



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

Annual Report **2007**



## Contents

	Page No.
Notice of Annual General Meeting .....	2 - 5
Statement Accompanying Notice of Annual General Meeting .....	6
Corporate Information .....	7 - 8
Profile of Board of Directors .....	9 - 12
Chairman's Statement .....	13 - 15
Statement on Corporate Governance .....	16 - 19
Statement of Internal Control .....	20 - 21
Audit Committee Report .....	22 - 24
Other Information .....	25 - 28
Financial Statements .....	30 - 83
Analysis of Shareholdings .....	84 - 85
Analysis of Redeemable Convertible Secured Notes ("RCSN") Holdings .....	86 - 87
Group Properties .....	88
Form of Proxy .....	Enclosed

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (“AGM”) of the Company will be held at Zamrud Room, Level 10, Empress Hotel, Jalan ST 1C/7 Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan on Thursday, 27 September 2007 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 2007 together with Directors’ and Auditors’ Reports thereto. **Resolution (1)**
2. To approve the payment of Directors’ Fees for the financial year ended 31 March 2007. **Resolution (2)**
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) Datuk Lim Sue Beng **Resolution (3)**
  - (ii) Dato’ Mustapha bin Buang **Resolution (4)**
4. To re-appoint the following Directors to hold office until the conclusion of the next AGM pursuant to Section 129(6) of the Companies Act, 1965:
  - (i) Tan Sri Dato’ Ahmad Sabki bin Jahidin **Resolution (5)**
  - (ii) Tan Sri Dato’ (Dr) Elyas bin Omar **Resolution (6)**
5. To re-elect Tan Sri Dato’ Lim Cheng Pow who retires pursuant to Article 87 of the Company’s Articles of Association and being eligible, offers himself for re-election. **Resolution (7)**
6. 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. **Resolution (8)**

### SPECIAL BUSINESS

7. 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.” **Resolution (9)**
  - 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 **Resolution (10)**



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

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."

8. 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 (11)

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 2007 ("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;

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

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.

9. 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 2007

#### 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 Mezzanine Floor, Empress Hotel Sepang, Jalan ST 1C/7 Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan 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 9)

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 10)

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 10, 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



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

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 11)**

The proposed Ordinary Resolution 11, 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 2007.

# Statement Accompanying Notice of Annual General Meeting

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

Datuk Lim Sue Beng  
Dato' Mustapha bin Buang  
Tan Sri Dato' Ahmad Sabki bin Jahidin  
Tan Sri Dato' (Dr) Elyas bin Omar  
Tan Sri Dato' Lim Cheng Pow

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

The details of attendance of each Director at board meetings are set out on page 16 of this Annual Report.

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

The AGM of the Company will be held at Zamrud Room, Level 10, Empress Hotel, Jalan ST 1C/7 Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan on Thursday, 27 September 2007 at 10.00 a.m.

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

NAME	DATUK LIM SUE BENG	DATO' MUSTAPHA BIN BUANG	TAN SRI DATO' AHMAD SABKI BIN JAHIDIN	TAN SRI DATO' (DR) ELYAS BIN OMAR	TAN SRI DATO' LIM CHENG POW
Age	42	59	75	70	65
Nationality	Malaysian	Malaysian	Malaysian	Malaysian	Malaysian
Designation	Executive Director	Independent, Non-Executive Director	Independent, Non-Executive Director	Independent, Non-Executive Director	Managing Director
Qualification, Working Experience and Occupation	Refer to Profile of Directors on page 9 of this annual report	Refer to Profile of Directors on page 11-12 of this annual report	Refer to Profile of Directors on page 10-11 of this annual report	Refer to Profile of Directors on page 11 of this annual report	Refer to Profile of Directors on page 9 of this annual report
Directorship of other public companies	Kemajuan Amoy Berhad Port Klang Golf Resort Management Berhad Taylor's Education Berhad	Asian Pac Holdings Berhad	Nanyang Press Holdings Cygal Berhad Hwang-DBS(Malaysia) Berhad Paramount Corporation Berhad Hwang-DBS Investment Management Berhad Hwang-DBS Investment Bank Berhad	Mepro Holdings Berhad Sri Hartamas Berhad Smart Digital Communication Berhad ExpressAsia Berhad	Kemajuan Amoy Berhad
Family relation with any Director and/ or substantial shareholder of the Company	Son of Tan Sri Dato' Lim Cheng Pow and sibling to Lim Bee Ling and Dato' Lim Soo Kok	None	None	None	Father of Datuk Lim Sue Beng, Lim Bee Ling and Dato' Lim Soo Kok
Securities holdings in the Company and its subsidiaries (As at 7 August 2007)	7,322,500	3,150,000	Nil	6,195,200	32,404,050
Conflict of interest with the Company	None	None	None	None	None
List of Convictions for offences within the past 10 years other than traffic offences	None	None	None	None	None



# Corporate Information

## BOARD OF DIRECTORS

**Datuk Rahim bin Baba**

~ Executive Chairman

**Tan Sri Dato' Lim Cheng Pow**

~ Managing Director

**Datuk Lim Sue Beng**

~ Executive Director

**Dato' Lim Soo Kok**

~ Executive Director

**Leow Thang Fong**

~ Executive Director

**Lim Bee Ling**

~ 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)

(Resigned as Chairman effective from 27 August 2007)

(Member)

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

~ Independent, Non-Executive Director

(Member)

(Appointed as Chairman effective from 27 August 2007)

**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)

**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

Mezzanine Floor, Empress Hotel Sepang  
Jalan ST 1C/7, Medan 88  
Bandar Baru Salak Tinggi  
43900 Sepang  
Selangor  
Tel & Fax : 03-87067177

### 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

Foo & Tan Advocates & Solicitors  
No. 5-2B, 1st Floor  
SunwayMas Commercial Centre  
Jalan PJU 1/3D  
47301 Petaling Jaya

### 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 57, 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 Formis Resources Berhad (formerly known as 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 five Board Meetings that were held during the financial year ended 31 March 2007. As at 31 March 2007, 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 65, 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 sits on the board of several private companies.

Tan Sri Dato' Lim has attended all the five Board Meetings that were held during the financial year ended 31 March 2007. As at 31 March 2007, he has direct shareholding of 32,404,050 ordinary shares of RM1.00 each in GPB. Tan Sri Dato' Lim is the father of Datuk Lim Sue Beng, Lim Bee Ling and Dato' 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.

### **DATUK LIM SUE BENG - Executive Director**

Datuk Lim Sue Beng, Malaysian, aged 42, 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.

Datuk Lim Sue Beng has attended all the five Board Meetings that were held during the financial year ended 31 March 2007. As at 31 March 2007, he has direct shareholding of 7,322,500 ordinary shares of RM1.00 each in GPB. Datuk Lim Sue Beng is the son of Tan Sri Dato' Lim Cheng Pow and sibling to Lim Bee Ling and Dato' 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 40, 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,

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

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

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.

Lim Bee Ling has attended four out of the total five Board Meetings that were held during the financial year ended 31 March 2007. As at 31 March 2007, she has direct shareholding of 33,779,850 ordinary shares of RM1.00 each in GPB. Lim Bee Ling is the daughter of Tan Sri Dato' Lim Cheng Pow and sibling to Datuk Lim Sue Beng and Dato' 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 56, 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 five Board Meetings that were held during the financial year ended 31 March 2007. As at 31 March 2007, 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.

### **DATO' LIM SOO KOK - Executive Director**

Dato' Lim Soo Kok, Malaysian, aged 39, 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 Commissioner for Oaths by the Chief Justice of Malaysia in 1999 till present and is also presently a Notary Public appointed by the Attorney General.

Dato' Lim Soo Kok has attended four out of the total five Board Meetings that were held during the financial year ended 31 March 2007. As at 31 March 2007, he has direct shareholding of 3,150,000 ordinary shares of RM1.00 each in GPB. Dato' Lim Soo Kok is the son of Tan Sri Dato' Lim Cheng Pow and sibling to Datuk 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 75, 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



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

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

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, Hwang-DBS Investment Management Berhad and Hwang-DBS Investment Bank Berhad. He also sits on the board of several private companies.

Tan Sri has attended four out of the total five Board Meetings that were held during the financial year ended 31 March 2007. As at 31 March 2007, 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 70, 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 awarded an Hon. LLD from University of Science of Malaysia and Hon. PhD from United States Sports Academy. Tan Sri Elyas also received the Honorary Certified Doctor of Business Administration Award 2006 from the Oxford Association of Management, United Kingdom.

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 Founder 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 the 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. He was the President of Badminton Association of Malaysia from 1986 until 1994. 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 all the five Board Meetings that were held during the financial year ended 31 March 2007. As at 31 March 2007, he has direct shareholding of 6,195,200 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 59, 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.

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

### **DATO' MUSTAPHA BIN BUANG - Independent, Non-Executive Director (Cont'd)**

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 three out of the total five Board Meetings that were held during the financial year ended 31 March 2007. As at 31 March 2007, he has direct shareholding of 3,150,000 ordinary shares of RM1.00 each in GPB. Dato' Mustapha bin Buang 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 Datuk Lim Sue Beng, Lim Bee Ling and Dato' Lim Soo Kok.



## Chairman's Statement

On behalf of the Board of Directors, I hereby present to you the 38th Annual Report and Audited Financial Statements of Gula Perak Berhad for the financial year ended 31 March 2007.

### OVERVIEW

The Group continued to face increasingly competitive pressures for the hotel and property development sectors for the year under review despite the relatively favourable economic and market environment. The adoption of the new and revised Financial Reporting Standards issued by the Malaysian Accounting Standards Board in relation to the impairment loss on hotel and investment properties has also adversely affected the performance of the Group.

### PERFORMANCE REVIEW

The Group registered a loss before tax of RM124.203 million for the year under review compared to a loss before tax of RM0.194 million in the previous financial year. The Group's loss before tax is mainly attributable to the impairment in value of hotel and investment properties of RM90.028 million.

The Group's total revenue for the financial year was RM38.231 million with the main contributor coming from the hotel division of RM31.240 million. The Group's total revenue increased by 23.14% from RM31.048 million in the previous year.

### OPERATIONS REVIEW

#### Hotel Division

Although the operating environment remains challenging, aggressive marketing activities undertaken by the management and efforts to reduce cost and overhead, resulted in positive contributions to the operating results of the hotel. The Hotel Division recorded an increase in revenue of RM31.240 million for the year under review compared to RM26.761 million recorded in the previous year. 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 recorded a higher profit before tax of RM4.791 million for the year as compared to RM3.494 million for the previous year, attributable to higher revenue and margin recorded for the year under review as compared to the previous year.

Meanwhile on 28 October 2005 and 8 August 2006, the Company entered into two Sale & Purchase Agreements for the disposal of its two pieces of short term leasehold agricultural land for a cash consideration of RM19.000 million and RM42.072 million respectively. The sale is subject to the terms and conditions stipulated in the said Agreements and approvals from relevant authorities. The reason for the said sales is to redeem the RM90.124 million 3% Redeemable Secured Bonds 2000/2005. Accordingly, the Company's cultivation of oil palm activities have been reclassified as discontinued operations.

## Chairman's Statement (Cont'd)

### OPERATIONS REVIEW (Cont'd)

#### Property Development Division

The Property Development Division continues to experience a quiet period, reporting a loss from operations of RM11.214 million for the year under review compared to a loss from operations of RM 0.158 million. The huge loss from operations in the current financial year was mainly due to other operating expenses of RM7.753 million and further aggravated by impairment of value of development properties of RM3.160 million.

