Financial Statements

For The Year Ended 31st March, 2004

	Page
Directors' Report	24
Report of the Auditors	28
Income Statements	29
Balance Sheets	30
Statements of Changes in Equity	32
Cash Flow Statements	33
Notes to the Financial Statements	35
Statement by Directors	66
Declaration by the Officer Primarily Responsible for the Financial Management of the Company	66

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, 2004.

PRINCIPAL ACTIVITIES

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

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

SIGNIFICANT EVENTS

On 4th March, 2004, the Company entered into a Master Sale Agreement as well as thirty-six separate Sale and purchase Agreements and Deeds of Assignment for the proposed acquisition of 36 units of condominiums, which has been divided into 75 units of hotel rooms on Levels 14,15 & 16 of Golden City Condominium, situated at Jalan Ipoh, 51200 Kuala Lumpur held under title Geran 26826, 26532-26534, Lot No. 85-88, Section 48, Town of Kuala Lumpur, with Mirage Point (M) Sdn Bhd ("MPSB") for a total purchase consideration of RM35,010,000 ("Proposed Acquisition").

On 17th June, 2004, the Company entered into a Supplementary Agreement with MPSB for a revision in the purchase consideration to RM26,745,000.

The purchase consideration is to be satisfied by way of the issuance of 21,396,000 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.25 per share.

The Proposed Acquisition is pending the approvals of the relevant authorities.

RESULTS OF OPERATIONS

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

	The Group RM'000	The Company RM'000
Loss before tax	(65,831)	(72,051)
Income tax expense	(4)	-
Net loss for the year	(65,835)	(72,051)

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 restructuring cost of RM54,190,684 charged to the income statements as mentioned in Note 29 to the Financial Statements.

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid up share capital of the Company was increased from 255,888,300 ordinary shares of RM1.00 each to 257,629,687 ordinary shares of RM1.00 each by the issue of 1,741,387 new ordinary shares of RM1.00 each arising from the conversion of RM2,023,550 nominal amount of Irredeemable Convertible Secured Loan Stocks 2000/2005 (ICSLS 2000/2005) (Note 31) on the following basis:

(i) 1,410,787 new ordinary shares of RM1.00 each by virtue of the conversion of RM1,692,950 ICSLS 2000/2005 on the basis of one new ordinary share of RM1.00 each in exchange for every RM1.20 nominal amount of ICSLS 2000/2005.

(ii) 330,600 new ordinary shares of RM1.00 each by virtue of the conversion of RM330,600 ICSLS 2000/2005 on the basis of one new ordinary share of RM1.00 each in exchange for every RM1.00 nominal amount of ICSLS 2000/2005 and a cash payment of RM0.20.

The resulting share premium amounting to RM344,677 has been credited to share premium account.

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

During the financial year, the Company issued RM288,820,655 nominal amount of redeemable convertible secured notes 2003/2008 pursuant to the debt restructuring scheme of the Company as mentioned in Note 29 to the Financial Statements.

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 all known bad receivables had been 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 render the amount written off for bad receivables or 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.

OTHER FINANCIAL INFORMATION (CONT'D)

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.

DIRECTORS

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

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

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

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.

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

DIRECTORS' 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 1.4.2003	**Bought**	**Sold**	**Balance as of 31.3.2004**
Shares in the Company				
Direct interest				
YBhg Datuk Rahim bin Baba	1,661,000	-	-	1,661,000
YBhg Tan Sri Dato' Lim Cheng Pow	33,602,000	-	1,004,000	32,598,000
Leow Thang Fong	60,000	-	-	60,000

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM1 each			
	Balance as of 1.4.2003	**Bought**	**Sold**	**Balance as of 31.3.2004**
Lim Sue Beng	12,727,000	-	3,052,000	9,675,000
Lim Bee Ling	21,152,000	-	-	21,152,000
Lim Soo Kok	-	1,010,000	-	1,010,000
YBhg Tan Sri Dato' Ahmad Sabki bin Jahidin	1,000,000	-	960,000	40,000
YBhg Dato' Mustapha bin Buang	2,389,595	-	-	2,389,595
YBhg Tan Sri Dato' (Dr) Elyas bin Omar	5,727,000	2,285,000	2,730,000	5,282,000
Indirect interest				
YBhg Datuk Rahim bin Baba *	6,669,000	1,016,000	3,721,000	3,964,000

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than those transactions as disclosed in Note 33 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,

YBHG DATUK RAHIM BIN BABA **LIM SUE BENG**

Kuala Lumpur
21st July, 2004

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, 2004 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. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. 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 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, 2004 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 statement, and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies, of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act.

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

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for these purposes.

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

The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors and, after certain reclassification to conform with current year's presentation, are presented merely for comparative purposes only.

Without qualifying our report, we wish to highlight Note 29 to the Financial Statements, which mentioned that included in the income statements of the Group and the Company for the current financial year are restructuring cost amounting to RM54,190,684, representing the coupon payment for the first three years of the Redeemable Convertible Secured Notes 2003/2008 (RCSN 2003/2008) which are paid upfront to the lenders through the issuance of additional RCSN 2003/2008. The directors of the Company are of the opinion that it is appropriate to charge the said costs to the income statement in the current financial year following the completion of the debt restructuring of the Company as these costs form an integral part of the debt restructuring costs of the Company.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

ROSITA TAN
1874/9/04 (J)
Partner

21st July, 2004

Income Statements
For The Year Ended 31st March, 2004

	Note	The Group 2004 RM'000	The Group 2003 RM'000	The Company 2004 RM'000	The Company 2003 RM'000
Revenue	5	37,997	34,292	13,490	8,950
Cost of sales (including Group's impairment loss on hotel properties of RMNil (2003: RM54,477,000)		(17,983)	(73,633)	(7,899)	(8,399)
Gross profit/(loss)		20,014	(39,341)	5,591	551
Administrative expenses		(11,599)	(17,667)	(807)	(936)
Other operating expenses		(64,366)	(15,939)	(69,079)	(19,266)
Other operating income		2,536	1,381	1,810	692
Loss from operations	6	(53,415)	(71,566)	(62,485)	(18,959)
Finance costs	8	(12,416)	(24,963)	(9,566)	(20,185)
Loss before tax		(65,831)	(96,529)	(72,051)	(39,144)
Income tax (expense)/ credit	9	(4)	2,500	-	-
Loss after tax before minority interests		(65,835)	(94,029)	(72,051)	(39,144)
Minority interests		-	-	-	-
Net loss for the year		(65,835)	(94,029)	(72,051)	(39,144)
Loss per share (sen):					
- Basic	10	25.66	36.75		

