

The notes on pages 41 to 83 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2018

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

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

Registered office
Level 8, Symphony House
Block D13
Pusat Dagangan Dana 1
Jalan PJU1A/46
47301 Petaling Jaya, Selangor

The consolidated financial statements of the Company as at and for the financial year ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 31 March 2018 do not include other entities.

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

These financial statements were authorised for issue by the Board of Directors on 30 July 2018.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group have been prepared in accordance with Financial Reporting Standards (FRS) and the requirements of the Companies Act 2016 in Malaysia.

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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018
- FRS 9, Financial Instruments (2014)
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 4, Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts
- Amendments to FRS 128, Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)
- Amendments to FRS 140, Investment Property – Transfers of Investment Property

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019
- IC Interpretation 23, Uncertainty over Income Tax Treatments

FRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed
- Amendments to FRS 10, Consolidated Financial Statements and FRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group's financial statements for annual period beginning on 1 April 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group will not be adopting the above FRSs, Interpretations and amendments.

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

The initial application of the MFRSs are not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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

- Note 3 - valuation of property, plant and equipment
- Note 9 - calculation of revenue and cost of sales for property development projects
- Note 15 - deferred tax assets/liabilities

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(ii) Business combinations

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

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

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

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

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

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

(iii) Loss of control

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

(iv) Transactions eliminated on consolidation

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

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

(b) Foreign currency transactions

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments

(i) Initial recognition and measurement

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

(b) Loans and receivables

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

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

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost.

(iii) Derecognition

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leased assets

(i) Finance lease

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

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

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

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

(f) Intangible assets

(i) Goodwill

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

(ii) Amortisation

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

(g) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Land held for property development

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

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

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

(i) Property development costs

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

Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billing under trade and other receivables while the excess billing to purchasers over revenue recognised in profit or loss is classified as progress billings under trade and other payables.

(j) Construction work-in-progress

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

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

(k) Inventories

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

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

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

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

(l) Non-current asset held for sale

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Non-current asset held for sale (cont'd)

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

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

(m) Cash and cash equivalents

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

(n) Impairment

(i) Financial assets

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

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

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

(ii) Other assets

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment (cont'd)

(ii) Other assets (cont'd)

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

(o) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(p) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

(iii) Share-based payment transactions

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Provisions

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

Contingent liabilities

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

(r) Revenue and other income

(i) Goods sold

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

(ii) Property development

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

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

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

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

(iii) Dividend income

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

(iv) Interest income

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Borrowing costs

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

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

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

(t) Income tax

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

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

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

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognized as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilized tax incentive can be utilized.

(u) Earnings per ordinary share

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(v) Operating segments

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Fair value measurements

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

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

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

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

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

3. PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and audio equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Renovation RM'000	Total RM'000
Cost/Valuation								
At 1 April 2016	10,425	6,873	30,158	348	1,919	2,739	61	52,523
Additions	-	-	-	4	157	1	-	162
Disposals	-	-	-	-	(203)	-	-	(203)
Written off	-	-	(79)	(299)	(54)	(646)	-	(1,078)
At 31 March 2017/1 April 2017	10,425	6,873	30,079	53	1,819	2,094	61	51,404
Additions	-	-	-	1	-	-	-	1
Disposals	-	-	-	-	(32)	-	-	(32)
At 31 March 2018	10,425	6,873	30,079	54	1,787	2,094	61	51,373
Depreciation and impairment loss								
At 1 April 2016								
Accumulated depreciation	755	638	28,802	339	1,462	2,483	22	34,501
Accumulated impairment loss	-	-	334	-	-	-	-	334
	755	638	29,136	339	1,462	2,483	22	34,835
Disposals	-	-	-	-	(187)	-	-	(187)
Written off	-	-	(79)	(299)	(54)	(646)	-	(1,078)
Depreciation for the year	60	287	406	9	240	22	6	1,030
At 31 March 2017/1 April 2017								
Accumulated depreciation	815	925	29,129	49	1,461	1,859	28	34,266
Accumulated impairment loss	-	-	334	-	-	-	-	334
	815	925	29,463	49	1,461	1,859	28	34,600
Disposals	-	-	-	-	(32)	-	-	(32)
Depreciation for the year	60	287	297	4	233	19	6	906
At 31 March 2018								
Accumulated depreciation	875	1,212	29,426	53	1,662	1,878	34	35,140
Accumulated impairment loss	-	-	334	-	-	-	-	334
	875	1,212	29,760	53	1,662	1,878	34	35,474

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

	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and audio equipment RM'000	Office equipment RM'000	Motor vehicles RM'000	Furniture, fixtures and fittings RM'000	Renovation RM'000	Total RM'000
Carrying amounts								
At 1 April 2016	9,670	6,235	1,022	9	457	256	39	17,688
At 31 March 2017/1 April 2017	9,610	5,948	616	4	358	235	33	16,804
At 31 March 2018	9,550	5,661	319	1	125	216	27	15,899
Cost/Valuation is represented by:								
At cost	-	-	30,079	54	1,787	2,094	61	34,075
At valuation	10,425	6,873	-	-	-	-	-	17,298
At 31 March 2018	10,425	6,873	30,079	54	1,787	2,094	61	51,373

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

3.1 Assets under finance lease agreements

Included in property, plant and equipment of the Group are motor vehicles acquired under finance lease agreements with carrying amounts of RM147,000 (2017: RM355,000).

3.2 Property, plant and equipment under revaluation model

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

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

Had the buildings been carried under the historical cost model, their carrying amounts would have been RM1,180,000 (2017: RM1,218,000).

3.3 Titles

The strata titles of buildings in certain subsidiaries with carrying amounts of RM305,000 (2017: RM322,000), have not been issued to the subsidiaries as the master title has not been sub-divided.

3.4 Security

The leasehold lands and buildings of certain subsidiaries with carrying amount of RM14,978,000 (2017: RM15,263,000) were pledged to a licensed bank as security for term loan facilities granted to a subsidiary (Note 14).

4. GOODWILL

	Group RM'000
Cost	
At 1 April 2016/31 March 2017/1 April 2017	738
Write-off	(738)
At 31 March 2018	-
Impairment loss	
At 1 April 2016/31 March 2017/1 April 2017	726
Write-off	(726)
At 31 March 2018	-
Carrying amounts	
At 1 April 2016/31 March 2017/1 April 2017	12
At 31 March 2018	-

5. INVESTMENT PROPERTY

Group	Freehold land 2018 RM'000	Freehold land 2017 RM'000
At cost		
At 1 April	407	407
Disposal	(407)	-
At 31 March	-	407
Fair value		
At 1 April	528	539
At 31 March	-	528
Direct operating expenses arising from non-income generating investment property	24	19

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

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

The freehold land with carrying amount of Nil (2017: RM407,000) was charged to a licensed bank as security for bank overdraft facility granted to a subsidiary (Note 14).

