

# **ASIA PACIFIC LAND BERHAD**

(Incorporated in Malaysia)

Company No : 4069 - K

## **FINANCIAL REPORT** *for the financial year ended 31 December 2006*

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# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

Company No : 4069 - K

## DIRECTORS' REPORT

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The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Loss attributable to shareholders for the financial year	(33,536)	(935)

### DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

### RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are as disclosed in the financial statements.

### ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

### OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

# **ASIA PACIFIC LAND BERHAD**

(Incorporated in Malaysia)

Company No : 4069 - K

## **DIRECTORS' REPORT**

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### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would further require the writing off of bad debts, or additional allowance for doubtful debts in the financial statements of the Group and of the Company.

### **CURRENT ASSETS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

### **VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### **CONTINGENT AND OTHER LIABILITIES**

The contingent liabilities are disclosed in Note 39 to the financial statements. At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company 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 of the Company to meet their obligations when they fall due.

# **ASIA PACIFIC LAND BERHAD**

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## **DIRECTORS' REPORT**

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### **CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

### **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

### **EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

The ESOS was approved by the Securities Commission on 26 April 2001 and the shareholders at an Extraordinary General Meeting held on 28 June 2001.

The principal features of the ESOS are as follows:-

- (a) Eligible persons are employees (including executive directors) of Malaysian citizenship who have been confirmed in the employment of the Group for a continuous period of at least one year at the offer date and falling within any categories of employees as set out in Clause 5 and who are eligible to participate in the ESOS pursuant to Clause 4 of the By-Laws. The selection for participation in the ESOS shall be at the absolute discretion of the ESOS Committee appointed by the Board of Directors.
- (b) The maximum number of new ordinary shares of RM1.00 each to be offered shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS.
- (c) No option shall be granted for less than 1,000 ordinary shares or more than 500,000 ordinary shares to any individual eligible employee.
- (d) The exercise price of the option may be subjected to a discount of not more than 10% of the average of the mean market quotation of the shares as shown in the daily official list issued by Bursa Malaysia Securities Berhad, for the five trading days immediately preceding the offer date, or at par value of the shares of the Company, whichever is the higher.

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

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## DIRECTORS' REPORT

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### EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

The principal features of the ESOS are as follows (Cont'd):-

- (e) The ESOS shall be in force for a period of 5 years from the offer date, subject to an extension for a further period of 5 years commencing from the date of expiration of the existing 5-year period as may be approved by the relevant authorities.
- (f) The ESOS expired on 27 February 2007.

The options granted may be exercised in the following manner:-

NUMBER OF NEW SHARES GRANTED UNDER THE OPTIONS	MAXIMUM PERCENTAGE OF NEW SHARES COMPRISED IN THE OPTIONS EXERCISABLE WITHIN EACH PARTICULAR YEAR OF THE ESOS				
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Below 20,000	100%	-	-	-	-
20,000 to less than 100,000	40% <sup>(1)</sup>	30%	30% <sup>(2)</sup>	-	-
100,000 and above	20%	20%	20%	20%	20% <sup>(3)</sup>

Notes:-

- (1) 40% or 20,000 new shares, whichever is the higher.
- (2) 30% or the remaining number of new shares unexercised.
- (3) 20% or the remaining number of new shares unexercised.

Options exercisable in a particular year but not exercised can be carried forward to the subsequent years subject to the time limit of the ESOS.

The movement in the options to take up unissued new ordinary shares of RM1.00 each during the financial year is as follows:-

DATE OF OFFER	OPTION PRICE	BALANCE AT 1.1.2006	EXERCISED DURING THE YEAR	LAPSED DUE TO RESIGNATION	BALANCE AT 31.12.2006
1 March 2002	RM1.00	7,276,000	-	(2,229,000)	5,047,000

There were no new options granted to employees during the financial year ended 31 December 2006.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for ordinary shares on 1 March 2002.

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

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## DIRECTORS' REPORT

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### DIRECTORS

The directors who served since the end of the previous financial year are as follows:-

MR. LOW GEE TAT @ GENE LOW  
TAN SRI DATUK SERI (DR) CHONG HON NYAN  
TAN SRI DATO' HANAFIAH BIN HUSSAIN  
TAN SRI DATO' LEE KIM SAI @ LEE HOO  
MR. LOW GEE TEONG  
MDM. WOON SIEW CHOO  
MDM. LOW SU MING (APPOINTED ON 1 MARCH 2006)  
MR. WEE BENG SANG (APPOINTED ON 1 MARCH 2006)  
DATO' JEFFREY NG TIONG LIP (RETIRED ON 31 MARCH 2006)  
MDM. OH LEEN MAY (RETIRED ON 14 DECEMBER 2006)

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in the shares of the Company during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM1.00 EACH				OPTIONS GRANTED TO SUBSCRIBE FOR NEW SHARES UNDER ESOS AS AT 31.12.2006
	AT 1.1.2006	BOUGHT	SOLD	AT 31.12.2006	
<i>DIRECT INTERESTS</i>					
MR. LOW GEE TAT @ GENE LOW	-	-	-	-	500,000
MR. LOW GEE TEONG	-	-	-	-	500,000
MDM. LOW SU MING	887,000	-	-	887,000	500,000
MDM. WOON SIEW CHOO	119,800	-	-	119,800	450,000
MR. WEE BENG SANG	45,000	-	-	45,000	325,000
<i>INDIRECT INTERESTS</i>					
MR. LOW GEE TAT @ GENE LOW	230,445,447	-	-	230,445,447	-
MR. LOW GEE TEONG	230,445,447	-	-	230,445,447	-
TAN SRI DATUK SERI (DR) CHONG HON NYAN	5,500	-	-	5,500	-

# **ASIA PACIFIC LAND BERHAD**

(Incorporated in Malaysia)

Company No : 4069 - K

## **DIRECTORS' REPORT**

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### **DIRECTORS' INTERESTS (CONT'D)**

No options granted to subscribe for new shares under ESOS to the directors were exercised during the financial year ended 31 December 2006.

Mr. Low Gee Tat @ Gene Low and Mr. Low Gee Teong, by virtue of their substantial interests in shares in the Company, are also deemed interested in shares in all the Company's subsidiaries to the extent of the Company's interests in shares in these subsidiaries.

None of the other directors had any interest in the shares of the Company and its related corporations during the financial year.

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any benefits which may be deemed to arise from the related party transactions/balances as disclosed in Notes 42 and 43 to the financial statements.

Neither during nor at the end of the financial year was the Company and its subsidiaries a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the options granted to the directors pursuant to the ESOS.

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

The significant events of the Group during the financial year are disclosed in Note 45 to the financial statements.

### **SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

The significant events of the Group subsequent to the balance sheet date are disclosed in Note 46 to the financial statements.

# **ASIA PACIFIC LAND BERHAD**

(Incorporated in Malaysia)  
Company No : 4069 - K

## **DIRECTORS' REPORT**

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### **AUDITORS**

The auditors, Messrs. Horwath, have expressed their willingness to continue in office.

### **SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS**

**DATED**

**Low Gee Tat @ Gene Low**  
**EXECUTIVE CHAIRMAN**

**Low Gee Teong**  
**MANAGING DIRECTOR**

Kuala Lumpur

Date:

# **ASIA PACIFIC LAND BERHAD**

(Incorporated in Malaysia)  
Company No : 4069 - K

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## **STATEMENT BY DIRECTORS**

We, Low Gee Tat @ Gene Low and Low Gee Teong, being two of the directors of Asia Pacific Land Berhad, state that, in the opinion of the directors, the financial statements are drawn up in accordance with applicable revised approved accounting standards known as Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB") for entities other than private entities and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2006 and of their results and cash flows for the financial year ended on that date.

## **SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED**

**Low Gee Tat @ Gene Low**  
**EXECUTIVE CHAIRMAN**

**Low Gee Teong**  
**MANAGING DIRECTOR**

Kuala Lumpur

Date:

## **STATUTORY DECLARATION**

I, Woon Siew Choo, I/C No. 531213-04-5134 being the director primarily responsible for the financial management of Asia Pacific Land Berhad, do solemnly and sincerely declare that the financial statements are, to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by  
Woon Siew Choo, I/C No. 531213-04-5134,  
at Kuala Lumpur in the Federal Territory  
on this

**Woon Siew Choo**

Before me

Kuala Lumpur

Date:

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## **REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF ASIA PACIFIC LAND BERHAD**

(Incorporated in Malaysia)  
Company No : 4069 - K

We have audited the financial statements of Asia Pacific Land Berhad for the financial year ended 31 December 2006. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the 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 to 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 that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe 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 applicable revised approved accounting standards known as Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB") for entities other than private entities so as to give a true and fair view of:-
  - (i) the state of affairs of the Group and of the Company at 31 December 2006 and their results and cash flows for the financial year ended on that date; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries for which we have not acted as auditors, as indicated in Note 6 to the financial statements.

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF  
ASIA PACIFIC LAND BERHAD (CONT'D)**

(Incorporated in Malaysia)  
Company No : 4069 - K

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Companies Act, 1965.

**Horwath**

Firm No: AF 1018  
Chartered Accountants

Kuala Lumpur

Date:

**Onn Kien Hoe**

Approval No: 1772/11/08 (J/PH)  
Partner

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

Company No : 4069 - K

## BALANCE SHEETS AS AT 31 DECEMBER 2006

	NOTE	THE GROUP		THE COMPANY	
		2006 RM'000	2005 RM'000 (Restated)	2006 RM'000	2005 RM'000 (Restated)
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investment in subsidiaries	6	-	-	116,002	116,002
Property, plant and equipment	7	54,401	348,363	54	56
Prepaid land lease payments	8	74,873	62,519	-	-
Investment properties	9	2,500	473,368	-	-
Other investment	10	50	50	50	50
Land held for development	11	137,006	167,691	-	-
Deferred tax assets	12	22,843	22,080	1,718	1,650
		<u>291,673</u>	<u>1,074,071</u>	<u>117,824</u>	<u>117,758</u>
<b>CURRENT ASSETS</b>					
Inventories	13	41,085	26,939	-	-
Property development costs	14	149,271	145,371	-	-
Trade receivables	15	18,250	37,742	-	-
Other receivables, deposits and prepayments	16	28,735	15,583	948	925
Amount owing by subsidiaries	17	-	-	732,155	909,111
Deposits with financial institutions	18	16,670	229	16,434	-
Cash and bank balances	19	10,874	4,804	488	54
		<u>264,885</u>	<u>230,668</u>	<u>750,025</u>	<u>910,090</u>
Non-current assets classified as held for sale	20	680,000	-	-	-
		<u>944,885</u>	<u>230,668</u>	<u>750,025</u>	<u>910,090</u>
<b>TOTAL ASSETS</b>		<u>1,236,558</u>	<u>1,304,739</u>	<u>867,849</u>	<u>1,027,848</u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	21	710,341	710,341	710,341	710,341
Reserves	22	(35,572)	60,697	(128,743)	(127,808)
Amount recognised directly in equity relating to assets classified as held for sale		57,331	-	-	-
<b>TOTAL EQUITY</b>		<u>732,100</u>	<u>771,038</u>	<u>581,598</u>	<u>582,533</u>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liability	23	24,531	49,681	-	-
Long-term borrowings	24	340,699	299,332	140,000	120,000
		<u>365,230</u>	<u>349,013</u>	<u>140,000</u>	<u>120,000</u>

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

Company No : 4069 - K

## BALANCE SHEETS AS AT 31 DECEMBER 2006 (CONT'D)

	NOTE	THE GROUP		THE COMPANY	
		2006 RM'000	2005 RM'000 (Restated)	2006 RM'000	2005 RM'000 (Restated)
<b>CURRENT LIABILITIES</b>					
Trade payables	26	22,905	34,180	-	-
Other payables and accruals	27	52,586	68,394	10,412	7,149
Amount owing to subsidiaries	17	-	-	135,839	318,166
Provision for taxation		28,899	30,534	-	-
Bank overdrafts	28	5,000	4,963	-	-
Short-term borrowings	29	13,103	46,617	-	-
		<u>122,493</u>	<u>184,688</u>	<u>146,251</u>	<u>325,315</u>
Liabilities directly associated with assets classified as held for sale	20	16,735	-	-	-
		<u>139,228</u>	<u>184,688</u>	<u>146,251</u>	<u>325,315</u>
<b>TOTAL LIABILITIES</b>		<u>504,458</u>	<u>533,701</u>	<u>286,251</u>	<u>445,315</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,236,558</u>	<u>1,304,739</u>	<u>867,849</u>	<u>1,027,848</u>
<b>NET ASSETS PER SHARE</b>	30	<u>RM1.03</u>	<u>RM1.09</u>		