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

Balance Sheets
As Of 31st March , 2004

	Note	The Group 2004 RM'000	The Group 2003 RM'000	The Company 2004 RM'000	The Company 2003 RM'000
Assets					
Real property assets	11	76,925	81,736	76,925	81,736
Property, plant and equipment	12	720,654	720,488	21,493	20,722
Investment in subsidiary companies	13	-	-	554,473	554,473
Property development projects - non-current portion	14	41,955	45,422	41,955	45,422
Advances to subsidiary companies	15	-	-	118,158	95,202
		839,534	847,646	813,004	797,555
Current Assets					
Property development projects - current portion	14	11,262	9,363	11,262	9,363
Inventories	16	16,382	16,412	15,814	15,892
Trade receivables	17	12,322	16,807	1,867	4,601
Other receivables, deposits and prepayments	18	12,094	9,580	6,351	3,453
Deposits with licensed banks and finance company	19	5,557	409	4,171	208
Cash and bank balances	19	714	985	186	200
		58,331	53,556	39,651	33,717
Current Liabilities					
Trade payables	20	4,286	5,321	2,827	2,297
Amount owing to a director	21	1,717	2,110	1,717	2,110
Amount owing to a subsidiary company	22	-	-	13,678	10,951
Other payables and accrued expenses	23	23,250	37,472	6,586	18,613
Hire purchase payables-current portion	24	5,836	4,237	60	22
Borrowings (secured and interest bearing)	25	10,834	31,928	8,700	30,415
Tax liabilities		627	625	402	402
		46,550	81,693	33,970	64,810

Balance Sheets
As Of 31st March , 2004 (cont'd)

	Note	The Group 2004 RM'000	The Group 2003 RM'000	The Company 2004 RM'000	The Company 2003 RM'000
Net Current Assets/ (Liabilities)		11,781	(28,137)	5,681	(31,093)
Long-term and Deferred Liabilities					
Hire purchase payables- non current portion	24	2,352	4,965	238	19
Borrowings (secured and interest bearing)	25	24,871	213,501	14,844	179,673
3% Redeemable Secured Bonds 2000/2005	26	90,124	90,124	90,124	90,124
Deferred tax liabilities	28	5,098	5,098	-	-
Redeemable Convertible Secured Notes 2003/2008	29	230,926	-	230,926	-
		(353,371)	(313,688)	(336,132)	(269,816)
Net Assets		497,944	505,821	482,553	496,646
Financed by:					
Issued capital	30	257,630	255,888	257,630	255,888
Share premium		206,294	205,949	206,294	205,949
Capital reserve	27	3,039	3,039	3,039	3,039
Irredeemable Convertible Secured Loan Stocks 2000/2005	31	190,351	192,375	190,351	192,375
Redeemable Convertible Secured Notes 2003/2008	29	57,895	-	57,895	-
Reserve on consolidation		29,533	29,533	-	-
Accumulated losses		(246,798)	(180,963)	(232,656)	(160,605)
		497,944	505,821	482,553	496,646

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

Statements Of Changes In Equity
For The Year Ended 31st March, 2004

The Group	Note	Issued capital RM'000	Share premium RM'000	Reserve on consolidation RM'000	Revaluation reserve RM'000	Capital reserve RM'000	Irredeemable convertible secured loan stocks RM'000	Redeemable convertible secured notes RM'000	Accumulated loss RM'000	Net RM'000
		← Non-distributable →								
Balance at 1st April, 2002		255,888	205,949	29,533	1,854	3,039	192,375	-	(86,934)	601,704
Impairment loss on hotel property		-	-	-	(1,854)	-	-	-	-	(1,854)
Loss for the financial year		-	-	-	-	-	-	-	(94,029)	(94,029)
Balance at 31st March, 2003		255,888	205,949	29,533	-	3,039	192,375	-	(180,963)	505,821
Arising from issuance of Redeemable Convertible Secured Notes	29	-	-	-	-	-	-	57,895	-	57,895
Arising from conversion of Irredeemable Convertible Secured Loan Stocks	31	1,742	345	-	-	-	(2,024)	-	-	63
Loss for the financial year		-	-	-	-	-	-	-	(65,835)	(65,835)
Balance at 31st March, 2004		257,630	206,294	29,533	-	3,039	190,351	57,895	(246,798)	497,944

The Company	Note	Issued capital RM'000	Share premium RM'000	Capital reserve RM'000	Irredeemable convertible secured loan stocks RM'000	Redeemable convertible secured notes RM'000	Accumulated loss RM'000	Net RM'000
		← Non-distributable →						
Balance at 1st April, 2002		255,888	205,949	3,039	192,375	-	(121,461)	535,790
Loss for the financial year		-	-	-	-	-	(39,144)	(39,144)
Balance at 31st March, 2003		255,888	205,949	3,039	192,375	-	(160,605)	496,646
Arising from issue of Redeemable Convertible Secured Notes	29	-	-	-	-	57,895	-	57,895
Arising from conversion of Irredeemable Convertible Secured Loan Stocks	31	1,742	345	-	(2,024)	-	-	63
Loss for the financial year		-	-	-	-	-	(72,051)	(72,051)
Balance at 31st March, 2004		257,630	206,294	3,039	190,351	57,895	(232,656)	482,553

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

Cash Flow Statements
For The Year Ended 31st March, 2004

		The Group		The Company	
		2004	2003	2004	2003
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(65,831)	(96,529)	(72,051)	(39,144)
Adjustments for:					
Finance costs		12,416	24,963	9,566	20,185
Depreciation of property, plant and equipment		1,638	1,778	899	1,038
Provision for foreseeable loss on development properties		1,607	4,197	1,607	4,197
Allowance for doubtful receivables		1,268	15,939	-	2,299
Pre-cropping expenditure written off		201	243	201	243
Gain on disposal of real property assets		(2,616)	(2,252)	(2,616)	(2,252)
Interest income		(159)	(31)	(133)	(21)
Gain on disposal of property, plant and equipment		(31)	-	(2)	-
Impairment loss on hotel properties		-	54,477	-	-
Inventory written down		-	507	-	507
Property, plant and equipment written off		-	2	-	2
Allowance for diminution in investment in a subsidiary company		-	-	-	3,511
Allowance for advances to a subsidiary company		-	-	8,819	9,201
Operating (Loss)/Profit Before Working Capital Changes		(51,507)	3,294	(53,710)	(234)
Decrease/(Increase) in:					
Advances to subsidiary companies		-	-	(31,775)	(1,202)
Property development project		(40)	12,701	(40)	12,701
Inventories		30	(16,365)	78	(16,353)
Trade receivables		3,467	1,399	2,734	2,463
Other receivables, deposits and prepayments		2,286	(1,305)	2,123	(2,864)
(Decrease)/Increase in:					
Trade payables		(1,035)	1,415	530	1,840
Amount owing to a director		(393)	968	(393)	968
Amount owing to a subsidiary company		-	-	2,727	1,834
Other payables and accrued expenses		(14,222)	(4,465)	(12,027)	(9,952)
Net Cash Used In Operations		(61,414)	(2,358)	(89,753)	(10,799)
Tax refund		-	6	-	6
Tax paid		(2)	-	-	-
Net Cash Used In Operating Activities		(61,416)	(2,352)	(89,753)	(10,793)

Cash Flow Statements
For The Year Ended 31st March, 2004 (cont'd)

	Note	The Group 2004 RM'000	The Group 2003 RM'000	The Company 2004 RM'000	The Company 2003 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of real property assets		2,407	3,534	2,407	3,534
Interest received		159	31	133	21
Proceeds from issuance of shares		63	-	63	-
Proceeds from disposal of property, plant and equipment		8	-	5	-
Purchase of property, plant and equipment		(2,011)	(3,227)	(1,874)	(1,400)
Net Cash Generated From Investing Activities		626	338	734	2,155
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of Redeemable Convertible Secured Notes 2003/2008		288,821	-	288,821	-
(Repayment)/Drawdown of term loans		(209,726)	29,006	(186,544)	29,173
Interest paid		(12,416)	(24,963)	(9,566)	(20,185)
(Repayment)/Drawdown of hire purchase payables		(1,014)	(1,659)	257	(24)
Increase in deposits pledged to licensed banks		(6)	(141)	(6)	(141)
Net Cash Generated From Financing Activities		65,659	2,243	92,962	8,823
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,869	229	3,943	185
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		62	(167)	267	82
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	4,931	62	4,210	267

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

Notes To The Financial Statements

1. GENERAL INFORMATION

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

There was no significant change in the nature of these activities of the Group and of the Company during the financial year.

