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DIRECTORS' REPORT

The directors of GULA PERAK BERHAD hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31st March, 2005.

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

- 1) 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.

On 13th December, 2004, the Company announced that MPSB and the Company have mutually agreed to abort the Proposed Acquisitions following further discussions and that the Proposed Acquisition would not be commercially feasible.

On 15th December, 2004, the Company has withdrawn the submission of the Proposed Acquisition to Securities Commission.

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

The Bonus Issue which entails the issue of three (3) new ordinary shares of RM1.00 each in the Company for every four (4) existing ordinary shares of RM1.00 each held was completed on 20th May, 2005, through the capitalisation of RM194,983,115 from the Company's share premium reserve account.

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

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

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

- 3) On 29th March, 2005, the Company entered into a Sale & Purchase Agreement with Perishine Development Sdn. Bhd. for the disposal of 813,413 square feet of four (4) pieces of freehold industrial land located in Mukim of Batang Berjuntai for a total cash consideration of RM7,320,717.

DIRECTORS' REPORT (CONT'D)

RESULTS OF OPERATIONS

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

	The Group RM'000	The Company RM'000
Profit/(Loss) before tax	2,265	(1,854)
Income tax expense	(12)	-
Net profit/(loss) for the year	<u>2,253</u>	<u>(1,854)</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.

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 257,629,687 ordinary shares of RM1.00 each to 259,787,387 ordinary shares of RM1.00 each by the issue of 2,157,700 new ordinary shares of RM1.00 each arising from the conversion of RM2,182,900 nominal amount of Irredeemable Convertible Secured Loan Stocks 2000/2005 (ICSLS 2000/2005) (Note 31) on the following basis:

- (i) 126,000 new ordinary shares of RM1.00 each by virtue of the conversion of RM151,200 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) 2,031,700 new ordinary shares of RM1.00 each by virtue of the conversion of RM2,031,700 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 RM435,140 has been credited to share premium account.

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

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

SHARE OPTIONS

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

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

DIRECTORS' REPORT (CONT'D)

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.

DIRECTORS

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

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

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

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			Balance as of 31.3.2005
	Balance as of 1.4.2004	Bought	Sold	
Shares in the Company				
Direct interest				
YBhg Datuk Rahim bin Baba	1,661,000	-	(1,661,000)	-
YBhg Tan Sri Dato' Lim Cheng Pow	32,598,000	-	(3,500,000)	29,098,000
Leow Thang Fong	60,000	-	-	60,000
Lim Sue Beng	9,675,000	-	(2,580,000)	7,095,000
Lim Bee Ling	21,152,000	210,000	-	21,362,000
Lim Soo Kok	1,010,000	1,800,000	-	2,810,000
YBhg Tan Sri Dato' Ahmad Sabki bin Jahidin	40,000	-	(40,000)	-
YBhg Dato' Mustapha bin Buang	2,389,595	-	(589,595)	1,800,000
YBhg Tan Sri Dato' (Dr) Elyas bin Omar	5,282,000	-	-	5,282,000
Indirect interest				
YBhg Datuk Rahim bin Baba *	3,964,000	-	(3,450,000)	514,000

* 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 32 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
27th July, 2005

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, 2005 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 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, 2005 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements, and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies, of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act.

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

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

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

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

ROSITA TAN
1874/9/06 (J)
Partner

27th July, 2005

INCOME STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

	Note	The Group		The Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	5	39,549	37,997	12,747	13,490
Cost of sales		(18,915)	(17,983)	(8,166)	(7,899)
Gross profit		20,634	20,014	4,581	5,591
Administrative expenses		(11,174)	(11,599)	(855)	(807)
Other operating expenses		(7,486)	(64,366)	(4,377)	(69,079)
Other operating income		6,337	2,536	3,081	1,810
Profit/(Loss) from operations	6	8,311	(53,415)	2,430	(62,485)
Finance costs	8	(6,046)	(12,416)	(4,284)	(9,566)
Profit/(Loss) before tax		2,265	(65,831)	(1,854)	(72,051)
Income tax expense	9	(12)	(4)	-	-
Profit/(Loss) after tax before minority interests		2,253	(65,835)	(1,854)	(72,051)
Minority interests		-	-	-	-
Net profit/(loss) for the year		2,253	(65,835)	(1,854)	(72,051)
Earnings/(Loss) per share (sen):					
- Basic	10	0.87	(25.66)		
- Fully diluted		0.29	-		

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

BALANCE SHEETS

AS OF 31ST MARCH, 2005

	Note	The Group		The Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Assets					
Real property assets	11	70,582	76,925	70,582	76,925
Property, plant and equipment	12	726,640	720,654	22,363	21,493
Investment in subsidiary companies	13	-	-	554,473	554,473
Property development projects - non-current portion	14	41,962	41,955	41,962	41,955
Advances to subsidiary companies	15	-	-	118,885	118,158
		839,184	839,534	808,265	813,004
Current Assets					
Property development projects - current portion	14	11,396	11,262	11,396	11,262
Inventories	16	16,643	16,382	15,971	15,814
Trade receivables	17	10,741	12,322	890	1,867
Other receivables, deposits and prepayments	18	15,500	12,094	13,192	6,351
Deposits with licensed banks and finance company	19	5,039	5,557	4,177	4,171
Cash and bank balances	19	1,676	714	219	186
		60,995	58,331	45,845	39,651
Current Liabilities					
Trade payables	20	3,777	4,286	2,332	2,827
Amount owing to a director	21	1,963	1,717	1,963	1,717
Amount owing to a subsidiary company	22	-	-	18,719	13,678
Other payables and accrued expenses	23	26,117	23,250	5,727	6,586
Hire purchase payables-current portion	24	5,750	5,836	57	60
Borrowings (secured and interest bearing)	25	11,138	10,834	8,390	8,700
Tax liabilities		628	627	402	402
		49,373	46,550	37,590	33,970

BALANCE SHEETS

AS OF 31ST MARCH, 2005 (CONT'D)

	Note	The Group		The Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Net Current Assets		11,622	11,781	8,255	5,681
Long-term and Deferred Liabilities					
Hire purchase payables- non current portion	24	1,326	2,352	257	238
Borrowings (secured and interest bearing)	25	22,725	24,871	14,104	14,844
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	230,926	230,926
		(350,199)	(353,371)	(335,411)	(336,132)
Net Assets		<u>500,607</u>	<u>497,944</u>	<u>481,109</u>	<u>482,553</u>
Financed by:					
Issued capital	30	259,787	257,630	259,787	257,630
Share premium		206,729	206,294	206,729	206,294
Capital reserve	27	3,039	3,039	3,039	3,039
Irredeemable Convertible Secured Loan Stocks 2000/2005	31	188,169	190,351	188,169	190,351
Redeemable Convertible Secured Notes 2003/2008	29	57,895	57,895	57,895	57,895
Reserve on consolidation		29,533	29,533	-	-
Accumulated losses		(244,545)	(246,798)	(234,510)	(232,656)
		<u>500,607</u>	<u>497,944</u>	<u>481,109</u>	<u>482,553</u>