6. INVESTMENTS IN SUBSIDIARIES

	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares, at cost	30,413	30,413
Less: Impairment losses	(3,775)	(3,775)
	26,638	26,638

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2018 %	Effective ownership interest 2017 %
Banda Industries Sdn. Bhd.	Malaysia	Property development	100	100
GSB Hotel Sdn. Bhd.	Malaysia	Property development	100	100
GSB Management Sdn. Bhd.	Malaysia	Property development and construction	100	100
GSB Properties Sdn. Bhd.	Malaysia	Property development	100	100

6. Investments in subsidiaries (cont'd)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest 2018 %	2017 %
GSB Summit Development Sdn. Bhd.	Malaysia	Property development	100	100
Serta Usaha Sdn. Bhd.	Malaysia	Property development	100	100
GSB Summit CD (M) Sdn. Bhd.	Malaysia	Manufacture of compact discs	100	100
GSB Summit Audio (M) Sdn. Bhd.*	Malaysia	Dormant	100	100

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

7. LAND HELD FOR PROPERTY DEVELOPMENT

	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
Group				
Cost				
At 1 April 2016	14,270	20,500	6,600	41,370
Additions	-	-	1,476	1,476
At 31 March 2017/1 April 2017	14,270	20,500	8,076	42,846
Additions	29,493	-	2,091	31,584
Transfer to property development costs	(1,390)	-	(45)	(1,435)
At 31 March 2018	42,373	20,500	10,122	72,995

7.1 Security

The land held for property development amounting to RM57,993,000 (2017: RM34,474,000) have been pledged to licensed banks as security for credit facilities granted to certain subsidiaries (Note 14).

8. INVENTORIES

	Group 2018 RM'000	2017 RM'000
Raw materials and consumables	578	566
Work-in-progress	39	138
Finished goods	-	16
Completed properties	903	903
	1,520	1,623
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,623	2,164

8. INVENTORIES (CONT'D)

8.1 Security

The completed properties amounting to RM136,000 (2017: RM136,000) have been pledged to a licensed bank as security for bank overdrafts facilities granted to a subsidiary (Note 14).

9. PROPERTY DEVELOPMENT COSTS

	Note	Group	
		2018 RM'000	2017 RM'000
At 1 April			
Land		36,626	35,112
Development costs		56,520	31,579
Accumulated costs charged to profit or loss		(40,708)	(18,886)
		52,438	47,805
Costs incurred during the year		41,987	26,455
Transfer from land held for property development			
- Land	7	1,390	-
- Property development costs	7	45	-
		95,860	74,260
Costs charged to profit or loss		(26,157)	(21,822)
At 31 March		69,703	52,438
Represented by:			
At 31 March			
Land		38,016	36,626
Development costs		98,552	56,520
Accumulated costs charged to profit or loss		(66,865)	(40,708)
		69,703	52,438

9.1 Estimation uncertainty and critical judgements

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

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

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

9.2 Security

Included in the property development costs is RM34,154,000 (2017: RM32,921,000) being land costs pledged to a licensed bank as security for bank overdrafts facilities and secured term loans facilities granted to subsidiaries (Note 14).

10. TRADE AND OTHER RECEIVABLES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Trade					
Trade receivables		16,802	8,579	-	-
Less: Allowance for impairment losses		(226)	(252)	-	-
		16,576	8,327	-	-
Accrued billings	10.1	11,181	12,087	-	-
		27,757	20,414	-	-
Non-trade					
Other receivables	10.2	9,072	6,592	-	-
Deposits	10.3	194	18,103	-	-
Amounts due from subsidiaries	10.4	-	-	29,621	27,214
		9,266	24,695	29,621	27,214
		37,023	45,109	29,621	27,214

10.1 Accrued billings

	Note	Group 2018 RM'000	Group 2017 RM'000
Aggregate costs incurred to date		66,865	40,708
Add: Attributable profits		14,151	8,749
		81,016	49,457
Less: Progress billings		(71,841)	(37,370)
Accrued billings		9,175	12,087
As at 31 March			
Accrued billings		11,181	12,087
Progress billings	16	(2,006)	-
		9,175	12,087

10.2 Other receivables

Included in the other receivables of the Group is an amount due from joint venture partner of RM7,690,000 (2017: RM6,231,000) to a subsidiary, which is subject to interest of 8% (2017: 8%) per annum from date of letter of payment notice issued to the joint venture partner.

10.3 Deposits

Included in the deposits of the Group is Nil (2017: RM17,902,000) being deposit paid to the landowner by a subsidiary to acquire a piece of land in the District of Bentong, Pahang.

10.4 Amounts due from subsidiaries

Included in amount due from subsidiaries are unsecured amount of Nil (2017: RM1,900,000) subject to an interest rate of Nil (2017: Base Lending Rate plus 1.50%) per annum and repayable on demand. The remaining amount due from subsidiaries are unsecured, interest free and repayable on demand.

11. CASH AND BANK BALANCES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash and bank balances	11.1	5,512	2,730	20	22
Deposits placed with licensed banks	11.2	1,610	2,781	-	-
Highly liquid investments	11.3	6	6	-	-
		7,128	5,517	20	22

11.1 Cash and bank balances

Included in the Group's cash and bank balances is RM3,414,000 (2017: RM1,378,000) maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991.

11.2 Deposits placed with licensed banks

Included in the deposits placed with licensed banks is RM1,610,000 (2017: RM2,781,000) pledged for credit facilities granted to certain subsidiaries (Note 14).

11.3 Highly liquid investments

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

12. ASSET CLASSIFIED AS HELD FOR SALE

A freehold land is presented as an "asset held for sale" following the commitment of the Group to a plan to sell the land (Note 31.3).

The carrying value of investment property of RM848,000 (2017: RM848,000) is the same as its carrying value before it was being reclassified to current asset.

The freehold land with carrying amount of RM848,000 (2017: RM848,000) was charged to a licensed bank as security for bank overdraft facility granted to a subsidiary (Note 14).

13. CAPITAL AND RESERVES

13.1 Share capital

	Group and Company Amount 2018 RM'000	Number of shares 2018 '000	Amount 2017 RM'000	Number of shares 2017 '000
Issued and fully paid:				
As at 1 April	53,740	528,000	52,800	528,000
Transfer from share premium in accordance with Section 618(2)				
of the Companies Act 2016	-	-	940	-
Issued during the year	14	100	-	-
As at 31 March	53,754	528,100	53,740	528,000

13. CAPITAL AND RESERVES (CONT'D)

13.1 Share capital (cont'd)

In accordance with Section 618 of Companies Act 2016, the amount standing to the credit of the share premium account of RM940,000 (2017: RM940,000) has become part of the Company's share capital and is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of section 74).

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.

13.2 Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings. Share option is disclosed in Note 17.

13.3 Revaluation reserve

The revaluation reserve relates to the revaluation of land and building (Note 3).

