

STATEMENT ON CORPORATE GOVERNANCE

A. THE MALAYSIAN CODE ON CORPORATE GOVERNANCE

On March 2000, the Finance Committee on Corporate Governance issued the Malaysian Code on Corporate Governance ("The Code on CG"). The Code on CG sets out principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework. The Board of Directors of AP Land recognises the importance of the Code on CG and is continually evaluating the corporate governance practices adopted by the Group and taking the necessary steps in enhancing its management practices and systems to be in line with the underlying principles and the best practices of the Code on CG.

The Board of Directors of AP Land is pleased to report on the manner the Company has applied the principles of the Code on CG and compliance with the best practices provisions.

The Board has complied with the best practices set out in the Code on CG except for matters specifically identified.

B. BOARD OF DIRECTORS

1. BOARD COMPOSITION, DUTIES AND RESPONSIBILITIES

The Board of the Company consists of 9 members comprising the Executive Chairman, two Joint Managing Directors, three Independent Non-Executive Directors and three Executive Directors with effect from 1 April 2006. Two additional Executive Directors were appointed on 1 March 2006 and the Joint Managing Directors were appointed on 1 April 2006 in place of the Managing Director who retired from the Board on 31 March 2006. Together, the Directors bring to the Board a range of business and financial experience, skills and knowledge for it to discharge its duties effectively. The background of the existing Board of Directors are set out on pages 10 to 12 of this Annual Report.

The composition of the Board complies with the Listing Requirements of Bursa Malaysia Securities Berhad ("the Listing Requirements") which requires at least one third of the Board to consist of independent directors. The Board is of the view that three independent directors fairly reflect the interests in the Company by the minority shareholders.

The Board has the overall responsibility for corporate governance, strategic direction, formulation of policies and overseeing the resources, investments and businesses of the Group.

The following are specific areas of responsibilities of the Board:

- Strategic plans of the Group
- Monitoring the conduct and management of the Group's business
- Identification of risks and ensuring appropriate systems for risk management
- Succession planning for senior management
- Investor relations programme and shareholder communications policy
- Internal control system

The Board is headed by the Executive Chairman, Mr Low Gee Tat. The former executive chairman, Tan Sri Dato' Low Yow Chuan is the Group Adviser in respect of all matters pertaining to the property development, property investment and management and hotel business of the Group. The Board is assisted by the Executive Committee comprising the management team made up of the Executive Chairman, the Joint Managing Directors and Executive Directors from relevant backgrounds with the necessary skills, knowledge, business and financial experience to manage the Group's business operation. The roles of the Executive Chairman and Joint Managing Directors are separate and each has a clearly accepted division of responsibilities. The Executive Chairman is responsible for ensuring the effectiveness and conduct of the Board and the Executive

Committee besides providing general corporate/strategic business directions to the Executive Committee. The Executive Chairman, Mr Low Gee Tat is also responsible for the executive management of the business operations of the Hotel Division. The Joint Managing Directors are primarily responsible for managing the day-to-day affairs and all the business operations of the Group as well as for making operational decisions and implementing strategic directions and policies of the Group and also the Group's General Management (Finance and Administration Policies).

The Board has appointed Mdm Low Su Ming and Mr Wee Beng Sang as additional Executive Directors on 1 March 2006. A month later, the Board has appointed Mr Low Gee Teong and Mdm Low Su Ming as the Joint Managing Directors of the Group with effect from 1 April 2006 upon the retirement of Dato' Jeffrey Ng Tiong Lip as the Managing Director on 31 March 2006.

The three Independent Non-Executive Directors, Tan Sri Datuk Seri (Dr) Chong Hon Nyan, Tan Sri Dato' Hanafiah Hussain and Tan Sri Dato' Lee Kim Sai are persons of calibre, credibility, seniority and with vast exposure and experience and play a supporting role in providing a broader view, independent and balanced assessment and opinions of proposals from the Executive Directors. All the Independent Directors are considered by the Board to be independent of Management and are acceptably free from any significant business or other relationship that would materially interfere with the exercise of their independent assessment.

The Board has identified the Independent Non-Executive Directors, Tan Sri Datuk Seri (Dr) Chong Hon Nyan, Tan Sri Dato' Hanafiah Hussain and Tan Sri Dato' Lee Kim Sai as the directors to whom concerns of the management and directors may be conveyed.

2. BOARD MEETINGS AND SUPPLY OF INFORMATION

The Board meets at least 5 times a year. Additional meetings are held as and when required. The Board also resolves additional matters which requires the Board's approval during the intervals between scheduled Board Meetings through circulation of Directors' resolutions as and when necessary.

The Executive Chairman is responsible for organising the Agenda for Board Meetings and providing the necessary information to the Board on a timely basis.

The members of the Board are provided in advance of the Board meeting with a Board Agenda and a set of papers comprising reports and other relevant information to enable the Board to discharge its responsibilities.

During the financial year ended 31 December 2005, 5 Board Meetings were held on 24 February 2005, 25 April 2005, 24 May 2005, 22 August 2005 and 21 November 2005. The following is a record of the attendance of the Board Meetings by the Board of Directors:

Name of Directors	Attendance at Board Meetings held in year 2005
Mr Low Gee Tat	5/5
Dato' Jeffrey Ng Tiong Lip	5/5
Tan Sri Datuk Seri (Dr) Chong Hon Nyan	4/5
Tan Sri Dato' Hanafiah Hussain	4/5
Tan Sri Dato' Lee Kim Sai	5/5
Mr Low Gee Teong	3/5
Mdm Woon Siew Choo	5/5
Mdm Oh Leen May	5/5

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The Board papers included amongst others, the Group's strategic plans, financial results, minutes and recommendations of the Audit Committee meetings, review of the operations and performance of the various business divisions of the Group, the Group's annual budget and business plans, joint-ventures, acquisition and disposal of properties of substantial values and corporate plans and proposals.