There were no launches for new properties during the current financial year. The Group focuses mainly on sales of completed properties while tenaciously working to reduce the huge overhand of supplies of industrial, commercial, office and retail space.

### CORPORATE DEVELOPMENT

On 23 April 2007, the Company made the first announcement to Bursa Securities on the 4th Anniversary of the issue date of the Redeemable Convertible Secured Notes 2002/2007 (RCSN) that falls on 22 April 2007, the Company had defaulted in the coupon payment of RM17,240,000.00 in accordance with Practice Note 1/2001 of the Listing Requirement. The Company's advisor, on behalf of the Company, had announced that the Company intends to vary the terms of the RCSN which inter-alia, will address the said default in the coupon payment. Presently, the Company and its advisers are in the midst of preparing the necessary documents to seek the approvals of the relevant parties.

### PROSPECTS

The Hotel Division is expected to perform better due to the highly promotional activities undertaken by the government, tourist arrivals are expected to increase for the Visit Malaysia Year 2007. Amid the robust travel demand in the region, the Group will strive to capitalize on the trend by further improving on the hotel occupancy rates and introducing innovative marketing strategies to attract higher number of patronage. The performance of the Property Division, in particular the non-residential property market, is dependent on the demand. In the meantime, the Group will defer its property development projects to concentrate on aggressive marketing strategies to clear the existing supplies of industrial, commercial, office and retail space.

### DIVIDEND

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



## Chairman's Statement (Cont'd)

### ACKNOWLEDGEMENT

On behalf of the Board, I wish to express our sincere gratitude and appreciation for the support of our valued customers, lenders, creditors, suppliers, business associates, the authorities, and shareholders and RCSN holders, and we look forward to your continued support in the future.

To our management and staff we thank you for your resilience, commitment, dedication and unwavering support given to the Group in the year concerned. My sincere thanks and appreciation also goes out to the Board members for their counsel and guidance during the past year concerned.

### DATUK RAHIM BIN BABA

Chairman  
4 August 2007



## 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 2007 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, has 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 Requirement 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 five (5) 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	5/5
2. Tan Sri Dato' Lim Cheng Pow	5/5
3. Leow Thang Fong	5/5
4. Datuk Lim Sue Beng	5/5
5. Lim Bee Ling	4/5
6. Dato' Lim Soo Kok	4/5
<b>Independent Non-Executive Directors</b>	
7. Tan Sri Dato' Ahmad Sabki bin Jahidin	4/5
8. Tan Sri Dato' (Dr) Elyas bin Omar	5/5
9. Dato' Mustapha bin Buang	3/5



## 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 22 to 24 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	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 2007 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	4	0
RM200,001 to RM250,000	0	0
RM250,001 to RM300,000	1	0
Above RM300,000	1	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 22 to 24.

### 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 results 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 2007.

# 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 (Resigned as Chairman effective from 27 August 2007) (Member)	4/5
<b>Tan Sri Dato' (Dr) Elyas bin Omar</b> Independent, Non-Executive Director	Member (Appointed as Chairman effective from 27 August 2007)	5/5
<b>Dato' Mustapha bin Buang</b> Independent, Non-Executive Director	Member	3/5
<b>Leow Thang Fong</b> Executive Director	Member	5/5
<b>Lim Bee Khim</b>	Secretary	4/5

## 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 co-operate 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:-



## Audit Committee Report (Cont'd)

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

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

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.
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;
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.

### 2007 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 2007 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.	1
<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>430</li> <li>350</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.	-

#### 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.	780
<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>288</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, there were no exercise of options, warrants or convertible securities.

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

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

### 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:-

On 16 January 2007, Bursa Malaysia Securities Berhad ("Bursa Securities") private reprimanded the Company for breaches of Paragraph 9.16(1)(a) of the Listing Requirements of Bursa Securities for not taking into account the adjustments as stated in the Company's announcement dated 31 July 2006 in the Company Unaudited Results for the financial year ended 31 March 2006.

### 9. VARIATION IN RESULTS

There were no material variances between the audited results and the unaudited results announced for the financial year ended 31 March 2007.

### 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.



## Other Information (Cont'd)

### **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, 2007

	Page No.
Directors' Report .....	30 - 33
Report of the Auditors .....	34
Income Statements .....	35
Balance Sheets .....	36 - 37
Statements of Changes in Equity .....	38 - 39
Cash Flow Statements .....	40 - 41
Notes to the Financial Statements .....	42 - 82
Statement by Directors .....	83
Declaration by the Officer Primarily Responsible for the Financial Management of the Company .....	83

## 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, 2007.

### 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.

On 28th October, 2005 and 8th August, 2006, the Company entered into two Sale and Purchase Agreements with respective third parties for the disposal of its two pieces of short term leasehold agricultural land, subject to the terms and conditions stipulated in the said Agreements and approvals from the relevant authorities. Accordingly, the Company's cultivation of oil palm activities have been reclassified as discontinued operation.

Other than disclosed above, there was no significant change in the nature of the activities of the Company and its subsidiary companies during the financial year.

### RESULTS OF OPERATIONS

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

	<b>The Group RM'000</b>	<b>The Company RM'000</b>
Loss before tax	(124,203)	(106,210)
Income tax credit	3,310	-
Loss for the year	<u>(120,893)</u>	<u>(106,210)</u>

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 adoption of new and revised Financial Reporting Standards issued by Malaysian Accounting Standards Board, the impairment loss on hotel and investment properties and the intended discontinuation of cultivation of oil palm activities as disclosed in Notes 2, 9 and 24 to the Financial Statements respectively. Also, the results of operations of the Company during the financial year is also affected by the exceptional item arising from impairment loss on investment in subsidiary companies as disclosed in Note 9 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

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



## Directors' Report (Cont'd)

### 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.

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 other than the intended discontinuation of oil palm activities as disclosed in Note 24 to the Financial Statements.





## Directors' Report (Cont'd)

### 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  
 YBhg Datuk Lim Sue Beng  
 Lim Bee Ling  
 YBhg Dato' 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' Lim Cheng Pow retires under Article 87 and, being eligible, offers himself for re-election.

In accordance with the Company's Articles of Association, YBhg Dato' Mustapha bin Buang and YBhg Datuk Lim Sue Beng retire by rotation under Article 89 and, being eligible, offer themselves for re-election.

YBhg Tan Sri Dato' Ahmad Sabki bin Jahidin and YBhg Tan Sri Dato' (Dr) Elyas bin Omar, who retire pursuant to Section 129(6) of the Companies Act, 1965, offer themselves for re-election.

### 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 1.4.2006	Bought	Sold	Balance as of 31.3.2007
<b>Shares in the Company</b>				
<b>Direct interest</b>				
YBhg Tan Sri Dato' Lim Cheng Pow	39,876,250	-	(7,472,200)	32,404,050
Leow Thang Fong	105,000	-	-	105,000
YBhg Datuk Lim Sue Beng	7,322,500	-	-	7,322,500
Lim Bee Ling	34,811,450	-	(1,031,600)	33,779,850
YBhg Dato' Lim Soo Kok	3,846,200	-	(696,200)	3,150,000
YBhg Dato' Mustapha bin Buang	3,150,000	-	-	3,150,000
YBhg Tan Sri Dato' (Dr) Elyas bin Omar	7,597,900	-	(1,402,700)	6,195,200
YBhg Tan Sri Dato' Ahmad Sabki bin Jahidin	-	-	-	-
<b>Indirect interest</b>				
YBhg Datuk Rahim bin Baba *	1,253,050	-	-	1,253,050
YBhg Tan Sri Dato' (Dr) Elyas bin Omar**	1,750,000	-	-	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 Pyramid Sdn. Bhd.



## Directors' Report (Cont'd)

### 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 36 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**

**DATUK LIM SUE BENG**

Kuala Lumpur  
30th July, 2007

## 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, 2007 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, 2007 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 17 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**  
**1874/9/08 (J)**  
**Partner**

30th July, 2007



## GULA PERAK BERHAD (Incorporated in Malaysia) AND ITS SUBSIDIARY COMPANIES

## Income Statements

FOR THE YEAR ENDED 31ST MARCH, 2007

		The Group		The Company	
	Note	2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000 (restated)
<b>Continuing Operations</b>					
Revenue	6&7	33,594	26,863	2,354	-
Cost of sales		(17,172)	(11,044)	(2,182)	-
<b>Gross profit</b>		16,422	15,819	172	-
Other operating income		3,201	4,968	701	4,324
Administrative expenses		(15,885)	(12,409)	(1,107)	(1,024)
Other operating expenses		(111,175)	(8,768)	(92,013)	(3,447)
Finance costs	8	(21,557)	(3,298)	(18,754)	(1,633)
<b>Loss before tax</b>	9	(128,994)	(3,688)	(111,001)	(1,780)
Income tax credit/ (expense)	11	3,310	(1)	-	-
<b>Loss for the year from continuing operations</b>		(125,684)	(3,689)	(111,001)	(1,780)
<b>Discontinued operation</b>					
Profit for the year from discontinued operation	24	4,791	3,494	4,791	3,494
<b>(Loss)/Profit for the year</b>		(120,893)	(195)	(106,210)	1,714
Attributable to:					
Equity holders of the Company		(120,893)	(195)		
Minority interest		-	-		
		(120,893)	(195)		

		The Group	
	Note	2007 RM'000	2006 RM'000 (restated)
<b>Earnings per share attributable to equity holders of the Company:</b>			
Basic, for loss from continuing operations (sen)	12	(19.50)	(0.65)
Basic, for profit from discontinued operation (sen)	12	0.74	0.62
Basic, for loss for the year (sen)	12	(18.76)	(0.03)
Diluted, for loss from continuing operations (sen)	12	N/A	N/A
Diluted, for profit from discontinued operation (sen)	12	0.51	0.41
Diluted, for loss for the year (sen)	12	N/A	N/A

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



## GULA PERAK BERHAD (Incorporated in Malaysia) AND ITS SUBSIDIARY COMPANIES

## Balance Sheets

AS OF 31ST MARCH, 2007

		The Group		The Company	
	Note	2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000 (restated)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Land held for property development	13	67,422	70,582	67,422	70,582
Property, plant and equipment	14	259,836	718,384	661	15,451
Investment properties	15	347,500	-	-	-
Prepaid lease payments	16	1,466	9,277	-	7,794
Investment in subsidiary companies	17	-	-	473,373	554,473
Property development projects - non-current portion	18	41,989	41,969	41,989	41,969
Advances to subsidiary companies	19	-	-	123,474	122,892
<b>Total non-current assets</b>		<b>718,213</b>	<b>840,212</b>	<b>706,919</b>	<b>813,161</b>
<b>Current assets</b>					
Property development projects - current portion	18	9,712	9,712	9,712	9,712
Inventories	20	16,249	18,553	15,507	17,716
Trade receivables	21	7,543	9,432	1,084	632
Other receivables, deposits and prepayments	22	13,962	15,481	11,572	13,201
Deposits with licensed banks and finance company	23	7,391	4,627	7,179	4,419
Cash and bank balances	23	3,012	2,861	1,371	166
Assets classified as held for sale	24	23,421	-	23,421	-
<b>Total current assets</b>		<b>81,290</b>	<b>60,666</b>	<b>69,846</b>	<b>45,846</b>
<b>Total assets</b>		<b>799,503</b>	<b>900,878</b>	<b>776,765</b>	<b>859,007</b>
<b>Equity and liabilities</b>					
<b>Capital and reserves</b>					
Share capital	25	644,397	644,397	644,397	644,397
Share premium		11,544	11,535	11,544	11,535
Capital reserve	26	3,039	3,039	3,039	3,039
Redeemable Convertible Secured Notes 2003/2008	28	30,773	30,773	30,773	30,773
Reserve on consolidation		-	29,533	-	-
Accumulated losses		(336,100)	(244,740)	(339,006)	(232,796)
Equity attributable to equity holders of the Company		353,653	474,537	350,747	456,948
Minority interest		-	-	-	-
<b>Total equity</b>		<b>353,653</b>	<b>474,537</b>	<b>350,747</b>	<b>456,948</b>