14. LOANS AND BORROWINGS

		Group	
	Note	2018	2017
		RM'000	RM'000
Non-current			
Secured term loans	14.1	47,191	22,276
Finance lease liabilities	14.2	53	107
		47,244	22,383
Current			
Secured term loans	14.1	8,843	10,795
Secured bank overdrafts	14.1	13,030	15,309
Finance lease liabilities	14.2	54	114
		21,927	26,218
		69,171	48,601

14.1 Security

The term loans and bank overdrafts are secured by the property, plant and equipment (Note 3), investment property (Note 5), land held for property development (Note 7), inventories (Note 8), property development costs (Note 9), deposits placed with licensed banks (Note 11) and asset classified as held for sale (Note 12) of certain subsidiaries, and are supported by the corporate guarantees from the Company, joint and several guarantee by certain Directors of the Company, certain third parties and a person connected with Directors.

14. LOANS AND BORROWINGS (CONT'D)

14.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000	Future minimum lease payments 2017 RM'000	Interest 2017 RM'000	Present value of minimum lease payments 2017 RM'000
Group						
Less than one year	58	(4)	54	122	(8)	114
Between one and five years	55	(2)	53	113	(6)	107
	113	(6)	107	235	(14)	221

14.3 Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 April 2017 RM'000	Net changes from financing cash flows RM'000	At 31 March 2018 RM'000
Bank loans	33,071	22,963	56,034
Finance lease liabilities	221	(114)	107
	33,292	22,849	56,141

15. DEFERRED TAX LIABILITIES

15.1 Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Assets 2018 RM'000	2017 RM'000	Liabilities 2018 RM'000	2017 RM'000	Net 2018 RM'000	2017 RM'000
Property, plant and equipment	-	-	(3,300)	(3,511)	(3,300)	(3,511)
Land held for property development/property development costs	-	-	(756)	(756)	(756)	(756)
Unabsorbed capital allowance	313	312	-	-	313	312
Tax loss carry-forwards	176	246	-	-	176	246
Others	-	-	(167)	-	(167)	-
Deferred tax assets/ (liabilities)	489	558	(4,223)	(4,267)	(3,734)	(3,709)
Set off of tax	(489)	(558)	489	558	-	-
Net tax assets/(liabilities)	-	-	(3,734)	(3,709)	(3,734)	(3,709)

15. DEFERRED TAX LIABILITIES (CONT'D)

15.2 Unrecognised deferred tax assets

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Taxable temporary differences	(32)	(32)	-	-
Unabsorbed capital allowances	98	80	-	-
Tax loss carry-forwards	5,292	3,955	225	225
	5,358	4,003	225	225

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.

15.3 Unabsorbed capital allowances/Unutilised reinvestment allowances

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

Subject to agreement by the Inland Revenue Board, the Group has unabsorbed capital allowances and unutilised reinvestment allowances not accounted for, amounting to RM6,857,500 (2017: RM6,857,500) and RM8,540,000 (2017: RM8,540,000) respectively to be set off against future taxable profits from the same business source.

16. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Non-current					
Non-trade					
Other payable	16.1	9,655	9,655	-	-
Current					
Trade					
Trade payables		29,782	20,847	-	-
Progress billings	10.1	2,006	-	-	-
		31,788	20,847	-	-
Non-trade					
Amounts due to subsidiaries	16.2	-	-	12,705	10,063
Amounts due to Directors	16.3	25,913	16,905	-	-
Other payables and accruals	16.4	11,955	10,125	135	220
		37,868	27,030	12,840	10,283
		69,656	47,877	12,840	10,283

16. TRADE AND OTHER PAYABLES (CONT'D)

16.1 Other payable

Other payable represents the landowner's entitlement of RM9,655,000 (2017: RM9,655,000) that is expected to be payable to the joint venture partner over the final three years of the joint venture period.

16.2 Amounts due to subsidiaries

Included in amount due to subsidiaries are unsecured amount of Nil (2017: RM1,900,000) subject to an interest rate of Nil (2017: Base Lending Rate plus 1.50%) per annum and repayable on demand. The remaining amount due to subsidiaries are unsecured, interest free and repayable on demand.

16.3 Amounts due to Directors

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

16.4 Other payables and accruals

Included in other payables and accruals of the Group are:

(i) landowner's entitlement of RM1,147,000 (2017: RM1,147,000) that is expected to be payable to the joint venture partner over the final three years of the joint venture period.

(ii) deposit received from a purchaser amounting to RM1,007,000 (2017: RM77,000) in relation to a disposal of property (Note 31.3).

17. EMPLOYEE BENEFITS

Share-based payments arrangement

Share option programme (equity settled)

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

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

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

17. EMPLOYEE BENEFITS (CONT'D)

Share-based payments arrangement (cont'd)

Share option programme (equity settled) (cont'd)

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

	2018		2017	
	Weighted average exercise price RM	Number of options '000	Weighted average exercise price RM	Number of options '000
Outstanding at 1 April	RM0.10	26,100	RM0.10	28,050
Forfeited during the year	RM0.10	(1,230)	RM0.10	(1,950)
Exercised during the year	RM0.10	(100)	-	-
Outstanding at 31 March	RM0.10	24,770	RM0.10	26,100
Exercisable at 31 March	RM0.10	24,770	RM0.10	18,270

The options outstanding at 31 March 2018 have an exercise price of RM0.10 (2017: RM0.10) and a weighted average contractual life of 2.3 years (2017: 3.3 years).

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

	Key management personnel and executives	
	2018 RM'000	2017 RM'000
Fair value of share options and assumptions		
Fair value at grant date	RM0.02	RM0.02
Weighted average share price	RM0.10	RM0.10
Exercise price	RM0.10	RM0.10
Expected volatility (weighted average volatility)	40.4%	40.4%
Option life (expected weighted average life)	2.3 years	3.3 years
Risk-free interest rate (based on Malaysian Government bonds)	3.8%	3.8%

Value of employee services received for issue of share options

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Share options granted	26	164	26	164
Total expense recognised as share-based payments	26	164	11	68

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

18. REVENUE

	Group	
	2018	2017
	RM'000	RM'000
Property development	31,559	27,220
Sale of goods	5,009	6,096
	36,568	33,316

19. FINANCE INCOME

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- Fixed deposits	72	101	-	-
- Housing development accounts	54	24	-	-
- Advance to related companies	-	-	60	149
- Others	3	6	-	-
	129	131	60	149

20. FINANCE COSTS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Finance lease liabilities	(8)	(19)	-	-
- Bank overdrafts	(1,049)	(1,169)	-	-
- Term loans	(2,782)	(1,413)	-	-
- Advance from related company	-	-	(60)	(149)
- Late payment charges from third party	(703)	-	-	-
	(4,542)	(2,601)	(60)	(149)
Finance costs:				
- Recognised in profit or loss	(1,798)	(1,188)	(60)	(149)
- Capitalised in land held for property development	(2,058)	(1,413)	-	-
- Capitalised in property development costs	(686)	-	-	-
	(4,542)	(2,601)	(60)	(149)

