

**ASIA PACIFIC LAND BERHAD**

**4069 – K**

(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A 1. Accounting Policies**

The interim financial statements have been prepared in compliance with MASB 26, Interim Financial Reporting and Paragraph 9.22 and part A of Appendix 9B of Bursa Malaysia Securities Listing Requirements.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the annual financial statements for the year ended 31 December 2003 other than the adoption of Financial Reporting Standards No 201 Property Development Activities (formerly known as MASB 32).

**A 2. Audit Report**

There were no audit qualifications on annual audit report of the preceding annual financial statements.

**A 3. Seasonal or Cyclical factors**

The Group's operations were not significantly affected by seasonal or cyclical factors in this financial year to date other than the hotel performance which is usually influenced positively by the festive and holiday seasons.

**A 4. Unusual Items**

There were no material items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.

**A 5. Changes in Estimate**

There were no changes in estimate which have a material effect in the current interim period.

**A 6. Debts and Equity Securities**

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the current financial year to date.

**A 7. Dividends Paid**

There were no dividends paid during the financial year under review.

## A 8. Segmental Reporting

Analysis by business segment of industries for the year ended 31 December 2004:

<b>Revenue</b>	Hotel	Property Development	Property Investment	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
External Sales	34,690	102,860	26,942	4,724	169,216
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<b>Results</b>					
Segment Operating profit / (loss)	6,217	7,187	10,929	(2,926)	21,407
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Net Financing Cost					(6,545)
Profit before taxation					14,862
Taxation					(5,803)
Profit after taxation					9,059
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## A 9. Valuation of Property, Plant and Equipment, and Investment Property

The valuations of property, plant and equipment have been brought forward without any amendments from the previous financial statements.

## A 10. Subsequent Events

There were no material events subsequent to the year ended 31 December 2004 as at 19 February 2005, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

## A 11. Effect of changes in the Composition of the Group

There were no material changes in the composition of the Group for the financial year to date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations other than an acquisition of a wholly owned subsidiary, Wira Azimat Sdn Bhd. The acquisition has no significant impact to the Group earnings and net tangible assets for the year ended 31 December 2004.

## A 12. Changes in Contingent Liabilities

There were no material changes in contingent liabilities since 31 December 2003 other than a bank guarantee of RM1.0 million given to a third party in relation to an aborted acquisition in an earlier corporate exercise. This amount has been recognised as an expense in the income statement.

## **ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES**

### **B 1. Review of Performance**

The profit before taxation for the current quarter was RM4.5 million as compared to RM16.4 million in the corresponding quarter last year.

The profit recorded for the corresponding quarter for 2003 included an exceptional gain of RM6.1 million from the disposal of a hotel and a piece of land in 2003 while for this quarter the contribution from Property Development Division was lower.

The Hotel Division recorded a profit compared to a loss in corresponding period as a result of a write down of operating assets in 2003.

The Property Investment Division has performed better due to higher occupancy and average rental rates.

The Property Development Division contributed lower profit before tax mainly due to increased competition as more developments come onto the market.

For the financial year 2004, the Group registered a profit before tax of RM14.9 million as against RM24.9 million (which included an exceptional gain of RM6.1 million due to the disposal of a hotel and a piece of land) in the preceding year. The Hotel and Property Investment Divisions performance have improve over the last year while the Property Development Division recorded lower profit due to increased competition.

### **B 2. Comment on material change in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter**

There is no significant difference in profit before tax for the quarter under review as compared with the immediate preceding quarter.

### **B 3. Prospects**

The Property Development Division is expected to improve its performance arising from more aggressive sales and marketing strategies catering to current buyers' demand and expectations. New product launches in Bandar Tasik Puteri will focus on affordable housing while the high end development within Kuala Lumpur City is targeted to be launched in 2005. This high end development is not expected to contribute towards the Group profit in 2005 but will be expected to contribute in the subsequent years.

The Property Investment Division is expected to generate better profit contribution to the Group as new tenants and renewals at higher rental secured throughout 2004 flow through for the full year in 2005.