The Directors have access to all information within the Group and the advice and services of the senior managers as well as the joint Company Secretaries in carrying out their duties. The Company Secretaries are responsible for ensuring that the Board Meetings are properly convened, conducted and applicable rules and regulations pertaining thereto are complied with.

Where necessary, the Directors may obtain independent professional advice in furtherance of their duties, at the Company's expense.

3. APPOINTMENT AND RE-ELECTION

The Remuneration & Nomination Committee ("R&N Committee") which was established in the last quarter of year 2001 is responsible for recommending candidates for appointment to the Board. The actual decision as to who shall be appointed to the Board shall be the responsibility of the full Board after considering the recommendation of the R&N Committee.

Dato' Jeffrey Ng Tiong Lip retired from the Board on 31 March 2006. Mdm Low Su Ming and Mr Wee Beng Sang were appointed as additional Executive Directors to the Board of Directors of AP Land on 1 March 2006.

The Company's Articles of Association provides that at least one third of the Board of Directors shall retire from office provided always that all directors shall retire from office at least once in every three years. A director who is retiring by rotation is eligible for re-election. Directors over the age of 70 years are required to submit themselves for re-appointment annually in accordance with Section 129 of the Companies Act, 1965. All new directors who are appointed by the Board are subject to re-election by the shareholders at the next Annual General Meeting subsequent to their appointment.

At the 44th Annual General Meeting held on 28 June 2005, Dato' Jeffrey Ng Tiong Lip and Mr Low Gee Teong who retired pursuant to the Articles of Association of the Company and offered themselves for re-election were re-elected to the Board. Tan Sri Datuk Seri (Dr) Chong Hon Nyan and Tan Sri Dato' Hanafiah Hussain who are over the age of 70, retired pursuant to Section 129 of the Companies Act, 1965 and offered themselves for re-appointment, were re-appointed to the Board.

4. BOARD COMMITTEES

The Executive Committee comprises the Executive Chairman, the two Joint Managing Directors, 3 Executive Directors of the Company and 1 Executive Director of subsidiary companies of the Group. The Executive Committee is responsible for overseeing the day-to-day operations and affairs of the Group and all the businesses of the Group as well as for making operational decisions. It also assists the Board in implementing the strategic plans and policies of the Group, identifying business risks, monitoring performance results and budgets, financial decisions, major capital expenditure, major investments or divestment or any other significant operational processes affecting the Group, formulating the broad framework of key policies and procedures, management controls and structures, approval authority limits and key performance indicators for the Board's approval. The Committee also reviews the terms and conditions of service and policies affecting employees of the Group, or relating to

the engagement of consultants, contractors and legal or professional advisers. It reports to the Board the significant activities undertaken by the Committee and when necessary, will make appropriate recommendations for the Board's approval.

The members of the Executive Committee (EC) are as follows:

Mr Low Gee Tat, Chairman of EC
Mr Low Gee Teong, Deputy Chairman of EC
Mdm Low Su Ming, Deputy Chairman of EC
Mr Low Gee Soon*, Senior Executive Director of EC
Mdm Woon Siew Choo, Executive Director of EC
Mdm Oh Leen May, Executive Director of EC
Mr Wee Beng Sang, Executive Director of EC

* Executive Director of subsidiary companies of the Group.

The Chairman of the EC is responsible for organizing the Agenda for the Executive Committee and providing the necessary reports and information to the Executive Committee on a timely basis.

The Audit Committee was established on 23 May 1994 to assist the Board in fulfilling its responsibilities relating to financial reporting and internal audit functions. Further details on the composition, terms of reference and the report of the activities of the Audit Committee are as set out in pages 29 to 31 of the Annual Report.

The Remuneration and Nomination Committee ("R&N Committee") was established on 26 November 2001. The Committee comprises wholly Independent Non-Executive Directors. Under the terms of reference of the R&N Committee, its functions include recommending candidates for appointment to the Board and for Directors to fill up the seats on Board Committees, assisting the Board in annually reviewing the effectiveness of the Board as a whole, the Committees of the Board, and the contribution of each individual director and annually reviewing the required mix of skills and experience and other qualities which Directors should bring to the Board and also recommending to the Board on the remuneration package to be extended to Executive Directors.

The members of the R&N Committee ("R&N") are as follows:

Tan Sri Datuk Seri (Dr) Chong Hon Nyan, Chairman of R&N
Tan Sri Dato' Hanafiah Hussain, member of R&N

The ESOS Committee was established on 26 November 2001. The Committee comprises of two Independent Non-Executive Directors, and two Executive Directors. The Committee is primarily responsible for administering the Employees Share Option Scheme ("ESOS") in such manner as it shall deem fit in accordance to the terms and conditions of the ESOS Bye-Laws.

The members of the ESOS Committee ("ES") are as follows:

Tan Sri Datuk Seri (Dr) Chong Hon Nyan, Chairman of ES
Tan Sri Dato' Hanafiah Hussain, member of ES
Mr Low Gee Teong, member of ES
Mr Low Gee Soon, member of ES

5. DIRECTORS' TRAINING AND ORIENTATION OF NEW DIRECTORS

8 out of the 9 Directors have attended the Mandatory Accreditation Programme (MAP) conducted by Bursatra Sdn Bhd. The newly appointed Director will be completing his attendance of the MAP within 4 months from the date of his appointment as a Director.