21. LOSS BEFORE TAX

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Loss before tax is arrived at after charging:				
Auditors' remuneration				
-Audit fees	154	147	38	38
-Non-audit fees	10	15	10	15
Depreciation of property, plant and equipment	906	1,030	-	-
Impairment loss:				
-Trade receivables	-	30	-	-
-Other receivables	7	192	-	-
Goodwill written off	12	-	-	-
Personnel expenses (including key management personnel):				
-Contributions to state plans	420	440	-	-
-Wages, salaries and others	3,844	3,916	-	-
Loss on foreign exchange:				
- Realised	25	35	-	-
- Unrealised	5	-	-	-
and after crediting:				
Reversal of impairment loss on trade receivables	26	28	-	-
Gain on foreign exchange:				
- Unrealised	-	36	-	-
Net gain on disposal of:				
- Property, plant and equipment	2	32	-	-
- Investment property	132	-	-	-
Interest receivable from advances to joint venture partner	834	594	-	-

22. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Directors:				
- Fees	19	115	19	19
- Remuneration	371	275	-	-
	390	390	19	19

23. TAX EXPENSE

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Current year	1,318	1,499	-	-
- Over provision in prior year	(173)	(38)	-	-
Total current tax expense	1,145	1,461	-	-
Deferred tax expense				
- Origination and reversal of temporary differences	19	(232)	-	-
- Under/(Over) provision in prior years	6	(177)	-	-
Total deferred tax expense/(income)	25	(409)	-	-
Total tax expense	1,170	1,052	-	-

Reconciliation of tax expense

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Loss before tax	(1,437)	(863)	(188)	(261)
Income tax calculated using Malaysian tax rate at 24% (2017: 24%)	(345)	(207)	(45)	(63)
Non-deductible expenses	1,392	1,221	45	63
Non-taxable income	(35)	(27)	-	-
Effect of deferred tax assets not recognised	325	280	-	-
Over provision in prior years	(167)	(215)	-	-
	1,170	1,052	-	-

24. LOSS PER ORDINARY SHARE

24.1 Basic loss per ordinary share

The calculation of basic loss per ordinary share at 31 March 2018 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2018	2017
Loss for the year attributable to ordinary shareholders (RM'000)	(2,607)	(1,915)
Weighted average number of ordinary shares at 31 March ('000)	528,041	528,000
Basic loss per ordinary share (sen)	(0.49)	(0.36)

24. LOSS PER ORDINARY SHARE (CONT'D)

24.2 Diluted loss per ordinary share

The calculation of diluted loss per ordinary share at 31 March 2018 was based on loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2018	**2017**
Loss for the year attributable to ordinary shareholders (RM'000)	(2,607)	(1,915)
Weighted average number of ordinary shares at 31 March (basic) ('000)	528,041	528,000
Effect of share options on issue ('000)	24,770	26,100
Weighted average number of ordinary shares at 31 March (diluted) ('000)	552,811	554,100
Diluted loss per ordinary share (sen)	(0.47)	(0.35)

25. OPERATING SEGMENTS

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

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

Other non-reportable segments comprise operations related to investment holding company. None of these segments met the quantitative thresholds for reporting segments in 2018 and 2017.

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

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

Segment assets

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

Segment liabilities

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

25. OPERATING SEGMENTS (CONT'D)

	Replication of compact discs RM'000	Property development RM'000	Total RM'000
2018			
Group			
Segment loss	(314)	943	629
Included in the measure of segment loss are:			
Revenue from external customers	5,009	31,559	36,568
Not included in the measure of segment loss but provided to Managing Director:			
Depreciation	(388)	(238)	(626)
Finance costs	(60)	(1,738)	(1,798)
Finance income	-	129	129
Segment assets	10,273	187,707	197,980
Included in the measure of segment assets are:			
Additions to non-current assets other than financial instruments and deferred tax assets	-	31,585	31,585
2017			
Group			
Segment loss	(840)	1,523	683
Included in the measure of segment loss are:			
Revenue from external customers	6,096	27,220	33,316
Not included in the measure of segment loss but provided to Managing Director:			
Depreciation	(513)	(236)	(749)
Finance costs	(150)	(1,038)	(1,188)
Finance income	3	128	131
Segment assets	11,125	146,430	157,555
Included in the measure of segment assets are:			
Additions to non-current assets other than financial instruments and deferred tax assets	-	1,638	1,638

25. OPERATING SEGMENTS (CONT'D)

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

	Group 2018 RM'000	Group 2017 RM'000
Profit or loss		
Total profit for reportable segments	629	683
Other non-reportable segments	(397)	(489)
Finance income	129	131
Finance costs	(1,798)	(1,188)
Consolidated loss before tax	(1,437)	(863)

	External revenue RM'000	Depreciation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
2018						
Total reportable segments	36,568	(626)	(1,798)	129	197,980	31,585
Other non-reportable segments	-	(280)	-	-	9,013	-
Consolidated total	36,568	(906)	(1,798)	129	206,993	31,585
2017						
Total reportable segments	33,316	(749)	(1,188)	131	157,555	1,638
Other non-reportable segments	-	(281)	-	-	9,058	-
Consolidated total	33,316	(1,030)	(1,188)	131	166,613	1,638

26. FINANCIAL INSTRUMENTS

26.1 Categories of financial instruments

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

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

	Carrying amount RM'000	L&R RM'000	FL RM'000
2018			
Financial assets			
Group			
Trade and other receivables	37,023	37,023	-
Cash and bank balances	7,128	7,128	-
	44,151	44,151	-
Company			
Trade and other receivables	29,621	29,621	-
Cash and bank balances	20	20	-
	29,641	29,641	-
Financial liabilities			
Group			
Loans and borrowings	(69,171)	-	(69,171)
Trade and other payables	(79,311)	-	(79,311)
	(148,482)	-	(148,482)
Company			
Other payables	(12,840)	-	(12,840)
2017			
Financial assets			
Group			
Trade and other receivables	45,109	45,109	-
Cash and bank balances	5,517	5,517	-
	50,626	50,626	-
Company			
Trade and other receivables	27,214	27,214	-
Cash and bank balances	22	22	-
	27,236	27,236	-
Financial liabilities			
Group			
Loans and borrowings	(48,601)	-	(48,601)
Trade and other payables	(57,532)	-	(57,532)
	(106,133)	-	(106,133)
Company			
Other payables	(10,283)	-	(10,283)

26. FINANCIAL INSTRUMENTS (CONT'D)

26.2 Net (losses) and gains arising from financial instruments

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net gains/(losses) on:				
Loans and receivables	952	532	60	149
Financial liabilities measured at amortised cost	(1,798)	(1,188)	(60)	(149)
	(846)	(656)	-	-

26.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit risk

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

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers and the Group uses ageing analysis to monitor the credit quality of the receivables whilst significant portion of trade receivables for property development segment are purchasers that are backed by financiers. Any past due receivables, which are deemed to have higher credit risk, are monitored individually.