## Balance Sheets

AS OF 31ST MARCH, 2007 (Cont'd)

		The Group		The Company	
	Note	2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000 (restated)
<b>Non-current liabilities</b>					
Hire purchase payables- non-current portion	29	1,273	774	144	200
Bank borrowings (secured and interest bearing)	30	7,906	23,223	-	14,615
Deferred tax liabilities	31	1,780	5,098	-	-
Redeemable Convertible Secured Notes 2003/2008	28	256,562	256,562	256,562	256,562
<b>Total non-current liabilities</b>		<b>267,521</b>	<b>285,657</b>	<b>256,706</b>	<b>271,377</b>
<b>Current liabilities</b>					
Trade payables	32	4,085	3,306	2,525	2,434
Amount owing to a director	33	326	238	326	88
Amount owing to subsidiary companies	34	-	-	19,881	17,821
Other payables and accrued expenses	35	57,059	32,042	35,382	12,556
Hire purchase payables- current portion	29	3,587	5,171	57	57
Bank borrowings (secured and interest bearing)	30	112,642	99,301	110,739	97,324
Tax liabilities		630	626	402	402
<b>Total current liabilities</b>		<b>178,329</b>	<b>140,684</b>	<b>169,312</b>	<b>130,682</b>
<b>Total liabilities</b>		<b>445,850</b>	<b>426,341</b>	<b>426,018</b>	<b>402,059</b>
<b>Total equity and liabilities</b>		<b>799,503</b>	<b>900,878</b>	<b>776,765</b>	<b>859,007</b>

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



GULA PERAK BERHAD (Incorporated in Malaysia) AND ITS SUBSIDIARY COMPANIES  
**STATEMENTS OF CHANGES IN EQUITY**  
 FOR THE YEAR ENDED 31ST MARCH, 2007

The Group	Note	<----- Non-distributable ----->				Irredeemable convertible secured loan stocks (ICSLS)	Redeemable convertible secured notes (RCSN)	Accumulated losses	Attributable to equity holders of the Company	Minority interest	Total
		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	RM'000	RM'000
Balance at 1st April, 2005		259,787	206,729	29,533	3,039	188,169	57,895	(244,545)	500,607	-	500,607
Arising from conversion of Existing Warrants and Replacement Warrants	25	2	-	-	-	-	-	-	2	-	2
RCSN:											
- Arising from conversion	28	1,456	30	-	-	-	-	-	1,486	-	1,486
- Arising from changes in fair value of liability portion	28	-	-	-	-	-	(27,122)	-	(27,122)	-	(27,122)
Bonus issue through capitalisation of share premium	25	194,983	(194,983)	-	-	-	-	-	-	-	-
Expenses incurred for bonus issue		-	(280)	-	-	-	-	-	(280)	-	(280)
Arising from conversion of ICSLS	27	188,169	39	-	-	(188,169)	-	-	39	-	39
Loss for the financial year		-	-	-	-	-	-	(195)	(195)	-	(195)
Balance at 31st March, 2006		644,397	11,535	29,533	3,039	-	30,773	(244,740)	474,537	-	474,537
Balance at 1st April, 2006		644,397	11,535	29,533	3,039	-	30,773	(244,740)	474,537	-	474,537
Derecognition of reserve on consolidation	2(a)	-	-	(29,533)	-	-	-	29,533	-	-	-
Reduction in expenses incurred for bonus issue		-	9	-	-	-	-	-	9	-	9
Net income/ (expense) recognised directly in equity		-	9	(29,533)	-	-	-	29,533	9	-	9
Loss for the financial year		-	-	-	-	-	-	(120,893)	(120,893)	-	(120,893)
Total recognised income and expense for the year		-	9	(29,533)	-	-	-	(91,360)	(120,884)	-	(120,884)
Balance at 31st March, 2007		644,397	11,544	-	3,039	-	30,773	(336,100)	353,653	-	353,653



# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST MARCH, 2007 (Cont'd)

The Company	<----- Non-distributable ----->				Irredeemable convertible secured loan stocks (ICSLS)	Redeemable convertible secured notes (RCSN)	Accumulated losses	Net
	Note	Issued capital RM'000	Share premium RM'000	Capital reserve RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1st April, 2005		259,787	206,729	3,039	188,169	57,895	(234,510)	481,109
Arising from conversion of Existing Warrants and Replacement Warrants	25	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	25	194,983	(194,983)	-	-	-	-	-
Expenses incurred for bonus issue		-	(280)	-	-	-	-	(280)
Arising from conversion of ICSLS	27	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
Balance at 1st April, 2006		644,397	11,535	3,039	-	30,773	(232,796)	456,948
Reduction in expenses incurred for bonus issue		-	9	-	-	-	-	9
Loss for the financial year		-	-	-	-	-	(106,210)	(106,210)
Balance at 31st March, 2007		644,397	11,544	3,039	-	30,773	(339,006)	350,747

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





GULA PERAK BERHAD (Incorporated in Malaysia) AND ITS SUBSIDIARY COMPANIES  
**CASH FLOW STATEMENTS**  
 FOR THE YEAR ENDED 31ST MARCH, 2007

		The Group		The Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>CASH FLOWS FROM/(USED IN)</b>					
<b>OPERATING ACTIVITIES</b>					
(Loss)/Profit for the year		(120,893)	(195)	(106,210)	1,714
Adjustments for:					
Impairment loss on investment properties	15	76,131	-	-	-
Finance costs		21,557	3,298	18,754	1,633
Impairment loss on hotel property	14	17,215	-	-	-
Depreciation of property, plant and equipment	14	6,863	1,743	342	954
Impairment loss on land held for property development	13	3,160	-	3,160	-
Allowance for doubtful receivables					
- Trade receivables		3,002	1,300	-	-
- Other receivables		210	-	210	-
Amortisation of prepaid lease payments	16	105	-	88	-
Income tax (credit)/ expense		(3,310)	1	-	-
Allowance for doubtful receivables no longer required - other receivables		(1,800)	-	-	-
Interest income		(187)	(139)	(175)	(125)
Impairment loss on investment in subsidiary companies	17	-	-	81,100	-
Waiver of interest payable on 3% Redeemable Secured Bonds 2000/2005		-	(3,678)	-	(3,678)
Gain on disposal of property, plant and equipment		-	(1)	-	(1)
Operating cash flows before investments in working capital		2,053	2,329	(2,731)	497
(Decrease)/Increase in:					
Advances to subsidiary companies		-	-	(582)	(4,007)
Property development projects		(20)	1,677	(20)	1,677
Inventories		2,304	(1,910)	2,209	(1,745)
Trade receivables		(1,113)	9	(452)	258
Other receivables, deposits and repayments		3,189	19	1,499	(9)
(Decrease)/Increase in:					
Trade payables		779	(471)	91	102
Amount owing to a director		88	(1,725)	238	(1,875)
Amount owing to subsidiary companies		-	-	2,060	(898)
Other payables and accrued expenses		5,503	11,536	4,285	12,440
Cash Generated From Operations		12,783	11,464	6,597	6,440
Income tax paid		(84)	(3)	(80)	-
Net Cash From Operating Activities		12,699	11,461	6,517	6,440



# CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2007 (Cont'd)

	Note	The Group		The Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>CASH FLOWS FROM/(USED IN)</b>					
<b>INVESTING ACTIVITIES</b>					
Interest received		187	139	175	125
Proceeds/(Expenses incurred) from issuance of shares		9	(239)	9	(239)
Purchase of property, plant and equipment		(4,876)	(2,764)	(1,267)	(1,836)
Proceeds from disposal of property, plant and equipment		-	1	-	1
Net Cash Used In Investing Activities		(4,680)	(2,863)	(1,083)	(1,949)
<b>CASH FLOWS FROM/(USED IN)</b>					
<b>FINANCING ACTIVITIES</b>					
Increase in deposits placed in sinking fund		(2,757)	(276)	(2,757)	(276)
Interest paid		(2,043)	(5,231)	(213)	(3,566)
Repayment of bank borrowings		(1,985)	(1,468)	(1,200)	(679)
Repayment of hire purchase payables		(1,085)	(1,131)	(56)	(57)
(Increase)/Decrease in deposits pledged to licensed banks		(10)	34	(3)	34
Net Cash Used In Financing Activities		(7,880)	(8,072)	(4,229)	(4,544)
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>139</b>	<b>526</b>	<b>1,205</b>	<b>(53)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>1,878</b>	<b>1,352</b>	<b>166</b>	<b>219</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	23	<b>2,017</b>	<b>1,878</b>	<b>1,371</b>	<b>166</b>

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

# GULA PERAK BERHAD (Incorporated in Malaysia) AND ITS SUBSIDIARY COMPANIES

## 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.

On 28th October, 2005 and 8th August, 2006, the Company entered into two Sale and Purchase Agreements with respective third parties for the disposal of its two pieces of short term leasehold agricultural land, subject to the terms and conditions stipulated in the said Agreements and approval from the relevant authorities. Accordingly, the Company's cultivation of oil palm activities have been reclassified as discontinued operation.

Other than disclosed above, there was no significant change in the nature of the activities of the Company and its subsidiary companies during the financial year.

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 registered office of the Company is located at Mezzanine Floor, Empress Hotel Sepang, Jalan ST 1C/7, Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan.

The principal place of business of the Company is located at 7th floor, Dynasty Hotel, 218 Jalan Ipoh, 51200 Kuala Lumpur.

The financial statements of the Group and of the Company have been approved by the Board of Directors and were authorised for issuance on 30th July, 2007.

### 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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 approved accounting standards in Malaysia.

#### Adoption Of New And Revised Financial Reporting Standards And Interpretations

During the current financial year, the Group and the Company have adopted all of the new and revised Financial Reporting Standards ("FRSs") and Interpretations issued by Malaysian Accounting Standards Board ("MASB") that are relevant to their operations and effective for annual periods beginning on or after 1st January, 2006 as follows:

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 107 <sup>2004</sup>	Cash Flow Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 112 <sup>2004</sup>	Income Taxes
FRS 116	Property, Plant and Equipment
FRS 118 <sup>2004</sup>	Revenue
FRS 119	Employee Benefits
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 137 <sup>2004</sup>	Provisions, Contingent Liabilities and Contingent Assets
FRS 140	Investment Property

In addition to the above, the Group has also taken the option of early adoption of the following new/revised FRSs for the financial year beginning 1st April, 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of the above FRSs does not have significant financial impact on the financial statements of the Group and the Company. The principal effects of the changes in accounting policies resulting from the adoption of FRS 3, FRS 5, FRS 101, FRS 117, FRS 116 and FRS 140 are as follows:

## (a) FRS 3: Business Combinations

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognised immediately in profit or loss. Prior to 1st April, 2006, negative goodwill was credited as reserve on consolidation in the balance sheet of the Group. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1st April, 2006 was derecognised and an adjustment of RM29,533,000 is made to the opening accumulated losses and reserve on consolidation. The effect of the adoption of FRS 3 is as follows:

	<b>As at 1st April, 2006 RM'000</b>
Decrease in reserve on consolidation	(29,533)
Decrease in accumulated losses	<u>29,533</u>

## (b) FRS 5: Non-current Assets Held For Sale and Discontinued Operations

The Group has applied FRS 5 prospectively in accordance with its transitional provisions, which has resulted in a change in accounting policy on the recognition of a discontinued operation. FRS 5 required a component of an entity to be classified as discontinued when the criteria to be classified as held for sale have been met or it has been disposed of. Such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of the component.