The number of employees at the end of the financial year amounted to 614 (2003: 627) employees in the Group and 106 (2003: 101) employees in the Company.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad ("BMSB") (formerly known as Kuala Lumpur Stock Exchange).

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

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on 21st July, 2004.

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 approved accounting standards of the Malaysian Accounting Standards Board.

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.

The following accounting policies adopted by the Company are consistent with those adopted in the previous years except for the adoption of the following new Malaysian Accounting Standards Board ("MASB") standards which are effective in the current financial year.

(i) MASB 25, Income Taxes which is applied retrospectively. The adoption does not have any significant impact on the financial statements.

(ii) MASB 29, Employee Benefits, which is applied prospectively. The adoption does not have any significant impact on the financial statements.

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, 2004. The financial statements of the subsidiary companies are consolidated into the financial statements of the Company using the acquisition method of accounting. All significant intercompany transactions and balances are eliminated on consolidation.

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

Goodwill/reserve on consolidation represents the excess/deficit of the fair value of purchase consideration of subsidiary company acquired over the Group's share of the fair value of their separate net assets at the date of acquisition.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue (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

In previous years, the tax effects of transactions were recognised, using the 'liability' method, in the year such transactions entered into the determination of net income regardless of when they were recognised for tax purposes except when the timing differences were not expected to crystallise in the foreseeable future. However, when timing difference would result in net deferred tax assets, the tax effects were recognised only upon actual realisation.

During the current financial year, the Group and the Company adopted MASB Standard 25: Income Taxes. Upon adoption of MASB 25, the tax effects of transactions are recognised, using the "balance sheet" method and all taxable temporary differences are recognised. Where such temporary differences give rise to net deferred tax asset, the tax effects are recognised to the extent that it is probable that taxable profits will be available against which the deferred tax benefits can be utilised.

The adoption of MASB 25, which is applied retrospectively, does not have any significant impact on the financial statements of the Group and the Company.

Foreign Currency Conversion

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

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

	2004 RM	2003 RM
Foreign currency		
1 US Dollar	3.80	3.80
1 Singapore Dollar	2.28	2.08
100 Hong Kong Dollars	49.23	46.68

Real Property Assets

Real property assets comprise land held for future development. Land held for future development is stated at cost. When significant development work has been undertaken and are 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 and Depreciation

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

Freehold land is not depreciated. Leasehold land is amortised in equal instalments over the period of the lease of 46 years (unexpired portion of lease as of 31st March, 2004 : 30 years). Other property, plant and equipment are depreciated on the straight-line basis to write down the cost of the assets to their residual values over their estimated useful lives, summarised as follows:

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

Hotel properties are initially stated at cost and 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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment and Depreciation (cont'd)

to appraise the hotel properties once in every five years, based on their open market value. Surpluses arising on revaluation are credited to Revaluation Reserve. Any deficit arising from revaluation is charged against the Revaluation Reserve to the extent of a previous surplus held in the Revaluation Reserve of the same asset. In all other cases, a decrease in carrying amount is charged to income statements.

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

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the revaluation surplus of that same asset.

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

Property, Plant and Equipment Under Hire-Purchase Arrangements

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

Pre-cropping Expenditure

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

Investment in Subsidiary Companies

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost in the Company's financial statements. Where there is an indication of impairment in the value of the assets, the carrying amount of the impairment is assessed and written down immediately to its recoverable amount.

Property Development Projects

Property development projects consist of land held for development, related development costs incurred, and portion of profit attributable to the development work performed to date, less applicable progress billings and allowance for foreseeable loss.

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

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

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

Inventories

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.

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (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 period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

The adoption of MASB 29, which is applied prospectively, does not have any signification impact on the financial statements of the Group and the Company.

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

Financial Assets

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

Financial Liabilities and Equity Instruments

Significant financial liabilities include trade and other payables, bank loans and overdrafts and hire-purchase payables.

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

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

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

Cash Flow Statements

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

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

4. SEGMENT REPORTING

The Group is organised into four main business segments:

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

4. SEGMENT REPORTING (CONT'D)

	Hotel operations RM'000	Construction and property development RM'000	Cultivation of oil palm RM'000	Others RM'000	Group RM'000
2004					
REVENUE					
External revenue	24,478	6,896	6,594	29	37,997
RESULTS					
Segment result (external)	230	(4,397)	4,943	-	776
Unallocated income					-
Unallocated costs					(54,191)
Loss from operations					(53,415)
Finance costs					(12,416)
Loss before tax					(65,831)
Income tax expense					(4)
Loss after tax					(65,835)
Minority interest					-
Loss attributable to shareholders					(65,835)
OTHER INFORMATION					
Segment assets	717,772	157,742	22,351	-	897,865
Unallocated assets					-
Total assets					897,865
Segment liabilities	43,452	4,539	746	-	48,737
Unallocated liabilities					351,184
Total liabilities					399,921
Depreciation	739	70	829	-	1,638

4. SEGMENT REPORTING (CONT'D)

	Hotel operations RM'000	Construction and property development RM'000	Cultivation of oil palm RM'000	Others RM'000	Group RM'000
2004					
Capital expenditure	137	483	1,391	-	2,011
Impairment loss					
- included in income statement	-	-	-	-	-
- included in revaluation reserve	1,854	-	-	-	1,854
2003					
REVENUE					
External revenue	25,342	2,898	6,052	-	34,292
RESULTS					
Segment result (external)	(65,318)	(4,901)	2,083	-	(68,136)
Unallocated income					20
Unallocated costs					(3,450)
Loss from operations					(71,566)
Finance costs					(24,963)
Loss before tax					(96,529)
Income tax expense					2,500
Loss after tax					(94,029)
Minority interest					-
Loss attributable to shareholders					(94,029)
OTHER INFORMATION					
Segment assets	719,605	159,866	20,614	-	900,085
Unallocated assets					1,117
Total assets					901,202

4. SEGMENT REPORTING (CONT'D)

	Hotel operations RM'000	Construction and property development RM'000	Cultivation of oil palm RM'000	Others RM'000	Group RM'000
2003					
Segment liabilities	(71,707)	(2,714)	(225)	-	(74,646)
Unallocated liabilities					(320,735)
Total liabilities					(395,381)
Depreciation	740	-	839	199	1,778
Capital expenditure	1,828	-	639	760	3,227
Impairment loss					
- included in income statement*	54,477	-	-	-	54,477
- included in revaluation reserve	1,854	-	-	-	1,854

* Included in segment result.