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (cont'd)

Impairment losses

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

	Gross RM'000	Individual impairment RM'000	Net RM'000
Group			
2018			
Not past due	16,232	-	16,232
Past due 1 - 30 days	314	-	314
Past due 31 - 60 days	29	-	29
Past due 61 - 90 days	1	-	1
Past due more than 90 days	226	(226)	-
	16,802	(226)	16,576
2017			
Not past due	7,482	-	7,482
Past due 1 - 30 days	561	-	561
Past due 31 - 60 days	182	-	182
Past due 61 - 90 days	69	-	69
Past due more than 90 days	285	(252)	33
	8,579	(252)	8,327

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

	Group	
	2018 RM'000	2017 RM'000
At 1 April	(252)	(250)
Impairment loss recognised	-	(30)
Impairment loss reversed	26	28
At 31 March	(226)	(252)

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

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

Financial guarantees

Risk management objectives, policies and processes for managing the risk

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

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit risk (cont'd)

Financial guarantees (cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM69,540,000 (2017: RM45,954,000) representing the outstanding credit facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. Accordingly, the financial guarantees have not been recognized since the fair value on initial recognition was not material.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Impairment losses

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

Highly liquid investments

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collaterals

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

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

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

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

26.5 Liquidity risk

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

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

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

26. FINANCIAL INSTRUMENTS (CONT'D)

26.5 Liquidity risk (cont'd)

Maturity analysis

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

	Carrying amount RM'000	Contractual interest rate per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2018							
Non-derivative financial liabilities							
Trade and other payables	79,311	-	79,311	69,656	9,036	619	-
Secured term loans	56,034	7.54 to 10.50	68,961	10,367	16,262	21,888	20,444
Secured bank overdrafts	13,030	6.95 to 8.01	13,030	13,030	-	-	-
Finance lease liabilities	107	2.64 to 2.74	113	58	55	-	-
	148,482		161,415	93,111	25,353	22,507	20,444
2017							
Non-derivative financial liabilities							
Trade and other payables	57,532	-	57,532	47,877	9,036	619	-
Secured term loans	33,071	7.35 to 10.35	45,472	12,099	8,925	6,861	17,587
Secured bank overdrafts	15,309	7.35 to 8.35	15,309	15,309	-	-	-
Finance lease liabilities	221	2.50 to 2.74	235	122	58	55	-
	106,133		118,548	75,407	18,019	7,535	17,587

26. FINANCIAL INSTRUMENTS (CONT'D)

26.5 Liquidity risk (cont'd)

	Carrying amount RM'000	Contractual interest rate per annum %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Company							
2018							
Non-derivative financial liabilities							
Trade and other payables	12,840	-	12,840	12,840	-	-	-
2017							
Non-derivative financial liabilities							
Amount due to subsidiaries	1,900	8.15	2,055	2,055	-	-	-
Trade and other payables	8,383	-	8,383	8,383	-	-	-
	10,283		10,438	10,438	-	-	-

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market risk

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

26.6.1 Currency risk

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

Exposure to foreign currency risk

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

	Denominated in			
	USD 2018 RM'000	**SGD 2018 RM'000**	**USD 2017 RM'000**	**SGD 2017 RM'000**
Group				
Trade receivables	-	72	430	25
Cash and bank balances	20	12	113	84
Trade and other payables	-	-	(12)	-
Net exposure	20	84	531	109

Currency risk sensitivity analysis

A 10% (2017: 10%) strengthening of the Ringgit Malaysia ("RM") against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Post-tax profit/(loss)	
	2018 RM'000	**2017 RM'000**
USD	(2)	(40)
SGD	(6)	(8)

A 10% (2017: 10%) weakening of Ringgit Malaysia ("RM") against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remained constant.

26.6.2 Interest rate risk

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

Risk management objectives, policies and processes for managing the risk

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

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market risk (cont'd)

26.6.2 Interest rate risk

Exposure to interest rate risk

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Fixed rate instruments				
Financial assets	9,300	9,012	-	-
Financial liabilities	(107)	(221)	-	-
	9,193	8,791	-	-
Floating rate instruments				
Financial assets	-	-	-	1,900
Financial liabilities	(69,064)	(48,380)	-	(1,900)
	(69,064)	(48,380)	-	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	Post-tax profit/(loss)		Post-tax profit/(loss)	
	100 bp increase 2018 RM'000	100 bp decrease 2018 RM'000	100 bp increase 2017 RM'000	100 bp decrease 2017 RM'000
Group				
Floating rate instruments	(525)	525	(368)	368

26. FINANCIAL INSTRUMENTS (CONT'D)

26.7 Fair value information

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

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

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2018										
Financial liabilities										
Secured term loans	-	-	-	-	-	-	46,236	46,236	46,236	56,034
Other payables	-	-	-	-	-	-	9,655	9,655	9,655	9,655
Finance lease liabilities	-	-	-	-	-	-	103	103	103	107
2017										
Financial liabilities										
Secured term loans	-	-	-	-	-	-	22,618	22,618	22,618	33,071
Other payables	-	-	-	-	-	-	9,655	9,655	9,655	9,655
Finance lease liabilities	-	-	-	-	-	-	213	213	213	221

26. FINANCIAL INSTRUMENTS (CONT'D)

26.7 Fair value information (cont'd)

Level 2 fair value

Non-derivative financial liabilities

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

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2017: no transfer in either directions).

Level 3 fair value

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

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

27. CAPITAL COMMITMENT

	Group	
	2018	2017
	RM'000	RM'000
Land held for property development		
Contracted but not provided for	-	11,591

28. CONTINGENT LIABILITIES

		Company	
	Note	2018	2017
		RM'000	RM'000
Corporate guarantees issued to licensed banks for credit facilities granted to subsidiaries	14	69,540	45,954

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

29. CAPITAL MANAGEMENT

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

The debt-to-equity ratios at 31 March 2018 and at 31 March 2017 were as follows:

		Group	
	Note	**2018 RM'000**	**2017 RM'000**
Total borrowings	14	69,171	48,601
Less: Cash and bank balances	11	(7,128)	(5,517)
Net debt		62,043	43,084
Total equity		53,511	56,082
Debt-to-equity ratios		1.16	0.77

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

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

30. RELATED PARTIES

Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group. There is no significant related party transaction during the year, other than key management personnel compensation (see Note 22).

The related party transactions have been entered into in the normal course of business under negotiated terms. The balances related to the related party transactions are disclosed in Note 10 and Note 16.

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

31.1 On 17 February 2015, Banda Industries Sdn. Bhd. ("BISB"), a wholly-owned subsidiary of GSB Group Berhad, entered into a Sale and Purchase Agreement with Restu Angkasa Sdn. Bhd. ("RASB") for the acquisition of a piece of land in the District of Bentong, measuring approximately 52.08 acres ("land") for a purchase consideration of RM29,492,570.

On 15 July 2016, BISB entered into a supplementary Sales and Purchase Agreement with RASB to amend and vary certain terms and conditions of the Sales and Purchase Agreement dated 17 February 2015, in consideration of a total of RM499,050 being late payment interest to be paid by BISB to RASB, between the period of August 2016 and July 2017. The salient points are:

(a) A sum of RM2,000,000 only shall be paid by BISB to RASB in cash on or before 15 July 2016;

(b) A sum of RM3,470,042 only shall be paid by BISB to RASB in cash on or before 31 January 2017;

(c) A sum of RM9,500,000 only shall be paid by BISB to RASB in cash on or before 31 July 2017.