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

Company No : 4069 - K

## INCOME STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	NOTE	THE GROUP		THE COMPANY	
		2006 RM'000	2005 RM'000 (Restated)	2006 RM'000	2005 RM'000
<b>CONTINUING OPERATIONS</b>					
Revenue	31	9,429	48,170	257	4,050
Cost of sales	32	(3,990)	(34,063)	-	-
Gross profit		5,439	14,107	257	4,050
Other income		3,655	7,201	328	269
Selling and marketing expenses		(4,859)	(5,565)	-	-
Administrative expenses		(12,206)	(16,378)	(1,573)	(2,136)
Other expenses		(6,391)	(21,148)	(15)	(15)
Finance costs	33	(2,250)	(683)	-	-
(Loss)/Profit before taxation	34	(16,612)	(22,466)	(1,003)	2,168
Income tax expense	35	8,586	2,181	68	(731)
(Loss)/Profit for the financial year from continuing operations		(8,026)	(20,285)	(935)	1,437
<b>DISCONTINUED OPERATIONS</b>					
(Loss)/Profit for the financial year from discontinued operations	20	(25,510)	13,674	-	-
(Loss)/Profit attributable to shareholders for the financial year		(33,536)	(6,611)	(935)	1,437
<b>LOSS PER SHARE</b>					
- Basic	36	(4.7) sen	(0.9) sen		

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

Company No : 4069 - K

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

THE GROUP	← NON-DISTRIBUTABLE →				RELATING TO ASSETS HELD FOR SALE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	REVALUATION RESERVE RM'000	EXCHANGE FLUCTUATION RESERVE RM'000			
Balance at 1.1.2005	710,341	62,372	93,610	6,286	-	(85,079)	787,530
Transfer from deferred tax assets	-	-	87*	-	-	-	87
Deficit from revaluations	-	-	(1,699)*	-	-	-	(1,699)
Impairment loss	-	-	(8,225)*	-	-	-	(8,225)
Reversal of deficit from previously recognised surplus	-	-	(9,837)	-	-	-	(9,837)
Currency exchange translation difference	-	-	-	(44)*	-	-	(44)
Loss after taxation for the financial year	-	-	-	-	-	(6,611)	(6,611)
Balance at 31.12.2005/1.1.2006	710,341	62,372	83,773	6,242	-	(91,690)	771,038
Reversal of revaluation deficit from previously recognised surplus	-	-	(5,369)*	-	-	-	(5,369)
Currency exchange translation difference	-	-	-	(33)*	-	-	(33)
Amount recognised directly in equity relating to assets classified as held for sale	-	-	(57,331)	-	57,331	-	-
Loss after taxation for the financial year	-	-	-	-	-	(33,536)	(33,536)
Balance at 31.12.2006	710,341	62,372	21,073	6,209	57,331	(125,226)	732,100

Note\* : represents gains/(losses) not recognised in income statements

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

Company No : 4069 - K

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

THE COMPANY	← NON-DISTRIBUTABLE →				TOTAL RM'000
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	REVALUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	
Balance at 1.1.2005	710,341	62,372	185,936	(191,617)	767,032
Effects of adopting FRS 127	-	-	(185,936)	-	(185,936)
As restated	710,341	62,372	-	(191,617)	581,096
Profit after taxation for the financial year	-	-	-	1,437	1,437
Balance at 31.12.2005/1.1.2006 (As restated)	710,341	62,372	-	(190,180)	582,533
Loss after taxation for the financial year	-	-	-	(935)	(935)
Balance at 31.12.2006	710,341	62,372	-	(191,115)	581,598

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

Company No : 4069 - K

## CASH FLOW STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

NOTE	THE GROUP		THE COMPANY	
	2006 RM'000	2005 RM'000 (Restated)	2006 RM'000	2005 RM'000
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>				
(Loss)/Profit before taxation from:				
- Continuing operations	(16,612)	(22,466)	(1,003)	2,168
- Discontinued operations (Note 20)	(40,016)	15,212	-	-
Adjustments for:-				
Amortisation of prepaid land lease payment	1,395	-	-	-
Depreciation of property, plant and equipment	2,046	4,182	14	15
Deficit from revaluation of properties	-	116	-	-
Impairment loss on property, plant and equipment	9,678	9,787	-	-
Impairment loss on investment property	23,000	-	-	-
Net allowance for doubtful debts	90	2,253	-	-
Net interest expense/(income)	6,704	4,875	(295)	(202)
Net gain on disposal of prepaid land lease payment	(455)	-	-	-
Net loss/(gain) on disposal of property, plant and equipment	670	(5,586)	(33)	(67)
Provision for liabilities associated with assets classified as held for sale	16,735	-	-	-
Operating profit before working capital changes	3,235	8,373	(1,317)	1,914
Decrease/(Increase) in inventories	6,156	(309)	-	-
(Increase)/Decrease in property development costs	(4,283)	10,874	-	-
Decrease/(Increase) in trade and other receivables	10,945	31,407	(24)	(227)
(Decrease)/Increase in trade and other payables	(5,845)	746	3,264	5,063
<b>CASH FROM OPERATIONS</b>	<b>10,208</b>	<b>51,091</b>	<b>1,923</b>	<b>6,750</b>
Income tax paid	(6,467)	(4,031)	-	(693)
Interest paid	(26,732)	(30,590)	-	-
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD</b>	<b>(22,991)</b>	<b>16,470</b>	<b>1,923</b>	<b>6,057</b>

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

Company No : 4069 - K

## CASH FLOW STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 (CONT'D)

	NOTE	THE GROUP		THE COMPANY	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
BALANCE BROUGHT FORWARD		(22,991)	16,470	1,923	6,057
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of prepaid land lease payments		(22)	-	-	-
Purchase of property, plant and equipment	37	(2,969)	(1,863)	(12)	(17)
Proceeds from disposal of prepaid land lease payments		3,655	-	-	-
Proceeds from disposal of property, plant and equipment		43,422	16,831	33	67
Increase in investment properties		-	(112)	-	-
Payment for land held for development		(278)	(1,705)	-	-
Interest received		295	409	295	202
NET CASH FROM INVESTING ACTIVITIES		44,103	13,560	316	252
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Net advances to subsidiaries		-	-	(5,371)	(6,376)
Drawdown of term loans and bridging loans		30,084	6,757	20,000	-
Repayments to hire purchase payables		(519)	(335)	-	-
Repayment of term loans		(28,203)	(42,718)	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		1,362	(36,296)	14,629	(6,376)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		22,474	(6,266)	16,868	(67)
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS		-	(25)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		70	6,361	54	121
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	38	22,544	70	16,922	54

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

Company No : 4069 - K

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965. The domicile of the Company is in Malaysia. The registered office and principal places of business are as follows:-

- Registered office : Suites 704 & 705, 7th Floor,  
No. 11, Lorong Kinta, 10400 Penang.
- Principal places of business : (i) 49<sup>th</sup> Floor, Empire Tower, City Square Centre,  
Jalan Tun Razak, 50400 Kuala Lumpur.
- (ii) Lot 2-1-5, Marina Terrace Sports Complex,  
Jalan Low Yat, 11100 Batu Ferringhi, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 26 April 2007.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that appropriate financial resources are available to the Group to meet its specific requirements at the most favourable terms and conditions. It also endeavours to minimise foreign currency, interest rate, market, credit, liquidity and cash flow risks at the lowest cost possible. The Group operates within defined guidelines that are approved by the Board and its policies in respect of the major areas of treasury activity are as follows:-

#### (a) Market Risk

##### (i) Foreign Currency Risk

Exposure of overseas operating subsidiaries to transaction risk is minimised by matching local currency income against local currency costs.

Foreign currency risk is monitored closely and managed to an acceptable level.

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

Company No : 4069 - K

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

##### (ii) Interest Rate Risk

The Group obtains financing through bank borrowings, leasing and hire purchase. Its policy is to obtain the most favourable interest rates available without restricting its business directions.

Surplus and unutilised funds are placed with licensed financial institutions at the most favourable terms.

##### (iii) Price Risk

The Group does not have any quoted investments and hence is not exposed to price risk.

#### (b) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amount of this financial asset in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group minimises its exposure to credit risk by investing cash assets in licensed financial institutions, and by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Group ensures that there is no major concentration of credit risk related to any individual or counterparty.

#### (c) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities and endeavours to match the type of funding and tenure to the asset and project life and cashflow profile.

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

Company No : 4069 - K

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 4. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable revised approved accounting standards known as Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board ("MASB") for entities other than private entities and the provisions of the Companies Act, 1965.

In the current financial year, the Group has adopted all the new and revised Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board which are relevant to its operations and effective for financial periods beginning on or after 1 January 2006.

FRS 117 has been issued and is effective for financial periods beginning on or after 1 October 2006 and the Group has elected to adopt this accounting standard in advance of its effective date.

The adoption of these new and revised FRS does not have any material financial effects on the financial statements of the Group and the Company except for:-

- (a) FRS 5 – Non-current Assets Held for Sale and Discontinued Operations
- (b) FRS 117 – Leases; and
- (c) FRS 127 – Consolidated and Separate Financial Statements.

The effects of adopting the above FRS on the accounting policies are disclosed in Notes 5(e), 5(i), 5(j) and 5(k) respectively and the effects on the comparative figures are disclosed in Note 49 to the financial statements.

FRS 6 - Exploration for and Evaluation of Mineral Resources has been issued and is effective for financial periods beginning on or after 1 January 2007. This standard is not relevant to the Group's operations.

FRS 124 - Related Party Disclosures has been issued and is effective for financial periods beginning on or after 1 October 2006 and has not been adopted by the Group and the Company. The directors anticipate that the adoption of FRS 124 will not have a material financial impact on the financial statements.

FRS 139 - Financial Instruments: Recognition and Measurement has been issued and the effective date has yet to be determined by MASB. This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company will apply this standard when it becomes effective.

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

Company No : 4069 - K

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

##### (i) *Depreciation of Property, Plant and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### (ii) *Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### (iii) *Impairment of Assets*

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the Group is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)  
Company No : 4069 - K

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Critical Accounting Estimates And Judgements (Cont'd)

(iv) *Classification between Investment Properties and Owner-Occupied Properties*

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group in making its assessment.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(v) *Allowance for Inventories*

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vi) *Allowance for Doubtful Debts of Receivables*

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

Company No : 4069 - K

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Critical Accounting Estimates And Judgements (Cont'd)

##### (vii) *Revaluations of Properties*

The Group's properties which are reported at valuation are based on valuation performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

#### (b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group and the Company have become parties to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group and the Company have a legally enforceable right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

# ASIA PACIFIC LAND BERHAD

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Company No : 4069 - K

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (c) Functional and Foreign Currency

##### (i) *Functional and Presentation Currency*

The functional currency of the Group is measured using the currency of the primary economic environment in which the Group operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the parent's functional and presentation currency.

##### (ii) *Transactions and Balances*

Transactions in foreign currency are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

##### (iii) *Foreign Operations*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) income and expense for the income statement are translated at the average exchange rates for the year; and
- (iii) all resulting exchange differences are recognised as a separate component of equity, as a foreign currency translation reserve. On disposal, accumulated translation differences are recognised in the consolidated income statements as part of the gain or loss on sale.

# ASIA PACIFIC LAND BERHAD

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Company No : 4069 - K

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2006.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

#### (e) Investments

Prior to 1 January 2006, investments in subsidiaries were stated at valuation in the balance sheet of the Company. A policy of regular revaluation of the investments in subsidiaries was adopted whereby the investments in subsidiaries were revalued periodically, at least once in every five years. The investments were also reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that the carrying values may not be recoverable.

Surpluses arising from the revaluation of the investments in subsidiaries were credited to the revaluation reserve. Deficits arising from the revaluation, to the extent that they were not supported by any previous revaluation surpluses, were charged to the income statement. In the year of disposal of a subsidiary, the attributable revaluation surplus was transferred from the revaluation reserve to retained earnings.

# ASIA PACIFIC LAND BERHAD

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Company No : 4069 - K

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (e) Investments (Cont'd)

During the financial year, the Company has changed the accounting policy in compliance with FRS 127 - Consolidated and Separate Financial Statements. The investments in subsidiaries are now stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

The financial effects of the change in the accounting policy are disclosed in Note 49 to the financial statements.

#### (f) Property, Plant and Equipment

Property, plant and equipment are stated at revaluation or cost less accumulated depreciation or amortisation and any impairment losses. Freehold land is not depreciated.

