



**GULA PERAK BERHAD** (8104-X)  
(Incorporated in Malaysia)

Annual Report **2006**



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# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("AGM") of the Company will be held at Function Room 1, Level 4, Dynasty Hotel, No. 218, Jalan Ipoh, 51200 Kuala Lumpur on Wednesday, 27 September 2006 at 10.00 a.m. to transact the following business:

## AGENDA

### ORDINARY BUSINESS

- |  |                       |
|--|-----------------------|
| 1. To receive and adopt the audited Financial Statements for the financial year ended 31 March 2006 together with Directors' and Auditors' Reports thereto.  | <b>Resolution (1)</b> |
| 2. To approve the payment of Directors' Fees for the financial year ended 31 March 2006.   | <b>Resolution (2)</b> |
| 3. To re-elect the following Directors who retire pursuant to Article 89 of the Company's Articles of Association and being eligible, offer themselves for re-election:  |                       |
| (i) Tan Sri Dato' (Dr) Elyas bin Omar  | <b>Resolution (3)</b> |
| (ii) Leow Thang Fong   | <b>Resolution (4)</b> |
| (iii) Lim Bee Ling   | <b>Resolution (5)</b> |
| 4. To approve a resolution that pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Ahmad Sabki bin Jahidin be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next AGM. | <b>Resolution (6)</b> |
| 5. To re-appoint Messrs Deloitte KassimChan as auditors of the Company to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.   | <b>Resolution (7)</b> |

### SPECIAL BUSINESS

- |   |                       |
|---|-----------------------|
| 6. To consider and if thought fit, pass with or without any modifications, the following ordinary resolution pursuant to Section 132D and Section 132E of the Companies Act, 1965:  |                       |
| a) "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and to issue shares in the Company from time to time at such price, upon such terms and conditions for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares so issued does not exceed 10% of the issued capital of the Company for the time being and such authority shall continue in force until the conclusion of the next AGM of the Company."   | <b>Resolution (8)</b> |
| b) "THAT pursuant to Section 132E of the Companies Act, 1965, authority be and is hereby given to the Company and/or its subsidiary companies to enter into arrangements or transactions from time to time with the Directors of the Company or any persons connected with such Directors (within the meaning of Section 122A of the Companies Act, 1965) whereby the Company and/or its subsidiary companies may acquire from or dispose to such Directors or persons connected with such Directors products, services or any non-cash assets of the Company or its subsidiary companies provided that such acquisitions or disposals are on normal commercial terms and in the ordinary course of business of the Company, such authority will continue to be in force until the conclusion of the next AGM AND THAT for the avoidance of doubt, any such transactions entered into by the Company with the Directors or connected persons prior to the date of this resolution be and are hereby approved and ratified." | <b>Resolution (9)</b> |



## Notice of Annual General Meeting (Cont'd)

7. Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature Involving Gula Perak Berhad and its subsidiaries ("the Group"):

### Resolution (10)

THAT approval be and is hereby given pursuant to Paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), for the Group to enter into any transactions falling within the types of Recurrent Related Party Transactions with the related parties, particulars of which are set out in Section 2.3 of the Circular to Shareholders dated 5 September 2006 ("the Circular"), provided that such transactions are:-

- (a) Recurrent Transactions of revenue or trading nature;
- (b) Necessary for its day-to-day operations, made on an arm's length basis;
- (c) Carried out on normal commercial terms which are no more favourable to the Interested Parties than those extended to the public and are not detrimental to the minority shareholders of the Company; and
- (d) Disclosure is made of the aggregate value of Recurrent Transactions conducted pursuant to Shareholders' Mandate in the Company's annual report providing a breakdown of the aggregate value of the Recurrent Transactions made during the financial year, amongst others, based on the following:-
  - (i) The type of the Recurrent Transactions made; and
  - (ii) The names of the related parties involved in each type of the Recurrent Transactions made and their relationship with the Company.

THAT the approval given in the paragraph above shall only continue to be in force until:

- (a) The conclusion of the next AGM of the listed issuer following the general meeting at which such Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) The expiration of the period within which the next AGM after 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
- (c) Revoked or varied by resolution passed by shareholders in general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Shareholders' Mandate described in the Circular and/or this resolution.



## Notice of Annual General Meeting (Cont'd)

8. To transact any other business for which due notice shall have been given.

### BY ORDER OF THE BOARD

**LIM BEE KHIM**

Company Secretary  
MIA 16196

Kuala Lumpur  
5 September 2006

**Note :**

1. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and to vote in his stead. A proxy need not be a member of the Company. The instruments appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney duly authorised.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
3. *The instrument appointing a proxy and the power of attorney or other authority under which it is signed, shall be deposited at the registered office of the Company at Level 7, Dynasty Hotel, 218 Jalan Ipoh, 51200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment at which the persons named in such instrument proposed to vote.*

### Explanatory Notes to Special Business

**1. Resolution Pursuant to Section 132D of the Companies Act, 1965 (Resolution 8)**

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares pertaining to the conversion of warrants, and any expansion and diversification proposals, it is thus considered appropriate that the Directors be empowered to issue shares in the Company, up to an amount not exceeding in total 10% of the issued share capital of the Company. This authority will expire at the next AGM of the Company.

**2. Resolution Pursuant to Section 132E of the Companies Act, 1965 (Resolution 9)**

Section 132E of the Companies Act, 1965 ("the Act"), prohibits a company from entering into any arrangements or transactions with its directors or persons connected with such directors in respect of the acquisition from or disposal to such persons any non-cash assets of the "requisite value" without prior approval of the Company in General Meeting. According to the Act, a non-cash asset is considered to be of the "requisite value" if, at the time of the arrangement or transaction, its value is greater than Ringgit Malaysia two hundred and fifty thousand or 10% of the Company's net asset, subject to minimum of Ringgit Malaysia ten thousand.

The proposed Resolution 9, if passed, will authorise the Company and each of its subsidiaries to acquire from or dispose to its directors or connected persons products, services or any other non-cash assets of the Company or its subsidiaries which may fall within the definition of "requisite value", provided that such acquisitions or disposals are on normal commercial terms.

**3. Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature (Resolution 10)**

The proposed Ordinary Resolution 10, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business which are necessary for day-to-day operations pursuant to Paragraph 10.09(1) of the Listing Requirements of Bursa Securities. The details of this proposal are set out in the Circular to Shareholders dated 5 September 2006.



# Statement Accompanying Notice of Annual General Meeting

## 1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION :

Tan Sri Dato' (Dr) Elyas bin Omar  
 Leow Thang Fong  
 Lim Bee Ling  
 Tan Sri Dato' Ahmad Sabki bin Jahidin

## 2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS :

The details of attendance of each Director at board meetings are set out on page 14 of this Annual Report.

## 3. THE PLACE, DATE AND HOUR OF THE MEETING :

The AGM of the Company will be held at Function Room 1, Level 4, Dynasty Hotel, No. 218, Jalan Ipoh, 51200 Kuala Lumpur on Wednesday, 27 September 2006 at 10.00 a.m.

## 4. FURTHER DETAILS OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT AGM :

NAME	TAN SRI DATO' (DR) ELYAS BIN OMAR	LEOW THANG FONG	LIM BEE LING	TAN SRI DATO' AHMAD SABKI BIN JAHIDIN
Age	69	55	39	74
Nationality	Malaysian	Malaysian	Malaysian	Malaysian
Designation	Independent, Non -Executive Director	Executive Director	Executive Director	Independent, Non -Executive Director
Qualification, Working Experience and Occupation	Refer to Profile of Directors on page 10 of this annual report	Refer to Profile of Directors on page 9 of this annual report	Refer to Profile of Directors on page 8 & 9 of this annual report	Refer to Profile of Directors on page 9 & 10 of this annual report
Directorship of other public companies	Mepro Holdings Berhad Sri Hartamas Berhad Smart Digital Communication Berhad ExpressAsia Berhad	South Malaysia Industries Berhad	Port Klang Golf Resort Management Berhad	Nanyang Press Holdings Berhad Cygal Berhad Hwang-DBS (Malaysia) Berhad Paramount Corporation Berhad and Hwang-DBS Investment Management Berhad
Family relation with any Director and/ or substantial shareholder of the Company	None	None	Daughter of Tan Sri Dato' Lim Cheng Pow and sibling to Lim Sue Beng and Lim Soo Kok	None
Securities holdings in the Company and its subsidiaries (As at 4 August 2006)	6,195,200	105,000	33,804,050	Nil
Conflict of interest with the Company	None	None	None	None
List of Convictions for offences within the past 10 years other than traffic offences	None	None	None	None

## Corporate Information

### BOARD OF DIRECTORS

**Datuk Rahim bin Baba**

~ Executive Chairman

**Tan Sri Dato' Lim Cheng Pow**

~ Managing Director

**Leow Thang Fong**

~ Executive Director

**Lim Sue Beng**

~ Executive Director

**Lim Bee Ling**

~ Executive Director

**Lim Soo Kok**

~ Executive Director

**Tan Sri Dato' Ahmad Sabki bin Jahidin**

PSM, DPMP, DIMP, JMN, KMN, SAP, PMP, PJK

~ Independent, Non-Executive Director

**Tan Sri Dato' (Dr) Elyas bin Omar**

PSM, SIMP, DSAP, DSSA, DMPN, JSM, KMN, COPA(France), LLD (HON. USM), PhD(USSA)

~ Independent, Non-Executive Director

**Dato' Mustapha bin Buang**

~ Independent, Non-Executive Director

### AUDIT COMMITTEE

**Tan Sri Dato' Ahmad Sabki bin Jahidin**

~ Independent, Non-Executive Director  
(Chairman)

**Tan Sri Dato' (Dr) Elyas bin Omar**

~ Independent, Non-Executive Director  
(Member)

**Dato' Mustapha bin Buang**

~ Independent, Non-Executive Director  
(Member)

**Leow Thang Fong**

~ Executive Director  
(Member)

### NOMINATION COMMITTEE

**Tan Sri Dato' Ahmad Sabki bin Jahidin**

~ Independent, Non-Executive Director  
(Chairman)

**Dato' Mustapha bin Buang**

~ Independent, Non-Executive Director  
(Member)

**Tan Sri Dato' (Dr) Elyas bin Omar**

~ Independent, Non-Executive Director  
(Member)

### REMUNERATION COMMITTEE

**Tan Sri Dato' Ahmad Sabki bin Jahidin**

~ Independent, Non-Executive Director  
(Chairman)

**Tan Sri Dato' (Dr) Elyas bin Omar**

~ Independent, Non-Executive Director  
(Member)  
(effective as at 27 July 2005)

**Dato' Mustapha bin Buang**

~ Independent, Non-Executive Director  
(Member)

**Leow Thang Fong**

~ Executive Director  
(Member)



## Corporate Information (Cont'd)

### PRINCIPAL BANKERS

Aseambankers Malaysia Berhad  
Maybank Berhad  
Alliance Bank Berhad  
Affin Bank Berhad

### REGISTERED OFFICE

Level 7, Dynasty Hotel  
218, Jalan Ipoh  
51200 Kuala Lumpur  
Tel : 03-40442828  
Fax : 03-40446688, 03-40452933

### SOLICITORS

Onn Hussein & Yee  
Mezzanine & 1st Floor  
No. 212, Jalan Ipoh  
51200 Kuala Lumpur

Faizah, Lim & Associates  
LG-001, Dynasty Hotel  
Dynasty Shoppers Alley  
No. 218, Jalan Ipoh  
51200 Kuala Lumpur

### REGISTRAR

Tenaga Koperat Sdn Bhd  
20th Floor, Plaza Permata  
Jalan Kampar, Off Jalan Tun Razak  
50400 Kuala Lumpur  
Tel : 03-40416522  
Fax : 03-40426352

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Main Board

### COMPANY SECRETARY

Lim Bee Khim ( MIA 16196 )

### AUDITORS

Deloitte KassimChan  
Level 19, Uptown 1  
1 Jalan SS 21/58, Damansara Uptown  
47400 Petaling Jaya, Malaysia  
P.O.Box 10093





## Profile of Board of Directors

### **DATUK RAHIM BIN BABA - Executive Chairman**

Datuk Rahim bin Baba, Malaysian, aged 56, was appointed to the Board of Gula Perak Berhad ("GPB" or "the Company") on 31 January 1989. He graduated from University of Malaya in 1973 from the faculty of Economics and Administration majoring in Statistics. He was a Member of Parliament Upper House from 1991 - 1997. He is a director of My-Infotech (M) Berhad and sits on the board of a few private companies whose business activities include construction, property development and advertising. He was the Chairman of MARA Holdings Sdn Bhd from 1990 to 1993. He was the senior Private Secretary for the then Deputy Prime Minister (Honourable Tun Ghafar Baba) from 1986 to 1988.

Datuk Rahim has attended all the six Board Meetings that were held during the financial year ended 31 March 2006. As at 31 March 2006, he has indirect shareholding of 1,253,050 ordinary shares of RM1.00 each in GPB. Datuk Rahim has no family relationship with any directors and/or major shareholders of GPB. He has no conflict of interest in any business arrangement involving the Company. He also has no convictions for any offences within the past 10 years.

### **TAN SRI DATO' LIM CHENG POW - Managing Director**

Tan Sri Dato' Lim Cheng Pow, Malaysian, aged 64, was appointed to the Board of GPB on 4 March 1996. Tan Sri Dato' Lim migrated to Malaysia in the late 1950s and joined his uncle in the construction business. He has been involved in the construction industry for more than 40 years. In 1965, he set up his own construction company, Amoy Construction Co ("Amoy"). Amoy undertook few contracting works under the Government contracts. The turning point in his business career came through when his company was awarded the Government turnkey contracts to construct reservoirs and other infrastructure projects, all of which were successfully completed on schedule and within budget. His company has successfully completed the Durian Tunggal Water Supply Scheme in Malacca in the 1970s and the Semenyih Water Supply Scheme in Selangor in the early 1980s. He is a director of Kemajuan Amoy Berhad and Taylor's Education Berhad and sits on the board of several private companies.

Tan Sri Dato' Lim has attended four out of the total six Board Meetings that were held during the financial year ended 31 March 2006. As at 31 March 2006, he has direct shareholding of 39,876,250 ordinary shares of RM1.00 each in GPB. Tan Sri Dato' Lim is the father of Lim Sue Beng, Lim Bee Ling and Lim Soo Kok. He has no conflict of interest in any business arrangement involving the Company. He also has no convictions for any offences within the past 10 years.

### **MR. LIM SUE BENG - Executive Director**

Lim Sue Beng, Malaysian, aged 41, was appointed to the Board of GPB on 4 March 1996. He holds a Bachelor degree in Civil Engineering (King's College, University of London) and a Master degree in Business Administration from Cranfield School of Management, England. After graduating in 1986, he joined the family business and manages the banking and corporate affairs of the companies under the Group. He is a director of Kemajuan Amoy Berhad, Port Klang Golf Resort Management Berhad and Taylor's Education Berhad. He also sits on the board of several private companies.

Lim Sue Beng has attended five out of the total six Board Meetings that were held during the financial year ended 31 March 2006. As at 31 March 2006, he has direct shareholding of 7,322,500 ordinary shares of RM1.00 each in GPB. Lim Sue Beng is the son of Tan Sri Dato' Lim Cheng Pow and sibling to Lim Bee Ling and Lim Soo Kok. He has no conflict of interest in any business arrangement involving the Company. He also has no convictions for any offences within the past 10 years.

### **MDM. LIM BEE LING - Executive Director**

Lim Bee Ling, Malaysian, aged 39, was appointed to the Board of GPB on 4 March 1996. She obtained a Bachelor of Science degree (Hons) in Computer Science and Management Science (UK) in 1987 from Keele University, England and a Master degree in Management Science in 1988 from Imperial College, London. Upon completion of her education, she joined the family business and is in charge of the daily operations of the Group. Her biggest challenge was drawing up and finalising the concept and design of Dynasty Hotel plus the eventual operation of the hotel in December 1994. She is a director of Port Klang Golf Resort Management Berhad. She also sits on the board of several private companies.



## Profile of Board of Directors (Cont'd)

### MDM. LIM BEE LING - Executive Director (Cont'd)

Lim Bee Ling has attended all the six Board Meetings that were held during the financial year ended 31 March 2006. As at 31 March 2006, she has direct shareholding of 34,811,450 ordinary shares of RM1.00 each in GPB. Lim Bee Ling is the daughter of Tan Sri Dato' Lim Cheng Pow and sibling to Lim Sue Beng and Lim Soo Kok. She has no conflict of interest in any business arrangement involving the Company. She also has no convictions for any offences within the past 10 years.

### MR. LEOW THANG FONG - Executive Director

Leow Thang Fong, Malaysian, aged 55, was appointed to the Board of the GPB on 15 May 1989. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. He was in the auditing profession for nine years finishing with Messrs. Hanafiah Raslan & Mohamad in 1979. He then joined Permata Chartered Merchant Bank Berhad for a period of 5 years specialising in Corporate Finance. Thereafter he has been in the corporate sector. He also sits on the board of South Malaysia Industries Berhad and several private companies. Before joining the Company, he was the Company Secretary for Asian Pac Holdings Berhad (formerly known as Pegi Malaysia Berhad) from 1984 to 1988.

Leow Thang Fong has attended all the six Board Meetings that were held during the financial year ended 31 March 2006. As at 31 March 2006, he has direct shareholding of 105,000 ordinary shares of RM1.00 each in GPB. Leow Thang Fong has no family relationship with any directors and/or major shareholders of GPB. He has no conflict of interest in any business arrangement involving the Company. He also has no convictions for any offences within the past 10 years.

