

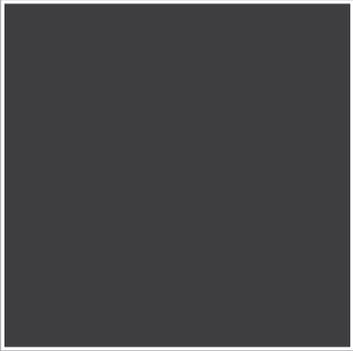
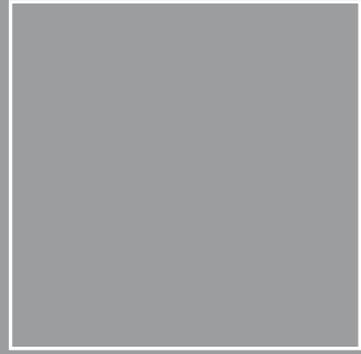
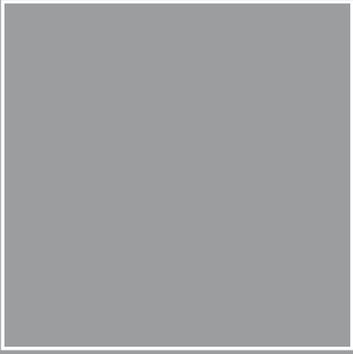


GSB GROUP BERHAD
(287036-X)

(formerly known as SM Summit Holdings Bhd)

annual report
2007

Forward Vision



Vision

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

Mission

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

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Chairman's Statement

Dear Valued Shareholders,

Despite a challenging year, GSB Group Berhad took the necessary measures to re-evaluate our businesses and find a position of strength in the ever evolving storage media content industry. Today, we have put in place several initiatives that will enable us to capitalise on various new revenue streams for future growth. Our transformation measures also saw us changing our name from SM Summit Holdings Bhd.

On behalf of the Board of Directors, I am pleased to present the Annual Report for GSB Group Berhad ("GSB Group" or "the Group") for the financial year ended 31 March 2007.

FINANCIAL PERFORMANCE

For the period under review, GSB Group recorded turnover of RM32.41 million and a loss before taxation and minority interest of RM1.62 million, in comparison to a turnover of RM31.98 million and a profit before taxation and minority interest of RM500,000 for the preceding financial year. While turnover for our Compact Discs ("CD") business improved significantly by RM990,000 from RM16.19 million in Financial Year ("FY") 2006 to RM17.18 million in FY 2007, this was offset by lower performance by the Cassette and Plastic Fabricated Parts businesses, which decreased by RM851,000 and RM516,000 respectively.

The surge in the CD business came on the back of additional demand from Video CD customers, an expansion of the customer base in the CD-ROM segment and tighter cost control measures. The decrease in the Cassette business was mainly due to lower market demand. With volumes for the Cassette business declining on a consistent basis, we see this sunset business ultimately being phased out in place of newer media formats. The Plastic Fabricated Parts experienced lower turnover as a result of lower demand from customers. The increase in world oil prices too made a significant impact on this business, as the price of general purpose polystyrene, a key ingredient in our products, went up.

Chairman's Statement

STRATEGIC DEVELOPMENTS

New Corporate Identity

Effective 22 December 2006, we changed our name to GSB Group Berhad to reflect our new corporate identity. The change also underscores the transformation that is happening in the Group as a result of the change in the composition of our Board of Directors. The Group's shares today are traded and quoted under the Stock Short Name "GSB".

Enhanced Digital Download Capability

In June 2006, we made a strategic investment in Giga Gates Sdn Bhd, a specialist in mobile content via short message service, multimedia messaging services and retail kiosks for mobile devices. The investment forms part of our plan to grow faster than our competitors by taking the lead in the storage media industry as a comprehensive multimedia company.

Recently, we added a digital download capability to our portfolio of services. This digital download strategy is part of our plan to overcome the challenges to the physical media side from both legitimate and pirated downloads. We view this new venture as both a risk mitigation initiative and a new growth platform for the Group. Given that in 2005, CDs and cassettes in Malaysia chalked up some RM100 million in sales while digital music downloads brought in RM80 million in revenue, only one year after being introduced, we anticipate this business to grow by leaps and bounds. The fact that record companies are making more money through downloads of their singles rather than through traditional album sales, augurs well for us. Going forward, we will be one of the first few legitimate download companies in the market.

New DVD Production Capability

We have obtained approval for an investment of RM1.8 million in new DVD production lines. This will enable us to expand our current CD capability to the newer and better DVD technology, plus provide our users more storage capacity. We are anticipating demand and support to come from our existing customers. As DVD production requires higher productivity methods and expertise, this will eventually increase the Group's overall technological capability.

Diversification into Property Business

Through our subsidiaries, Serta Usaha Sdn Bhd and GSB Summit Development Sdn Bhd, we are involved in property holding and property development. On top of the thirteen-storey, 90-room, Ritz Garden Hotel that we own south-west off Kuala Lumpur, we are also currently undertaking property development activities on a piece of land in Desa Tun Razak, Cheras. These ventures are part of our efforts to diversify our revenue streams.

CORPORATE SOCIAL RESPONSIBILITY

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

Anti-Piracy Advocacy

One of the Group's main thrusts continues to be our stand against piracy. In 2005, we became the first company in Malaysia to be certified under the International Recording Media Association ("IRMA") Anti-Piracy Compliance Programme. We continue to be IRMA-compliant and go out of our way to ensure stringent anti-piracy measures are in place in all aspects of our business. This respect of the intellectual property rights of individuals and organisations is an apt reflection of the Group's commitment to transparency, accountability and integrity throughout the length and breadth of our organisation.

Certified Sony "Green Partner"

Over the course of FY 2007, we received certification as a Sony "Green Partner". This certifies that we have met all the criteria relating to Sony's stringent environmental protection standard and gives us a platform to expand our business to any like-minded environmental-focused company. This is in addition to the Environmental Management System ("ISO 14001:2004") certification which we obtained in 2005.

Chairman's Statement

PROSPECTS

Going forward, GSB Group anticipates a positive outlook for the coming year despite intense market competition. The growing acceptance of CDs as the storage medium for entertainment, data storage and education purposes, and the Government's strong promotion of the Multimedia Super Corridor and knowledge economy, should see continued demand for our products.

On top of this, we anticipate our strategy of growing our new revenue streams to kick in smoothly. We will focus on strengthening our position in the DVD business which will be the mainstay of our business going forward. A solid base in the standard DVD market will enable us to move on to manufacturing higher versions of DVDs. We also foresee more business on the CD-ROM side in line with the growing trend by companies to produce their annual reports in CD-ROM format.

The continuous efforts by the Government, via the Ministry of Domestic Trade and Consumer Affairs, to undertake stringent anti-piracy enforcement will definitely have a positive impact on our business. In 2006, the Government closed down several illegal plants producing pirated products. This measure helped our CD business directly when the perpetrators' customers who were left looking for a legitimate alternative, came to us. We are also happy to note that the price of raw material has stabilised to some extent and we can now start looking at keeping our costs down.

The Group will also begin to start focusing on property development in a proactive manner to diversify our revenue streams.

APPRECIATION

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

Last but not least, I wish to thank the outgoing Board members for their contributions to the Group and wish them the very best in their future endeavours. I trust that the Board will provide me their guidance and insights as we work together to achieve our vision of making GSB Group Berhad the leader in the storage media content industry.



JEFFREY ONG PENG LOCK

Executive Chairman

Corporate Information

BOARD OF DIRECTORS

Jeffrey Ong Peng Lock

Executive Chairman
(Appointed with effect from February 16, 2007)

Yap Kiam Beng

Executive Director

Loy Kwee Keow

Independent Non-Executive Director

Liaw Boo Lai @ Leow Bong Lai

Independent Non-Executive Director

Gan Pik Mui

Non-Independent Non-Executive Director
(Appointed with effect from December 21, 2006)

Gan Boon Kat

Non-Independent Non-Executive Director
(Appointed with effect from December 21, 2006)

AUDIT COMMITTEE

Loy Kwee Keow

Chairman
(Independent Non-Executive Director)

Liaw Boo Lai @ Leow Bong Lai

Member
(Independent Non-Executive Director)

Yap Kiam Beng

Member
(Executive Director)

COMPANY SECRETARIES

See Siew Cheng

(MAICSA 7011225)
(Appointed with effect from January 31, 2007)

Leong Shiak Wan

(MAICSA 7012855)

REGISTERED OFFICE

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

AUDITORS

KPMG (Firm No AF 0758)

Chartered Accountants
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur

REGISTRAR OFFICE

Tenaga Koperat Sdn Bhd

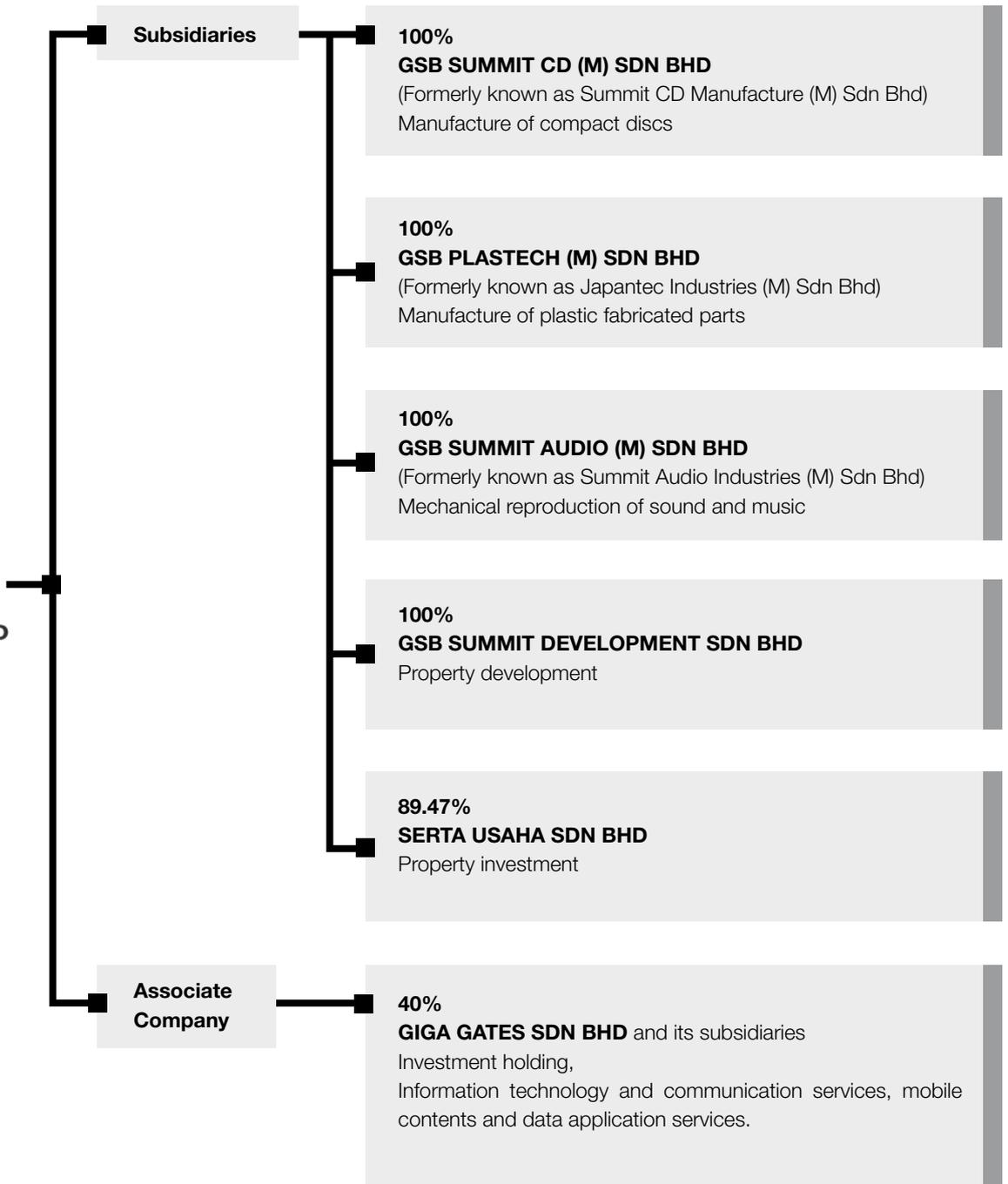
20th Floor, Plaza Permata
Jalan Kampar off Jalan Tun Razak
50400 Kuala Lumpur
Tel No : 03-4041 6522
Fax No : 03-4042 6352

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

Second Board
Stock Name : GSB
Stock Code : 7077

Corporate Structure



Board of Directors and Profile

JEFFREY ONG PENG LOCK

Aged 36, a Malaysian citizen and currently the Chairman of the Group, was appointed to the Board on 16 February 2007. He is a non-independent, Executive Chairman of the Group.