Depreciation or amortisation on property, plant and equipment is calculated under the straight-line method to write off the cost or revalued amount of these assets over their estimated useful lives.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual depreciation rates used are:-

Buildings	2%
Furniture, fittings, equipment, motor vehicles and other assets	5% - 33%
Golf course's building	2%

Other assets comprise tools, linen, crockery and related items.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

# ASIA PACIFIC LAND BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (f) Property, Plant and Equipment (Cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

#### (g) Impairment of Assets

The carrying amounts of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and its value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

#### (h) Assets under Finance Leases and Hire Purchase

Leases of plant and equipment where the benefits and risks of ownership are substantially transferred to the Group are classified as finance leases.

Plant and equipment acquired under finance lease and hire purchase are capitalised in the financial statements.

# ASIA PACIFIC LAND BERHAD

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Company No : 4069 - K

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Assets under Finance Leases and Hire Purchase (Cont'd)

Each lease or hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the finance lease and hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are allocated to the income statement over the period of the respective lease and hire purchase agreements.

Plant and equipment acquired under finance leases and hire purchase are depreciated over the useful lives of the assets. If there is no reasonable certainty that the ownership will be transferred to the Group, the assets are depreciated over the shorter of the lease terms and their useful lives.

#### (i) Prepaid Land Lease Payments

The prepaid land lease payments comprise the up-front payments made for the leasehold interest in land and are amortised on a straight line basis over the lease period. Prior to 1 October 2006, leasehold land was classified under property, plant and equipment and was stated at cost less accumulated depreciation and accumulated impairment losses, if any. Upon adoption of the revised FRS 117, the unamortised amount of leasehold interest in land is retained as the surrogate carrying amount of prepaid land lease payments as allowed by the revised FRS 117.

#### (j) Non-Current Assets Held for Sale and Discontinued Operations

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets or components of a disposal group are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets or disposal group are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies.

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

Company No : 4069 - K

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (j) Non-Current Assets Held for Sale and Discontinued Operations (Cont'd)

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in income statement. Gains are not recognised in excess of any cumulative impairment loss.

Discontinued operations are a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

#### (k) Investment Properties

Investment properties are property held either to earn rental income or for capital appreciation or for both. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in Note 5(f) to the financial statements.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is charged to the income statement.

#### (l) Land Held For Development

Land held for development is carried at cost less any accumulated impairment losses. Where land held for property development had previously been recorded at a revalued amount, the revalued amount is retained as its surrogate cost.

Land held for property development is classified as non-current asset where no development activities are carried out or where development activities are not expected to be completed within the normal operating cycle.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to the income statement as incurred unless such costs are directly identifiable to the consequent property development activity.

# ASIA PACIFIC LAND BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (l) Land Held For Development (Cont'd)

Land held for property development is transferred to current asset when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

#### (m) Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs that are not recognised as an expense are recognised as an asset and are carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenues and expenses recognised in the income statement are determined by reference to the stage of completion of development activity at the balance sheet date.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that will be recoverable. The property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense immediately, including costs to be incurred over the defects liability period.

#### (n) Revaluation Reserve

Surpluses arising from the revaluation of properties are credited to the revaluation reserve account. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are charged to the income statement.

In the year of disposal of the revalued asset, the attributable remaining revaluation surplus is transferred from the revaluation reserve account to retained profits.

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

For completed unsold properties, costs include cost of land, development expenditure and interest charges relating to the financing of the land and development. Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, allowance is made for obsolete, slow-moving and defective inventories.

#### (p) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

#### (q) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (r) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services rendered.

#### (s) Provision for liabilities

Provisions for liabilities are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

# ASIA PACIFIC LAND BERHAD

(Incorporated in Malaysia)

Company No : 4069 - K

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (t) Income taxes

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

Deferred taxation is provided in full, using the liability method, on all material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

# ASIA PACIFIC LAND BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (u) Interest-bearing Borrowings

The interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

Interest incurred on borrowings to finance the preparation of assets for their intended use is capitalised as part of the carrying value of the assets until they are completed and/or for sale, after which such expense is charged to the income statement. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

#### (v) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

#### (w) Employee Benefits

##### (i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (w) Employee Benefits (Cont'd)

##### (ii) *Defined Contribution Plans*

The Group's contributions to a defined contribution plan are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plan. A foreign subsidiary of the Group makes contributions to its respective country's pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

##### (iii) *Termination Benefits*

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

#### (x) **Contingent Liabilities and Contingent Assets**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Company.

#### (y) **Revenue Recognition**

##### (i) *Property Development*

Revenue from property development is recognised from the sale of completed and uncompleted development properties.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (y) Revenue Recognition (Cont'd)

##### (i) *Property Development (Cont'd)*

Revenue from the sale of completed properties is recognised when the sale is contracted.

Revenue on uncompleted properties contracted for sale is recognised using the percentage of completion basis. The stage of completion is determined based on:-

- (a) the survey of work performed; or
- (b) the contract costs incurred for work performed to-date in relation to the estimated total contract costs;

whichever is applicable.

Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the development will result in a loss and are recognised immediately in the income statement.

##### (ii) *Property Management*

Revenue is recognised upon the completion of management and maintenance services rendered.

##### (iii) *Leisure and Hospitality*

Revenue from the provision of hotel rooms, food and beverage, golf operations and other related services is recognised when services are rendered.

##### (iv) *Rental Income*

Revenue is recognised on an accrual basis.

##### (v) *Dividend Income*

Dividend income from investment is recognised when the right to receive dividend payment is established.

##### (vi) *Management Fees*

Revenue from management and project management is recognised when services are rendered.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (y) Revenue Recognition (Cont'd)

##### (vii) *Sale of Goods*

Revenue is recognised upon delivery of products and customers' acceptance, net of sales tax and discounts.

##### (viii) *Interest Income*

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

#### (z) Segmental Information

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), investment properties, land held for development, prepaid land lease payments, inventories, property under development, receivables, and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions.

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

### 6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2006 RM'000	2005 RM'000 (Restated)
Unquoted shares, at cost	181,949	181,949
Impairment loss	(65,947)	(65,947)
	<u>116,002</u>	<u>116,002</u>

Details of the subsidiaries are as follows:-

Name of Company <u>Incorporated in Malaysia</u>	Effective Equity Interest		Principal Activities
	2006	2005	
*Affinity Villas Sdn. Bhd.	100%	100%	Property investment and property development.
Aman City Hotel Sdn. Bhd.	100%	100%	Property development.
*Ambangan Valley Sdn. Bhd.	100%	100%	Property investment.
*Amity Synergy Sdn. Bhd.	100%	100%	Investment holding.
APL Construction Sdn. Bhd.	100%	100%	Dormant.
*APL Hotel Sdn. Bhd.	100%	100%	Property investment and development, and hotel business.
*Bakti Dinamik Sdn. Bhd.	100%	100%	Property development.
*Buoyant Point Sdn. Bhd.	100%	100%	Property maintenance services.
*City Square Centre Sdn. Bhd.	100%	100%	Investment holding.
*City Square Holdings Sdn. Bhd.	100%	100%	Investment holding.

## ASIA PACIFIC LAND BERHAD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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#### 6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):-

Name of Company	Effective Equity Interest		Principal Activities
	2006	2005	
<u>Incorporated in Malaysia</u>			
City Square Properties Sdn. Bhd.	100%	100%	Property investment and management and car park operation.
City Square Nursery And Landscaping Sdn. Bhd.	100%	100%	Dormant.
City Square Parking Sdn. Bhd.	100%	100%	Car park management.
City Square Retail Management Sdn. Bhd.	100%	100%	Dormant.
*Elite Empire Sdn. Bhd.	100%	100%	Dormant.
*Eminent Portfolio Sdn. Bhd.	100%	100%	Property investment.
*Empire Reach Sdn. Bhd.	100%	100%	Dormant.
Empire Tower (Malaysia) Sdn. Bhd.	100%	100%	Property investment and management.
*Esprit Projects Sdn. Bhd.	100%	100%	Property development.
*Fidelity Park Sdn. Bhd.	100%	100%	Property development.
*Hotel Fair Lane Holdings Sdn. Bhd.	100%	100%	Property development.
Island Bay Resorts Sdn. Bhd.	100%	100%	Investment holding, property investment and development (ceased hotel business on 26 May 2006).
*Khas Cergas Sdn. Bhd.	100%	100%	Dormant.
Kinasurya Sdn. Bhd.	100%	100%	Dormant.
Marina Mirage Hotel Sdn. Bhd.	100%	100%	Dormant.
Mount Pleasure Property Management Services Sdn. Bhd.	100%	100%	Property management services.
*Tasik Puteri Golf & Country Club Berhad	100%	100%	Golf course operation.

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## ASIA PACIFIC LAND BERHAD

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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#### 6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):-

Name of Company	Effective Equity Interest		Principal Activities
	2006	2005	
<u>Incorporated in Malaysia</u>			
Platinum Landmark Sdn. Bhd.	100%	100%	Dormant.
*Pristine Review Sdn. Bhd.	100%	100%	Property investment.
*Radiant Design Sdn. Bhd.	100%	100%	Dormant.
*Rawang Lakes Sdn. Bhd.	100%	100%	Property development and building contractor.
*Riviera Hectares Sdn. Bhd.	100%	100%	Property investment.
*Riviera Steppe Sdn. Bhd.	100%	100%	Property investment.
*Sapphire Acres Sdn. Bhd.	100%	100%	Property investment.
Wira Azimat Sdn. Bhd.	100%	100%	Property investment.
*Willow Land Sdn. Bhd.	100%	100%	Property investment.
<u>Incorporated in the Republic of Singapore</u>			
*Mount Pleasure Investments Pte. Ltd.	100%	100%	Dormant.
<u>Incorporated in the British Virgin Islands</u>			
*United Well Investment Ltd.	100%	100%	Dormant.
<u>Incorporated in Hong Kong (SAR)</u>			
*Kenson Development Limited	100%	-	Dormant.
<u>Incorporated in The People's Republic of China</u>			
*Platinum Landmark (Changshu) Limited	100%	-	Dormant.

\* *Not audited by Messrs Horwath.*

The effect of the new acquisition of subsidiaries, i.e. Kenson Development Limited and Platinum Landmark (Changshu) Limited on the financial results and financial position of the Group and the cash flow arising from the acquisition are insignificant.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 7. PROPERTY, PLANT AND EQUIPMENT

	NET BOOK VALUE AT 1.1.2006 RM'000 (Restated)	ADDITIONS RM'000	DISPOSALS RM'000	RECLASSIFICATIONS RM'000	IMPAIRMENT RM'000	DEPRECIATION CHARGE RM'000	CURRENCY EXCHANGE TRANSLATION DIFFERENCE RM'000	NET BOOK VALUE AT 31.12.2006 RM'000
THE GROUP								
Freehold land	3,337	-	(685)	-	-	-	-	2,652
Building under construction and buildings	10,920	-	-	51	(8)	(403)	-	10,560
Hotel properties (Note 20)	283,000	350	(43,000)	(240,000)	(350)	-	-	-
Furniture, fittings, equipment, motor vehicles and other assets	14,930	1,737	(2,799)	-	(9,320)	(1,040)	(39)	3,469
Golf course's building	36,176	2,198	-	(51)	-	(603)	-	37,720
Total	348,363	4,285	(46,484)	(240,000)	(9,678)	(2,046)	(39)	54,401

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# ASIA PACIFIC LAND BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	AT COST RM'000	AT VALUATION RM'000	IMPAIRMENT LOSSES RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
THE GROUP At 31.12.2006					
Freehold land	-	2,652	-	-	2,652
Building under construction and buildings	1,960	10,712	-	(2,112)	10,560
Furniture, fittings, equipment, motor vehicles and other assets	52,370	-	(9,678)	(39,223)	3,469
Golf course's building	6,051	34,464	-	(2,795)	37,720
Total	60,381	47,828	(9,678)	(44,130)	54,401
At 31.12.2005 (Restated)					
Freehold land	-	3,337	-	-	3,337
Building under construction and buildings	1,909	10,720	-	(1,709)	10,920
Hotel properties	-	283,000	-	-	283,000
Furniture, fittings, equipment, motor vehicles and other assets	61,149	-	-	(46,219)	14,930
Golf course's building	3,853	34,515	-	(2,192)	36,176
Total	66,911	331,572	-	(50,120)	348,363

The net book value of revalued property, plant and equipment, had the assets been carried at cost less depreciation, would have been as follows:-

	2006 RM'000	2005 RM'000
Freehold land	2,652	3,337
Building under construction and buildings	3,074	3,141
Hotel properties	-	259,771
Golf course's building	12,588	12,826
Total	18,314	279,075

The freehold land, buildings and golf course stated at valuation at the balance sheet date were revalued in December 2005 by an independent professional valuer, Mr. Ravindra Dass, a registered valuer at Ravindra Dass Property Services Sdn. Bhd., an independent firm of valuers at open market value or realisable value based on the existing use basis/comparison methods.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The carrying values of property, plant and equipment pledged as security for bank borrowings granted to the Group (Notes 25, 28 and 29 to the financial statements) are as follows:-

	THE GROUP	
	2006 RM'000	2005 RM'000 (Restated)
Hotel properties	-	240,000

Hotel properties with a carrying value of RM240,000,000 have been reclassified to non-current assets held for sale, details as disclosed in Note 20 to the financial statements.