An item is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The assets and liabilities of a discontinued operation (a disposal group) that are classified as held for sale are measured in accordance with FRS 5. Immediately before classification as held for sale, the carrying amounts of all the assets and liabilities in the disposal group is measured in accordance with applicable FRSs. Then, on initial classification as held for sale, the disposal group is recognised at the lower of carrying amount and fair value less costs to sell.

## (c) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

to equity holders of the Company and to minority interest.

The current year presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current year's presentation.

### (d) FRS 117: Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the remaining lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Prior to 1st April, 2006, leasehold land was classified as property, plant and equipment and was stated at cost less impairment losses.

Upon the adoption of the revised FRS117 at 1st April, 2006, the reclassification of leasehold land as prepaid lease payments have been accounted for retrospectively and as disclosed in Note 38, certain comparative amounts as at 31st March, 2006 have been restated.

### (e) FRS 116: Property, Plant and Equipment

FRS 116 requires the review of the residual value and remaining useful life of property, plant and equipment at each financial year end. No depreciation was provided on hotel properties in the previous years. The Group revised the residual economic life of the hotel properties of subsidiary companies, Dynawell Corporation (M) Sdn. Bhd. and KSB Requirements & Rest Sdn. Bhd., to 40 and 42 years respectively with effect from 1st April, 2006. The revision was accounted for as a change in accounting estimates and as a result, the depreciation charges for the year have increased by RM5,953,000.

### (f) FRS 140: Investment Property

Prior to 1st April, 2006, the hotel properties and hotel property work-in-progress included under property, plant and equipment were stated at fair values and in accordance with FRS 140, certain of these investment properties were transferred out of property, plant and equipment and classified as investment properties in the balance sheet. These investment properties consist of rental lots, office spaces, car park bays and service apartments and a hotel property work-in-progress. Investment properties, which are currently stated at fair value, represent open-market value determined by external independent valuers.

As permitted under the provision of FRS 140, the investment properties transferred from property, plant and equipment continued to be stated at fair values and the Group treats any difference at the date of transfer between the carrying amount of the property in accordance with FRS 116 and its fair value in the same way as a revaluation in accordance with FRS 116. Any resulting decrease in the carrying amount of the property is recognised in profit or loss. However, to the extent that an amount is included in revaluation surplus (if any) for that property, the decrease is charged against that revaluation surplus.

In accordance with the transitional provisions of FRS 140, the adoption of the new accounting policy is applied prospectively and the comparatives as at 31st March, 2006 are not restated. The effect of the adoption of FRS 140 is as follows:

	<b>As at 1st April, 2006 RM'000</b>
Decrease in property, plant and equipment	(423,631)
Increase in investment properties	<u>423,631</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

At the date of authorisation of issue of the financial statements of the Group and the Company, the following new and revised FRS and interpretations were issued but not yet effective:

### Applicable to operations of the Group and the Company

FRS 139 Financial Instruments: Recognition and Measurement \*

### Not applicable to operations of the Group and the Company

FRS 6 Exploration for and Evaluation of Mineral Resources \*\*

FRS 121 Amendments to FRS 121

- The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation \*\*\*

Interpretation 1 Changes in Existing Decommissioning, Restoration & Similar Liabilities \*\*\*

Interpretation 2 Members' Shares in Co-operative Entities & Similar Instruments \*\*\*

Interpretation 5 Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation Funds \*\*\*

Interpretation 6 Liabilities arising from Participating in a Specific Market – Waste Electrical & Electronic Equipment \*\*\*

Interpretation 7 Applying the Restatement Approach under FRS 129/2004 Financial Reporting in Hyperinflationary Economies \*\*\*

Interpretation 8 Scope of FRS 2 \*\*\*

\* Effective date deferred and to be determined by MASB.

\*\* Effective for annual periods beginning on or after 1st January, 2007.

\*\*\* Effective for annual periods beginning on or after 1st July, 2007.

### 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, 2007. 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 (if any) is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

#### 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.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

Rental income from shoplots is recognised on an accrual basis unless collectibility is in doubt. Interest income is recognised as it accrues.

### Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is accounted for using the "balance sheet liability" method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

In principle, deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised.

Deferred tax is measured at tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity. Deferred tax is provided for temporary differences arising from surplus on revaluation of a hotel property and investment properties of the Group.

### Functional Currency and Foreign Currencies Conversion

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of each entity in the Group is Ringgit Malaysia. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Group and the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the Group and the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences (if any) arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

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

	2007 RM	2006 RM
<b>Foreign currency</b>		
1 United States Dollar	3.46	3.69
1 Singapore Dollar	2.28	2.28
100 Hong Kong Dollars	<u>44.23</u>	<u>47.50</u>





## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 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 year 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 9.

### Land Held for Property Development

Land held for property development is stated at cost less accumulated impairment losses. 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.

### Property, Plant and Equipment

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

Hotel properties comprise hotel freehold land, hotel buildings and their integral plant and machinery. 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 revalue 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 (if any) 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 freehold land and hotel property work-in-progress. The hotel buildings and their integral plant and machinery are depreciated over their expected remaining useful lives of 40 and 42 years respectively.

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

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 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.

Property, plant and equipment under hire-purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets.

### 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 Properties

Investment properties, which are properties held to earn rental and/or for capital appreciation, are stated at its fair value at the balance sheet date.

As permitted under the provision of FRS 140, the investment properties transferred from property, plant and equipment continued to be stated at fair values and the Group treats any difference at the date of transfer between the carrying amount of the property in accordance with FRS 116 and its fair value in the same way as a revaluation in accordance with FRS 116. Any resulting decrease in the carrying amount of the property is recognised in profit or loss. However, to the extent that an amount is included in revaluation surplus (if any) for that property, the decrease is charged against that revaluation surplus.

### Prepaid Lease Payments

The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the remaining term of 86 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.

### 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.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 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

The carrying amounts of property, plant and equipment, land held for property development, investment properties and investment in subsidiary companies are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statements, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statements, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 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.

### Provisions

Provisions are made when the Group and the Company has 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### Non-current Assets Classified As Held For Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

### Financial Assets

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

### Financial Liabilities and Equity Instruments

Significant financial liabilities include trade and other payables, amount owing to a director, bank 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. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### (i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

### (ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as discussed below:



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### Impairment of non-current assets

The Group reviews the carrying amount of their non-current assets, which include land held for property development, property, plant and equipment and investment properties, to determine whether there is an indication that those assets have suffered an impairment loss. The Group has engaged independent professional valuers to determine the recoverable amount of these assets and accordingly adjustments have been made to reduce the values of assets to their recoverable amounts. As at 31st March, 2007, the carrying amounts of land held for property development, property, plant and equipment and investment properties are disclosed in Notes 13, 14 and 15 respectively.

### Allowance for doubtful receivables

The Group and the Company make allowance for doubtful receivables based on an assessment of the recoverability of trade and other receivables. Allowance is applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful receivables expenses in the period in which such estimate has been changed. As at 31st March, 2007, allowance for doubtful receivables for trade and other receivables has been disclosed in Notes 21 and 22 respectively.

### Allowance for inventories

The Group and the Company review the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, the Group and the Company conduct physical counts on their inventories on a periodic basis in order to determine whether an allowance is required to be made. Management is satisfied that no allowance for obsolete and slow-moving inventories is required to be made in the financial statements. As at 31st March, 2007, the carrying value of inventories is disclosed in Note 20.

## 5. SEGMENT REPORTING

The Group is organised into the following 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; and
- Construction and property development - the Group is mainly involved in the construction and development of industrial properties.

In prior years, the Group was also involved in the cultivation of oil palm and sales of fresh fruit bunches and the said operation was classified as discontinued operation, as explained in Note 24.

Segment information about the Group's continuing operations is presented below. Segment information about the Group's discontinued operation is presented in Note 24.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 5. SEGMENT REPORTING (Cont'd)

Continuing operations Financial year ended 31st March, 2007	Hotel operations RM'000	Construction and property development RM'000	Group RM'000
<b>REVENUE</b>			
External revenue	31,240	2,354	33,594
<b>RESULTS</b>			
Operating loss	(96,223)	(11,214)	(107,437)
Finance costs			(21,557)
Loss before tax			(128,994)
Income tax credit			3,310
Loss for the year from continuing operations			(125,684)
<b>OTHER INFORMATION</b>			
Segment assets	619,284	155,765	775,049
Unallocated assets			24,454
Total assets			799,503
Segment liabilities	(39,304)	(149,335)	(188,639)
Unallocated liabilities			(257,211)
Total liabilities			(445,850)
Depreciation of property, plant and equipment	6,521	170	6,691
Amortisation of prepaid lease payments	17	-	17
			6,708
Capital expenditure			
- Continuing operations	3,609	1,232	4,841
- Discontinued operation			35
			4,876



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 5. SEGMENT REPORTING (Cont'd)

Continuing operations Financial year ended 31st March, 2006	Hotel operations RM'000	Construction and property development RM'000	Group RM'000
<b>REVENUE</b>			
External revenue	26,761	102	26,863
<b>RESULTS</b>			
Operating loss	(232)	(158)	(390)
Finance costs			(3,298)
Loss before tax			(3,688)
Income tax credit			(1)
Loss for the year from continuing operations			(3,689)
<b>OTHER INFORMATION</b>			
Segment assets	719,038	165,456	884,494
Unallocated assets			16,384
Total assets			900,878
Segment liabilities	(41,858)	(15,429)	(57,287)
Unallocated liabilities			(369,054)
Total liabilities			(426,341)
Depreciation of property, plant and equipment	789	183	972
Amortisation of prepaid lease payments			-
			972
Capital expenditure			
- Continuing operations	927	16	943
- Discontinued operation			1,821
			2,764

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

Unallocated liabilities consist primarily of borrowings taken at corporate level.