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

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

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

YAP KIAM BENG

Aged 42, a Malaysian citizen and currently the Executive Director of the Group, was appointed to the Board and a member of the Audit Committee on 3 November 1999. He is also a member of the Executive Committee of the Board. He is an executive, non-independent director of the Group.

He is a chartered accountant of the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants. He holds a Bachelor of Accounting (Hons) from University of Malaya. Prior to joining the Group, he was attached to an international accounting firm, Coopers & Lybrand from 1989 to 1994. He joined the Group as its General Manager in 1994 and became the Executive Director in 1999.

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

LOY KWEE KEOW

Aged 48, a Malaysian citizen and was appointed to the Board on 24 May 2005. He is the Chairman of the Audit Committee of the Board. He is an independent, non-executive director of the Group.

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

He is currently an Occupational Safety and Health Practitioner attached to HSE Management Sdn Bhd and Quality & Analytical Monitoring Sdn Bhd as a Project Director.

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

Board of Directors and Profile

LIAW BOO LAI @ LEOW BONG LAI

Aged 65, a Malaysian citizen and was appointed to the Board on 31 May 2005. He is also a member of the Audit Committee of the Board. He is an independent, non-executive director of the Group.

He graduated with a degree in Mechanical Engineering. He is also a member of Professional Engineer, Malaysia. He was an Engineer in Lee Wah Engine Work Pte Ltd in year 1970 until 1974. In year 1975 he holds the post as a Manager in Euco Metal Sdn Bhd. He was a Director of Sun Engineering And Construction Sdn Bhd for more than 22 years until 2001. Currently he is the Treasurer of Malaysia Aquaculture Development Association and also a committee member of Persatuan I-Ching, Malaysia and a Director of Kg. Chennah Agro Resorts Sdn Bhd.

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

GAN PIK MUI

Aged 36, a Malaysian citizen and appointed to the Board on 21 December 2006. She is a non-independent, non-executive director of the Group.

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

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

She is currently holding the post of an executive director in a family run business involving in property development and construction. Her current role is to ensure the smooth running of the accounting and finance department, including forecast and budget of various project, and other corporate affair matters. She is also responsible for sourcing and evaluating business opportunities and craft action plans necessary to achieve company's objectives.

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

GAN BOON KAT

Aged 42, a Malaysian citizen and appointed to the Board on 21 December 2006. He is a non-independent, non-executive director of the Group.

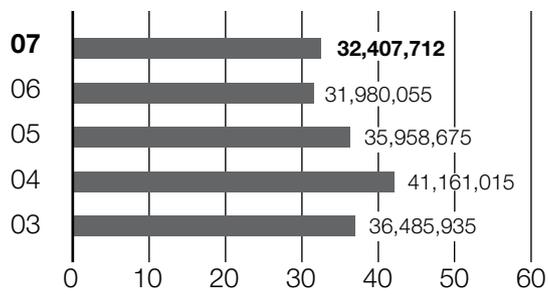
He has over 20 years of experience in the property market as a real estate consultant. He was attached to Goldhill Realty from 1993 to 2000 as Real Estate Consultant.

He is currently holding the post of an executive director in a family run business involving in property development and construction. His current responsibilities in the company is to oversee the operation of the property and construction division, controlling all aspects of the development including planning, costing, feasibility, implementation, scheduling, award of tenders and due diligence. He is also responsible for sourcing and evaluating business opportunities and craft action plans necessary to achieve company's objectives.

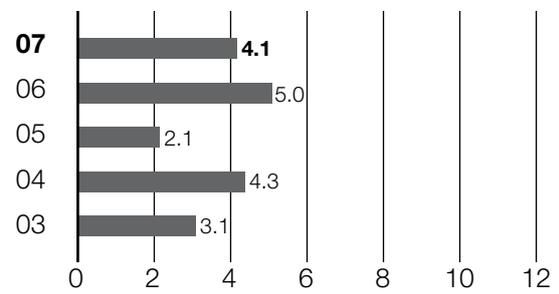
He is the brother of Gan Pik Mui, a Director of the Company and son of Gan Seng Biang and Lim Yap Hap, one of the major shareholders of the Company.

5 Years' Financial Highlights

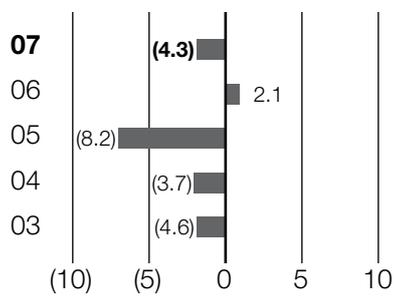
GROUP TURNOVER / RINGGIT



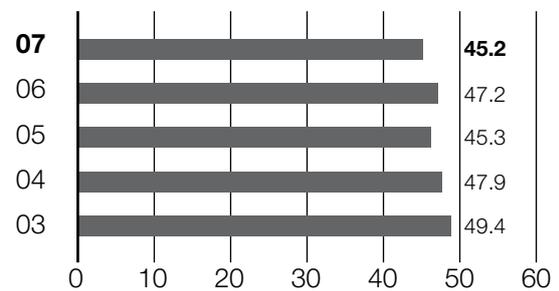
EARNINGS BEFORE INTEREST AND DEPRECIATION / RINGGIT IN MILLION



NET EARNINGS PER SHARE / SEN



NET TANGIBLE ASSETS / RINGGIT IN MILLION



Corporate Governance Statement

The Board of Director (“the Board”) fully appreciate the importance of adopting high standards of Corporate Governance within the Group to ensure that the recommendation of the Malaysian Code on Corporate Governance (“the Code”) are practiced throughout the Group as a mean of managing the business and affairs of the Group with integrity and professionalism so as to enhance business prosperity and corporate accountability in order to protect the interest of shareholders, whilst ensuring at the same time the interest of other stakeholders are safeguarded.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is thus fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Part 1 and 2 of the Code respectively.

The Board is pleased to provide the following statements, which outline the main Corporate Governance principles and practices that were in place throughout the financial year, unless otherwise stated.

PRINCIPLES STATEMENT

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

BOARD OF DIRECTORS

The Board is fully aware of its continuing responsibilities over the stewardship of the Group’s directions and operations, and ultimately the enhancement of shareholders’ value.

The Group is led and managed by an effective Board comprising members with wide range of business experiences and expertise required to successfully direct and supervise the Group’s business activities, which are vital to the success of the Group.

The Board has the overall responsibility for, apart from its statutory responsibility, determining the Group’s overall strategic plans including approving of major investments and financing decisions. Financial performance review and implementation of corporate

governance practice in the Group are reserved for the Board, which also has responsibility for executive directors’ remuneration and succession planning for top management.

Board Balance

The existing Board members consists of six (6) members, an Executive Chairman, an Executive Director with two (2) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. The present Board composition complied with Paragraph 15.02 of the Listing Requirements that stipulates at least two (2) directors or one third of the Board of the Company, whichever is higher, are independent directors. A brief profile of each director is presented on pages 7 to 8 in this Annual Report.

There is a clear division of responsibility between the Chairman and the Executive Director to ensure that there is a balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst together with the Executive Director are responsible for the day to day running of the business, organizational effectiveness and implementation of Board policies and decisions.

More than half of the directors, 4 out of 6 Board members, are non-executive directors, 2 of whom are considered by the Board to be independent. The presence of non-executive directors provides significant contributions towards the formulation of policies and decision-making. The presence of independent non-executive directors is essential as they provide an unbiased and independent view, advice and judgment to the decision-making of the Board and provide a capable check and balance for the executive directors, thereby ensuring that no one individual or group dominates the Board decision-making process.

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

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

Corporate Governance Statement

Board Meeting

During the financial year ended 31 March 2007, the Board met a total of five (5) times. Details of the Director's attendance record are presented as below:-

Directors	Numbers of Meetings Held**	Number of Meetings Attended
Jeffrey Ong Peng Lock	1	1
Yap Kiam Beng	5	5
Loy Kwee Keow	5	5
Liaw Boo Lai @ Leow Bong Lai	5	4
Gan Pik Mui	1	1
Gan Boon Kat	1	1

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

Board Committees

The Board has established Board Committee delegated with specific powers and responsibilities to assist it in carrying out its duties and functions. The Board Committee that has been established is the Audit Committee.

The Audit Committee is chaired by an independent non-executive director whom reports the outcomes of Audit Committee Meetings to the Board. Its prime duties include the review of financial statements, quarterly results, accounting policies, appointment of external auditors, review of audit plan and the auditors' remuneration. Fuller details of the Audit Committee terms of reference and its activities during the year are stated in pages 16 to 18 of the Annual Report.

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

Supply of Information

The Chairman ensures that directors have access to all information within the Group. Prior to each Board meeting, all directors are provided with an agenda and information relevant to the business of the meeting to enable them to discuss and contribute to the meeting effectively. They were issued in sufficient time to enable the directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

All directors has unhindered access to the advice and services of the Joint Company Secretaries who are responsible for ensuring that Board meeting procedure are followed and that applicable rules and regulations are complied with.

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

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

Corporate Governance Statement

Appointment to the Board

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

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

Directors' Training

The Board as a whole recruits only individuals of sufficient caliber, knowledge and experience to discharge the duties of a director appropriately. All the directors have attended and completed the Mandatory Accreditation Programme ("MAP") as prescribed by BMSB. The directors will continue to undergo other relevant training programme to further enhance their skills and knowledge wherever required.

Re-election of Directors

In accordance with the Company's Articles of Association, one-third of the Board members shall retire from office at each Annual General Meeting and they can offer themselves for re-election. Newly appointed directors by the Board are subject to election by the shareholders at the next Annual General Meeting held following their appointments. These provide an opportunity for shareholders to renew their mandates. The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholding in the Group of each Director standing for election are furnished in the Annual Report accompanying Notice of the Annual General Meeting.

The Joint Company Secretaries will ensure that all appointments are properly made and that all information necessary is obtained, as well as legal and regulatory obligations are met.

DIRECTORS' REMUNERATION

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

Corporate Governance Statement

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

Remuneration	Executive Director (RM'000)	Non-Executive Director (RM'000)
Fees	15	38
Salaries & Other Emoluments	538	-
Benefit in Kind	46	-

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

Range of Remuneration	No of Executive Director	No of Non-Executive Director
RM 1 to RM 50,000	1	9
RM 50,000 to RM 100,000	-	-
RM 100,000 to RM 200,000	3	-

SHAREHOLDERS AND INVESTORS

The Company recognizes the importance of accountability to its shareholders through proper communication with them. The Annual General Meeting is the principal form of dialogue with the shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report before the meeting. All shareholders are encouraged to attend the Annual General Meeting and participate in its proceedings. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Company and the Group.

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for preparing the annual audited financial statements and ensures that the financial statements give a true and fair view of the state of affairs of the Company and Group.

The Board aims to present a balanced, clear and understandable assessment of the Company and Group's financial positions and prospects in the annual financial statements and quarterly announcement to the shareholders, investors and regulatory authorities. In this regard, the Board ensures that the Company's financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

A statement by directors of their responsibilities in preparing the financial statements is included in this Annual Report.

Corporate Governance Statement

Internal Control

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

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

A statement by the directors on the application of the principles set out in Part 1 of the Malaysian Code of Corporate Governance is included in this Annual Report.

Relationship with the Auditors

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

Compliance Statement

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

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

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

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

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

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

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

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

Establishment of a Remuneration Committee has not been undertaken as the Board is of the view that remuneration of

Corporate Governance Statement

Directors has been expeditiously handled by the Board as a whole.