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

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2005

		Non-distributable							
The Group	Note	Issued capital	Share premium	Reserve on consolidation	Capital reserve	Irredeemable convertible secured loan stocks	Redeemable convertible secured notes	Accumulated loss	Net
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1st April, 2003		255,888	205,949	29,533	3,039	192,375	-	(180,963)	505,821
Arising from issue of Redeemable Convertible Secured Notes		-	-	-	-	-	57,895	-	57,895
Arising from conversion of Irredeemable Convertible Secured Loan Stocks		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
Arising from conversion of Irredeemable Convertible Secured Loan Stocks	31	2,157	435	-	-	(2,182)	-	-	410
Profit for the financial year		-	-	-	-	-	-	2,253	2,253
Balance at 31st March, 2005		259,787	206,729	29,533	3,039	188,169	57,895	(244,545)	500,607

		Non-distributable						
The Company	Note	Issued capital	Share premium	Capital reserve	Irredeemable convertible secured loan stocks	Redeemable convertible secured notes	Accumulated loss	Net
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1st April, 2003		255,888	205,949	3,039	192,375	-	(160,605)	496,646
Arising from issue of Redeemable Convertible Secured Notes		-	-	-	-	57,895	-	57,895
Arising from conversion of Irredeemable Convertible Secured Loan Stocks		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
Arising from conversion of Irredeemable Convertible Secured Loan Stocks	31	2,157	435	-	(2,182)	-	-	410
Loss for the financial year		-	-	-	-	-	(1,854)	(1,854)
Balance at 31st March, 2005		259,787	206,729	3,039	188,169	57,895	(234,510)	481,109

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

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	2,265	(65,831)	(1,854)	(72,051)
Adjustments for:				
Finance costs	6,046	12,416	4,284	9,566
Depreciation of property, plant and equipment	1,712	1,638	942	899
Allowance for doubtful receivables no longer required	(2,500)	-	-	-
Gain on disposal of real property assets	(978)	(2,616)	(978)	(2,616)
Interest income	(129)	(159)	(94)	(133)
Gain on disposal of property, plant and equipment	(17)	(31)	(17)	(2)
Provision for foreseeable loss on development projects	-	1,607	-	1,607
Allowance for doubtful receivables	-	1,268	-	-
Pre-cropping expenditure written off	-	201	-	201
Allowance for advances to a subsidiary company	-	-	-	8,819
Operating Profit/(Loss) Before Working Capital Changes	6,399	(51,507)	2,283	(53,710)
Decrease/(Increase) in:				
Advances to subsidiary companies	-	-	(727)	(31,775)
Property development projects	(141)	(40)	(141)	(40)
Inventories	(261)	30	(157)	78
Trade receivables	4,081	3,467	977	2,734
Other receivables, deposits and prepayments	(3,406)	2,286	(6,841)	2,123
(Decrease)/Increase in:				
Trade payables	(509)	(1,035)	(495)	530
Amount owing to a director	246	(393)	246	(393)
Amount owing to a subsidiary company	-	-	5,041	2,727
Other payables and accrued expenses	2,867	(14,222)	(859)	(12,027)
Net Cash From/(Used In) Operations	9,276	(61,414)	(673)	(89,753)
Tax paid	(11)	(2)	-	-
Net Cash From/(Used In) Operating Activities	9,265	(61,416)	(673)	(89,753)

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2005 (CONT'D)

	Note	The Group		The Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of real property assets		7,321	2,407	7,321	2,407
Proceeds from issuance of shares		410	63	410	63
Interest received		129	159	94	133
Proceeds from disposal of property, plant and equipment		17	8	17	5
Purchase of property, plant and equipment		(7,698)	(2,011)	(1,812)	(1,874)
Net Cash From Investing Activities		179	626	6,030	734
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of Redeemable Convertible Secured Notes 2003/2008		-	288,821	-	288,821
Repayment of term loans		(1,835)	(209,726)	(1,050)	(186,544)
Interest paid		(6,046)	(12,416)	(4,284)	(9,566)
(Repayment)/Drawdown of hire purchase payables		(1,112)	(1,014)	16	257
Increase in deposits placed in sinking fund		(89)	(3,974)	(89)	(3,974)
Decrease/(Increase) in deposits pledged to licensed banks		33	(6)	33	(6)
Net Cash (Used In)/From Financing Activities		(9,049)	61,685	(5,374)	88,988
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		395	895	(17)	(31)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		957	62	236	267
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	1,352	957	219	236

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 641 (2004: 614) employees in the Group and 111 (2004: 106) 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”).

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 27th July, 2005.

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 (“MASB”).

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 accounting policies adopted by the Company are consistent with those adopted in the previous years except for the adoption of MASB 32, Property Development Activities which is effective in the current financial year and applied retrospectively. 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, 2005. The financial statements of the subsidiary companies are consolidated into the financial statements of the Company using the acquisition method of accounting. All significant intercompany transactions and balances are eliminated on consolidation.

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

Reserve on consolidation represents the 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue

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

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

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

Interest income is recognised as it accrues.

Income Tax

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

Foreign Currency Conversion

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

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

	2005 RM	2004 RM
Foreign currency		
1 US Dollar	3.80	3.80
1 Singapore Dollar	2.30	2.28
100 Hong Kong Dollars	48.72	49.23

Real Property Assets

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

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, 2005 : 29 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:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

Property, Plant and Equipment Under Hire-Purchase Arrangements

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

Pre-cropping Expenditure

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

Investment in Subsidiary Companies

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost 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

In the previous financial year, the Group and the Company adopted Malaysian Accounting Standards, Standard No. 7 ("MAS 7"), Accounting for Property Development. In accordance with MAS 7, property development project consists of the cost of freehold land and related development expenditure incurred, and portion of profit attributable to the development work performed to date, less applicable progress billings.

During the financial year, the Group and the Company adopted MASB 32, Property Development Activities. There is, however, no significant effect on the financial statements of the Group and the Company for the current financial year and previous financial year arising from the adoption of MASB 32.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property Development Projects (cont'd)

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

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

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

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

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

Inventories

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.

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.

Impairment of Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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, amount owing to a director, borrowings and hire-purchase payables.

