

**GULA PERAK BERHAD (“GPB”) 8104-X**  
**Explanatory Notes to the 3rd Quarterly Report for the Period Ended 31 December 2002**  
**-Unaudited**

**MASB 26 Requirement**

(a) **ACCOUNTING POLICIES**

The interim financial report has been prepared in accordance with MASB 26 – Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Kuala Lumpur Stock Exchange. The accounting policies and method of computation in the interim financial report follows the annual financial statement for the year ended 31/3/2002.

The interim financial report should be read in conjunction with the Annual Financial Report for the year ended 31/3/2002.

(b) **QUALIFICATION**

There was no audit qualification in the Company’s audit report in the preceding annual financial statements for the year ended 31/3/2002.

(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 period ended 31/12/2002.

(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**

During the period, there were no 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 period ended 31/12/2002.

(g) **DIVIDENDS**

There was no dividend paid during the quarter ended 31/12/2002.

(h) **SEGMENTAL REPORTING BY ACTIVITIES**

	<b>Operating Revenue</b>	<b>Profit/(Loss) Before Taxation</b>
	<b>31/12/2002</b>	<b>31/12/2002</b>
	<b>RM’000</b>	<b>RM’000</b>
Hotel operations	19,254	240
Plantation	4,406	1,397
Others	-	14
	<hr/> 23,660	<hr/> 1,651
Less : Other Corporate Expenses	-	(409)
Less: Finance Cost		<hr/> (17,652)
	23,660	(16,410)
Less : Elimination	(524)	-
	<hr/> 23,136	<hr/> (16,410)

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 financial statements.
- (j) **MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD**  
There were no material events subsequent to the end of the period ended 31/12/2002.
- (k) **CHANGES IN THE COMPOSITION**  
There were no changes in the composition of the Company during the period ended 31/12/2002.
- (l) **CHANGES IN CONTINGENT LIABILITIES OR ASSETS**  
There were no changes in contingent liabilities or assets since the last annual balance sheet.

## **Kuala Lumpur Stock Exchange Revised Listing Requirement**

### 1. **REVIEW OF PERFORMANCE**

The Group's loss before tax for the nine months ended 31/12/2002 was RM16.410 million as compared with loss before tax of RM16.362 million same period previous year.

The results of the Group for the period under review was largely attributable to finance cost incurred for its loans, Redeemable Secured Bonds 2000/2005 and 1995/2000 Bonds which crystallised in December 2000. The Company is currently undergoing a debt restructuring to restructure its 1995/2000 Bonds, Term Loans and Revolving Credit.

### 2. **COMPARISON WITH PRECEDING QUARTERLY RESULTS**

	3rd Qtr 2002 RM'000	2nd Qtr 2002 RM'000	Increase/(Decrease) RM'000
Turnover	8,460	7,742	718
Profit/(Loss) before taxation	(4,857)	(6,137)	(1,280)

Turnover for this quarter has increased by approximately RM718,000 primarily due to increase in the hotel revenue. Occupancy has improved slightly in both the hotels while the average room rate have maintained. Higher turnover also derived from higher selling prices realized for palm oil.

In spite of the higher turnover, loss before tax is RM4.857 million compared to RM 6.137 million loss last quarter. The loss mainly attributable to high finance cost.

### 3. **PROSPECTS**

The Group is currently undergoing a debt restructuring exercise. In view of the restructuring exercise, the Board does not foresee any improvements in the performance of the Company for this financial year ending 31/3/2003.

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

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

### 5. **TAXATION**

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

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

There were no sales of unquoted investment or properties outside the ordinary course of business during the quarter ended 31/12/2002.