### MR. LIM SOO KOK - Executive Director

Lim Soo Kok, Malaysia, aged 38, was appointed to the Board of GPB on 4 March 1996. He obtained a Bachelor of Arts with Honours degree in Law from University of Kent at Canterbury, England in 1989. In 1990, he obtained the degree of Utter Barrister Gray's Inn, England. He was called to the Bar in Malaysia in 1991. He then joined Soo Thien Meng & Shahrizat as a legal assistant. In 1993, he set up a sole proprietor legal firm under the name Lim Soo Kok & Associates till 1999. He was appointed as a legal committee member of Chinese Chamber of Commerce & Industry of Kuala Lumpur and Selangor in 1997 and was also appointed as a Commissioner for Oaths by the Chief Justice of Malaysia in 1999 till present.

Lim Soo Kok has attended all the six Board Meetings that were held during the financial year ended 31 March 2006. As at 31 March 2006, he has direct shareholding of 3,846,200 ordinary shares of RM1.00 each in GPB. Lim Soo Kok is the son of Tan Sri Dato' Lim Cheng Pow and sibling to Lim Sue Beng and Lim Bee Ling. He has no conflict of interest in any business arrangement involving the Company. He also has no convictions for any offences within the past 10 years.

### TAN SRI DATO' AHMAD SABKI BIN JAHIDIN - Independent, Non-Executive Director

Tan Sri Dato' Ahmad Sabki bin Jahidin, Malaysian, aged 74, was appointed to the Board of GPB on 27 June 1994. Tan Sri graduated from University of Malaya with a Bachelor of Arts (Honours) degree in 1958. He also obtained a Diploma in International Relations from the Institute of Social Studies, The Hague in 1967. He commenced his career in 1958 as an Administrative Officer in Malayan Civil Services. He was the Assistant State Secretary of Malacca from 1960 to 1962, District Officer of Jasin from 1962 to 1963 before his transfer to the Ministry of Defence as Principal Assistant Secretary from 1964 to 1967. He then served as Under Secretary in the Prime Minister Department from 1967 to 1972 before joining the Ministry of Culture, Youth & Sports. In 1974, he was appointed Secretary General of the said Ministry. Thereafter, he was seconded to the Malaysian Rubber Exchange and Licensing Board from 1977 to 1993 and served as Chairman of the Board from 1980 to 1993. He also held the position of Chairman of the International Rubber Association from 1984 to 1993 and also as Chairman of the Buffer Stock Committee of the International Natural Rubber Organisation from 1984 to 1986. He was the Vice Chairman of the Malaysian National Shippers Council from 1980 to 1993.

Tan Sri also sits on the board of Nanyang Press Holdings Berhad, Cygal Berhad, Hwang-DBS (Malaysia) Berhad, Paramount Corporation Berhad, and Hwang-DBS Investment Management Berhad. He also sits on the board of several private companies.



## Profile of Board of Directors (Cont'd)

### **TAN SRI DATO' AHMAD SABKI BIN JAHIDIN - Independent, Non-Executive Director (Cont'd)**

Tan Sri has attended five out of the total six Board Meetings that were held during the financial year ended 31 March 2006. As at 31 March 2006, Tan Sri does not hold any shares of the Company. Tan Sri has no family relationship with any directors and/or major shareholders of GPB. Tan Sri has no conflict of interest in any business arrangement involving the Company. He has not been convicted for offences within the past 10 years.

### **TAN SRI DATO'(DR) ELYAS BIN OMAR – Independent, Non-Executive Director**

Tan Sri Dato' (Dr) Elyas bin Omar, Malaysian, aged 69, was appointed to the Board of GPB on 28 December 2001. He graduated with a Bachelor of Arts (Hons) from University of Malaya in Singapore and MPA from University of Pittsburgh USA. Tan Sri Elyas was also awarded an Hon. LLD from University of Science of Malaysia and Hon. PhD from United States Sports Academy. Tan Sri Elyas started his career in 1960 as the Assistant Secretary of the Public Service Commission. He held various official positions in the Government of Malaysia from 1960 to 1992. He was the Director of National Institute of Public Administration (INTAN), Malaysia from 1973 to 1978. Thereafter, he was appointed as Deputy Director General of Public Service Department from 1978 to 1981. He also served as the Secretary General of the Ministry of Federal Territory Malaysia from 1981 to 1987. Tan Sri Elyas was the Lord Mayor of Kuala Lumpur from 1981 to 1992. He also held various positions in other government/quasi-government bodies from 1970 to 1992. He was the Chairman of Kelang Valley Planning Executive Committee and the Federal Territory Security Committee from 1981 until 1992. He was a member of the Kelang Valley Planning Council, Board of Directors Urban Development Authority (UDA) and Land Executive Committee of the Federal Territory of Kuala Lumpur from 1981 until 1992. Tan Sri Elyas held several positions in the United Nations and other international bodies, such as NGOs and Sports Organisations. Tan Sri Elyas was the Special Advisor to the President and the Government of Republic of Senegal from 1 January 2004 until April 2005.

On 15 January 2005, Tan Sri Elyas was appointed the Sports Commissioner of Malaysia. He is currently the Chairman and director of Mepro Holdings Berhad, Executive Chairman and director of Sri Hartamas Berhad, Chairman and director of Smart Digital Communications Berhad and director of Express Asia Berhad. He also sits on the Board of several private companies.

Tan Sri Elyas has attended five out of the total six Board Meetings that were held during the financial year ended 31 March 2006. As at 31 March 2006, he has direct shareholding of 7,597,900 and indirect shareholding of 1,750,000 ordinary shares of RM1.00 each in GPB. Tan Sri Elyas has no family relationship with any directors and/or major shareholders of GPB. He has no conflict of interest in any business arrangement involving the Company. He also has no convictions for any offences within the past 10 years.

### **DATO' MUSTAPHA BIN BUANG - Independent, Non-Executive Director**

Dato' Mustapha bin Buang, Malaysian, aged 58, was appointed to the Board of GPB on 10 September 1990. He graduated in Economics from University of Malaya in 1972. Immediately after graduation, he joined the Economic Division of the Johor State Government as a planner and was also entrusted to manage ice and fish meal subsidiaries. In 1974, he left the Johor Economic Division and joined MBf Finance Berhad as a Credit Manager for two (2) years. He then moved on to Amanah International Finance Berhad as Assistant General Manager for a period of three (3) years. Subsequently he was appointed as General Manager of Kewangan Usaha Bersatu Berhad in June 1979 and served them for 11 years before taking up his position in GPB. He also sits on the Board of Asian Pac Holdings Berhad and several private companies.

Dato' Mustapha has attended five out of the total six Board Meetings that were held during the financial year ended 31 March 2006. As at 31 March 2006, he has direct shareholding of 3,150,000 ordinary shares of RM1.00 each in GPB. Dato' Mustapha has no family relationship with any directors and/or major shareholders of GPB. He has no conflict of interest in any business arrangement involving the Company. He also has no convictions for any offences within the past 10 years.

### **OTHER INFORMATION**

None of the senior management staff are related to the directors and/or major shareholders of GPB except for Lim Bee Khim, who is daughter to Tan Sri Dato' Lim Cheng Pow and sibling to Lim Sue Beng, Lim Bee Ling and Lim Soo Kok.



## Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the 37th Annual Report and audited Financial Statements of the Group and Company for the financial year ended 31 March 2006.

### OVERVIEW

It has been a challenging and testing year for the Group. The hotel industry has been constantly facing negative factors such as increasing competitive pressures and threats of bird flu pandemic while other factors such as the hike in oil price and rising interest rates has adversely affected the operating environment of the hotel business, construction and property development as a whole. Meanwhile, the continued downtrend in commodity prices has tapered the revenue for the plantation sector. Under these difficult circumstances, the Group recorded a weaker performance for the year under review.

### PERFORMANCE REVIEW

The Group registered a loss before tax of RM0.194 million for the financial year ended 31 March 2006 compared to profit before tax of RM2.265 million in the previous financial year. The Group's loss before tax is mainly attributable to the lower revenue recorded and generally higher administrative and operating expenses.

The Group's total revenue for the financial year was RM31.048 million with the main contributors coming from the hotel and plantation divisions of RM26.761 million and RM4.185 million respectively. The Group's total revenue declined by 21.49% from RM39.549 million reported previously.

### OPERATIONS REVIEW

#### Hotel Division

The Hotel Division recorded a marginal decrease in revenue of RM26.761 million for the year under review compared to RM26.802 million recorded in the previous year. Keen competition from hotels around the vicinity has put a tremendous pressure on our room and occupancy rates. The Dynasty Hotel has embarked on a refurbishing exercise, which will compliment its status and the services provided.

The Hotel Division will continue to enhance its competitiveness, productivity and overall operational efficiency while focusing on reducing costs without compromising the quality and services to our customers.

#### Plantation Division

The Plantation Division suffered a mild setback with the retreat of palm oil prices as a result of high palm oil inventory build-up coupled with bumper harvest of major oil seeds. The Group has sustained the operating margin at a comfortable level despite escalating fertilizer costs, decrease in turnover for matured trees and a decline in the production of fresh fruit bunches due to replanting programme. As a result, the Plantation Division recorded a slightly lower profit before finance costs and tax of RM3.494 million for the year under review as compared to RM4.416 million for the preceding year.

Meanwhile, on 28 October 2005, the Company entered into a Sale & Purchase Agreement for the disposal of a piece of short-term leasehold agricultural land located at Mukim Durian Sebatang for a cash consideration of RM19.0 million. The reason for the said sale is to redeem the RM90.124 million 3% Redeemable Secured Bonds 2000/2005. As to date, certain clause in the Agreement has yet to be fulfilled and accordingly, except for a deposit paid of RM5.7 million, the gain on the disposal of about RM17.0 million has not been taken up in the financial statements of the Group and Company for the year ended 31 March 2006.



## Chairman's Statement (Cont'd)

### OPERATIONS REVIEW (CONT'D)

#### Property Development Division

The Property Development Division continued to experience a quiet period, reporting loss from operations of RM0.158 million for the year under review compared to a loss from operations of RM2.003 million for the preceding year. The loss is mainly due to the softening of the property sector, intense competition, rising material costs and stock overhang faced by the industry. The Group is mainly focusing on the sale and marketing of its completed properties while tenaciously working very hard in reducing the huge overhang of supplies of industrial, commercial, office and retail space.

### CORPORATE DEVELOPMENT

During the financial year, the issued and fully paid up share capital of the Company was increased from 259,787,387 ordinary shares of RM1.00 each to 644,397,035 ordinary shares of RM1.00 each by the issue of 384,609,648 new ordinary shares of RM1.00 each arising from the following:-

- (a) Conversion of RM188,168,550 nominal amount of Irredeemable Convertible Secured Loan Stocks 2000/2005 ("ICSLS 2000/2005") into 188,168,550 new ordinary shares of RM1.00 each. The ICSLS 2000/2005 matured on 1 September 2005.
- (b) Conversion of RM1,486,189 Redeemable Convertible Secured Notes 2003/2008 into 1,456,189 new ordinary shares of RM1.00 each.
- (c) Bonus issue of 194,983,115 ordinary shares of RM1.00 each through capitalization of share premium account on the basis of three (3) new ordinary shares of RM1.00 each for every four (4) existing ordinary shares of RM1.00 each held.
- (d) Conversion of 919 Existing Warrants and 875 Replacement Warrants into 1,794 new ordinary shares of RM1.00 each. The Warrants expired on 21 December 2005.

### PROSPECTS

We remain cautiously optimistic of the Malaysian economy and in particular the hospitality and property sectors. Taking cognizance of the challenges and opportunities that lie ahead, the Group will continue to take appropriate steps to anticipate and manage these challenges and opportunities that come its way. The Group will continue to fine tune its prudent management while maintaining stringent control over its operating costs and improving operational efficiencies.



## Chairman's Statement (Cont'd)

### **DIVIDEND**

The Board does not recommend any dividend payments for the financial year under review.

### **ACKNOWLEDGEMENT**

On behalf of the Board, I would like to extend my appreciation to all fellow directors, the management team and staff at all levels for their resilience, commitment, dedication and unwavering support given to the Group in the year concerned.

Further I sincerely wish to thank all our lenders, creditors, customers, suppliers, business associates and the authorities for their continued and invaluable support, co-operation and advice.

Finally, my special thanks to our shareholders and RCSN holders for their continuing trust and confidence in the Group.

### **DATUK RAHIM BIN BABA**

Chairman  
4 August 2006



## Statement on Corporate Governance

The Board of Directors fully appreciates the importance of good corporate governance within the Group. The Board is pleased to provide the following statement of how the Company has applied the principles and best practices as set out in Part 1 and 2 of the Malaysian Code on Corporate Governance.

These principles and best practices have been applied throughout the financial year ended 31 March 2006 and are regularly reviewed to ensure transparency and accountability.

### THE BOARD OF DIRECTORS

The composition of the Board reflects the prescribed requirement of one-third (1/3) of the Board is independent directors. No one individual or small group of individual director dominates the Board of Directors' decision process. The Directors, with their different background and specialization, collectively bring with them a wide range of experience and expertise in areas such as legal, finance, corporate affairs, marketing and operations.

There is also clear division of responsibilities between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The Chairman heads the Board and is responsible for ensuring Board effectiveness and conducts and leads the planning discussion at the Board level, while the Managing Director has primary responsibilities for the day-to-day operations of the Company in ensuring that strategies, policies and matters approved by the Board and/or the respective Board Committees are effectively implemented.

The presence of independent non-executive Directors in the Board provides objectivity and they are of the caliber necessary to carry sufficient weight in Board decisions. The role of the independent non-executive Directors is particularly important in ensuring that the strategies proposed by the executive management are fully discussed and examined and take into account the long term interests, not only of the shareholders, but also of employees, customers, suppliers, and the many communities in which the Group conducts business.

### DIRECTORS' TRAINING

All Directors of the Company have attended the Mandatory Accreditation Programme. In addition, Directors who are required to fulfill their obligations in respect of the attendance of the Continuing Education Programme (CEP) as required by Bursa Securities, have accumulated the prescribed minimum number of 72 CEP points.

The Board will continue to evaluate and determine the training needed by the Directors from time to time to enhance their skills and knowledge where relevant and keep abreast with the new regulatory development and Listing Requirements of the Bursa Securities.

### BOARD MEETINGS

The Board meets at least five (5) times a year, with additional meetings convened as and when necessary. During the financial year under review, the Board convened a total of six (6) meetings and the details of the attendance of each member of the Board are tabulated below:

DIRECTORS	NO. OF MEETINGS ATTENDED
<b>Executive Directors</b>	
1. Datuk Rahim bin Baba	6/6
2. Tan Sri Dato' Lim Cheng Pow	4/6
3. Leow Thang Fong	6/6
4. Lim Sue Beng	5/6
5. Lim Bee Ling	6/6
6. Lim Soo Kok	6/6
<b>Independent Non-Executive Directors</b>	
7. Tan Sri Dato' Ahmad Sabki bin Jahidin	5/6
8. Tan Sri Dato' (Dr) Elyas bin Omar	5/6
9. Dato' Mustapha bin Buang	5/6



## Statement on Corporate Governance (Cont'd)

### SUPPLY OF INFORMATION

All the Board members have full and timely access to all information within the Group. Board papers are distributed prior to the Board Meetings to enable the Directors to obtain relevant confirmation and have sufficient time to deliberate on the issues to be raised at the meeting so as to discharge their duties diligently. Further, the Board or the individual director has direct access to the Senior Management and the advice and services of the Company Secretary to ensure effective functioning of the Board and compliance of applicable rules and regulations.

### APPOINTMENT TO THE BOARD

The Board has set up the Nomination Committee, which comprises exclusively of Non-Executive Directors, to evaluate any new appointment, proposed re-appointment/re-election of Directors before recommending the same to the Board for their approval.

### RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, all Directors who are appointed to the Board are subject to re-election by the shareholders at the next AGM after their first appointment.

The Articles also requires that one-third (1/3) of the remaining Directors including the Managing Director, to retire and to submit themselves for re-election by rotation at each AGM; and each Director is required to submit himself for re-election at least once every three years.

Directors over seventy (70) years of age are required to submit themselves for re-election annually in accordance with Section 129(6) of the Companies Act, 1965.

### BOARD COMMITTEES

The Board operates through three (3) committees with delegated authority and defined terms of reference. The compositions and function of these committees are describe as follows:-

#### 1 Audit Committee

The Audit Committee, comprising a majority of Independent Directors, is responsible for reviewing and monitoring the work of the Group's internal audit function as well as ensuring that an objective professional relationship is maintained with external auditors. Further details of the Audit Committee are contained in the Audit Committee's Report on pages 20 to 22 of this Annual Report.

#### 2 Nomination Committee

The Nomination Committee comprises exclusively of Independent, Non-Executive Directors and is responsible for identifying, selecting and recommending to the Board potential candidates with the required mix of skills, experience and attributes for appointment to the Board. However, ultimate responsibility for appointment rests with the Board.

The Committee meets at least once a year or as and when required. The members of the Nomination Committee and their attendance at the meetings are as follows:-

Name of member	No. of Nomination Committee meetings attended
1. Tan Sri Dato' Ahmad Sabki bin Jahidin (Chairman)	1 / 1
2. Dato' Mustapha bin Buang	1 / 1
3. Tan Sri Dato' (Dr) Elyas bin Omar	1 / 1



## Statement on Corporate Governance (Cont'd)

### 3 Remuneration Committee

The Remuneration Committee, comprising mainly of Non-Executive Directors, is responsible for recommending to the Board the remuneration packages of the Executive Directors with individual directors abstaining from decision in respect of their individual remuneration. The level of fees and allowances of Non-Executive Directors are determined by the Board as a whole.