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

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

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

Cash Flow Statements

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

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

4. SEGMENT REPORTING

The Group is organised into four main business segments:

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SEGMENT REPORTING (CONT'D)

2005	Hotel operations RM'000	Construction and property development RM'000	Cultivation of oil palm RM'000	Others RM'000	Group RM'000
REVENUE					
External revenue	26,802	6,946	5,801	-	39,549
RESULTS					
Segment result (external)	5,898	(2,003)	4,416	-	8,311
Unallocated income					-
Unallocated costs					-
Profit from operations					8,311
Finance costs					(6,046)
Profit before tax					2,265
Income tax expense					(12)
Profit after tax					2,253
Minority interest					-
Profit attributable to shareholders					2,253
OTHER INFORMATION					
Segment assets	718,678	166,713	14,788	-	900,179
Unallocated assets					-
Total assets					900,179
Segment liabilities	45,156	8,197	409	-	53,762
Unallocated liabilities					345,810
Total liabilities					399,572
Depreciation	770	190	752	-	1,712
Capital expenditure	5,886	100	1,712	-	7,698

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. SEGMENT REPORTING (CONT'D)

2004	Hotel operations RM'000	Construction and property development RM'000	Cultivation of oil palm RM'000	Others RM'000	Group RM'000
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
Capital expenditure	137	483	1,391	-	2,011
Impairment loss - included in revaluation reserve	1,854	-	-	-	1,854

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. REVENUE

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Hotel operations	26,802	24,478	-	-
Cultivation of oil palm	5,801	6,594	5,801	6,594
Property development	6,946	6,896	6,946	6,896
Others	-	29	-	-
	<u>39,549</u>	<u>37,997</u>	<u>12,747</u>	<u>13,490</u>

6. PROFIT/(LOSS) FROM OPERATIONS

Profit/(Loss) from operations is stated after charging and crediting the following:

	Note	The Group		The Company	
		2005	2004	2005	2004
		RM'000	RM'000	RM'000	RM'000
After charging:					
Staff costs		10,718	10,328	1,596	1,536
Directors' remuneration	7	1,976	1,650	1,682	1,228
Depreciation of property, plant and equipment		1,712	1,638	942	899
Rental of hotel rooms		720	1,080	-	-
Auditors' remuneration:					
- statutory		63	61	28	28
- non-statutory		30	30	16	16
Rental of equipment		2	-	-	-
Restructuring costs	29	-	54,191	-	54,191
Provision for foreseeable losses on property development projects		-	1,607	-	1,607
Allowance for doubtful receivables		-	1,268	-	-
Pre-cropping expenditure written off		-	201	-	201
Allowance for advances to a subsidiary company		-	-	-	8,819
And crediting:					
Allowance for doubtful receivables no longer required		2,500	-	-	-
Gain on disposal of real property assets		978	2,616	978	2,616
Rental income		401	120	273	-
Interest income		129	159	94	133
Gain on disposal of property, plant and equipment		17	31	17	2
Realised foreign exchange gain		8	9	-	-

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 RM938,000 (2004: RM980,102) and RM143,000 (2004: RM135,027) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. DIRECTORS' REMUNERATION

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Fees	402	416	108	45
Other emoluments	1,574	1,234	1,574	1,183
	<u>1,976</u>	<u>1,650</u>	<u>1,682</u>	<u>1,228</u>

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:

	2005	2004
	Number	Number
Amounts in RM'000		
Non-executive Directors		
50 and below	3	3
Executive Directors		
50 - 100	-	1
100 - 150	-	1
150 - 200	-	3
200 - 250	3	-
250 - 300	1	1
300 - 500	2	-

8. FINANCE COSTS

Finance costs comprise interest on:

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Term loans	2,450	7,942	1,504	5,891
3% Redeemable Secured Bonds 2000/2005	2,704	2,704	2,704	2,704
Hire-purchase	678	698	13	7
Revolving credits	-	863	-	863
Bank overdraft	102	102	-	-
Others	112	107	63	101
	<u>6,046</u>	<u>12,416</u>	<u>4,284</u>	<u>9,566</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

9. INCOME TAX EXPENSE

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Current year tax expense	8	4	-	-
Underprovision in prior years	4	-	-	-
Tax expense	12	4	-	-

A reconciliation of income tax expense applicable to profit/(loss) 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	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	2,265	(65,831)	(1,854)	(72,051)
Tax at statutory tax rates of 28%	634	(18,433)	(519)	(20,174)
Expenses not deductible for tax purposes	959	13,898	582	16,072
Deferred tax assets not recognised	-	4,539	-	4,102
Reversal of deferred tax assets not recognised previously	(1,585)	-	(63)	-
	8	4	-	-

10. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(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.

	2005	2004
	RM'000	RM'000
Profit/(Loss) attributable to shareholders	2,253	(65,835)
Weighted average number of ordinary shares in issue ('000)	258,254	256,598
Basic earnings/(loss) per share (sen)	0.87	(25.66)

(b) Diluted earnings/(loss) per share

The fully diluted earnings per share for 2005 has been calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of ordinary shares in the Company that would have been in issue at the end of the financial year had all the warrants, irredeemable convertible secured loan stocks 2000/2005 ("ICSLS") and redeemable convertible secured notes 2003/2008 ("RCSN") been converted at the beginning of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

(b) Diluted earnings/(loss) per share (cont'd)

	2005 RM'000
Net profit attributable to ordinary shareholders	2,253
	Unit'000
Number of shares in issue of beginning of year	257,630
Effect of exercise of warrants	74,211
Effect of conversion of ICSLS	190,351
Effect of conversion of RCSN	240,684
Weighted average number of ordinary shares in issue	762,876
Fully diluted earnings per ordinary shares (sen)	0.29

No diluted loss per share is presented for 2004 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	
	2005 RM'000	2004 RM'000
Freehold land, at cost	70,582	76,925
Fair value	117,500	79,910

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 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	5,564	-	103,534
Short-term leasehold land	13,000	-	-	13,000
Building	750	-	-	750
Office equipment	3,301	106	(2)	3,405
Plant, machinery and equipment	2,945	52	-	2,997
Renovations	567	-	-	567
Furniture and fittings	1,867	14	-	1,881
Motor vehicles	2,682	250	(96)	2,836
Pre-cropping expenditure	13,539	1,712	-	15,251
Total	791,184	7,698	(98)	798,784

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

The Group	At beginning of year RM'000	Additions RM'000	Disposals RM'000	At end of year RM'000
Accumulated Depreciation				
Hotel property				
- at cost	-	-	-	-
- at 2000 valuation	-	-	-	-
Hotel property work-in-progress	-	-	-	-
Short-term leasehold land	4,640	283	-	4,923
Building	125	75	-	200
Office equipment	2,341	168	(2)	2,507
Plant, machinery and equipment	1,307	297	-	1,604
Renovations	477	25	-	502
Furniture and fittings	1,403	87	-	1,490
Motor vehicles	2,242	360	(96)	2,506
Pre-cropping expenditure	1,664	417	-	2,081
Total	14,199	1,712	(98)	15,813

