AP LAND

ASIA PACIFIC LAND BERHAD (4069-K)

(INCORPORATED IN MALAYSIA)

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134, PARAGRAPH 16

1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements as set out in Financial Reporting Standards ("FRS") No. 134- "Interim Financial Reporting" and paragraph 9.22 together with Part A, Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited statutory financial statements presented for the financial year ended 31 December 2009.

Adoption of New and Revised FRSs, IC Interpretations and Amendments

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 2009 except for the adoption of the following new and revised FRSs, amendments and interpretations which were adopted by the Group with effect from 1 January 2010 described below:-

FRS 7, Financial Instruments: Disclosures.
FRS 8, Operating Segments.
FRS 101(revised), Presentation of Financial Statements.
FRS 123(revised), Borrowing Costs.
FRS 132(revised), Financial Instruments: Presentation.
FRS 139, Financial Instruments: Recognition and Measurement.
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.
IC Interpretation 9, Reassessment of Embedded Derivatives.
IC Interpretation 10, Impairment and Interim Financial Reporting.
IC Interpretation 11, FRS 2, Group and Treasury Share Transactions.
IC Interpretation 13, Customer Loyalty Programmes.
IC Interpretation 14, FRS 119: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.
Amendments to FRS 2: Share-based Payment – Vesting Condition and Cancellation.
Amendments to FRS 139, FRS 7 and IC Interpretation.
Amendment to FRS 108.
Annual Improvements FRSs (2009).

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

a) *FRS 101(revised), Presentation of Financial Statements*

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The effects of the change in presentation are as follows:
The losses that were recognised directly in equity in the preceding year corresponding period are presented as components in other comprehensive loss in the statement of comprehensive income. The total comprehensive loss for preceding year corresponding period is presented separately and allocation is made to show the amount attributable to owners of the parent and to non-controlling interests. The effects on the comparatives to the Group on adoption of FRS 101 are as follows:

1 Basis of Preparation (Cont'd)

a) *FRS 101(revised), Presentation of Financial Statements (Cont'd)*

For the year ended 31/12/2009	Income Statement As previously reported RM'000	Effects of adopting FRS101 RM'000	Statement of comprehensive income as restated RM'000
Profit for the period	(1,235)	-	(1,235)
Other comprehensive income	-	5,253	5,253
Total comprehensive income	(1,235)	5,253	4,018
Total comprehensive income/ (loss) attributable to:			
- Equity holders of the Company	(896)	5,253	4,357
- Non Controlling Interests	(339)	-	(339)
	(1,235)	5,253	4,018

b) *Amendment to FRS 117, Leases*

Prior to the adoption of the Amendment to FRS 117, leasehold land were treated as operating leases. The considerations paid were classified and presented as prepaid land lease payments in the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie. In making this judgement, the management have concluded that land with an initial lease period of 50 years or more are finance leases because the present value of the minimum lease payments (i.e. the consideration paid or payable) is substantially equal to the fair value of the land. Accordingly, the Group has changed the classification of long leasehold land from operating leases to finance leases in previous quarter. This change in classification has no effect to the profit or loss of the financial year ended 31 December 2010 or the comparative prior year. The effect of the reclassification to the comparative of the prior year’s statement of financial position is as follows:

For the year ended 31/12/2009	As previously reported RM'000	Reclassi-fication RM'000	As Restated RM'000
Prepaid land lease payments	32,608	(31,806)	802
Reclassification to Property,Plant and Equipment	81,675	31,806	113,481
	114,283	-	114,283

c) *FRS 139 - Financial instruments : Recognition and Measurement*

FRS 139 sets out new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet reflects the designation of the financial instruments.

Financial assets

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) and financial assets that are specifically designated into this category upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Derivative that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with gains or losses recognised in the income statement.

1 Basis of Preparation (Cont'd)

c) FRS 139 - Financial instruments : Recognition and Measurement (Cont'd)

ii) Held-to-maturity

Held-to-maturity investments category comprise debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss.

iii) Available-for-sale

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss. Other financial assets categorised as available-for-sale subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclasssified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, receivables and cash and cash equivalents. Such financial assets less impairment losses, if any are carried at amortised cost using the effective interest rate method.

Financial guarantees classified as insurance contracts

Financial guarantees are accounted for as insurance contracts. Provision is recognised based on the Group's estimate of ultimate cost of settling all claims incurred but unpaid at the balance sheet date.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categories as fair value through profit or loss.

