

NOTES TO THE INTERIM FINANCIAL REPORT

A 1. Accounting Policies

The interim financial report is unaudited and has been prepared in accordance with FRS 134, Interim Financial Reporting (formerly known as MASB 26) and Paragraph 9.22 and part A of Appendix 9B of Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2004.

A 2. Audit Report

The preceding audited financial statements for the year ended 31 December 2004 was not qualified.

A 3. Seasonal or Cyclical factors

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

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 material 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 period to date.

A 7. Dividends Paid

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

A 8 Segmental Reporting

Analysis by business segment of industries for the period ended 30 June 2005:

| | Hotel RM'000 | Property Development RM'000 | Property Investment RM'000 | Others RM'000 | Consolidated RM'000 |
|---------------------------------|-----------------|-----------------------------------|----------------------------------|------------------|------------------------|
| Revenue | | | | | |
| External sales | 15,831 | 42,991 | 13,417 | 2,372 | 74,611 |
| Results | | | | | |
| Segment operating profit/(loss) | 1,899 | (1,390) | 6,147 | (1,051) | 5,605 |
| Net finance cost | | | | | (2,920) |
| Profit before taxation | | | | | 2,685 |
| Taxation | | | | | (2,116) |
| Profit after taxation | | | | | 569 |

A 9 Valuation of Property, Plant and Equipment and Investment Property

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

A 10 Subsequent Events

There were no material events subsequent to the period ended 30 June 2005 other than the following:-

On 15 August 2005, Marina Mirage Hotel Sdn Bhd ("MMH"), a wholly-owned subsidiary of Asia Pacific Land Berhad (AP Land) has entered into a conditional Sale and Purchase Agreement with Bintang Holdings Sdn Bhd ("BHBSB"), a related party to AP Land for the disposal of three pieces of land comprising one (1) piece of freehold land known as Lot 129 and two (2) pieces of leasehold land known as Lot 748 and 749, all located at Jalan Sultan Ahmad Shah, Pulau Pinang for a cash consideration of RM14.25 million.

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 period to date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

A 12 Changes in Contingent Liabilities

There were no material changes in contingent liabilities since 31 December 2004.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B 1. Review of Performance

Profit before taxation for the current quarter was RM1.1 million as compared to RM3.3 million in the corresponding quarter last year.

Hotel Division recorded a lower operating profit compared to the corresponding quarter last year. After interest charges, the Division contributed a loss to the Group. Crown Princess Hotel recorded a higher revenue and profit before taxation as compared to corresponding quarter last year. However, this improvement has been offset by the losses reported by Ferringhi Beach Hotel as it has not fully recovered from the impact of the December 2004 Tsunami.

Property Investment Division performed better due to higher average rental rates achieved while occupancy levels are maintained.

Property Development Division incurred a loss for the quarter due to lower sales achieved as a result of the ever more challenging and competitive environment.

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

For the quarter under review, the Group recorded profit before tax of RM1.1 million as compared to RM1.6 million in the first quarter 2005. This decline in profit is mainly due to losses incurred by the Hotel and Property Development Divisions while the Property Investment Division maintain its profit contribution to the Group.

B 3. Prospects

The performance of Hotel Division for the second half year looks promising due to the expected higher tourist arrival into Malaysia. Ferringhi Beach Hotel is also expected to recover from the Tsunami. The impact of the current haze situation on the Hotel Division's performance is uncertain. If the haze situation is not pro-longed, the impact on the Division will be minimal.

Property Investment Division's performance for the second half year is expected to be in line with the first half as the higher rental rates achieved flow through for the full year.

Property Development Division is still operating in a competitive and challenging environment. Although the Division has come up with more innovative marketing concepts and improvements to the products to overcome these challenges, the sales trend is seen to be declining and the Division is expected to further deteriorate for the second half year. In anticipation of this, the Division has since embarked on a cost reduction exercise.

With this expected losses from the Property Development Division, the overall Group performance will also be adversely affected.

B 4. Variance of actual and forecast profit

The Group did not issue any profit forecasts for the period under review.

B 5. Taxation

| Taxation comprises: | Current Year Quarter Ended 30-Jun-2005 RM'000 | Current Year To Date 30-Jun-2005 RM'000 |
|---|--|--|
| Current taxation | 896 | 1,917 |
| Deferred taxation | (38) | (215) |
| Underprovision of taxation in prior years | - | 414 |
| | <u>858</u> | <u>2,116</u> |

The effective tax rate of the Group for current quarter is higher mainly due to certain expenses which are not deductible for tax purposes and certain deferred tax assets of subsidiary companies have not been recognised as they are not probable to generate foreseeable future taxable profit.

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

There were no sales of unquoted investments and / or properties during the current financial period 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 period to date.

B 8. Status of Corporate Proposals

On 15 August 2005, MMH and BHSB entered into a conditional Sale and Purchase Agreement for the disposal and acquisition of three pieces of land located at Jalan Sultan Ahmad Shah, Pulau Pinang which is subject to the following conditions precedent:-

For the disposal of Lot 129:

- (i) Approval of the shareholders of Asia Pacific Land Berhad and BHSB;

For the disposal of Lot 748 and 749:

- (i) Approval of the shareholders of Asia Pacific Land Berhad and BHSB; and
- (ii) Approval of the State Authority of Penang for the proposed disposal of leasehold land;

Barring any unforeseen circumstances and subject to receipt of all relevant approvals, the Proposed Disposal for the freehold property and leasehold property are expected to be completed by the 4th quarter of 2005 and 1st quarter of 2006 respectively.

B 9. Group Borrowings and Debt Securities

Total Group borrowings as at 30 June 2005 are as follows:

| | RM'000 |
|---|-----------------------|
| Long Term Borrowings - secured | |
| As at 30 June 2005 | 316,911 |
| Repayable within 12 months | <u>(3,581)</u> |
| | <u><u>313,330</u></u> |
| Short Term Borrowings - secured | |
| Bank overdraft | 4,997 |
| Bridging loans | 46,261 |
| Revolving credit | 1,000 |
| Term loan | 4,643 |
| Current portion of long term borrowings | <u>3,581</u> |
| | <u><u>60,482</u></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 16 August 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 suing 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 negligence and nuisance in connection to the construction of an underpass along Jalan Tun Razak at the main frontage and access road to City Square Centre.

The first suit which was fixed for hearing on 16 to 20 May 2005 has been postponed until further notice from the Court.

The date of hearing of the second suit has not been fixed because the court is awaiting the outcome of an appeal at the Court of Appeal in respect of the plaintiffs' application to amend the statement of claim.

- 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. MJSB injunction application and RLSB application to set aside the ex-parte interim injunction has been fixed for further mention on 27 October 2005.

MJSB has filed an appeal against the dismissal of their summary judgement application which was initially fixed for hearing on 14 March 2005. The appeal which has been adjourned for decision on 11 August 2005 has been dismissed with cost.

B 12. Dividend

The Board of Directors does not recommend any dividend payment for the second quarter ended 30 June 2005.

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 30-Jun-2005 | Current Year To Date 30-Jun-2005 |
|--------------------------------|--|--|
| Profit after taxation (RM'000) | 272 | 569 |
| Number of shares ('000) | 710,341 | 710,341 |
| Basic earning per share (sen) | 0.04 | 0.08 |

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

22 August 2005