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

Unallocated costs represent general administrative, head office and other expenses that arise at corporate level and related to the Group as a whole.

Unallocated liabilities consist primarily of borrowings taken at corporate level.

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

5. REVENUE

	The Group 2004 RM'000	The Group 2003 RM'000	The Company 2004 RM'000	The Company 2003 RM'000
Hotel operations	24,478	25,342	-	-
Cultivation of oil palm	6,594	6,052	6,594	6,052
Property development	6,896	2,898	6,896	2,898
Others	29	-	-	-
	37,997	34,292	13,490	8,950

6. LOSS FROM OPERATIONS

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

		The Group		The Company	
		2004	2003	2004	2003
	Note	RM'000	RM'000	RM'000	RM'000
After charging:					
Restructuring costs	29	54,191	-	54,191	-
Staff costs		10,328	10,199	1,536	1,557
Depreciation of property, plant and equipment		1,638	1,778	899	1,038
Provision for foreseeable losses on property development projects		1,607	4,197	1,607	4,197
Directors' remuneration	7	1,650	1,282	1,228	1,032
Allowance for doubtful receivables		1,268	15,939	-	2,299
Rental of hotel rooms		1,080	-	-	-
Pre-cropping expenditure written off		201	243	201	243
Auditors' remuneration:					
- statutory		61	79	28	37
- non-statutory		30	51	16	33
- under provision		-	1	-	-
Rental of equipment		2	-	-	-
Impairment loss on hotel properties		-	54,477	-	-
Inventory written down		-	507	-	507
Property, plant and equipment written off		-	2	-	2
Allowance for diminution in investment in a subsidiary company		-	-	-	3,511
Allowance for advances to a subsidiary company		-	-	8,819	9,201
And crediting:					
Gain on disposal of real property assets		2,616	2,252	2,616	2,252
Interest income		159	31	133	21
Rental income		120	110	-	-
Gain on disposal of property, plant and equipment		31	-	2	-
Realised foreign exchange gain		9	15	-	-

Staff costs include salaries, bonuses, contributions to employees provident fund and all other staff related expenses. Contributions to Employees' Provident Fund ("EPF") of the Group and the Company amounted to RM980,102 (2003: RM1,039,692) and RM135,027 (2003: RM211,880) respectively.

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Fees	416	296	45	132
Other emoluments	1,234	986	1,183	900
	1,650	1,282	1,228	1,032

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:

	2004	2003
	Number	Number
Amounts in RM'000		
Non-executive Directors		
50 and below	3	2
50 – 100	-	1
Executive Directors		
50 – 100	1	-
100 – 150	1	1
150 – 200	3	3
250 – 300	1	1

8. FINANCE COSTS

Finance costs comprise interest on:

	The Group		The Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Term loans	7,942	19,298	5,891	15,675
3% Redeemable Secured Bonds 2000/2005	2,704	2,704	2,704	2,704
Hire-purchase	698	1,054	7	5
Revolving credits	863	1,766	863	1,766
Bank overdraft	102	138	-	32
Others	107	3	101	3
	12,416	24,963	9,566	20,185

9. INCOME TAX (EXPENSE)/CREDIT

	The Group		The Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Current year tax expenses	(4)	-	-	-
Deferred taxation (Note 28)	-	2,500	-	-
Tax credit/(expense)	(4)	2,500	-	-

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

	The Group		The Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Loss before tax	(65,831)	(96,529)	(72,051)	(39,144)
Tax at statutory tax rates of 28%	18,433	27,028	(20,174)	(10,960)
Expenses not deductible for tax purposes	(13,898)	(6,020)	16,072	5,961
Deferred tax assets not recognised	(4,539)	(21,008)	4,102	4,999
Reversal of deferred tax arising from impairment loss on hotel property	-	2,500	-	-
	(4)	2,500	-	-

10. LOSS PER SHARE

(a) Basic loss per share

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

	2004	2003
	RM'000	RM'000
Loss attributable to shareholders	65,835	94,029
Weighted average number of ordinary shares in issue ('000)	256,598	255,888
Basic loss per share (sen)	25.66	36.75

(b) Diluted loss per share

No diluted loss per share is presented for 2004 and 2003 respectively as the conversion of warrants, irredeemable convertible secured loan stocks 2000/2005 and redeemable convertible secured notes 2003/2008 are not dilutive.

11. REAL PROPERTY ASSETS

	The Group and the Company	
	2004	2003
	RM'000	RM'000
Freehold land, at cost	76,925	81,736
Fair value	79,910	86,690

The freehold land is charged to several financial institutions as security for Redeemable Convertible Secured Notes 2003/2008 issued by the Company (Note 29).

12. PROPERTY, PLANT AND EQUIPMENT

The Group	At beginning of year RM'000	Additions RM'000	Disposals/ Write offs RM'000	At end of year RM'000
Cost (unless otherwise stated)				
Hotel property				
- at cost	109,563	-	-	109,563
- at 2000 valuation	545,000	-	-	545,000
Hotel property work-in- progress	97,970	-	-	97,970
Short-term leasehold land	13,000	-	-	13,000
Building	750	-	-	750
Office equipment	3,243	85	(27)	3,301
Plant, machinery and equipment	2,892	53	-	2,945
Renovations	567	-	-	567
Furniture and fittings	1,832	40	(5)	1,867
Motor vehicles	2,876	442	(636)	2,682
Pre-cropping expenditure	12,800	1,391	(652)	13,539
Total	790,493	2,011	(1,320)	791,184
Accumulated Depreciation				
Hotel property				
- at cost	-	-	-	-
- at 2000 valuation	-	-	-	-
Hotel property work-in- progress	-	-	-	-
Short-term leasehold land	4,357	283	-	4,640
Building	50	75	-	125
Office equipment	2,204	161	(24)	2,341
Plant, machinery and equipment	1,011	296	-	1,307
Renovations	451	26	-	477
Furniture and fittings	1,317	91	(5)	1,403
Motor vehicles	2,600	275	(633)	2,242
Pre-cropping expenditure	1,684	431	(451)	1,664
Total	13,674	1,638	(1,113)	14,199

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

The Group	2004 RM'000	2003 RM'000	Net Book Value 2004 RM'000	Net Book Value 2003 RM'000	Depreciation charge 2003 RM'000
Allowance for impairment loss					
Hotel property					
- at cost	-	-	109,563	109,563	-
- at 2000 valuation	50,000	50,000	495,000	495,000	-
Hotel property work-in-progress	6,331	6,331	91,639	91,639	-
Short-term leasehold land	-	-	8,360	8,643	282
Building	-	-	625	700	50
Office equipment	-	-	960	1,039	176
Plant, machinery and equipment	-	-	1,638	1,881	290
Renovations	-	-	90	116	58
Furniture and fittings	-	-	464	515	162
Motor vehicles	-	-	440	276	258
Pre-cropping expenditure	-	-	11,875	11,116	502
Total	56,331	56,331	720,654	720,488	1,778