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

This statement was made in accordance with a resolution of the Board dated 29 August 2007.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL AUDITED ACCOUNTS

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

The directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the financial year end and of the results and cashflows of the Company

and of the Group for the financial year then ended.

The directors are accountable for ensuring that the Company keeps proper accounting and other records which disclose with reasonable accuracy at any time of the financial position of the Company to enable them to ensure that the financial statements are complied with approved accounting standards and the provisions of the Companies Act, 1965.

The directors in preparing the financial statements have used suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The directors consider that all applicable approved accounting standards in Malaysia have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The directors are also responsible for safeguard of the assets of the Company and of the Group and for prevention and detection of material fraud and other irregularities.

This statement was made in accordance with a resolution of the Board dated 29 August 2007.

Audit Committee Report

MEMBERS

The Audit Committee comprises the following directors:-

Loy Kwee Keow

Chairman (Independent Non-Executive Director)

Liaw Boo Lai @ Leow Bong Lai

Member (Independent Non-Executive Director)

Yap Kiam Beng

Member (Executive Director)

TERMS OF REFERENCE

The Board of Directors of the Company has set up a Board of Audit Committee in accordance with the requirements by the BMSB.

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

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

OBJECTIVES

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

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

MEMBERSHIP

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

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

AUTHORITY

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

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

Audit Committee Report

FUNCTIONS AND RESPONSIBILITIES

The duties and functions of the Committee shall be:-

- a) To consider and recommend the appointment of the external auditors, audit fees and question on any resignation or dismissal of the external auditors before making recommendation to the Board;
- b) To discuss with the external auditor before the audit commences the nature and scope of the audit and to ensure coordination where more than one audit firm is involved;
- c) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:-
 - i) Changes in or implementation of major accounting policy changes;
 - ii) Significant and unusual events;
 - iii) Compliance with accounting standards requirements;
 - iv) Compliance with stock exchange and legal requirements.
- d) To discuss problems and reservations arising from the interim and final audits, the evaluation and findings of the system of internal controls and matters the auditors may wish to discuss (in the absence of management where necessary);
- e) To keep under review the effectiveness of internal control systems, in particular, review the external auditor's management letter and management's response;
- f) To review any related party transaction and conflict of interest situation that may arise in the Company or Group including any transaction, procedure or course of conduct that raise questions of management integrity;
- g) To review the adequacy of the scope, functions and resources of the internal audit functions and that the internal audit has the necessary authority to carry out its work;
- h) To review the internal audit programme, process, the results of the internal audit programme and process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- i) To review the audit reports with the auditors; and
- j) To consider other related matters, as defined by the Board.

AUDIT COMMITTEE REPORT

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

- a) Reviewing the audited financial statements for financial year ended 31 March 2007 and unaudited quarterly financial results announcements of the Group and making recommendations to the Board.
- b) Discussing and reviewing the external auditors' scope of works and the audit planning memorandum, the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit.
- c) Reviewed and discussed the major findings of the internal audit investigation and management's responses and ensure that appropriate actions are taken on the recommendation of the internal audit function.
- d) Discussion and updating on new developments of accounting standards issued by the Malaysian Accounting Standards Board.



Audit Committee Report

INTERNAL AUDIT FUNCTION

The Group's internal audit functions are outsourced to an external professional firm, which reports to the Audit Committee and assists the Board of Directors in monitoring and managing risks and internal controls. The Audit Committee approves the internal audit plan during the first Audit Committee meeting in the beginning of the financial year. The scope of internal audit covers the audits of all operations of all subsidiary companies in the Group.

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

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

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

AUDIT COMMITTEE ATTENDANCE RECORD

The Audit Committee met six (6) times during the financial year ended 31 March 2007 and the attendance record is as follows:-

Directors	Numbers of Meetings Held**	Number of Meetings Attended
Loy Kwee Keow	6	6
Liaw Boo Lai @ Leow Bong Lai	6	6
Yap Kiam Beng	6	6

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

The Audit Committee Report was made in accordance with a resolution of the Audit Committee dated 29 August 2007.

Statement of Internal Control

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

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

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

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

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

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

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

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

This statement was made in accordance with a resolution of the Board dated 27 July 2007.

Other Information

CONFLICT OF INTEREST

None of the directors has any conflict of interest in the Company.

CONVICTIONS FOR OFFENCES

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

UTILIZATION OF PROCEEDS

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

SHARE BUYBACKS

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

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

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

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMME

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

IMPOSITION OF SANCTIONS / PENALTIES

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

NON-AUDIT FEES

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

VARIATION IN RESULTS

The Company had through its announcement to Bursa Malaysia Securities Berhad on 28 May 2007, reported a loss after taxation and minority interest of RM708,000 in its unaudited fourth quarterly report for the financial year ended 31 March 2007. However, the net loss after taxation and minority interest as reported in the audited financial statements for the financial year ended 31 March 2007 has increased to RM1,737,000 from RM708,000 giving rise to a negative deviation of 145.33%.

The deviation was mainly due to the reversal of capitalization of term loan interest amounting to RM1,082,000 during the year in one of the Company's subsidiaries.

PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not release any profit estimate, forecast or projection for the financial year.

PROFIT GUARANTEES

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

MATERIAL CONTRACTS

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

CONTRACTS RELATING TO LOANS

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

REVALUATION OF LANDED PROPERTIES

The revaluation policy on landed properties is stated in page 39 of the Annual Report.



Financial Statements

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Directors' Report

for the year ended 31 March 2007

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2007.

Principal activities

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 28 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Change of name

On 4 October 2006, the Company changed its name from SM Summit Holdings Bhd to GSB Group Berhad.

RESULTS

	Group RM	Company RM
Loss for the year	1,732,048	244,202

Reserves and provision

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

Dividend

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

Directors of the Company

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

Loy Kwee Keow	
Liaw Boo Lai @ Leow Bong Lai	
Yap Kiam Beng	
Gan Pik Mui	(appointed on 21.12.2006)
Gan Boon Kat	(appointed on 21.12.2006)
Datuk Hj. Zakaria Hashim	(appointed on 8.1.2007)
Jeffrey Ong Peng Lock	(appointed on 16.2.2007)
Nazir bin Mansor	(resigned on 2.11.2006)
Gun Seong Thean	(resigned on 31.1.2007)
Yip Soon Chee	(resigned on 10.10.2006)
Khoo Chee Kong	(resigned on 1.6.2007)
Mohd Fazillah Bin Mohd Ali	(resigned on 10.10.2006)

Directors' Report

for the year ended 31 March 2007

Directors' interests

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

	Number of ordinary shares of RM1 each			At 31.3.2007
	At 1.4.2006/ Date of appointment	Bought	Sold	
Shareholdings in which Directors have direct interest				
The Company				
Khoo Chee Kong	3,079,333	-	(1,219,230)	1,860,103
Gan Pik Mui	1,446,500	360,000	-	1,806,500
Gan Boon Kat	911,949	-	-	911,949
Jeffrey Ong Peng Lock	1,995,000	-	-	1,995,000
Yap Kiam Beng	28,000	-	-	28,000

None of the other Directors holding office at 31 March 2007 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

Issue of shares

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

Options granted over unissued shares

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

Directors' Report

for the year ended 31 March 2007

Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

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

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

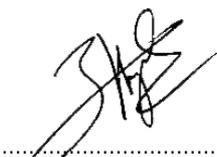
No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the year ended 31 March 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

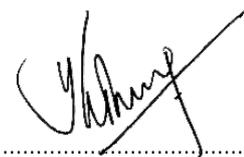
Auditors

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

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



.....
Jeffrey Ong Peng Lock



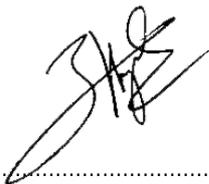
.....
Yap Kiam Beng

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 27 to 73 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Company at 31 March 2007 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:



Jeffrey Ong Peng Lock



Yap Kiam Beng

Kuala Lumpur
Date: 27 July 2007

Statutory Declaration

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

I, Yap Kiam Beng, the Director primarily responsible for the financial management of GSB Group Berhad (Formerly known as SM Summit Holdings Bhd), do solemnly and sincerely declare that the financial statements set out on pages 27 to 73 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the above named in Kuala Lumpur
on 27 July 2007.

Before me,



12-2B, JLN HILIR 1,
TMN ANGSANA HILIR, KG. PANDAN
55100 KUALA LUMPUR
TEL: 03-9285 6102



Yap Kiam Beng

Report of the Auditors

to the members of GSB Group Berhad

We have audited the financial statements set out on pages 27 to 73. The preparation of the financial statements is the responsibility of the Company's Directors.

The financial statements of the Group and of the Company for the year ended 31 March 2006 were audited by another firm of chartered accountants, whose report dated 17 July 2006, expressed an unqualified opinion on those statements.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 March 2007 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 28 to the financial statements and we have considered their financial statements and, the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.



KPMG

Firm Number: AF 0758
Chartered Accountants



Foong Mun Kong

Partner
Approval Number: 2613/12/08(J)

Kuala Lumpur,
Date: 27 July 2007

Balance Sheets

at 31 March 2007

	Note	Group		Company	
		2007	2006	2007	2006
		RM	RM	RM	RM restated
Assets					
Property, plant and equipment	3	19,483,103	45,304,391	-	-
Goodwill	4	744,801	737,860	-	-
Investment property	5	17,555,732	-	-	-
Investments in subsidiaries	6	-	-	17,550,870	17,550,868
Investments in associates	7	1,957,000	-	2,000,000	-
Other investments	8	16,000	16,000	-	-
Long term advances due from a subsidiary	9	-	-	1,964,816	1,964,816
Land held for development	10	3,153,557	-	-	-
Total non-current assets		42,910,193	46,058,251	21,515,686	19,515,684
Receivables, deposits and prepayments	11	13,066,337	17,532,287	13,575,081	15,847,646
Inventories	12	3,363,259	5,931,633	-	-
Property development costs	13	6,798,176	4,053,025	-	-
Current tax assets		566,906	767,580	5,173	4,349
Cash and cash equivalents	14	2,513,123	4,211,480	8,193	20,507
Total current assets		26,307,801	32,496,005	13,588,447	15,872,502
Total assets		69,217,994	78,554,256	35,104,133	35,388,186
Equity					
Share capital		40,000,000	40,000,000	40,000,000	40,000,000
Share premium		939,803	939,803	939,803	939,803
Reserves		783,705	1,029,955	-	-
Retained earnings/ (Accumulated losses)		3,242,026	4,974,074	(5,952,013)	(5,707,811)

The notes on pages 34 to 73 form an integral part of these financial statements.

Balance Sheets

at 31 March 2007

	Note	Group		Company	
		2007	2006	2007	2006
		RM	RM	RM	RM restated
Total equity attributable to shareholders of the Company	15	44,965,534	46,943,832	34,987,790	35,231,992
Minority interest		1,001,729	1,006,202	-	-
Total equity		45,967,263	47,950,034	34,987,790	35,231,992
Liabilities					
Borrowings	16	9,907,838	11,504,166	-	-
Deferred tax liabilities	17	2,477,100	2,697,050	-	-
Total non-current liabilities		12,384,938	14,201,216	-	-
Payables and accruals	18	6,280,497	6,668,021	116,343	156,194
Borrowings	16	4,553,679	9,734,985	-	-
Taxation		31,617	-	-	-
Total current liabilities		10,865,793	16,403,006	116,343	156,194
Total liabilities		23,250,731	30,604,222	116,343	156,194
Total equity and liabilities		69,217,994	78,554,256	35,104,133	35,388,186

The notes on pages 34 to 73 form an integral part of these financial statements.

