

ASIA PACIFIC LAND BERHAD (4069-K)

(INCORPORATED IN MALAYSIA)

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 together with Part A, Appendix 9B 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 2008. 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 2008.

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2008.

2 Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 December 2008 was not subject to any audit qualification.

3 Comments About Seasonal or Cyclical Factors

The business operations of the Group during the financial year under review were not materially affected by any seasonal or cyclical factors.

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 financial period ended 31 December 2009.

5 Changes in Estimates

There were no material changes in estimates for the financial period ended 31 December 2009.

6 Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the financial period ended 31 December 2009.

7 Dividends Paid

No dividends were paid in the current quarter ended 31 December 2009.

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8 Segmental Information

	3 months ended		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Property Development	68,009	39,906	176,151	116,762
Others	6,992	1,737	13,055	6,557
Total revenue including inter- segment sales	75,001	41,643	189,206	123,319
Elimination of inter-segment sales	(28,997)	(22,561)	(82,382)	(58,230)
Total revenue	46,004	19,082	106,824	65,089
Segment Results				
Results from operations:	RM'000	RM'000	RM'000	RM'000
Property Development	(4,183)	(2,243)	12,342	1,374
Plantation	(720)	(123)	(1,871)	(562)
Others	3,211	5,462	5,151	7,809
	(1,692)	3,096	15,622	8,621
Eliminations	(138)	(2,321)	(7,475)	(4,670)
Total results from continuing operations	(1,830)	775	8,147	3,951
Results from discontinued operation	-	1,449	-	1,449
	(1,830)	2,224	8,147	5,400

9 Carrying Amount of Revalued Assets

The revaluation of property, plant and equipment and investment properties have been brought forward without amendment from the financial statement for the year ended 31 December 2008.

10 Changes in the Composition of the Group

There were no material changes in the composition of the Group during the financial period including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations since the last financial statement for the year ended 31 December 2008 except the following wholly owned subsidiaries of which the company had on 18 September 2009 and 25 September 2009 submitted applications to the Companies Commission of Malaysia ("CCM") for striking-off pursuant to Section 308 of the Companies Act, 1965:-

- 1) City Square Nursery And Landscaping Sdn. Bhd.
- 2) Empire Reach Sdn. Bhd.
- 3) Marina Mirage Hotel Sdn. Bhd.
- 4) Platinum Landmark Sdn. Bhd.
- 5) City Square Retail Management Sdn. Bhd.
- 6) Radiant Design Sdn. Bhd.

The above companies had on 21 December 2009 and 6 February 2010 received the notice from CCM that at the expiration of three months from the date of that notice, the name of the companies will be struck off from the register and the companies will be dissolved.

11 Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2008.

12 Subsequent Events

There were no material transactions or events subsequent to the end of the current quarter till the date of issue of this quarterly report.

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

13 Performance Review

The Group recorded a revenue of RM46.0 million and loss before tax of RM2.8 million for the current quarter under review as compared to a revenue of RM19.1 million and loss before tax of RM0.4 million in the corresponding quarter of previous year.

Although revenue in the current quarter under review has increased compared to corresponding quarter of previous year due to improved in sales and work progress from the local Property Development Division, the one time accrual of interest income in the corresponding quarter of previous year on the balance of sale proceeds from the disposal of City Square Centre has resulted in the reduced loss before tax of RM0.4 million.

14 Variations of Results Against The Preceding Quarter

The Group registered a revenue of RM46.0 million and loss of RM2.8 million in the current quarter under review as compared to a revenue of RM26.6 million and profit of RM5.7 million in the previous quarter ended 30 September 2009. The improvement in its revenue was due to completion of MyHabitat Serviced Residences- Tower 1 but the recognition of additional development costs for the soon to be completed MyHabitat project resulted a loss of RM2.8 million for the current quarter under review.

15 Prospects

Macroeconomic conditions in the region are expected to further improve in financial year 2010. Coupled with the projected completion of the MyHabitat property development project and the Changshu property development project, the Group expects an improvement in its performance for financial year 2010.

As for the Group's oil palm plantation, the Group has planted 3,300 ha as at 31 December 2009. The first harvest is expected in financial year 2012.

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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17 Income Tax Expenses

	3 months ended		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Charge for the year	408	1,109	(6,035)	(584)
(Over)/under provided in prior years	(77)	8	(336)	454
Deferred tax				
Due to origination and reversal of timing differences	(251)	(4,995)	1,048	(4,995)
(Under)/ over provided in prior years	(43)	2,454	(43)	2,454
Income tax expense	37	(1,424)	(5,366)	(2,671)

The Group reported higher effective tax rate for the current quarter under review as well as for the year ended 31 December 2009 than the statutory rate of taxation which were mainly due to certain expenses in the subsidiaries were disallowed.

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) subsequent to the financial year ended 31 December 2008.

19 Status of Corporate Proposals

The corporate proposals that have been announced by the Company but not completed as of this announcement are as follows:-

Proposed Acquisition of 95% Equity Interest in PT. Tunas Sejati Abadi, Indonesia

The Board of Directors of the Company had announced that Pacific Agriculture Holdings Pte. Ltd. (PAH), a wholly-owned subsidiary of the Company, has on 11 January 2008 entered into a Conditional Shares Sale & Purchase And Subscription of New Shares Agreement (CSPA 1) with Halim Jawan and Rubiyanto (hereinafter referred to as "the Vendors") to acquire 190 shares of Rp.1,000,000 each (or 95% equity interest) in PT. Tunas Sejati Abadi (TSA) for a total cash consideration of Rp.190,000,000 and subscription for new shares of 37,810 shares of Rp.1,000,000 each with a total nominal value of Rp.37,810,000,000 (Proposed Acquisition).