The adoption of FRS 139 does not have any significant impact on the loss for the financial period.

The change in accounting policies have been accounted prospectively in line with the additional provision under FRS139, resulting in an adjustment to the Group's opening acccumulated losses as follows:

	The Group RM'000
Effects on accumulated losses	
At 1 January 2010	86,166
Effects of adoption of FRS 139	(293)
At 1 January 2010, as restated	85,873

d) FRS 8, 'Operating Segments'

FRS 8 replaces FRS 114_{2004} Segment Reporting and requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2009 was not subject to any audit qualification.

3 Comments About Seasonal or Cyclical Factors

The business operations of the Group during the financial period 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 year ended 31 December 2010.

5 Changes in Estimates

There were no material changes in estimates for the financial year ended 31 December 2010.

6 Debt and Equity Securities

There were no issuances, cancellations, resale and repayments of debts and equity securities in the current quarter ended 31 December 2010.

7 Dividends Paid

No dividends were paid in the current quarter ended 31 December 2010.

8 Segmental Information

		Malaysia		Overseas		
12 months ended 31 December 2010	**Total**	**Property Devt**	**Others**	**Property Devt**	**Plantation**	**Others**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Discontinued Operations						
Segment revenue						
Revenue	173,912	158,059	13,590	2,263	0	0
Consol Elimination	(49,287)	(43,004)	(6,283)	0	0	0
Total revenue	**124,625**	**115,055**	**7,307**	**2,263**	**0**	**0**
Segment results						
Segment profit/(loss)	4,652	30,915	(17,230)	(2,315)	(6,400)	(318)
Interest income	3,424	446	2,917	18	24	19
Interest expenses	(6,746)	(2,363)	(3,806)	(536)	0	(41)
Profit/(loss) before taxation	1,330	28,998	(18,119)	(2,833)	(6,376)	(340)
Taxation	(25,321)	(26,015)	707	(11)	5	(7)
(Loss)/ profit after taxation	**(23,991)**	**2,983**	**(17,412)**	**(2,844)**	**(6,371)**	**(347)**

		Malaysia		Overseas		
12 months ended 31 December 2009	**Total**	**Property Devt**	**Others**	**Property Devt**	**Plantation**	**Others**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Discontinued Operations						
Segment revenue						
Revenue	189,206	176,151	13,055	0	0	0
Consol Elimination	(82,382)	(80,191)	(5,220)	3,029	0	0
Total revenue	**106,824**	**95,960**	**7,835**	**3,029**	**0**	**0**
Segment results						
Segment profit/ (loss)	2,113	14,898	(9,889)	(720)	(2,005)	(171)
Interest income	6,034	1,262	4,601	20	134	17
Interest expenses	(4,016)	42	(3,325)	(733)	0	0
Profit/(Loss) before taxation	4,131	16,202	(8,613)	(1,433)	(1,871)	(154)
Taxation	(5,366)	(5,084)	(265)	(11)	2	(8)
Profit/ (Loss) after taxation	**(1,235)**	**11,118**	**(8,878)**	**(1,444)**	**(1,869)**	**(162)**

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 2009. As at 31 December 2010, the Group had continued to carry its property, plant and equipment at revaluation or cost less accumulated depreciation.

10 Changes in the Composition of the Group

There were no material changes in the composition of the Group in the current quarter ended 31 December 2010 including business combinations, disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

11 Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last statement of financial position as at 31 December 2009.

12 Capital Commitments

	31/12/2010
	RM'000
Approved and contracted for the acquisition/ subscriptions of shares and registered in subsidiaries	5,659
Approved but not contracted for the acquisition of property, plant and equipment	39,777
Approved but not contracted for plantation development expenditure	34,793
	80,229

13 Subsequent Events

The significant events of the Group subsequent to the end of the current quarter till the date of issue of this quarterly report are disclosed in Note 20 on status of corporate proposal of this report. Consequent to the acceptance of the proposed disposal and intended capital repayment, the financial statements of the Group for the financial year ended 31 December 2010 shall not be prepared on going concern basis as required under FRS110 Events after the Balance Sheet Date.

14 Performance Review

The Group recorded a revenue of RM27.4 million and a loss before tax of RM2.2 million for the current quarter under review as compared to a revenue of RM46.0 million and loss before tax of RM2.8 million in the corresponding quarter of previous year.

