

GULA PERAK BERHAD (“GPB”) 8104-X
Explanatory Notes to the 4th Quarterly Report for the Year Ended 31 March 2006
-Unaudited

(a) **ACCOUNTING POLICIES**

The interim financial report has been prepared in accordance with Financial Reporting Standard (“FRS”) 134 - Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The accounting policies and method of computation in the interim financial report follows the annual financial statement for the year ended 31/03/2005.

The interim financial report should be read in conjunction with the Annual Financial Report for the year ended 31/3/2005.

(b) **QUALIFICATION**

There was no audit qualification in the Company’s audit report in the preceding annual financial statements for the year ended 31/03/2005.

(c) **SEASONAL OR CYCLICAL FACTORS**

There is no material seasonal or cyclical effect on the Company's operations.

(d) **UNUSUAL ITEMS**

There were no unusual items that affected the assets, liabilities, equity, net income or cash flows of the Group during the year ended 31/03/2006.

(e) **CHANGES IN ACCOUNTING ESTIMATES**

There were no changes in estimates reported in prior quarter of the current financial year or in prior financial years that have material effect in the current quarter.

(f) **ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES**

Saved as disclosed below, there were no other issuance or repayment of debts and equity securities, shares buy back, shares cancellation or shares held as treasury shares and resale of treasury shares during the year ended 31/03/2006.

- GPB has issued 1,456,189 ordinary share of RM1 each by virtue of the conversion of 1,486,189 nominal value of 5 years Redeemable Convertible Secured Notes (‘RCSN’) 2003/2008. The RCSN are convertible as of 23rd April 2005.
- GPB has issued 188,168,550 ordinary share of RM1 each by virtue of the conversion of 188,168,550 nominal value of 5 years Irredeemable Convertible Secured Loan Stock (‘ICSLS’) 2000/2005. The ICSLS were converted to shares as at 1st September 2005.
- GPB has issued 194,983,115 ordinary shares of RM1 each pursuant to the Bonus Issue.

(g) **DIVIDENDS**

There was no dividend paid during the year ended 31/03/2006.

(h) **SEGMENTAL REPORTING BY ACTIVITIES**

	Operating Revenue	Profit/(Loss) Before Taxation
	31/03/2006 RM'000	31/03/2006 RM'000
Hotel operations	27,463	1,023
Plantation	4,185	3,491
Property	102	(8)
	<hr/> 31,750	<hr/> 4,506
Less : HQ Expenses		(3,705)
Less : Other Corporate Expenses		(119)
Less: Finance Cost		426
	<hr/> 31,750	<hr/> 1,108
Less : Elimination	(732)	-
	<hr/> 31,018	<hr/> 1,108

All activities of the Group's operations are carried out in Malaysia.

(i) **VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT**

The value of properties, plant and equipment have been brought forward without amendments from the previous annual audited financial statements.

(j) **MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD**

On 23/4/2006, GPB did not have sufficient funds in its Sinking Fund Account (SFA) to meet the requirement of Clause 13.2 of the RCSN Trust Deed. GPB is under active negotiation with the RCSN holders in regards to the said SFA.

(k) **CHANGES IN THE COMPOSITION**

There were no changes in the composition of the Company during the financial year ended 31/03/2006.

(l) **CHANGES IN CONTINGENT LIABILITIES OR ASSETS**

There were no changes in contingent liabilities or assets since the last annual balance sheet.

Bursa Malaysia Securities Berhad Revised Listing Requirement

1. **REVIEW OF PERFORMANCE**

The Group's profit before tax for the year 31/03/2006 was RM1.108 million compared to profit before tax of RM2.265 million same period previous year.

2. **COMPARISON WITH PRECEDING QUARTERLY RESULTS**

	4th Qtr 2006 RM'000	3rd Qtr 2006 RM'000	Increase/ (Decrease) RM'000
Turnover	7,320	6,918	402
Profit / (Loss) before taxation	1,515	3,276	(1,761)

Turnover for this quarter increased by approximately RM402,000 primarily due to increase in hotel revenue in the current quarter. The profit before tax of RM1.515 million in the current quarter decreased by approximately RM1.761 million, mainly due to the finance costs waived in the last quarter.

3. **PROSPECTS**

Barring unforeseen circumstances, the performance of the Group should be maintained.

4. **VARIANCE OF ACTUAL FINANCIAL RESULTS FROM FORECASTED RESULTS**

This is not applicable as the Group did not announce any forecast results for the year.

5. **TAXATION**

No provision has been made for income tax in respect of income earned by the Company as the Company has adequate unabsorbed tax losses brought forward.

6. **SALE OF UNQUOTED INVESTMENT OR PROPERTIES**

Sale of Unquoted Investment

There were no sales of unquoted investment outside the ordinary course of business during the quarter ended 31/12/2005.