Included in the carrying values at the balance sheet date are the following plant and equipment acquired under hire purchase terms:-

	THE GROUP	
	2006 RM'000	2005 RM'000
Furniture, fittings and equipment	141	469
Motor vehicles	728	262
	<u>869</u>	<u>731</u>

	NET BOOK VALUE AT 1.1.2006 RM'000	ADDITIONS RM'000	DEPRECIATION CHARGES RM'000	NET BOOK VALUE AT 31.12.2006 RM'000
THE COMPANY				
Furniture, fittings and equipment	56	12	(17)	51
Motor vehicles	-	-	3	3
Total	<u>56</u>	<u>12</u>	<u>(14)</u>	<u>54</u>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	AT COST RM'000	ACCUMULATED DEPRECIATION RM'000	TOTAL RM'000
At 31.12.2006			
Furniture, fittings and equipment	833	(782)	51
Motor vehicles	136	(133)	3
Total	969	(915)	54
At 31.12.2005			
Furniture, fittings and equipment	821	(765)	56
Motor vehicles	136	(136)	-
Total	957	(901)	56

### 8. PREPAID LAND LEASE PAYMENTS

	THE GROUP	
	2006 RM'000	2005 RM'000 (Restated)
At cost		
At 1.1.2006/2005	64,128	63,975
Additions	22	153
Reclassification from land held for development (Note 11)	16,927	-
Disposal	(3,200)	-
At 31.12.2006/2005	77,877	64,128
Accumulated amortisation	(3,004)	(1,609)
Net book value	74,873	62,519
Accumulated amortisation:-		
At 1.1.2006/2005	1,609	727
Amortisation for the financial year	1,395	882
At 31.12.2006/2005	3,004	1,609

# ASIA PACIFIC LAND BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 8. PREPAID LAND LEASE PAYMENTS (CONT'D)

In the previous financial year, borrowing costs of RM153,000 as disclosed in Note 33 to the financial statements, arising from financing specifically for the purchase of the long leasehold land, were capitalised during the financial year and included in additions of the prepaid lease land payments during the financial year.

The carrying value of the prepaid land lease payments pledged as security for bank borrowings granted to the Group (Notes 25, 28 and 29 to the financial statements) is as follows:-

	THE GROUP	
	2006 RM'000	2005 RM'000 (Restated)
Long leasehold land	4,085	7,275

### 9. INVESTMENT PROPERTIES

	THE GROUP	
	2006 RM'000	2005 RM'000
Freehold land and buildings At 1.1.2005/2006	473,368	473,356
Addition	-	112
Reclassified as held for sale (Note 20)	(440,000)	-
Disposal	(2,500)	-
Revaluation deficit	(5,368)	-
Impairment loss	(23,000)	(100)
	<u>2,500</u>	<u>473,368</u>
At 31.12.2006/2005		
Investment properties comprise:		
- at valuation	-	473,000
- at cost	2,500	368
	<u>2,500</u>	<u>473,368</u>

In the previous financial year, investment properties stated at valuation at the balance sheet date were revalued in June and December 2005 by an independent professional valuer, Mr. Elvin Fernandez, a registered valuer of Khong & Jaafar Sdn. Bhd. and Mr. Ravindra Dass, a registered valuer of Ravindra Dass Property Services Sdn. Bhd. using the open market value or realisable value based on the existing use basis/comparison methods.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 9. INVESTMENT PROPERTIES (CONT'D)

In the previous financial year, the carrying values of investment properties pledged as security for bank borrowings granted to the Group (Notes 25, 28 and 29 to the financial statements) is RM468,368,000.

### 10. OTHER INVESTMENT

	THE GROUP/THE COMPANY	
	2006	2005
	RM'000	RM'000
Unquoted shares, at cost	50	50

### 11. LAND HELD FOR DEVELOPMENT

	THE GROUP	
	2006	2005
	RM'000	RM'000
At 1 January	167,691	149,406
Additions during the year	20,011	20,694
Transfer to property development costs (Note 14)	(19,919)	(2,409)
Reclassification to prepaid land lease payments (Note 8)	(16,927)	-
Disposal	(13,850)	-
At 31 December	137,006	167,691
Land held for development comprises:-		
Land		
- at valuation	4,141	4,141
- at cost	26,547	24,855
Development expenditure	106,318	138,695
	137,006	167,691

Borrowing costs of RM19,733,000 (2005 - RM18,989,000) arising from financing specifically for the purchase of the land held under development, were capitalised during the financial year and included in additions of the land held for development during the financial year.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 12. DEFERRED TAX ASSETS

	THE GROUP		THE COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At 1 January	22,080	18,579	1,650	1,692
Transfer from/(to) income statements	763	3,501	68	(42)
At 31 December	<u>22,843</u>	<u>22,080</u>	<u>1,718</u>	<u>1,650</u>

The deferred tax assets are in respect of the following:-

	THE GROUP		THE COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Capital allowances in excess of depreciation	(161)	(560)	(8)	(4)
Unutilised tax losses	28,632	23,823	1,726	1,654
Unabsorbed capital allowances	666	796	-	-
Revaluation surplus of revalued properties	(6,347)	(1,636)	-	-
Others	53	(343)	-	-
	<u>22,843</u>	<u>22,080</u>	<u>1,718</u>	<u>1,650</u>

The above deferred tax assets are recognised to the extent that it is probable that future taxable profits will allow the deferred tax assets to be recovered.

As at 31 December 2006 and 31 December 2005, the amounts of estimated deferred tax assets calculated at applicable tax rates which are not recognised in the financial statements, are as follows:-

	THE GROUP	
	2006 RM'000	2005 RM'000
Unutilised tax losses	28,813	28,860
Unutilised capital allowances	16,196	21,864
Unutilised industrial building allowance	-	8,680
Unutilised investment tax allowance	3,264	3,263
	<u>48,273</u>	<u>62,667</u>

# ASIA PACIFIC LAND BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 12. DEFERRED TAX ASSETS (CONT'D)

The deferred tax assets have not been recognised as they have arisen in subsidiaries that have a history of losses and it is not probable that there will be future profits available for offset in the foreseeable future. In addition, these brought forward losses and capital allowances may not be used to offset taxable profits of other subsidiaries of the Group.

### 13. INVENTORIES

	THE GROUP	
	2006 RM'000	2005 RM'000
AT COST		
Stores and consumables	582	563
Raw materials	-	72
Finished goods	2	53
Nursery inventory	402	426
Completed unsold properties	38,711	24,437
	<hr/>	<hr/>
	39,697	25,551
AT NET REALISABLE VALUE		
Completed unsold properties	1,388	1,388
	<hr/>	<hr/>
	41,085	26,939
	<hr/>	<hr/>

### 14. PROPERTY DEVELOPMENT COSTS

	THE GROUP	
	2006 RM	2005 RM
Balance at the beginning of the financial year:		
- Land	24,899	26,935
- Development costs	455,074	408,460
	<hr/>	<hr/>
	479,973	435,395
Cost incurred during the year:		
- Transfer from land held for development (Note 11)	19,919	2,409
- Development costs	15,099	53,631
	<hr/>	<hr/>
Sub-total carried forward	514,991	491,435
	<hr/>	<hr/>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 14. PROPERTY DEVELOPMENT COSTS (CONT'D)

	THE GROUP	
	2006 RM	2005 RM
Sub-total brought forward	514,991	491,435
Cost recognised as an expense in the income statements:		
- previous year	(334,602)	(301,412)
- current year	(10,816)	(33,190)
Sub-total	169,573	156,833
Transfer to inventories	(20,302)	(11,462)
Balance at 31 December	149,271	145,371

The carrying amount of land under property development pledged as security for bank borrowings (Notes 25, 28 and 29) at the balance sheet date was RM40,196,000 (2005 – RM41,316,000).

In the previous financial year, borrowing costs of RM6,200,000 as disclosed in Note 33, arising from funds borrowed specifically for property development activities, were capitalised during the financial year and included in development costs incurred during the financial year.

### 15. TRADE RECEIVABLES

	THE GROUP	
	2006 RM'000	2005 RM'000
Trade receivables	27,837	47,239
Allowance for doubtful debts:-		
At 1 January	(9,497)	(7,244)
Allowance for the financial year	(90)	(2,758)
Reversal of allowance no longer required	-	505
At 31 December	(9,587)	(9,497)
	18,250	37,742

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 15. TRADE RECEIVABLES (CONT'D)

Included in trade receivables of the Group is an amount of RM1,451,000 (2005 - RM819,000) owing by related parties. The nature of the related party relationships and the details of the transactions and balances involved are disclosed in Notes 42 and 43 to the financial statements, respectively; and

The Group's range of normal trade receivable credit terms are as follows:-

- (i) Hotel : cash terms to 60 days, and 90 days for government agencies.
- (ii) Property investment : cash terms to 7 days.
- (iii) Property development : in accordance with the Housing Development Act schedule of payment.
- (iv) Others : cash terms to 60 days.

### 16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Other receivables, deposits and prepayments	28,931	15,779	948	925
Allowance for doubtful debts	(196)	(196)	-	-
	<u>28,735</u>	<u>15,583</u>	<u>948</u>	<u>925</u>

Included in other receivables, deposits and prepayments of the Group is an amount of RM1,161,000 (2005 - RM1,000) owing by related parties. The nature of the related party relationships and the details of the transactions involved are disclosed in Notes 42 and 43 to the financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 17. AMOUNT OWING BY/TO SUBSIDIARIES

	THE COMPANY	
	2006 RM'000	2005 RM'000 (Restated)
Amount owing by subsidiaries		
- interest bearing	263,127	243,127
- non-interest bearing	614,702	811,658
	<hr/>	<hr/>
	877,829	1,054,785
Allowance for doubtful debts	(145,674)	(145,674)
	<hr/>	<hr/>
	732,155	909,111
	<hr/>	<hr/>
Amount owing to subsidiaries		
- interest bearing	123,127	123,127
- non-interest bearing	12,712	195,039
	<hr/>	<hr/>
	135,839	318,166
	<hr/>	<hr/>

The amounts owing are unsecured and not subject to fixed terms of repayment.

The term loans of the Company amounting to RM140,000,000 (2005 - RM120,000,000) and that of a subsidiary amounting to RM123,127,000 (2005 - RM123,127,000) are fully utilised by the other subsidiaries within the Group. The interest charged by the financial institutions amounting to RM19,476,285 (2005 - RM18,529,500) are entirely borne by the subsidiaries utilising the abovementioned term loans. As such, the Company and the aforesaid subsidiary do not record the interest expense.

Interest incurred by the Company and the abovementioned subsidiary in relation to the above term loans is reimbursed by the other subsidiaries which utilised the funds based on the rates charged by the relevant financial institutions ranging from 6.7% to 8.75% (2005 - 6.7% to 8.2%) per annum.

### 18. DEPOSITS WITH FINANCIAL INSTITUTIONS

	THE GROUP		THE COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deposits with financial institutions	16,670	229	16,434	-
	<hr/>	<hr/>	<hr/>	<hr/>

# ASIA PACIFIC LAND BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 18. DEPOSITS WITH FINANCIAL INSTITUTIONS (CONT'D)

Deposits of the Group amounting to RM7,274 (2005 - RM7,048) are pledged to financial institutions to secure banking facilities granted to the Group.

The effective interest rates of the deposits at the balance sheet date ranged from 2.8% to 3.2% (2005 - 2.7% to 3.2%) per annum.

The maturity periods of the deposits range from 1 month to 6 months (2005 - 1 month to 6 months).

### 19. CASH AND BANK BALANCES

	THE GROUP		THE COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cash held at hand and banks	9,982	4,184	488	54
Cash held under housing development accounts	892	620	-	-
	<u>10,874</u>	<u>4,804</u>	<u>488</u>	<u>54</u>

### 20. DISCONTINUED OPERATIONS CLASSIFIED AS HELD FOR SALE

On 15 August 2006, the Group entered into a conditional Sale and Purchase Agreement with MGP I (Mal) Sdn. Bhd. (formerly known as Affluent Impact Sdn. Bhd.) ("MGPI") to dispose of City Square Centre comprising City Square Shopping Complex, Crown Princess Hotel Kuala Lumpur and the Empire Tower ("Disposal Properties") for an aggregate cash consideration of RM680 million ("Proposed Disposal").