The Group			Net Book Value		Depreciation charge
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2004 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	97,203	91,639	-
Short-term leasehold land	-	-	8,077	8,360	283
Building	-	-	550	625	75
Office equipment	-	-	898	960	161
Plant, machinery and equipment	-	-	1,393	1,638	296
Renovations	-	-	65	90	26
Furniture and fittings	-	-	391	464	91
Motor vehicles	-	-	330	440	275
Pre-cropping expenditure	-	-	13,170	11,875	431
Total	56,331	56,331	726,640	720,654	1,638

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

The Company	At beginning of year RM'000	Additions RM'000	Disposals RM'000	At end of year RM'000
Cost				
Short-term leasehold land	13,000	-	-	13,000
Building	750	-	-	750
Office equipment	1,539	12	(1)	1,550
Plant, machinery and equipment	142	-	-	142
Renovations	567	-	-	567
Furniture and fittings	665	-	-	665
Motor vehicles	1,952	88	(96)	1,944
Pre-cropping expenditure	13,539	1,712	-	15,251
Total	32,154	1,812	(97)	33,869

The Company	At beginning of year RM'000	Additions RM'000	Disposals/ Write offs RM'000	At end of year RM'000	Depreciation charge		
					2005 RM'000	2004 RM'000	2004 RM'000
Accumulated Depreciation							
Short-term leasehold land	4,640	283	-	4,923	8,077	8,360	283
Building	125	75	-	200	550	625	75
Office equipment	1,458	21	(1)	1,478	72	81	27
Plant, machinery and equipment	130	3	-	133	9	12	4
Renovations	477	25	-	502	65	90	26
Furniture and fittings	661	1	-	662	3	4	2
Motor vehicles	1,506	117	(96)	1,527	417	446	51
Pre-cropping expenditure	1,664	417	-	2,081	13,170	11,875	431
Total	10,661	942	(97)	11,506	22,363	21,493	899

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

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 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	844	1,008	-	-
Motor vehicle	712	800	345	353
	29,451	29,703	345	353

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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 RM4,395,000 (2004: RM4,384,000) and RM3,799,000 (2004: RM3,935,000) respectively.

Hotel property

The hotel property stated at valuation of RM545,000,000 was revalued during the financial year ended 31st March, 2001 based on a valuation report dated 20th July, 2000 by an independent valuer, Henry Butcher, Lim & Long Sdn. Bhd., using an open market value basis. In conjunction with the impairment review carried out in the financial year ended 31st March, 2003, the Directors recognised an impairment loss of RM50,000,000. The loss on impairment has been dealt with in the revaluation reserve account and income statement for the financial year ended 31st March, 2003.

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 (2004: RM393,011,000) should the hotel property be stated at cost.

Hotel property work-in-progress

In conjunction with the impairment review carried out in the financial year ended 31st March, 2003, 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 financial year ended 31st March, 2003.

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

13. INVESTMENT IN SUBSIDIARY COMPANIES

	2005 RM'000	2004 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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

Name of Company	Group effective interest		Principal activities
	2005 %	2004 %	
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	
	2005 RM'000	2004 RM'000
Freehold land - at cost	7,708	8,139
Development expenditure	63,224	67,650
	70,932	75,789
Add: Expenditure incurred during the year	141	54
Less: Disposal of freehold land and development expenditure during the year	-	(1,607)
Write-off of development expenditure during the period/year	-	(3,304)
	71,073	70,932
Total cost incurred to date	(41,962)	(41,955)
Less: Non-current portion	29,111	28,977
	17,715	12,342
Less: Cost recognised as an expense in income statement	-	5,373
	(17,715)	(17,715)
Current portion	11,396	11,262

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. PROPERTY DEVELOPMENT PROJECTS (CONT'D)

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 (g)) granted to the Company.

In the previous financial year, 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 (f)) granted to the Company.

15. ADVANCES TO SUBSIDIARY COMPANIES

	The Company	
	2005	2004
	RM'000	RM'000
Advances to subsidiary companies	136,905	136,178
Less: Allowance for doubtful receivables	(18,020)	(18,020)
Net	118,885	118,158

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	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
At cost				
Estate consumables	36	21	36	21
Food, beverages and supplies	419	568	-	-
Land held for sale	4,754	4,754	4,754	4,754
Completed development properties held for sale	11,434	11,039	11,181	11,039
	16,643	16,382	15,971	15,814

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(g)) granted to the Company.

Certain of the above development properties of the Group and the Company with carrying value of RM1,108,000 (2004: RM1,108,000) have been charged to a licensed financial institution to secure the Term Loan I (Note 25(d)) granted to a subsidiary company.

Certain of the above development properties of the Group and the Company with carrying value of approximately RM369,000 (2004: RM369,000) have been charged to a licensed financial institution to secure the Term Loan III (Note 25(f)) granted to the Company.

The land held for sale by the Group and the Company with carrying value of RM4,754,000 (2004: RM4,754,000) has been charged to a licensed financial institution to secure the hire purchase payables of RM5,055,000 (2004: RM5,375,000) granted to a subsidiary company (Note 24).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. TRADE RECEIVABLES

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Trade receivables	30,837	32,418	9,033	10,010
Less: Allowance for doubtful receivables	(20,096)	(20,096)	(8,143)	(8,143)
Net	10,741	12,322	890	1,867

- (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 RM5,606,000 (2004: RM5,967,000) and RM1,706,000 (2004: RM2,169,000) of the total net receivables of the Group and the Company respectively as at 31st March, 2005. 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	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Other receivables	22,772	21,995	13,428	6,662
Less: Allowance for doubtful receivables	(8,049)	(10,549)	(649)	(649)
Net	14,723	11,446	12,779	6,013
Deposits	578	570	384	336
Prepayments	199	78	29	2
	15,500	12,094	13,192	6,351

Credit risk of non-trade receivables of the Company is restricted to amounts owing primarily by two companies amounting to RM772,000 (2004: 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 receivable of a subsidiary company amounting to RM121,000 (2004: RM3,098,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. CASH AND CASH EQUIVALENTS

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

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	5,039	5,557	4,177	4,171
Cash and bank balances	1,676	714	219	186
Bank overdraft (Note 25 (c))	(1,186)	(1,193)	-	-
Less: Deposits with licensed banks pledged	(114)	(147)	(114)	(147)
Deposits in sinking fund account	(4,063)	(3,974)	(4,063)	(3,974)
	1,352	957	219	236

Certain deposits with licensed banks of the Group and of the Company of RM114,000 (2004: RM147,000) 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 RM4,063,000 (2004: RM3,974,000) have been placed into a sinking fund for the purpose of repayment of the Redeemable Convertible Secured Notes 2003/2008.