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

31.1 On 17 February 2017, BISB entered into a further supplementary Sales and Purchase Agreement with RASB to amend and vary salient point (b) above of the supplementary Sales and Purchase Agreement dated 15 July 2016. The salient points are:

(a) A sum of RM1,000,000 only shall be paid by BISB to RASB in cash before 15 February 2017;

(b) A sum of RM1,519,466 only, subject to interest charges of RM45,584, shall be paid by BISB to RASB in cash between the period of February 2017 and July 2017;

(c) A sum of RM950,576 only being the aggregate agreed price of two units of double storey terrace houses, shall be deemed paid by BISB upon BISB procuring the delivery of the executed memorandum of transfer or deed of assignment in favour of RASB.

On 31 July 2017, the Company has been granted an extension of period of 6 calendar months for the settlement of the Cash Balance Purchase Price amounting to RM9,500,000.

The acquisition of land was completed on 24 October 2017.

31.2 On 7 September 2017, GSB Summit Audio (M) Sdn. Bhd., a wholly-owned subsidiary of GSB Group Berhad, entered into a Sales and Purchase Agreement with a third party to dispose of a piece of freehold land for a cash consideration of RM538,675. The transaction was completed during the financial year.

31.3 On 6 March 2017, GSB Summit Audio (M) Sdn. Bhd. also entered into a Sales and Purchase Agreement with a third party to dispose of a piece of freehold land for a cash consideration of RM1,100,000. The transaction was completed on 5 April 2018.

32. ISSUANCE OF SHARES SUBSEQUENT TO THE FINANCIAL YEAR END

Subsequent to the financial year end and up to the date of this report, the issued and paid up share capital of the Company was increased from 528,100,000 ordinary shares to 542,070,000 ordinary shares by way of issuance of 13,970,000 new ordinary shares pursuant to the 13,970,000 options exercised under ESOS at exercise price at 10 sen for cash.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 36 to 83 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 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 2018 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:

……………………………………………………….
Gan Pik Mui
Director

……………………………………………………….
Gan Boon Kat
Director

Petaling Jaya,

Date: 30 July 2018

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Gan Pik Mui, the Director primarily responsible for the financial management of GSB Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 36 to 83 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Gan Pik Mui NRIC: 710508-10-5986, MIA CA 20447, at Petaling Jaya in the State of Selangor on 30 July 2018.

……………………………….
Gan Pik Mui

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GSB GROUP BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of GSB Group Berhad., which comprise the statements of financial position as at 31 March 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 36 to 83.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2018, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters for the Group

<table>
<tr><td colspan="2">Accuracy of the estimated budgeted cost to complete property development projects
Refer to Note 2 - Significant accounting policy: Revenue and other income and Note 9 - Property development costs</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>We identified accuracy of the estimated budgeted cost to complete property development projects as one of the key audit matters due to:-
i) potential cost overruns for properties under development where any expected loss on a development project shall be recognised as an expense immediately, including delays and potential foreseeable loss; and

ii) significant judgement and estimation involved in preparing the estimates of total budgeted costs to complete a project.

Any over or understatement of forecast costs could result in a material variance in the amount of profit or loss recognised to date and in the current year.</td><td>Our audit procedures performed over this area included, among others:
▪ Evaluated the appropriateness of the projects' budgeted costs by reviewing the basis of preparation and comparing to available letter of awards, contracts and variation orders;
▪ Challenged the reasonableness of the project's budget and key assumptions used which includes expected recovery of variations, claims and compensations events, by taking into account of our own expectations based on historical performance and industry knowledge, including obtaining and assessing information provided by management to determine whether the forecast assumptions are consistent with the terms of the relevant contracts; and
▪ Evaluated the accuracy of profit being recognised in the profit or loss, including assessing any foreseeable losses due to cost overruns and/or delays arising from late delivery of vacant possession to purchasers by reviewing the contractual delivery dates of the signed agreements against the management's estimated delivery dates and progress reports.</td></tr>
</table>

Key Audit Matter for the Company

We have determined that there is no key audit matter in the audit of the financial statements of the Company to be communicated in our Auditors' Report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the Annual Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Annual Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

i) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii) Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

iv) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chan Kam Chiew
Approval Number: 02055/06/2020 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 30 July 2018

LIST OF PROPERTIES

Registered Owner/ Location	Description	Date of Acquisition/ Revaluation	Tenure/Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2018 (RM)
GSB Summit CD (M) Sdn Bhd					
Property, plant and equipment					
Parcel No. 1307 Storey No. 3, Building 1 Taman Shamelin Perkasa, PT1604 Mukim of Kuala Lumpur, District of Kuala Lumpur.	Three (3) bedroom apartment for management	31-Mar-2014	Leasehold 99 years expiring on 11.09.2082 (age is approx 22 years)	95.00	117,474
PN 31020, Lot 54600 Mukim of Kuala Lumpur District of Kuala Lumpur.	Adjoining unit of semi-detached single storey factory with three storey office	31-Mar-2014	Leasehold 81 years expiring on 11.09.2082 (age is approx 18 years)	1,253.39	2,767,237
PN 31020, Lot 54600 Mukim of Kuala Lumpur District of Kuala Lumpur.	Industrial Land	31-Mar-2014	Leasehold 81 years expiring on 11.09.2082 (age is approx 18 years)	1,037.00	4,580,909
GSB Summit Audio (M) Sdn Bhd					
Property, plant and equipment					
Parcel No. D-113 1st Floor, Block D Pandan Height, PT 34798 Mukim of Ampang, District of Ulu Langat, State of Selangor.	Three (3) bedroom apartment for management	31-Mar-2014	Freehold (age is approx 18 years)	79.25	84,654
Parcel No. 1313 Storey No.3, Building 1 Taman Shamelin Perkasa, PT1604 Mukim of Kuala Lumpur, District of Kuala Lumpur.	Three (3) bedroom apartment for management	31-Mar-2014	Leasehold 99 years expiring on 11.09.2082 (age is approx 22 years)	95.00	85,735
PN 31021, Lot 54601 Mukim of Kuala Lumpur District of Kuala Lumpur.	Adjoining unit of semi-detached single storey factory with three storey office	31-Mar-2014	Leasehold 81 years expiring on 11.09.2082 (age is approx 18 years)	1,253.39	2,724,240
PN 31021, Lot 54601 Mukim of Kuala Lumpur District of Kuala Lumpur.	Industrial Land	31-Mar-2014	Leasehold 81 years expiring on 11.09.2082 (age is approx 18 years)	1,041.00	4,627,456