The lower revenue recorded was due to a drop in revenue from the Bandar Tasik Puteri township and MyHabitat project but a reduced loss was due to better contribution margin from MyHabitat project.

15 Variations of Results Against The Preceding Quarter

The Group registered a revenue of RM27.4 million and loss before tax of RM2.2 million in the current quarter under review as compared to a revenue of RM35.0 million and loss before tax of RM0.8 million in the previous quarter ended 30 September 2010. Lower revenue and higher losses was recorded due mainly to a drop in revenue from Bandar Tasik Puteri and MyHabitat project and the provision of impairment losses on the college goodwill in the current quarter.

16 Prospects

The Group is confident that with the right positioning of our range of products, together with the increase interest in the local property sector and improving economy which will be the key drivers for its sales growth while exercising due care in our efforts to improve shareholders value.

The Group has committed to the construction of an interchange to link its flagship project at Bandar Tasik Puteri ("BTP") to the Kuala Lumpur-Kuala Selangor Expressway ("KLKS") to improve accessibility for BTP in the near future. With this enhancement of infrastructure, sale of both residential and commercial units at BTP is expected to grow. Approval for the connection to KLKS highway via the construction of an underpass has been obtained from Lembaga Lebuhraya Malaysia. Barring unforseen circumstances, the linkage costing about RM40 million is scheduled to be completed by 2013.

Phase 1 of the project development in Changshu, China was completed in October 2010. However sales take up for the period was slow as a result of slower growth in the China's GDP with the government's cooling measures appearing to have taken some effect. Meanwhile, the Group has taken alternative measures to lease out the completed unsold shops to increase revenue.

Planting work at the oil palm plantation in East Kalimantan is progressing well. The Group has planted 4,725 ha of the plantation land with seedlings for year 2010. The first batch of trees will bear fruits by year 2012 onwards.

17 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.

18 Income Tax Expenses

	3 months ended		12 months ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Charge for the year	(288)	407	(4,989)	(6,036)
Over/(under) provided in prior years	1,269	(76)	1,227	(335)
Deferred tax				
Due to origination and reversal of timing differences	(18,691)	(294)	(21,423)	1,005
Under provided in prior years	(136)	-	(136)	-
Income tax expense	(17,846)	37	(25,321)	(5,366)

18 Income Tax Expenses

The Group reported higher effective tax rate for the current quarter under review as well as for the year ended 31 December 2010 than the statutory rate of taxation which were mainly due to certain expenses in the subsidiaries were disallowed and reduction on deferred tax assets to the extent that it is no longer probable that sufficient future taxable profits will be available to allow it to be utilised.

19 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 2009.

20 Status of Corporate Proposals

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

Offer To Acquire The Entire Business And Undertaking, Including All Of The Assets And Liabilities

The Company has received a letter dated 11 January 2011 from Low Chuan Holdings Sdn. Bhd. ("LCHSB"), an indirect substantial shareholder of AP Land which is substantially owned by our major shareholders, namely Low Gee Tat @ Gene Low, Low Gee Teong, Low Gee Soon, Sem Siong Industries Sdn. Bhd., Selangor Holdings Sdn. Bhd. and Low Chuan Securities Sdn. Bhd. ("Offer Letter"), detailing an offer to acquire the entire business and undertaking, including all of the assets and liabilities, of AP Land for a total purchase consideration of RM305,218,080.90 that is equivalent to RM0.45 per ordinary share of RM1.00 each in the issued and paid-up share capital of AP Land ("AP Land Share") ("Offer Price") multiplied by the total number of AP Land Shares outstanding (less treasury shares) as at the completion date ("Purchase Consideration").

The Company had on 8 February 2011 accepted the Offer from LCHSB, subject to the terms and conditions of a definitive Agreement being negotiated, agreed upon and such agreement executed in respect of the offer within 21 days from the date of acceptance of the offer.

Proposed Acquisition of 95% Equity Interest in PT Primabahagia Permai Sejati, Indonesia

Global Hectare Holdings Pte. Ltd. (GHH), a wholly-owned subsidiary of the Company, had on 31 March 2010 entered into a Share Sale and Purchase Agreement (SSPA) with Anggunawan (Anggun), Edy Lembono (EL) and Edy Supianto (ES) (Anggun, EL and ES hereinafter referred to as "the Sellers") in relation to the acquisition from the Sellers, 95% of the existing issued and paid-up capital in PT Primabahagia Permai Sejati (PT PPS) which 100% equity is valued at Rp31,482,500,000 (equivalent to approximately RM11,304,309 based on an exchange rate of RM1.00= Rp2,785 as at 31 March 2010), arrived at on a "willing buyer-willing seller" basis (Proposed Acquisition).