The Company	At beginning of year RM'000	Additions RM'000	Disposals/ Write offs RM'000	At end of year RM'000
Cost				
Short-term leasehold land	13,000	-	-	13,000
Building	750	-	-	750
Office equipment	1,528	38	(27)	1,539
Plant, machinery and equipment	142	-	-	142
Renovations	567	-	-	567
Furniture and fittings	667	3	(5)	665
Motor vehicles	1,510	442	-	1,952
Pre-cropping expenditure	12,800	1,391	(652)	13,539
Total	30,964	1,874	(684)	32,154

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

The Company	At beginning of year RM'000	Additions RM'000	Disposals/ Write offs RM'000	At end of year RM'000	Net Book Value 2004 RM'000	Depreciation charge 2003 RM'000	2003 RM'000
Accumulated Depreciation							
Short-term leasehold land	4,357	283	-	4,640	8,360	8,643	282
Building	50	75	-	125	625	700	50
Office equipment	1,455	27	(24)	1,458	81	73	44
Plant, machinery and equipment	126	4	-	130	12	16	3
Renovations	451	26	-	477	90	116	58
Furniture and fittings	664	2	(5)	661	4	3	65
Motor vehicles	1,455	51	-	1,506	446	55	34
Pre-cropping expenditure	1,684	431	(451)	1,664	11,875	11,116	502
Total	10,242	899	(480)	10,661	21,493	20,722	1,038

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

	The Group 2004 RM'000	The Group 2003 RM'000	The Company 2004 RM'000	The Company 2003 RM'000
Net book value				
Hotel property, at valuation	21,884	21,884	-	-
Hotel property, at cost	6,011	6,011	-	-
Plant, machinery and equipment	1,008	1,174	-	-
Motor vehicle	800	756	353	49
	29,703	29,825	353	49

The short term leasehold land has been charged to secure the RM190,351,000 Irredeemable Convertible Secured Loan Stocks 2000/2005 (Note 31) and RM90,124,000 3% Redeemable Secured Bonds 2000/2005 (Note 26) issued by the Company.

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use with cost of approximately RM4,384,000 (2003: RM4,788,000) and RM3,935,000 (2003: RM3,776,000) respectively.

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

Hotel property

The hotel property stated at valuation of RM545,000,000 was revalued during the financial year ended 31st March, 2001 based on a valuation report dated 20th July, 2000 by an independent valuer, Henry Butcher, Lim & Long Sdn. Bhd., using an open market value basis. In conjunction with the impairment review carried at previous financial year end, the Directors recognised an impairment loss of RM50,000,000. The loss on impairment has been dealt with in the revaluation reserve account and income statement for the previous financial year.

The hotel property at valuation has been charged to several licensed financial institutions to secure the RM190,351,000 Irredeemable Convertible Secured Loan Stocks 2000/2005 (Note 31) and RM90,124,000 3% Redeemable Secured Bonds 2000/2005 (Note 26) and RM288,821,000 Redeemable Convertible Secured Notes 2003/2008 (Note 29) issued by the Company.

The net book value of the revalued hotel property is RM393,011,000 (2003: RM393,011,000) should the hotel property be stated at cost.

Hotel property work-in-progress

In conjunction with the impairment review carried out at previous financial year end, the Directors have recognised an impairment loss of RM6,293,000 in relation to the reported carrying value of the hotel property work-in-progress of RM96,293,000 as at 31st March, 2003. The impairment loss has been dealt with in the income statement for the previous financial year.

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

13. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2004	2003
	RM'000	RM'000
Unquoted shares, at cost	557,984	557,984
Less: Allowance for diminution in value	(3,511)	(3,511)
Net	554,473	554,473

13. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of Company	Group effective interest 2004 %	2003 %	Principal activities
Dynawell Corporation (M) Sdn. Bhd.	100	100	Hotel and service apartment operations and management and property development
*KSB Requirements & Rest Sdn. Bhd.	70	70	Hotel operation and management and property development
*Gula Perak Land Sdn. Bhd.	100	100	Property management
*Rumpun Dahlia Sdn. Bhd. (i)	100	100	Property development and construction
Held by Rumpun Dahlia Sdn. Bhd.			
*Cartel Properties Sdn. Bhd.	100	100	Property development and investment

* Not audited by Deloitte KassimChan

(i) The share certificates of the subsidiary company are pending registration in the name of the Company.

14. PROPERTY DEVELOPMENT PROJECTS

	The Group and the Company 2004 RM'000	2003 RM'000
Freehold land - at cost	7,708	8,139
Development expenditure	63,224	67,650
	70,932	75,789
Less: Non-current portion	(41,955)	(45,422)
	28,977	30,367
Add: Portion of profit attributable to development work performed todate less foreseeable losses on uncompleted projects	2,271	(914)
	31,248	29,453
Less: Progress billings	(19,986)	(20,090)
Current portion	11,262	9,363

In the previous financial year, certain of the above properties of the Group and the Company with carrying value of approximately RM6,631,000 have been charged to a licensed financial institution to secure the Syndicated Term Loan II (Note 25 (b)) granted to the Company.

Certain of the above properties of the Group and the Company with carrying value of approximately RM1,676,000 have been charged to a licensed financial institution to secure the Term Loan III (Note 25 (g)) granted to the Company.

15. ADVANCES TO SUBSIDIARY COMPANIES

	The Company 2004 RM'000	2003 RM'000
Advances to subsidiary companies	136,178	104,403
Less: Allowance for doubtful receivables	(18,020)	(9,201)
Net	118,158	95,202

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

16. INVENTORIES

	The Group		The Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
At cost				
Estate consumables	21	59	21	59
Food, beverages and supplies	568	520	-	-
Land held for sale	4,754	4,754	4,754	4,754
Completed development properties held for sale	11,039	10,519	11,039	10,519
	16,382	15,852	15,814	15,332
At net realisable value				
Completed development properties held for sale	-	560	-	560
	16,382	16,412	15,814	15,892

Certain of the above development properties of the Group and the Company with carrying value of approximately RM8,495,000 have been charged to several financial institutions to secure the Redeemable Convertible Secured Notes 2003/2008 issued by the Company (Note 29).

In the previous financial year, certain of the above development properties of the Group and the Company with carrying value of approximately RM8,495,000 have been charged to a licensed financial institution to secure the Syndicated Term Loan II (Note 25(b)) granted to the Company.

Certain of the above development properties of the Group and the Company with carrying value of RM1,108,000 (2003: RM1,108,000) have been charged to a licensed financial institution to secure the Term Loan I (Note 25(f)) granted to a subsidiary company.

Certain of the above development properties of the Group and the Company with carrying value of approximately RM369,000 (2003: RM789,000) have been charged to a licensed financial institution to secure the Term Loan III (Note 25(g)) granted to the Company.

The land held for sale by the Group and the Company with carrying value of RM4,754,000 (2003: RM4,754,000) has been charged to a licensed financial institution to secure the hire purchase payables of RM5,375,000 (2003: RM5,620,000) granted to a subsidiary company (Note 24).

17. TRADE RECEIVABLES

	The Group		The Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Trade receivables	32,418	36,071	10,010	12,180
Less: Allowance for doubtful receivables	(20,096)	(19,264)	(8,143)	(7,579)
Net	12,322	16,807	1,867	4,601

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

(ii) The Group and the Company sold some properties and provided operating space to certain trade debtors in prior financial years, which resulted in total outstanding amounts of RM5,967,000 (2003: RM9,231,000) and RM2,169,000 (2003: RM4,583,000) of the total net receivables of the Group and the Company respectively as at 31st March, 2004. The debts are fully secured by collaterals valued based on independent valuation reports and estimated market values of the respective collaterals.