7 out of 8 of the Directors who attended the Continuing Education Programme ("CEP") courses conducted by CEP trainers accredited by the Bursa Securities have accumulated the requisite CEP points by the

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end of 2005. The CEP courses included 2 in-house training programmes conducted by Bursatra Sdn Bhd under the Group's Directors and Senior Management Education Programme in 2005. One of the Directors, Tan Sri Dato' Hanafiah Hussain was unable to attend all the requisite CEP courses and also the in-house training programmes organized for 2005 as he had to attend to prior engagement commitments. Bursa Securities has approved his application for an extension of time to accumulate the balance of CEP points to fulfil the CEP requirements by June 2006.

The Directors are also encouraged to attend any other relevant training programme to further enhance their knowledge in the latest developments relevant to the Group particularly in the areas of corporate governance and regulatory development to enable them to discharge their responsibilities more effectively.

As part of the Board policy, it is the responsibility of the Chairman of the Board to ensure that newly appointed directors are provided with the appropriate orientation involving briefing the new director on the corporate structure and business of the Group and introduction to the other directors and senior management staff.

6. DIRECTORS' REMUNERATION

The Group's policy on Directors' remuneration is to ensure that the Directors are adequately remunerated for the services they render in light of their performance and experience.

The broad framework of the remuneration policy encompasses the following key elements:

- Executive Directors are provided with a remuneration package which includes a fixed salary and benefit-in-kind in accordance with the Executive Directors' remuneration policy. The component parts of the Executive Directors' remuneration scheme are linked to individual performance, seniority in service, experience and scope of responsibility. Performance shall be measured against performance targets set out in the Company's annual budget plans. The remuneration package of the Executive Directors shall be recommended by the R&N Committee to the Board for its approval.
- Non-Executive Directors are paid Directors' fees and attendance/meeting allowance for attendance of Board and Audit Committee Meetings. The level of Directors' fees for the Non-Executive Directors reflects the experience and level of responsibilities undertaken by the particular Non-Executive Director. The determination of the Directors' fees of Non-Executive Directors shall be decided by the Board as a whole. The director's fees are approved by shareholders at the Annual General Meeting.
- Directors involved shall not participate in decisions by the Board on their own Directors' fees or remuneration package.

In line with the Listing Requirements, a summary of the aggregate remuneration of the Executive Directors and Non-Executive Directors in the form of remuneration, fees and meeting allowances and benefits-in-kind respectively for the financial year ended 31 December 2005, received from the Company and/or subsidiary companies distinguishing between Executive and Non-Executive Directors are set out below:

Directors	Emolument RM	Benefits- in-kind RM	Directors' fees & meeting allowances RM	Total RM
Executive Directors	1,670,841.80	28,000.00	-	1,698,841.80
Non-Executive Directors	-	-	104,400.00	104,400.00
Total	1,670,841.80	28,000.00	104,400.00	1,803,241.80

The number of Directors whose total remuneration falls within the following bands are as follows:

Remuneration bands	Number of Directors	
	Executive	Non-Executive
Less or equal to RM50,000	-	3
RM150,001 to RM200,000	1	-
RM200,001 to RM250,000	1	-
RM250,001 to RM300,000	1	-
RM300,001 to RM350,000	1	-
RM600,001 to RM650,000	1	-

C. ACCOUNTABILITY AND AUDIT

1. FINANCIAL REPORTING

The Board acknowledges its responsibility for providing a balanced and understandable assessment of the Group's financial position and prospects. This assessment is primarily provided through the financial statements, the Chairman's Statement and Managing Director's Report on the results of the operations of the Group.

2. DIRECTORS' RESPONSIBILITY STATEMENT

The Companies Act, 1965 requires Directors to prepare financial statements, which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cashflow of the Group and of the Company for the financial year. In preparing the annual audited financial statements for the financial year ended 31 December 2005, the Directors are also responsible for the adoption of suitable accounting policies and their consistent use in the financial statements, supported where necessary by reasonable and prudent judgements.

The Directors are satisfied that suitable accounting policies have been consistently applied in respect of the preparation of the annual financial statements.

The Directors are also satisfied that the Company is maintaining adequate accounting records and sufficient internal controls to safeguard the assets of the Group and the Company has taken reasonable steps in the prevention and detection of fraud and other irregularities.

The Directors' Responsibility Statement in relation to preparing annual audited financial statements and the Statement by Directors pursuant to Section 169 of the Companies Act, 1965 are set out on pages 31 and 51 of the Annual Report respectively.

3. INTERNAL CONTROL

The Directors acknowledge their overall responsibility to maintain an adequate system of internal controls covering not only financial controls but also operational and compliance controls as well as risk management and reviewing its effectiveness throughout the Group. However, such a system is designed to manage risk rather than eliminate risks of failure to achieve business objectives and provide only reasonable assurance, but not absolute assurance against material misstatement or loss.

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The Statement of Internal Control is set out on page 28 of this Annual Report.

4. AUDIT COMMITTEE

The Audit Committee comprising three Independent Non-Executive Directors and an Executive Director, has been established under approved terms of reference. The composition and terms of reference of the Audit Committee and the Report of the Audit Committee are set out on pages 29 to 31 of the Annual Report. The recommendations of the Audit Committee are formally tabled to the Board for its approval for further action to be taken, where applicable.

5. RELATIONSHIP WITH EXTERNAL AUDITORS

Through the Audit Committee, the Board has established a formal, transparent and appropriate relationship with the External Auditors in seeking professional advice and ensuring compliance with applicable accounting standards in Malaysia. The Audit Committee meets with the External Auditors at least once a year or upon request to facilitate an exchange of views on issues requiring attention.