Sale of Properties

GPB has on 29/3/2005 entered into a Sale & Purchase Agreement with Perishine Development Sdn Bhd for the disposal of 813,413 square feet in area of freehold industrial land held under H.S. (D) 1155 PT No.2986, H.S. (D) 1156 PT No.2987, H.S. (D) 1157 PT No.2988, H.S. (D) 1166 PT No.2997. Mukim of Batang Berjuntai, Daerah of Kuala Selangor for a total cash consideration of RM7,320,717 and achieved a profit of RM977,717.

7. **PURCHASE OR DISPOSAL OF QUOTED SECURITIES**

The Company does not have any investment in quoted shares. There were no purchase or disposal of quoted shares during the year ended 31/03/2006.

8. **STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals that have been announced by the Company as at the date of this report.

9. **GROUP BORROWINGS**

Group borrowings as at 31 March 2006 are as follows:

RM'000

Short term borrowings – Secured

Bank overdrafts	1,560
Term loan	22,756
Secured loan*	90,124

(Note*: This is in relation to the expired 3% Redeemable Secured Bonds on 18/12/05, the redemption of which will be made via the sale of collateral pledged.)

Long term borrowings – Secured

Redeemable Convertible Secured Notes ('RCSN')	256,562
Term Loan	8,442

10. **OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

The Group does not have any off balance sheets financial instruments risks as at the date of this announcement.

11. **MATERIAL LITIGATION**

The changes in material litigation (including status of pending material litigation) of the Group since the last annual balance sheet date up to the date not earlier than 7 days from the date of issue of this report are as follow:

- i) Kuala Lumpur High Court Summons Winding-Up No. D1-28-345-99 by Dynawell Corporation (M) Sdn Bhd (Plaintiff), a subsidiary of GPB, dated 23/4/1999 against Chang An Holidays (M) Sdn Bhd (Defendant) for RM698,763.31 being claims for room charges and services rendered.

On 12/11/1999, Dynawell Corporation (M) Sdn Bhd obtained a Court Order to wind-up the Respondent, namely Chang An Holidays (M) Sdn Bhd. All relevant documents have been sent to the CCM and the Official Receivers and the Plaintiff's solicitors are currently awaiting further instruction from the Official Receivers.

- ii) Kuala Lumpur High Court WSS No. 37-66-97 by Dynawell Corporation (M) Sdn Bhd (Plaintiff) dated 6/2/1997 against Wonderful Rare Sdn Bhd (Defendant) for RM674,264.45 being claims for arrears of rental.

On 28/10/1999, the Plaintiff obtained a Writ of Seizure and Sale. Summons In Chambers and Affidavit in Support were filed on 10/11/2000 to extend the Writ of Seizure and Sale. The Writ of Seizure and Sale is extended up until 6/11/2005 by way of a Court Order dated 5/1/2005 and kept in abeyance as the Defendant continues to make instalment payments towards settlement of the arrears.

- iii) Kuala Lumpur Sessions Court Summons No. 7-52-15612-98 by Dynawell Corporation (M) Sdn Bhd (Plaintiff) dated 17/8/1998 against Cluster Ostrich Farm Sdn Bhd (Defendant) for RM215,370.82 being claims for goods and services rendered.

On 9 March 1999, Dynawell Corporation (M) Sdn Bhd entered into a Judgement in Default against the Defendant. Subsequently, the sealed Judgement was obtained from the Court. The Judgement in Default was served on the Defendant on 26/10/1999. The hearing date of the winding-up petition was fixed on 18/3/2005 and an order was obtained to wind-up the Defendant. Creditor meeting to be fixed by Jabatan Insolvensi.

- iv) Klang Sessions Court Summons No. 52-728-2000 by Royalton Holdings Sdn Bhd (Plaintiff) and GPB (Defendant) being a claim which was originally for damages for late delivery of vacant possession amounting to approximately RM91,841.10. The Plaintiff subsequently filed an application in Court to amend the Summons and Statement of Claims from RM91,841.10 to RM862,415.34 being liquidated damages as alleged. On 11/10/2002, the Sessions Court granted the Plaintiff the said application to amend the claim amount in this statement of claim. On 23/10/2002 the Defendant filed an appeal to the Shah Alam High Court against the order of the Sessions Court dated 11/10/2002.

The Plaintiff further filed an application in the Shah Alam High Court to transfer the case from the Klang Sessions Court to the Shah Alam High Court. Both the appeal to the Shah Alam High Court against the order of the Sessions Court dated 11/10/2002 and the Plaintiff's application in the Shah Alam High Court to transfer the case from the Klang Sessions Court to the Shah Alam High Court fixed for hearing on 19/10/2004, and subsequently fixed for hearing on 3/10/2005. The case proper in the Klang Session Court was fixed for hearing on 23/3/2005. The plaintiff's claim in the Sessions Court was fixed for mention on 14/11/2005. The matter was fixed for further hearing on 3/4/2006 at Shah Alam High Court, but was then postponed to 11/9/2006 at Klang Sessions Court.