TSA was incorporated on 3 July 2006 in Indonesia. TSA intends to cultivate oil palm on a plot of land measuring approximately 16,000 hectares located in Desa Long Beleh Modang, Kecamatan Kembang Janggut Desa Buluk Sen, Muara Ritan, Ritan Baru, Long Lalang, Gunung Sari, Kecamatan Tabang, Kabupaten Kutai Kartanegara, East Kalimantan, Indonesia ("the Land") for which it has successfully obtained the Ijin Lokasi (Location Permit) and "Ijin Usaha Budidaya Perkebunan" (Plantation Permit). TSA will pursue further with relevant authorities in Indonesia until the Right to Use for Exploitation Certificate ("Sertifikat Hak Guna Usaha") over the Location Permit area is obtained and the oil palm plantation is established. The total Land cost is anticipated to be approximately USD3,760,000.

The conditions precedent to the CSPA 1 include amongst others, the approval of Indonesia's Capital Investment Coordinating Board ("Badan Koordinasi Penanaman Modal") for the change in shareholding for conversion of TSA into a foreign capital investment company and to secure the rights to a minimum net cultivable area of 12,800 hectares.

On 4 July 2008, TSA has obtained approval from the Indonesia's Capital Investment Coordinating Board ("Badan Koordinasi Penanaman Modal") for the conversion of TSA to a foreign capital investment company subject to final approval from Minister of Law & Human Rights.

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19 Status of Corporate Proposals (cont'd.)

Proposed Acquisition of Land

Island Bay Resorts Sdn. Bhd. ("IBR"), a wholly owned subsidiary of the Company had on 23 September 2008 entered into a Sale and Purchase Agreement with United Overseas Bank (Malaysia) Bhd ("UOB") for the acquisition of a piece of vacant land held in perpetuity under Geran No.11116, Lot No. 87, Seksyen 2, Bandar Batu Ferringhi, Daerah Timur Laut, Negeri Pulau Pinang for a total purchase consideration of Ringgit Malaysia Six Million (RM6,000,000.00) only. IBR has paid 30% of the purchase consideration to the vendor.

Upon completion of the proposed acquisition of the land, the Joint-Venture Agreement executed between IBR and UOB on 3 June 2002 in relation to the proposed development on the land on a joint venture basis shall be deemed terminated by mutual consent and neither party shall have any claims whatsoever against the other party.

20 Status of Utilisation of Proceeds

The status of utilisation of proceeds from disposal of City Square Centre as at the date of this report is as follows:-

Purposes	RM'mil
Repayment of bank borrowings and interest of AP Land Group	342
New investments	159
Working capital	139
Expenses of the disposal	16
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	656

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21 Borrowings and Debt Securities

	As at 31.12.2009 RM'000
Short Term Borrowings :	
Secured	
Revolving Credit	84,441
Terms Loan	1,094
Bonds	24,099
Hire purchase payables	1,099
Total	<u>110,733</u>
Long Term Borrowings :	
Secured	
Term loans	15,084
Bonds	24,100
Hire purchase payables	1,004
Total	<u>64,287</u>
Total Borrowings	<u>175,020</u>

Included in the above borrowings is a foreign bond of JPY1,300,000,000 (RM48,199,000) issued by a foreign subsidiary.

22 Off Balance Sheet Financial Instruments

The Group has no financial instruments with off balance sheet risk as at the date of this report.

23 Changes in Material Litigation

As at 24 February 2010, there were no changes in material litigation save as disclosed below since the last audited balance sheet date of 31 December 2008.

- (a) A wholly-owned subsidiary of Asia Pacific Land Berhad, Rawang Lakes Sdn Bhd. (RLSB or 2nd Defendant) is counter claiming for damages and loss for breach of contract against the claim by its contractor, Mampu Jaya Sdn. Bhd. (MJSB or 1st Plaintiff), for the payment of workdone. The Plaintiffs' Summary Judgement Application was dismissed by the Senior Assistant Registrar on 24 November 2004. The Plaintiffs filed an appeal to the Judge in Chambers. On 11 August 2005, the Judge dismissed the Plaintiffs' appeal with costs.

On 17 July 2009, the court granted a Winding-Up Order against MJSB under Shah Alam High Court Winding Up filed by Yeh Elikh t/a Chuan Huat Crane & Excavator Services. The court has fixed 12 April 2010 for case management.

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24 Dividend Payable

The Company did not declare any dividend for the quarter ended 31 December 2009.

25 Earnings per Share

The basic earnings per share for the periods are based on the Group's loss for the period divided by the number of ordinary shares of the company in issue during the periods as follows:

	3 months ended 31.12.2009	12 months ended 31.12.2009
Loss for the year (RM'000)	(2,699)	(896)
<i>Weighted average number of Ordinary Shares ('000)</i>		
Shares at the beginning of the year	688,559	688,560
Shares repurchased during the year	(2)	(4)
Weighted average no. of shares issued	688,557	688,557
Basic earning per share (Sen)	<u>(0.39)</u>	<u>(0.13)</u>

As at 31 December 2009, the Company has not granted any options or contract that may entitle its holder to convert into Ordinary Share and therefore, dilute its basic earnings per share.

26 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 24 February 2010.

By Order of the Board

Chan Kam Lye
Tan Bee Lian
Company Secretaries
24 February 2010