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Other receivables	21,995	19,227	6,662	4,508
Less: Allowance for doubtful receivables	(10,549)	(10,279)	(649)	(1,379)
Net	11,446	8,948	6,013	3,129
Deposits	570	440	336	301
Prepayments	78	192	2	23
	12,094	9,580	6,351	3,453

Credit risk of non-trade receivables of the Company is restricted to amounts owing primarily by two companies amounting to RM1,421,000 (2003: RM1,421,000) and the debts are secured by properties. The Director's estimate of the value of the respective collaterals is based on independent valuation reports of properties during the financial year.

In addition to the above, concentration of credit risk of non-trade receivables of the Group also includes a net amount due from a non-trade debtor of a subsidiary company amounting to RM3,098,000 (2003: RM3,080,000).

19. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	5,557	342	4,171	141
Deposits with licensed finance company	-	67	-	67
Cash and bank balances	714	985	186	200
Bank overdraft (Note 25 (e))	(1,193)	(1,191)	-	-
Less: Deposits with licensed banks pledged	(147)	(141)	(147)	(141)
	4,931	62	4,210	267

Certain deposits with licensed banks of the Group and Company of RM147,000 (2003: RM141,000) are pledged to financial institutions as security for the bank guarantee facilities granted to the Group and the Company.

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

	The Group		The Company	
	2004	2003	2004	2003
	%	%	%	%
Deposits with licensed banks	4.00	4.00	4.00	4.00
Deposits with licensed finance company	3.20	3.20	3.20	3.20

Deposits of the Group and the Company have an average maturity of 12 months (2003: 12 months).

20. TRADE PAYABLES

Trade payable comprise amounts outstanding for trade purchases and ongoing costs. The average credit period granted to the Group and the Company for trade purchases is 30 to 90 days (2003: 30 to 90 days).

21. AMOUNT OWING TO A DIRECTOR

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

22. AMOUNT OWING TO A SUBSIDIARY COMPANY

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

23. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Other payables	7,312	3,980	948	1,210
Accrued expenses	9,123	6,652	572	323
Deposits received	2,263	2,275	894	909
Interest payable	4,552	24,565	4,172	16,171
	23,250	37,472	6,586	18,613

24. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Total outstanding obligations	12,014	13,657	365	49
Less: Interest-in-suspense	(3,826)	(4,455)	(67)	(8)
Principalutstanding	8,188	9,202	298	41
Less: Amount due within 12 months (shown under current liabilities)	(5,836)	(4,237)	(60)	(22)
Non-current portion	2,352	4,965	238	19

The non-current portion is repayable as follows:

	The Group		The Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Financial years ending 31st March,				
2005	-	3,439	-	19
2006	1,164	1,062	41	-
2007 and after	1,188	464	197	-
	2,352	4,965	238	19

Hire purchase payables are effectively secured as the rights to the hired assets revert to the financial institution in the event of default. In addition, hire purchase payables of a subsidiary company of RM5,375,000 (2003: RM5,620,000) are secured against the land held for sale of the Company (Note 16).

The effective interest rates applicable to the hire purchase range from 6.85% to 8.00% (2003: 9.4%) per annum and 6.85% to 8.00% (2003: 9.40%) per annum for the Group and the Company respectively.

25. BORROWINGS (SECURED AND INTEREST BEARING)

	Note	The Group 2004 RM'000	The Group 2003 RM'000	The Company 2004 RM'000	The Company 2003 RM'000
Current					
Syndicated Term Loan I	(a)	-	-	-	-
Syndicated Term Loan II	(b)	-	-	-	-
Syndicated Term Loan III	(c)	6,000	-	6,000	-
Revolving credit	(d)	-	27,715	-	27,715
Bank overdraft	(e)	1,193	1,191	-	-
Term Loan I	(f)	166	167	-	-
Term Loan III	(g)	2,700	2,700	2,700	2,700
Term Loan II	(h)	775	155	-	-
		10,834	31,928	8,700	30,415
Non- Current					
Syndicated Term Loan I	(a)	-	21,000	-	-
Syndicated Term Loan II	(b)	-	179,673	-	179,673
Syndicated Term Loan III	(c)	14,844	-	14,844	-
Term Loan I	(f)	417	583	-	-
Term Loan II	(h)	9,610	12,245	-	-
		24,871	213,501	14,844	179,673
Total		35,705	245,429	23,544	210,088
Currency exposure profile					
US Dollar		729	16,751	729	16,751
Ringgit Malaysia		34,976	228,678	22,815	193,337
		35,705	245,429	23,544	210,088

The non-current portion of the borrowings as of 31st March, 2004 is payable as follows:

	The Group 2004 RM'000	The Group 2003 RM'000	The Company 2004 RM'000	The Company 2003 RM'000
Financial years ending 31st March,				
2005	-	21,322	-	-
2006	6,942	787	6,000	-
2007 and after	17,929	191,392	8,844	179,673
	24,871	213,501	14,844	179,673

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

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

	The Group		The Company	
	2004	2003	2004	2003
	%	%	%	%
Weighted average effective interest rate				
Syndicated Term Loan I	N/A	8.74	N/A	N/A
Syndicated Term Loan II	N/A	8.35	N/A	8.35
Syndicated Term Loan III	6.00	N/A	6.00	N/A
Revolving credit	N/A	6.35	N/A	6.35
Bank overdraft	8.50	9.00	N/A	N/A
Term Loan I	8.00	8.40	N/A	N/A
Term Loan II	8.50	8.90	N/A	N/A
Term Loan III	9.40	9.95	9.40	9.95

N/A - not applicable.

The details of the borrowings are as follows:

(a) The Syndicated Term Loan I is secured by a first legal charge over a subsidiary company's hotel property, corporate guarantee of a local company and jointly and severally guaranteed by certain Directors of the subsidiary company and third party.

This loan has been subject to the Debt Restructuring Scheme which was completed on 15th July, 2003 as set out in Note 35.

(b) The Syndicated Term Loan II obtained from Guarantor banks to redeem the RM150,000,000 nominal value of 3% Guaranteed Redeemable Bonds 1995/2000 upon its maturity on 21st December, 2000. The loan is secured by a first legal charge over the Company's certain developed properties and a subsidiary company's hotel property.

The loan has been subject to the Debt Restructuring Scheme which was completed on 15th July, 2003 as set out in Note 35.

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

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

(d) The revolving credit facilities granted to the Company are secured against certain of the Company's real property assets.

This loan has been subject to the Debt Restructuring Scheme which was completed on 15th July, 2003 as set out in Note 35.

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

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

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

The loan is repayable in 72 monthly instalments of RM17,926 each, inclusive of interest, with effect from 21st September, 2001.

(g) The Term Loan III is secured by a first party fixed charge over certain of the Company's development properties and repayable within one year.

(h) The Term Loan II is secured by a third party fixed charge over the subsidiary company's landed 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 subsidiary company.