The rationale for the Proposed Disposal are as follows:-

- To streamline and rationalise the Group's property asset base;
- To strengthen the Group's balance sheet through improvement of its liquidity and reduction of borrowings;
- To enable the Group to re-mobilise its capital into new projects and business activities with higher and more consistent returns; and
- To be in line with the Group's overall objective to substantially improve shareholder's value and deliver higher returns to shareholders for the future years.

The Proposed Disposal is expected to be completed by the second quarter of financial year 2007.

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### 20. DISCONTINUED OPERATIONS CLASSIFIED AS HELD FOR SALE (CONT'D)

The following approvals for the Proposed Disposal have been obtained:-

- (a) The Foreign Investment Committee ("FIC") approved the proposed acquisition of the Disposal Properties by MGPI on 13 October 2006, with the following conditions:-
- (i) MGPI to have at least 30% bumiputra equity before 31 December 2008; and
  - (ii) MGPI to increase its paid-up share capital to at least RM250,000 within 6 months from the date of FIC approval.
- (b) On 14 December 2006, the Group obtained the approval from the Securities Commission ("SC") subject to the following conditions:-
- (i) the Group to seek the SC's prior approval in respect of the utilisation of the disposal proceeds for future investment. On 3 April 2007, the SC had approved the utilisation of the disposal proceeds for further investment as follows:-
- |  | RM'000  |
|--|---------|
| Investment in new property development and investment projects | 120,000 |
| Investment in agriculture and plantation                       | 75,000  |
| Working capital  | 8,360   |
|  | <hr/>   |
|  | 203,360 |
|  | <hr/>   |
- (ii) MIMB Investment Bank Berhad ("MIMB") or the Group to fully comply with the relevant requirements pertaining to the implementation of the Proposed Disposal as stipulated in the Policies and Guidelines on issue/Offer of Securities; and
  - (iii) MIMB or the Group to inform SC upon completion of the Proposed Disposal.
- (c) The shareholders of the Company have approved the Proposed Disposal at an Extraordinary General Meeting of the Company held on 10 January 2007.
- (d) Approval has been obtained by MGPI on 19 January 2007 from the Federal State Authorities under Section 433 (B) of the National Land Code, 1965 for the proposed acquisition of the Disposal Properties; and

On 4 April 2007, the Company announced that the vendors and bare trustee of the Disposal Properties had executed a Supplemental Agreement to the Principal Sale and Purchase Agreement dated 15 August 2006 with MGPI whereby the parties to the agreement had mutually agreed to vary certain terms and conditions of the Principal Sale and Purchase Agreement, including the time frame for the mode of payment.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 20. DISCONTINUED OPERATIONS CLASSIFIED AS HELD FOR SALE (CONT'D)

As at 31 December 2006, arising from the Proposed Disposal, the assets and liabilities of the subsidiaries, i.e. APL Hotel Sdn. Bhd., City Square Properties Sdn. Bhd. and Empire Tower (Malaysia) Sdn. Bhd. have been presented on the consolidated balance sheets as non-current assets held for sale to be measured at the lower of the carrying amount and the fair value less cost to sell. The results of the hotel and property investment divisions are presented separately in the consolidated income statements as discontinued operations.

An analysis of the result of the discontinued operations and the result recognised on the remeasurement of assets of the discontinued operations is as follows:-

	THE GROUP	
	2006 RM'000	2005 RM'000
Revenue	58,754	63,688
Cost of sales	(8,033)	(5,900)
Gross profit	50,721	57,788
Other income	2,031	1,652
Selling and marketing expenses	(11,975)	(12,976)
Administrative expenses	(2,087)	(2,827)
Other expenses	(73,957)	(23,824)
Finance costs	(4,749)	(4,601)
(Loss)/Profit before taxation of discontinued operations	(40,016)	15,212
Income tax expenses (Note 35)	14,506	(1,538)
(Loss)/Profit for the financial year from discontinued operations	(25,510)	13,674

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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#### 20. DISCONTINUED OPERATIONS CLASSIFIED AS HELD FOR SALE (CONT'D)

The following amounts have been included in arriving at the (loss)/profit before taxation of the discontinued operations:-

	THE GROUP	
	2006 RM'000	2005 RM'000
Auditors' remuneration	45	44
Allowance for doubtful debts	930	1,413
Depreciation of property, plant and equipment	895	1,513
Directors' fee	6	6
Impairment loss on investment property	23,000	-
Loss/(Gain) on disposal of property, plant and equipment	1,584	(43)
Net allowance for doubtful debts	74	908
Rental of equipment	67	168
Rental of premises	49	49
Impairment of plant and equipment	9,678	-
Interest expense:		
- term loans	4,266	4,130
- bank overdraft	441	447
- hire purchase	42	24
Provision for liabilities associated with assets classified as held for sale	17,129	-
Staff costs	13,679	14,408

The major classes of assets and liabilities of the Group classified as held for sale on the consolidated balance sheets as at 31 December 2006 are as follows:-

	Property RM'000	THE GROUP Investment properties RM'000	Net carrying amount RM'000
Non-current assets classified as held for sale	240,000	440,000	680,000
Liabilities directly associated with assets classified as held for sale	16,735	-	16,735

There were no remeasurements of assets of the discontinued operations from the commencement of the discontinued operations to the balance sheet date.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 20. DISCONTINUED OPERATIONS CLASSIFIED AS HELD FOR SALE (CONT'D)

Property and investment properties stated at valuation at the balance sheet date were revalued in August 2006 by an independent professional valuer, Mr. Sr. Elvin Fernandez, FISM FRICS, a registered valuer of Khong & Jaafar Sdn. Bhd. at open market value or realisable value based on the existing use basis/comparison methods.

Investment properties with a total carrying value of RM440,000,000 (2005 - RM468,368,000) at the balance sheet date are held in trust by a related party who is the original registered proprietor of the respective properties pending the issuance of strata titles and development of strata units.

The carrying value of property and investment properties at the balance sheet date pledged as security for bank borrowings (Notes 25, 28 and 29) is RM680,000,000 (2005 - RM708,368,000).

### 21. SHARE CAPITAL

ORDINARY SHARES OF RM1.00 EACH:-	THE COMPANY			
	2006 NUMBER OF SHARES	2005	2006 RM'000	2005 RM'000
AUTHORISED	1,000,000,000	1,000,000,000	1,000,000	1,000,000
ISSUED AND FULLY PAID-UP	710,341,402	710,341,402	710,341	710,341

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### 22. RESERVES

	THE GROUP		THE COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Non-distributable reserves:-				
Share premium	62,372	62,372	62,372	62,372
Revaluation reserve	78,404	83,773	-	-
Reserve relating to assets held for sale	(57,331)	-	-	-
Exchange fluctuation reserve	6,209	6,242	-	-
	89,654	152,387	62,372	62,372
Accumulated losses	(125,226)	(91,690)	(191,115)	(190,180)
	<u>(35,572)</u>	<u>60,697</u>	<u>(128,743)</u>	<u>(127,808)</u>

### 23. DEFERRED TAX LIABILITY

	THE GROUP	
	2006 RM'000	2005 RM'000
At 1 January	49,681	50,133
Transfer to income statements	(25,150)	(452)
At 31 December	<u>24,531</u>	<u>49,681</u>

The deferred tax liability arose from certain subsidiaries of the Group in respect of the following temporary differences:-

	THE GROUP	
	2006 RM'000	2005 RM'000
Capital allowances in excess of depreciation	4,694	25,998
Unabsorbed capital allowances	234	(74)
Unutilised tax losses	(271)	(806)
Revaluation surplus of revalued properties	19,303	24,839
Others	571	(276)
	<u>24,531</u>	<u>49,681</u>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

### 24. LONG-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
SECURED				
Term loans (Note 25)	339,861	299,031	140,000	120,000
Hire purchase and lease payables (Note 27)	838	301	-	-
	<u>340,699</u>	<u>299,332</u>	<u>140,000</u>	<u>120,000</u>

### 25. TERM LOANS

	THE GROUP		THE COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
SECURED				
Current:				
- repayable within one year (Note 29)	-	19,116	-	-
Non-current:				
- repayable between one and two years	-	28,638	-	-
- repayable between two and five years	98,500	112,019	40,000	16,000
- repayable more than five years	241,361	158,374	100,000	104,000
Total non-current portion (Note 24)	<u>339,861</u>	<u>299,031</u>	<u>140,000</u>	<u>120,000</u>
	<u>339,861</u>	<u>318,147</u>	<u>140,000</u>	<u>120,000</u>

The long term loans bear a weighted average effective interest rate of 7.89% (2005 - 7.77%) per annum and are secured by way of legal charges over certain landed properties of the Group as disclosed in Notes 7, 8, 9 and 14 to the financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 26. TRADE PAYABLES

Included in trade payables of the Group is an amount of RM876,000 (2005 – RM834,000) owing to related parties. The nature of the related party relationships and the details of the transactions and balances involved are disclosed in Notes 42 and 43 to the financial statements, respectively.

The normal credit terms granted to the Group range from cash terms to 90 days. Retention sums for property development contracts are payable upon the expiry of the defects liability period of the respective property development contracts. The defects liability period of the property development contracts is 18 months.

### 27. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Other payables and accruals	51,993	68,061	10,412	7,149
Hire purchase and lease payables:				
- portion repayable within one year	593	333	-	-
	<u>52,586</u>	<u>68,394</u>	<u>10,412</u>	<u>7,149</u>

	THE GROUP	
	2006 RM'000	2005 RM'000
Hire purchase and lease payables are made up of:-		
Minimum hire purchase and lease payments:		
- not later than one year	660	360
- later than one year and not later than five years	892	320
	<u>1,552</u>	<u>680</u>
Future finance charges	(121)	(46)
Hire purchase and lease payables	<u>1,431</u>	<u>634</u>

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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#### 27. OTHER PAYABLES AND ACCRUALS (CONT'D)

	THE GROUP	
	2006 RM'000	2005 RM'000
The net hire purchase and lease payables are repayable as follows:-		
Current:		
- not later than one year	593	333
Non-current: (Note 24)		
- later than one year and not later than five years	838	301
	<u>1,431</u>	<u>634</u>

Included in other payables and accruals of the Group and the Company are amounts of RM14,115,000 (2005 - RM13,537,000) and RM5,452,000 (2005 - RM5,987,000), respectively owing to related parties. The nature of the related party relationships and the details of transactions and balances involved are disclosed in Notes 42 and 43 to the financial statements, respectively.

The effective interest rate of the hire purchase and lease payables was 6.41% (2005 - 6.60%) per annum at the balance sheet date.

#### 28. BANK OVERDRAFTS

The bank overdrafts bear effective interest at rates ranging from 8.35% to 8.85% (2005 - 8.1% to 8.35%) per annum and are secured in the same manner as the short term borrowings as disclosed in Note 25 and Note 29 to the financial statements.

#### 29. SHORT-TERM BORROWINGS

	THE GROUP	
	2006 RM'000	2005 RM'000
SECURED		
Short-term loan	7,718	5,620
Revolving credit	-	1,000
Bridging loans	5,385	20,881
Portion repayable within one year: - term loans (Note 25)	-	19,116
	<u>13,103</u>	<u>46,617</u>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 29. SHORT-TERM BORROWINGS (CONT'D)

The short-term borrowings bear a weighted average effective interest rate of 8.29% (2005 - 7.89%) per annum and are secured in the same manner as the long-term borrowings as disclosed in Note 25 to the financial statements.

The borrowings of the subsidiaries are further secured by corporate guarantees by the Company.

### 30. NET ASSETS PER SHARE

The net assets per share is calculated by dividing the net assets value at the balance sheet date of RM732,100,000 (2005 - RM771,038,000) by the number of ordinary shares in issue at the balance sheet date of 710,341,402 (2005 - 710,341,402).

### 31. REVENUE

Revenue of the Group represents the proportionate sales value of development properties, the invoiced sales value less discounts from golf operations and the invoiced value of goods sold less returns and trade discounts, whilst revenue of the Company represents management fees and dividend income.