PT PPS has the "Izin Lokasi" (Location Permit) for a plot of land measuring approximately 14,000 Hectares located in the District of Lumbis, Regency of Nunukan, Province of East Kalimantan, the Republic of Indonesia ("the Land") for oil palm plantation.

The conditions to be fulfilled for the completion of the SSPA include, amongst others, the approval of the Capital Investment Coordinating Board ("Badan Koordinasi Penanaman Modal") of the Republic of Indonesia for conversion of PT PPS into a foreign investment company and the issuance of the Environmental Impact Analysis (AMDAL) and Plantation Business Licence (IUP) in respect of the Land.

Upon completion of the Proposed Acquisition, GHH will hold 95% of the issued and paid-up shares of PT PPS.

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 price of Ringgit Malaysia Six Million (RM6,000,000.00) only.

IBR has settled the balance purchase price of RM3,000,000.00 in December 2010. UOB will hand over vacant possession of the said land to IBR on an "as is where is basis" and 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.

21 Borrowings and Debt Securities

	As at 31.12.2010 RM'000
Short Term Borrowings :	
Secured	
Revolving Credit	133,116
Terms Loan	101,202
Bonds	24,616
Hire purchase payables	1,331
Total	260,265

Included in the above borrowings is a foreign bond of JPY650,000,000 (RM24,616,000) issued by a foreign subsidiary.

22 Derivative Financial Instruments

The Group has no derivative financial instruments outstanding as at the date of this report.

23 Changes in Material Litigation

As at 24 February 2011, the Group and the Company do not have any material litigation which would materially and adversely affect the financial position of the Group and the Company.

24 Dividend Payable

The Company did not declare any dividend for the quarter ended 31 December 2010.

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 31.12.2010	12 months ended 31.12.2010
Loss for the period/ year (RM'000)	(19,226)	(22,257)
Weighted average number of Ordinary Shares ('000)		
Shares at the beginning of the period	688,550	688,552
Shares repurchased during the period	(3)	(1)
Weighted average no. of shares issued	688,547	688,551
Basic loss per share (Sen)	(2.79)	(3.23)

As at 31 December 2010, 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 Unrealised Profits/ (Losses)

The breakdown of the realised and unrealised losses of the Group are as follows:-

	As at 30.09.2010 RM'000	As at 31.12.2010 RM'000
Total accumulated (losses)/ profits of the Group:		
- Realised	(65,131)	(97,891)
- Unrealised	(4,112)	15,406
	(69,243)	(82,485)
Less: Consolidation adjustments	(19,661)	(25,012)
Total Group accumulated losses as per consolidated accounts	(88,904)	(107,497)

27 Discontinued Operations Classified as Held For Sale

The classes of assets and liabilities of the Group classified as held for sale on the statement of comprehensive income as at 31 December 2010 are as follows:-

<u>Assets of disposal group classified as held for sale</u>	Note	RM'000
Property, plant and equipment	9	118,140
Prepaid land lease payments		763
Investment properties	9	7,715
Other Investment		50
Plantation development expenditure		42,244
Land held for development		173,054
Deferred tax assets		1,182
Inventories		104,944
Property development costs		279,169
Trade Receivables		44,859
Accrued billing		10,693
Amount owing by contract customers		7,306
Short term investment		422
Tax refundable		4,027
Others receivables, deposits and prepayments		17,367
Fixed deposits as collateral on borrowing		-
Deposits with financial institutions		152,941
Cash and bank balances		45,897
		1,010,773

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

27 Discontinued Operations Classified as Held For Sale (Cont'd.)

Liabilities directly associated with assets classified as held for sale	Note	RM'000
Deferred tax liabilities		10,648
Borrowings	21	260,265
Trade payables		19,792
Other payable & accruals		34,675
Provisions for taxation		3,115
		328,495

28 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 2011.

By Order of the Board

Tan Bee Lian
Julia Tan Chooi Fong
Company Secretaries
24 February 2011