### 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 period ended 31/12/2002.

### 8. **STATUS OF CORPORATE PROPOSALS**

#### **Proposed Debt Restructuring**

On 14/7/2000, 22/9/2000 and 20/2/2001 the Group announced the proposed debt restructuring of RM154.5 million Bank Guarantee Facility pursuant to RM150 million nominal value of 3% Guaranteed Redeemable Bonds 1995/2000, RM25 million Revolving Credit Facility and RM21 million Syndicated Term Loan respectively (Proposed Debt Restructuring). The Proposed Debt Restructuring involves an issuance of RM277.833 million nominal 5 year Redeemable Convertible Secured Notes (RCSN) by GPB to the lenders. The Proposed Debt Restructuring has been approved by the Securities Commission

(SC), Foreign Investment Committee (FIC) and Bank Negara Malaysia (BNM) on 26 July 2001, 15 March 2001 and 5 March 2001 respectively.

Due to the longer timeframe taken to complete the above debt restructuring, GPB had on 21/11/2001, announced the proposed issuance of RCSN will be increased up to RM290.758 million (the Revised Proposal) taking into account the additional interest up to 30/6/2002. GPB had on 29/4/2002 submitted a revised financial forecast and projections to the SC. The approval from BNM, FIC and SC for the Revised Proposal were obtained on 14/1/2002, 21/1/2002 and 16/8/2002 respectively.

On 25/6/2002, the Company had entered into a Settlement Agreement with its lenders pursuant to the Proposed Debt Restructuring. The Shareholders of the Company have approved the said Proposed Debt Restructuring at the Company's Extraordinary General Meeting held on 23/7/2002.

On 17/9/2002, the Board of Directors of the Company announced that the conversion of RCSN is to be fixed at RM1.20 per share and a copy of the draft Abridged Prospectus for the said proposal was submitted to SC on 16/10/2002. Kuala Lumpur Stock Exchange had on 11/11/2002 approved the listing application in relation to the listing of RCSN.

All documents pertaining to the issuance of RCSN have been stamped on 11/12/2002. SC had vide its letter dated 6/1/2003 approved the further extension of time to 25/5/2003 to complete the Proposed Debt Restructuring.

#### 9. **GROUP BORROWINGS**

Group borrowings as at 31 December 2002 are as follows:

**RM'000**

##### *Short term borrowings – Secured*

Revolving credit	27,715
Bank overdrafts	3,025
Syndicated term loan	165,922
Term loan	2,867

##### *Long term borrowings – Secured*

Irredeemable Convertible Secured Loan Stocks 2000/2005	192,375
Redeemable Secured Bonds	90,124
Syndicated term loan	18,000
Term Loan	13,067

**USD'000**

##### *Short term borrowings – Secured*

Term loan (RM16,751)	4,408
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#### 10. **OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

The Group does not have any off balance sheets financial instruments 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 April 1999 against Chang An Holidays (M) Sdn Bhd (Defendant) for RM698,763.31 being claims for room charges and services rendered.

On 12 November 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 of 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. The Writ of Seizure and Sale is extended up to 6/11/2003 by way of a Court Order dated 1/11/2002. The matter is pending settlement between the parties.
  
- iii) Kuala Lumpur Sessions Court Summons No. 7-52-15612-98 by Dynawell Corporation (M) Sdn Bhd (Plaintiff) dated 17 August 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 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 October 1999. The solicitors for the Plaintiff are awaiting instructions for the execution of the Judgement.
  
- iv) Klang Sessions Court Summons No. 52-728-2000 by Royalton Holdings Sdn Bhd (Plaintiff) against GPB (Defendant) for the sum of RM91,841.10 for late delivery of industrial lot. The Sessions Court has on the 11/10/2002 allowed the Plaintiff to amend their Statement of Claim to RM862,415.34. GPB has filed an appeal in the Shah Alam High Court on the 23/10/2002 and has served the notice of Appeal on the Plaintiff's solicitor as GPB is of the opinion that it is a frivolous claim and also that the Sessions Court has no jurisdiction to allow the Plaintiff to amend their Statement of Claim as the maximum jurisdiction of the Sessions Court, in such case, is only up to the sum of RM250,000.00. The Shah Alam High Court has fixed the hearing on the 19<sup>th</sup> November 2003.

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. **LOSS PER SHARE**

Basic

The Calculation of loss per share for the quarter is based on the net loss after tax for the quarter of RM16.410 million divided by the number of ordinary share in issued during the quarter of 255,888,300.

Diluted

Not applicable