Registered Owner/ Location	Description	Date of Acquisition/ Revaluation	Tenure/Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2018 (RM)
Asset held for sales					
HS(D) 69156, PT 632 Selambau Industrial Estate Pekan Bukit Selambau, District of Kuala Muda, State of Kedah	Vacant Land	4-Apr-2008	Freehold	23,181.00	848,361
Serta Usaha Sdn Bhd					
Land held for development					
GM 5148, Lot 791 Mukim of Klang Tempat Telok Gadong Road District of Klang State of Selangor	Vacant Land	28-July-2011	Freehold	24,534.00	11,601,785
PN 97185, Lot 325 Seksyen 15, Bandar Shah Alam, District of Petaling State of Selangor	Vacant Land	29-Mar-2016	Leasehold 99 years expiring on 29-March-2016 (age is approx 11 years)	4,655.00	12,070,747
PN 97186, Lot 326 Seksyen 15, Bandar Shah Alam, District of Petaling State of Selangor	Vacant Land	29-Mar-2016	Leasehold 99 years expiring on 29-March-2016 (age is approx 11 years)	4,338.00	11,248,743
Banda Industries Sdn Bhd					
Property, plant and equipment					
HS(D) 12321, PT 14978 P206, Lorong 10 Taman Bentong Makmur District of Bentong State of Pahang	Shop Office	31-Mar-2014	Freehold	208.00	222,957
Land held for development					
139 parcels of residential plots located within Mukim of Bentong District of Bentong State of Pahang	Vacant Land	15-Jun-2017	Freehold	32,219.00	4,460,593
GM 1441, Lot 3728 Mukim of Bentong District of Bentong State of Pahang	Vacant Land	6-Jul-2007	Freehold	38,445.00	988,650

LIST OF PROPERTIES
[CONT'D]

Registered Owner/ Location	Description	Date of Acquisition/ Revaluation	Tenure/Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2018 (RM)
21 parcels of residential plots, held under 44 subdivided plots located within Mukim of Bentong District of Bentong State of Pahang	Vacant Land	10-Sep-2003	Freehold	16,123.00	2,386,164
GRN 9894, Lot 1248 Mukim of Bentong District of Bentong State of Pahang	Vacant Land	24-Oct-2017	Freehold	210,765.00	30,238,251
HS(M) 7456, PT 22651 Mukim of Bentong District of Bentong State of Pahang	Vacant Land	15-May-2015	Freehold	18,640.00	1
8 parcels of residential plots, held under 9 subdivided plots located within GRN 25102, Lot 26618; GRN 25103, Lot 26619; GRN 25244, Lot 26641; HS(D) 15167, PT 18916; GRN 25237, Lot 26642; GRN 25238, Lot 26643; GRN 25239, Lot 26644; GRN 25240, Lot 26645; and GRN 25221, Lot 26646 Mukim of Bentong District of Bentong State of Pahang	Vacant Land	10-Sep-2003	Freehold	7,507.00	903,699
Property Development Cost					
71 parcels of residential plots, held under HS(M) 7630, PT 23300 to HS(M) 7647, PT 22317 and HS(M) 7648, PT 22319 to HS(M) 7700, PT 22371 Mukim of Bentong District of Bentong State of Pahang	Property Under Development	6-Aug-2008	Freehold	10,301.00	290,427

LIST OF PROPERTIES
[CONT'D]

Registered Owner/ Location	Description	Date of Acquisition/ Revaluation	Tenure/Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2018 (RM)
GSB Hotel Sdn Bhd					
Property Development Cost					
2 parcels of land, held under GM 309, Lot 432 and HS(D) 12718, PT 15685 Mukim of Bentong District of Bentong State of Pahang	Property Under Development	16-Dec-2008	Freehold	11,433.00	4,495,751
GSB Properties Sdn Bhd					
Property Development Cost					
GRN 436615, Lot 186527 Mukim of Plentong District of Johor Bahru State of Johor	Property Under Development	12-Jul-2013	Freehold	11,007.00	64,916,500

ANALYSIS OF SHAREHOLDINGS
AS AT 29 JUNE 2018

Financial Year End : 31-Mar-18
Class of Shares : Ordinary shares
Voting Rights : One vote per ordinary share

DISTRIBUTING OF SHAREHOLDERS/ DEPOSITORS
AS AT 29 JUNE 2018

Size of holdings	No. of shareholders	%	No. of shares	%
1 - 99	236	9.115	9,314	0.002
100 - 1,000	380	14.677	173,306	0.032
1,001 - 10,000	524	20.239	3,727,040	0.696
10,001 - 100,000	1,178	45.500	45,716,980	8.541
100,001 - 26,763,999(*)	269	10.390	190,173,030	35.528
26,764,000 AND ABOVE (**)	2	0.077	295,480,330	55.201
TOTAL	**2,589**	**100.000**	**535,280,000**	**100.000**

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

LIST OF THIRTY LARGEST SECURITIES ACCOUNT HOLDERS/ DEPOSITORS
AS AT 29 JUNE 2018

NO.	NAME	HOLDINGS	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR JAVAWANA SDN. BHD. (SMART)	215,000,330	40.166
2	SURIA BITARA SDN BHD	80,480,000	15.035
3	TAN KIM HENG.	19,437,200	3.631
4	TAPAK BUMIMAJU SDN BHD	8,863,900	1.656
5	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOAY HOOI MING	8,054,300	1.505
6	LIM YEN CHEING	7,306,000	1.365
7	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM POH CHOO	7,000,000	1.308
8	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY HONG PENG (8122762)	5,383,000	1.006
9	I-WEN MORSINGH	5,199,900	0.971
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI CHIE KING (8119887)	4,100,000	0.766
11	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN AH HOI (E-SS2)	3,600,000	0.673
12	SZE SEE CHUEN	3,600,000	0.673
13	TEE YONG SHENG	3,443,200	0.643
14	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BEE YOOK (008)	2,918,900	0.545
15	ONG B-BEE	2,584,000	0.483
16	MOHD ZUKI BIN DESA	2,500,000	0.467
17	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEE TSEX NEE	2,450,000	0.458
18	GOH PEY SENG	2,300,000	0.430
19	YEE CHOON KIAT	2,300,000	0.430

ANALYSIS OF SHAREHOLDINGS
AS AT 29 JUNE 2018
[CONT'D]

NO.	NAME	HOLDINGS	%
20	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG WYMIN (M09)	2,000,000	0.374
21	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG SILING (CEB)	2,000,000	0.374
22	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG FAI TAT (CCTS)	1,863,500	0.348
23	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR YAP CHING LOON (SMART)	1,759,000	0.329
24	HO WEI FUN	1,656,500	0.309
25	PUA GEOK TAN	1,536,000	0.287
26	FADHIL BIN ABD HAMID	1,500,000	0.280
27	LAU WING FATT	1,500,000	0.280
28	LIM YEOW SIONG	1,500,000	0.280
29	TAN HWEE HIAN	1,500,000	0.280
30	TAN KHEAK CHUN	1,500,000	0.280
		404,835,730	**75.631**

DIRECTORS' SHAREHOLDINGS
(As per the Register of Directors' Shareholdings as at 29 June 2018)

NO.	NAME	DIRECT NO. OF SHARES	%	INDIRECT NO. OF SHARES	%
1	DATIN TOH SIEW CHUON*	-	-	215,000,330	40.166
2	GAN PIK MUI	315,000	0.059	-	-
3	TEE ENG SENG*	-	-	215,000,330	40.166
4	LOY KWEE KEOW	-	-	-	-
3	GAN BOON KAT	-	-	-	-
4	IR. LIAW BOO LAI @ LEOW BONG LAI (D.S.M.)	-	-	-	-

* Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of their shareholdings in Javawana Sdn Bhd.