Income Statements

for the year ended 31 March 2007

	Note	Group		Company	
		2007	2006	2007	2006
		RM	RM	RM	RM
Revenue		32,407,712	31,980,055	-	191,000
Cost of sales		(26,305,823)	(25,914,882)	-	-
Gross profit		6,101,889	6,065,173	-	191,000
Other operating income		646,034	1,075,436	-	-
Distribution expenses		(2,900,297)	(2,899,875)	-	-
Administrative expenses		(3,902,315)	(3,576,100)	(248,937)	(284,915)
Other operating expenses		(221,556)	(156,469)	-	-
Results from operating activities		(276,245)	508,165	(248,937)	(93,915)
Interest income		36,363	225,715	4,557	12,141
Finance costs		(1,375,907)	(234,056)	-	-
Operating (loss)/profit		(1,615,789)	499,824	(244,380)	(81,774)
Share of loss after tax and minority interest of equity accounted associates		(43,000)	-	-	-
(Loss)/Profit before tax	19	(1,658,789)	499,824	(244,380)	(81,774)
Tax expense	21	(77,732)	352,760	178	(3,399)
(Loss)/Profit for the year		(1,736,521)	852,584	(244,202)	(85,173)
Attributable to:					
Shareholders of the Company		(1,732,048)	844,990	(244,202)	(85,173)
Minority interest		(4,473)	7,594	-	-
(Loss)/Profit for the year		(1,736,521)	852,584	(244,202)	(85,173)
Basic (loss)/earnings per share (sen)	22	(4.33)	2.11		

The notes on pages 34 to 73 form an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 March 2007

Group	Note	← Non-distributable →			Distributable		Minority interest	Total equity
		Share capital	Share premium	Revaluation reserve	Retained profits	Total		
		RM	RM	RM	RM	RM	RM	RM
At 1 April 2005		40,000,000	939,803	1,256,363	3,902,676	46,098,842	998,608	47,097,450
Profit for the year		-	-	-	844,990	844,990	7,594	852,584
Realisation of revaluation reserve on disposal of property		-	-	(226,408)	226,408	-	-	-
At 31 March 2006/ 1 April 2006		40,000,000	939,803	1,029,955	4,974,074	46,943,832	1,006,202	47,950,034
Loss for the year		-	-	-	(1,732,048)	(1,732,048)	(4,473)	(1,736,521)
Reversal of reserve	17	-	-	(246,250)	-	(246,250)	-	(246,250)
At 31 March 2007		40,000,000	939,803	783,705	3,242,026	44,965,534	1,001,729	45,967,263

Statement of Changes in Equity

for the year ended 31 March 2007

Company	Note	← Non-distributable →			Accumulated losses	Total equity
		Share capital	Share premium	Revaluation reserve		
		RM	RM	RM	RM	RM
At 1 April 2005						
As previously reported		40,000,000	939,803	1,726,595	(2,858,044)	39,808,354
Adjusted retrospectively						
- Effect of adopting FRS 127	30	-	-	(1,726,595)	(2,764,594)	(4,491,189)
At 1 April 2005, as restated		40,000,000	939,803	-	(5,622,638)	35,317,165
Loss for the year		-	-	-	(85,173)	(85,173)
At 31 March 2006		40,000,000	939,803	-	(5,707,811)	35,231,992
At 1 April 2006						
As previously reported		40,000,000	939,803	1,726,595	(2,943,217)	39,723,181
Adjusted retrospectively						
- Effect of adopting FRS 127	30	-	-	(1,726,595)	(2,764,594)	(4,491,189)
At 1 April 2006, as restated		40,000,000	939,803	-	(5,707,811)	35,231,992
Loss for the year		-	-	-	(244,202)	(244,202)
At 31 March 2007		40,000,000	939,803	-	(5,952,013)	34,987,790

Cash Flow Statements

for the year ended 31 March 2007

Note	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash flows from operating activities				
(Loss)/Profit before tax	(1,658,789)	499,824	(244,380)	(81,774)
<i>Adjustments for:</i>				
Allowance for doubtful debts	20,825	360,781	-	-
Allowance for doubtful debts no longer required	(65,724)	(733,627)	-	-
Allowance for inventory obsolescence	50,000	-	-	-
Amortisation of goodwill	-	76,424	-	-
Depreciation of property, plant and equipment	4,144,145	4,509,053	-	-
Depreciation of investment property	286,733	-	-	-
Finance costs	1,375,907	234,056	-	-
Gain on disposal of property, plant and equipment	-	(266,524)	-	-
Inventories written off	19,614	-	-	-
Interest income	(36,363)	(225,715)	(4,557)	(12,141)
Share of loss of equity accounted associates	43,000	-	-	-
Unrealised foreign exchange gain - net	(43,498)	(61,812)	-	-
Operating profit/(loss) before working capital changes	4,135,850	4,392,460	(248,937)	(93,915)
Receivables, deposits and prepayments	4,554,347	2,157,740	2,272,565	7,926,571
Inventories	2,498,759	390,341	-	-
Payables and accruals	(393,932)	(630,965)	(39,849)	10,495
Property development costs	(744,676)	(370,566)	-	-
Cash generated from operations	10,050,348	5,939,010	1,983,779	7,843,151
Interest paid	(1,375,907)	(234,056)	-	-
Tax paid	(311,641)	(971,600)	(646)	(2,448)
Interest received	36,363	225,715	4,557	12,141
Net cash from operating activities	8,399,163	4,959,069	1,987,690	7,852,844

The notes on pages 34 to 73 form an integral part of these financial statements.

Cash Flow Statements

for the year ended 31 March 2007

	Note	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Cash flows from investing activities					
Acquisition of a subsidiary, net of cash acquired	29	(533)	(8,263,343)	(4)	(8,500,000)
Acquisition of associates		(2,000,000)	-	(2,000,000)	-
Additions to investment property		(20,000)	-	-	-
Purchase of property, plant and equipment	(ii)	(764,354)	(566,245)	-	-
Proceeds from disposal of property, plant and equipment		-	493,311	-	-
Net cash used in investing activities		(2,784,887)	(8,336,277)	(2,000,004)	(8,500,000)
Cash flows from financing activities					
Drawdown of term loans		500,000	-	-	-
Drawdown of bankers' acceptances		1,171,000	1,701,000	-	-
Repayment of borrowings		(7,509,802)	(2,354,879)	-	-
Repayment of finance lease liabilities		(551,663)	(571,988)	-	-
Repayment of bankers' acceptances		(1,083,000)	-	-	-
Net cash used in financing activities		(7,473,465)	(1,225,867)	-	-
Net decrease in cash and cash equivalents		(1,859,189)	(4,603,075)	(12,314)	(647,156)
Cash and cash equivalents at 1 April		4,211,480	8,814,555	20,507	667,663
Cash and cash equivalents at 31 March	(i)	2,352,291	4,211,480	8,193	20,507

i) Cash and cash equivalents

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

Cash and bank balances	2,434,668	901,224	8,193	20,507
Deposits with licensed banks	78,455	3,310,256	-	-
Bank overdrafts	(160,832)	-	-	-
	2,352,291	4,211,480	8,193	20,507

ii) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM1,299,354 (2006 - RM956,245) of which RM535,000 (2006 - RM390,000) were acquired by means of finance lease arrangements.

The notes on pages 34 to 73 form an integral part of these financial statements.

Notes to the Financial Statements

GSB Group Berhad (formerly known as SM Summit Holdings Bhd) is a public limited liability company, incorporated and domiciled in Malaysia. The addresses of its registered office and principal place of business are as follows:

Registered office

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

Principal place of business

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

The consolidated financial statements as at and for the year ended 31 March 2007 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The financial statements of the Company as at and for the year ended 31 March 2007 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are stated in Note 28 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965.

The MASB has issued the following Financial Reporting Standards (FRSs) and Interpretations that are effective for annual periods beginning after 1 January 2006, and that have not been applied in preparing these financial statements:

Standard/Interpretation	Effective date
FRS117, <i>Leases</i>	1 October 2006
FRS124, <i>Related Party Disclosures</i>	1 October 2006
FRS139, <i>Financial Instruments : Recognition and Measurement</i>	To be announced
Amendment to FRS119 ₂₀₀₄ , <i>Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures</i>	1 January 2007

Notes to the Financial Statements

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standard/Interpretation	Effective date
FRS6, <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2007
Amendment to FRS121, <i>The Effects of Changes in Foreign Exchange Rates - Net Investment in Foreign Operation</i>	1 July 2007
IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007
IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7, <i>Applying the Restatement Approach under FRS129₂₀₀₄ Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS2 Share-based Payments</i>	1 July 2007

The Group and the Company plan to apply FRS117, FRS124 and the Amendment to FRS119₂₀₀₄ initially for the annual period beginning 1 April 2007 and to apply the rest of the above-mentioned FRSs (except for FRS 6 as explained below and FRS139 which its effective date has yet to be announced) and Interpretations for the annual period beginning 1 April 2008.

The impact of applying FRS 117, FRS 124 and Amendment to FRS 119₂₀₀₄ on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective standards.

FRS 6 is not applicable to the Group and the Company. Hence, no further disclosure is warranted.

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

The financial statements were approved by the Board of Directors on 27 July 2007.

Notes to the Financial Statements

1. Basis of preparation (Cont'd)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the revaluation of leasehold land and buildings included in property, plant and equipment.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 29 on business combinations.

2. Significant accounting policies

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

Certain comparative amounts have been reclassified to conform to the current year's presentation (Note 31).

(a) Basis of consolidation

(i) Subsidiaries

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

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Notes to the Financial Statements

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation

(i) Subsidiaries (Cont'd)

Subsidiary companies are consolidated using the acquisition method of accounting except for certain subsidiaries, GSB Summit CD (M) Sdn Bhd (formerly known as Summit CD Manufacture (M) Sdn Bhd) and GSB Summit Audio (M) Sdn Bhd (formerly known as Summit Audio Industries (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 generally accepted accounting principles prevailing at that time.

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

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

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

(ii) Associates

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

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

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

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

Notes to the Financial Statements

2. Significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iii) Minority interest

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

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

(iv) Transactions eliminated on consolidation

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

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

(b) Foreign currency

Foreign currency transactions

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

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

Notes to the Financial Statements

2. Significant accounting policies (Cont'd)

(c) Property, plant and equipment

(i) Recognition and measurement

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

The Group revalues its property comprising land and buildings every five (5) years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. The last valuation was carried out in 2004.

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

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. The cost of self-constructed assets also includes the cost of materials and direct labour.

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

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

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

(ii) Reclassification to investment property

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

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

Notes to the Financial Statements

2. Significant accounting policies (Cont'd)

(c) Property, plant and equipment (Cont'd)

(iii) Subsequent costs

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

(iv) Depreciation

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

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

• Long term leasehold land	50 years
• Leasehold land and buildings	45 - 50 years
• Plant, machinery and audio equipment	8 - 10 years
• Office equipment	8 - 10 years
• Motor vehicles	5 - 6 years
• Furniture, fixtures and fittings	8 - 10 years
• Renovations	10 years
• Electrical installation	10 years

The depreciable amount is determined after deducting the residual value.

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

(d) Leased assets

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

Notes to the Financial Statements

2. Significant accounting policies (Cont'd)

(e) Investment property

Investment property carried at cost

Investment property is property which are owned or held to earn rental income or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment property are stated at cost less accumulated depreciation and impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

In the previous years, investment property was included in property, plant and equipment. Following the adoption of FRS 140, *Investment Property*, this investment property is now classified separately.

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

(f) Intangible asset

Goodwill

Goodwill arises on the acquisition of subsidiaries and associates.

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

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

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

Amortised goodwill

Before adoption of FRS 3, goodwill was measured at cost less accumulated amortisation and impairment losses. Goodwill was amortised from the date of initial recognition over its estimated useful life of not more than 15 years. Impairment tests on goodwill were performed when there were indications of impairment.

Following the adoption of FRS 3, goodwill is measured at cost and is no longer amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment. When the excess is negative (negative goodwill), it is recognised immediately in the income statement.

Notes to the Financial Statements

2. Significant accounting policies (Cont'd)

(f) Intangible asset (Cont'd)

Acquisition of minority interest

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

(g) Land held for development

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

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

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

(h) Property development costs

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

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

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

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

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

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

Notes to the Financial Statements

2. Significant accounting policies (Cont'd)

(i) Inventories

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

(j) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

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

Receivables are not held for the purpose of trading.

(k) Cash and cash equivalents

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

(l) Impairment of assets

The carrying amounts of assets except for inventories, assets arising from property development and financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement.