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

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 6. REVENUE

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Continuing operations</b>				
Hotel operations	31,240	26,761	-	-
Property development	2,354	102	2,354	-
	33,594	26,863	2,354	-
<b>Discontinued operation</b>				
Cultivation of oil palm	4,637	4,185	4,637	4,185
	38,231	31,048	6,991	4,185

## 7. OPERATING COSTS APPLICABLE TO REVENUE FROM CONTINUING OPERATIONS

The operating costs classified by nature, applicable to revenue from continuing operations, are as follows:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Staff costs (Note 9)	10,798	10,215	777	711
Cost of sales	10,328	7,757	2,182	-
Depreciation of property, plant and equipment	6,691	972	170	183
Directors' remuneration (Note 10)	1,990	2,001	1,682	1,682
Amortisation of prepaid lease payments	17	-	-	-
Other operating expenses	114,408	11,276	90,491	1,895
	144,232	32,221	95,302	4,471

## 8. FINANCE COSTS

Finance costs comprise interest on:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Redeemable Convertible Secured Notes 2003/2008	16,201	-	16,201	-
Term loans	3,338	2,421	2,455	1,534
Hire-purchase	1,771	661	9	9
Bank overdraft	110	103	-	-
Others	137	113	89	90
	21,557	3,298	18,754	1,633



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 9. LOSS BEFORE TAX

Loss before tax is stated after charging and crediting the following:

< ----- The Group ----- >							
		Continuing Operations		Discontinued Operation		Total	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>After charging:</b>							
Exceptional item:							
Impairment loss on:							
- Investment properties	15	76,131	-	-	-	76,131	-
- Hotel property	14	17,215	-	-	-	17,215	-
Staff costs		10,798	10,215	736	972	11,534	11,187
Depreciation of property, plant and equipment	14	6,691	972	172	771	6,863	1,743
Allowance for impairment loss on land held for property development	13	3,160	-	-	-	3,160	-
Allowance for doubtful receivables:							
- Trade receivables		3,002	1,300	-	-	3,002	1,300
- Other receivables		210	-	-	-	210	-
Rental of hotel rooms		1,440	1,440	-	-	1,440	1,440
Auditors' remuneration:							
- statutory		75	63	-	-	75	63
- non-statutory		38	30	-	-	38	30
Amortisation of prepaid lease payments	16	17	-	88	-	105	-
Preliminary and pre-operating expenses written off		4	-	-	-	4	-
Rental of warehouse		-	-	11	11	11	11
EPF contributions by the Group		957	958	57	76	1,014	1,034
<b>And crediting:</b>							
Allowance for doubtful receivables no longer required							
- other receivables		1,800	-	-	-	1,800	-
Rental income of factory lots		630	470	-	-	630	470
Interest income		187	139	-	-	187	139
Realised foreign exchange gain		18	17	-	-	18	17
Exceptional item:							
Waiver of interest payable on 3% Redeemable Secured Bonds 2000/2005	30	-	3,678	-	-	-	3,678
Gain on disposal of property, plant and equipment		-	-	-	1	-	1



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 9. LOSS BEFORE TAX (Cont'd)

		< ----- The Company ----- >					
		Continuing Operations		Discontinued Operation		Total	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>After charging:</b>							
Exceptional item:							
Impairment loss on investment in subsidiary companies	17	81,100	-	-	-	81,100	-
Allowance for impairment loss on land held for property development	13	3,160	-	-	-	3,160	-
Staff costs		777	711	736	972	1,513	1,683
Allowance for doubtful receivables – other receivables		210	-	-	-	210	-
Depreciation of property, plant and equipment	14	170	183	172	771	342	954
Auditors' remuneration:							
- statutory		35	28	-	-	35	28
- underprovision in prior year		7	-	-	-	7	-
- non-statutory		20	16	-	-	20	16
Amortisation of prepaid lease payments	16	-	-	88	-	88	-
Rental of warehouse		-	-	11	11	11	11
EPF contributions by the Company							
		72	63	57	76	129	139
<b>And crediting:</b>							
Rental income of factory lots		501	341	-	-	501	341
Interest income		175	125	-	-	175	125
Exceptional item:							
Waiver of interest payable on 3% Redeemable Secured Bonds 2000/2005	30	-	3,678	-	-	-	3,678
Gain on disposal of property, plant and equipment		-	-	-	1	-	1

Staff costs include salaries, bonuses, contributions to Employees' Provident Fund (EPF) and all other staff related expenses.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 10. DIRECTORS' REMUNERATION

	<b>The Group</b>		<b>The Company</b>	
	<b>2007 RM'000</b>	<b>2006 RM'000</b>	<b>2007 RM'000</b>	<b>2006 RM'000</b>
Fees	<b>308</b>	287	-	-
Other emoluments	<b>1,682</b>	1,714	<b>1,682</b>	1,682
	<b>1,990</b>	2,001	<b>1,682</b>	1,682

Included in other emoluments of directors for the Group and the Company is contributions to EPF amounting to RM153,000 (2006: RM154,000) and RM122,000 (2006: 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:

	<b>2007 Number</b>	<b>2006 Number</b>
<b>Amounts in RM'000</b>		
<b>Non-executive Directors</b>		
50 and below	<b>3</b>	3
<b>Executive Directors</b>		
51 - 100	-	-
101 - 150	-	-
151 - 200	<b>4</b>	4
201 - 250	-	-
251 - 300	<b>1</b>	1
301 - 500	<b>1</b>	1

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 11. INCOME TAX CREDIT/(EXPENSE)

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Estimated tax payable:				
- Current year	(6)	(1)	-	-
- Underprovision in prior year	(2)	-	-	-
Deferred tax (Note 31)	3,318	-	-	-
Tax credit/(expense)	3,310	(1)	-	-

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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
(Loss)/Profit before tax:				
Continuing operations	(128,994)	(3,688)	(111,001)	(1,780)
Discontinued operation	4,791	3,494	4,791	3,494
	(124,203)	(194)	(106,210)	1,714
Tax at statutory tax rate of 27% (2006: 28%)	(33,535)	(54)	(28,677)	480
Difference in tax rate for chargeable income up to RM500,000 for small and medium scale companies (20%)	5	-	-	-
Tax effect of:				
Expenses not deductible for tax purposes	27,549	2,755	24,117	1,067
Industrial building allowance claimed	(1,289)	(2,013)	-	-
Deferred tax assets not recognised	7,276	-	4,560	-
Underprovision in prior year	2	-	-	-
Reversal of deferred tax assets not recognised previously	-	(687)	-	(1,547)
Reversal of deferred tax liability on impairment loss of hotel property and investment properties	(3,318)	-	-	-
Tax (credit)/expense	(3,310)	1	-	-



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 12. (LOSS)/EARNINGS PER SHARE

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

Basic (loss)/earnings per share are calculated by dividing loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2007 RM'000	2006 RM'000 (restated)
(Loss) from continuing operations attributable to ordinary equity holders of the Company	(125,684)	(3,689)
Profit from discontinued operation attributable to ordinary equity holders of the Company	4,791	3,494
Loss attributable to ordinary equity holders of the Company	(120,893)	(195)
Weighted average number of ordinary shares in issue ('000)	644,397	561,820
Basic (loss)/earnings per share (sen) for:		
(Loss) from continuing operations	(19.50)	(0.65)
Profit from discontinued operation	0.74	0.62
Loss for the year	(18.76)	(0.03)

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

No diluted loss per share for continuing operation is presented for the current financial year ended 31st March, 2007 and previous financial year ended 31st March, 2006 as the conversion of Redeemable Convertible Secured Notes 2003/2008 (RCSN) is not dilutive.

For the purpose of calculating diluted earnings per share for discontinued operation, the profit from discontinued operation for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the year have been adjusted for the dilutive effects of potential ordinary shares, i.e. RCSN.

	2007 RM'000	2006 RM'000 restated
Profit from discontinued operation attributable to ordinary equity holders of the Company	4,791	3,494
Weighted average number of ordinary shares in issue (units)	644,397	561,820
Effects of dilution:		
RCSN	287,334	287,334
Adjusted weighted average number of ordinary shares in issue and issuable	931,731	849,154
Diluted earnings per share (sen) for: Profit from discontinued operations	0.51	0.41

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 13. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group and the Company	
	2007 RM'000	2006 RM'000
Freehold land, at cost		
Less: Allowance for impairment loss	70,582 (3,160)	70,582 -
Net	<u>67,422</u>	<u>70,582</u>

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

## 14. PROPERTY, PLANT AND EQUIPMENT

←----- Cost (unless otherwise stated) ----->											
	At 1st April, 2005 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassified as prepaid lease payments RM'000	At 1st April, 2006 RM'000	Additions RM'000	Written off RM'000	Reclassified as investment properties RM'000	Reclassified as non-current assets classified as held for sale RM'000	At 31st March, 2007 RM'000
<b>The Group</b>											
Hotel property											
- at cost	109,563	-	-	-	(1,483)	108,080	-	-	-	-	108,080
- at valuation	545,000	-	-	-	-	545,000	-	-	(333,631)	-	211,369
Hotel property work-in-progress	103,534	767	-	-	-	104,301	2,850	-	(96,331)	-	10,820
Short-term leasehold land	13,000	-	-	-	(13,000)	-	-	-	-	-	-
Building	750	-	-	-	-	750	-	-	-	-	750
Office equipment	3,405	109	(8)	(894)	-	2,612	58	-	-	(7)	2,663
Plant, machinery and equipment	2,997	55	-	-	-	3,052	280	(4)	-	(13)	3,315
Renovations	567	-	-	-	-	567	27	-	-	(218)	376
Furniture and fittings	1,881	21	-	-	-	1,902	55	-	-	(6)	1,951
Motor vehicles	2,836	66	(65)	-	-	2,837	380	-	-	(240)	2,977
Pre-cropping expenditure	15,251	1,746	-	-	-	16,997	1,226	-	-	(18,223)	-
<b>Total</b>	<b>798,784</b>	<b>2,764</b>	<b>(73)</b>	<b>(894)</b>	<b>(14,483)</b>	<b>786,098</b>	<b>4,876</b>	<b>(4)</b>	<b>(429,962)</b>	<b>(18,707)</b>	<b>342,301</b>



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 14. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group	Accumulated Depreciation										
	At 1st	Additions	Disposals	Written off	Reclassified as prepaid lease payments	At 1st	Additions	Written off	Reclassified as	Reclassified as	At 31st March,
	April, 2005					April, 2006			investment	non-current assets classified as	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	properties	RM'000	RM'000
Hotel property											
- at cost	-	-	-	-	-	-	2,645	-	-	-	2,645
- at valuation	-	-	-	-	-	-	3,308	-	-	-	3,308
Hotel property work-in-progress	-	-	-	-	-	-	-	-	-	-	-
Short-term leasehold land	4,923	283	-	-	(5,206)	-	-	-	-	-	-
Building	200	75	-	-	-	275	75	-	-	-	350
Office equipment	2,507	181	(8)	(894)	-	1,786	120	-	-	(3)	1,903
Plant, machinery and equipment	1,604	303	-	-	-	1,907	259	(4)	-	(12)	2,150
Renovations	502	25	-	-	-	527	3	-	-	(180)	350
Furniture and fittings	1,490	89	-	-	-	1,579	91	-	-	(5)	1,665
Motor vehicles	2,506	370	(65)	-	-	2,811	228	-	-	(160)	2,879
Pre-cropping expenditure	2,081	417	-	-	-	2,498	134	-	-	(2,632)	-
Total	15,813	1,743	(73)	(894)	(5,206)	11,383	6,863	(4)	-	(2,992)	15,250

The Group	Allowance for impairment loss					
	At 1st April, 2005 and 1st April, 2006 RM'000	Additions RM'000	Reclassified as investment properties RM'000	31st March, 2007 RM'000	Net Book Value	
					31st March, 2007 RM'000	31st March, 2006 RM'000
Hotel property						
- at cost	-	-	-	-	105,435	108,080
- at valuation	50,000	17,215	-	67,215	140,846	495,000
Hotel property work-in-progress	6,331	-	(6,331)	-	10,820	97,970
Short-term leasehold land	-	-	-	-	-	-
Building	-	-	-	-	400	475
Office equipment	-	-	-	-	760	826
Plant, machinery and equipment	-	-	-	-	1,165	1,145
Renovations	-	-	-	-	26	40
Furniture and fittings	-	-	-	-	286	323
Motor vehicles	-	-	-	-	98	26
Pre-cropping expenditure	-	-	-	-	-	14,499
<b>Total</b>	<b>56,331</b>	<b>17,215</b>	<b>(6,331)</b>	<b>67,215</b>	<b>259,836</b>	<b>718,384</b>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 14. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Company	Cost									
	At 1st April, 2005 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassified as prepaid lease payments RM'000	At 1st April, 2006 RM'000	Additions RM'000	Written off RM'000	Reclassified as non-current assets held for sale RM'000	At 31st March, 2007 RM'000
Short-term leasehold land	13,000	-	-	-	(13,000)	-	-	-	-	-
Building	750	-	-	-	-	750	-	-	-	750
Office equipment	1,550	22	(8)	(894)	-	670	6	-	(7)	669
Plant, machinery and equipment	142	2	-	-	-	144	3	(4)	(13)	130
Renovations	567	-	-	-	-	567	27	-	(218)	376
Furniture and fittings	665	-	-	-	-	665	1	-	(6)	660
Motor vehicles	1,944	66	-	-	-	2,010	4	-	(240)	1,774
Pre-cropping expenditure	15,251	1,746	-	-	-	16,997	1,226	-	(18,223)	-
<b>Total</b>	<b>33,869</b>	<b>1,836</b>	<b>(8)</b>	<b>(894)</b>	<b>(13,000)</b>	<b>21,803</b>	<b>1,267</b>	<b>(4)</b>	<b>(18,707)</b>	<b>4,359</b>