SUBSTANTIAL SHAREHOLDERS
(As per the Register of Substantial Shareholders as at 29 June 2018)

NO.	NAME	DIRECT NO. OF SHARES	%	INDIRECT NO. OF SHARES	%
1	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR JAVAWANA SDN. BHD. (SMART)*	215,000,330	40.166	-	-
2	SURIA BITARA SDN. BHD.	80,480,000	15.035	-	-
		295,480,330	55.201	-	-

* Datuk Tee Eng Ho, Datin Toh Siew Chuon and Tee Eng Seng are the substantial shareholders of the Company through their deemed interest pursuant to Section 8 of the Companies Act, 2016 by virtue of their shareholdings in Javawana Sdn Bhd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting ("AGM") of the Company will be convened and held at No. 1, 1st Floor, Bangunan One Wangsa, Jalan Wangsa Permai 1/1, 52200 Kuala Lumpur on Tuesday, 28 August 2018 at 10.00 a.m. to transact the following items of business:-

A G E N D A

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 March 2018 together with the Directors' and Auditors' Reports thereon. ***Please refer to Explanatory Note A***

2. To approve the payment of Directors' Fees amounting to RM19,000 for the financial year ended 31 March 2018. ***Ordinary Resolution 1***

3. To re-elect the following Directors who retire in accordance with Article 89 of the Company's Constitution:-

   (a) Datin Toh Siew Chuon; and ***Ordinary Resolution 2***
   (b) Mr Tee Eng Seng. ***Ordinary Resolution 3***

4. To re-appoint Messrs KPMG PLT as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 4***

As Special Business

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

5. **Authority to Allot and Issue Shares Pursuant to the Companies Act 2016**

   "THAT subject always to the Companies Act 2016, the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approval of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised pursuant to the Companies Act 2016 to allot shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being, and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 5**

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

BY ORDER OF THE BOARD

LEONG SHIAK WAN (MAICSA 7012855)
ZURIATI BINTI YAACOB (LS0009971)
Joint Company Secretaries

Petaling Jaya
31 July 2018

NOTES:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he shall be any person and there shall be no restriction as to the qualification of the proxy.

2. A member may appoint two (2) or more proxies to attend at the same meeting. Where a member appoints two (2) or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.

3. Where a member of the Company is an authorised nominee as defined under Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

6. The instrument appointing a proxy or proxies shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, the instrument appointing a proxy or proxies must be either under seal or under the hand of an officer or attorney duly authorised.

7. The instrument appointing a proxy must be deposited at Ground Floor Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan at least twenty-four (24) hours before the time approved for holding the meeting or any adjournment thereof.

8. Only members whose names appear in the Record of Depositors on 17 August 2018 shall be entitled to attend, speak and vote at the Annual General Meeting.

9. Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the Twenty-Fifth AGM will be put to vote by poll.

EXPLANATORY NOTE A

The Audited Financial Statements under Agenda 1 are meant for discussion only in accordance with the provision of Section 340(1) of the Companies Act 2016, and it does not require a formal approval of the shareholders. Hence, the agenda will not be put forward to voting.

EXPLANATORY NOTES ON ORDINARY RESOLUTIONS

1. Ordinary Resolution 1 – Payment of Directors' Fees

   All the Directors who are shareholders of the Company will abstain from voting on Ordinary Resolution 1 concerning Directors' Fees at the Twenty-Fifth AGM.

2. Ordinary Resolution 5 – Authority to Allot and Issue Shares

   The proposed Ordinary Resolution 5, 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 conclusion of the next Annual General Meeting.

   As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the authority granted to the Directors at the Twenty-Fourth Annual General Meeting held on 29 August 2017 and which will lapse at the conclusion of the Twenty-Fifth Annual General Meeting.

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

NOTICE OF ANNUAL GENERAL MEETING
[CONT'D]

3. Re-appointment and re-election of Director who retires by rotation in accordance with Article 82 of the Company's Constitution

   Article 82 of the Company's Constitution provides that one-third of the Directors of the Company for the time being, or, if their number is not a multiple of three, then the number nearest to one-third shall retire from office at least once in every three (3) years but shall be eligible for re-election. Mr Gan Boon Kat, a Non-Independent Non-Executive Director, who shall retire by rotation at the Twenty-Fifth Annual General Meeting has informed the Company that he does not wish to seek for re-election in accordance with Article 82 of the Company's Constitution. Hence, he will retire at the conclusion of the Twenty-Fifth Annual General Meeting.

4. Retention of Independent Directors

   Mr Loy Kwee Keow and Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.), who each has served on the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years do not wish to seek for re-appointment. Hence, Mr Loy Kwee Keow and Ir. Liaw Boo Lai @ Leow Bong Lai (D.S.M.) will retire at the conclusion of the Twenty-Fifth Annual General Meeting.

GSB GROUP BERHAD
287036-X

CDS account no. of authorised nominee

PROXY FORM

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

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

of ____ (full address)

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

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

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

NRIC No. ________________ (new) ________________ (old) or failing him/her* the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fifth Annual General Meeting of the Company to be held at No. 1, 1st Floor, Bangunan One Wangsa, Jalan Wangsa Permai 1/1, 52200 Kuala Lumpur on Tuesday, the 28th day of August 2018 at 10.00 a.m. and at each and every adjournment thereof.

My/our proxy is to vote as indicated below:

RESOLUTIONS		FOR	AGAINST
Ordinary Resolution 1	Approval of Directors' Fees of RM19,000 for the financial year ended 31 March 2018		
Ordinary Resolution 2	Re-election of Datin Toh Siew Chuon as Director		
Ordinary Resolution 3	Re-election of Mr Tee Eng Seng as Director		
Ordinary Resolution 4	Re-appointment of Messrs KPMG PLT as Auditors		
Ordinary Resolution 5	Authority to allot and issue shares pursuant to the Companies Act 2016		

(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.)

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

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

____
Signature/Common Seal

Number of shares held : ________________

Date : ________________

Notes:

1. *A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he shall be any person and there shall be no restriction as to the qualification of the proxy.*
2. *A member may appoint two (2) or more proxies to attend at the same meeting. Where a member appoints two (2) or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.*
3. *Where a member of the Company is an authorised nominee as defined under Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.*
6. *The instrument appointing a proxy or proxies shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, the instrument appointing a proxy or proxies must be either under seal or under the hand of an officer or attorney duly authorised.*
7. The instrument appointing a proxy must be deposited at Ground Floor Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan at least twenty-four (24) hours before the time approved for holding the meeting or any adjournment thereof.
8. Only members whose names appear in the Record of Depositors on 17 August 2018 shall be entitled to attend, speak and vote at the Annual General Meeting.
9. Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the Twenty-Fifth AGM will be put to vote by poll.

** Strike out whichever is not valid*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company secretary

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

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Registered Office

GSB GROUP BERHAD
(287036-X)

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