

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 September 2005:

	Hotel RM'000	Property Development RM'000	Property Investment RM'000	Others RM'000	Consolidated RM'000
Revenue					
External sales	26,869	50,530	20,268	3,552	101,219
Results					
Segment operating profit/(loss)	9,247	(5,163)	9,541	(1,722)	11,903
Net finance cost					(3,923)
Profit before taxation					7,980
Taxation					(2,614)
Profit after taxation					<u>5,366</u>

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 September 2005 as at 15 November 2005, the latest practicable date which is not earlier than 7 days from the date 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 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 RM5.3 million as compared to RM4.6 million in the corresponding quarter last year. This improvement was mainly contributed by the gain of RM4.0 million from the disposal of Hotel land in Penang. In addition, the Hotel and Property Investment Divisions also contributed to the profit before taxation. However Property Development Division which has reported losses since the first quarter of 2005 continued to suffer further losses.

The Hotel Division recorded a higher revenue and profit before taxation for the current quarter as compared to corresponding quarter last year due to the higher tourist arrivals as well as the improved production from the higher yield segments.

The Property Investment Division reported an increase in profit before taxation although the occupancy and rental rates are maintained at the same level as compared to the corresponding period last year. This is due to non-recurring one-off expenses incurred last year.

The Property Development Division incurred a loss for the quarter. Sales continued to be affected by the softer market conditions and market competition.

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 taxation of RM5.3 million as compared to RM1.1 million in the second quarter 2005. This increase in profit is mainly due to the gain on disposal of Hotel land by a subsidiary company amounting to RM4.0 million as well as the improvement in the Hotel and Property Investment Divisions.

B 3. Prospects

Although the year to date performance of the Hotel and Property Investment Divisions have shown improvement, the Group performance for year 2005 is not expected to register an improvement over year 2004 performance due mainly to the losses incurred to date by the Property Development Division.

Outlook for the Hotel Division is positive due to the expected higher tourist arrivals as well as the year end holidays and festivities. The Division's marketing efforts to attract higher yield market segments are also starting to show results.

The Property Investment Division is expected to show a slight improvement over last year as occupancy is being maintained while the rental rates has improved. The Division has since embarked on more focused marketing strategies to improve occupancy.

The Property Development Division will continue to suffer losses due to slower sales. With the lower sales and operating activities, we will continue with the cost reduction exercises to mitigate the losses of this Division.

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-Sep-2005 RM'000	Current Year To Date 30-Sep-2005 RM'000
Current taxation	1,145	3,062
Deferred taxation	(1,201)	(1,416)
Underprovision of taxation in prior years	554	968
	<u>498</u>	<u>2,614</u>

The effective tax rate of the Group for current quarter is lower mainly due to the gain on disposal of properties which is not subject to tax as there is no taxable gain where the original purchase price for purposes of tax was higher than the sales consideration.

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

There were no profit on sale of unquoted investments and / or properties during the current financial period other than the gain on disposal of three pieces of land known as Lot Nos. 129, 748 and 749 located at Jalan Sultan Ahmad Shah, Pulau Pinang amounting to RM4.0 million.

B 7. Particulars of Purchase or Disposal of Quoted Securities

There were no purchases or disposal of quoted securities during the current financial period to date.

B 8. Status of Corporate Proposals

(a) Status of Corporate Proposals

A conditional Sale and Purchase Agreement had been entered into on 15 August 2005 between Marina Mirage Hotel Sdn Bhd, a wholly-owned subsidiary of Asia Pacific Land Berhad ("AP Land") and Bintang Holdings Sdn Bhd, a related party to AP Land for the disposal and acquisition of three pieces of land known as Lot No. 129 ('the Freehold Property') and Lot Nos. 748 and 749 ('the Leasehold Property') located at Jalan Sultan Ahmad Shah, Pulau Pinang which was duly approved by shareholders of the Company at the Extraordinary General Meeting on 15 September 2005.

The disposal of the Freehold Property has been completed on 9 November 2005 upon presentation of the land title of the Freehold Property to the Land Office in Pulau Pinang. The disposal of the Leasehold Property is expected to be completed by the first quarter of 2006.

(b) Status of Utilisation of Proceeds raised from Corporate Proposals up to 15 November 2005

	RM'000
Repayment of bank borrowings and interest	7,330
Repayment of advances to a related party	4,250
Working capital	2,514
Expenses on the disposal	156
	<u>14,250</u>

B 9. Group Borrowings and Debt Securities

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

	RM'000
Long Term Borrowings - secured	
As at 30 September 2005	316,911
Repayable within 12 months	<u>(5,665)</u>
	<u>311,246</u>
Short Term Borrowings - secured	
Bank overdraft	4,997
Bridging loans	33,556
Revolving credit	1,000
Term loan	2,473
Current portion of long term borrowings	<u>5,665</u>
	<u>47,691</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 15 November 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 21 February 2006.

B 12. Dividend

The Board of Directors does not recommend any dividend payment for the third quarter ended 30 September 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-Sep-2005	Current Year To Date 30-Sep-2005
Profit after taxation (RM'000)	4,797	5,366
Number of shares ('000)	710,341	710,341
Basic earning per share (sen)	0.68	0.76

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

21 November 2005