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

26. 3% REDEEMABLE SECURED BONDS 2000/2005

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

The principal terms of the Bonds are as follows:

(a) Face value: RM90,124,000;

(b) Coupon: Coupon on the Bonds will accrue at 3% per annum based on the face value and shall be paid in arrears on each of the first four anniversaries of the issue date. The last payment will be made on the maturity date;

(c) Tenure: 5 years from the date of issue;

(d) Maturity date: The date preceding the fifth anniversary of the date of issue of the Bonds;

(e) Purchase and redemption: the Company shall not be at liberty to redeem the Bonds except in accordance with:

  (i) Purchases - the Company or any of its subsidiary company may at any time purchase the Bonds by private treaty;

  (ii) Mandatory redemption - Unless previously redeemed and cancelled, the Bonds will be redeemed by the Company at 100% of the nominal amount on the Maturity Date together with the last annual coupon payment.

(f) Status of Bonds: The Bonds will rank pari passu without any preference or priority among themselves but will rank in priority to the holders of Irredeemable Convertible Secured Loan Stocks 2000/2005 in relation to the assets secured; and

(g) Listing: The Bonds will not be listed on the BMSB.

27. 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.

The Company did not have sufficient funds to secure the redemption of the RM150 million 3% Guaranteed Redeemable Bonds 1995/2000 due on 21st December, 2000 and as a consequence, the bank guarantee for the Guaranteed Bonds has been invoked for repayment to the bondholders. The Company has undertaken a Debt Restructuring Scheme set out in Note 35 to repay the Guarantor banks and also certain borrowings of the Company and the Group.

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, Supplemental Deed Poll dated 2nd May, 1997 and Second Supplemental Deed Poll dated 31st March, 1999.

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 a Deed Poll dated 22nd March, 2001.

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

As at 31st March, 2004, 13,431,047 (2003: 13,431,047) and 60,780,153 (2003: 60,780,153) Existing Warrants and Replacement Warrants respectively remained unexercised.

28. DEFERRED TAX LIABILITIES

	The Group	
	2004	2003
	RM'000	RM'000
At beginning of the financial year	5,098	7,598
Impairment loss on hotel property		
- credited to income statement (Note 9)	-	(2,500)
	5,098	5,098

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

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

As at 31st March, 2004, 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, is as follows:

28. DEFERRED TAX LIABILITIES (CONT'D)

	Deferred Tax Assets			
	The Group		The Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Tax effects of:				
Excess of tax capital allowance overbook depreciation of property, plant and equipment	(1,642)	(1,500)	(472)	(451)
Unabsorbed capital allowances	28,370	25,707	410	359
Unutilised tax losses	20,076	15,847	13,874	9,802
Allowance for doubtful receivables	456	386	-	-
	47,260	40,440	13,812	9,710

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

29. REDEEMABLE CONVERTIBLE SECURED NOTES 2003/2008

	The Group and the Company	
	2004	2003
	RM'000	RM'000
At beginning of year	-	-
Issuance during the year	288,821	-
	288,821	-
Less: Liability component of RCSN 2003/2008 at issuance	(230,926)	-
Equity component of RCSN 2003/2008 at issuance	57,895	-

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

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

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

The RCSN has a coupon rate of 6% whereby the coupon payments for the first three (3) years are being paid upfront through the issuance of additional RCSN to the Lenders and are payable in cash on the fourth (4th) and fifth (5th) anniversary dates of the RCSN.

The coupon payments for the first three years of RM54,190,684 have been included as part of the restructuring cost of the Company and have been accordingly charged to the income statements of the Group and the Company for the current financial year. The Directors are of the opinion that it is appropriate to charge the said costs to the income statement immediately as these costs form an integral part of the debt restructuring costs of the Company.

30. SHARE CAPITAL

The share capital is represented by:

	The Group and the Company	
	2004	2003
	RM'000	RM'000
Authorised:		
Ordinary shares of RM1 each	1,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
Balance at beginning of year	255,888	255,888
Issued during the year pursuant to the conversion of ICSLS 2000/2005	1,742	-
Balance at end of year	257,630	255,888

During the financial year, the issued and fully paid up share capital of the Company was increased from 255,888,300 ordinary shares of RM1.00 each to 257,629,687 ordinary shares of RM1.00 each by the issue of 1,741,387 new ordinary shares of RM1.00 each arising from the conversion of RM2,023,550 nominal amount of Irredeemable Convertible Secured Loan Stocks 2000/2005 (ICSLS 2000/2005) (Note 32) on the following basis:

(i) 1,410,787 new ordinary shares of RM1.00 each by virtue of the conversion of RM1,692,950 ICSLS 2000/2005 on the basis of one new ordinary share of RM1.00 each in exchange for every RM1.20 nominal amount of ICSLS 2000/2005.

(ii) 330,600 new ordinary shares of RM1.00 each by virtue of the conversion of RM330,600 ICSLS 2000/2005 on the basis of one new ordinary share of RM1.00 each in exchange for every RM1.00 nominal amount of ICSLS 2000/2005 and a cash payment of RM0.20.

The resulting share premium amounting to RM344,677 has been credited to share premium account.

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

31. IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2000/2005

	The Group and the Company	
	2004	2003
	RM'000	RM'000
Balance at beginning of year	192,375	192,375
Conversion into ordinary shares (Note 30)	(2,024)	-
Balance at end of year	190,351	192,375

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

31. IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2000/2005 (CONT'D)

The principal terms of the ICSLS are as follows:

(a) Nominal value: RM192,375,000;

(b) Coupon: Zero coupon on the nominal value;

(c) Tenure: 5 years from date of issue;

(d) Maturity: The date preceding the fifth anniversary of the date of issue of ICSLS;

(e) Conversion to ordinary shares: The ICSLS shall only be converted into new ordinary shares after the expiry of the third period from the issue date of the ICSLS; and

(f) Conversion rate: The conversion price for the ICSLS shall be RM1.20 per new ordinary share. The conversion rate should be satisfied by the following mode:

(i) Surrendering the ICSLS for the equivalent number of new shares at the conversion rate; or

(ii) Surrendering RM1.00 nominal value of the ICSLS together with an additional cash payment of RM0.20 (being the conversion rate minus RM1.00 nominal value per ICSLS) for each new ordinary share.

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

32. CONTINGENT LIABILITIES (UNSECURED)

	The Company	
	2004	2003
	RM'000	RM'000
Corporate guarantee given to a financial institution for facility granted to a subsidiary company	-	21,000

33. SIGNIFICANT RELATED PARTY DISCLOSURE

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

	The Group	
	2004	2003
	RM'000	RM'000
Purchase of services from the following:		
- Leisure Group Hotel & Resorts Sdn. Bhd. (Management fees for managing the Dynasty Hotel and Empress Hotel, Sepang owned by subsidiary companies)	447	345

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

34. 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 borrowings and deposits. The Group's borrowings are substantially floating rate debts and the Group has no significant exposure to fixed rate debts. As disclosed in Note 35, most of the Group's floating rate debts have been restructured during the financial year.

ii) Market Risk

The Group's principal activities are not exposed to significant risk in price fluctuation, except 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 Notes 17 and 18.

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 and cash flow risk

Liquidity and cash flow risk in the Group is not significant as the Group expects to be able to realise the financial assets at book value and as disclosed in Note 35, the majority of the Group's floating rate debts have been restructured during the financial year.