The Committee meets at least once a year or as and when required. The members of the Remuneration Committee and their attendance at the meetings are as follows:-

Name of member	No. of Remuneration Committee meetings attended
*1. Tan Sri Dato' Ahmad Sabki bin Jahidin (Chairman)	1 / 1
*2. Tan Sri Dato' (Dr) Elyas bin Omar (effective as at 27 July 2005)	1 / 1
*3. Dato' Mustapha Bin Buang	1 / 1
4. Leow Thang Fong	1 / 1

\* Independent Non-Executive Directors.

### DIRECTORS' REMUNERATION

The remuneration of the Directors is determined based on the responsibility, contribution and performance of each Director. Directors do not participate in decisions regarding their own remuneration packages and directors' fees must be approved by the shareholders at the AGM. The aggregate remuneration of the Directors categorised into appropriate components and analyzed into bands of RM50,000 for the financial year ended 31 March 2006 is set out below:

	Salaries (RM)	Fees (RM)	Total (RM)
Executive	1,452,000	0	1,452,000
Non-Executive	0	108,000	108,000

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Less than RM50,000	0	3
RM50,000 to RM100,000	0	0
RM100,001 to RM150,000	0	0
RM150,001 to RM200,000	3	0
RM200,001 to RM250,000	0	0
RM250,001 to RM300,000	1	0
Above RM300,000	2	0

### SHAREHOLDERS

The board aims to ensure timely disclosure of information to all shareholders. The Company keeps the shareholders abreast of the overall financial performance and future developments of the Group through its annual report and accounts, timely release of quarterly financial results made through Bursa Securities as well as press releases and circulars where appropriate.



## Statement on Corporate Governance (Cont'd)

### SHAREHOLDERS (CONT'D)

The AGM remains the principal forum for communication and dialogue with shareholders. The AGM provides the opportunity for interaction amongst shareholders, Directors and Management, where the shareholders are at liberty to raise questions on the AGM agenda. Press conference is normally held after the AGM to brief members of the Press on the performance of the Group for the benefit of potential investors as well as for shareholders who are unable to attend the AGM.

### ACCOUNTABILITY AND AUDIT

The Audit Committee oversees the financial reporting and internal control system of the Group. The Audit Committee comprises of three (3) Independent, Non-Executive Directors and one (1) Executive Director. The primary responsibilities of the Audit Committee are set out in the Audit Committee Report on pages 20 to 22.

### FINANCIAL REPORTING

The Board is responsible to ensure that the financial statements of the Company and of the Group are made out in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Through the continuing disclosure of the Group's financial position via timely announcement of quarterly and audited results, shareholders are kept abreast of the Group's performance throughout the financial year. The Audit Committee assists the Board by reviewing the disclosure and information to ensure completeness, accuracy and validity of the information in the reports.

### INTERNAL CONTROL

The information on the Group's internal control is presented in the Statement of Internal Control.

### RELATIONSHIP WITH AUDITORS

The Company maintains a formal and transparent relationship with its external auditors, in seeking professional advice and ensuring compliance with the applicable accounting standards in Malaysia. The Audit Committee has the authority to communicate directly with the external auditors and the auditors may request a meeting with the Committee as and when necessary.

### DIRECTORS' RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENT

The Board is responsible for ensuring that the financial statements of the Group gives a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the result and cash flows for the financial year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

The Directors, in preparing the financial statements, have selected and applied consistently suitable accounting policies and made responsible and prudent judgements and estimates. The Directors also have a general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# Statement of Internal Control

## INTRODUCTION

Pursuant to Paragraph 15.27(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements, the Board of Directors is pleased to provide the following statement on the state of internal control of the Group, which has been prepared in accordance with the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" adopted by the Bursa Securities.

## BOARD RESPONSIBILITY

The Board is committed to maintaining a sound system of internal control and effective risk management practices in the Group to ensure good corporate governance. The internal control systems cover not only financial control but operational and compliance controls and risk management. The Group has in place an on-going process of identifying, evaluating, monitoring and managing the key risks affecting the achievement of its business objectives throughout the financial year. The Board reviews this process on a quarterly basis.

The Group's system of internal control system is designed to enable the Group to manage, rather than to eliminate the risk of failure to achieve business objectives. The internal control system can only provide reasonable and not absolute assurance against material misstatement and loss.

## RISK ASSESSMENT

The Board recognises that the management of principal risks play an important and integral part of the Group's daily operations and that the identification and the management of such risks will affect the achievement of the Group's business objectives. The Group has in place an on-going structured process for identifying, evaluating, monitoring and managing principal business risks. The Senior Management at all operational level is delegated with the task of identifying significant risks, probability of its occurrence, its impact and to consider various possible actions to effectively manage such risks. This process is regularly reviewed by the Board through the Audit Committee on its effectiveness.

## KEY PROCESSES

The key elements of the Group's internal controls are as follows :-

- The Group has a clearly defined organisational structure that is aligned to business and operations requirements and each strategic function is headed by a responsible head of department.
- Defined level of authorities and lines of responsibilities from operating units up to the Board level to ensure accountabilities for risk management and control activities.
- Scheduled operations, management and Board meetings to assess the Group's performance and control.
- Sound management review of systems, processes and procedures established.
- Reviews are performed to ensure that the documentation of the standard operating procedure is current.
- Comprehensive financial reports are supplied to the Audit Committee and the Board on a quarterly basis for review and if necessary corrective action to be taken.
- Review of internal audit reports and follow-up on findings by the Group's Internal Audit Department. The internal audit reports are deliberated by the Audit Committee, and are subsequently presented to the Board, on a quarterly basis. In the event of major internal control inefficiency, the Board will be notified and appropriate action will be taken.
- There is a detailed budgeting process where key operating units prepare budgets on an annual basis, which are approved by the Board.



## Statement of Internal Control (Cont'd)

### KEY PROCESSES (CONT'D)

- Comparison of actual performance against budget is reviewed periodically, with major variances being followed up and management action taken, where necessary.
- The Board monitors the quarterly results of the Group against budget through participation in the Quarterly Exco Meeting.
- Regular and informal meetings were held by representatives from sales and accounts departments of various business units to review and evaluate their credit exposure, collection and manage credit risks.
- Regular visits to the operating units of the Group's businesses by the management personnel.

Some internal control weaknesses were identified during the year under review. None of the internal control weaknesses have resulted in any material loss, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board is of the view that the current system of internal control in place throughout the Group is sufficient to safeguard the Group's interest. The Board continues to take appropriate measures and on-going commitment to strengthen the internal control environment and processes.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.24 of the Listing Requirements of the Bursa Securities and made in accordance with the resolution approved by the Board of Directors on 26 July 2006.

# Audit Committee Report

## MEMBERS OF THE COMMITTEE

Name of Directors	Designation	No of Meetings Attended
<b>Tan Sri Dato' Ahmad Sabki bin Jahidin</b> Independent, Non-Executive Director	Chairman	5/5
<b>Tan Sri Dato' (Dr) Elyas bin Omar</b> Independent, Non-Executive Director	Member	5/5
<b>Dato' Mustapha bin Buang</b> Independent, Non-Executive Director	Member	4/5
<b>Leow Thang Fong</b> Executive Director	Member	5/5
<b>Lim Bee Khim</b>	Secretary	5/5

## TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

### Composition

The member of the Audit Committee ("the Committee") and the Chairman shall be appointed by the Board of Directors and shall consist of at least three (3) Non-Executive Directors, a majority of whom are Independent. The Chairman of the Committee shall be an Independent, Non-Executive Director.

### Meetings

The Committee shall meet not less than four (4) times a year and report to the Board of Directors. The Committee meetings shall be planned to coincide with the audit cycle and the timing of publication of financial statements. The quorum of the Committee meetings shall consist of at least three (3) members, majority of whom are Independent.

### Authority

The Committee shall have the authority to request any information it seeks as relevant to its activities from any employee of the Company and the Group. All employees are directed to cooperate with any request made by the Committee.

The Committee shall have direct access to the Company's Auditors and provide a link between the Auditors and the Board. It is also authorised to take such independent professional advice it considers necessary to investigate any activity within its terms of reference.

### Terms Of Reference

Responsible to the Board of Directors for the following in its role to ensure proper management of the business operations in compliance with statutory obligations, policies, procedures, regulations and prudent business practices:-

1. To consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal.
2. To review with external auditor before the audit commences the nature and scope of the audit and their audit plan.



## Audit Committee Report (Cont'd)

### TERMS OF REFERENCE FOR THE AUDIT COMMITTEE (CONT'D)

#### Terms Of Reference (Cont'd)

3. To review the quarterly and year-end financial statements of the Company, focusing on :-
  - any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - compliance with accounting standards and other legal requirements.
4. To discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of the management wherever necessary).
5. To review the external auditor's management letter and management's response.
6. To do the following :
  - review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and where necessary to ensure that the appropriate action is taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
7. To review the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, rules, directives and guidelines.
8. To propose best practices on disclosure in financial results and annual reports of the Company in line with the principles set out in the Malaysian Code of Corporate Governance, other applicable laws, rules, directives and guidelines.
9. To propose that the management has in place an adequate system of risk management to safeguard the Company's assets.
10. To consider any related party transactions that may arise within the Company or Group.
11. To consider the major findings of internal investigations and management's response for major deficiencies in controls or procedures.
12. To consider and examine any other matters as defined by the Board.

## Audit Committee Report (Cont'd)

### INTERNAL AUDIT PLAN

Regular audits of the Company and each of its subsidiaries are compulsory at least once a year under the Annual Audit Plan. The priorities of the audits are determined via a risk assessment exercise in which subsidiaries of high-risk categories are given greater priority in the planned audit, although considerable emphasis is also given to subsidiaries in the Hotel Division. At least two regular audits a year are scheduled for Hotel subsidiaries. The Board and the Audit Committee can also request special audits to be conducted where deemed fit and necessary.

The Audit Committee will review all internal audit reports with an emphasis on significant issues and critical risk areas affecting the overall performance of the Group. In order to ensure greater transparency and good corporate governance within the Group, the Audit Committee will discuss in detail the adequacy of each company's internal control systems in addition to organisational and operational controls. The Audit Committee will further emphasize actions to be taken to rectify and improve the effectiveness and efficiency of operations of the subsidiary concerned.

### 2006 REVIEW

During the year, five (5) Audit Committee meetings were held. The Audit Committee reviewed a total of five (5) audit reports. Summary of activities of the Group Internal Audit function during the year ended 31 March 2006 were as follows:

- Regularly examining the controls over all significant Group's operations and systems to ascertain whether the system established provides reasonable assurance that the Group's objectives and goals were met efficiently and economically;
- Quarterly review the latest numbers in the financial results before their approval by the Board;
- Prepare the annual audit plan for deliberation by the Audit Committee;
- Act on suggestions made by external examiners and/or senior management on concerns over operations or controls;
- Issue audit reports which identify weakness and problems and make recommendations for improvements;
- Determine whether corrective action was taken in achieving the desired results;
- Monitor the integrity of the financial statements of the Company and matters relating to its financial affairs and those of its subsidiaries.

### EMPLOYEES SHARE OPTION SCHEME

The Company does not have Employees Share Option Scheme.



## Other Information

### 1. MATERIAL CONTRACTS

Save as disclosed below, neither the Company ("GPB") nor its subsidiary companies entered into any material contracts which involved Directors' and major shareholders' interests:

Date	Parties	General nature	Consideration	Mode of satisfaction of consideration	Relationship
15/1/1993	Dynawell Corporation (M) Sdn Bhd and Leisure Group Hotels And Resorts Sdn Bhd	Basic Management Fees	2% of adjusted gross revenue	Cash settlement	Common Directors
19/5/1995	Dynawell Corporation (M) Sdn Bhd and Leisure Group Hotels And Resorts Sdn Bhd	Tenancy Agreement	Monthly rental of RM38,340.00	Cash settlement	Common Directors
15/8/1994	GPB and Interdev Corporation Sdn Bhd ("Interdev")	Project developments - Project Management Fees	3.5% of Projects' Gross Development Value	Cash settlement	Common Directors
16/9/1994	GPB and Interdev	Project developments - Consultant Fees	6% on total construction cost	Cash settlement	Common Directors
1/11/1995	KSB Requirements & Rest Sdn Bhd and Leisure Group Hotels And Resorts Sdn Bhd	Basic Management Fees	2% of adjusted gross revenue	Cash settlement	Common Directors

### 2. MATERIAL CONTRACT RELATED TO LOAN

Lender & Borrower	Relationship	Purpose of loan	Amount RM Million
Lender : Gula Perak Berhad	Common directors	To finance the construction and operations of hotel property	132.011
Borrower : KSB Requirements and Rest Sdn Bhd			

The above contract is secured against the borrower's hotel property, interest free and is not expected to be repaid within the next twelve (12) months.

### 3. RECURRING RELATED PARTIES TRANSACTIONS OF A REVENUE NATURE

Pursuant to Practice Note 12/2001 issued by the Bursa Malaysia Securities Berhad, the aggregate value of Recurrent Transactions made during the financial year among the following related parties are set below:



## Other Information (Cont'd)

### 3. RECURRING RELATED PARTIES TRANSACTIONS OF A REVENUE NATURE (CONT'D)

#### a) Dynawell Corporation Sdn. Bhd ("Dynawell")

A wholly-owned subsidiary of Gula Perak Berhad ("The Company or GPB")

Related parties involved with Dynawell	Type of Transactions	Aggregate value of the Transactions RM'000
<ul style="list-style-type: none"> <li>Kemajuan Amoy Berhad ("KAB"), a company which has common directors and common substantial shareholders with GPB.</li> </ul>	Dynawell provided rooms and food & beverage services to KAB.	40
<ul style="list-style-type: none"> <li>Leisure Group Hotel &amp; Resorts Sdn Bhd ("LGHR SB"), a company which has common directors and common substantial shareholder with GPB.</li> </ul>	<ul style="list-style-type: none"> <li>i) Management fee (2% on revenue of Dynawell) charged by LGHR SB.</li> <li>ii) Rental &amp; rooms, food and beverage services charged by Dynawell.</li> </ul>	<ul style="list-style-type: none"> <li>385</li> <li>460</li> </ul>
<ul style="list-style-type: none"> <li>KSB Requirements &amp; Rest Sdn Bhd ("KSB"), a subsidiary company of GPB and is also of common directors with GPB.</li> </ul>	The trading of goods such as food and beverage to/from Dynawell.	-
<ul style="list-style-type: none"> <li>Taylor's Education Bhd. and its wholly-owned subsidiary ("Taylor's"), companies which has common directors with GPB.</li> </ul>	Dynawell provided rooms and food & beverage services to Taylor's.	39

#### b) KSB Requirements & Rest Sdn Bhd ("KSB")

A 70% owned subsidiary of GPB

Related parties involved with KSB	Type of Transactions	Aggregate value of the Transactions RM'000
<ul style="list-style-type: none"> <li>GPB</li> </ul>	KSB provided rooms and food & beverage services to GPB.	-
<ul style="list-style-type: none"> <li>KAB, a company which is of common directors and common substantial shareholders with GPB.</li> </ul>	KSB provided rooms and food & beverage services to KAB.	-
<ul style="list-style-type: none"> <li>LGHR SB, a company which has common directors and common substantial shareholders with GPB.</li> </ul>	<ul style="list-style-type: none"> <li>i) Management fee (2% on revenue of KSB) charged by LGHR SB.</li> <li>ii) Rooms, food and beverage services charged by KSB.</li> </ul>	<ul style="list-style-type: none"> <li>160</li> <li>-</li> </ul>
<ul style="list-style-type: none"> <li>Konsortium Sepang Bhd ("Konsortium"), which is a substantial shareholder of KSB Requirements &amp; Rest Sdn. Bhd. and has common directors with Konsortium.</li> </ul>	KSB provided rooms, food and beverage services to Konsortium.	-



## Other Information (Cont'd)

### 3. RECURRING RELATED PARTIES TRANSACTIONS OF A REVENUE NATURE (CONT'D)

#### c) GPB

Related parties involved with Interdev	Type of Transactions	Aggregate value of the Transactions RM'000
Interdev	Management fee of 3.5% on project's gross development value and consultancy fee of 6% on total construction cost charged by Interdev	-

### 4. UTILISATION OF PROCEEDS

During the financial year, no proceeds were received from the Company's corporate proposal.

### 5. SHARE BUYBACKS

There were no share buybacks by the Company during the financial year.

### 6. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year, the issued and fully paid up share capital of the Company was increased from 259,787,387 ordinary shares of RM1.00 each to 644,397,035 ordinary shares of RM1.00 each by the issue of 384,609,648 new ordinary shares arising from the conversion as follows:-

#### **Irredeemable Convertible Secured Loan Stocks 2000/2005 (ICSLS 2000/2005)**

RM188,168,550 of 188,168,550 ordinary shares of RM1.00 each.

The ICSLS matured on 1 September 2005.

#### **Bonus Issue**

RM194,983,115 of 194,983,115 ordinary shares of RM1.00 each.

#### **Redeemable Convertible Secured Notes**

RM1,486,189 nominal amount of 1,456,189 ordinary shares of RM1.00 each.

#### **Warrants**

1,794 warrants comprised of 919 Existing Warrants of RM1.25 each and 875 Replacement Warrants of RM1.00 each.

The unexercised Existing and Replacement Warrants expired on 21 December 2005.

### 7. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

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



## Other Information (Cont'd)

### 8. IMPOSITION OF SANCTIONS/PENALTIES

There were no sanctions or penalties imposed on the Company and its subsidiary, Directors or management by the relevant regulatory bodies, except as disclosed below:-

Bursa Malaysia Securities Berhad ("Bursa Securities") publicly reprimanded the Company for breaches of Paragraph 8.11(1)(a) and (b) of the Listing Requirements of Bursa Securities for failing to clarify in the circular to shareholders dated 22 March 2005.