The Company	Accumulated Depreciation									
	At 1st April, 2005 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Reclassified as prepaid lease payments RM'000	At 1st April, 2006 RM'000	Additions RM'000	Written off RM'000	Reclassified as non-current assets held for sale RM'000	At 31st March, 2007 RM'000
Short-term leasehold land	4,923	283	-	-	(5,206)	-	-	-	-	-
Building	200	75	-	-	-	275	75	-	-	350
Office equipment	1,478	24	(8)	(894)	-	600	20	-	(3)	617
Plant, machinery and equipment	133	2	-	-	-	135	2	(4)	(12)	121
Renovations	502	25	-	-	-	527	3	-	(180)	350
Furniture and fittings	662	1	-	-	-	663	1	-	(5)	659
Motor vehicles	1,527	127	-	-	-	1,654	107	-	(160)	1,601
Pre-cropping expenditure	2,081	417	-	-	-	2,498	134	-	(2,632)	-
<b>Total</b>	<b>11,506</b>	<b>954</b>	<b>(8)</b>	<b>(894)</b>	<b>(5,206)</b>	<b>6,352</b>	<b>342</b>	<b>(4)</b>	<b>(2,992)</b>	<b>3,698</b>

The Company	Net Book Value	
	31st March, 2007 RM'000	31st March, 2006 RM'000
Short-term leasehold land	-	-
Building	400	475
Office equipment	52	70
Plant, machinery and equipment	9	9
Renovations	26	40
Furniture and fittings	1	2
Motor vehicles	173	356
Pre-cropping expenditure	-	14,499
<b>Total</b>	<b>661</b>	<b>15,451</b>



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 14. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<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>495</b>	660	-	-
Motor vehicle	<b>545</b>	373	<b>205</b>	248
	<b><u>28,935</u></b>	<u>28,928</u>	<b><u>205</u></b>	<u>248</u>

In the previous financial year, 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 previous financial year (Note 27) and RM90,124,000 3% Redeemable Secured Bonds 2000/2005 (Note 30) issued by the Company. During the previous financial year, the Company has entered into an agreement to dispose of a piece of the said land, as disclosed in Note 24.

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 RM5,150,000 (2006: RM4,730,000) and RM3,123,000 (2006: RM3,865,000) respectively.

#### Hotel properties

During the financial year ended 31st March, 2007, following the adoption of FRS140 Investment Property, retail lots, office spaces, car park bays and service apartments and a hotel work-in-progress of subsidiary companies with carrying amount of RM423,631,000 were reclassified from property, plant and equipment to investment properties.

The hotel property stated at valuation was based on a valuation report dated 12th June, 2007 by an independent valuer, Henry Butcher, Lim & Long Sdn. Bhd., using an open market value basis, and accordingly, the Directors recognised an impairment loss of RM17,215,000. The loss on impairment and the related deferred tax of RM861,000 have been dealt with in the income statement of the Group for the financial year ended 31st March, 2007 (Note 9).

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 previous financial year (Note 27) and RM90,124,000 3% Redeemable Secured Bonds 2000/2005 (Note 30) 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 RM129,040,000 (2006: RM393,011,000) should the hotel property be stated at cost.





## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 15. INVESTMENT PROPERTIES

	The Group	
	2007 RM'000	2006 RM'000
Fair value of investment properties :		
Reclassified from property, plant and equipment (Note 14)	429,962	-
Less : Allowance for impairment loss (Note 14)	(6,331)	-
As at 1st April, 2006 (Note 2(f))	423,631	-
Decrease in fair value during the financial year	(76,131)	-
As at 31st March, 2007	<u>347,500</u>	<u>-</u>

Investment properties consist of two pieces of properties, of which one comprises retail lots, office spaces, car park bays and service apartments and the other comprises a hotel property work-in-progress.

The fair values of the two said investment properties at 31st March, 2007 have been arrived at on the basis of a valuations carried out on 12th June, 2007 and 30th July, 2007 respectively by an independent valuer, Henry Butcher, Lim & Long Sdn. Bhd., using an open market value basis, and accordingly, the Directors recognised an impairment loss of RM76,131,000. The loss on impairment and the related deferred tax of RM2,457,000 have been dealt with in the income statement of the Group for the financial year ended 31st March, 2007 (Note 9).

The investment properties with carrying value of RM284,500,000 have been charged to several licensed financial institution to secure the RM288,820,655 Redeemable Convertible Secured Notes 2003/2008, the RM188,168,550 Irredeemable Convertible Secured Loan Stocks 2000/2005 and the RM90,124,000 3% Redeemable Secured Bonds 2000/2005 issued by the Company.

## 16. PREPAID LEASE PAYMENTS

	The Group		The Company	
	2007 RM'000	2006 RM'000 (restated)	2007 RM'000	2006 RM'000 (restated)
At beginning of year -				
Reclassified from property, plant and equipment (Note 2(d) and 14)	9,277	9,277	7,794	7,794
Amortisation of prepaid lease payments	(105)	-	(88)	-
Reclassified as non-current assets classified as held for sale (Note 24)	(7,706)	-	(7,706)	-
At end of year	<u>1,466</u>	<u>9,277</u>	<u>-</u>	<u>7,794</u>

During the financial year ended 31st March, 2007, following the early adoption of FRS 117, two leases of land of the Company and a lease of land of a subsidiary company, previously classified as finance leases with the amount of prepaid lease payments recognised as property within their property, plant and equipment, are now being treated as operating leases, with the unamortised carrying amount classified as prepaid lease payments in the balance sheet. In accordance with the transitional provisions of FRS 117, the effect of this change has been applied retrospectively, as mentioned in Note 38. However, in the current financial year, the said two leases of land of the Company have been accounted for as non-current assets classified as held for sale in accordance with FRS 5, as disclosed in Note 24.

The unexpired portion of lease of a subsidiary company is 85 (2006: 86) years.



# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 17. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2007 RM'000	2006 RM'000
Unquoted shares, at cost	557,984	557,984
Less: Allowance for diminution in value	(84,611)	(3,511)
Net	<u>473,373</u>	<u>554,473</u>

The subsidiary companies are as follows:

Name of Company	Country of incorporation	Group effective interest		Principal activities
		2007 %	2006 %	
Dynawell Corporation (M) Sdn. Bhd.	Malaysia	100	100	Hotel and service apartment operations and management and property development
*KSB Requirements & Rest Sdn. Bhd.	Malaysia	70	70	Hotel operation and management and property development
*Gula Perak Land Sdn. Bhd.	Malaysia	100	100	Property management
*Rumpun Dahlia Sdn. Bhd.	Malaysia	100	100	Property development and construction
*Dyna Enterprise International Ltd	British Virgin Island	100	-	Investment holding
<b>Held by Rumpun Dahlia Sdn. Bhd.</b>				
*Cartel Properties Sdn. Bhd.	Malaysia	100	100	Property development and investment

\* Not audited by Deloitte KassimChan.

## 18. PROPERTY DEVELOPMENT PROJECTS

	The Group and the Company	
	2007 RM'000	2006 RM'000
Freehold land - at cost	4,884	7,708
Development expenditure	49,571	63,365
	<u>54,455</u>	<u>71,073</u>
Add: Expenditure incurred during the year	20	35
	<u>54,475</u>	<u>71,108</u>
Less: Non-current portion	(41,989)	(41,969)
	<u>12,486</u>	<u>29,139</u>
Less: Cost recognised as an expense in income statement		
- previous year	2,774	17,715
- current year	-	-
	<u>(2,774)</u>	<u>(17,715)</u>
Transfer to inventories	-	(1,712)
Current portion	<u>9,712</u>	<u>9,712</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 19. ADVANCES TO SUBSIDIARY COMPANIES

	<b>The Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Advances to subsidiary companies	<b>141,494</b>	140,912
Less: Allowance for doubtful receivables	<b>(18,020)</b>	(18,020)
Non-current portion - net	<b>123,474</b>	122,892

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.

### 20. INVENTORIES

	<b>The Group</b>		<b>The Company</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</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>13,073</b>	13,369	<b>12,750</b>	12,893
Land held for sale	<b>2,715</b>	4,754	<b>2,715</b>	4,754
Food, beverages and supplies	<b>419</b>	361	-	-
Estate consumables	<b>42</b>	69	<b>42</b>	69
	<b>16,249</b>	18,553	<b>15,507</b>	17,716

Certain of the above development properties of the Group and the Company with carrying value of approximately RM8,938,000 (2006: 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 approximately RM1,166,000 (2006: RM1,108,000) have been charged to a licensed financial institution to secure the Term Loan I (Note 30(c)) granted to a subsidiary company.

Certain of the above development properties of the Group and the Company with carrying value of approximately RM1,259,000 (2006: 1,240,000) have been charged to a licensed financial institution to secure the Term Loan III (Note 30(e)) granted to the Company.

The land held for sale by the Group and the Company with carrying value of RM2,715,000 (2006: RM4,754,000) has been charged to a licensed financial institution to secure the hire purchase payables of RM4,130,000 (2006: RM5,053,000) granted to a subsidiary company (Note 29).



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 21. TRADE RECEIVABLES

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade receivables	31,941	30,828	9,227	8,775
Less: Allowance for doubtful receivables	(24,398)	(21,396)	(8,143)	(8,143)
Net	<u>7,543</u>	<u>9,432</u>	<u>1,084</u>	<u>632</u>

(i) Credit terms of trade receivables range from 30 to 90 (2006: 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 RM5,092,000 (2006: RM5,412,000) and RM1,893,000 (2006: RM1,797,000) of the total net receivables of the Group and the Company respectively as at 31st March, 2007. The debts are fully secured by collaterals valued based on independent valuation reports and estimated market values of the respective collaterals.

### 22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Other receivables				
- sale of land	7,807	11,739	7,807	11,739
- others	8,690	10,794	1,633	1,634
	<u>16,497</u>	<u>22,533</u>	<u>9,440</u>	<u>13,373</u>
Less: Allowance for doubtful receivables	(6,459)	(8,049)	(859)	(649)
Net	10,038	14,484	8,581	12,724
Deposits	3,135	668	2,499	461
Prepayments	782	322	492	16
Tax recoverable	7	7	-	-
	<u>13,962</u>	<u>15,481</u>	<u>11,572</u>	<u>13,201</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 23. 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>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits with licensed banks	<b>7,391</b>	4,627	<b>7,179</b>	4,419
Cash and bank balances	<b>3,012</b>	2,861	<b>1,371</b>	166
Bank overdraft (Note 30 (b))	<b>(1,200)</b>	(1,191)	-	-
Less:				
Deposits with licensed banks pledged	<b>(90)</b>	(80)	<b>(83)</b>	(80)
Deposits in sinking fund account	<b>(7,096)</b>	(4,339)	<b>(7,096)</b>	(4,339)
	<b>2,017</b>	1,878	<b>1,371</b>	166

Certain deposits with licensed banks of the Group and of the Company of RM83,000 (2006: RM80,000) are pledged to financial institutions as security for the bank guarantee facilities granted to the Company.