The Group's independent External Auditors fill in an essential role for the shareholders by enhancing the reliability of the Group's financial statement and giving assurance of that reliability to users of these financial statements. The External Auditors have an obligation to bring any significant defects discovered in the course of their audit of the Group's system of internal control and compliance to the attention of Management, the Audit Committee and the Board.

D. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Company is committed to ongoing communication with its shareholders and this is achieved principally through the Annual and Quarterly Reports, Annual General Meetings and announcements on significant company developments, events or transactions. The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with individual shareholders providing for an opportunity for the Board and the shareholders to communicate directly to

one another. At least 21 days prior to the AGM, the Annual Reports of the Company shall be mailed to the shareholders to inform them of the financial performance of the Company and other corporate information relating to the Group. The shareholders at the AGM and general meetings of the Company are given an opportunity to seek clarification in relation to the resolutions proposed, the annual audited financial statements of the Group, the business and performance of the Group and to exchange views with the Board members in attendance. Where applicable, the Board may consider the suggestions given by the shareholders during the meeting. The Company also issues quarterly unaudited financial results, audited financial statements, circulars and announcements on significant transactions and events for release to its investors via the Bursa Securities.

A press conference will be held, if necessary, after the AGM to brief the members of the Press on the performance of the Group for the benefit of potential investors as well as shareholders who are unable to attend the meetings. The corporate, financial and market information of the Company are accessible from the Bursa Securities website at <http://www.bursamalaysia.com>. The Company has established its corporate website at <http://www.apland.com.my> for investors and shareholders to access corporate information on the Company and the Group.

The Company shall hold an open dialogue with its institutional shareholders upon request or when the need arises. The Company will be mindful in ensuring that information to be disseminated during such dialogue sessions comply with the Listing Requirements.

Any queries or concerns regarding the Company may be conveyed in writing to the following :

The Joint Managing Directors
Asia Pacific Land Berhad
49th Floor, Empire Tower,
City Square Centre,
Jalan Tun Razak,
50400 Kuala Lumpur.



23 July 2005

In-house seminar on 'Understanding KPIs' for Directors & Senior Management of AP Land .



19 November 2005

In-house seminar on 'Implementing Business Plan Strategies for Company Directors & Senior Management'.

ADDITIONAL INFORMATION IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

1. UTILISATION OF PROCEEDS

The proceeds from the disposal of 3 pieces of lands located at Jalan Sultan Ahmad Shah, Pulau Pinang for a total cash consideration of RM14.25 million in respect of the financial year ended 31 December 2005 have been utilized in the following manner:-

	RM Million
Expenses of the Disposal	0.129
Repayment of advances to a related party	4.250
Repayment of bank borrowing and interest	7.325
Working capital	2.546
	<hr/> 14.250 <hr/>

2. SHARE BUY BACK

The Company has not purchased any of its shares during the financial year.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no Employees' Share Option Scheme ("ESOS") share options granted to Eligible Employees or exercised during the financial year.

The Company did not issue any warrants or convertible securities during the financial year.

Further information on the ESOS is set out on pages 47 to 48 of the Annual Report.

4. AMERICAN DEPOSITORY RECEIPT ("ADR") / GLOBAL DEPOSITORY RECEIPT ("GDR")

During the financial year, the Company did not sponsor any ADR or GDR programme.

5. SANCTIONS AND/OR PENALTIES

There were no major sanctions and/or penalties imposed on the Company and/or its subsidiaries, Directors or Management by the relevant regulatory bodies so as to disrupt the business of the Company and/or its subsidiaries during the financial year.

6. NON-AUDIT FEES

During the financial year, the Company did not pay any non-audit fees to the external auditors.

7. VARIATION IN RESULTS, PROFIT ESTIMATE, FORECAST OR PROJECTION

AP Land has not made any profit estimate, forecast or projection in respect of the abovementioned financial year.

There is no material variance between the results reported for the financial year and the unaudited results previously announced.

8. PROFIT GUARANTEE

No profit guarantee was given by the Company and/or its subsidiaries in respect of the financial year.

9. REVALUATION POLICY

The Group's revaluation policy is to revalue its properties in every 3 years. The last revaluation was conducted in 2003.

During the financial year ended 31 December 2005, the Board has approved the adoption of the relevant values of the properties which were arrived at based on the market value as appraised by the valuers or the book value of the property, whichever is the lower, or the realisable value of the property.

The next revaluation exercise to be carried out by the Group is expected to be for the year ending 31 December 2008.

10. MATERIAL CONTRACTS

The material contracts of AP Land and its subsidiaries involving Directors' and major shareholders' interests either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year are as follows:

- On 15 August 2005, Marina Mirage Hotel Sdn. Bhd., a wholly-owned subsidiary of the Company, entered into two conditional Sale and Purchase Agreements ("SPA") with a related party, Bintang Holdings Sdn. Bhd. in relation to the disposal of three pieces of lands for a total cash consideration of RM14.25 million.
- The significant recurrent and non-recurrent related party transactions and related party balances and advances in respect of the year ended 31 December 2005 are disclosed on pages 88 to 94 of the Annual Report.

11. CONFLICT OF INTEREST

During the financial year, the Directors of AP Land, Mr Low Gee Tat, Dato' Jeffrey Ng Tiong Lip and Mr Low Gee Teong and the directors of the subsidiary companies, Mdm Low Su Ming and Mr Low Gee Soon and the deemed substantial shareholder of AP Land, Tan Sri Dato' Low Yow Chuan are directors and/or substantial shareholders of several private limited companies including the companies in the Low Yat Group which are also involved in property development, property investment and management and/or hotel business that are similar to the core businesses of the Company and/or its subsidiaries.