### 9. VARIATION IN RESULTS

The difference between the audited results for the financial year ended 31 March 2006 and unaudited result announced previously exceeded 10%. The variance of RM1.3 million between the audited loss after tax of RM195,000 and the unaudited profit after tax of RM1.105 million is due to additional allowance for doubtful debts of RM1.3 million.

### 10. NON-AUDIT FEE

The amount of non-audit fee paid by the Company to the external auditors for the financial year amounted to approximately RM16,000.00.

### 11. PROFIT GUARANTEES

There were no profit guarantees given by the Company during the financial year.

### 12. REVALUATION OF LANDED PROPERTIES

The Company does not have a revaluation policy on landed properties.



## Financial Statements

for the year ended 31st March, 2006

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## Directors' Report

The directors of GULA PERAK BERHAD hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31st March, 2006.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are cultivation of oil palm, construction works, trading in construction materials and property development. The principal activities of the subsidiary companies consist of hotel operations and management, service apartment operations and management and property development.

There was no significant change in the nature of the activities of the Company and its subsidiary companies during the financial year.

### SIGNIFICANT EVENTS

- On 18th March, 2005, the Company announced that it proposes to undertake a bonus issue which will entail a capitalisation of up to RM202,751,023 from the Company's share premium account ("Bonus Issue").

On 20th May, 2005, the Company increased its issued and fully paid-up ordinary share capital by way of a bonus issue of 194,983,115 new ordinary shares of RM1.00 each through the capitalisation of an amount of RM194,983,115 from the share premium account on the basis of three (3) new ordinary shares of RM1.00 each for every four (4) existing ordinary shares of RM1.00 each held.

Pursuant to the Bonus Issue, the subscription price and/or number of both Existing Warrants and Replacement Warrants ("Warrants") of the Company was adjusted in accordance with the provisions of the deed polls constituting the Warrants, as follows:

	<----- Before Adjustment		<----- After Adjustment	
	Existing Warrants	Replacement Warrants	Existing Warrants	Replacement Warrants
Subscription price (RM)	2.18	1.00	1.25	1.00
No. of warrants	13,431,047	60,780,153	23,504,332	106,365,268

In addition to the above, the conversion rate of zero-coupon irredeemable convertible secured loan stocks 2000/2005 ("ICSLS") and 6% redeemable convertible secured notes 2003/2008 ("RCSN") will also be adjusted from RM1.20 to RM1.00 in accordance with the provisions of the trust deeds constituting the ICSLS and RCSN respectively.

- On 28th October, 2005, the Company ("Vendor") entered into a Sale & Purchase Agreement with a third party ("Purchaser") for the disposal of a piece of short-term leasehold agricultural land (included under property, plant and equipment) located at Mukim Durian Sebatang for a total cash consideration of RM19,000,000, subject to the terms and conditions stipulated in the said Agreement and approvals from the relevant authorities. In accordance with the said Agreement, clause 2.1(b) requires the Vendor to apply to the relevant authorities to obtain the approval of the Estate Land Board for the transfer and sale of the property to the Purchaser pursuant to the provisions of the National Land Code 1965 provided that the Purchaser shall have executed the relevant application form for the consent to transfer and have furnished all information as may be required to enable the Vendor to submit the application for the consent to transfer to the relevant authorities. As of 31st March, 2006, the abovementioned clause 2.1(b) has not been fulfilled and accordingly, except for the deposits paid of RM5,700,000, the gain on disposal of about RM17,000,000 has not been taken up in the financial statements of the Group and of the Company for the year ended 31st March, 2006.



## Directors' Report (Cont'd)

### RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group and The Company	
	RM'000	RM'000
(Loss)/Profit before tax	(194)	1,714
Income tax expense	(1)	-
Net (loss)/profit for the year	(195)	1,714

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of material and unusual nature other than the exceptional item as disclosed in Note 6 to the Financial Statements.

### DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid up share capital of the Company was increased from 259,787,387 ordinary shares of RM1.00 each to 644,397,035 ordinary shares of RM1.00 each by the issue of 384,609,648 new ordinary shares of RM1.00 each arising from the following:

- a) Conversion of RM188,168,550 nominal amount of Irredeemable Convertible Secured Loan Stocks 2000/2005 ("ICSLS 2000/2005") (Note 30) on the following basis:
  - (i) 187,972,950 new ordinary shares of RM1.00 each by virtue of the conversion of RM187,972,950 ICSLS 2000/2005 on the basis of one new ordinary share of RM1.00 each in exchange for every RM1.00 nominal amount of ICSLS 2000/2005; and
  - (ii) 195,600 new ordinary shares of RM1.00 each by virtue of the conversion of RM195,600 ICSLS 2000/2005 on the basis of one new ordinary share of RM1.00 each in exchange for every RM1.00 nominal amount of ICSLS 2000/2005 and a cash payment of RM0.20.

The resulting share premium amounting to RM39,120 has been credited to share premium account.

## Directors' Report (Cont'd)

### ISSUE OF SHARES AND DEBENTURES (CONT'D)

- b) Conversion of RM1,486,189 Redeemable Convertible Secured Notes 2003/2008 ("RCSN 2003/2008") (Note 28) on the following basis:

- (i) 1,306,189 new ordinary shares of RM1.00 each by virtue of the conversion of RM1,306,189 RCSN 2003/2008 on the basis of one new ordinary share of RM1.00 each in exchange for every RM1.00 nominal amount of RCSN 2003/2008; and
- (ii) 150,000 new ordinary shares of RM1.00 each by virtue of the conversion of RM180,000 RCSN 2003/2008 on the basis of one new ordinary share of RM1.00 each in exchange for every RM1.20 nominal amount of RCSN 2003/2008.

The resulting share premium amounting to RM30,000 has been credited to share premium account.

- c) Bonus issue of 194,983,115 ordinary shares of RM1.00 each through capitalisation of share premium account.

The Company increased its issued and fully paid-up ordinary share capital by way of a bonus issue of 194,983,115 new ordinary shares of RM1.00 each through the capitalisation of an amount of RM194,983,115 from the share premium account on the basis of three (3) new ordinary shares of RM1.00 each for every four (4) existing ordinary shares of RM1.00 each held.

- d) Conversion of 919 Existing Warrants at the subscription price of RM1.25 per Existing Warrant via the allotment of 919 new ordinary shares of RM1.00 each. The resulting share premium amounting to RM230 has been credited to share premium amount.
- e) Conversion of 875 Replacement Warrants at the subscription price of RM1.00 per Replacement Warrant via the allotment of 875 new ordinary shares of RM1.00 each.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

### SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

### OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad receivables and the making of allowance for doubtful receivables, and had satisfied themselves that there are no known bad receivables to be written off and that adequate allowance had been made for doubtful receivables; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.



## Directors' Report (Cont'd)

### OTHER FINANCIAL INFORMATION (CONT'D)

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

- (a) which would require the writing off of any bad receivables or render the amount of allowance for doubtful receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and the Company misleading.

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

- (a) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and the Company which has arisen since the end of the financial year.

No contingent or other liability 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 the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and the Company for the succeeding financial year, except for the adoption of new/revised Financial Reporting Standards (FRSs) effective for financial period beginning 1st January, 2006 as mentioned in Note 2 to the Financial Statements.

### DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

YBhg Datuk Rahim bin Baba  
 YBhg Tan Sri Dato' Lim Cheng Pow  
 Leow Thang Fong  
 Lim Sue Beng  
 Lim Bee Ling  
 Lim Soo Kok  
 YBhg Tan Sri Dato' Ahmad Sabki bin Jahidin  
 YBhg Dato' Mustapha bin Buang  
 YBhg Tan Sri Dato' (Dr) Elyas bin Omar

In accordance with the Company's Articles of Association, YBhg Tan Sri Dato' (Dr) Elyas bin Omar, Leow Thang Fong and Lim Bee Ling retire by rotation under Article 89 and, being eligible, offer themselves for re-election.

YBhg Tan Sri Dato' Ahmad Sabki bin Jahidin, who retires pursuant to Section 129(6) of the Companies Act, 1965, offers himself for re-election.



## Directors' Report (Cont'd)

### DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Company Act, 1965, are as follows:

	Number of ordinary shares of RM1 each			
	Balance as of 1.4.2005	Bought	Sold	Balance as of 31.3.2006
Shares in the Company				
Direct interest				
YBhg Tan Sri Dato' Lim Cheng Pow	29,098,000	20,923,500	(10,145,250)	39,876,250
Leow Thang Fong	60,000	45,000	-	105,000
Lim Sue Beng	7,095,000	10,925,450	(10,697,950)	7,322,500
Lim Bee Ling	21,362,000	16,021,500	(2,572,050)	34,811,450
Lim Soo Kok	2,810,000	3,407,500	(2,371,300)	3,846,200
YBhg Dato' Mustapha bin Buang	1,800,000	1,350,000	-	3,150,000
YBhg Tan Sri Dato' (Dr) Elyas bin Omar	5,282,000	3,961,500	(1,645,600)	7,597,900
YBhg Tan Sri Dato' Ahmad Sabki bin Jahidin	-	-	-	-
Indirect interest				
YBhg Datuk Rahim bin Baba*	514,000	2,523,250	(1,784,200)	1,253,050
YBhg Tan Sri Dato' (Dr) Elyas bin Omar**	1,000,000	750,000	-	1,750,000

\* Deemed to have interest by virtue of his substantial interest in Kesenta Development Sdn Bhd.

\*\* Deemed to have interest by virtue of his substantial interest in Juta Piramid Sdn. Bhd.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than those transactions as disclosed in Note 31 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### AUDITORS

The auditors, Messrs. Deloitte KassimChan, have expressed their willingness to continue in office.

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

**DATUK RAHIM BIN BABA**

**LIM SUE BENG**

Kuala Lumpur  
26th July, 2006



## Report of the Auditors to the Members of Gula Perak Berhad (Incorporated in Malaysia)

We have audited the accompanying balance sheets as of 31st March, 2006 and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these 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 towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These 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 that 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 the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the state of affairs of the Group and of the Company as of 31st March, 2006 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
  - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements, and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies, of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 13 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company 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 as required by us for these purposes.

The auditors reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

**DELOITTE KASSIMCHAN**  
**AF 0080**  
**Chartered Accountants**

**ROSITA TAN**  
**1874/9/06 (J)**  
**Partner**

26th July, 2006



# Income Statements

for the year ended 31st March, 2006

	Note	The Group		The Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue	5	<b>31,048</b>	39,549	<b>4,185</b>	12,747
Cost of sales		<b>(13,381)</b>	(18,915)	<b>(2,337)</b>	(8,166)
Gross profit		<b>17,667</b>	20,634	<b>1,848</b>	4,581
Administrative expenses		<b>(12,409)</b>	(11,174)	<b>(1,024)</b>	(855)
Other operating expenses		<b>(10,314)</b>	(7,486)	<b>(4,993)</b>	(4,377)
Other operating income		<b>8,160</b>	6,337	<b>7,516</b>	3,081
Profit from operations	6	<b>3,104</b>	8,311	<b>3,347</b>	2,430
Finance costs	8	<b>(3,298)</b>	(6,046)	<b>(1,633)</b>	(4,284)
(Loss)/Profit before tax		<b>(194)</b>	2,265	<b>1,714</b>	(1,854)
Income tax expense	9	<b>(1)</b>	(12)	<b>-</b>	-
<b>(Loss)/Profit after tax before minority interests</b>		<b>(195)</b>	2,253	<b>1,714</b>	(1,854)
Minority interests		<b>-</b>	-	<b>-</b>	-
<b>Net (loss)/profit for the year</b>		<b>(195)</b>	2,253	<b>1,714</b>	(1,854)
(Loss)/Earnings per share (sen):					
- Basic	10	<b>(0.03)</b>	0.50		
- fully diluted	10	<b>N/A</b>	0.24		

The accompanying Notes form an integral part of the Financial Statements.



# Balance Sheets

as of 31st March, 2006

	Note	The Group		The Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Assets</b>					
Real property assets	11	70,582	70,582	70,582	70,582
Property, plant and equipment	12	727,661	726,640	23,245	22,363
Investment in subsidiary companies	13	-	-	554,473	554,473
Property development projects					
- non-current portion	14	41,969	41,962	41,969	41,962
Advances to subsidiary companies	15	-	-	122,892	118,885
		<b>840,212</b>	<b>839,184</b>	<b>813,161</b>	<b>808,265</b>
<b>Current Assets</b>					
Property development projects					
- current portion	14	9,712	11,396	9,712	11,396
Inventories	16	18,553	16,643	17,716	15,971
Trade receivables	17	9,432	10,741	632	890
Other receivables, deposits and prepayments	18	15,481	15,500	13,201	13,192
Deposits with licensed banks	19	4,627	5,039	4,419	4,177
Cash and bank balances	19	2,861	1,676	166	219
		<b>60,666</b>	<b>60,995</b>	<b>45,846</b>	<b>45,845</b>
<b>Current Liabilities</b>					
Trade payables	20	3,306	3,777	2,434	2,332
Amount owing to a director	21	238	1,963	88	1,963
Amount owing to subsidiary companies	22	-	-	17,821	18,719
Other payables and accrued expenses	23	32,042	26,117	12,556	5,727
Hire purchase payables- current portion	24	5,171	5,750	57	57
Bank borrowings (secured and interest bearing)	25	99,301	11,138	97,324	8,390
3% Redeemable Secured Bonds 2000/2005	25	-	90,124	-	90,124
Tax liabilities		626	628	402	402
		<b>140,684</b>	<b>139,497</b>	<b>130,682</b>	<b>127,714</b>
<b>Net Current Liabilities</b>		<b>(80,018)</b>	<b>(78,502)</b>	<b>(84,836)</b>	<b>(81,869)</b>

(Forward)



## Balance Sheets

as of 31st March, 2006 (Cont'd)

		The Group		The Company	
	Note	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Long-term and Deferred Liabilities</b>					
Hire purchase payables					
- non current portion	24	774	1,326	200	257
Bank borrowings (secured and interest bearing)	25	23,223	22,725	14,615	14,104
Deferred tax liabilities	27	5,098	5,098	-	-
Redeemable Convertible Secured Notes 2003/2008	28	256,562	230,926	256,562	230,926
		(285,657)	(260,075)	(271,377)	(245,287)
<b>Net Assets</b>		474,537	500,607	456,948	481,109
<b>Financed by:</b>					
Issued capital	29	644,397	259,787	644,397	259,787
Share premium		11,535	206,729	11,535	206,729
Capital reserve	26	3,039	3,039	3,039	3,039
Irredeemable Convertible Secured Loan Stocks 2000/2005	30	-	188,169	-	188,169
Redeemable Convertible Secured Notes 2003/2008	28	30,773	57,895	30,773	57,895
Reserve on consolidation		29,533	29,533	-	-
Accumulated losses		(244,740)	(244,545)	(232,796)	(234,510)
		474,537	500,607	456,948	481,109

The accompanying Notes form an integral part of the Financial Statements.



# Statements of Changes in Equity

for the year ended 31st March, 2006

The Group	Note	<----- Non-distributable ----->				Irredeemable convertible secured loan stocks (ICSLS)	Redeemable convertible secured notes (RCSN)	Accumulated loss	Net
		Issued capital RM'000	Share premium RM'000	Reserve on consolidation RM'000	Capital reserve RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1st April, 2004		257,630	206,294	29,533	3,039	190,351	57,895	(246,798)	497,944
Arising from conversion of ICSLS	30	2,157	435	-	-	(2,182)	-	-	410
Profit for the financial year		-	-	-	-	-	-	2,253	2,253
Balance at 31st March, 2005		259,787	206,729	29,533	3,039	188,169	57,895	(244,545)	500,607
Arising from conversion of Existing Warrants and Replacement Warrants	26	2	-	-	-	-	-	-	2
RCSN:									
Arising from conversion	28	1,456	30	-	-	-	-	-	1,486
Arising from changes in fair value of liability portion	28	-	-	-	-	-	(27,122)	-	(27,122)
Bonus issue through capitalisation of share premium	29	194,983	(194,983)	-	-	-	-	-	-
Expenses incurred for bonus issue		-	(280)	-	-	-	-	-	(280)
Arising from conversion of ICSLS	30	188,169	39	-	-	(188,169)	-	-	39
Loss for the financial year		-	-	-	-	-	-	(195)	(195)
Balance at 31st March, 2006		644,397	11,535	29,533	3,039	-	30,773	(244,740)	474,537

The Company	Note	<----- Non-distributable ----->				Irredeemable convertible secured loan stocks (ICSLS)	Redeemable convertible secured notes (RCSN)	Accumulated loss	Net
		Issued capital RM'000	Share premium RM'000	Capital reserve RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1st April, 2004		257,630	206,294	3,039	190,351	57,895	(232,656)	482,553	
Arising from conversion of ICSLS	30	2,157	435	-	(2,182)	-	-	410	
Loss for the financial year		-	-	-	-	-	(1,854)	(1,854)	
Balance at 31st March, 2005		259,787	206,729	3,039	188,169	57,895	(234,510)	481,109	
Arising from conversion of Existing Warrants and Replacement Warrants	26	2	-	-	-	-	-	2	
RCSN:									
Arising from conversion	28	1,456	30	-	-	-	-	1,486	
Arising from changes in fair value of liability portion	28	-	-	-	-	(27,122)	-	(27,122)	
Bonus issue through capitalisation of share premium	29	194,983	(194,983)	-	-	-	-	-	
Expenses incurred for bonus issue		-	(280)	-	-	-	-	(280)	
Arising from conversion of ICSLS	30	188,169	39	-	(188,169)	-	-	39	
Profit for the financial year		-	-	-	-	-	1,714	1,714	
Balance at 31st March, 2006		644,397	11,535	3,039	-	30,773	(232,796)	456,948	

The accompanying Notes form an integral part of the Financial Statements.