Details of the revenue of the Group are as follows:-

	THE GROUP	
	2006 RM'000	2005 RM'000 (Restated)
CONTINUING OPERATIONS		
Property development and management	4,243	43,217
Leisure and hospitality	4,794	4,611
Sale of goods	392	342
	<hr/>	<hr/>
	9,429	48,170
	<hr/>	<hr/>

# ASIA PACIFIC LAND BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 31. REVENUE (CONT'D)

Details of the revenue of the Company are as follows:-

	THE COMPANY	
	2006 RM'000	2005 RM'000
Management fees	257	790
Dividend income	-	3,260
	<hr/>	<hr/>
	257	4,050
	<hr/>	<hr/>

### 32. COST OF SALES

	THE GROUP	
	2006 RM'000	2005 RM'000 (Restated)
CONTINUING OPERATIONS		
Property development	3,425	33,489
Leisure and hospitality	458	458
Sale of goods	107	116
	<hr/>	<hr/>
	3,990	34,063
	<hr/>	<hr/>

### 33. FINANCE COSTS

	THE GROUP	
	2006 RM'000	2005 RM'000 (Restated)
CONTINUING OPERATIONS		
Total interest expense	21,983	26,025
Interest capitalised into:		
- prepaid land lease payments (Note 8)	-	(153)
- land held for development (Note 11)	(19,733)	(18,989)
- property development costs (Note 14)	-	(6,200)
	<hr/>	<hr/>
	2,250	683
	<hr/>	<hr/>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 34. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is arrived at after charging/(crediting):-

	THE GROUP		THE COMPANY	
	2006 RM'000	2005 RM'000 (Restated)	2006 RM'000	2005 RM'000
CONTINUING OPERATIONS				
Auditors' remuneration:				
- statutory audit:				
- for the financial year	149	129	38	40
- underprovision				
in previous financial year	-	13	-	-
- other services	-	1	-	-
Depreciation of property, plant and equipment	1,151	2,669	14	15
Directors' remuneration:				
- fee	84	84	-	-
- emoluments	1,794	1,652	-	-
- allowances	63	32	8	14
- benefits-in-kind	14	28	-	-
Interest expense:				
- term loans/bridging loans	2,237	662	-	-
- hire purchase	13	21	-	-
Net allowance for doubtful debts	16	1,345	-	-
Rental of equipment	55	38	2	7
Rental of premises	3	5	32	43
Amortisation of prepaid land lease payment	1,395	882	-	-
Staff costs	10,092	15,862	859	1,193
Dividend income from subsidiaries	-	-	-	(3,260)
Gain on disposal of prepaid lease land payment	(455)	-	-	-
Interest income	(295)	(294)	(295)	(202)
Net gain on disposal of property, plant and equipment	(914)	(5,543)	(33)	(67)
Realised gain on foreign exchange	-	(1)	-	-
Rental income	(292)	(278)	-	-

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### 35. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2006 RM'000	2005 RM'000 (Restated)	2006 RM'000	2005 RM'000
<b>CONTINUING OPERATIONS</b>				
Income tax:				
- for the financial year	(120)	(1,412)	-	(689)
- underprovision in the previous financial years	(6)	(80)	-	-
Deferred taxation:				
- for the financial year	2,416	3,697	68	-
- over/(under)provision in the previous financial year	6,296	(24)	-	(42)
Income tax expense	<u>8,586</u>	<u>2,181</u>	<u>68</u>	<u>(731)</u>
<b>DISCONTINUED OPERATIONS</b>				
Income tax:				
- for the financial year	(2,695)	(1,969)	-	-
- overprovision in the previous financial years	-	85	-	-
Deferred taxation:				
- for the financial year	21,376	346	-	-
- underprovision in the previous financial years	(4,175)	-	-	-
Income tax expense (Note 20)	<u>14,506</u>	<u>(1,538)</u>	<u>-</u>	<u>-</u>
Total income tax expense	<u>23,092</u>	<u>643</u>	<u>68</u>	<u>(731)</u>

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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#### 35. INCOME TAX EXPENSE (CONT'D)

Numerical reconciliation of the statutory tax rate to the effective tax rate applicable to the (loss)/profit before taxation for continuing and discontinued operations is as follows:-

	THE GROUP		THE COMPANY	
	2006 %	2005 %	2006 %	2005 %
Statutory tax rate	(28.00)	(28.00)	(28.00)	28.00
Tax effects of:-				
Non-deductible expenses	28.72	32.14	28.93	4.71
Non-taxable income	(0.21)	-	(7.62)	(0.88)
(Over)/Underprovision in previous financial years	(40.71)	(5.18)	-	1.89
Utilisation of previously unrecognised tax benefit	(0.75)	(17.79)	-	-
Deferred tax not recognised	0.33	11.21	-	-
Others	(0.16)	(1.24)	-	-
Effective tax rate	<u>(40.78)</u>	<u>(8.86)</u>	<u>(6.69)</u>	<u>33.72</u>

Subject to agreement with the tax authorities, the unutilised tax losses and unabsorbed capital allowances at the balance sheet date available to be carried forward for offset against future taxable business income are as follows:-

	THE GROUP	
	2006 RM'000	2005 RM'000
Unutilised tax losses	108,355	103,206
Unabsorbed capital allowances	72,188	124,770
	<u>180,543</u>	<u>227,976</u>

#### 36. LOSS PER SHARE

The basic loss per share is calculated based on the Group's loss after taxation for the financial year divided by the number of ordinary shares of the Company in issue during the financial year of 710,341,402 (2005 - 710,341,402).

The diluted earnings per share is not applicable as the effect of potential ordinary shares arising from the ESOS is anti-dilutive.

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 37. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Additions of property, plant and equipment	4,285	2,388	12	17
Capitalisation of interest	-	(153)	-	-
Cost of property, plant and equipment purchased	4,285	2,235	12	17
Amount financed through hire purchase and lease	(1,316)	(372)	-	-
Cash disbursed for purchase of property, plant and equipment	<u>2,969</u>	<u>1,863</u>	<u>12</u>	<u>17</u>

### 38. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:-

	THE GROUP		THE COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Deposits with financial institutions	16,670	229	16,434	-
Cash and bank balances	10,874	4,804	488	54
Bank overdrafts	(5,000)	(4,963)	-	-
	<u>22,544</u>	<u>70</u>	<u>16,922</u>	<u>54</u>

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### 39. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
UNSECURED				
Guarantees given to financial institutions for facilities granted to subsidiaries	-	-	1,431	1,293
Guarantees given to third parties for credit facilities granted to subsidiaries	-	-	469	2,240
Guarantees given to a third party in relation to warranties provided on the disposal of a hotel property	7,700	7,700	-	-
	7,700	7,700	1,900	3,533
SECURED				
Guarantees given to financial institutions for facilities granted to subsidiaries	-	-	217,964	229,951
Guarantees given to a third party for rights to enter and construct a road on the third party's land	-	4,200	-	-
	7,700	11,900	219,864	233,484

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

### 40. SEGMENTAL INFORMATION - GROUP

(i) By business segment:-

	< ----- CONTINUING OPERATIONS ----- >				< ----- DISCONTINUED OPERATIONS ----- >				TOTAL OPERATIONS 2006 RM'000
	PROPERTY DEVELOPMENT 2006 RM'000	OTHERS 2006 RM'000	ELIMINATIONS 2006 RM'000	TOTAL 2006 RM'000	HOTEL 2006 RM'000	PROPERTY INVESTMENT 2006 RM'000	ELIMINATIONS 2006 RM'000	TOTAL 2006 RM'000	
SEGMENT REVENUE									
Revenue from external customers	4,635	4,794	-	9,429	32,688	26,066	-	58,754	68,183
Inter-segment revenue	9,374	257	(9,631)	-	-	2,248	(2,248)	-	-
Total revenue	14,009	5,051	(9,631)	9,429	32,688	28,314	(2,248)	58,754	68,183
						CONTINUING OPERATIONS RM'000	DISCONTINUED OPERATIONS RM'000		TOTAL OPERATIONS RM'000
SEGMENT RESULTS									
Segment loss						(14,362)	(35,267)		(49,629)
Interest expense						(2,250)	(4,749)		(6,999)
Loss before taxation						(16,612)	(40,016)		(56,628)
Income tax expense (Note 35)						8,586	14,506		23,092
Loss after taxation						(8,026)	(25,510)		(33,536)

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

### 40. SEGMENTAL INFORMATION - GROUP (CONT'D)

(i) By business segment:-

	< ----- CONTINUING OPERATIONS ----- >				< ----- DISCONTINUED OPERATIONS ----- >				TOTAL OPERATIONS 2005 RM'000
	PROPERTY DEVELOPMENT 2005 RM'000	OTHERS 2005 RM'000	ELIMINATIONS 2005 RM'000	TOTAL 2005 RM'000	HOTEL 2005 RM'000	PROPERTY INVESTMENT 2005 RM'000	ELIMINATIONS 2005 RM'000	TOTAL 2005 RM'000	
SEGMENT REVENUE									
Revenue from external customers	43,559	4,611	-	48,170	36,080	27,608	-	63,688	111,858
Inter-segment revenue	8,572	790	(9,362)	-	423	2,007	(2,430)	-	-
Total revenue	52,131	5,401	(9,362)	48,170	36,503	29,615	(2,430)	63,688	111,858
SEGMENT RESULTS									
Segment (loss)/profit							CONTINUING OPERATIONS RM'000	DISCONTINUED OPERATIONS RM'000	TOTAL OPERATIONS RM'000
Interest expense							(21,783)	19,813	(1,970)
(Loss)/Profit before taxation							(683)	(4,601)	(5,284)
Income tax expense (Note 35)							(22,466)	15,212	(7,254)
(Loss)/Profit after taxation							2,181	(1,538)	643
							(20,285)	13,674	(6,611)

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

### 40. SEGMENTAL INFORMATION – GROUP (CONT'D)

(i) By business segment (cont'd):-

	< ----- CONTINUING OPERATIONS ----- >					< ----- DISCONTINUED OPERATIONS ----- >			TOTAL OPERATIONS 2006 RM'000
	HOTEL 2006 RM'000	PROPERTY DEVELOPMENT 2006 RM'000	PROPERTY INVESTMENT 2006 RM'000	OTHERS 2006 RM'000	TOTAL 2006 RM'000	HOTEL 2006 RM'000	PROPERTY INVESTMENT 2006 RM'000	TOTAL 2006 RM'000	
OTHER INFORMATION									
Segment assets	10,019	419,185	9,992	92,198	531,393	240,000	440,000	680,000	1,211,393
Unallocated assets	-	-	-	-	25,166	-	-	-	25,166
<b>Consolidated total assets</b>	<b>10,019</b>	<b>419,185</b>	<b>9,992</b>	<b>92,198</b>	<b>556,559</b>	<b>240,000</b>	<b>440,000</b>	<b>680,000</b>	<b>1,236,559</b>
Segment liabilities	6,841	35,324	20,829	11,903	74,897	6,524	10,211	16,735	91,632
Unallocated liabilities	-	-	-	-	412,826	-	-	-	412,826
<b>Consolidated total liabilities</b>	<b>6,841</b>	<b>35,324</b>	<b>20,829</b>	<b>11,903</b>	<b>487,723</b>	<b>6,524</b>	<b>10,211</b>	<b>16,735</b>	<b>504,458</b>
Capital expenditure (excluding interest capitalisation)	-	(34)	-	2,239	2,205	1,226	854	2,080	4,285
Amortisation and depreciation	-	(1,067)	-	(1,479)	(2,546)	(551)	(344)	(895)	(3,441)

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

### 40. SEGMENTAL INFORMATION – GROUP (CONT'D)

(i) By business segment (cont'd):-

	< ----- CONTINUING OPERATIONS ----- >					< ----- DISCONTINUED OPERATIONS ----- >			TOTAL OPERATIONS 2005 RM'000
	HOTEL 2005 RM'000	PROPERTY DEVELOPMENT 2005 RM'000	PROPERTY INVESTMENT 2005 RM'000	OTHERS 2005 RM'000	TOTAL 2005 RM'000	HOTEL 2005 RM'000	PROPERTY INVESTMENT 2005 RM'000	TOTAL 2005 RM'000	
OTHER INFORMATION									
Segment assets	318,556	409,344	481,731	71,483	1,281,114	-	-	-	1,281,114
Unallocated assets	-	-	-	-	23,625	-	-	-	23,625
Consolidated total assets	318,556	409,344	481,731	71,483	1,304,739	-	-	-	1,304,739
Segment liabilities	11,059	58,649	20,947	6,867	97,522	-	-	-	97,522
Unallocated liabilities	-	-	-	-	436,179	-	-	-	436,179
Consolidated total liabilities	11,059	58,649	20,947	6,867	533,701	-	-	-	533,701
Capital expenditure (excluding interest capitalisation)	637	419	203	976	2,235	-	-	-	2,235
Amortisation and depreciation	(868)	(1,123)	(651)	(1,540)	(4,182)	-	-	-	(4,182)