Deposits of the Group and of the Company amounting to RM7,096,000 (2006: RM4,339,000) have been placed into a sinking fund for the purpose of repaying 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>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Deposits with licensed banks	<b>3.43</b>	2.90	<b>3.43</b>	2.90

Deposits of the Group and of the Company have an average maturity of 12 (2006: 12) months.

### 24. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

On 28th October, 2005, the Company (Vendor) entered into a Sale and Purchase Agreement with a third party (Purchaser) for the disposal of a short term leasehold agricultural land, situated in Mukim Durian Sebatang, measuring approximately 404.69 hectares, together with certain property, plant and equipment, collectively known as 'Sitiawan Oil Palm Estate', subject to the terms and conditions stipulated in the said Agreement and approvals from the relevant authorities.

On 8th August, 2006, the Company (Vendor) entered into a Sale and Purchase Agreement with another third party (Purchaser) for the disposal of the other short term leasehold agricultural land, also situated in Mukim Durian Sebatang, measuring approximately 1,184 hectares, known as 'Bernam Oil Palm Estate', subject to the terms and conditions stipulated in the said Agreement and approvals from the relevant authorities.

In accordance with both the abovementioned Agreements, clause 2.1(b) and clause 2.1.1 (c) of the respective Agreement 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 respective Purchaser pursuant to the provisions of the National Land Code 1965 provided that the respective 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, 2007, the abovementioned clause 2.1(b) and clause 2.1.1 (c)



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 24. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (Cont'd)

of the respective Agreement have not been fulfilled and accordingly, the disposal of the two short term leasehold agricultural land has not been taken up in the financial statements of the Group and of the Company for the year ended 31st March, 2007.

The proceeds of the disposals of Sitiawan and Bernam Oil Palm Estates are expected to exceed the net carrying amount of the relevant assets and, accordingly, no impairment loss has been recognised on the classification of these operations as held for sale.

The said assets attributable to the Sitiawan and Bernam Oil Palm Estates, of which the sales are expected to be completed within twelve months, have been classified as non-current assets held for sale and are presented separately in the balance sheets.

The major classes of assets classified as held for sale are as follows:

	<b>The Group and the Company</b>
	<b>2007</b>
	<b>RM'000</b>
Prepaid lease payments - short term leasehold land (Note 16)	<b>7,706</b>
Property, plant and equipment (Note 14)	<b>15,715</b>
Total non-current assets classified as held for sale	<b>23,421</b>

The prepaid lease payments which consist of the above said two pieces of short term leasehold land have been charged to secure the RM188,169,000 Irredeemable Convertible Secured Loan Stocks 2000/2005 which have been fully converted to ordinary shares in the previous financial year (Note 27) and RM90,124,000 3% Redeemable Secured Bonds 2000/2005 (Note 30) issued by the Company.

The unexpired portion of the lease is 27 (2006 : 28) years.

The operations of Sitiawan and Bernam Oil Palm Estates were previously included in the Group's segmental reporting as cultivation of oil palm activities and due to the disposal of the said estates, have now been classified as discontinued operation.

The profit for the year from the discontinued operations is analysed as follows:

	<b>The Group and the Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for cultivation of oil palm for the year	<b>4,791</b>	<b>3,494</b>

The results of the cultivation of oil palm are as follows:

	<b>The Group and the Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	<b>4,637</b>	4,185
Cost of sales	<b>(2,181)</b>	(2,337)
Gross profit	<b>2,456</b>	1,848
Other operating income	<b>3,275</b>	3,192
Other operating expenses	<b>(940)</b>	(1,546)
Profit before tax	<b>4,791</b>	3,494
Income tax expense	<b>-</b>	-
Profit for the year	<b>4,791</b>	<b>3,494</b>

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 24. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION (Cont'd)

During the financial year, cultivation oil palm operation contributed RM1,275,000 (2006: RM1,837,000) to the Group's net operating cash flows, paid RM1,261,000 (2006: RM1,820,000) in respect of investing activities and paid RM15,000 (2006: RM15,000) in respect of financing activities.

The operating costs classified by nature, applicable to revenue from discontinued operations, are as follows:

	<b>The Group and the Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Cost of sales	<b>1,891</b>	2,035
Staff costs	<b>736</b>	972
Depreciation of property, plant and equipment	<b>172</b>	771
Amortisation of prepaid lease payments	<b>88</b>	-
Other operating expenses	<b>234</b>	105
	<b>3,121</b>	<b>3,883</b>

## 25. SHARE CAPITAL

The share capital is represented by:

	<b>The Group and the Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Authorised:</b>		
1,000,000,000 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>644,397</b>	259,787
Issued during the year pursuant to:		
- conversion of ICSLS 2000/2005	-	188,169
- bonus issue through capitalisation of share premium account	-	194,983
- conversion of RCSN 2003/2008	-	1,456
- conversion of Existing Warrants and Replacement Warrants	-	2
Balance at end of year	<b>644,397</b>	<b>644,397</b>

In the previous 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 27) 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.
  - (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.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 25. SHARE CAPITAL (Cont'd)

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 RM194,983,115 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.

### 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.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 26. GUARANTEED REDEEMABLE BONDS WITH DETACHABLE WARRANTS (Cont'd)

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.

In the previous 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 and 106,364,393 Existing Warrants and Replacement Warrants respectively remained unexercised and have expired on 21st December, 2005.

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

	The Group and the Company	
	2007 RM'000	2006 RM'000
Balance at beginning of year	-	188,169
Conversion into ordinary shares (Note 25)	-	(188,169)
Balance at end of year	-	-

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 included under non-current assets classified as held for sale and a subsidiary company's hotel property and investment properties.

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 preceeding 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



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 27. IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2000/2005 (Cont'd)

- (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 for 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.

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

	<b>The Group and the Company</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
RCSN issued in April 2003	<b>287,335</b>	288,821
Conversion into ordinary shares during the year (Note 25)	-	(1,486)
	<b>287,335</b>	287,335
Less: Liability component	<b>(256,562)</b>	(256,562)
Equity component	<b>30,773</b>	30,773

The issuance of RCSN has been accounted for in accordance with FRS 132. 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 (Note 20), land held for property development and development expenditures (Note 13) and its subsidiary companies' hotel properties and investment properties (Note 14 and 15).

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.

In the previous financial 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.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 29. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Total outstanding obligations	<b>6,600</b>	8,440	<b>242</b>	310
Less: Interest-in-suspense	<b>(1,740)</b>	(2,495)	<b>(41)</b>	(53)
Principal outstanding	<b>4,860</b>	5,945	<b>201</b>	257
Less: Amount due within 12 months (shown under current liabilities)	<b>(3,587)</b>	(5,171)	<b>(57)</b>	(57)
Non-current portion	<b>1,273</b>	774	<b>144</b>	200

The non-current portion is repayable as follows:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Financial years ending 31st March,				
2008	-	491	-	57
2009	<b>777</b>	197	<b>57</b>	57
2010 and after	<b>496</b>	86	<b>87</b>	86
	<b>1,273</b>	774	<b>144</b>	200

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 RM4,130,000 (2006: RM5,053,000) are secured against the land held for sale of the Company (Note 20).

The effective interest rates applicable to the hire purchase range from 2.85% to 7.25% (2006: 6.85% to 8.00%) per annum for the Group and the Company.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 30. BORROWINGS (SECURED AND INTEREST BEARING)

Current	Note	The Group		The Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Syndicated Term Loan	(a)	19,729	6,000	19,729	6,000
Bank overdraft	(b)	1,200	1,191	-	-
Term Loan I	(c)	83	166	-	-
Term Loan II	(d)	620	620	-	-
Term Loan III	(e)	886	1,200	886	1,200
3% Redeemable Secured Bonds 2000/2005	(f)	90,124	90,124	90,124	90,124
		<u>112,642</u>	<u>99,301</u>	<u>110,739</u>	<u>97,324</u>
<b>Non-Current</b>					
Syndicated Term Loan	(a)	-	13,730	-	13,730
Term Loan I	(c)	-	84	-	-
Term Loan II	(d)	7,906	8,524	-	-
Term Loan III	(e)	-	885	-	885
		<u>7,906</u>	<u>23,223</u>	<u>-</u>	<u>14,615</u>
<b>Total</b>		<u>120,548</u>	<u>122,524</u>	<u>110,739</u>	<u>111,939</u>
<b>Currency exposure profile</b>					
US Dollar		785	729	785	729
Ringgit Malaysia		119,763	121,795	109,954	111,210
		<u>120,548</u>	<u>122,524</u>	<u>110,739</u>	<u>111,939</u>

The non-current portion of the borrowings as of 31st March, 2007 is payable as follows:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Financial years ending 31st March,				
2008	-	7,589	-	6,885
2009	620	7,505	-	6,885
2010 and after	7,286	8,129	-	845
	<u>7,906</u>	<u>23,223</u>	<u>-</u>	<u>14,615</u>

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

	The Group & The Company	
	2007 %	2006 %
Syndicated Term Loan	7.00	6.00
Bank overdraft	9.25	8.50
Term Loan I	8.75	8.00
Term Loan II	9.25	8.50
Term Loan III	<u>10.15</u>	<u>9.40</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 30. BORROWINGS (SECURED AND INTEREST BEARING) (Cont't)

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, land held for property development and development expenditures and its subsidiary companies' hotel properties and investment properties and personally guaranteed by a director of the Company.

The loan is repayable in 41 monthly instalments 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 investment 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 (Note 20).

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 investment 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 inventories of the Company's development properties (Note 20) and repayable on 23rd June, 2005.

In the previous 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.

- (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 included in non-current assets classified as held for sale (Note 24) and a subsidiary company's hotel property and investment properties (Note 14 and 15).

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



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 30. BORROWINGS (SECURED AND INTEREST BEARING) (Cont't)

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 fulfilment of items (a) and (b) above.

Consequently, in the previous financial year an amount of RM5,611,000, 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 RM5,611,000 less previous year charge of RM1,933,000 amounting to RM3,678,000 has been taken up in the income statements for the year ended 31st March, 2006 (Note 9).

As of 31st March, 2007, 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 non-current assets classified as held for sale (Note 24) 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)

## 31. DEFERRED TAX LIABILITIES

	The Group	
	2007 RM'000	2006 RM'000
At beginning of the financial year	5,098	5,098
Less: Amount charged to income statement		
- Reversal of deferred tax liability on impairment loss of hotel property (Note 14)	(861)	-
- Reversal of deferred tax liability on impairment loss of investment properties (Note 15)	(2,457)	-
At end of the financial year	<u>1,780</u>	<u>5,098</u>

The deferred tax balance is in respect of the tax effects on the surplus arising from revaluation of a hotel property and investment properties 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 future 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, 2007, 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:

	Deferred Tax Assets/(Liabilities)			
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Tax effects of:				
Temporary difference:				
- Property, plant and equipment	(1,942)	(1,975)	(581)	(570)
- Trade receivables	734	521	-	-
Unabsorbed capital allowances	29,839	28,086	246	237
Unutilised tax losses	21,439	16,162	13,103	8,541
	<u>50,070</u>	<u>42,794</u>	<u>12,768</u>	<u>8,208</u>

The unabsorbed capital allowances and unutilised tax losses available for offsetting against future taxable profits of the Group and the Company are subject to no substantial changes in shareholdings of the Group and the Company under Section 44(5A) and (5B) of Income Tax Act, 1967 and the approval of the Inland Revenue Board.