# Cash Flow Statements

for the year ended 31st March, 2006

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss)/Profit before tax	(194)	2,265	1,714	(1,854)
Adjustments for:				
Finance costs	3,298	6,046	1,633	4,284
Depreciation of property, plant and equipment	1,743	1,712	954	942
Allowance for doubtful receivables	1,300	-	-	-
Waiver of interest payable on 3% Redeemable Secured Bonds 2000/2005	(3,678)	-	(3,678)	-
Interest income	(139)	(129)	(125)	(94)
Gain on disposal of property, plant and equipment	(1)	(17)	(1)	(17)
Allowance for doubtful receivables no longer required	-	(2,500)	-	-
Gain on disposal of real property assets	-	(978)	-	(978)
Operating Profit Before Working Capital Changes	2,329	6,399	497	2,283
Decrease/(Increase) in:				
Advances to subsidiary companies	-	-	(4,007)	(727)
Property development projects	1,677	(141)	1,677	(141)
Inventories	(1,910)	(261)	(1,745)	(157)
Trade receivables	9	4,081	258	977
Other receivables, deposits and prepayments	19	(3,406)	(9)	(6,841)
Trade payables	(471)	(509)	102	(495)
Amount owing to a director	(1,725)	246	(1,875)	246
Amount owing to subsidiary companies	-	-	(898)	5,041
Other payables and accrued expenses	11,536	2,867	12,440	(859)
Net Cash From/(Used In) Operations	11,464	9,276	6,440	(673)
Tax paid	(3)	(11)	-	-
Net Cash From/(Used In) Operating Activities	11,461	9,265	6,440	(673)

(Forward)



# Cash Flow Statements

for the year ended 31st March, 2006 (Cont'd)

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	139	129	125	94
Proceeds from disposal of property, plant and equipment	1	17	1	17
Purchase of property, plant and equipment (Expenses incurred)/proceeds from issuance of shares	(2,764)	(7,698)	(1,836)	(1,812)
Proceeds from disposal of real property assets	(239)	410	(239)	410
	-	7,321	-	7,321
Net Cash (Used In)/From Investing Activities	(2,863)	179	(1,949)	6,030
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Decrease in deposits pledged to licensed banks	34	33	34	33
Interest paid	(5,231)	(6,046)	(3,566)	(4,284)
Repayment of term loans (Repayment)/Drawdown of hire purchase payables	(1,468)	(1,835)	(679)	(1,050)
Increase in deposits placed in sinking fund	(1,131)	(1,112)	(57)	16
	(276)	(89)	(276)	(89)
Net Cash Used In Financing Activities	(8,072)	(9,049)	(4,544)	(5,374)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	526	395	(53)	(17)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,352	957	219	236
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	1,878	1,352	166	219

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The accompanying Notes form an integral part of the Financial Statements.



# Notes to the Financial Statements

## 1. GENERAL INFORMATION

The principal activities of the Company are cultivation of oil palm, construction works, trading in construction materials and property development. The principal activities of the subsidiary companies consist of hotel operations and management, service apartment operations and management and property development.

There was no significant change in the nature of the activities of the Company and its subsidiary companies during the financial year.

The number of employees at the end of the financial year amounted to 594 (2005: 641) employees in the Group and 88 (2005: 111) employees in the Company.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

The address of the registered office and principal place of business of the Company is Level 7, Dynasty Hotel Kuala Lumpur, 218 Jalan Ipoh, 51200 Kuala Lumpur.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on 26th July, 2006.

The financial statements of the Group and the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board (MASB) approved accounting standards in Malaysia.

The MASB requires public listed companies in Malaysia to adopt new/revised Financial Reporting Standards (FRSs) effective for financial period beginning 1st January, 2006. Consequently, the Group is required to adopt new/revised FRSs in the financial year ending 31st March, 2007 as follows:

- FRS 2 Share-based Payment
- FRS 3 Business Combinations
- FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- FRS 101 Presentation of Financial Statements
- FRS 102 Inventories
- FRS 108 Accounting Policies, Changes in Estimates and Errors
- FRS 110 Events after the Balance Sheet Date
- FRS 116 Property, Plant and Equipment
- FRS 121 The Effects of Changes in Foreign Exchange Rates
- FRS 127 Consolidated and Separate Financial Statements
- FRS 128 Investments in Associates
- FRS 131 Interest in Joint Ventures
- FRS 132 Financial Instruments : Disclosure and Presentation
- FRS 133 Earnings Per Share
- FRS 136 Impairment of Assets
- FRS 138 Intangible Assets
- FRS 140 Investment Property



## Notes to the Financial Statements (Cont'd)

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

The adoption of FRS 5, 101, 102, 116, 121, 136, 138 and 140 may result in the changes to the Group's accounting policies that may affect the amounts reported for the current and prior years. However, as of the date of this report, the impact of these changes in accounting policies are not disclosed in the financial statements of the Group and the Company for the current financial year as the Group is in the process of gathering sufficient relevant information to quantify the impact of the changes in the accounting policies in the financial statements of the Group and the Company.

The directors anticipate that the adoption of FRSs 2, 3, 108, 110, 127, 128, 131, 132 and 133 in the future periods will have no material impact on the financial statements of the Group and the Company.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies.

#### Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and of the subsidiary companies controlled by the Company made up to 31st March, 2006. The financial statements of the subsidiary companies are consolidated into the financial statements of the Company using the acquisition method of accounting. All significant intercompany transactions and balances are eliminated on consolidation.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated income statement from the date of acquisition or up to the date of disposal. The assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

Reserve on consolidation represents the excess of the Group's share of the fair value of the respective net assets at the date of acquisition of the subsidiary companies over the purchase consideration.

#### Revenue

Revenue from hotel operations and oil palm plantation are recognised upon delivery of products or performance of service, net of sales tax and discounts.

Profit from property development and construction contracts are recognised using the percentage of completion method. The stage of completion is measured by reference to the actual cost incurred to date to estimated total cost of each contract. All foreseeable losses are recognised as soon as they are anticipated.

Rental income from shoplots is recognised on an accrual basis unless collectibility is in doubt.

Interest income is recognised as it accrues.

## Notes to the Financial Statements (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Income Tax

The tax effects of transactions are recognised using the "balance sheet liability" method and all taxable temporary differences are recognised. Where such deductible temporary differences would give rise to net deferred tax asset, the tax effects are recognised to the extent that it is probable that taxable profits will be available against which the deferred tax benefits can be utilised. Deferred tax is provided for temporary differences arising from surplus on revaluation of a hotel property of the Group.

#### Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing at the transaction dates or, where settlement has not yet been made at the end of the financial year, at approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statements.

The principal closing rates used in the translation of foreign currency amounts are as follows:

	<b>2006 RM</b>	<b>2005 RM</b>
<b>Foreign currency</b>		
1 US Dollar	<b>3.69</b>	3.80
1 Singapore Dollar	<b>2.28</b>	2.30
100 Hong Kong Dollars	<b>47.50</b>	48.72

#### Employee Benefits

##### (1) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

##### (2) Defined contribution plans

The Group makes statutory contributions to approved provident funds and are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations. The contributions to the Employees Provident Fund are included under staff costs as mentioned in Note 6.

#### Real Property Assets

Real property assets comprise land held for future development. Land held for future development is stated at cost. When significant development work has been undertaken and is expected to be completed within the normal operating cycle, the assets are then classified at its carrying value to property development projects under current assets.



## Notes to the Financial Statements (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Property, Plant and Equipment and Depreciation

Hotel properties are initially stated at cost or are subsequently shown at fair value less subsequent impairments. All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Freehold land is not depreciated. Leasehold land is amortised in equal instalments over the period of the lease of 46 years (unexpired portion of lease as of 31st March, 2006 : 28 years). Other property, plant and equipment are depreciated on the straight-line basis to write down the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

	%
Building	10
Office equipment	10 - 25
Plant, machinery and equipment	10 - 20
Renovations	15
Furniture and fittings	10 - 15
Motor vehicles	20

Hotel properties are initially stated at cost or are subsequently shown at fair value, based on valuations by external independent valuers. Additions subsequent to the date of valuation are stated at cost. It is the Group's policy to appraise the hotel properties once in every five years, based on their open market value. Surpluses arising on revaluation are credited to Revaluation Reserve. Any deficit arising from revaluation is charged against the Revaluation Reserve to the extent of a previous surplus held in the Revaluation Reserve of the same asset. In all other cases, a decrease in carrying amount is charged to income statements.

No depreciation is provided on hotel properties. It is the Group's policy to maintain the properties in such condition that the residual values are so high that depreciation would be insignificant. The related maintenance expenditure is dealt with in the income statements. The carrying amounts of hotel properties are subjected to impairment review at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations in the income statements.

#### Property, Plant and Equipment Under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations are treated as liabilities. Finance charges are allocated to the income statement to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

#### Pre-cropping Expenditure

Expenditure incurred on new planting and replanting are capitalised and included in Property, Plant and Equipment under pre-cropping expenditure and are amortised on a straight line basis over the useful lives of the rootstocks or over the period of the lease, whichever is shorter. The estimated useful life of the rootstocks is 25 years.

#### Investment in Subsidiary Companies

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost, less any allowances for impairment, in the Company's financial statements.

## Notes to the Financial Statements (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Property Development Projects

Property development project consists of the cost of freehold land and related development expenditure incurred less cost recognised in income statement and allowances of foreseeable loss (if any).

Accrued progress billings represent the excess of property development revenue recognised in the income statement over the billings to purchasers while, advance progress billings represent the excess of billings to purchasers over property development revenue recognised in the income statement.

Interest costs incurred (if any) on the development of property development projects are capitalised and included as part of development expenditure.

Allowance for foreseeable loss (if any) is made based on losses estimated to arise upon the completion of property development projects which are already in progress.

The Group and the Company consider as current assets that portion of property development projects on which significant development work has been done and is expected to be completed within the normal operating cycle of two to three years.

#### Inventories

Completed development properties held for sale are valued at the lower of cost and net realisable value. The cost is determined on the specific identification method.

Land held for sale are stated at acquisition costs which is determined on the specific identification method.

Estate consumables, food, beverages and supplies are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

#### Impairment of Assets

At each balance sheet date, the Group and the Company review the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as an income immediately.

#### Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowance for estimated irrecoverable amounts. Allowance for doubtful receivables is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.



## Notes to the Financial Statements (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

#### Financial Assets

The Group's principal financial assets are cash and bank balances, deposits with licensed banks, trade and other receivables.

#### Financial Liabilities and Equity Instruments

Significant financial liabilities include trade and other payables, amount owing to a director and subsidiary companies, borrowings and hire-purchase payables.

Debt and equity instruments are classified as either liabilities or equity in accordance with the substances of the contractual arrangement. Debt instruments issued which carry a right to convert into equity that is dependent on the outcome of uncertainties beyond the control of the Group and the holders are classified as liabilities except where the possibility on non-conversion is remote.

Bank loans and bank overdraft are recorded at the proceeds received. Financial charges are accounted for on accrual basis.

Equity instruments are recorded at the proceeds received net of direct issue costs.

#### Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

### 4. SEGMENT REPORTING

The Group is organised into four main business segments:

- Hotel operations - the Group owns and operates the Dynasty Hotel, Kuala Lumpur and Empress Hotel, Sepang, Selangor. A new hotel property has been completed but currently not in operation.
- Construction and property development - the Group is mainly involved in the construction and development of industrial properties.
- Cultivation of oil palm - the Group is involved in the planting and harvesting of oil palm and sales of fresh fruit bunches.
- Other operations of the Group mainly comprise service apartments operations which are not of sufficient size to be reported separately.

## Notes to the Financial Statements (Cont'd)

### 4. SEGMENT REPORTING (CONT'D)

2006	Hotel operations RM'000	Construction and property development RM'000	Cultivation of oil palm RM'000	Others RM'000	Group RM'000
<b>REVENUE</b>					
External revenue	26,761	102	4,185	-	31,048
<b>RESULTS</b>					
Profit from Operations	(232)	(158)	3,494	-	3,104
Finance costs					(3,298)
Loss before tax					(194)
Income tax Expense					(1)
Loss after tax					(195)
Minority interest					-
Profit attributable to shareholders					(195)
<b>OTHER INFORMATION</b>					
Segment assets	719,038	165,456	16,384	-	900,878
Unallocated assets					-
Total assets					900,878
Segment liabilities	(41,858)	(15,429)	(553)	-	(57,840)
Unallocated Liabilities					(368,501)
Total liabilities					(426,341)
Depreciation	789	883	71	-	1,743
Capital expenditure	927	16	1,821	-	2,764
<b>2005</b>					
<b>REVENUE</b>					
External revenue	26,802	6,946	5,801	-	39,549
<b>RESULTS</b>					
Profit from Operations	5,898	(2,003)	4,416	-	8,311
Finance costs					(6,046)
Profit before tax					2,265
Income tax expense					(12)
Profit after tax					2,253
Minority interest					-
Profit attributable to shareholders					2,253



## Notes to the Financial Statements (Cont'd)

### 4. SEGMENT REPORTING (CONT'D)

2005	Hotel operations RM'000	Construction and property development RM'000	Cultivation of oil palm RM'000	Others RM'000	Group RM'000
<b>OTHER INFORMATION</b>					
Segment assets	718,678	166,713	14,788	-	900,179
Unallocated assets					-
Total assets					900,179
Segment liabilities	(45,156)	(8,197)	(409)	-	(53,762)
Unallocated Liabilities					(345,810)
Total liabilities					(399,572)
Depreciation	770	190	752	-	1,712
Capital expenditure	5,886	100	1,712	-	7,698

There is no intersegment transaction during the current and previous financial year.

Unallocated liabilities consist primarily of borrowings taken at corporate level.

No geographical segment information is presented as the Group operates principally in Malaysia.

### 5. REVENUE

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Hotel operations	26,761	26,802	-	-
Cultivation of oil palm	4,185	5,801	4,185	5,801
Property development	102	6,946	-	6,946
	<b>31,048</b>	<b>39,549</b>	<b>4,185</b>	<b>12,747</b>



## Notes to the Financial Statements (Cont'd)

### 6. PROFIT FROM OPERATIONS

Profit from operations is stated after charging and crediting the following:

		The Group		The Company	
	Note	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>After charging:</b>					
Staff costs		11,187	10,718	1,683	1,596
Directors' remuneration	7	2,001	1,976	1,682	1,682
Depreciation of property, plant and equipment		1,743	1,712	954	942
Rental of hotel rooms		1,440	720	-	-
Allowance for doubtful receivables		1,300	-	-	-
Auditors' remuneration:					
- statutory		63	63	28	28
- non-statutory		30	30	16	16
Rental of equipment		-	2	-	-
<b>And crediting:</b>					
Exceptional item:					
Waiver of interest payable on 3% Redeemable Secured Bonds 2000/2005	25	3,678	-	3,678	-
Rental income		470	401	341	273
Interest income		139	129	125	94
Realised foreign exchange gain		17	8	-	-
Gain on disposal of property, plant and equipment		1	17	1	17
Allowance for doubtful receivables no longer required		-	2,500	-	-
Gain on disposal of real property assets		-	978	-	978

Staff costs include salaries, bonuses, contributions to employees provident fund and all other staff related expenses. Contributions to Employees' Provident Fund ("EPF") of the Group and the Company amounted to RM1,034,000 (2005: RM938,000) and RM138,601 (2005: RM143,000) respectively.



## Notes to the Financial Statements (Cont'd)

### 7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Fees	441	402	108	108
Other emoluments	1,560	1,574	1,574	1,574
	<u>2,001</u>	<u>1,976</u>	<u>1,682</u>	<u>1,682</u>

Included in other emoluments of directors for the Group and the Company is contributions to EPF amounting to RM154,000 (2005: RM135,000) and RM122,000 (2005: RM122,000) respectively.

Remuneration of the Directors of the Company, in respect of services rendered to the Company and various other companies of the Group, is represented by the following bands:

	2006 Number	2005 Number
<b>Amounts in RM'000</b>		
<b>Non-executive Directors</b>		
50 and below	3	3
<b>Executive Directors</b>		
50 - 100	-	-
100 - 150	-	-
150 - 200	4	3
200 - 250	-	-
250 - 300	-	1
300 - 500	<u>2</u>	<u>2</u>

### 8. FINANCE COSTS

Finance costs comprise interest on:

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Term loans	2,421	2,450	1,534	1,504
Hire-purchase	661	678	9	13
Bank overdraft	103	102	-	-
Others	113	112	90	63
3% Redeemable Secured Bonds 2000/2005	-	2,704	-	2,704
	<u>3,298</u>	<u>6,046</u>	<u>1,633</u>	<u>4,284</u>

# Notes to the Financial Statements (Cont'd)

## 9. INCOME TAX EXPENSE

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Current year tax expense	1	8	-	-
Underprovision in prior years	-	4	-	-
Tax expense	1	12	-	-

A reconciliation of income tax expense applicable to (loss)/profit before tax at the applicable statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax	(194)	2,265	1,714	(1,854)
Tax at statutory tax rates of 28%	(54)	634	480	(519)
Expenses not deductible for tax purposes	2,755	959	1,067	582
Reversal of deferred tax assets not recognised previously	(2,700)	(1,585)	(1,547)	(63)
	1	8	-	-

## 10. (LOSS)/EARNINGS PER SHARE

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

Basic (loss)/earnings per share of the Group is calculated by dividing the net (loss)/profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	2006	2005
	RM'000	RM'000
(Loss)/Profit attributable to shareholders	(195)	2,253
Weighted average number of ordinary shares in issue ('000)	561,820	453,238
Basic (loss)/earnings per share (sen)	(0.03)	0.50



## Notes to the Financial Statements (Cont'd)

### 10. (LOSS)/EARNINGS PER SHARE (CONT'D)

#### (b) Diluted (loss)/earnings per share

No diluted loss per share is presented for 2006 as the conversion of redeemable convertible secured notes 2003/2008 ("RCSN") is not dilutive. The computation of fully diluted earning per share for 2005 is as follows:

	2005 RM'000
Net profit attributable to ordinary shareholders	2,253
	<b>Unit'000</b>
Number of shares in issue of beginning of year	453,238
Effect of exercise of warrants	74,211
Effect of conversion of ICSLS	190,351
Effect of conversion of RCSN	240,684
Weighted average number of ordinary shares in issue	958,484
Fully diluted earnings per ordinary share (sen)	0.24

The fully diluted earnings per share has been calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of ordinary shares in the Company that would have been in issue at the end of the financial year had all the warrants, Irredeemable Convertible Secured Loan Stocks 2000/2005 ("ICSLS") and Redeemable Convertible Secured Notes 2003/2008 ("RCSN") been converted at the beginning of the financial year.