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

### 40. SEGMENTAL INFORMATION - GROUP (CONT'D)

(ii) By geographical market:-

	SEGMENT REVENUE					
	CONTINUING OPERATIONS		DISCONTINUED OPERATIONS		TOTAL OPERATIONS	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Malaysia	9,429	48,170	58,754	63,688	68,183	111,858
	<hr/>		<hr/>		<hr/>	
			SEGMENT ASSETS		CAPITAL EXPENDITURE	
			2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Malaysia			1,236,959	1,303,797	5,036	2,235
Australia			137	474	-	-
Singapore			370	468	-	-
			<hr/>		<hr/>	
			1,236,466	1,304,739	5,036	2,235
			<hr/>		<hr/>	

### 41. SIGNIFICANT RELATED COMPANY TRANSACTIONS

Transactions between the Company and its subsidiaries:-

	THE COMPANY	
	2006 RM'000	2005 RM'000
Dividends receivable from subsidiaries	-	3,260
Management fees from subsidiaries	257	257
Project management fee from subsidiaries	-	533
Rental of premises payable to subsidiaries	29	38
	<hr/>	<hr/>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

### 42. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a)(i) Transactions between the Group and related parties:-

NAME OF RELATED PARTIES	RELATIONSHIPS	NATURE OF TRANSACTIONS	TRANSACTION VALUE – (REVENUE)/EXPENSE THE GROUP	
			2006 RM'000	2005 RM'000
<u>RECURRENT</u>				
Bena Sakti Sdn. Bhd.	(c), (e), (k)	Share registration services	-	13
The Cellarium Sdn. Bhd.	(l)	Purchase of wines	15	89
Commune Products	(f)	Commission received	(15)	(18)
L.Y.C. Incorporation Sdn. Bhd.	(d), (e), (h)	Nursery and landscaping	(2)	-
Merdeka Management Services Sdn. Bhd.	(b), (c), (k), (m)	Letting of premises Technical and hotel management services	- -	(38) 334
Low Yat And Sons Realty Sdn. Bhd.	(b), (c), (g), (k)	Letting of premises Nursery and landscaping Renting of equipment	(38) (22) 19	(20) (16) 40
Low Yat Construction Company Sdn. Berhad	(b), (c), (d), (e), (g), (k)	Letting of premises	(239)	(237)
Malayan Coffee Sdn. Bhd.	(d), (e), (k)	Letting of premises	(170)	(146)
Indah Jaya Development Sdn. Bhd.	(c), (d), (e), (k)	Letting of premises Nursery and landscaping	(661) (431)	(787) (310)
Oriental Development Sdn. Bhd.	(d), (e), (g), (h)	Renting of premises	49	49
Sem Siong Industries Sdn. Bhd.	(b), (c), (d), (e), (g), (k)	Letting of premises Nursery and landscaping	(82) (9)	(21) (10)
Federal Hotels Sendirian Berhad	(b), (d), (g), (k)	Nursery and landscaping	(2)	-
Meridian Asset Management Sdn. Bhd.	(a)	Letting of premises	(26)	(99)
LGS Development Sdn. Bhd.	(e), (i)	Letting of premises	(35)	(41)

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

### 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(a)(i) Transactions between the Group and related parties (Cont'd):-

NAME OF RELATED PARTIES	RELATIONSHIPS	NATURE OF TRANSACTIONS	TRANSACTION VALUE – (REVENUE)/EXPENSE THE GROUP	
			2006 RM'000	2005 RM'000
<u>RECURRENT</u>				
Hotel Fair Lane Sdn. Bhd.	<i>(d), (e), (h)</i>	Renting of premises	-	3
		Letting of premises	(39)	-
Bintang Automachinery Sdn. Bhd.	<i>(e), (i)</i>	Letting of premises	(54)	(54)
		Repair and maintenance services	419	1,488
Federal Hotels International Sdn. Bhd.	<i>(b), (e), (k)</i>	Technical and hotel management services	768	480
		Letting of premises	(77)	(38)
<u>NON-RECURRENT</u>				
Low Yat Construction Company Sdn. Berhad	<i>(b), (c), (d), (e), (g), (k)</i>	Net advances	(521)	(5,809)
Orient Pacific Property Sdn. Bhd.	<i>(d), (e), (h)</i>	Advances received	(1,001)	(785)
Bintang Maintenance And Projects Services Sdn. Bhd.	<i>(d), (e), (k)</i>	Net advances	(15)	(1)
Indah Jaya Development Sdn. Bhd.	<i>(c), (d), (e), (k)</i>	Net repayment/(advances)	1,045	(816)
Bintang Holdings Sdn. Bhd.	<i>(b), (e), (k)</i>	Proceeds from sale of land	-	14,250
Sem Siong Industries Sdn. Bhd.	<i>(b), (c), (d), (e), (g), (k)</i>	Net repayment/(advances)	304	(2,702)
Federal Hotels Sendirian Berhad	<i>(b), (d), (g), (k)</i>	Net advances	(15)	(9)
Federal Hotels International Sdn. Bhd.	<i>(b), (e), (k)</i>	Repayment of advances	-	2
Capitol Hotel Sdn. Bhd.	<i>(b), (d), (e), (k)</i>	Net repayment/(advances)	1	(2)
Linkbond (Asia) Ltd	<i>(b), (c), (e), (g) (h), (o)</i>	Net advances	-	(6)

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### 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(a)(i) Transactions between the Group and related parties (Cont'd):-

NAME OF RELATED PARTIES	RELATIONSHIPS	NATURE OF TRANSACTIONS	TRANSACTION VALUE – (REVENUE)/EXPENSE THE GROUP	
			2006 RM'000	2005 RM'000
<u>NON-RECURRENT</u>				
Hotel Fair Lane Sdn. Bhd.	(d), (e), (h)	Net advances	(19)	-
Low Yat And Sons Realty Sdn. Bhd.	(b), (c), (g), (k)	Net repayment of advances	5	17
Lipis Cement Sdn. Bhd.	(c), (e), (p)	Repayment of advances	3	-
Selangor Holdings Sdn. Bhd.	(c), (d), (e), (g), (k)	Repayment of advances	2	-
LYC Incorporation Sdn. Bhd.	(d), (e), (h)	Advances received	(1)	-
			(19)	-

(a)(ii) Directors' remuneration

Details of remuneration to the directors of the Company are as follows:-

	NO. OF DIRECTORS	SALARIES RM'000	FEES RM'000	ALLOWANCES RM'000	BENEFITS IN KIND RM'000	TOTAL RM'000
YEAR 2006						
EXECUTIVE						
- Between RM150,001 and RM200,000	2	322	-	13	5	340
- Between RM200,001 and RM250,000	1	187	-	18	-	205
- Between RM250,001 and RM300,000	2	529	-	18	-	547
- Between RM300,001 and RM350,000	1	318	-	-	-	318
- Between RM400,001 and RM450,000	1	438	-	-	9	447
	7	1,794	-	49	14	1,857
NON-EXECUTIVE						
- Less or equal to RM50,000	3	-	90	14	-	104
	10	1,794	90	63	14	1,961

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### 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

#### (a)(ii) Directors' remuneration (Cont'd)

Details of remuneration to the directors of the Company are as follows:-

	NO. OF DIRECTORS	SALARIES RM'000	FEES RM'000	ALLOWANCES RM'000	BENEFITS IN KIND RM'000	TOTAL RM'000
YEAR 2005						
EXECUTIVE						
- Between RM150,001 and RM200,000	1	182	-	9	-	191
- Between RM200,001 and RM250,000	1	236	-	9	-	245
- Between RM250,001 and RM300,000	1	266	-	-	-	266
- Between RM300,001 and RM350,000	1	340	-	-	9	349
- Between RM600,001 and RM650,000	1	628	-	-	19	647
	5	1,652	-	18	28	1,698
NON-EXECUTIVE						
- Less or equal to RM50,000	3	-	90	14	-	104
	8	1,652	90	32	28	1,802

#### (b) Transactions between the Company and related parties:-

NAME OF RELATED PARTIES	RELATIONSHIPS	NATURE OF TRANSACTIONS	TRANSACTION VALUE - (REVENUE)/EXPENSE THE COMPANY	
			2006 RM'000	2005 RM'000
<u>RECURRENT</u>				
Bena Sakti Sdn. Bhd.	(c), (e), (k)	Share registration services	-	13
<u>NON-RECURRENT</u>				
Low Yat Construction Company Sdn. Berhad	(b), (c), (d) (e), (g), (k)	Net (repayment)/advances	(250)	5,812
Bena Sakti Sdn. Bhd.	(c), (e), (k)	Net advances	-	9
Federal Hotels Sendirian Berhad	(b), (d), (g), (k)	Net advances	-	11

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

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### 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Notes:-

- (a) A company in which the former Managing Director Dato' Jeffrey Ng Tiong Lip's brother, Ng Tiong Yee is a managing director.
- (b) A company in which Low Gee Tat @ Gene Low is a director.
- (c) A company in which Low Gee Teong is a director.
- (d) A company in which Low Su Ming is a director.
- (e) A company in which Low Gee Soon is a director.
- (f) A sole proprietorship owned by Low Gee Tat @ Gene Low
- (g) A company in which Tan Sri Dato' Low Yow Chuan is a director.
- (h) A company in which Low Gee Tat @ Gene Low, Low Gee Teong, Low Su Ming and Low Gee Soon have substantial interests.
- (i) A company in which Low Gee Soon is a substantial shareholder.
- (j) A company in which Low Su Ming has a substantial interest.
- (k) A company in which Low Gee Tat @ Gene Low, Low Gee Teong, Low Gee Soon and Tan Sri Dato' Low Yow Chuan have substantial interests.
- (l) A company in which Dato' Jeffrey Ng Tiong Lip's wife, Martha Yang, his sister, Ng Chiew Ping and his brother, Ng Tiong Yee are substantial shareholders. Martha Yang and Ng Chiew Ping are also the directors of the company.
- (m) A company in which Woon Siew Choo is an alternate director.
- (n) A company in which Low Gee Tat @Gene Low and Low Gee Teong have substantial interests.
- (o) A company in which Tan Hong Lean is a director. Tan Hong Lean is the mother of Low Gee Tat @ Gene Low, Low Gee Teong, Low Su Ming and Low Gee Soon.
- (p) A company in which Low Gee Tat @ Gene Low, Low Gee Teong, Low Su Ming, Low Gee Soon and Tan Sri Dato' Low Yow Chuan have substantial interests.
- (q) Tan Sri Dato' Low Yow Chuan is a deemed substantial shareholder of Asia Pacific Land Berhad and was also the former executive chairman of the Company. He is the father of Low Gee Tat @ Gene Low, Low Gee Teong, Low Su Ming and Low Gee Soon and also the uncle of Dato' Jeffrey Ng Tiong Lip.

Low Gee Tat @ Gene Low and Low Gee Teong are deemed substantial shareholders of the Company and are directors of the Company and certain subsidiaries of the Group. Low Gee Soon is a deemed substantial shareholder of the Company and is a director of certain subsidiaries of the Group. Low Su Ming is a director and shareholder of the Company and is a director of certain subsidiaries of the Group.

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### 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

In the opinion of the directors, the above transactions entered into with the related parties are in the ordinary course of business on terms mutually agreed upon between the parties.