- v) Kuala Lumpur High Court Civil Suit No. S7-22-1822-2003 by Indah Water Konsortium Sdn Bhd (Plaintiff) against Dynawell Corporation (M) Sdn Bhd (Defendant) being a claim of RM606,708.80 for sewerage charges as at 30/6/2003. The Defendant has filed a counterclaim for loss of profit in hotel bookings and food & beverages and expenses incurred as a result of the failure of the Plaintiff in discharging their contractual and statutory duty to clear a nearby sewerage. The Plaintiff has served a reply to the counterclaim of the Defendant to the Defendant's solicitors on 25/3/2004. The case is awaiting for the serving of a pre-trial notice for pre-trial case management from the Plaintiff. The matter is fixed for further case management on 13/5/2005 subsequently postponed to 16/8/2005. The case is fixed for mention on 9/11/2005 and subsequently been struck off. On 15/12/2005 Plaintiff has agreed to extend the time until 12/12/2005 for Defendant to enter the appearance. Unsealed copy of the summons in chambers to set aside Plaintiff claim served on Plaintiff on 4/1/2006. On 24/3/2006, the Plaintiff has no objection to the Defendant's request to seek for an adjournment of the Defendant's application fixed for hearing on 27/3/2006 and further, the Plaintiff agreed to mention on the Defendant behalf. Hearing of our application to set aside Plaintiff's action was on 23/5/2006.
- vi) Kuala Lumpur Sessions Court Summons No. S6-52-2373 & 2371-03 (2 Cases) dated 11/2/2003 by Gho Kha Chee & Other (Plaintiffs) and GPB (Defendant) being a claim of RM250,000.00 arising from delay of issuance of certificate of fitness as decided by Court. The plaintiff's summons were struck out on 12/3/2004. The Plaintiff has filed notice of appeal. The matter was fixed for hearing on 3/1/2006, but hearing has been subsequently postponed to 8/3/2006. The Plaintiff has withdrawn their Summary Judgement Application. The Judge has adjourned the hearing of the Defendant application to strike out the Plaintiff's claim to 2/6/2006.
- vii) Kuala Lumpur Sessions Court Summons No. D8-22-700-2005 dated 19/5/2005 by Malayan Banking Berhad (Plaintiff) against Dynawell (Defendant) being a claim of RM5,402,030.06 arising from outstanding hire purchase due as at 30/4/2005. The Defendant filed the Memorandum of Appearance on 20/6/2005. The Statement of Defence was subsequently served on Plaintiff on 11/7/2005. The Plaintiff's application for summons judgement was fixed for hearing on 14/12/2005, but has been postponed to 20/3/2006 pending settlement. The case is fixed for mention on 8/6/2006 pending settlement.

Kuala Lumpur High Court Originating Summons No. S3-24-1797-2005 dated 11/08/2005 by Malayan Banking Berhad (Plaintiff) against GPB (Defendant) for an order for sale of certain properties charged to MBB for the repayment of the above mentioned hire purchase facility. The Plaintiff's application was fixed for hearing on the 16/01/2006, but has been postponed to 16/3/2006 pending settlement. The Plaintiff has agreed on a settlement. The case is fixed for mention on 21/9/2006 pending settlement.

- viii) Kuala Lumpur High Court Suit No. D5-22-2018-2005 dated 18/07/2005 by Aseam Credit Sdn Bhd (Plaintiff) against KSB Requirements & Rest Sdn Bhd (Defendant) being a claim of RM5,341,857.61 arising from outstanding hire purchase due as at 20/06/2005. The Defendant filed the Memorandum of Appearance on 9/09/2005. Received unsealed copy of summon in chamber from plaintiff on 25/11/2005. Pending of service of the sealed copy. Plaintiff has agreed on a settlement. Fixed for mention on 7/6/2006 pending settlement.

- ix) Kuala Lumpur High Court Suit No. D5-22-0648-2005 by Aseambankers Malaysia Berhad & 8 Ors Sdn Bhd (Plaintiff) against Gula Perak Berhad (Defendant) being a claim of RM20,221,564.83 arising from outstanding Term Loan together with interest due as at 31/08/2005. On 22/12/2005, Plaintiff agreeable to Defendant not filing their statement of defence in the interim as Plaintiff will be filing their application for summary judgment shortly. However the Group will be making a proposal to the Plaintiff to restructure the outstanding interest together with the RCSN. On 17/4/2006 the Plaintiff has agreed to the Defendant's request to extend the time to file and serve their affidavit in reply by 26/4/2006. After hearing on 9/5/2006, the matter is now fixed for mention on 19/6/2006.

The directors are of the opinion that the above-mentioned litigation would not have material impact on the Group's financial results.

12. **DIVIDENDS**

The Board of Directors does not recommend any payment of dividends for the year under review.

13. **EARNING/(LOSS) PER SHARE**

Basic

The Calculation of earning/(loss) per share for the year is based on the net profit/(loss) after tax for the year divided by the weighted average number of ordinary share in issued as at 31 March 2006 of 537,779,740.

Diluted

Not applicable.