Comparative figures of the basic and fully diluted earnings per share have been restated to reflect the bonus issue during the financial year.

### 11. REAL PROPERTY ASSETS

	The Group and The Company	
	2006 RM'000	2005 RM'000
Freehold land, at cost	70,582	70,582
Fair value	70,582	70,582

The freehold land is charged to several financial institutions as security for Redeemable Convertible Secured Notes 2003/2008 issued by the Company (Note 28).

# Notes to the Financial Statements (Cont'd)

## 12. PROPERTY, PLANT AND EQUIPMENT

The Group	Cost (unless otherwise stated)				At end of year RM'000
	At beginning of year RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	
Hotel property					
- at cost	109,563	-	-	-	109,563
- at 2000 valuation	545,000	-	-	-	545,000
Hotel property work-in-progress	103,534	767	-	-	104,301
Short-term leasehold land	13,000	-	-	-	13,000
Building	750	-	-	-	750
Office equipment	3,405	109	(8)	(894)	2,612
Plant, machinery and equipment	2,997	55	-	-	3,052
Renovations	567	-	-	-	567
Furniture and fittings	1,881	21	-	-	1,902
Motor vehicles	2,836	66	(65)	-	2,837
Pre-cropping expenditure	15,251	1,746	-	-	16,997
Total	798,784	2,764	(73)	(894)	800,581

The Group	Accumulated Depreciation				At end of year RM'000
	At beginning of year RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	
Hotel property					
- at cost	-	-	-	-	-
- at 2000 valuation	-	-	-	-	-
Hotel property work-in-progress	-	-	-	-	-
Short-term leasehold land	4,923	283	-	-	5,206
Building	200	75	-	-	275
Office equipment	2,507	181	(8)	(894)	1,786
Plant, machinery and equipment	1,604	303	-	-	1,907
Renovations	502	25	-	-	527
Furniture and fittings	1,490	89	-	-	1,579
Motor vehicles	2,506	370	(65)	-	2,811
Pre-cropping expenditure	2,081	417	-	-	2,498
Total	15,813	1,743	(73)	(894)	16,589



## Notes to the Financial Statements (Cont'd)

### 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Allowance for impairment loss		Net Book Value		Depreciation charge
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2005 RM'000
Hotel property					
- at cost	-	-	109,563	109,563	-
- at 2000 valuation	50,000	50,000	495,000	495,000	-
Hotel property work-in-progress	6,331	6,331	97,970	97,203	-
Short-term leasehold land	-	-	7,794	8,077	283
Building	-	-	475	550	75
Office equipment	-	-	826	898	168
Plant, machinery and equipment	-	-	1,145	1,393	297
Renovations	-	-	40	65	25
Furniture and fittings	-	-	323	391	87
Motor vehicles	-	-	26	330	360
Pre-cropping expenditure	-	-	14,499	13,170	417
<b>Total</b>	<b>56,331</b>	<b>56,331</b>	<b>727,661</b>	<b>726,640</b>	<b>1,712</b>

The Company	Cost				
	At beginning of year RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	At end of year RM'000
Short-term leasehold land	13,000	-	-	-	13,000
Building	750	-	-	-	750
Office equipment	1,550	22	(8)	(894)	670
Plant, machinery and equipment	142	2	-	-	144
Renovations	567	-	-	-	567
Furniture and fittings	665	-	-	-	665
Motor vehicles	1,944	66	-	-	2,010
Pre-cropping expenditure	15,251	1,746	-	-	16,997
<b>Total</b>	<b>33,869</b>	<b>1,836</b>	<b>(8)</b>	<b>(894)</b>	<b>34,803</b>

## Notes to the Financial Statements (Cont'd)

### 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	Accumulated Depreciation					Net Book Value		Depreciation
	At beginning of year	Additions	Disposals	Written off	At end of year	2006	2005	charge 2005
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Short-term leasehold Land	4,923	283	-	-	5,206	7,794	8,077	283
Building	200	75	-	-	275	475	550	75
Office equipment	1,478	24	(8)	(894)	600	70	72	21
Plant, machinery and Equipment	133	2	-	-	135	9	9	3
Renovations	502	25	-	-	527	40	65	25
Furniture and fittings	662	1	-	-	663	2	3	1
Motor vehicles	1,527	127	-	-	1,654	356	417	117
Pre-cropping Expenditure	2,081	417	-	-	2,498	14,499	13,170	417
<b>Total</b>	<b>11,506</b>	<b>954</b>	<b>(8)</b>	<b>(894)</b>	<b>11,558</b>	<b>23,245</b>	<b>22,363</b>	<b>942</b>

Included in the property, plant and equipment of the Group and the Company are certain assets' acquired under hire purchase as follows:

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Net book value</b>				
Hotel property, at valuation	<b>21,884</b>	21,884	-	-
Hotel property, at cost	<b>6,011</b>	6,011	-	-
Plant, machinery and Equipment	<b>660</b>	844	-	-
Motor vehicle	<b>373</b>	712	<b>248</b>	345
	<b>28,928</b>	29,451	<b>248</b>	345

The short-term leasehold land has been charged to secure the RM188,169,000 Irredeemable Convertible Secured Loan Stocks 2000/2005 which have been fully converted to ordinary shares during the financial year (Note 30) and RM90,124,000 3% Redeemable Secured Bonds 2000/2005 (Note 25) issued by the company. During the financial year, the Company has entered into an agreement to dispose of a piece of the said land, as disclosed in Note 33 (b).

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use with cost of approximately RM4,730,000 (2005: RM4,395,000) and RM3,865,000 (2005: RM3,799,000) respectively.

#### Hotel property

The hotel property stated at valuation of RM545,000,000 was revalued during the financial year ended 31st March, 2001 based on a valuation report dated 20th July, 2000 by an independent valuer, Henry Butcher, Lim & Long Sdn. Bhd., using an open market value basis. In the financial year ended 31st March, 2003, the directors carried out another revaluation of the hotel property and the hotel property was revalued at RM495,000,000 by the same independent valuer, using an open market value basis. The Group has adopted MASB 23 Impairment of Assets, effective for financial statements covering periods beginning on or after 1st January, 2002, and accordingly, the Directors recognised an impairment loss of RM50,000,000. The loss on impairment has been dealt with in the revaluation reserve account and income statement for the financial year ended 31st March, 2003.



## Notes to the Financial Statements (Cont'd)

### 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### Hotel property (Cont'd)

The hotel property at valuation has been charged to several licensed financial institutions to secure the RM188,169,000 Irredeemable Convertible Secured Loan Stocks 2000/2005, which have been fully converted to ordinary shares during the financial year (Note 30) and RM90,124,000 3% Redeemable Secured Bonds 2000/2005 (Note 25) and RM288,821,000 Redeemable Convertible Secured Notes 2003/2008 (Note 28) issued by the Company.

The net book value of the revalued hotel property is RM393,011,000 (2005: RM393,011,000) should the hotel property be stated at cost.

#### Hotel property work-in-progress

In the financial year ended 31st March, 2003, the directors carried out a revaluation of the hotel property work-in-progress and the hotel property work-in-progress was revalued at RM90,000,000 by an independent valuer, Henry Butcher, Lim & Long Sdn. Bhd., using an open market value basis. In the financial year ended 31st March, 2003, following the Group's adoption of MASB 23 Impairment of Assets, the Directors have accordingly recognised an impairment loss of RM6,293,000 in relation to the reported carrying value of the hotel property work-in-progress of RM96,293,000 as at 31st March, 2002. The impairment loss has been dealt with in the income statement for the financial year ended 31st March, 2003.

The completion of the hotel property work-in-progress has been deferred for at least 3 years due to the unfavourable economic condition.

### 13. INVESTMENT IN SUBSIDIARY COMPANIES

	<b>The Company</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	<b>557,984</b>	557,984
Less: Allowance for impairment	<b>(3,511)</b>	(3,511)
Net	<b>554,473</b>	554,473



## Notes to the Financial Statements (Cont'd)

### 13. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies, all incorporated in Malaysia, are as follows:

Name of Company	Group effective interest		Principal activities
	2006 %	2005 %	
Dynawell Corporation (M) Sdn. Bhd.	100	100	Hotel and service apartment operations and management and property development
*KSB Requirements & Rest Sdn. Bhd.	70	70	Hotel operation and management and property development
*Gula Perak Land Sdn. Bhd.	100	100	Property management
*Rumpun Dahlia Sdn. Bhd. (i)	100	100	Property development and construction
<b>Held by Rumpun Dahlia Sdn. Bhd.</b>			
*Cartel Properties Sdn. Bhd.	100	100	Property development and investment

\* Not audited by Deloitte KassimChan.

(i) Subsequent to the financial year ended 31st March, 2006, the share certificates of the subsidiary company have been registered in the name of the Company.

### 14. PROPERTY DEVELOPMENT PROJECTS

	The Group and The Company	
	2006 RM'000	2005 RM'000
Freehold land - at cost	7,708	7,708
Development expenditure	63,365	63,224
	<b>71,073</b>	70,932
Add: Expenditure incurred during the year	35	141
	<b>71,108</b>	71,073
Total cost incurred to date	<b>(41,969)</b>	(41,962)
Less: Non-current portion	29,139	29,111
Less: Cost recognised as an expense in income Statement		
- Previous year	17,715	17,715
- Current year	-	-
	<b>(17,715)</b>	(17,715)
Transfer to inventories	<b>(1,712)</b>	-
Current portion	<b>9,712</b>	11,396



## Notes to the Financial Statements (Cont'd)

### 15. ADVANCES TO SUBSIDIARY COMPANIES

	<b>The Company</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Advances to subsidiary companies	<b>140,912</b>	136,905
Less: Allowance for doubtful receivables	<b>(18,020)</b>	(18,020)
<b>Net</b>	<b>122,892</b>	118,885

Advances to subsidiary companies, which were mainly provided for the purpose of the construction of hotel property, are secured against a subsidiary company's hotel property, and are interest free and not expected to be repaid within the next 12 months.

### 16. INVENTORIES

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At cost</b>				
Completed development properties held for sale	<b>13,369</b>	11,434	<b>12,893</b>	11,181
Land held for sale	<b>4,754</b>	4,754	<b>4,754</b>	4,754
Food, beverages and Supplies	<b>361</b>	419	-	-
Estate consumables	<b>69</b>	36	<b>69</b>	36
	<b>18,553</b>	16,643	<b>17,716</b>	15,971

Certain of the above development properties of the Group and the Company with carrying value of approximately RM8,495,000 have been charged to several financial institutions to secure the Redeemable Convertible Secured Notes 2003/2008 issued by the Company (Note 28).

Certain of the above development properties of the Group and the Company with carrying value of RM1,108,000 (2005: RM1,108,000) have been charged to a licensed financial institution to secure the Term Loan I (Note 25(c)) granted to a subsidiary company.

Certain of the above development properties of the Group and the Company with carrying value of approximately RM2,045,000 (2005: RM369,000) have been charged to a licensed financial institution to secure the Term Loan III (Note 25(e)) granted to the Company.

The land held for sale by the Group and the Company with carrying value of RM4,754,000 (2005: RM4,754,000) has been charged to a licensed financial institution to secure the hire purchase payables of RM5,053,000 (2005: RM5,055,000) granted to a subsidiary company (Note 24).

## Notes to the Financial Statements (Cont'd)

### 17. TRADE RECEIVABLES

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Trade receivables	<b>30,828</b>	30,837	<b>8,775</b>	9,033
Less: Allowance for doubtful receivables	<b>(21,396)</b>	(20,096)	<b>(8,143)</b>	(8,143)
Net	<b>9,432</b>	10,741	<b>632</b>	890

(i) Credit terms of trade receivables range from 30 to 90 days for the Group and the Company.

(ii) The Group and the Company sold some properties and provided operating space to certain trade debtors in prior financial years, which resulted in total outstanding amounts of RM5,412,057 (2005: RM5,606,000) and RM1,797,057 (2005: RM1,706,000) of the total net receivables of the Group and the Company respectively as at 31st March, 2006. The debts are fully secured by collaterals valued based on independent valuation reports and estimated market values of the respective collaterals.

### 18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other receivables				
- sale of land	<b>11,739</b>	11,739	<b>11,739</b>	11,739
- others	<b>10,794</b>	11,033	<b>1,634</b>	1,689
	<b>22,533</b>	22,772	<b>13,373</b>	13,428
Less: Allowance for doubtful receivables	<b>(8,049)</b>	(8,049)	<b>(649)</b>	(649)
Net	<b>14,484</b>	14,723	<b>12,724</b>	12,779
Deposits	<b>668</b>	578	<b>461</b>	384
Prepayments	<b>322</b>	199	<b>16</b>	29
Tax recoverable	<b>7</b>	-	<b>-</b>	-
	<b>15,481</b>	15,500	<b>13,201</b>	13,192



## Notes to the Financial Statements (Cont'd)

### 19. CASH AND CASH EQUIVALENTS

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deposits with licensed banks	<b>4,627</b>	5,039	<b>4,419</b>	4,177
Cash and bank balances	<b>2,861</b>	1,676	<b>166</b>	219
Bank overdraft (Note 25 (b))	<b>(1,191)</b>	(1,186)	<b>-</b>	-
Less: Deposits with licensed banks pledged	<b>(80)</b>	(114)	<b>(80)</b>	(114)
Deposits in sinking fund Account	<b>(4,339)</b>	(4,063)	<b>(4,339)</b>	(4,063)
	<b>1,878</b>	1,352	<b>166</b>	219

Certain deposits with licensed banks of the Group and of the Company of RM80,000 (2005: RM114,000) are pledged to licensed bank as security for the bank guarantee facilities granted to the Company.

Deposits of the Group and of the Company amounting to RM4,339,000 (2005: RM4,063,000) have been placed into a sinking fund for the purpose of repayment of the Redeemable Convertible Secured Notes 2003/2008.

The average effective interest rates of deposits as at balance sheet date are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	2005	<b>2006</b>	2005
	<b>%</b>	%	<b>%</b>	%
Deposits with licensed banks	<b>2.90</b>	3.70	<b>2.90</b>	3.70

Deposits of the Group and of the Company have an average maturity of 12 months (2005: 12 months).

### 20. TRADE PAYABLES

Trade payable comprise amounts outstanding for trade purchases and ongoing costs. The average credit period granted to the Group and the Company for trade purchases is 30 to 90 days (2005: 30 to 90 days).

### 21. AMOUNT OWING TO A DIRECTOR

Amount due to a Director arose mainly from advances, which are unsecured, interest free with no fixed term of repayment.

### 22. AMOUNT OWING TO SUBSIDIARY COMPANIES

The amount due to subsidiary companies arose mainly from payments made on behalf and advances, which are unsecured, interest free with no fixed term of repayment.

## Notes to the Financial Statements (Cont'd)

### 23. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Other payables	7,001	7,394	1,842	1,092
Accrued expenses	13,213	12,844	276	113
Deposits received	9,607	2,226	8,217	869
Interest payable	2,221	3,653	2,221	3,653
	<b>32,042</b>	<b>26,117</b>	<b>12,556</b>	<b>5,727</b>

### 24. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Total outstanding obligations	8,440	10,236	310	379
Less: Interest-in-suspense	(2,495)	(3,160)	(53)	(65)
Principal outstanding	5,945	7,076	257	314
Less: Amount due within 12 months (shown under current liabilities)	(5,171)	(5,750)	(57)	(57)
Non-current portion	<b>774</b>	<b>1,326</b>	<b>200</b>	<b>257</b>

The non-current portion is repayable as follows:

	The Group		The Company	
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Financial years ending 31st March,				
2007	-	679	-	57
2008	491	412	57	57
2009 and after	283	235	143	143
	<b>774</b>	<b>1,326</b>	<b>200</b>	<b>257</b>

Hire purchase payables are effectively secured as the rights to the hired assets revert to the financial institution in the event of default. In addition, hire purchase payables of a subsidiary company of RM5,053,000 (2005: RM5,055,000) are secured against the land held for sale of the Company (Note 16).

The effective interest rates applicable to the hire purchase range from 6.85% to 8.00% (2005: 6.85% to 8.00%) per annum for the Group and the Company.



