

ASIA PACIFIC LAND BERHAD (4069-K)

(INCORPORATED IN MALAYSIA)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2006**

	Note	Individual Quarter (Q2)		Cumulative Quarter	
		CURRENT YEAR QUARTER 30/06/2006 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2005 RM'000	CURRENT PERIOD TO DATE 30/06/2006 RM'000	PRECEDING YEAR PERIOD TO DATE 30/06/2005 RM'000
Revenue	8	14,798	31,642	36,099	74,611
Operating expenses		(45,493)	(30,018)	(67,101)	(70,927)
Other operating income		1,203	1,131	3,802	1,919
(Loss) / Profit from operations	8	(29,492)	2,755	(27,200)	5,603
Finance costs, net		(1,264)	(1,625)	(2,413)	(2,920)
(Loss) / Profit before taxation		(30,756)	1,130	(29,613)	2,683
Taxation	17	(452)	(858)	(345)	(2,116)
(Loss) / Profit after taxation		(31,208)	272	(29,958)	567
Earnings per share (sen)					
Basic	23	(4.39)	0.04	(4.22)	0.08

ASIA PACIFIC LAND BERHAD (4069-K)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2006**

	← Non-distributable			→ Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Exchange Fluctuation Reserve RM'000	Accumulated Losses RM'000	
At 1 January 2005	710,341	62,372	93,610	6,286	(85,079)	787,530
Currency exchange translation difference ^	-	-	-	74	-	74
Profit for the period	-	-	-	-	567	567
At 30 June 2005	710,341	62,372	93,610	6,360	(84,512)	788,171
At 1 January 2006	710,341	62,372	83,773	6,242	(91,690)	771,038
Reversal of Revaluation Reserve	-	-	(5,368)	-	-	(5,368)
Currency exchange translation difference ^	-	-	-	11	-	11
Loss after taxation for the financial period	-	-	-	-	(29,958)	(29,958)
At 30 June 2006	710,341	62,372	78,405	6,253	(121,648)	735,723

Note: ^ represents gains not recognised in income statements.

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

ASIA PACIFIC LAND BERHAD (4069-K)

(INCORPORATED IN MALAYSIA)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2006

		UNAUDITED AS AT END OF CURRENT QUARTER 30/06/2006 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2005 RM'000
Non-Current Assets			
Property, plant and equipment	9	364,693	410,882
Land held for property development		146,620	167,691
Investment properties	9	442,500	473,368
Other investments		50	50
Deferred tax assets		22,709	22,080
		976,572	1,074,071
Current Assets			
Property development costs		138,454	145,371
Inventories		43,481	26,939
Trade receivables		30,846	37,742
Other receivables		31,813	15,583
Tax recoverable		-	-
Deposits with licensed banks & finance companies		1,050	229
Cash and bank balances		42,998	4,804
		288,643	230,668
Current Liabilities			
Short term borrowings	20	54,265	51,580
Trade payables		24,969	34,180
Other payables		72,014	68,394
Provisions for taxation		28,793	30,534
		180,040	184,688
Net Current Assets		108,602	45,980
		1,085,174	1,120,051
Financed By:			
Share capital		710,341	710,341
Reserves		25,382	60,697
Shareholders' equity		735,723	771,038
Long term borrowings	20	299,868	299,332
Deferred tax liabilities		49,583	49,681
Non-Current Liabilities		349,451	349,013
		1,085,174	1,120,051
Net assets per share (RM)		1.0357	1.0854

The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

ASIA PACIFIC LAND BERHAD (4069-K)
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PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2005.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the year ended 31 December 2005.

2 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 December 2005 was not qualified.

3 Comments About Seasonal or Cyclical Factors

The Group’s operations were not significantly affected by the 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 holidays.

4 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group that are unusual due to their nature, size or incidence for the current quarter.

5 Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter.

6 Debt and Equity Securities

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

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PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

7 Dividends Paid

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

8 Segmental Information

	3 months ended		6 months ended	
	30.06.2006	30.06.2005	30.06.2006	30.06.2005
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Hotel	7,655	8,140	15,836	16,043
Property Development	1,289	17,653	9,039	48,490
Property Investment	7,075	7,021	13,739	14,186
Others	1,350	1,208	2,804	2,501
Total revenue including inter- segment sales	17,370	34,022	41,419	81,220
Elimination of inter-segment sales	(2,571)	(2,380)	(5,319)	(6,609)
Total revenue from continuing operations	<u>14,798</u>	<u>31,642</u>	<u>36,099</u>	<u>74,611</u>
Segment Results				
Results from continuing operations:				
Hotel	(1,346)	1,079	(352)	1,893
Property Development	(8,119)	(1,022)	(11,150)	(796)
Property Investment	(19,613)	3,122	(17,054)	6,148
Others	(375)	(787)	(310)	(1,068)
	<u>(29,452)</u>	<u>2,392</u>	<u>(28,865)</u>	<u>6,177</u>
Eliminations	(40)	363	1,665	(574)
Total results from continuing operations	<u>(29,492)</u>	<u>2,755</u>	<u>(27,200)</u>	<u>5,603</u>

9 Carrying Amount of Revalued Assets

The valuations of property, plant and equipment and investment properties have been brought forward without amendment from the financial statements for the year ended 31 December 2005 except for Empire Tower and City Square Shopping Complex which has been revalued at net realisable value as disclosed in note 12.