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

Notes to the Financial Statements

2. Significant accounting policies (Cont'd)

(l) Impairment of 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 each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

(m) Loans and borrowings

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

(n) Employee benefits

Short term employee benefits

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

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

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

(o) 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.

Notes to the Financial Statements

2. Significant accounting policies (Cont'd)

(o) Provisions (Cont'd)

Contingent liabilities

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

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

(p) Payables

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

(q) Revenue

(i) Goods sold

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

(ii) Sale of properties

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

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

(iii) Rental income

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

(r) Lease payments

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

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.

Notes to the Financial Statements

2. Significant accounting policies (Cont'd)

(s) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method. All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred.

(t) Tax expense

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

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(u) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(v) Segment reporting

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

Notes to the Financial Statements

3. Property, plant and equipment

Group	Long term	Leasehold	Plant,	Office	Motor	Furniture,	Electrical	Total	
	leasehold	land and	machinery	equipment	vehicles	fixtures	installation		
	land	buildings*	and audio	equipment	vehicles	and	Renovations		
	RM	RM	equipment	RM	RM	fittings	RM	RM	
	RM	RM	RM	RM	RM	RM	RM	RM	
Cost									
At 1 April 2005	5,425,297	9,340,777	44,564,648	207,720	1,144,806	2,447,136	318,211	373,844	63,822,439
Additions	-	-	432,619	-	459,098	64,528	-	-	956,245
Disposals	-	(1,103,344)	(4,691,754)	-	(229,493)	-	-	-	(6,024,591)
Acquisition through business combinations	-	17,894,038	-	-	-	-	-	-	17,894,038
At 31 March 2006/ 1 April 2006	5,425,297	26,131,471	40,305,513	207,720	1,374,411	2,511,664	318,211	373,844	76,648,131
Transfer to investment property	-	(17,894,038)	-	-	-	-	-	-	(17,894,038)
Additions	-	9,000	522,378	7,800	685,000	74,776	400	-	1,299,354
Disposals	(5,425,297)	-	-	-	-	-	-	-	(5,425,297)
At 31 March 2007	-	8,246,433	40,827,891	215,520	2,059,411	2,586,440	318,611	373,844	54,628,150
Depreciation									
At 1 April 2005	108,506	1,260,777	26,941,769	204,034	1,080,427	1,702,092	266,279	240,607	31,804,491
Depreciation for the year	108,506	249,459	3,869,003	1,500	52,065	197,003	7,464	24,053	4,509,053
Disposals	-	(313,094)	(4,435,968)	-	(220,742)	-	-	-	(4,969,804)
At 31 March 2006/ 1 April 2006	217,012	1,197,142	26,374,804	205,534	911,750	1,899,095	273,743	264,660	31,343,740
Transfer to investment property	-	(71,573)	-	-	-	-	-	-	(71,573)
Depreciation for the year	54,253	127,346	3,542,421	2,282	231,126	155,568	7,332	23,817	4,144,145
Disposals	(271,265)	-	-	-	-	-	-	-	(271,265)
At 31 March 2007	-	1,252,915	29,917,225	207,816	1,142,876	2,054,663	281,075	288,477	35,145,047
Carrying amounts									
At 1 April 2005	5,316,791	8,080,000	17,622,879	3,686	64,379	745,044	51,932	133,237	32,017,948
At 31 March 2006/ 1 April 2006	5,208,285	24,934,329	13,930,709	2,186	462,661	612,569	44,468	109,184	45,304,391
At 31 March 2007	-	6,993,518	10,910,666	7,704	916,535	531,777	37,536	85,367	19,483,103

Notes to the Financial Statements

3. Property, plant and equipment (continued)

* The cost and carrying value of the leasehold land are not segregated from buildings as the required records are not available.

Security

The leasehold land and buildings of subsidiaries with carrying value of RM6,244,000 (2006 - RM6,350,000) have been pledged to a licensed bank as security for term loan facilities granted to a subsidiary.

Assets under finance lease agreement

Included in property, plant and equipment of the Group are motor vehicles and machinery acquired under finance lease agreements with carrying value of RM1,498,000 (2006 - RM1,934,000).

Property, plant and equipment under revaluation model

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

Had the leasehold land and buildings been carried under the historical cost model, their carrying amounts would have been RM3,183,000 (2006 - RM3,254,000).

Titles

The strata titles of certain leasehold buildings, with carrying value of RM750,000 (2006 - RM762,000), have not been issued to the subsidiaries as the master title has not been sub-divided.

4. Goodwill

Group	RM
Cost	
At 1 April 2005	1,097,584
Acquisition through business combination	11,828
	<hr/>
At 31 March 2006	1,109,412
Effect of adopting FRS 3:	
- Reversal of accumulated amortisation	(371,552)
	<hr/>
At 1 April 2006, restated	737,860
Acquisition through business combination	6,941
	<hr/>
At 31 March 2007	744,801

Notes to the Financial Statements

4. Goodwill (Cont'd)

Group	RM
Amortisation	
At 1 April 2005	295,128
Amortisation for the year	76,424
	<hr/>
At 31 March 2006/1 April 2006	371,552
Effect of adopting FRS 3:	
- Reversal of accumulated amortisation	(371,552)
	<hr/>
At 1 April 2006, restated/ At 31 March 2007	-
	<hr/>
Carrying amounts	
At 1 April 2005	802,456
	<hr/>
At 31 March 2006/1 April 2006	737,860
	<hr/>
At 31 March 2007	744,801
	<hr/>

Goodwill

The carrying amount of goodwill of a subsidiary in plastic fabricated parts segment, arising from consolidation, was assessed for impairment during the year.

The recoverable amount of the goodwill arising on consolidation is determined based on the value in use of the investment in the subsidiary. No impairment loss is recognised during the year as the recoverable amount is higher than the carrying amount of the investment in the subsidiary.

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

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

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

Notes to the Financial Statements

5. Investment property

		Group	
		2007	2006
		RM	RM
Note			
Cost			
	At 1 April	-	-
	Transfer from property, plant and equipment	17,894,038	-
	Additions	20,000	-
	At 31 March	17,914,038	-
Accumulated depreciation			
	At 1 April	-	-
	Transfer from property, plant and equipment	71,573	-
	Depreciation for the year	286,733	-
	At 31 March	358,306	-
Carrying amount			
	At 31 March	17,555,732	-
Included in the above are:			
	Freehold land	5,000,000	-
	Building	12,555,732	-

The Directors' valuation of the fair value of investment property based on available valuation report prepared by an independent valuer is RM18,000,000 (2006 – RM18,000,000).

6. Investments in subsidiaries

		Company	
		2007	2006
		RM	RM
			restated
	Unquoted shares in Malaysia, at cost	19,970,870	19,970,868
	Less: Impairment losses	(2,420,000)	(2,420,000)
		17,550,870	17,550,868

Details of the subsidiaries are in Note 28.

Notes to the Financial Statements

7. Investments in associates

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM restated
Unquoted shares in Malaysia, at cost	2,000,000	-	2,000,000	-
Share of post-acquisition loss	(43,000)	-	-	-
	1,957,000	-	2,000,000	-

Summary financial information on associates:

	2007 RM	2006 RM
Revenue (100%)	1,037,085	-
Loss (100%)	(108,003)	-
Total assets (100%)	4,044,596	-
Total liabilities (100%)	1,381,789	-

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

	Effective ownership interest		Principal activities
	2007 %	2006 %	
Giga Gates Sdn Bhd and its subsidiaries*	40	-	Investment holding

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

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2007 %	2006 %
China Alliances (Shanghai) Co. Ltd	Information technology and telecommunication services. Data communication and mobile content provider	Peoples' Republic of China	100	-

Notes to the Financial Statements

7. Investments in associates (Cont'd)

Name of company	Principal activities	Country of incorporation	Effective ownership interest	
			2007 %	2006 %
Giga Gates Mobile Sdn Bhd	Provision of mobile ringing tones and contents download and other related services	Malaysia	100	-
Tappo Tappi Sdn Bhd	Trading of handphones and related products, provision of mobile ringing tones and contents download and related services	Malaysia	100	-
Tech Bonanza Sdn Bhd	Multiple gateway for technology enabling and content provisioning services	Malaysia	75	-

The associate and its subsidiaries have a financial year end of 30 June 2006. For the purpose of applying the equity method of accounting, the unaudited financial statements for the year ended 31 March 2007 have been used and appropriate adjustments have been made for the effects of significant transactions between 30 June 2006 and that date.

8. Other investments

	Group	
	2007 RM	2006 RM
At cost:		
Investment in club membership	30,030	30,030
Less: Impairment losses	(14,030)	(14,030)
	16,000	16,000

Notes to the Financial Statements

9. Long term advances due from a subsidiary

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

10. Land held for development

	Group	
	2007 RM	2006 RM
Cost		
Land held for development	3,153,557	-

Title

The title to the freehold land held for development of a subsidiary, with a cost of RM1,076,000 is in the process of being transferred to the subsidiary.

11. Receivables, deposits and prepayments

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM restated
Trade				
Trade receivables	9,802,697	8,792,303	-	-
Less: Allowance for doubtful debts	(743,987)	(788,886)	-	-
	9,058,710	8,003,417	-	-
Non-trade				
Amount due from subsidiaries	-	-	13,575,072	15,347,646
Amount due from former holding company of a subsidiary	2,292,315	6,615,527	-	-
Other receivables	1,321,151	2,079,891	9	500,000
Deposits	179,844	695,685	-	-
Prepayments	214,317	137,767	-	-
	4,007,627	9,528,870	13,575,081	15,847,646
	13,066,337	17,532,287	13,575,081	15,847,646

Notes to the Financial Statements

11. Receivables, deposits and prepayments (Cont'd)

Company

Subsidiaries

The receivables due from subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Group

Trade receivables denominated in currencies other than the functional currency comprised of:

	2007 RM	2006 RM
Trade receivables denominated in SGD	855,456	829,697
Trade receivables denominated in USD	355,118	521,959
Trade receivables denominated in AUD	861,656	894,990
Trade receivables denominated in GBP	-	171,000

12. Inventories

	Group	
	2007 RM	2006 RM
At cost:		
Raw materials and consumables	2,476,955	2,403,300
Work-in-progress	172,976	229,976
Finished goods	763,328	3,298,357
	3,413,259	5,931,633
Allowance for inventory obsolescence	(50,000)	-
	3,363,259	5,931,633

In 2007, inventories recognised as cost of sales amounted to RM18,060,000 (2006 - RM16,510,000).

Notes to the Financial Statements

13. Property development costs

Group	Freehold land RM	Leasehold land RM	Development costs RM	Total RM
Cumulative property development costs				
At 1 April 2005	-	-	-	-
Acquisition of a subsidiary	3,153,557	-	528,902	3,682,459
Costs incurred during the year	-	-	370,566	370,566
At 31 March/1 April 2006	3,153,557	-	899,468	4,053,025
Transfer to land held for development	(3,153,557)	-	-	(3,153,557)
Costs incurred during the year	-	5,154,032	954,171	6,108,203
	-	5,154,032	1,853,639	7,007,671
Cumulative costs recognised in income statement				
At 1 April 2005/ 31 March/ 1 April 2006	-	-	-	-
Recognised during the year	-	-	(209,495)	(209,495)
At 31 March 2007	-	-	(209,495)	(209,495)
Property development costs at 31 March 2006	3,153,557	-	899,468	4,053,025
Property development costs at 31 March 2007	-	5,154,032	1,644,144	6,798,176

Security

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

Borrowing costs

Included in development costs of the Group is net interest capitalised of a subsidiary at average rate of 9.25% (2006 - 8.5%) per annum for the year of RM120,000 (2006 - RM371,000).