Mr Low Gee Tat is the brother of Mr Low Gee Teong, Mdm Low Su Ming and Mr Low Gee Soon and the cousin of Dato' Jeffrey Ng Tiong Lip. Mr Low Gee Tat, Mr Low Gee Teong and Mr Low Gee Soon are also deemed substantial shareholders of AP Land. Tan Sri Dato' Low Yow Chuan who is a deemed substantial shareholder of the Company is the father of Mr Low Gee Tat, Mr Low Gee Teong, Mdm Low Su Ming and Mr Low Gee Soon and the uncle of Dato' Jeffrey Ng Tiong Lip.

12. DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE IN RESPECT OF YEAR 2005

Details of significant recurrent related party transactions of a revenue or trading nature involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the Company and/or its subsidiary companies ("Related Parties") for the year ended 31 December 2005 are disclosed as follows: -

ADDITIONAL INFORMATION IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

Recurrent Related Party Transactions ("RRPT")	Subsidiaries of AP Land Group involved in RRPT	Related Party with whom the RRPT are entered into	Aggregate Value of Transactions (RM'000)	Interested Directors, major shareholders and persons connected with them
1. Letting of business premises, office space, storage space, properties, facilities and equipment to related parties	City Square Properties Sdn Bhd ("CSP")	LYCC* ¹ , MCSB* ² IJD* ³ , LYSR* ⁴ , SSI* ⁵ , LGSDSB* ⁶	1,252	TSDLYC* ¹² , LGTat* ¹³ , LGTeong* ¹⁴ , LSMing* ¹⁵ , LGSoon* ¹⁶ and DJNTL* ¹⁷
	Empire Tower (Malaysia) Sdn Bhd ("ETM")	MMSSB* ⁷	38	TSDLYC* ¹² , LGTat* ¹³ , LGTeong* ¹⁴ , LSMing* ¹⁵ , LGSoon* ¹⁶ and DJNTL* ¹⁷
		FHI* ¹⁹	38	
2. Renting of storage space from a related party	APL Hotel Sdn Bhd ("APLH")	ODSB* ⁸	49	TSDLYC* ¹² , LGTat* ¹³ , LGTeong* ¹⁴ , LSMing* ¹⁵ , LGSoon* ¹⁶ and DJNTL* ¹⁷
3. Renting of equipment from a related party	CSP	LYSR* ⁴	40	TSDLYC* ¹² , LGTat* ¹³ , LGTeong* ¹⁴ , LSMing* ¹⁵ , LGSoon* ¹⁶ and DJNTL* ¹⁷
4. Procurement of hotel management and related ancillary services from a related party	APLH and Island Bay Resorts Sdn Bhd (formerly known as Mount Pleasure Corporation Sdn Bhd)	MMSSB* ⁷	334	TSDLYC* ¹² , LGTat* ¹³ , LGTeong* ¹⁴ , LSMing* ¹⁵ , LGSoon* ¹⁶ and DJNTL* ¹⁷
		FHI* ¹⁹	480	
5. Procurement of share registration services from a related party	AP Land	BSSB* ⁹	13	TSDLYC* ¹² , LGTat* ¹³ , LGTeong* ¹⁴ , LSMing* ¹⁵ , LGSoon* ¹⁶ and DJNTL* ¹⁷
6. Procurement of legal services from a related party	CSP	PFM* ¹⁰	-	Cheng Mai* ¹⁰
7. Supply of nursery products and landscaping to related parties	Rawang Lakes Sdn Bhd ("RLSB")	IJD* ³ , LYSR* ⁴ , and SSI* ⁵	336	TSDLYC* ¹² , LGTat* ¹³ , LGTeong* ¹⁴ , LSMing* ¹⁵ , LGSoon* ¹⁶ and DJNTL* ¹⁷
8. Purchase of products and supplies for the operations of the hotels such as wine from a related party	APLH and Island Bay Resorts Sdn Bhd ("IBR") (formerly known as Mount Pleasure Corporation Sdn Bhd)	The Cellarium* ¹¹	89	Martha Yang* ¹¹ , Ng Chiew Ping* ¹¹ , Ng Tiong Yee* ¹¹ and DJNTL* ¹⁷
9. Purchase of merchandise such as perfume and scented candles on consignment basis from a related party	APLH	Commune Products* ¹³	18	LGTat* ¹³
10. Letting of workshop building at Bandar Tasik Puteri, Rawang, Selangor to a related party	RLSB	BASB* ¹⁸	54	TSDLYC* ¹² , LGTat* ¹³ , LGTeong* ¹⁴ , LSMing* ¹⁵ , LGSoon* ¹⁶ and DJNTL* ¹⁷
11. Procurement of servicing, repair and maintenance services for the AP Land Group's motor vehicles, plant & machinery from a related party	AP Land Group	BASB* ¹⁸	1,488	TSDLYC* ¹² , LGTat* ¹³ , LGTeong* ¹⁴ , LSMing* ¹⁵ , LGSoon* ¹⁶ and DJNTL* ¹⁷
12. Letting of business premises located at Bandar Tasik Puteri to a related party	Bakti Dinamik Sdn Bhd ("BDSB")	LGSDSB* ⁶	29	TSDLYC* ¹² , LGTat* ¹³ , LGTeong* ¹⁴ , LSMing* ¹⁵ , LGSoon* ¹⁶ and DJNTL* ¹⁷
13. Sale of property trading stocks such as houses, bungalow lots, apartments, condominiums, and/or commercial shoplots to related parties.	BDSB, RLSB, IBR, APLH, Hotel Fair Lane Holdings Sdn Bhd and Aman City Hotel Sdn Bhd	All classes of related parties	-	TSDLYC* ¹² , LGTat* ¹³ , LGTeong* ¹⁴ , LSMing* ¹⁵ , LGSoon* ¹⁶ and DJNTL* ¹⁷