The Hotel Division outlook is positive as Malaysia is targeting 16.7 million tourist arrivals in 2005 as reported by Ministry of Culture, Arts & Tourism. The hotels have also embarked on aggressive marketing strategies to capture a bigger market share and enhance its business competitiveness through refurbishment of its facilities.

### **B 4. Variance of actual and forecast revenue**

The Group has not issued any profit forecasts for the year under review.

**B 5. Taxation**

Taxation comprises:-	Current Year Quarter Ended 31-Dec-04 RM'000	Cumulative Current Year To Date 31-Dec-04 RM'000
Current taxation	1,257	4,149
Deferred taxation	488	1,149
Under / (over) provision of taxation in respect of prior years	(137)	505
	<u>1,608</u>	<u>5,803</u>

The effective tax rates of the Group for the current quarter is higher mainly due to certain expenses which are not deductible for tax purposes.

**B 6. Profits / (losses) on sale of Unquoted Investments and / or Properties**

There were no profits on sale of unquoted investments and properties outside the ordinary course of the Group's business for the current financial year to date.

**B 7. Particulars of Purchase or Disposal of Quoted Securities**

There were no purchases or disposals of quoted securities during the current financial year to date.

**B 8. Status of Corporate Proposals****(a) Status of Corporate Proposals**

There were no announced corporate proposals that were not completed as at 19 February 2005.

**(b) Status of Utilisation of Proceeds Raised from Corporate Proposal.**

There were no proceeds raised from any corporate proposal.

**B 9. Group Borrowings and Debt Securities**

Total Group borrowings as at 31 December 2004 are as follows: -

	RM'000
<b>Long Term Borrowings-Secured</b>	
At 31 December 2004	322,557
Repayable within 12 months	(45,262)
	<u>277,295</u>
<b>Short Term Borrowings-Secured</b>	
Bank overdraft	4,998
Bridging loans	57,200
Revolving credit	1,000
Current portion of long term borrowings	45,262
	<u>108,460</u>

There is no foreign loan included in the above borrowings.

## **B 10. Off Balance Sheet Financial Instruments**

The Group has no financial instruments with off balance sheet risk as at 19 February 2005, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

## **B 11. Changes in Material Litigation**

- a) the Company and 4 of its subsidiary companies together with Low Yat Construction Company Sdn Berhad are claiming damages against Kumpulan Jurutera Maju Sdn Bhd, Setegap Bhd, The Universal Builder Sdn Bhd (the first suit) and Datuk Bandar Kuala Lumpur (the second suit) respectively for loss of business income, reputation, goodwill and future income as a result of the delay in the construction of an underpass along Jalan Tun Razak at the main frontage and access road to City Square Centre.

The Trial which was fixed on 16 to 20 August 2004 has been postponed. The Trial now has been fixed on the 16 to 20 May 2005.

- b) a wholly owned subsidiary, Rawang Lakes Sdn Bhd (RLSB) is counter claiming for damages and loss for breach of contract against the claim by one of its contractor, Mampu Jaya Sdn Bhd (MJSB) for payment for work done. RLSB is also seeking to set aside the ex-parte interim injunction granted to MJSB earlier on certain development.

The Plaintiff's claim for summary judgement was dismissed on 24 November 2004, however, the Plaintiff has filed an appeal which is fixed for hearing on 14 March 2005.

RLSB's application to set aside the interim injunction is now fixed for mention on 8 April 2005.

## **B 12. Dividend**

The Board of Directors does not recommend any dividend payment for the fourth quarter ended 31 December 2004.

## **B 13. Earnings per share**

The basic earnings per share for the periods are based on the Group's profit after taxation for the periods divided by the number of ordinary shares of the Company in issue during the periods as follows:

	Current Year Quarter Ended 31-Dec-04	Cumulative Current Year To Date 31-Dec-04
Profit after taxation (RM'000)	2,886	9,059
Number of shares (RM'000)	710,341	710,341
Basic earning per share (sen)	0.41	1.28

Fully diluted earnings per share is not shown as the effect of the assumed full exercise of Employees' Share Option Scheme is antidilutive.

By Order of the Board

Mdm Oh Leen May  
Mdm Chan Kam Lye  
Company Secretaries

24 February 2005