Notes to the Financial Statements

14. Cash and cash equivalents

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
				restated
Cash and bank balances	2,434,668	901,224	8,193	20,507
Deposits with licensed banks	78,455	3,310,256	-	-
	2,513,123	4,211,480	8,193	20,507

15. Capital and reserves**Share capital**

	Group and Company			
	Amount	Number	Amount	Number
	2007	of shares	2006	of shares
	RM	2007	RM	2006
Ordinary shares of RM1 each:				
Authorised	50,000,000	50,000,000	50,000,000	50,000,000
Issued and fully paid	40,000,000	40,000,000	40,000,000	40,000,000

Share premium

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

Revaluation reserve

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

Notes to the Financial Statements

16. Loans and borrowings

This note provides information about the contractual terms of the Group's and the Company's interest-bearing loans and borrowings. For more information about the Group's and the Company's exposure to interest rate and foreign currency risk, see Note 24.

	Group	
	2007	2006
	RM	RM
Non-current		
Finance lease liabilities	426,725	315,900
Secured term loans	9,481,113	11,188,266
	9,907,838	11,504,166
Current		
Finance lease liabilities	243,973	496,985
Unsecured bankers' acceptances	2,396,000	2,308,000
Unsecured bank overdrafts	160,832	-
Secured term loans	1,752,874	6,930,000
	4,553,679	9,734,985
	14,461,517	21,239,151

Terms and debt repayment schedule

Group	Year of maturity	Carrying amount	Under 1 year	1 - 2 years	2 - 5 years	Over 5 years
		RM	RM	RM	RM	RM
2007						
Finance lease liabilities	2008 - 2013	670,698	243,973	173,686	253,039	-
Bankers' acceptances (unsecured)	2008	2,396,000	2,396,000	-	-	-
Bank overdrafts (unsecured)	2008	160,832	160,832	-	-	-
Term loans (secured)	2010	11,233,987	1,752,874	1,752,876	7,728,237	-
		14,461,517	4,553,679	1,926,562	7,981,276	-

Notes to the Financial Statements

16. Loans and borrowings (Cont'd)

Terms and debt repayment schedule (Cont'd)

Group	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM
2006						
Finance lease liabilities	2008 - 2013	812,884	496,985	116,861	199,038	-
Bankers' acceptances (unsecured)	2007	2,308,000	2,308,000	-	-	-
Term loans (secured)	2010	18,118,267	6,930,000	2,797,066	8,391,201	-
		21,239,151	9,734,985	2,913,927	8,590,239	-

Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum lease payments 2007 RM	Interest 2007 RM	Principal 2007 RM	Minimum lease payments 2006 RM	Interest 2006 RM	Principal 2006 RM
Less than one year	288,951	44,978	243,973	576,858	79,873	496,985
Between one and five years	477,170	50,445	426,725	349,398	33,498	315,900
More than five years	-	-	-	-	-	-
	766,121	95,423	670,698	926,256	113,371	812,885

The term loans of certain subsidiaries are charged against the leasehold land (Note 13) and leasehold land and buildings (Note 3) of the subsidiaries, and are backed by the corporate guarantee from the Company.

Bankers' acceptances and bank overdrafts are backed by the corporate guarantee from the Company.

Notes to the Financial Statements

17. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following items:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM restated
Property, plant and equipment	1,462,300	1,875,300	-	-
Revaluation of property, plant and equipment	1,014,800	821,750	-	-
	2,477,100	2,697,050	-	-

Unrecognised deferred tax assets

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM restated
Unabsorbed capital allowances	5,989,000	5,506,000	-	-
Unutilised tax losses	1,841,592	1,780,000	-	-
Other items	66,000	-	-	-
	7,896,592	7,286,000	-	-

If there is substantial change in shareholders, unutilised tax losses carry-forwards and unabsorbed capital allowances carry-forwards will not be available to the Group. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

Notes to the Financial Statements

17. Deferred tax liabilities (Cont'd)**Movement in temporary differences during the year**

	At 1.4.2005 RM	Recognition in income statement (note 21) RM	Acquisition of a subsidiary RM	At 31.3.2006 RM	Recognition in income statement (note 21) RM	Recognised in equity RM	At 31.3.2007 RM
Revaluation of property, plant and equipment	488,110	-	333,640	821,750	(53,200)	246,250	1,014,800
Property, plant and equipment	2,742,300	(867,000)	-	1,875,300	(413,000)	-	1,462,300
	3,230,410	(867,000)	333,640	2,697,050	(466,200)	246,250	2,477,100

Re-investment allowances

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

Subject to agreement by the Inland Revenue Board, the Group has unutilised reinvestment allowances not accounted for in the financial statements of the subsidiary, amounting to RM8,387,000 (2006: RM8,387,000) to be set off against future taxable profits.

18. Payables and accruals

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM restated
Trade				
Trade payables	4,866,455	4,855,161	-	-
	4,866,455	4,855,161	-	-
Non-trade				
Payables and accruals	1,414,042	1,812,860	116,343	156,194
	6,280,497	6,668,021	116,343	156,194

Notes to the Financial Statements

18. Payables and accruals (Cont'd)

Group

Trade payables denominated in currencies other than the functional currency are as follows:-

	2007 RM	2006 RM
Trade payables denominated in USD	2,867,779	3,090,385
Trade payables denominated in SGD	-	174,690

19. (Loss)/Profit before tax

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
(Loss)/Profit before tax is arrived at after charging:				
Amortisation of goodwill	-	76,424	-	-
Auditors' remuneration	51,700	49,258	20,000	20,000
Depreciation of property, plant and equipment	4,144,145	4,509,053	-	-
Depreciation of investment property	286,733	-	-	-
Rental of land and building	220,400	215,030	-	-
Allowance for doubtful debts	20,825	360,781	-	-
Personnel expenses:				
- Contributions to Employees Provident Fund	402,716	389,436	-	-
- Wages, salaries and others	3,667,658	3,653,804	-	-
Interest expense on:				
- Hire purchase	110,997	115,565	-	-
- Bankers' acceptances	147,477	80,451	-	-
- Bank overdraft	23,424	17,861	-	-
- Term loans	1,082,127	-	-	-
- Other borrowings	11,882	20,179	-	-
Allowance for inventory obsolescence	50,000	-	-	-
Inventories written off	19,614	-	-	-
and after crediting:				
Gain on disposal of property, plant and equipment	-	266,524	-	-
Interest income	36,363	225,715	4,557	12,141
Gain on foreign exchange:				
- Realised	288,547	38,964	-	-
- Unrealised	43,498	61,812	-	-
Allowance for doubtful debts no longer required	65,724	733,627	-	-

Notes to the Financial Statements

20. Directors' remuneration/fees

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Directors				
- Fees	53,000	82,000	53,000	82,000
- Remuneration	584,300	515,782	-	-
	637,300	597,782	53,000	82,000

21. Tax expense

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Income tax expense				
- current year	558,000	601,399	-	3,399
- prior years	(14,068)	(87,159)	(178)	-
	543,932	514,240	(178)	3,399
Deferred tax expense				
Origination and reversal of temporary differences	(455,200)	(867,000)	-	-
Over provision in prior years	(11,000)	-	-	-
	77,732	(352,760)	(178)	3,399
Reconciliation of tax expense				
(Loss)/Profit before tax	(1,658,789)	499,824	(244,380)	(81,774)
Income tax using Malaysian tax rate at 27% (2006: 28%)	(447,873)	139,951	(65,983)	(22,897)
Effect of changes in tax rate	11,000	(36,831)	-	-
Non-deductible expenses	375,673	151,312	65,983	26,296
Tax exempt income	-	(202,107)	-	-
Over provision in prior years	(25,068)	(87,159)	(178)	-
Effect of utilisation of deferred tax assets previously not recognised	-	(317,926)	-	-
Effect of deferred tax assets not recognised	164,000	-	-	-
	77,732	(352,760)	(178)	3,399

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

Notes to the Financial Statements

22. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per share at 31 March 2007 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	2007 RM	Group 2006 RM
(Loss)/Profit for the year attributable to ordinary shareholders	(1,732,048)	844,990
Weighted average number of ordinary shares		
Weighted average number of ordinary shares at 31 March	40,000,000	40,000,000
	2007 Sen	2006 Sen
Basic (loss)/earnings per ordinary share	(4.33)	2.11

Diluted earnings per share

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

23. Segment reporting

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

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

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

Business segments

The Group comprises the following main business segments:

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

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

Notes to the Financial Statements

23. Segment reporting (Cont'd)

2007	Replication of compact discs RM	Duplication of audio cassette RM	Plastic fabricated parts RM	Property development RM	Other operations RM	Eliminations RM	Consolidated RM
Business segments							
Total external revenue	17,181,779	867,507	13,373,565	984,861	-	-	32,407,712
Inter-segment revenue	-	-	1,561,364	-	-	(1,561,364)	-
Total segment revenue	17,181,779	867,507	14,934,929	984,861	-	(1,561,364)	32,407,712
Results from operating activities							
	(70,606)	(120,232)	190,230	(24,206)	(251,431)	-	(276,245)
Interest income	26,562	2,341	-	2,903	4,557	-	36,363
Finance costs	(63,920)	(3,833)	(216,559)	(1,091,595)	-	-	(1,375,907)
Share of loss of equity accounted associates	-	-	-	-	(43,000)	-	(43,000)
Loss before tax	(107,964)	(121,724)	(26,329)	(1,112,898)	(289,874)	-	(1,658,789)
Tax expense							(77,732)
Minority interest							4,473
Loss for the year							(1,732,048)
Segment assets							
Investments	19,663,595	3,974,532	10,421,266	31,881,154	8,740	-	65,949,287
in associates	-	-	-	-	1,957,000	-	1,957,000
Unallocated assets							1,311,707
Total assets							69,217,994
Segment liabilities							
Unallocated liabilities	4,403,597	165,872	4,665,063	11,412,786	126,313	-	20,773,631
Total liabilities							23,250,731
Capital expenditure	811,211	3,650	6,535	477,958	-	-	1,299,354
Depreciation	2,560,324	113,890	1,373,261	383,403	-	-	4,430,878

Notes to the Financial Statements

23. Segment reporting (Cont'd)

2006	Replication of compact discs RM	Duplication of audio cassette RM	Plastic fabricated parts RM	Property development RM	Other operations RM	Eliminations RM	Consolidated RM
Business segments							
Total external revenue	16,191,645	1,718,798	13,889,612	-	180,000	-	31,980,055
Inter-segment revenue	-	-	697,446	-	-	(697,446)	-
Total segment revenue	16,191,645	1,718,798	14,587,058	-	180,000	(697,446)	31,980,055
Results from operating activities							
Interest income	128,497	85,077	-	-	12,141	-	225,715
Finance costs	(9,404)	-	(221,523)	-	(3,129)	-	(234,056)
Profit before tax	(749,305)	305,750	1,043,170	-	(99,791)	-	499,824
Tax expense							352,760
Minority interest							(7,594)
Profit for the year							844,990
Segment assets							
Unallocated assets	28,927,638	5,107,412	13,707,009	-	29,276,707	-	77,018,766
Total assets							1,535,490
Total assets							78,554,256
Segment liabilities							
Unallocated liabilities	2,611,774	10,008	6,501,511	-	18,783,879	-	27,907,172
Total liabilities							2,697,050
Total liabilities							30,604,222
Capital expenditure	623,090	-	329,430	-	3,725	-	956,245
Depreciation and amortisation of goodwill	2,835,275	205,788	1,394,545	-	149,869	-	4,585,477

Notes to the Financial Statements

24. Financial instruments

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

Credit risk

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

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

Interest rate risk

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

Effective interest rates and repricing analysis

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

2007	Average effective interest rate %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM
Fixed rate instruments								
Finance lease liabilities	5.38	670,698	243,973	173,686	99,527	94,465	59,047	-
Floating rate instruments								
Bankers' acceptances	6.86	2,396,000	2,396,000	-	-	-	-	-
Bank overdrafts	8.25	160,832	160,832	-	-	-	-	-
Term loans	9.25	11,233,987	1,752,874	1,752,876	2,576,079	2,576,079	2,576,079	-
		14,461,517	4,553,679	1,926,562	2,675,606	2,670,544	2,635,126	-

Notes to the Financial Statements

24. Financial instruments (Cont'd)**Effective interest rates and repricing analysis (Cont'd)**

2006	Average effective interest rate %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM
Fixed rate instruments								
Finance lease liabilities	4.64	812,884	496,985	116,861	112,580	86,458	-	-
Floating rate instruments								
Bankers' acceptances	4.98	2,308,000	2,308,000	-	-	-	-	-
Term loans	8.25	18,118,267	6,930,000	2,797,066	2,797,067	2,797,067	2,797,067	-
		21,239,151	9,734,985	2,913,927	2,909,647	2,883,525	2,797,067	-

Foreign currency risk

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

Liquidity risk

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

Fair values

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

Notes to the Financial Statements

24. Financial instruments (Cont'd)

Fair values (Cont'd)

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

	2007		2006	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Finance lease liabilities	670,698	670,698	812,884	812,884
Secured term loans	11,233,987	11,233,987	18,118,267	18,118,267
Investment in club membership	16,000	16,000	16,000	16,000

25. Capital commitment

	Group and Company	
	2007 RM	2006 RM
Investment in associate commitments		
Approved and contracted for	-	1,500,000
Capital expenditure commitment		
Plant and equipment		
Contracted but not provided for:		
Within one year	1,580,000	-

26. Contingent liabilities – unsecured

	Company	
	2007 RM	2006 RM
Corporate guarantees to licensed banks for credit facilities granted to subsidiaries	21,250,000	3,858,000

Notes to the Financial Statements

27. Related parties**Identity of related parties**

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

The Group has a related party relationship with its subsidiaries (see Note 6) and associates (see Note 7).