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

	The Group		The Company	
	2005	2004	2005	2004
	%	%	%	%
Deposits with licensed banks	3.70	4.00	3.70	4.00
Deposits with licensed finance company	-	3.20	-	3.20

Deposits of the Group and of the Company have an average maturity of 12 months (2004: 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 (2004: 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Other payables	7,394	7,312	1,092	948
Accrued expenses	12,844	9,123	113	572
Deposits received	2,226	2,263	869	894
Interest payable	3,653	4,552	3,653	4,172
	<u>26,117</u>	<u>23,250</u>	<u>5,727</u>	<u>6,586</u>

24. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Total outstanding obligations	10,236	12,014	379	365
Less: Interest-in-suspense	(3,160)	(3,826)	(65)	(67)
Principal outstanding	7,076	8,188	314	298
Less: Amount due within 12 months (shown under current liabilities)	(5,750)	(5,836)	(57)	(60)
Non-current portion	<u>1,326</u>	<u>2,352</u>	<u>257</u>	<u>238</u>

The non-current portion is repayable as follows:

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Financial years ending 31st March,				
2006	-	1,164	-	41
2007	679	1,188	57	197
2008 and after	647	-	200	-
	<u>1,326</u>	<u>2,352</u>	<u>257</u>	<u>238</u>

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 RM5,055,000 (2004: RM5,375,000) 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% (2004: 6.85% to 8.00%) per annum for the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. BORROWINGS (SECURED AND INTEREST BEARING)

	Note	The Group		The Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current					
Syndicated Term Loan	(a)	6,000	6,000	6,000	6,000
Revolving credit	(b)	-	-	-	-
Bank overdraft	(c)	1,186	1,193	-	-
Term Loan I	(d)	167	166	-	-
Term Loan II	(e)	1,395	775	-	-
Term Loan III	(f)	2,390	2,700	2,390	2,700
		11,138	10,834	8,390	8,700
Non- Current					
Syndicated Term Loan	(a)	14,104	14,844	14,104	14,844
Term Loan I	(d)	-	417	-	-
Term Loan II	(e)	8,621	9,610	-	-
		22,725	24,871	14,104	14,844
Total		33,863	35,705	22,494	23,544
Currency exposure profile					
US Dollar		729	729	729	729
Ringgit Malaysia		33,134	34,976	21,765	22,815
		33,863	35,705	22,494	23,544

The non-current portion of the borrowings as of 31st March, 2005 is payable as follows:

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Financial years ending 31st March,				
2006	-	6,942	-	6,000
2007	6,620	17,929	6,000	8,844
2008 and after	16,105	-	8,104	-
	22,725	24,871	14,104	14,844

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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	
	2005 %	2004 %	2005 %	2004 %
Syndicated Term Loan	6.00	6.00	6.00	6.00
Revolving credit	N/A	N/A	N/A	N/A
Bank overdraft	8.50	8.50	N/A	N/A
Term Loan I	8.00	8.00	N/A	N/A
Term Loan II	8.50	8.50	N/A	N/A
Term Loan III	9.40	9.40	9.40	9.40

N/A - not applicable.

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 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.

- (b) 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 34.

- (c) 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.

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

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

- (e) 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.

- (f) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

- (g) In previous year, the Syndicated Term Loan I was secured by a first legal charge over a subsidiary company's hotel property, corporate guarantee of a local company and jointly and were severally guaranteed by certain Directors of the subsidiary company and third party.

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

Both loans were subject to the Debt Restructuring Scheme which was completed on 15 July, 2003 as set out in Note 34.

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 34 to repay the Guarantor banks and also certain borrowings of the Company and the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. GUARANTEED REDEEMABLE BONDS WITH DETACHABLE WARRANTS (CONT'D)

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.

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

As at 31st March, 2005, 13,431,047 (2004: 13,431,047) and 60,780,153 (2004: 60,780,153) Existing Warrants and Replacement Warrants respectively remained unexercised.

28. DEFERRED TAX LIABILITIES

	The Group	
	2005	2004
	RM'000	RM'000
At beginning and end of the financial year	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, 2005, 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:

	Deferred Tax Assets/(Liabilities)			
	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Tax effects of:				
Temporary difference between tax capital allowance and book depreciation of property, plant and equipment	(2,560)	(1,775)	(623)	(604)
Unabsorbed capital allowances	27,570	28,370	366	410
Unutilised tax losses	20,076	20,076	13,874	13,874
Allowance for doubtful receivables	456	456	-	-
	45,542	47,127	13,617	13,680

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

	The Group and the Company	
	2005	2004
	RM'000	RM'000
RCSN issued in April 2003	288,821	288,821
Less: Liability component at issuance	(230,926)	(230,926)
Equity component at issuance	57,895	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 financial year 2004. 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	
	2005	2004
	RM'000	RM'000
Authorised:		
Ordinary shares of RM1.00 each	1,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
Balance at beginning of year	257,630	255,888
Issued during the year pursuant to the conversion of ICSLS 2000/2005	2,157	1,742
Balance at end of year	259,787	257,630

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. SHARE CAPITAL (CONT'D)

During the financial year, the issued and fully paid up share capital of the Company was increased from 257,629,687 ordinary shares of RM1.00 each to 259,787,387 ordinary shares of RM1.00 each by the issue of 2,157,700 new ordinary shares of RM1.00 each arising from the conversion of RM2,182,900 nominal amount of Irredeemable Convertible Secured Loan Stocks 2000/2005 ("ICSLS 2000/2005") (Note 31) on the following basis:

- (i) 126,000 new ordinary shares of RM1.00 each by virtue of the conversion of RM151,200 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) 2,031,700 new ordinary shares of RM1.00 each by virtue of the conversion of RM2,031,700 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 RM435,140 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	
	2005	2004
	RM'000	RM'000
Balance at beginning of year	190,351	192,375
Conversion into ordinary shares (Note 30)	(2,182)	(2,024)
Balance at end of year	188,169	190,351

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

The principal terms of the ICSLS are as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. 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	
	2005	2004
	RM'000	RM'000
Purchase of services from the following:		
- Leisure Group Hotels & Resorts Sdn. Bhd. (Management fees for managing the Dynasty Hotel and Empress Hotel, Sepang owned by subsidiary companies)	576	447

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

33. 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 34, most of the Group's floating rate debts have been restructured during the previous 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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. 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, 2005 are as follows:

2005	Note	The Group		The Company	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		RM'000	RM'000	RM'000	RM'000
Financial Assets					
Advances to subsidiary companies	15	-	-	118,885	118,885
Financial Liabilities					
Hire purchase payables	24	7,076	6,758	314	218
Borrowings (secured and interest bearing)	25	33,863	28,864	22,494	19,193
3% Redeemable Secured Bonds 2000/2005	26	90,124	82,088	90,124	82,088
2004					
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

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. 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) 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) lender for settlement of an outstanding amount of RM25 million together with the interest up to 30th June, 2002 to be capitalised of approximately up to RM2.715 million; and
- (iii) the Syndicated Term Loan I (Note 25) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. 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 April 2003 as mentioned in Note 29.