10 Changes in the Composition of the Group

There were no material changes in the composition of the Group during the financial period to date including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations except as disclosed in note 12.

11 Changes in Contingent Liabilities and Contingent Assets

There were no material changes in contingent liabilities since 31 December 2005.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

12 Subsequent Events

Disposal of Investment Properties and Hotel

Subsequent to the current quarter ended 30 June 2006, City Square Properties Sdn. Bhd., APL Hotel Sdn. Bhd. and Empire Tower (Malaysia) Sdn. Bhd., all wholly owned subsidiaries of Asia Pacific Land Berhad had on 15 August 2006 entered into an agreement with Affluent Impact Sdn. Bhd., to dispose the City Square Centre comprising of City Square Shopping Complex, Crown Princess Hotel and Empire Tower office block, all located at Jalan Tun Razak, 50400 Kuala Lumpur for a total consideration of RM680 million, the breakdown of which are as follows:-

- a) City Square Shopping Complex will be disposed at a sale consideration of RM170.0 million and its audited net book value as at 31 December 2005 is RM175.4 million with a loss on disposal of RM5.4 million which has been set off against the Revaluation Reserves in the current quarter under review.
- b) Crown Princess Hotel will be disposed at a sale consideration of RM240 million which is same with its audited net book value as at 31 December 2005 of RM240 million.
- c) Empire Tower will be disposed at a sale consideration of RM270 million as compared to its audited net book value as at 31 December 2005 is RM293 million. The impairment in value of RM23 million has been provided in the current quarter under review.

The net proceeds arising from the proposed disposal will be utilised as follows:-

	RM 'mil
Working capital	102.00
Future investment	207.86
Repayment of bank borrowings and interest of AP Land Group	335.54
Estimated expenses of the proposed disposal	34.60
	<u>680.00</u>

The proposed disposals are expected to be completed in the first quarter of year 2007

13 Performance Review

The Group recorded total revenue of RM14.8 million and a loss of RM31.2 million for the current quarter ended 30 June 2006 as compared to total revenue of RM31.6 million and profit after tax of RM0.3 million for the corresponding quarter last year.

The loss of RM31.2 million in the current quarter is due to the impairment in value of RM23 million in respect of the disposal of Empire Tower office.

Before the impairment in value of RM23 million, the Property Investment Division was the major contributor towards the profit for the quarter under review which is due to improvement in rental rates coupled with a slight increase in occupancy rate. The profit was partly off-set by the losses incurred by the Property Development Division and Hotel Division.

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14 Variations of Results Against The Preceding Quarter

The Group recorded a revenue of RM14.8 million, compared to RM21.3 million recorded in the immediate preceding quarter. The current quarter Group loss of RM31.2 million as compared to the profit after tax of RM1.25 million in preceding quarter is primarily due to the impairment loss of RM23 million in respect of Empire Tower Office which has been adjusted in the current quarter performance.

The effect of an increase in the interest rates and other external uncertainties have contributed to the continued soft property market conditions in the current quarter. Slower sales and higher sales termination due to purchasers unable to obtain loan was experienced from the Bandar Tasik Puteri project.

The loss from the Hotel division in the current quarter was mainly due to the loss on disposal of RM1.6 million on Ferringhi Beach Hotel's assets.

15 Prospects

Until completion of the sale of City Square Centre as disclosed in note 12, the Property Investment division is expected to continue to be the major contributor of profits for the current financial period. Outlook for the Hotel division shall remain positive and will maintain its operating profit contribution to the Group for the financial year.

For the Property Development Division the Group will focus on its product development, improvement to its costs structure and marketing strategies so as to put itself in a better position when the market improve.

Construction of My Habitat Service Residence will commence this year and the sales has been encouraging.

16 Profit Forecast and Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

17 Taxation	3 months ended 30.06.2006 RM'000	6 months ended 30.06.2006 RM'000
Income tax		
Charge for the year	452	892
Over provided in prior years	-	-
	<hr/> 452	<hr/> 892
Deferred tax		
Due to origination and reversal of timing differences	(0)	(547)
Over provided in prior years	-	-
	<hr/> (0)	<hr/> (547)
	<hr/> 452	<hr/> 345

The effective rate of taxation of the Group is lower than the statutory rate of taxation due to utilisation of losses from property division as group relief.