## Notes to the Financial Statements (Cont'd)

### 25. BANK BORROWINGS (SECURED AND INTEREST BEARING)

		The Group		The Company	
	Note	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Current</b>					
Syndicated Term Loan	(a)	6,000	6,000	6,000	6,000
Bank overdraft	(b)	1,191	1,186	-	-
Term Loan I	(c)	166	167	-	-
Term Loan II	(d)	620	1,395	-	-
Term Loan III	(e)	1,200	2,390	1,200	2,390
3% Redeemable Secured Bonds 2000/2005	(f)	90,124	-	90,124	-
		99,301	11,138	97,324	8,390
<b>Non-Current</b>					
Syndicated Term Loan	(a)	13,730	14,104	13,730	14,104
Term Loan I	(c)	84	250	-	-
Term Loan II	(d)	8,524	8,371	-	-
Term Loan III	(e)	885	-	885	-
		23,223	22,725	14,615	14,104
Total		122,524	33,863	111,939	22,494
<b>Currency exposure Profile</b>					
US Dollar		729	729	729	729
Ringgit Malaysia		121,795	33,134	111,210	21,765
		122,524	33,863	111,939	22,494

The non-current portion of the borrowings as of 31st March, 2006 is payable as follows:

	The Group		The Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Financial years ending 31st March,				
2007	-	6,620	-	6,000
2008	7,589	6,620	6,885	6,000
2009 and after	15,634	9,485	7,730	2,104
	<u>23,223</u>	<u>22,725</u>	<u>14,615</u>	<u>14,104</u>



## Notes to the Financial Statements (Cont'd)

### 25. BANK BORROWINGS (SECURED AND INTEREST BEARING) (CONT'D)

All borrowings bear floating interest rates and are priced with reference to the base lending rate.

	<b>The Group and The Company</b>	
	<b>2006</b>	<b>2005</b>
	<b>%</b>	<b>%</b>
Syndicated Term Loan	<b>6.00</b>	6.00
Bank overdraft	<b>8.50</b>	8.50
Term Loan I	<b>8.00</b>	8.00
Term Loan II	<b>8.50</b>	8.50
Term Loan III	<b>9.40</b>	9.40

The details of the borrowings are as follows:

- (a) The Syndicated Term Loan granted to the Company by the RCSN lenders is in relation to the interest accrued on indebtedness from 1st July, 2002 up to the date of the listing of the RCSN on 15th July, 2003.

The Syndicated Term Loan is secured by legal charges over the Company's inventory of certain completed development properties, real property assets and development expenditures and its subsidiary companies' hotel properties and personally guaranteed by a director of the Company.

The loan is repayable in 41 monthly instalment of RM500,000 each and a final instalment of RM343,766, inclusive of interest, with effect from 1st January, 2004.

- (b) The bank overdraft facility granted to a subsidiary company is secured by a first fixed legal charge over a subsidiary company's hotel property, first fixed and floating charges on all assets and undertakings of the subsidiary company and jointly and severally guaranteed by certain directors of the Company.

- (c) The Term Loan I is secured by a third party legal charge over certain of the Company's developed properties included in inventories.

The loan is repayable in 72 monthly instalments of RM17,926 each, inclusive of interest, with effect from 25th October, 2001.

- (d) The Term Loan II is secured by a first fixed legal charge over a subsidiary company's hotel property, first fixed and floating charges on all assets and undertakings of the subsidiary company and jointly and severally guaranteed by certain directors of the Company.

The loan is repayable in 240 monthly instalments of RM51,667, exclusive of interest, with effect from 1st January, 2004.

- (e) The Term Loan III is secured by a first party fixed charge over certain of the Company's development properties and repayable on 23rd June, 2005.

During the current financial year, the tenure of Term Loan III has been extended for a further 27 month period to expire on 30th September, 2007, and is repayable in 7 quarterly instalments of RM300,000 each and a final instalment of RM285,566, commencing 31st December, 2005.



## Notes to the Financial Statements (Cont'd)

### 25. BANK BORROWINGS (SECURED AND INTEREST BEARING) (CONT'D)

#### (f) 3% REDEEMABLE SECURED BONDS 2000/2005

The Redeemable Secured Bonds 2000/2005 ('the Bonds') issued on 18th December, 2000 is constituted by a 2000/2005 Global Certificate dated 18th December, 2000. The Bonds are secured by legal charges over the Company's leasehold land and a subsidiary company's hotel property.

The principal terms of the Bonds are as follows:

- (a) Face value: RM90,124,000;
- (b) Coupon: Coupon on the Bonds will accrue at 3% per annum based on the face value and shall be paid in arrears on each of the first four anniversaries of the issue date. The last payment will be made on the maturity date;
- (c) Tenure: 5 years from the date of issue;
- (d) Maturity date: The date preceding the fifth anniversary of the date of issue of the Bonds;
- (e) Purchase and redemption: the Company shall not be at liberty to redeem the Bonds except in accordance with:
  - (i) Purchases - the Company or any of its subsidiary company may at any time purchase the Bonds by private treaty
  - (ii) Mandatory redemption - Unless previously redeemed and cancelled, the Bonds will be redeemed by the Company at 100% of the nominal amount on the Maturity Date together with the last annual coupon payment;
- (f) Status of Bonds: The Bonds will rank pari passu without any preference or priority among themselves but will rank in priority to the holders of Irredeemable Convertible Secured Loan Stocks 2000/2005 in relation to the assets secured; and
- (g) Listing: The Bonds will not be listed on the BMSB.

On 12th July, 2005, the Bonds holder has agreed to a full and final settlement sum of RM70,000,000, subject to the strict fulfilment of the following terms and conditions:

- a) The settlement sum of RM70,000,000 is payable within six (6) months from 12th July, 2005;
- b) The sum of RM1,250,000 payable in quarterly intervals of RM312,500 each where the first payment shall commence at the end of three (3) months from 12th July, 2005, being the settlement of the 4th bond interest due on 17th December, 2004; and
- c) Property titles valued at not less than RM5,000,000 and free from any encumbrances is to be deposited with the Bond holder within one (1) month from 12th July, 2005 and shall only be released upon the fulfillment of items (a) and (b) above.

Consequently, an amount of RM5,611,160, representing the fifth year's bond interest and partial of third and fourth year's bond interest has been waived by the Bond holder. The total amount waived of RM5,611,160 less current year charge of RM1,933,345 amounting to RM3,677,815 has been taken up in the income statements for the year ended 31st March, 2006 (Note 6).

As of 31st March, 2006, the agreed sum of RM70,000,000 remains outstanding as the settlement is pending the disposal of two pieces of short-term leasehold land (included under property, plant and equipment (Note 12)) of the Company. Accordingly, the difference between the balance outstanding of RM90,124,000 and the agreed settlement sum of RM70,000,000 has not been taken up in the financial statements for the current financial year.



## Notes to the Financial Statements (Cont'd)

### 26. GUARANTEED REDEEMABLE BONDS WITH DETACHABLE WARRANTS

The RM150,000,000 nominal amount of 3% Guaranteed Redeemable Bonds 1995/2000 ("Guaranteed Bonds") were issued with 74,212,500 detachable warrants ("Existing Warrants") and constituted by a Trust Deed dated 7th December, 1995.

On 18th June, 2001, the Company's 60,780,153 Existing Warrants representing 81.90% of the Existing Warrants were surrendered by their warrants holders and was substituted with 60,780,153 new warrants ("Replacement Warrants"). The total proceeds received from the subscription of the Replacement Warrants amounted to RM3,039,008 and have been credited to the capital reserve account.

Holders of the Existing Warrants have the right to subscribe for ordinary shares at any time during the exercise period up to the expiry date of 21st December, 2005 at the exercise price of RM2.18 per new ordinary share payable in cash. The exercise price may be adjusted in accordance with the provisions contained in the Deed Poll dated 11th December, 1995, and supplemental Deed Polls dated 2nd May, 1997, 31st March, 1999 and 19th April, 2005.

Holders of the Replacement Warrants have the right to subscribe for ordinary shares at any time during the exercise period up to the expiry date of 21st December, 2005 at the exercise price of RM1.00 per new ordinary shares payable in cash. The Replacement Warrants 2001/2005 are constituted by Deed Polls dated 22nd March, 2001 and supplemented Deed Polls dated 19th April, 2005.

As approved via the Directors' Circular Resolution dated 19th April, 2005, pursuant to the Bonus Issue, the subscription price and/or number of both Existing Warrants and Replacement Warrants have been adjusted in accordance with the provisions of the deed polls constituting the Warrants, as follows:

	Existing Warrants	Replacement Warrants
Subscription price	RM1.25	RM1.00
No. of Warrants	23,504,332	106,365,268

The Replacement Warrants 2001/2005 were listed on the BMSB on 10th July, 2001.

During the current financial year, 919 Existing Warrants and 875 Replacement Warrants were converted at the subscription price of RM1.25 per Existing Warrant and RM1.00 per Replacement Warrant respectively via the allotment of 1,794 new ordinary shares of RM1.00 each. The resulting share premium amounting to RM230 has been credited to share premium account.

As at 31st March, 2006, 23,503,413 (2005: 13,431,047) and 106,364,393 (2005: 60,780,153) Existing Warrants and Replacement Warrants respectively remained unexercised and have expired on 21st December, 2005.



## Notes to the Financial Statements (Cont'd)

### 27. DEFERRED TAX LIABILITIES

	<b>The Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning and end of the financial year	<b>5,098</b>	<b>5,098</b>

The deferred tax balance is in respect of the tax effects on the surplus arising from revaluation of a hotel property of the Group.

As explained in Note 3, the tax effects of temporary differences, unabsorbed capital allowances and unutilised tax losses which would give rise to net deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unabsorbed capital allowances and unutilised tax losses can be utilised.

As at 31st March, 2006, the estimated amount of deferred tax assets calculated at current tax rate, which have not been recognised in the financial statements of the Group and the Company due to its uncertainty of realisation, is as follows:

	<b>Deferred Tax Assets/(Liabilities)</b>			
	<b>The Group</b>		<b>The Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Tax effects of:				
Temporary differences:				
- Property, plant and Equipment	<b>(2,501)</b>	(1,717)	<b>(604)</b>	(606)
- Trade receivables	<b>820</b>	456	-	-
Unabsorbed capital Allowances	<b>28,972</b>	29,985	-	236
Unutilised tax losses	<b>13,773</b>	15,040	<b>7,525</b>	8,838
	<b>41,064</b>	43,764	<b>6,921</b>	8,468

The unabsorbed capital allowances and unutilised tax losses are subject to agreement by the tax authorities.

### 28. REDEEMABLE CONVERTIBLE SECURED NOTES ("RCSN") 2003/2008

	<b>The Group and The Company</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
RCSN issued in April 2003	<b>288,821</b>	288,821
Conversion into ordinary shares during the year (Note 29)	<b>(1,486)</b>	-
	<b>287,335</b>	288,821
Less: Liability component	<b>(256,562)</b>	(230,926)
Equity component	<b>30,773</b>	57,895

## Notes to the Financial Statements (Cont'd)

### 28. REDEEMABLE CONVERTIBLE SECURED NOTES ("RCSN") 2003/2008 (CONT'D)

The issuance of RCSN has been accounted for in accordance with MASB 24. On issuance of RCSN which contains both a liability and equity element, the fair value of the liability portion is determined using a market interest rate for an equivalent financial instrument. This amount is carried as a liability until extinguished on conversion or maturity of RCSN. The remaining proceeds are allocated to the conversion option which is recognised and included in shareholders' equity.

The RCSN was issued by the Company on 23rd April, 2003 and a prospectus was issued in respect of a Restricted Offer for Sale of the RCSN to the shareholders of the Company on 26th May, 2003. The Debt Restructuring Scheme of the Company was completed on 15th July, 2003 and accordingly the RCSN was listed on this date.

The RCSN is secured by legal charges over the Company's inventory of certain completed development properties, real property assets and development expenditures and its subsidiary companies' hotel properties.

The RCSN has a coupon rate of 6% whereby the coupon payments for the first three (3) years are being paid upfront through the issuance of additional RCSN to the Lenders and are payable in cash on the fourth (4th) and fifth (5th) anniversary dates of the RCSN. The coupon payments for the first three years of RM54,190,684 have been included as part of the restructuring cost of the Company and have been accordingly charged to the income statements of the Group and the Company for the financial year 2004.

During the year, RM1,486,189 RCSN were converted into ordinary shares. Consequently, the fair value of the liability portion has been recomputed and as a result, the equity portion has been reduced from RM57,895,000 to RM30,773,000.

### 29. SHARE CAPITAL

The share capital is represented by:

	<b>The Group and The Company</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Authorised:</b>		
Ordinary shares of RM1.00 each	<b>1,000,000</b>	1,000,000
<b>Issued and fully paid:</b>		
Ordinary shares of RM1.00 each Balance at beginning of year	<b>259,787</b>	257,630
Issued during the year pursuant to the		
- conversion of ICSLS 2000/2005	<b>188,169</b>	2,157
- bonus issue through capitalisation of share premium account	<b>194,983</b>	-
- conversion of RCSN 2003/2008	<b>1,456</b>	-
- conversion of Existing Warrants and Replacement Warrants	<b>2</b>	-
Balance at end of year	<b>644,397</b>	259,787

During the financial year, the issued and fully paid up share capital of the Company was increased from 259,787,387 ordinary shares of RM1.00 each to 644,397,035 ordinary shares of RM1.00 each by the issue of 384,609,648 new ordinary shares of RM1.00 each arising from the following:



## Notes to the Financial Statements (Cont'd)

### 29. SHARE CAPITAL (CON'T)

- a) Conversion of RM188,168,550 nominal amount of Irredeemable Convertible Secured Loan Stocks 2000/2005 ("ICSLS 2000/2005") (Note 30) on the following basis:

- (i) 187,972,950 new ordinary shares of RM1.00 each by virtue of the conversion of RM187,972,950 ICSLS 2000/2005 on the basis of one new ordinary share of RM1.00 each in exchange for every RM1.00 nominal amount of ICSLS 2000/2005; and
- (ii) 195,600 new ordinary shares of RM1.00 each by virtue of the conversion of RM195,600 ICSLS 2000/2005 on the basis of one new ordinary share of RM1.00 each in exchange for every RM1.00 nominal amount of ICSLS 2000/2005 and a cash payment of RM0.20.

The resulting share premium amounting to RM39,120 has been credited to share premium account.

- b) Conversion of RM1,486,189 Redeemable Convertible Secured Notes 2003/2008 ("RCSN 2003/2008") (Note 28) on the following basis:

- (i) 1,306,189 new ordinary shares of RM1.00 each by virtue of the conversion of RM1,306,189 RCSN 2003/2008 on the basis of one new ordinary share of RM1.00 each in exchange for every RM1.00 nominal amount of RCSN 2003/2008; and
- (ii) 150,000 new ordinary shares of RM1.00 each by virtue of the conversion of RM180,000 RCSN 2003/2008 on the basis of one new ordinary share of RM1.00 each in exchange for every RM1.20 nominal amount of RCSN 2003/2008.

The resulting share premium amounting to RM30,000 has been credited to share premium account.

- c) Bonus issue of 194,983,115 ordinary shares of RM1.00 each through capitalisation of share premium account.

The Company increased its issued and fully paid-up ordinary share capital by way of a bonus issue of 194,983,115 new ordinary shares of RM1.00 each through capitalisation of an amount of RM194,983,115 from the share premium account on the basis of three (3) new ordinary shares of RM1.00 each for every four (4) existing ordinary shares of RM1.00 each held.

- d) Conversion of 919 Existing Warrants at the subscription price of RM1.25 per Existing Warrant via the allotment of 919 new ordinary shares of RM1.00 each. The resulting share premium amounting to RM230 has been credited to share premium account.
- e) Conversion of 875 Replacement Warrants at the subscription price of RM1.00 per Replacement Warrant via the allotment of 875 new ordinary shares of RM1.00 each.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

## Notes to the Financial Statements (Cont'd)

### 30. IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2000/2005

	<b>The Group and The Company</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at beginning of year	<b>188,169</b>	190,351
Conversion into ordinary shares (Note 29)	<b>(188,169)</b>	(2,182)
Balance at end of year	<b>-</b>	<b>188,169</b>

The Irredeemable Convertible Secured Loan Stocks 2000/2005 ('ICSLS') issued on 1st September, 2000 are constituted by a Trust Deed dated 26th June, 2000. The ICSLS are secured by legal charges over the Company's leasehold land and a subsidiary company's hotel property.

The principal terms of the ICSLS are as follows:

- (a) Nominal value: RM192,375,000;
- (b) Coupon: Zero coupon on the nominal value;
- (c) Tenure: 5 years from date of issue;
- (d) Maturity: The date preceding the fifth anniversary of the date of issue of ICSLS;
- (e) Conversion to ordinary shares: The ICSLS shall only be converted into new ordinary shares after the expiry of the third period from the issue date of the ICSLS; and
- (f) Conversion rate: The conversion price for the ICSLS shall be RM1.20 per new ordinary share. The conversion rate should be satisfied by the following mode:
  - (i) Surrendering the ICSLS for the equivalent number of new shares at the conversion rate; or
  - (ii) Surrendering RM1.00 nominal value of the ICSLS together with an additional cash payment of RM0.20 (being the conversion rate minus RM1.00 nominal value per ICSLS) for each new ordinary share.

As approved via the Directors' Circular Resolution dated 19th April, 2005, pursuant to the Bonus Issue, the conversion price of the ICSLS was adjusted from RM1.20 per new ordinary share to RM1.00 per new ordinary share in accordance with the provisions of the trust deed constituting the ICSLS.

The ICSLS were listed on BMSB on 26th September, 2000.