35. SIGNIFICANT EVENTS

- 1) 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.

On 13th December, 2004, the Company announced that MPSB and the Company have mutually agreed to abort the Proposed Acquisitions following further discussions and that the Proposed Acquisition would not be commercially feasible.

On 15th December, 2004, the Company has withdrawn the submission of the Proposed Acquisition to Securities Commission.

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

The Bonus Issue which entails the issue of three (3) new ordinary shares of RM1.00 each in the Company for every four (4) existing ordinary shares of RM1.00 each held was completed on 20th May, 2005, through the capitalisation of RM194,983,115 from the Company's share premium reserve account.

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

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

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

- 3) On 29th March, 2005, the Company entered into a Sale & Purchase Agreement with Perishine Development Sdn. Bhd. for the disposal of 813,413 square feet of four (4) pieces of freehold industrial land located in Mukim of Batang Berjuntai for a total cash consideration of RM7,320,717.

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, 2005 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,
27th July, 2005

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 27th day of July, 2005.

Before me,

HARON HASHIM (W 128)
COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS AS AT 5 AUGUST 2005

Size of Holdings	Number of Holders	%	Number of Shares Held	%
1 - 99	174	2.13	6,430	0.00
100 - 1,000	688	8.42	329,738	0.07
1,001 - 10,000	5,446	66.65	24,290,628	5.32
10,001 - 100,000	1,625	19.89	46,344,908	10.15
100,001 - 22,825,964 (*)	237	2.90	334,857,087	73.35
22,825,965 & Above (**)	1	0.01	50,690,500	11.11
	8,171	100.00	456,519,291	100.00

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 for Tan Sri Dato' Lim Cheng Pow	50,690,500	11.10
2. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Tan Sri Dato' Lim Cheng Pow	14,437,500	3.16
3. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Bee Ling (KASB 871009)	13,125,000	2.88
4. Malaysian Assurance Alliance Berhad	10,500,000	2.30
5. Malaysian Assurance Alliance Berhad	9,500,000	2.08
6. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Yu Jin Min	8,750,000	1.92
7. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Chai Kim Fah	8,750,000	1.92
8. Permodalan Nasional Berhad	8,750,000	1.92
9. AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Kesenta Development Sdn Bhd	7,803,250	1.71
10. Southern Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Hock Lian	7,770,000	1.70
11. EB Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Sri Dato' Lim Cheng Pow (APG)	7,448,000	1.63
12. United Overseas Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Soo Ka (MKL)	6,877,500	1.51
13. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Ang Khan @ Chan Yin Kong (14365AF5289)	6,515,225	1.43
14. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Low Ah Suan (14365AF5287)	6,414,575	1.41
15. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Mirage Point (M) Sdn Bhd (871010)	6,334,500	1.39

ANALYSIS OF SHAREHOLDINGS AS AT 5 AUGUST 2005 (CONT'D)

Thirty (30) Largest Shareholders (cont'd)

		Number of Shares Held	% of Issued Capital
16.	TASEC Nominees (Tempatan) Sdn Bhd TA Securities (HK) Limited for George Ngoh Hung Onn	6,317,500	1.38
17.	Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Koperasi Polis Diraja Malaysia Bhd (514011315674)	6,027,000	1.32
18.	Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Bee Ling (14365AF5292)	5,612,750	1.23
19.	United Overseas Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Ang Khan @ Chan Yin Kong (MKL)	4,814,250	1.05
20.	TASEC Nominees (Tempatan) Sdn Bhd TA Securities (HK) Limited for Lim Moi Tee	4,731,000	1.04
21.	HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Behad for George Ngoh Hung Onn	4,438,000	0.97
22.	Lembaga Tabung Angkatan Tentera	4,188,100	0.92
23.	United Overseas Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Bee Khim (MKL)	4,135,250	0.91
24.	Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Chai Kim Fah (14365AF5589)	3,832,550	0.84
25.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Selvandran A/L Ponniah (E-KLC)	3,701,250	0.81
26.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Chai Kim Fah (E-KLC)	3,701,250	0.81
27.	Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Sri Dato' (Dr) Elyas Bin Omar (14365AF5335)	3,612,500	0.79
28.	HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Low Ah Suan	3,500,000	0.77
29.	Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Moi Tee (14365AF5606)	3,351,525	0.73
30.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Soo Kok (100658)	3,150,000	0.69
		238,778,975	52.30

Substantial Shareholders

		Direct Number of Ordinary Shares Held	%
1.	Tan Sri Dato' Lim Cheng Pow	40,809,000	8.94
2.	Lim Bee Ling	36,423,700	7.98

ANALYSIS OF IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ICSLS") HOLDINGS AS AT 5 AUGUST 2005

Size of Holdings	Number of Holders	%	Number of ICSLS Held	%
1 - 99	51	5.33	2,257	0.00
100 - 1,000	307	32.11	276,625	0.15
1,001 - 10,000	547	57.22	1,962,717	1.04
10,001 - 100,000	47	4.92	962,000	0.51
100,001 – 9,393,512 (*)	3	0.31	2,347,500	1.25
9,393,513 & Above (**)	1	0.11	182,319,151	97.05
	956	100.00	187,870,250	100.00

Remark: * Less than 5% of issued ICSLS

**5% and above of issued ICSLS

Thirty (30) Largest ICSLS Holders

	Number of ICSLS Held	% of Issued ICSLS
1. Amsec Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad (CQ0041)	182,319,151	97.05
2. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Soo Ka (E-KLC)	2,079,000	1.11
3. Loh Eng Wah @ Loh Eng Wha	139,500	0.07
4. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Soo Ka (14365AF5277)	129,000	0.07
5. HDM Nominees (Tempatan) Sdn Bhd Town Hang Securities Co Ltd for Tan Ang Khan @ Chan Yin Kong	84,000	0.04
6. Wong Kin Loi	67,500	0.04
7. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Low Ah Suan (E-KLC)	54,200	0.03
8. Tan Ang Khan @ Chan Yin Kong	53,000	0.03
9. Yap Gee Lin	34,000	0.02
10. Poh Gek Lang	33,000	0.02
11. Creative Communications Sdn Bhd	30,000	0.02
12. Ham Kow Chung	30,000	0.02
13. Loo Seang Choo	30,000	0.02

ANALYSIS OF IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ICSLS") HOLDINGS AS AT 5 AUGUST 2005 (CONT'D)

Thirty (30) Largest ICSLS Holders (cont'd)