ADDITIONAL INFORMATION IN RESPECT OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

Notes: -

The interests of the directors of AP Land Group holding office at the end of the financial year namely, LGTat, LGTeong, LGSoon, LSMing and DJNTL and the major shareholders of AP Land, TSDLYC, LGTat, LGTeong, LGSoon, LYCC, LYSR, SSI, Selangor Holdings Sdn Bhd, Low Chuan Holdings Sdn Bhd and Low Chuan Securities Sdn Bhd and the persons connected with them namely MCSB, MMSSB, IJD, ODSB, LGSDSB, BASB, BSSB, The Cellarium, PFM, Commune Products, FHI, Martha Yang, Cheng Mai, Ng Chiew Ping, Ng Chiew Hun and Ng Tiong Yee in the RRPT are as follow:-

- *1 Low Yat Construction Company Sdn Bhd ("LYCC") is a major shareholder of AP Land.
Tan Sri Dato' Low Yow Chuan, Low Gee Tat, Low Gee Teong, Low Gee Soon, LYSR and SSI have an interest in the shares of LYCC by virtue of Section 6A of the Companies Act, 1965 ("the Act").
The directors of LYCC are Tan Sri Dato' Low Yow Chuan, Low Gee Tat, Low Gee Teong, Low Su Ming and Low Gee Soon.
The holding company of LYCC is Selangor Holdings Sdn Bhd.
- *2 Malayan Coffee Sdn Bhd ("MCSB") is a subsidiary of LYSR.
Tan Sri Dato' Low Yow Chuan, Low Gee Tat, Low Gee Teong and Low Gee Soon have an interest in the shares of MCSB by virtue of Section 6A of the Act.
The directors of MCSB are Low Su Ming and Low Gee Soon.
- *3 Indah Jaya Development Sdn Bhd ("IJD") is a subsidiary of LYSR.
Tan Sri Dato' Low Yow Chuan, Low Gee Tat, Low Gee Teong and Low Gee Soon have an interest in the shares of IJD by virtue of Section 6A of the Act.
The directors of IJD are Low Gee Teong, Low Su Ming and Low Gee Soon.
- *4 Low Yat And Sons Realty Sdn Bhd ("LYSR") is a deemed major shareholder of AP Land.
LYSR has an interest in the shares of LYCC by virtue of Section 6A of the Act.
Tan Sri Dato' Low Yow Chuan, Low Gee Tat, Low Gee Teong and Low Gee Soon have an interest in the shares of LYSR by virtue of Section 6A of the Act.
The directors of LYSR are Tan Sri Dato' Low Yow Chuan, Dato' Jeffrey Ng Tiong Lip, Low Gee Tat and Low Gee Teong.
The holding company of LYSR is Low Chuan Holdings Sdn Bhd.
- *5 Sem Siong Industries Sdn Bhd ("SSI") is a deemed major shareholder of AP Land.
SSI has an interest in the shares of LYCC by virtue of Section 6A of the Act.
Tan Sri Dato' Low Yow Chuan, Low Gee Tat, Low Gee Teong, Low Gee Soon and LYSR have an interest in the shares of SSI by virtue of Section 6A of the Act.
The directors of SSI are Tan Sri Dato' Low Yow Chuan, Dato' Jeffrey Ng Tiong Lip, Low Gee Tat, Low Gee Teong, Low Su Ming and Low Gee Soon.
The holding company of SSI is Low Chuan Securities Sdn Bhd.
- *6 LGS Development Sdn Bhd ("LGSDSB") is a company in which Low Gee Soon is a director and major shareholder.
- *7 Merdeka Management Services Sdn Bhd ("MMSSB") is a subsidiary of LYSR.
Tan Sri Dato' Low Yow Chuan, Low Gee Tat, Low Gee Teong and Low Gee Soon have an interest in the shares of MMSSB by virtue of Section 6A of the Act.
The directors of MMSSB are Low Gee Tat and Low Su Ming and the alternate directors are Dato' Jeffrey Ng Tiong Lip and Woon Siew Choo.
- *8 Oriental Development Sdn Bhd ("ODSB") is a company in which Tan Sri Dato' Low Yow Chuan, Low Su Ming and Low Gee Soon are directors.
Low Gee Tat, Low Gee Teong, Low Su Ming and Low Gee Soon are major shareholders of ODSB.
- *9 Bena Sakti Sdn Berhad ("BSSB") is a subsidiary of LYSR.
Tan Sri Dato' Low Yow Chuan, Low Gee Tat, Low Gee Teong and Low Gee Soon have an interest in the shares of BSSB by virtue of Section 6A of the Act.
The directors of BSSB are Low Su Ming and Low Gee Soon.
- *10 Puthuchearry Firoz & Mai ("PFM") is a firm in which Low Gee Soon's wife, Cheng Mai, is a partner.
- *11 The Cellarium Sdn Bhd ("The Cellarium") is a company in which Martha Yang and Ng Chiew Ping are directors and major shareholders and Ng Tiong Yee is a major shareholder of the Company. Martha Yang is the wife of Dato' Jeffrey Ng Tiong Lip. Dato' Jeffrey Ng Tiong Lip is the brother of Ng Chiew Ping and Ng Tiong Yee.
- *12 Tan Sri Dato' Low Yow Chuan ("TSDLYC") is a deemed major shareholder of AP Land.
TSDLYC has an interest in the shares of LYCC, LYSR, MCSB, IJD, SSI, MMSSB, FHI and BSSB by virtue of Section 6A of the Act.
TSDLYC is a director of LYSR, LYCC, SSI and ODSB.
TSDLYC is the father of Low Gee Tat, Low Gee Teong, Low Su Ming and Low Gee Soon and also the uncle of Dato' Jeffrey Ng Tiong Lip.
- *13 Low Gee Tat ("LGTat") is a director and deemed major shareholder of AP Land.
LGTat has an interest in the shares of LYCC, LYSR, MCSB, IJD, SSI, FHI, MMSSB and BSSB by virtue of Section 6A of the Act.
LGTat is a major shareholder of ODSB and a director of LYSR, LYCC, MMSSB and SSI.
LGTat is the brother of Low Gee Teong, Low Su Ming and Low Gee Soon and the son of Tan Sri Dato' Low Yow Chuan and the cousin of Dato' Jeffrey Ng Tiong Lip.
LGTat owns a business called Commune Products.
- *14 Low Gee Teong ("LGTeong") is a director and deemed major shareholder of AP Land.
LGTeong has an interest in the shares of LYCC, LYSR, MCSB, FHI, IJD, SSI, MMSSB and BSSB by virtue of Section 6A of the Act.
LGTeong is a major shareholder of LYCC and ODSB and a director of IJD, LYSR, LYCC and SSI.
LGTeong is the brother of Low Gee Tat, Low Su Ming and Low Gee Soon and the son of Tan Sri Dato' Low Yow Chuan and the cousin of Dato' Jeffrey Ng Tiong Lip.
- *15 Low Su Ming ("LSMing") is a shareholder of AP Land and a director of certain subsidiary companies in AP Land Group.
LSMing is a major shareholder of ODSB and a director of BSSB, IJD, LYCC, MMSSB, MCSB, ODSB and SSI.
LSMing is the sister of Low Gee Tat, Low Gee Teong and Low Gee Soon and the daughter of Tan Sri Dato' Low Yow Chuan and the cousin of Dato' Jeffrey Ng Tiong Lip.
- *16 Low Gee Soon ("LGSoon") is a deemed major shareholder of AP Land and he is a director of certain subsidiary companies in AP Land Group.
LGSoon has an interest in the shares of LYCC, LYSR, MCSB, IJD, SSI, FHI, MMSSB and BSSB by virtue of Section 6A of the Act.
LGSoon is a major shareholder of ODSB, LGSDSB and BASB and a director of BSSB, BASB, IJD, LGSDSB, LYCC, MCSB, ODSB and SSI.
LGSoon is the brother of Low Gee Tat, Low Gee Teong and Low Su Ming and the son of Tan Sri Dato' Low Yow Chuan and the cousin of Dato' Jeffrey Ng Tiong Lip.
- *17 Dato' Jeffrey Ng Tiong Lip ("DJNTL") is a managing director of AP Land.
DJNTL is a director of LYSR and SSI and alternate director of MMSSB.
DJNTL is the nephew of Tan Sri Dato' Low Yow Chuan, cousin of Low Gee Tat, Low Gee Teong, Low Su Ming and Low Gee Soon.
DJNTL is deemed interested in the transactions by virtue of the abovementioned relationship with the major shareholders or deemed major shareholders, LYCC, LYSR, SSI, TSDLYC, LGTat, LGTeong and LGSoon.
- *18 Bintang Automachinery Sdn Bhd ("BASB") is a company in which Low Gee Soon is a director and major shareholder.
- *19 Federal Hotels International Sdn Bhd ("FHI") is a subsidiary of LYSR.
Tan Sri Dato' Low Yow Chuan, Low Gee Tat, Low Gee Teong and Low Gee Soon have an interest in the shares of FHI by virtue of Section 6A of the Act.
Low Gee Tat and Low Gee Soon are the directors of FHI.