### 43. SIGNIFICANT RELATED PARTY BALANCES

NAME OF RELATED PARTIES	RELATIONSHIPS (REFER TO NOTE 42)	TRADE RECEIVABLES THE GROUP		OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS THE GROUP	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Bintang Maintenance and Projects Services Sdn. Bhd.	(d), (e), (k)	-	-	5	1
Bintang Tower Sdn. Bhd.	(p), (e), (g)	3	5	3	-
Capitol Hotel Sdn. Bhd.	(b), (d), (e), (k)	4	37	38	-
Federal Hotels International Sdn. Bhd.	(b), (e), (k)	45	87	120	-
Federal Property Sdn. Bhd.	(b), (e), (n)	2	-	-	-
Federal Hotels Sendirian Berhad	(b), (d), (g) (k)	24	46	32	-
Federal Hotel Services (International) Sdn. Bhd.	(b), (e), (k)	-	-	7	-
Federal Hotel Singapore Pte Ltd	(c), (j), (k)	-	7	7	-
Hotel Fair Lane Sdn. Bhd.	(d), (e), (h)	-	2	1	-
Indah Jaya Development Sdn. Bhd.	(c), (d), (e), (k)	1,112	414	160	-
Lipis Cement Sdn. Bhd.	(c), (e), (p)	4	4	-	-
Linkbond (Asia) Ltd.	(b), (c), (e), (g) (h), (o)	5	5	-	-
Low Yat Construction Company Sdn. Berhad	(b), (c), (d) (e), (g), (k)	43	14	763	-

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### 43. SIGNIFICANT RELATED PARTY BALANCES (CONT'D)

NAME OF RELATED PARTIES	RELATIONSHIPS (REFER TO NOTE 42)	TRADE RECEIVABLES THE GROUP		OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS THE GROUP	
		2006	2005	2006	2005
		RM'000	RM'000	RM'000	RM'000
Low Yat And Sons Realty Sdn. Bhd.	(b), (c), (g) (k)	37	36	-	-
Malayan Coffee Sdn. Bhd.	(d), (e), (k)	-	36	3	-
Merdeka Management Services Sdn. Bhd.	(b), (c), (k), (m)	96	110	14	-
Orient Pacific Property Sdn. Bhd.	(d), (e), (h)	-	1	-	-
Sem Siong Industries Sdn. Bhd.	(b), (c), (d) (e), (g), (k)	76	15	8	-
		<u>1,451</u>	<u>819</u>	<u>1,161</u>	<u>1</u>

NAME OF RELATED PARTIES	RELATIONSHIPS (REFER TO NOTE 42)	TRADE PAYABLES THE GROUP		OTHER PAYABLES AND ACCRUALS THE GROUP	
		2006	2005	2006	2005
		RM'000	RM'000	RM'000	RM'000
Bintang Maintenance and Projects Services Sdn. Bhd.	(d), (e), (k)	-	-	42	12
Bena Sakti Sdn. Bhd.	(c), (e), (k)	-	-	-	18
Capitol Hotel Sdn. Bhd.	(b), (d), (e), (k)	-	-	18	15
Federal Hotels International Sdn. Bhd.	(b), (e), (k)	-	-	297	416
Federal Hotel Sendirian Berhad	(b), (d), (g) (k)	-	2	213	49
Hotel Fair Lane Sdn. Bhd.	(d), (e), (h)	-	-	16	19
Indah Jaya Development Sdn. Bhd.	(c), (d), (e) (k)	-	-	1,860	1,004

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### 43. SIGNIFICANT RELATED PARTY BALANCES (CONT'D)

NAME OF RELATED PARTIES	RELATIONSHIPS (REFER TO NOTE 42)	TRADE PAYABLES THE GROUP		OTHER PAYABLES AND ACCRUALS THE GROUP	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Low Yat And Sons Realty Sdn. Bhd.	<i>(b), (c), (g) (k)</i>	-	-	14	9
Low Yat Construction Company Sdn. Berhad	<i>(b), (c), (d) (e), (g), (k)</i>	-	-	5,472	5,992
Linkbond (Asia) Ltd.	<i>(b), (c), (e), (g), (h), (o)</i>	-	-	1	7
LYC Private Limited	<i>(b), (p)</i>	-	-	339	339
Malayan Coffee Sdn. Bhd.	<i>(d), (e), (k)</i>	-	9	2	3
Merdeka Management Services Sdn. Bhd.	<i>(b), (c), (k), (m)</i>	876	823	1,129	1,140
Mandarin Palace (Malaysia) Sdn. Bhd.	<i>(b), (e), (k)</i>	-	-	13	12
Orient Pacific Property Sdn. Bhd.	<i>(d), (e), (h)</i>	-	-	-	1,000
Oriental Development Sdn. Bhd.	<i>(d), (e), (g), (h)</i>	-	-	4	12
Sem Siong Industries Sdn. Bhd.	<i>(b), (c), (d) (e), (g), (k)</i>	-	-	4,695	3,486
		<u>876</u>	<u>834</u>	<u>14,115</u>	<u>13,533</u>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

### 43. SIGNIFICANT RELATED PARTY BALANCES (CONT'D)

NAME OF RELATED PARTIES	RELATIONSHIPS (REFER TO NOTE 42)	OTHER RECEIVABLES THE COMPANY	
		2006 RM'000	2005 RM'000
Indah Jaya Development Sdn. Bhd.	(c), (d), (e), (k)	1	-

  

NAME OF RELATED PARTIES	RELATIONSHIPS (REFER TO NOTE 42)	OTHER PAYABLES AND ACCRUALS THE COMPANY	
		2006 RM'000	2005 RM'000
Low Yat Construction Company Sdn. Berhad	(b), (c), (d), (e), (g), (k)	5,440	5,957
Bena Sakti Sdn. Bhd.	(c), (e), (k)	-	19
Federal Hotels Sendirian Berhad	(b), (d), (g), (k)	12	11
		<u>5,452</u>	<u>5,987</u>

In the opinion of the directors, the trade balances with the related parties are based on normal commercial terms. The non-trade balances with the related parties are unsecured, interest-free and not subject to fixed terms of repayment.

### 44. COMMITMENT

	THE GROUP	
	2006 RM'000	2005 RM'000
Approved and contracted for the acquisition of a subsidiary	<u>28,946</u>	<u>-</u>

On 26 December 2006, the Board of Directors announced that the Group has via its wholly-owned subsidiary, Platinum Landmark Sdn. Bhd. incorporated a company in Changshu, China under the name of Platinum Landmark (Changshu) Limited ("PLCL") with a registered share capital of USD8.2 million on 19 December 2006. The Certificate of Registration of PLCL was received by the Company on 26 December 2006. The Group has not pay up the registered capital as at the date of this financial report for the financial year ended 31 December 2006.

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### 45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The following are the significant events during the financial year (Cont'd):-

- (i) On 23 January 2006, Island Bay Resorts Sdn. Bhd. ("IBRSB"), a wholly-owned subsidiary of the Company, entered into a Joint Venture (Development) Agreement with IJM Properties Sdn. Bhd. for the purpose of carrying out a mixed development comprising residential and/or commercial units on a joint-venture basis on the Company's existing development landbank measuring approximately 30.26 acres and the adjacent development land known as UOB Land measuring approximately 11.312 acres located at Mount Pleasure Resort, Batu Ferringhi, Penang.
- (ii) On 26 January 2006, IBRSB entered into a Sale and Purchase Agreement ("SPA") with Mister Phoenix (M) Sdn. Bhd. to dispose of its freehold hotel property and the related fixed plant for a total consideration of RM43,000,002. Accordingly, an impairment loss of approximately RM18.0 million had been recognised in the financial statements for the financial year ended 31 December 2005. The impairment loss had been adjusted against the revaluation reserve and income statement of approximately RM8.2 million and RM9.8 million respectively. The sale was completed in May 2006.
- (iii) On 15 August 2006, the Company (as Trustee for City Square Properties Sdn. Bhd.) and its wholly-owned subsidiaries, City Square Properties Sdn. Bhd., Empire Tower (Malaysia) Sdn. Bhd. and APL Hotel Sdn. Bhd. ("the vendors") and Low Yat Construction Company Sdn. Berhad, as register proprietor and bare trustee of the City Square Centre had entered into a conditional Sale and Purchase Agreement with MGP I (MAL) Sdn. Bhd. (formerly known as Affluent Impact Sdn. Bhd.) to dispose of City Square Centre as disclosed in Note 20 to the financial statements.
- (iv) On 1 December 2006, the Company acquired the entire issued and paid-up share capital of Kenson Development Limited, a company incorporated in Hong Kong, representing 1 ordinary shares for a total consideration of HK\$1.
- (v) On 19 December 2006, the Group has via its wholly-owned subsidiary, Platinum Landmark Sdn. Bhd. incorporated a company in Changshu, China under the name of Platinum Landmark (Changshu) Limited ("PLCL") with a registered share capital of USD8.2 million, details as disclosed in Note 44 to the financial statements.

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### 46. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Subsequent to the balance sheet date, on 9 April 2007, the Group announced that it will undertake the following transactions:-

- (i) proposed share buy back scheme to purchase its own ordinary shares of up to 10% of the Company's issued and paid-up ordinary share capital; and
- (ii) proposed exemption to be sought by Low Yat Construction Company Sdn. Bhd. and persons acting in concert from the obligations to undertake a Mandatory General Offer for the remaining shares in the Company not already owned by them subsequent to the implementation of the Proposed Share Buy Back, under Practice Note 2.9.10 of the Malaysian Code on Takeovers and Mergers 1998.

### 47. FOREIGN EXCHANGE RATES

The applicable foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of foreign currency balances at the balance sheet date are as follows:-

	At 31.12.2006 RM	AVERAGE 2006 RM	At 31.12.2005 RM	AVERAGE 2005 RM
Australian Dollar	2.790	2.775	2.767	2.880
Singapore Dollar	2.299	2.288	2.273	2.274

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### 48. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial assets and financial liabilities of the Group and of the Company:-

**(a) Cash and Bank Balances and Short-term Receivables**

The carrying amounts approximated their fair values due to the relatively short-term maturity of these instruments.

**(b) Unquoted Investment**

It is not practicable to determine the fair value because of the lack of quoted market price and the inability to estimate the fair value without incurring excessive costs.

**(c) Short-term Borrowings and Other Current Liabilities**

The carrying amounts approximated their fair values because of the short period to maturity of these instruments.

**(d) Amounts Owning By/To Subsidiaries**

It is not practicable to determine the fair values of the amounts owing by/to the subsidiaries principally due to the lack of fixed repayment terms. However, the Company does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

**(e) Long-term Borrowings**

The carrying amounts approximated their fair values as these instruments bear interest at variable rates.

**(f) Hire Purchase and Lease Payables**

The fair values of hire purchase and lease payables are determined by discounting the relevant cash flows using current interest rates for similar types of instruments.

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### 48. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

#### (g) Contingent Liabilities

The nominal amount and net fair value of financial instruments not recognised in the balance sheets of the Group and of the Company are as follows:

	Note	THE GROUP		THE COMPANY	
		Nominal Amount RM'000	Net Fair Value RM'000	Nominal Amount RM'000	Net Fair Value RM'000
<b>At 30 June 2006</b>					
Contingent liabilities	39	7,700	*	219,864	*
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>At 30 June 2005</b>					
Contingent liabilities	39	11,900	*	233,484	*
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

\* It is not practicable to estimate the fair value of contingent liabilities of the Group reliably due to uncertainties of timing, costs and eventual outcome.

\* The fair value of contingent liabilities of the Company is expected to be minimal as the subsidiaries are expected to be able to repay the banking facilities.

### 49. COMPARATIVE FIGURES

The following comparative figures have been restated as a result of adopting the new and revised FRS:-

	As Previously Stated RM	Effects of FRS 5 RM	Effects of FRS 117 RM	Effects of FRS 127 RM	As Restated RM
THE GROUP					
Balance sheet (Extract):-					
Property, plant and equipment	410,882	-	(62,519)	-	348,363
Prepaid land lease payments	-	-	62,519	-	62,519
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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### 49. COMPARATIVE FIGURES (CONT'D)

	As Previously Stated RM	Effects of FRS 5 RM	Effects of FRS 117 RM	Effects of FRS 127 RM	As Restated RM
THE GROUP					
Income statement (Extract):-					
CONTINUING OPERATIONS					
Revenue	(111,858)	63,688	-	-	(48,170)
Cost of sales	39,963	(5,900)	-	-	34,063
Other income	(8,853)	1,652	-	-	(7,201)
Selling and marketing expenses	8,392	(2,827)	-	-	5,565
Administrative expenses	29,354	(12,976)	-	-	16,378
Other expenses	44,972	(23,824)	-	-	21,148
Finance costs	5,284	(4,601)	-	-	683
Income tax expense	(643)	1,538	-	-	(2,181)
DISCONTINUED OPERATIONS					
Profit for the financial year from discontinued operations	-	13,674	-	-	13,674
Cash flow statements (Extract):-					
(Loss)/Profit before taxation from:					
- Continuing operations	(7,254)	(15,212)	-	-	(22,466)
- Discontinued operations	-	15,212	-	-	15,212
THE COMPANY					
Balance sheet (Extract):-					
Investment in subsidiaries	156,264	-	-	(40,262)	116,002
Reserves	(58,128)	-	-	(69,680)	(127,808)
Statements of changes in equity (Extract):-					
Revaluation reserve	(185,936)	-	-	185,936	-

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

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Lodged by : Chan Kam Lye  
MAICSA No. 7009907

Address : 49th Floor, Empire Tower  
City Square Centre  
Jalan Tun Razak  
50400 Kuala Lumpur

Telephone No : 03-21631200

Lodged in the office of the Companies Commission of Malaysia, Kuala Lumpur.