Significant transactions with subsidiaries

	2007 RM	2006 RM
Transaction value for the year ended 31 March		
Management fees receivable	-	191,000

Significant transactions with related parties

Transaction value for the year ended 31 March

Associate

Rental income	6,000	-
Management fees	96,000	-

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

Notes to the Financial Statements

28. Subsidiaries

The principal activities of the subsidiaries, their places of incorporation and the interest of GSB Group Berhad (Formerly known as SM Summit Holdings Bhd) are as follows:-

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest	
			2007 %	2006 %
GSB Summit Audio (M) Sdn Bhd (formerly known as Summit Audio Industries (M) Sdn Bhd)	Malaysia	Mechanical reproduction of sound and music	100	100
GSB Summit CD (M) Sdn Bhd (formerly known as Summit CD Manufacture (M) Sdn Bhd)	Malaysia	Manufacture of compact discs	100	100
GSB Plastech (M) Sdn Bhd (formerly known as Japantec Industries (M) Sdn Bhd)	Malaysia	Manufacture of plastic fabricated parts	100	100
GSB Summit Development Sdn Bhd	Malaysia	Property development	100	100
Serta Usaha Sdn Bhd*	Malaysia	Property development	89.47	89.47
Duta Legacy Sdn Bhd	Malaysia	Dormant	100	-
Benih Kurnia Sdn Bhd*	Malaysia	Dormant	100	-

*Subsidiaries not audited by KPMG

Notes to the Financial Statements

29. Acquisition of subsidiaries**Business combination**

On 19 December 2006 and 16 January 2007, the Group acquired all the shares in Duta Legacy Sdn Bhd and Benih Kurnia Sdn Bhd for RM4 satisfied in cash respectively. The subsidiaries have not commenced operations since the date of their incorporation. During the period ended 31 March 2007, the subsidiaries contributed a net loss of RM2,494 to the Group.

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

	Note	Pre- acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Cash on hand		537	-	537
Accruals		(7,474)	-	(7,474)
Net identifiable assets and liabilities		(6,937)	-	(6,937)
Goodwill on acquisition	4			6,941
Consideration paid, satisfied in cash				4
Cash acquired				(537)
Net cash outflow				(533)

30. Change in accounting policies

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 March 2007.

The change in accounting policy arising from the adoption of FRS3, *Business Combination*, FRS101, *Presentation of Financial Statements*, FRS 127, *Consolidated and Separate Financial Statements*, FRS 136, *Impairment of Assets*, FRS 138, *Intangible Assets* and FRS 140, *Investment Property*, are summarised below:

FRS 3, Business Combinations, FRS 136, Impairment of Assets and FRS 138, Intangible Assets

The adoption of FRS 3, FRS 136 and FRS 138 has resulted in a change in the accounting policy for goodwill. The change in accounting policy is made in accordance with their transitional provisions.

Goodwill is stated at cost less accumulated impairment losses and is no longer amortised. Instead, goodwill impairment is tested annually, or when circumstances change, indicating that goodwill might be impaired.

Notes to the Financial Statements

30. Change in accounting policies (Cont'd)

FRS 3, Business Combinations, FRS 136, Impairment of Assets and FRS 138, Intangible Assets (Cont'd)

Had there not been a change in accounting policy, the net loss attributable to shareholders for the financial year ended 31 March 2007 would increase by RM76,887 as follows:

	Group 2007 RM
Income statement for the year ended 31 March	
Goodwill amortisation which would be charged to the income statement	76,887
In sen	
Earnings per share	
Increase in basic loss per share	0.19

FRS 101, Presentation of Financial Statements

The adoption of FRS 101 has affected the presentation of minority interests and share of results after tax of associates in income statement, balance sheet and statement of changes in equity.

In the consolidated income statement, minority interests are presented as in allocation of the total profit or loss for the period. Share of results after tax of associates is now reported as single line item above consolidated profit before tax.

In the consolidated balance sheet, minority interests are now presented within total equity. Consequently, the movement of minority interests is now shown in the consolidated statement of changes in equity.

The current year's presentation of the financial statements of the Group and the Company is prepared in accordance with the requirements of FRS 101 and the comparatives have been restated to conform with the current year's presentation.

FRS 127, Consolidated and Separate Financial Statements

Prior to 1 April 2006, the investment in certain subsidiaries of the Company was stated at valuation. In accordance with the provisions of FRS127, investment in subsidiaries is now stated at cost less impairment losses. The adoption of FRS127 has resulted in a decrease in total equity attributable to shareholders of the Company at 1 April 2006 by RM4,491,189.

Notes to the Financial Statements

30. Change in accounting policies (Cont'd)**FRS 127, Consolidated and Separate Financial Statements (Cont'd)**

Company	2007 RM	2006 RM
Balance sheet		
Decrease in investment in subsidiaries	(4,491,189)	(4,491,189)
Decrease in total assets	(4,491,189)	(4,491,189)
Revaluation reserve	(1,726,595)	(1,726,595)
Accumulated losses	(2,764,594)	(2,764,594)
Decrease in total equity attributable to shareholders of the Company/total equity	(4,491,189)	(4,491,189)

FRS 140, Investment Property

The Group adopted cost model to measure its investment property. Under the cost model, investment property is measured at depreciated cost less any accumulated impairment loss.

Investment property previously classified under property, plant and equipment is now disclosed as a separate line item on the face of the consolidated balance sheet within non-current assets.

31. Comparative figures

Certain comparative figures have been reclassified as a results of changes in accounting policies as stated in Note 30 and to conform with the presentation requirements of FRS 101.

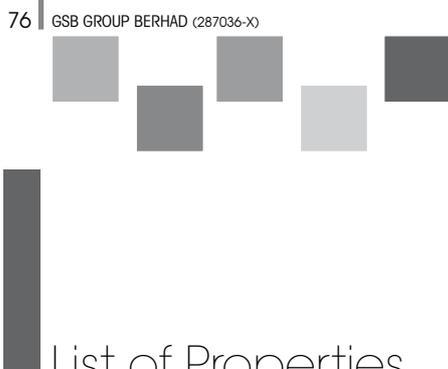
	Group		Company	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
Balance sheet				
Investments in subsidiaries	-	-	17,550,868	22,042,057
Revaluation reserve	-	-	-	1,726,595
Accumulated losses	-	-	5,707,811	2,943,217
Total equity	-	-	35,231,992	39,723,181
Income statement				
Other operating income	1,075,436	1,301,151	-	12,414
Interest income	225,715	-	12,141	-
Statement of changes in equity				
Accumulated losses at 1 April 2005	-	-	5,622,638	2,858,044
Accumulated losses at 31 March 2006	-	-	5,707,811	2,943,217

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 2007 (RM)
GSB Summit Audio (M) Sdn Bhd (Formerly Known As Summit Audio Industries (M) Sdn Bhd)					
Parcel No.D-113 1st Floor, Block D Pandan Height, PT 34798 Mukim of Ampang, District of Ulu Langat, State of Selangor.	Three (3) bedroom apartment for management	28.09.04	Freehold (age is approx 9 years)	79.25	119,360
Plot No. B29 Gateway 2020 Industrial Park, Phase 5 Taman Shamelin Perkasa PT 1604 and PT 1668 Mukim of Kuala Lumpur and Ampang respectively, District of Kuala Lumpur.	Adjoining unit of semi-detached single storey factory with three storey office	21.09.04	Leasehold 99 years expiring on 11.09.2082 (age is approx 9 years)	1,041.00	3,151,114
Parcel No.1313 Storey No.3, Building 1 Taman Shamelin Perkasa PT 1604 Mukim of Kuala Lumpur, District of Kuala Lumpur.	Three (3) bedroom apartment for management	21.09.04	Leasehold 99 years expiring on 11.09.2082 (age is approx 13 years)	95.00	124,134

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 2007 (RM)
GSB Summit CD (M) Sdn Bhd (Formerly Known As Summit CD Manufacture (M) Sdn Bhd)					
Parcel No. D-107 1st Floor, Block D Pandan Height, PT 34798 Mukim of Ampang, District of Ulu Langat, State of Selangor.	Three (3) bedroom apartment for management	28.09.04	Freehold (age is Approx 9 years)	79.62	120,634
Plot No. B30 Gateway 2020 Industrial Park, Phase 5 Taman Shamelin Perkasa PT 1604 and PT 1668 Mukim of Kuala Lumpur and Ampang respectively, District of Kuala Lumpur.	Adjoining unit of semi-detached single storey factory with three storey office	21.09.04	Leasehold 99 years expiring on 11.09.2082 (age is approx 9 years)	1,041.00	3,092,905
Parcel No.1307 storey No. 3, Building 1 Taman Shamelin Perkasa PT 1604 Mukim of Kuala Lumpur, District of Kuala Lumpur.	Three (3) bedroom apartment for management	21.09.04	Leasehold 99 years expiring on 11.09.2082 (age is approx 13 years)	95.00	125,517
Parcel No. E-GP04 Block E, Phase 5 Pandan Perdana PT 4335 Mukim of Kuala Lumpur, District of Kuala Lumpur.	5 + 1 bedroom apartment (Penthouse) for senior management accommodation	22.09.04	Freehold (age is approx 6 years)	195.93	259,854



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 2007 (RM)
<u>Serta Usaha Sdn Bhd</u>					
Lot 50, Section 94, Jalan Kapar, Off Jalan Syed Putra Dalam, Kuala Lumpur	Thirteen storey building with a basement mechanical car park	31.07.2005	Freehold (age is approx 8 years)	895.34	17,555,732
HS(D) No. 12718, PT No. 15685, Bandar Bentong, Daerah Bentong, Negeri Pahang	Vacant land	22.8.2005	Freehold	1,999.15	1,111,775
HS(D) No. 193/95, PT No. 583, Mukim Teloi Kiri, Daerah Kuala Muda, Negeri Kedah	Vacant land	15.9.2005	Freehold	39,355.00	1,303,135
HS(D) No. 226/95, PT No. 616, Mukim Teloi Kiri, Daerah Kuala Muda, Negeri Kedah	Vacant land	15.9.2005	Freehold	22,311.00	738,647
<u>GSB Summit Development Sdn Bhd</u>					
Lot No. 31573-31578 & 31627, Desa Tun Razak PN 10174-10179 & 10228 Mukim Petaling, Daerah Wilayah Persekutuan Negeri Wilayah Persekutuan	Vacant industrial land	15.09.00	Leasehold 99 years expiring on 20.03.2085 (age is approx 19 years)	6,861.00	5,154,032
Total				73,953.29	32,856,839

Statistics of Shareholdings

Financial Year End : 31 March 2007

Class of Shares : Ordinary shares of RM1.00 each

Voting Rights : One vote per ordinary share.