STATEMENT ON INTERNAL CONTROL

RESPONSIBILITY

The Board of Directors recognises the importance of sound internal control and risk management practices to good corporate governance. The Board affirms its overall responsibility to maintain an adequate system of internal control and risk management and reviewing its effectiveness throughout the Group. However, such a system is designed to manage risk rather than eliminate risk of failure to achieve business objectives and provide only reasonable assurance, but not absolute assurance against material misstatement or loss.

The Board exercises control through an organisational structure with clearly defined levels of responsibility, authority and appropriate reporting procedures. The Group has in place an on-going process of identifying, evaluating, monitoring and managing significant risks affecting the achievement of its business objectives. The Audit Committee performs regular reviews of this process through independent internal audit reports and reports and explanations from the Managing Director and senior management staff.

RISK MANAGEMENT FRAMEWORK

The system of internal control not only covers financial controls but also operational and compliance controls and risk management. It involves each business and its key management, including the Board and is designed to meet the Group's particular needs, manage the risks they are exposed to and ensure compliance with applicable laws and regulations.

The Board has reviewed the key commercial and financial risks facing the Group's business together with more general risks such as those relating to compliance with laws and regulations. The monitoring, reviewing and reporting process have been put in place to give reasonable assurance that the structure of controls and operations is appropriate to the Group's operations situation and that there is an acceptable level of risk throughout the Group's business.

The management is responsible for continually promoting the culture of risk awareness and building the necessary knowledge and improving the process of risk management in identifying, mitigating and monitoring risks.

KEY ELEMENTS TO THE GROUP'S INTERNAL CONTROL SYSTEM

The key elements and processes in place are as follows :

1. Clearly defined delegation of responsibilities to committees of the Board namely, Executive Committee, Audit Committee, Remuneration and Nomination Committee and ESOS Committee and to operating units, including authorisation levels for all aspect of the business.
2. Documented internal control procedures set out in operation manuals, guidelines and directives are issued and updated from time to time. A uniform and comprehensive manual in respect of all core businesses and functional divisions within the Group has been reviewed by the Executive Committee. This manual serves as a reference point and guide for all employees of the Group, irrespective of level or seniority.
3. Internal audit function adopts a risk-based approach towards the planning and execution of the audit process. The annual audit plan is approved by the Audit Committee and the progress of audits carried out as planned as well as special and ad-hoc assignments carried out when necessary are reported at each Audit Committee meeting.