	Number of ICSLS Held	% of Issued ICSLS
14. HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Tan Jui Yak	24,600	0.01
15. Selangor Industrial Corporation Sdn Bhd	23,000	0.01
16. Lim Puay Soo	20,000	0.01
17. Sim Chong Wan @ Sim Tan Beg	20,000	0.01
18. Lau Poon Chai	18,000	0.01
19. Tan Yu Wei	17,700	0.01
20. Goh Yoke Kee	17,000	0.01
21. Mah Siew Lean	17,000	0.01
22. Tan Mooi Sin	16,500	0.01
23. Chew Jit Phoo	15,000	0.01
24. Chew Yok Koon	15,000	0.01
25. Julie Soon Gaik Swan	15,000	0.01
26. Ke-Zan Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd for Lim Chin Wah	15,000	0.01
27. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Cho Sau @ Cho Sau Yong (SRB)	15,000	0.01
28. Quek Seow Nee	15,000	0.01
29. Eng Nominees (Tempatan) Sdn Bhd Pledged securities account for Lee Boon Hang	14,200	0.01
30. Foo Wan Foo	14,000	0.01
	185,374,351	98.71

ANALYSIS OF WARRANT HOLDINGS FOR WARRANT A AS AT 5 AUGUST 2005

Size of Holdings	Number of Holders	%	Number of Warrants Held	%
1 - 99	40	1.99	2,090	0.01
100 - 1,000	238	11.85	146,265	0.62
1,001 - 10,000	1,399	69.64	5,685,877	24.19
10,001 - 100,000	299	14.88	7,851,100	33.40
100,001 – 1,175,216 (*)	32	1.59	8,069,000	34.33
1,175,217 & Above (**)	1	0.05	1,750,000	7.45
	2,009	100.00	23,504,332	100.00

Remark: * Less than 5% of issued Warrant A

**5% and above of issued Warrant A

Thirty (30) Largest Warrant Holders for Warrant A

	Number of Warrants Held	% of Issued Warrant A
1. Amsec Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Shariffudin bin Shawal	1,750,000	7.45
2. Lim Moi Tee	1,050,000	4.47
3. HDM Nominees (Tempatan) Sdn Bhd Town Hang Securities Co Ltd for Yakin Tenggara Sdn Bhd	981,750	4.18
4. Ho Chwee Lan	684,950	2.91
5. Chong Soo Lim	466,375	1.98
6. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Pek Kiam Kek (MARGIN-MM0606)	402,500	1.71
7. TA Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Toh Thai	365,750	1.56
8. Ng Eng Howe	320,000	1.36
9. Yong Pui Fong	307,000	1.31
10. Selvandran A/L Ponniah	278,250	1.18
11. Tan Ang Khan @ Chan Yin Kong	218,750	0.93
12. Goh Poh Giok	200,000	0.85
13. Lim Ee Kay	200,000	0.85

ANALYSIS OF WARRANT HOLDINGS FOR WARRANT A AS AT 5 AUGUST 2005 (CONT'D)

Thirty (30) Largest Warrant Holders for Warrant A (cont'd)

	Number of Warrants Held	% of Issued Warrant A
14. Ku Yu Jiung	196,000	0.83
15. Huang Wei Nee	189,000	0.80
16. Chan Woon Wai	175,000	0.74
17. Kok Yong Bo	150,000	0.64
18. Mohd Hafizal bin Omar	149,900	0.64
19. Wong Lai Yong	135,625	0.58
20. Azizan bin Othman	133,100	0.57
21. Len Book Learn	127,025	0.54
22. Affin Nominees (Tempatan) Sdn Bhd Pledged securities account for Ng Chin Poh (NGC0079C)	123,425	0.53
23. Lim Hoo Ling	119,000	0.51
24. Chin Sin Mew	115,500	0.49
25. Yong Kek Lik	113,925	0.48
26. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Sun Ping (122AF4228)	113,750	0.48
27. Yap Tian Sang	111,125	0.47
28. Len Book Learn	110,000	0.47
29. Yu Jin Min	108,500	0.46
30. HLG Nominee (Tempatan) Sdn Bhd Pledged securities account for Looi Wai Sean (CCTS)	107,800	0.46
	9,504,000	40.43

ANALYSIS OF WARRANT HOLDINGS FOR WARRANT B AS AT 5 AUGUST 2005

Size of Holdings	Number of Holders	%	Number of Warrants Held	%
1 - 99	9	1.17	489	0.00
100 - 1,000	71	9.26	49,097	0.05
1,001 - 10,000	397	51.76	1,818,368	1.71
10,001 - 100,000	206	26.86	7,712,188	7.25
100,001 – 5,318,262 (*)	81	10.56	64,978,875	61.09
5,318,263 & Above (**)	3	0.39	31,806,250	29.90
	767	100.00	106,365,267	100.00

Remark: * Less than 5% of issued Warrant B

**5% and above of issued Warrant B

Thirty (30) Largest Warrant Holders for Warrant B

	Number of Warrants Held	% of Issued Warrant B
1. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Tan Ang Khan @ Chan Yin Kong	12,845,000	12.08
2. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Soo Ka (14365AF5277)	11,980,500	11.26
3. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Bee Ling (14365AF5292)	6,980,750	6.56
4. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Hok Lian (KAB 871014)	5,162,500	4.85
5. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Bee Khim (14365AF5305)	4,322,500	4.06
6. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Yu Jin Min (KAB 8710103)	3,937,500	3.70
7. Kesenta Development Sdn Bhd	3,525,000	3.31
8. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Shariffudin bin Shawal (KAB 871012)	3,211,250	3.02
9. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Law Swee Kee @ Low Siew Heoh (KAB 871015)	3,098,375	2.91
10. Ooi Giap Ch'ng	3,049,900	2.87
11. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Low Ah Suan (KAB 871016)	2,625,000	2.47

ANALYSIS OF WARRANT HOLDINGS FOR WARRANT B AS AT 5 AUGUST 2005 (CONT'D)

Thirty (30) Largest Warrant Holders for Warrant B (cont'd)

	Number of Warrants Held	% of Issued Warrant B
12. Lim Soo Ka	2,457,700	2.31
13. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Low Ah Suan (E-KLC)	2,386,250	2.24
14. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Moi Tee (KAB 871017)	2,345,000	2.20
15. Tasec Nominees (Tempatan) Sdn Bhd TA Securities (HK) Limited for George Ngoh Hung Onn	1,462,400	1.37
16. Lim Bee Khim	1,389,000	1.31
17. Cimsec Nominees (Tempatan) Sdn Bhd CIMB for Tan Ang Khan @ Chan Yin Kong (PB)	1,182,000	1.11
18. Ng Chee Sim	1,080,000	1.02
19. TA Nominees (Tempatan) Sdn Bhd Pledged securities account for Lo Yun Sang	1,000,000	0.94
20. Low Siew Hoong	877,500	0.82
21. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Low Ah Suan (DEALER 502-STF)	815,925	0.77
22. Yu Jin Min	780,000	0.73
23. Ng Eng Howe	760,000	0.71
24. Tasec Nominees (Tempatan) Sdn Bhd TA Securities (HK) Limited for Lim Moi Tee	720,000	0.68
25. Ng Yan Wei, Azalea	714,800	0.67
26. Low Siew Hoong	700,000	0.66
27. Yong Chee Foong	700,000	0.66
28. Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Chai Kim Fah (E-KLC)	667,500	0.63
29. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Ang Khan @ Chan Yin Kong (14365AF5289)	635,000	0.60
30. Eng Nominees (Tempatan) Sdn Bhd Pledged securities account for Lee Boon Leng (Li Wenlong)	600,000	0.56
	82,011,350	77.08