ANALYSIS OF SHAREHOLDERS BY RANGE GROUP AS AT 31 JULY 2007

Size of Shareholdings	No of Shareholders	% of Shareholders	No of Shares Held	% of Issued Capital
1 to 99	298	20.8830	12,498	0.0312
100 to 1,000	116	8.1289	76,285	0.1907
1,001 to 10,000	870	60.9671	2,615,097	6.5377
10,001 to 100,000	114	7.9888	3,007,069	7.5177
100,001 to 1,999,999	25	1.7519	18,738,618	46.8465
2,000,000 and above	4	0.2803	15,550,433	38.8761
Total	1,427	100.0000	40,000,000	100.0000

THIRTY LARGEST SHAREHOLDERS AS AT 31 JULY 2007

No	Name of Shareholders	No of Shares Held	% of Issued Capital
1	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Suria Bitara Sdn Bhd	8,048,000	20.1200
2	MIDF Sisma Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kenneth Vun @ Vun Yun Liun	3,329,100	8.3228
3	Ke-Zan Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kenneth Vun @ Vun Yun Liun	2,100,000	5.2500
4	Gun Seong Thean	2,073,333	5.1833
5	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Sun Acres Development Sdn Bhd	1,980,000	4.9500
6	MIDF Sisma Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jeffrey Ong Peng Lock	1,965,000	4.9125
7	M.I.T Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kenneth Vun @ Vun Yun Liun	1,870,400	4.6760
8	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for ID D'Art Sdn Bhd	1,860,051	4.6501



Statistics of Shareholdings

THIRTY LARGEST SHAREHOLDERS AS AT 31 JULY 2007 (CONT'D)

No	Name of Shareholders	No of Shares Held	% of Issued Capital
9	MIDF Sisma Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Pik Mui	1,775,000	4.4375
10	MIDF Sisma Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Seng Biang	1,730,000	4.3250
11	Mega Bayumas Sdn Bhd	1,258,251	3.1456
12	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kenneth Vun @ Vun Yun Liun	1,053,500	2.6338
13	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Gan Boon Kat	911,949	2.2799
14	RC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kenneth Vun @ Vun Yun Liun	605,000	1.5125
15	Gan Seng Biang	390,900	0.9773
16	Wong Kong Meng	384,000	0.9600
17	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kenneth Vun @ Vun Yun Liun	370,200	0.9255
18	Teng Choo Teik	360,500	0.9013
19	Sing Kong Wey	314,667	0.7867
20	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Na Bon Tiam	269,300	0.6733
21	Yap Win Seng	264,000	0.6600
22	Mayban Securities Nominees (Tempatan) Sdn Bhd UOB-Kay Hian Pte Ltd for Ding Chin Look	239,000	0.5975
23	Loh Kim Poh	220,000	0.5500
24	Hee Pooi Lee	214,700	0.5368
25	OSK Nominees (Asing) Sdn Bhd DMG & Partners Securities Pte Ltd for Cube Capital Group Limited	177,000	0.4425
26	Soo Yoke Mun	138,600	0.3465
27	Tam Chui Chui	133,400	0.3335



Statistics of Shareholdings

THIRTY LARGEST SHAREHOLDERS AS AT 31 JULY 2007 (CONT'D)

No	Name of Shareholders	No of Shares Held	% of Issued Capital
28	Lye Thei	133,000	0.3325
29	Lim Kee Sim	120,200	0.3005
30	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Kenneth Vun @ Vun Yun Liun	100,000	0.2500
Total		34,389,051	85.9726

SUBSTANTIAL SHAREHOLDERS

(As per the Register of Substantial Shareholders as at 31 July 2007)

Name of Shareholders	Direct No of Shares	%	Indirect No of Shares	%
1 Kenneth Vun @ Vun Yun Liun	9,428,200	23.5705	0	0.0000
2 Suria Bitara Sdn Bhd	8,048,000	20.1200	0	0.0000
3 Gan Seng Biang	2,120,900	5.3023	5,098,202*	12.7455
4 Gun Seong Thean	2,073,333	5.1833	0	0.0000
5 Lim Yap Hap	21,000	0.0525	5,098,202#	12.7455
Total	21,691,433	54.2286	10,196,404	25.4910

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

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

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings as at 31 July 2007)

Name of Shareholders	Direct No of Shares	%	Indirect No of Shares	%
1 Jeffrey Ong Peng Lock	1,995,000	4.9875	0	0.0000
2 Yap Kiam Beng	28,000	0.0700	0	0.0000
3 Loy Kwee Keow	0	0.0000	0	0.0000
4 Liaw Boo Lai @ Leow Bong Lai	0	0.0000	0	0.0000
5 Gan Pik Mui	1,806,500	4.5163	0	0.0000
6 Gan Boon Kat	911,949	2.2799	0	0.0000
Total	4,741,449	11.8536	0	0.0000

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of the Company will be convened and held at No. 9 Jalan 3/91A Taman Shamelin Perkasa Cheras 56100 Kuala Lumpur on Friday, 28 September 2007 at 9.00 a.m. to transact the following items of business:

AGENDA

As Ordinary Business

1. To receive the statutory financial statements for the year ended 31 March 2007 together with the Directors' and Auditors' Reports thereon. **Resolution 1**
2. To approve the payment of Directors' Fees amounting to RM43,000/- for the year ended 31 March 2007. **Resolution 2**
3. To re-elect Mr. Gan Boon Kat who retires in accordance with Article 89 of the Company's Articles of Association. **Resolution 3**
4. To re-elect Mr. Jeffrey Ong Peng Lock who retires in accordance with Article 89 of the Company's Articles of Association. **Resolution 4**
5. To re-elect Ms. Gan Pik Mui who retires in accordance with Article 89 of the Company's Articles of Association. **Resolution 5**
6. To re-elect Mr. Liaw Boo Lai @ Leow Bong Lai who retires in accordance with Article 82 of the Company's Articles of Association. **Resolution 6**
7. To re-appoint Messrs KPMG as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 7**

As Special Business

8. To consider and if thought fit, pass the following resolutions as Ordinary Resolutions and Special Resolution respectively:

(i) Ordinary Resolution

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

Resolution 8

"THAT subject always to the Companies Act, 1965 and the approvals of the relevant Governmental and / or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time upon such terms and conditions, and for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being, and that the Directors be and are empowered to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Notice of Annual General Meeting

(ii) Special Resolution

Proposed Amendments to the Articles of Association of The Company

Resolution 9

“THAT the Articles of Association of the Company be amended as per Appendix I in the Circular to Shareholders dated 6 September 2007.”

(iii) Ordinary Resolution

Proposed Shareholders’ Mandate for recurrent related party transactions

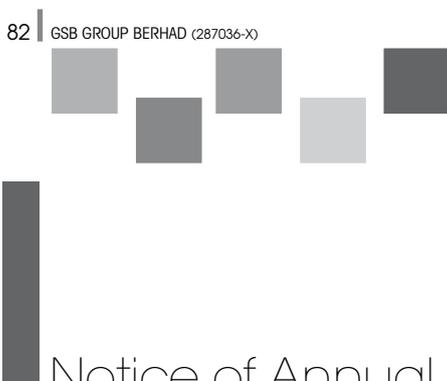
Resolution 10

“THAT subject to the provisions of the Listing Requirements of Bursa Securities, mandate be given to the Company’s subsidiary namely GSB Summit Development Sdn Bhd to enter into with Sun Acres Development Sdn Bhd the Related Party Transactions involving Recurrent Transactions of a revenue or trading nature which are necessary for its day to day operations as set out in Section 3 (pages 2 to 4) of the Circular to Shareholders dated 6 September 2007.

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

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

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



Notice of Annual General Meeting

BY ORDER OF THE BOARD

SEE SIEW CHENG
LEONG SHIAK WAN
Company Secretaries

Kuala Lumpur
6 September 2007

NOTES:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member may appoint two (2) or more proxies to attend at the same meeting. Where a member appoints two (2) or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy or proxies shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, the instrument appointing a proxy or proxies must be either under seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office at 10th Floor Wisma Havela Thakardas No 1 Jalan Tiong Nam Off Jalan Raja Laut 50350 Kuala Lumpur at least forty-eight (48) hours before the time approved for holding the meeting or any adjournment thereof (or in the case of a poll not less than twenty-four (24) hours before the time appointed for taking of the poll).
5. **EXPLANATORY NOTE ON THE SPECIAL BUSINESS**
 - (i) The proposed Resolution 8, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at general meeting, will expire at the next Annual General Meeting.
 - (ii) The proposed Resolution 9, if passed, will give effect to the amendments to the Articles of Association of the Company as stated in Appendix I of the Circular to Shareholders dated 6 September 2007 and will render the Company's Articles of Association to be consistent with the new provision under Chapter 7 of the Listing Requirements of Bursa Malaysia Securities Berhad.
 - (iii) The proposed Resolution 10, if passed, will empower the Directors from the date of the Fourteenth Annual General Meeting, to deal with the related party transactions involving recurrent transactions of revenue or trading nature which are necessary for its day-to-day operations. These Recurrent Related Party Transactions are in the ordinary business and are on terms not more favourable to the related party than those generally available to the public. This authority, unless revoke or varied at a general meeting, will expire at the next Annual General Meeting.

Statement Accompanying Notice of Annual General Meeting

pursuant to paragraph 8.28(2) of the listing requirements of Bursa Malaysia Securities Berhad

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

Mr. Gan Boon Kat
Mr. Jeffrey Ong Peng Lock
Ms. Gan Pik Mui
Mr. Liaw Boo Lai @ Leow Bong Lai

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

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

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Proxy Form

GSB GROUP BERHAD

(formerly known as SM Summit Holdings Bhd) (287036-X)
(Incorporated in Malaysia)

CDS account no. of authorised nominee

I/We _____ (name of shareholder as per NRIC, in capital letters) IC No./ID No./Company No. _____ (new) _____ (old) of _____ (full address) being a member(s) of the abovenamed Company, hereby appoint _____ (name of proxy as per NRIC, in capital letters) IC No. _____ (new) _____ (old) or failing him/her _____ (name of proxy per NRIC, in capital letters) IC No. _____ (new) _____

(old) or failing him/her the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at No 9, Jalan 3/91A, Taman Shamelin Perkasa, Cheras 56100 Kuala Lumpur on Friday, 28 September 2007 at 9.00am and at each and every adjournment thereof.

My/our proxy is to vote as indicated below:

	RESOLUTIONS	FOR	AGAINST
Resolution 1	Receive Statutory Financial Statements and Reports		
Resolution 2	Approval of Directors' Fees of RM43,000/-		
Resolution 3	Re-election of Mr. Gan Boon Kat		
Resolution 4	Re-election of Mr. Jeffrey Ong Peng Lock		
Resolution 5	Re-election of Ms. Gan Pik Mui		
Resolution 6	Re-election of Mr. Liaw Boo Lai @ Leow Bong Lai		
Resolution 7	Appointment of Messrs KPMG as Auditors		
Resolution 8	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 9	Proposed Amendments to the Articles of Association of the Company		
Resolution 10	Proposed Shareholders' Mandate for recurrent related party transactions		

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

Signature/Common Seal _____

Number of shares held: _____

Date: _____

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

	<u>No. of shares</u>	<u>Percentage</u>
Proxy 1		%
Proxy 2		%
Total		<u>100%</u>

Notes:

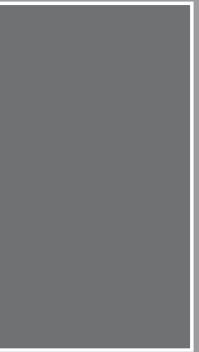
1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his instead. A proxy may but need not be a member of the Company and the provisions of Section 149(1) (b) of the Companies Act, 1965 shall not apply to the Company.
2. A member may appoint two (2) or more proxies to attend at the same meeting. Where the member appoints two (2) or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy or proxies shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, the instrument appointing a proxy or proxies must be either under seal or under the hand of an office or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office at 10th Floor, Wisma Havela Thakardas No 1 Jalan Tiong Nam Off Jalan Raja Laut, 50350 Kuala Lumpur at least forty-eight (48) hours before the time approved for holding the meeting or any adjournment thereof (or in the case of a poll not less than twenty-four (24) hours before the time appointment for taking of the poll).

* Strike out whichever is not valid

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>> www.gsbsummit.com.my

REGISTERED OFFICE

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