## Notes to the Financial Statements (Cont'd)

### 31. SIGNIFICANT RELATED PARTY DISCLOSURE

In addition to related party disclosure mentioned elsewhere in the financial statements, set out below are other significant related party transactions. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties unless otherwise stated.

	<b>The Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of services from the following:		
- Leisure Group Hotel & Resorts Sdn. Bhd.		
(Management fees for managing the Dynasty Hotel, Kuala Lumpur and Empress Hotel, Sepang owned by subsidiary companies)	<b>545</b>	<b>576</b>

Leisure Group Hotel & Resorts Sdn. Bhd. is a company in which certain Directors have substantial interest.

### 32. FINANCIAL INSTRUMENTS

#### Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including interest rate risk, market risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

#### i) Interest Rate Risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate risk arises from the Group's bank borrowings and deposits. The Group's borrowings are substantially floating rate debts and the Group has no significant exposure to fixed rate debts, except for the hire-purchase arrangements entered into.

#### ii) Market Risk

The Group's principal activities are not exposed to significant risk in price fluctuation, except for crude palm oil prices. In view of this, the Group does not enter into physical supply or derivative agreements.

#### iii) Credit Risk

The concentration of credit risk of the Group and the Company in respect of its property development and hotel operations during the financial year is limited due to the Group and the Company's large number of customer activities. There is no significant concentration of credit risk in the other business segments of the Group and the Company except for those mentioned in Note 17.

Credit risk arises when sales are made on deferred payment terms. The Group controls the credit risk by a comprehensive credit management policy and procedure. Credit is only given to customers after proper assessment of their credit worthiness, with reasonable credit limits and appropriate payments terms. The Group considers the risk of the financial loss to be minimal in the event of non-performance by a counterparty.

## Notes to the Financial Statements (Cont'd)

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### iv) Liquidity risk

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

#### v) Cash flow risk

The Group and the Company review their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

#### Fair value of financial assets and liabilities

The carrying amount and the estimated fair value of the Group's and the Company's financial instruments as of 31st March, 2006 are as follows:

		The Group		The Company	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
2006	Note				
<b>Financial Assets</b>					
Advances to subsidiary companies	15	-	-	122,892	122,892
<b>Financial Liabilities</b>					
Hire purchase Payables	24	5,945	5,787	257	179
Borrowings (secured and interest bearing)	25	122,524	97,292	111,939	87,992
2005					
<b>Financial Assets</b>					
Advances to subsidiary companies	15	-	-	118,885	118,885
<b>Financial Liabilities</b>					
Hire purchase Payables	24	7,076	6,758	314	218
Borrowings (secured and interest bearing)	25	33,863	28,864	22,494	19,193
3% Redeemable Secured Bonds 2000/2005	25	90,124	82,088	90,124	82,088

#### (i) Hire-purchase payables and bank borrowings

The fair value is determined using discounted cash flow analysis based on current borrowing rates for similar types of borrowings arrangements.



## Notes to the Financial Statements (Cont'd)

### 32. FINANCIAL INSTRUMENTS (CONT'D)

#### (ii) 3% Redeemable Secured Bonds 2000/2005

In 2005, the fair value is determined using discounted cash flow analysis based on current borrowing rates for similar types of borrowings arrangements.

#### (iii) Cash and cash equivalents, trade and other receivables, trade and other payables, amount owing to a director and inter-company indebtedness

The carrying amounts approximate fair value because of the short maturity of these assets and liabilities.

### 33. SIGNIFICANT EVENTS

- (a) On 18th March, 2005, the Company announced that it proposes to undertake a bonus issue which will entail a capitalisation of up to RM202,751,023 from the Company's share premium account ("Bonus Issue").

On 20th May, 2005, the Company increased its issued and fully paid-up ordinary share capital by way of a bonus issue of 194,983,115 new ordinary shares of RM1.00 each through the capitalisation of an amount of RM194,983,115 from the share premium account on the basis of three (3) new ordinary shares of RM1.00 each for every four (4) existing ordinary shares of RM1.00 each held.

Pursuant to the Bonus Issue, the subscription price and/or number of both Existing Warrants and Replacement Warrants ("Warrants") of the Company was adjusted in accordance with the provisions of the deed polls constituting the Warrants, as follows:

	<----- Before Adjustment		<----- After Adjustment	
	Existing Warrants	Replacement Warrants	Existing Warrants	Replacement Warrants
Subscription price (RM)	2.18	1.00	1.25	1.00
No. of warrants	13,431,047	60,780,153	23,504,332	106,365,268

In addition to the above, the conversion rate of zero-coupon irredeemable convertible secured loan stocks 2000/2005 ("ICSLS") and 6% redeemable convertible secured notes 2003/2008 ("RCSN") will also be adjusted from RM1.20 to RM1.00 in accordance with the provisions of the trust deeds constituting the ICSLS and RCSN respectively.

- (b) On 28th October, 2005, the Company ("Vendor") entered into a Sale & Purchase Agreement with a third party ("Purchaser") for the disposal of a piece of short-term leasehold agricultural land (included under property, plant and equipment (Note 12)) located at Mukim Durian Sebatang for a total cash consideration of RM19,000,000, subject to the terms and conditions stipulated in the said Agreement and approvals from the relevant authorities. In accordance with the said Agreement, clause 2.1(b) requires the Vendor to apply to the relevant authorities to obtain the approval of the Estate Land Board for the transfer and sale of the property to the Purchaser pursuant to the provisions of the National Land Code 1965 provided that the Purchaser shall have executed the relevant application form for the consent to transfer and have furnished all information as may be required to enable the Vendor to submit the application for the consent to transfer to the relevant authorities. As of 31st March, 2006, the abovementioned clause 2.1(b) has not been fulfilled and accordingly, except for the deposits paid of RM5,700,000, the gain on disposal of about RM17,000,000 has not been taken up in the financial statements of the Group and of the Company for the year ended 31st March, 2006.



## Statement by Directors

The directors of **GULA PERAK BERHAD** state that, in their opinion, the accompanying balance sheets and statements of income, changes in equity and cash flows are drawn up in accordance with the provisions of Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31st March, 2006 and of the results and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

**DATUK RAHIM BIN BABA**

**LIM SUE BENG**

Kuala Lumpur,  
26th July, 2006

## Declaration by the Officer Primarily Responsible for the Financial Management of the Company

I, LIM BEE KHIM, the Officer primarily responsible for the financial management of **GULA PERAK BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, changes in equity and cash flows are, in my opinion, 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.

**LIM BEE KHIM**

Subscribed and solemnly declared by the  
abovenamed LIM BEE KHIM at KUALA  
LUMPUR this 26th day of July, 2006.

Before me,

**COMMISSIONER FOR OATHS  
HARON HASHIM  
(W 128)**



# Analysis of Shareholdings

as at 4 August 2006

Size of Shareholdings	Number of Holders	%	Number of Shares held	%
1 - 99	223	2.45	8,461	0.00
100 - 1,000	726	7.97	391,063	0.06
1,001 - 10,000	5,470	60.08	25,897,099	4.02
10,001 - 100,000	2,355	25.87	73,498,999	11.41
100,001 - 32,219,851 (*)	328	3.60	315,141,762	48.90
32,219,852 & above (**)	2	0.03	229,459,651	35.61
	<b>9,104</b>	<b>100.00</b>	<b>644,397,035</b>	<b>100.00</b>

Remark : \* Less than 5% of issued shares

\*\* 5% and above of issued share

## Thirty (30) Largest Shareholders

	Number of Shares Held	% of Issued Capital
1. AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad	178,769,151	27.74
2. AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Tan Sri Dato' Lim Cheng Pow	50,690,500	7.87
3. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Tan Sri Dato' Lim Cheng Pow	14,437,500	2.24
4. Malaysian Assurance Alliance Berhad	10,500,000	1.63
5. Malaysian Assurance Alliance Berhad	9,500,000	1.47
6. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Yu Jin Min	8,750,000	1.36
7. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Chai Kim Fah	8,750,000	1.36
8. Permodalan Nasional Berhad	8,750,000	1.36
9. AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Kesenta Development Sdn Bhd	7,803,250	1.21
10. Southern Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Hok Lian	7,770,000	1.21
11. United Overseas Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Soo Ka (MKL)	6,877,500	1.07
12. TASEC Nominees (Tempatan) Sdn Bhd TA Securities (HK) Limited for George Ngho Hung Onn	6,317,500	0.98
13. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Low Ah Suan (14365AF5287)	6,096,575	0.95
14. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Koperasi Polis Di Raja Malaysia Bhd (514011315674)	6,027,000	0.94
15. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Ang Khan @ Chan Yin Kong (14365AF5289)	5,739,225	0.89



# Analysis of Shareholdings

as at 4 August 2006 (Cont'd)

## Thirty (30) Largest Shareholders (Cont'd)

	Number of Shares Held	% of Issued Capital
16. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Bee Ling (14365AF5292)	5,445,750	0.85
17. EB Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Sri Dato' Lim Cheng Pow (APG)	5,061,800	0.79
18. United Overseas Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Ang Khan @ Chan Yin Kong (MKL)	4,814,250	0.75
19. TASEC Nominees (Tempatan) Sdn Bhd TA Securities (HK) Limited for Lim Moi Tee	4,731,000	0.73
20. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for George Ngoh Hung Onn	4,438,000	0.69
21. Lembaga Tabung Angkatan Tentera	4,188,100	0.65
22. United Overseas Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Bee Khim (MKL)	4,135,250	0.64
23. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Chai Kim Fah (14365AF5589)	3,832,550	0.59
24. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Selvandran A/L Ponniah (E-KLC)	3,701,250	0.57
25. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Chai Kim Fah (E-KLC)	3,701,250	0.57
26. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Sri Dato' (Dr) Elyas Bin Omar (14365AF5335)	3,612,500	0.56
27. CitiGroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	3,605,350	0.56
28. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Low Ah Suan	3,500,000	0.54
29. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Moi Tee (14365AF5606)	3,351,525	0.52
30. AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Soo Kok (100658)	3,150,000	0.49
	<b>398,046,776</b>	<b>61.77</b>

## Substantial Shareholders

	Direct Number of Ordinary Shares Held	%
1. AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad	178,769,151	27.74
2. Tan Sri Dato' Lim Cheng Pow	37,190,050	5.77
3. Lim Bee Ling	33,804,050	5.25



## Analysis of Redeemable Convertible Secured Notes ("RCSN") Holdings as at 4 August 2006

Size of Holdings	Number of Holders	%	Number of RCSN held	%
1 - 99	4	0.83	91	0.00
100 - 1,000	160	33.20	145,431	0.05
1,001 - 10,000	274	56.85	1,037,636	0.36
10,001 - 100,000	32	6.64	1,031,738	0.36
100,001 - 14,366,722 (*)	4	0.83	20,882,148	7.27
14,366,723 & above (**)	8	1.65	264,237,422	91.96
	<b>482</b>	<b>100.00</b>	<b>287,334,466</b>	<b>100.00</b>

Remark : \* Less than 5% of issued RCSN

\*\* 5% and above of issued RCSN

### Thirty (30) Largest RCSN Holders

	Number of RCSN Held	% of Issued RCSN
1. RHB Capital Nominees (Tempatan) Sdn Bhd RHB Bank Berhad (Account 1)	85,720,189	29.83
2. Mayban Nominees (Tempatan) Sdn Bhd Aseambankers Malaysia Berhad (A/C 3-230583)	57,211,605	19.91
3. ABB Nominee (Tempatan) Sdn Bhd Affin Bank Berhad (Loan Recovery)	38,122,918	13.27
4. HDM Nominees (Asing) Sdn Bhd DBS Bank Ltd.	20,450,579	7.12
5. Amsec Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad (AD1174)	17,162,213	5.97
6. AllianceGroup Nominees (Tempatan) Sdn Bhd Alliance Merchant Bank Berhad	16,592,833	5.77
7. Amsec Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad (CQ0041)	14,523,050	5.05
8. Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Malayan Banking Berhad (GRM-230592)	14,454,035	5.03
9. Malaysian Industrial Development Finance Berhad	14,269,893	4.97
10. Southern Nominees (Tempatan) Sdn Bhd Southern Bank Berhad	6,361,455	2.21
11. Chong Siow Fah	148,800	0.05
12. Chong Siow Fah	102,000	0.04
13. Perbadanan Kemajuan Negeri Selangor	99,000	0.03
14. Khor Kar Hor	97,000	0.03
15. Lim Hai	70,000	0.02



## Analysis of Redeemable Convertible Secured Notes ("RCSN") Holdings as at 4 August 2006 (Cont'd)

### Thirty (30) Largest RCSN Holders (Cont'd)

	Number of RCSN Held	% of Issued RCSN
16. Hawk Soon Hin Industries Sdn Bhd	63,000	0.02
17. HLG Nominee (Tempatan) Sdn Bhd Pledged securities account for Chua Eng Kiat (CCTS)	55,000	0.02
18. Low Ah Suan	46,600	0.02
19. Lim Khoon Lee	42,000	0.01
20. Creative Communications Sdn Bhd	40,000	0.01
21. Loo Seang Choo	40,000	0.01
22. JF Apex Nominees (Tempatan) Sdn Bhd Pledged securities account for Voon Sze Lin	37,000	0.01
23. HDM Nominees (Tempatan) Sdn Bhd Town Hang Securities Co Ltd For George Ngoh Hung Onn	36,600	0.01
24. Tan Lay Heng	33,000	0.01
25. Aspire Assets Sdn Bhd	31,000	0.01
26. RHB Nominees (Tempatan) Sdn Bhd Pledged securities account for Puan Thye Ming	30,000	0.01
27. Selangor Industrial Corporation Sdn Bhd	30,000	0.01
28. Chin Kuan Sui	24,000	0.01
29. Soo Choon Lai	21,000	0.01
30. Chan Yoke Lam	20,000	0.01
	<b>285,934,770</b>	<b>99.51</b>



## Group Properties

as at 31 March 2006

	DESCRIPTION	LOCATION	ACREAGE	TENURE	EXISTING USE	VALUATION/ ACQUISITION/ COMPLETION DATE	AGE OF BUILDING (YEARS)	NET BOOK VALUE (RM' MILLION)
1)	Agricultural land known as Bernam Estate	PN 43178, Lot No.11445 Mukim Durian Sebatang Hilir Perak, Perak Darul Ridzuan	3,000	Leasehold -60 years expiring 2033	Oil Palm Estate	3/3/2000	-	78
2)	Agricultural land known as Sitiawan Estate	H.S.(D) L.P 1668. PT 1058 Mukim Durian Sebatang, Hilir Perak, Perak Darul Ridzuan	1,000	Leasehold -60 years expiring 2034	Oil Palm Estate	3/3/2000	-	
3)	Land for development in Batang Berjuntai	Geran 29953 Lot 24 and Geran 32993 Lot 458 Mukim Batang Berjuntai Selangor Darul Ehsan	279.91	Freehold	Development in-progress	17/1/2002	-	59.9
4)	Land for development in Setapak known as Villa Sempurna Condominium	Geran 811 Lot 1140 Geran 526 Lot 3767 CT 15561 Lot 81 of Section 85 CT 15562 Lot 82 of Section 85 Mukim Setapak, Kuala Lumpur	2.72	Freehold	Development in-progress	14/1/2002	-	10.7
5)	Dynasty Hotel Kuala Lumpur	218, Jalan Ipoh 51200 Kuala Lumpur	929,476 sq ft (Built-up)	Freehold	Hotel Building	17/1/2002	8	495.0
6)	Empress Hotel Sepang	Jalan ST1C/7 Medan 88 Bandar Baru Salak Tinggi 43900 Sepang Selangor Darul Ehsan	253,852 sq ft (Built-up)	Leasehold -99 years expiring 2092	Hotel Building	17/1/2002	5	112.6
7)	Empress Hotel Kuala Lumpur	423, Jalan Tuanku Abdul Rahman 50100 Kuala Lumpur	145,658 sq ft (Built up)	Freehold	Hotel Building	21/11/2000	3	90.0
8)	One unit of shop office	GL-025, Block D Ground Floor, Kelana Square 17 Jalan SS7/26 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	1,400 sq ft (Built up)	Freehold	Shop Office	14/8/2002	2	0.5

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# GULA PERAK BERHAD

(Company No. 8104-X)  
(Incorporated in Malaysia)

## FORM OF PROXY

I/We, ..... FULL NAME AS PER NRIC (IN CAPITAL LETTERS)

Company No./NRIC No. .... NEW ..... OLD

of ..... FULL ADDRESS

being a member/members of the above Company, hereby appoint .....

of .....

or failing him / her, the Chairman of the Meeting as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **Function Room 1, Level 4, Dynasty Hotel, No. 218, Jalan Ipoh, 51200 Kuala Lumpur on Wednesday, 27 September 2006 at 10.00 a.m.** The Proxy is to vote on the resolutions set out in the Notice of Annual General Meeting, as indicated with an "X" in the appropriate spaces.

Resolution No.	For	Against
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Subject to any voting instructions so given, the proxy will vote, or may abstain from voting, on any resolution, as he may think fit.

No. of Ordinary Shares Held

\_\_\_\_\_  
Signature(s)

Signed this ..... day of ..... 2006

### Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and to vote in his stead. A proxy need not be a member of the Company. The instruments appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney duly authorised.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed, shall be deposited at the registered office of the Company at Level 7, Dynasty Hotel, 218 Jalan Ipoh, 51200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment at which the persons named in such instrument proposed to vote.



Fold this flap for sealing

Affix  
Stamp  
Here

THE COMPANY SECRETARY

# GULA PERAK BERHAD

(Company No. 8104-X)  
(Incorporated in Malaysia)

Level 7, Dynasty Hotel  
218, Jalan Ipoh  
51200 Kuala Lumpur

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