18 Sale of Unquoted Investments and/or Properties

There were no sales of unquoted investments and properties (classified under property, plant and equipment or investment properties) during the 6 months financial period ended 30 June 2006 except as disclosed in note 12.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

19 Status of Corporate Proposals

a) Disposal of Ferringhi Beach Hotel

On 26th January 2006, Island Bay Resorts Sdn. Bhd. (IBR), a wholly owned subsidiary of Asia Pacific Land Berhad, entered into an agreement with Mister Phoenix (M) Sdn. Bhd. for the disposal of Ferringhi Beach Hotel Penang together with the hotel business as a going concern for a total consideration of RM43.00 million.

The disposal of the Ferringhi Beach Hotel Penang has been completed on 26 May 2006.

b) Joint Venture Development

i) On 23rd January 2006, Island Bay Resorts Sdn. Bhd. (IBR), a wholly owned subsidiary of Asia Pacific Land Berhad entered into a Joint Venture (Development) Agreement (JVDA) with IJM Properties Sdn Bhd (IJMP) for the purpose of carrying out a mixed development comprising residential and/or commercial units on a joint venture basis on IBR's existing development landbank measuring approximately 11.3acres located at Mount Pleasure Resort, Batu Ferringhi, Penang. ("the Joint Venture")

Upon the commencement of the Joint Venture, a gain of RM1.7 million was recognised based on IJMP's contribution towards 50% share of IBR's existing landbank.

ii) IJMP's Contribution to IBR in relation to the landbank together with UOB JV Rights amounting to RM19.297 million will be paid in the following manner:

	RM 'million
Upon signing of JVDA	4.667
Within 12 months from JVDA	0.840
Within 24 months to 36 months from JVDA	2.930
After 36 months from JVDA	10.860
Total	<u>19.297</u>

The contributions will be utilised for the Group's working capital.

There is no material changes in the status of the Joint Venture since the last quarter ended 31 March 2006.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

20 Borrowings and Debt Securities

	As at 30.06.2006 RM'000
Short Term Borrowings :	
Secured	
Bank overdrafts	5,107
Bridging loan	18,946
Revolving credit	1,000
Short term portion of long term loan	29,020
Hire purchase payables	<u>192</u>
Total	<u>54,265</u>
Long Term Borrowings :	
Secured	
Term loans	299,031
Hire purchase payables	<u>837</u>
Total	<u>299,868</u>
Total Borrowings	<u>354,133</u>

There is no foreign loan included in the above borrowings.

20 Off Balance Sheet Financial Instruments

The Group has no financial instruments with off balance sheet risk as at 28 August 2006, the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

21 Changes in Material Litigation

- (a) There were no changes in material litigation since the previous quarter ended 31 March 2006 in respect of the The Company and 4 of its subsidiaries together with Low Yat Construction Company Sdn Berhad vs. Kumpulan Jurutera Maju Sdn. Bhd., Setegap Bhd, The Universal Builder Sdn. Bhd. (the first suit) and Datuk Bandar Kuala Lumpur (the Second Suit) 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.
- (b) A wholly owned subsidiary of Asia Pacific Land Berhad, 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 the payment of workdone. Both parties suit have been withdrawn on the application to set aside the ex- parte interim injunction as the issue of the structural design is now purely an academic with the completion of the houses. RLSB has filed in the amended counter claim amount and the court has set 9 January 2007 for Case Management.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

22 Dividend Payable

The Board of Directors does not recommend any dividend payment for the second quarter ended 30 June 2006.

23 Earnings per Share

The basic earnings per share for the periods are based on the Groups profit after taxation for the period divided by the number of ordinary shares of the company in issue during the periods as follows:

	3 months ended 30.06.2006	6 months ended 30.06.2006
Loss for the period (RM'000)	(31,208)	(29,958)
No. of ordinary shares in issue ('000)	710,341	710,341
Basic earnings per share (sen)	<u>(4.39)</u>	<u>(4.22)</u>

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

24 Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 August 2006.

By Order of the Board

Mdm Oh Leen May
Mdm Chan Kam Lye
Company Secretaries

28 August 2006

ASIA PACIFIC LAND BERHAD (4069-K)

(INCORPORATED IN MALAYSIA)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2006**

	6 months ended	
	30/06/2006	30/06/2005
	RM'000	RM'000
Net cash generated from operating activities	49,222	11,528
Net cash used in investing activities	(14,632)	(2,626)
Net cash used in financing activities	4,272	(13,735)
Net increase/ (decrease) in cash and cash equivalents	38,861	(4,833)
Effect of exchange rate on cash and cash equivalents	11	10
Cash and cash equivalents at beginning of financial period	69	6,361
Cash and cash equivalents at end of financial period	38,941	1,538

Cash and cash equivalents at end of financial period comprise of the following:

Cash and bank balances	42,998	6,317
Deposits with licensed banks & finance companies	1,050	218
Bank overdrafts (secured)	(5,107)	(4,997)
	38,941	1,538

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.