34. FINANCIAL INSTRUMENTS (CONT'D)

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, 2004 are as follows:

		The Group		The Company	
2004	**Note**	**Carrying Amount RM'000**	**Fair Value RM'000**	**Carrying Amount RM'000**	**Fair Value RM'000**
Financial Assets					
Advances to subsidiary companies	15	-	-	118,158	118,158
Financial Liabilities					
Hire-purchase payables	24	8,188	7,793	298	265
Borrowings (secured and interest bearing)	25	35,705	30,793	23,544	20,021
3% Redeemable Secured Bonds 2000/2005	26	90,124	78,511	90,124	78,511
2003					
Financial Assets					
Advances to subsidiary companies	15	-	-	95,202	95,202
Financial Liabilities					
Hire-purchase payables	24	9,202	10,355	41	41
Borrowings (secured and interest bearing)	25	245,429	245,429	210,088	210,088
3% Redeemable Secured Bonds 2000/2005	26	90,124	79,254	90,124	79,254

(i) Hire-purchase payables, borrowings and 3% Redeemable Secured Bonds 2000/2005

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 value because of the short maturity of these assets and liabilities.

35. DEBT RESTRUCTURING SCHEME

The Debt Restructuring Scheme which the Company first announced on 14th July, 2000, involves the following facilities:

(i) the Syndicated Term Loan II (Note 25 (b)) together with the bank guarantee fees and interest to be incurred up to 30th June, 2002 of RM25.173 million in relation to the RM150 million nominal value of 3% 1995/2000 Guaranteed Redeemable Bonds;

(ii) the revolving credit (Note 25 (d)) lender for settlement of an outstanding amount of RM25 million together with the interest up to 30th June, 2002 to be capitalized of approximately up to RM2.715 million; and

(iii) the Syndicated Term Loan I (Note 25 (a)) lenders for settlement of an outstanding amount of RM21 million together with the interest up to 30th June, 2002 to be capitalised of RM6.242 million.

The Debt Restructuring Scheme of the aforesaid Debts is as follows:

(i) Issuance of the rights to the allotment of RM288.821 million nominal value of five (5) years Redeemable Convertible Secured Notes ("RCSN") by the Company to the Agent, holding on behalf of the Lenders, at 100% of its nominal values;

(ii) Restricted Offer for Sale by the Agent the entire rights to the allotment of up to RM288.821 million nominal value of RCSN to the shareholders of the Company on a non-renounceable basis at an offer price of approximately 81.24 sen per RCSN. The Restricted Offer for Sale is not underwritten i.e., any unsubscribed RCSN will be retained by the Lenders proportionately; and

(iii) Put and call options are as follows:

- YBhg Tan Sri Dato' Lim Cheng Pow ("Tan Sri Dato' Lim"), the Managing Director and a substantial shareholder of the Company, will grant the Lenders a put option whereby the Lenders shall have the right to sell to Tan Sri Dato' Lim a total of RM47.8 million nominal value of the RCSN or whatever amount of RCSN retained by them after the Restricted Offer for Sale, whichever is the lower, proportionately from all Lenders; and

- Simultaneously, the Lenders will grant Tan Sri Dato' Lim a call option whereby Tan Sri Dato' Lim shall have the right to purchase from the Lenders a total of RM47.8 million nominal value of the RCSN or whatever amount of RCSN retained by them after the Restricted Offer for Sale, whichever is the lower, proportionately from all Lenders.

The option price is RM1.00 for every RCSN at nominal value.

On 25th June, 2002, the Company and certain of its Lenders have executed a Settlement Agreement pursuant to the Debt Restructuring Scheme.

On 8th July, 2002, the Company dispatched a circular to its shareholders in relation to the Debt Restructuring Scheme mentioned above. The approval of the said Debt Restructuring Scheme has been obtained from the shareholders at the Company's Extraordinary General Meeting held on 23rd July, 2002.

On 17th September, 2002, the Company announced that the conversion of RCSN is to be fixed at RM1.20 per share.

Approval-in-principle was received on 11th November, 2002 from the BMSB for the admission to the Official List and listing of and quotation for the RM288.821 million nominal value of RCSN to be issued pursuant to the Debt Restructuring Scheme and listing of up to 288.821 million new ordinary shares of RM1.00 each to be issued pursuant to the conversion of the RCSN.

35. DEBT RESTRUCTURING SCHEME (CONT'D)

On 11th December, 2002, a Put and Call Option Agreement was signed between Tan Sri Dato' Lim and the Lenders. The exercise period for the put and call options is the period of fourteen (14) days prior to the day falling on the expiry of the fifth (5th) anniversary from the date of issue of the RCSN ("Option Period"). The put and call options are exercisable at the price of RM1.00 only for every Option RCSN throughout the Option Period. The RCSN have been issued by the Company in the current financial year as mentioned in Note 29.

36. SIGNIFICANT EVENTS

On 4th March, 2004, the Company entered into a Master Sale Agreement as well as thirty-six separate Sale and purchase Agreements and Deeds of Assignment for the proposed acquisition of 36 units of condominiums, which has been divided into 75 units of hotel rooms on levels 14,15 & 16 of Golden City Condominium, situated at Jalan Ipoh, 51200 Kuala Lumpur held under title Geran 26826, 26532-26534, Lot No. 85-88, Section 48, Town of Kuala Lumpur, with Mirage Point (M) Sdn Bhd ("MPSB") for a total purchase consideration of RM35,010,000 ("Proposed Acquisition").

On 17th June, 2004, the Company entered into a Supplementary Agreement with MPSB for a revision in the purchase consideration to RM26,745,000.

The purchase consideration is to be satisfied by way of the issuance of 21,396,000 new ordinary shares of RM1.00 each in the Company at an issue price of RM1.25 per share.

The Proposed Acquisition is pending the approvals of the relevant authorities.

37. COMPARATIVE FIGURES

(a) Certain amounts of the Company in prior years have been reclassified to conform with their presentation in the current financial year.

	As previously stated RM'000	Reclassifications RM'000	As restated RM'000
The Company			
Income statement:			
Administrative expenses (including depreciation of property, plant and equipment)	5,191	(4,255)	936
Other operating expenses	15,011	4,255	19,266

(b) The cash flow statement of the Group and of the Company for the previous financial year was prepared using the direct method. In the current financial year, the Group and the Company adopted the indirect method in the preparation of the cash flow statements.

Statement By Directors

The directors of **GULA PERAK BERHAD** state that, in their opinion, the accompanying balance sheets and statements of income, changes in equity and cash flows are drawn up in accordance with the provisions of Companies Act, 1965 and the applicable 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, 2004 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,

YBHG DATUK RAHIM BIN BABA

LIM SUE BENG

Kuala Lumpur,
21st July, 2004

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **LIM BEE KHIM**, the Officer primarily responsible for the financial management of **GULA PERAK BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, changes in equity and cash flows are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LIM BEE KHIM

Subscribed and solemnly declared by the abovenamed **LIM BEE KHIM** at **KUALA LUMPUR** this 21st day of July, 2004.

Before me,

HARON HASHIM (W128)
Commissioner for Oaths