ANALYSIS OF REDEEMABLE CONVERTIBLE SECURED NOTES ("RCSN") HOLDINGS AS AT 5 AUGUST 2005

Size of Holdings	Number of Holders	%	Number of RCSN Held	%
1 - 99	4	0.79	91	0.00
100 - 1,000	170	33.40	155,431	0.05
1,001 - 10,000	291	57.17	1,101,636	0.38
10,001 - 100,000	32	6.29	878,738	0.31
100,001 – 14,366,722 (*)	4	0.79	20,892,148	7.27
14,366,723 & Above (**)	8	1.56	264,306,422	91.99
	509	100.00	287,334,466	100.00

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. PAB Nominee (Tempatan) Sdn Bhd Affin Bank Berhad (Loan Recovery)	38,122,918	13.27
4. HDM Nominees (Asing) Sdn Bhd DBS Bank Ltd	20,450,579	7.12
5. Amsec Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad (AD1174)	17,162,213	5.97
6. AllianceGroup Nominees (Tempatan) Sdn Bhd Alliance Merchant Bank Berhad	16,592,833	5.77
7. Amsec Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad (CQ0041)	14,523,050	5.05
8. Mayban Nominees (Tempatan) Sdn Bhd Mayban Investment Management Sdn Bhd for Malayan Banking Berhad (GRM-230592)	14,523,035	5.05
9. Malaysian Industrial Development Finance Berhad	14,269,893	4.97
10. Southern Nominees (Tempatan) Sdn Bhd Southern Bank Berhad	6,361,455	2.21
11. Chong Siow Fah	143,800	0.05

**ANALYSIS OF REDEEMABLE CONVERTIBLE SECURED NOTES
("RCSN") HOLDINGS
AS AT 5 AUGUST 2005 (CONT'D)**

Thirty (30) Largest RCSN Holders (cont'd)

	Number of RCSN Held	% of Issued RCSN
12. Chong Siow Fah	117,000	0.04
13. Perbadanan Kemajuan Negeri Selangor	99,000	0.03
14. Lim Hai	70,000	0.02
15. Hawk Soon Hin Industries Sdn Bhd	63,000	0.02
16. Low Ah Suan	46,600	0.02
17. Lim Khoon Lee	42,000	0.01
18. Creative Communications Sdn Bhd	40,000	0.01
19. Loo Seang Choo	40,000	0.01
20. HDM Nominees (Tempatan) Sdn Bhd Town Hang Securities Co Ltd for George Ngoh Hung Onn	37,600	0.01
21. JF Apex Nominees (Tempatan) Sdn Bhd Pledged securities account for Voon Sze Lin	37,000	0.01
22. RHB Nominees (Tempatan) Sdn Bhd Pledged securities account for Puan Thye Ming	30,000	0.01
23. Selangor Industrial Corporation Sdn Bhd	30,000	0.01
24. Chin Kuan Sui	24,000	0.01
25. Soo Choon Lai	21,000	0.01
26. Chan Yoke Lam	20,000	0.01
27. Chee Lee Hoon	20,000	0.01
28. Chiew Cheik Yee	20,000	0.01
29. Choo Vee Mee	20,000	0.01
30. Ng Jit Sing @ Ng Jit Tee	20,000	0.01
	285,878,770	99.49

GROUP PROPERTIES AS AT 31 MARCH 2005

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	-	8.1
2) Agricultural land known as Sitiawan Estate	H.S.(D) L.P 1668. PT 1058 Mukim Durian Sebatang, Hilir Perak, Perak Darul Ridzuan	1,000	Leasehold -60 years expiring 2034	Oil Palm Estate	3/3/2000	-	
3) Land for development in Batang Berjuntai	Geran 29953 Lot 24 and Geran 32993 Lot 458 Mukim Batang Berjuntai Selangor Darul Ehsan	279.91	Freehold	Development in-progress	17/1/2002	-	59.9
4) Land for development in Setapak known as Villa Sempurna Condominium	Geran 811 Lot 1140 Geran 526 Lot 3767 CT 15561 Lot 81 of Section 85 CT 15562 Lot 82 of Section 85 Mukim Setapak, Kuala Lumpur	2.72	Freehold	Development in-progress	14/1/2002	-	10.7
5) Dynasty Hotel Kuala Lumpur	218, Jalan Ipoh, 51200 Kuala Lumpur	929,476 sq ft (Built-up)	Freehold	Hotel Building	20/7/2000	8	495.0
6) Empress Hotel Sepang	Jalan ST1C/7, Medan 88, Bandar Baru Salak Tinggi, 43900 Sepang Selangor Darul Ehsan	253,852 sq ft (Built-up)	Leasehold -99 years expiring 2092	Hotel Building	17/1/2002	5	112.6
7) Empress Hotel Kuala Lumpur	423, Jalan Tuanku Abdul Rahman 50100 Kuala Lumpur	145,658 sq ft (Built up)	Freehold	Hotel Building	21/11/2000	3	90.0
8) One unit of shop office	GL-025, Block D, Ground Floor, Kelana Square 17 Jalan SS7/26 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	1,400 sq ft (Built up)	Freehold	Shop Office	14/8/2002	2	0.7

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GULA PERAK BERHAD

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

FORM OF PROXY

I/We, _____
of _____
being a member/members of the above Company, hereby appoint _____ of _____

or failing him/her, the Chairman of the Meeting as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **Function Room 1, Level 4, Dynasty Hotel, No. 218, Jalan Ipoh, 51200 Kuala Lumpur on Wednesday, 28 September 2005 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		
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10		

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

No. of Ordinary Shares Held

Signature(s)

Signed this _____ day of _____ 2005

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 Level 7, Dynasty Hotel, 218 Jalan Ipoh, 51200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment at which the persons named in such instrument proposed to vote.*

FOLD THIS FLAP FOR SEALING

Affix
Stamp

THE COMPANY SECRETARY

GULA PERAK BERHAD

(COMPANY No. 8104-X)
(INCORPORATED IN MALAYSIA)

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

2nd FOLD HERE

1st FOLD HERE