## 32. 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 (2006: 30 to 90) days.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 33. AMOUNT OWING TO A DIRECTOR

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

### 34. AMOUNT OWING TO SUBSIDIARY COMPANIES

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

### 35. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Other payables	7,362	7,001	2,251	1,842
Accrued expenses	17,028	13,213	760	276
Down payments for disposal of land received	12,895	9,607	12,597	8,217
Interest payable	19,774	2,221	19,774	2,221
	<u>57,059</u>	<u>32,042</u>	<u>35,382</u>	<u>12,556</u>

### 36. SIGNIFICANT RELATED PARTY DISCLOSURE

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company are as follows:

Name of related party	Relationship
Leisure Group Hotel & Resorts Sdn. Bhd.	A company in which certain directors have substantial interest.

Other than mentioned elsewhere in the financial statements, the significant related party transactions, which were determined based on negotiations agreed between the parties, are as follows:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Subsidiary companies</b>				
Dynawell Corporation (M) Sdn. Bhd.				
Office rental payables	-	-	460	460
Food and beverages expense payables	-	-	138	202
Gula Perak Land Sdn. Bhd.				
Management fees payables	-	-	150	103
Accounting fees receivables	-	-	24	24
Administration expenses payables	-	-	17	12
<b>Related party</b>				
Leisure Group Hotel & Resorts Sdn. Bhd.				
Management fees for managing the Dynasty Hotel, Kuala Lumpur and Empress Hotel, Sepang owned by subsidiary companies	642	545	-	-



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 37. 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 21.

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.

#### 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, 2007 are as follows:



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31st March, 2007		The Group		The Company	
Financial Assets	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Advances to subsidiary companies	19	-	-	123,474	123,474
<b>Financial Liabilities</b>					
Hire purchase payables	29	4,860	4,739	201	187
Borrowings (secured and interest bearing)	30	<u>120,548</u>	<u>116,125</u>	<u>110,739</u>	<u>110,739</u>

31st March, 2006		The Group		The Company	
Financial Assets	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Advances to subsidiary companies	19	-	-	122,892	122,892
<b>Financial Liabilities</b>					
Hire purchase payables	29	5,945	5,787	257	179
Borrowings (secured and interest bearing)	30	<u>122,524</u>	<u>97,292</u>	<u>111,939</u>	<u>87,992</u>

(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.

(ii) **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 values because of the short maturity of these assets and liabilities.



## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

**38. COMPARATIVE FIGURES**

The following comparative figures have been restated due to the adoption new and revised FRSs:

**(a) Balance Sheets**

	< ----- The Group ----- >				< ----- The Company ----- >			
	Adjustments				Adjustments			
	Previously stated RM'000	FRS 117 (Note 2(d)) RM'000	FRS 5 (Note 2(b)) RM'000	Restated RM'000	Previously stated RM'000	FRS 117 (Note 2(d)) RM'000	FRS 5 (Note 2(b)) RM'000	Restated RM'000
Property, plant and equipment	727,661	(9,277)	-	718,384	23,245	(7,794)	-	15,451
Prepaid lease payments - short term leasehold land	-	9,277	-	9,277	-	7,794	-	7,794

**(b) Income Statements**

Revenue	31,048	-	(4,185)	26,863	4,185	-	(4,185)	-
Cost of sales	(13,381)	-	2,337	(11,044)	(2,337)	-	2,337	-
Other operating income	8,160	-	(3,192)	4,968	7,516	-	(3,192)	4,324
Other operating expenses	(10,314)	-	1,546	(8,768)	(4,993)	-	1,546	(3,447)
(Loss)/Profit before tax	(194)	-	(3,494)	(3,688)	1,714	-	(3,494)	(1,780)
(Loss)/Profit for the year	(195)	-	(3,494)	(3,689)	1,714	-	(3,494)	(1,780)

GULA PERAK BERHAD (Incorporated in Malaysia)  
**STATEMENT BY DIRECTORS**

The directors of **GULA PERAK BERHAD** state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows are 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 the state of affairs of the Group and of the Company as of 31st March, 2007 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**

**DATUK LIM SUE BENG**

Kuala Lumpur,  
30th July, 2007

**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 the related statements of income, cash flows and changes in equity 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 30th day of July, 2007.

Before me,

**COMMISSIONER FOR OATHS  
SHAFIE B. DAUD  
(W350)**



## Analysis Of Shareholdings

as at 7 August 2007

Size of Shareholdings	Number of Holders	%	Number of Shares Held	%
1 - 99	311	3.06	12,982	0.00
100 - 1,000	697	6.85	382,052	0.06
1,001 - 10,000	5,617	55.21	28,503,768	4.42
10,001 - 100,000	3,082	30.29	106,590,308	16.54
100,001 – 32,219,851 (*)	465	4.57	301,751,474	46.83
32,219,852 & above (**)	2	0.02	207,156,451	32.15
	<b>10,174</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 shares

### Thirty (30) Largest Shareholders

	Number of Shares Held	% of Issued Capital
1. AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad	167,475,951	25.99
2. AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Tan Sri Dato' Lim Cheng Pow	39,680,500	6.16
3. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Tan Sri Dato' Lim Cheng Pow	14,367,500	2.23
4. Malaysian Assurance Alliance Berhad	10,500,000	1.63
5. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Yu Jin Min	8,750,000	1.36
6. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Chai Kim Fah	8,750,000	1.36
7. CIMB Group Nominees (Tempatan) Sdn Bhd Kemajuan Amoy Bhd for Lim Hok Lian (49546 HKIU)	7,770,000	1.21
8. United Overseas Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Soo Ka (MKL)	6,877,500	1.07
9. TASEC Nominees (Tempatan) Sdn Bhd TA Securities (HK) Limited for George Ngoh Hung Onn	6,317,500	0.98
10. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Koperasi Polis Di Raja Malaysia Bhd (514011315674)	6,027,000	0.94
11. AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Kesenta Development Sdn Bhd	5,553,250	0.86
12. CitiGroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	5,469,050	0.85
13. United Overseas Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Ang Khan @ Chan Yin Kong (MKL)	4,814,250	0.75
14. TASEC Nominees (Tempatan) Sdn Bhd TA Securities (HK) Limited for Lim Moi Tee	4,731,000	0.73



# Analysis Of Shareholdings

as at 7 August 2007 (Cont'd)

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

	Number of Shares Held	% of Issued Capital
15. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for George Ngoh Hung Onn	4,438,000	0.69
16. United Overseas Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Bee Khim (MKL)	4,135,250	0.64
17. Lembaga Tabung Angkatan Tentera	4,028,100	0.63
18. Malaysian Assurance Alliance Berhad	3,881,200	0.60
19. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Selvandran A/L Ponniah (E-KLC)	3,701,250	0.57
20. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Chai Kim Fah (E-KLC)	3,701,250	0.57
21. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Low Ah Suan	3,500,000	0.54
22. AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Dato' Lim Soo Kok (100658)	3,150,000	0.49
23. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Dato' Mustapha Bin Buang (REM 105-Margin)	3,150,000	0.49
24. AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Soo Ka (100553)	3,032,750	0.47
25. United Overseas Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Poh Thye (MKL)	3,000,000	0.47
26. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Low Ah Suan (Dealer 502-STF)	2,880,575	0.45
27. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Lim Moi Tee	2,730,000	0.42
28. AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Selvandran A/L Ponniah (100610)	2,598,750	0.40
29. CIMSEC Nominees (Asing) Sdn Bhd	2,270,825	0.35
30. Siow Sing Heng	2,143,200	0.33
	<b>349,424,651</b>	<b>54.23</b>

## Substantial Shareholders

	Direct Number of Ordinary Shares Held	%
1. AMSEC Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad	167,475,951	25.99
2. Tan Sri Dato' Lim Cheng Pow	32,404,050	5.03
3. Lim Bee Ling	32,202,850	5.00



## Analysis Of Redeemable Convertible Secured Notes ("RCSN") Holdings

as at 7 August 2007

Size of Holdings	Number of Holders	%	Number of RCSN Held	%
1 - 99	6	1.32	189	0.00
100 - 1,000	134	29.52	119,871	0.04
1,001 - 10,000	250	55.07	1,021,736	0.36
10,001 - 100,000	53	11.67	1,813,200	0.63
100,001 – 14,366,722 (*)	4	0.88	34,596,083	12.04
14,366,723 & above (**)	7	1.54	249,783,387	86.93
	<b>454</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 Investment Bank Berhad	16,592,833	5.77
7. Amsec Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad (CQ0041)	14,523,050	5.05
8. Malaysian Industrial Development Finance Berhad	14,269,893	4.97
9. Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Malayan Banking Berhad (GRM-230592)	13,447,735	4.68
10. CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (49781 HDOF)	6,361,455	2.21
11. Chong Siow Fah	517,000	0.18



# Analysis Of Redeemable Convertible Secured Notes ("RCSN") Holdings

as at 7 August 2007 (Cont'd)

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

	Number of RCSN Held	% of Issued RCSN
12. Perbadanan Kemajuan Negeri Selangor	99,000	0.03
13. Khor Kar Hor	97,000	0.03
14. Loh Kai Wee	87,200	0.03
15. TA Nominees (Tempatan) Sdn Bhd Pledged securities account for Bek Thiam Hong	70,000	0.02
16. Hoo Man Hiong	70,000	0.02
17. Lim Hai	70,000	0.02
18. RHB Capital Nominees (Tempatan) Sdn Bhd Ng Choo Weng (T-1441005)	65,000	0.02
19. Hawk Soon Hin Industries Sdn Bhd	63,000	0.02
20. Choo Lye Hock	56,100	0.02
21. Neoh Wai Sum	51,600	0.02
22. Wong Ah Kau	50,000	0.02
23. Low Ah Suan	46,600	0.02
24. Tan Lay Heng	45,900	0.02
25. HLG Nominee (Tempatan) Sdn Bhd Pledged securities account for Chua Eng Kiat (CCTS)	45,500	0.02
26. Koek Seam Cheng	42,000	0.01
27. Creative Communications Sdn Bhd	40,000	0.01
28. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Leaw Sheau Ching	40,000	0.01
29. Loo Seang Choo	40,000	0.01
30. Chong Kee Kong	39,000	0.01
	<b>285,497,370</b>	<b>99.36</b>





## Group Properties

as at 31 March 2007

	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	-	7.7
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	-	7.5
5)	Dynasty Hotel Kuala Lumpur	218, Jalan Ipoh 51200 Kuala Lumpur	929,476 sq ft (Built-up)	Freehold	Hotel Building	18/6/2007	12	425.3
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	18/6/2007	9	116
7)	Empress Hotel Kuala Lumpur	423, Jalan Tuanku Abdul Rahman 50100 Kuala Lumpur	145,658 sq ft (Built up)	Freehold	Hotel Building	30/7/2007	7	63
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	5	0.4



# 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 **Zamrud Room, Level 10, Empress Hotel Sepang, Jalan ST 1C/7 Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan on Thursday, 27 September 2007 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		
11		

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 ..... 2007

### Notes:

- 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.*
- 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.*
- 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 Mezzanine Floor, Empress Hotel Sepang, Jalan ST 1C/7 Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang, Selangor Darul Ehsan 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)

Mezzanine Floor, Empress Hotel Sepang  
Jalan ST 1C/7, Medan 88  
Bandar Baru Salak Tinggi  
43900 Sepang  
Selangor Darul Ehsan

2nd fold here

1st fold here