Detailed audit reports are deliberated and follow-up action monitored by the Working Group on a regular monthly basis and additionally on other audit issues. This process closely monitors compliance with policies and procedures and assess the integrity of financial information.

4. Detailed budgetary process involving preparation by the operating units are reviewed by the Executive Committee and approved by the Board. This process ensures a clear direction for all operating units to work cohesively towards meeting the business objectives of the Group, having assessed the inherent risks and the planning of necessary action plans thereof.
5. Regular and comprehensive financial and management information is provided to management covering actual performance against budgets or plans, financial forecast and projections and key business indicators to constantly keep track of directions in which the Group is heading and the decisive actions to be taken thereof.

Financial and treasury matters are also reported to the Board in conjunction to the presentation and approval of quarterly results and the briefing on action plans taken.

6. Executive Board and senior management regularly visit operating units besides requiring prompt reporting from these units on a daily, weekly and monthly basis. The management of operating units at various levels are also required to report on a monthly basis at meetings held at the Headquarters.

AUDIT COMMITTEE REPORT

The Audit Committee of Asia Pacific Land Berhad is pleased to present its report for the year ended 31 December 2005.

COMPOSITION

The Audit Committee was established by the Board of Directors of AP Land on 23 May 1994. The Audit Committee comprises 4 Directors, a majority of whom are independent.

Members Of The Committee:

1. **Tan Sri Datuk Seri (Dr) Chong Hon Nyan**
Chairman, Independent Non-Executive Director
2. **Tan Sri Dato' Hanafiah Hussain**
Member, Independent Non-Executive Director
3. **Tan Sri Dato' Lee Kim Sai @ Lee Hoo**
Member, Independent Non-Executive Director
4. **Dato' Jeffrey Ng Tiong Lip** (Retired on 10/4/2006)
Member, Managing Director
5. **Mdm Woon Siew Choo** (Appointed on 10/4/2006)
Member, Executive Director

TERMS OF REFERENCE

The terms of reference of the Audit Committee are as follows:

1. Objectives Of The Committee

- Assist the Board of Directors in discharging its fiduciary responsibilities relating to corporate accounting, system of internal controls and management and financial reporting practices of the Group;
- Evaluate the scope and quality of the audits conducted by the Internal and External Auditors;
- Provide assurance that the financial information presented by management is relevant, reliable and timely;
- Oversee compliance with laws and regulations and observance of a proper code of conduct;
- Determine the adequacy of the Company's control environment;
- Provide assurance that the assets, liabilities, revenue, expenses and cash flow of the Group are properly managed.

2. Size And Composition

The Board shall by resolution appoint members to the Audit Committee, which shall comprise at least three directors, the majority of whom shall be independent non-executive directors. At least one member of the Committee must be a member of Malaysian Institute of Accountants or has such other qualifications and working experience as stipulated in the Listing Requirements of Bursa Malaysia Securities Berhad ("the Listing Requirements"). No alternate directors shall be appointed as a member of the Committee. The members of the Audit Committee shall select a Chairman from amongst their number who shall be an Independent Director.

3. Term Of Membership

Members of the Committee shall be appointed for an initial term of 3 years after which they will be reappointed on such terms as may be determined by the Board of Directors.

Any vacancy in the office of an Audit Committee resulting in the size of the Audit Committee falling below the minimum required shall be filled within 3 months from the date the vacancy occurs. The term of office and the performance of each of its members

shall be reviewed at least once every three years by the Board of Directors.

4. Meetings

The Committee shall hold at least five regular meetings per year and such additional meetings as the Chairman shall decide in order to fulfill its duties or if requested to do so by any committee member, the management or the Internal or External Auditors. The Committee may invite any director, employee or any other person to be in attendance to assist it in its deliberations. The Committee shall meet with the External Auditors without any Executive Director present at least once a year.

Unless otherwise determined by the Audit Committee from time to time, notice of all Audit Committee's meetings shall be given to all the members at least 3 days before the meeting either personally or by electronic or facsimile transmission.

A quorum shall consist of a majority of Independent Non-Executive Directors and shall not be less than two.

The Chairman of the Audit Committee shall preside as a Chairman at every Audit Committee meeting of the Company or if the Chairman is absent from the meeting, the members present shall elect a Chairman from amongst the Independent Directors.

The Company Secretary or any person appointed by the Committee for this purpose shall act as secretary of the Committee.

Any questions arising at any meeting shall be decided by a majority of votes and a determination by a majority of members shall be for all purposes a determination of the Committee. Minutes of the Meeting shall be kept and circulated to each member. The Chairman of the Committee shall report on each meeting to the Board.

5. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

6. Resources And Access

The Committee shall be entitled to such resources as may be adequately provided by the Board of Directors for the performance of the Committee's duties.

The Committee shall have full and unrestricted access to all information and documents pertaining to the Group that are relevant to its activities and direct communication channels with the Internal and External Auditors and to the senior management of the Group. The Committee is also authorised to take such independent professional, legal or other advice as it considers necessary.

AUDIT COMMITTEE REPORT

7. Delegation Of Duties

The Audit Committee shall have the power to delegate to a sub-committee any of the duties of the Committee.

8. Scope And Functions

The scope and functions of the Audit Committee shall be:

- a) To discuss with the External Auditors, where necessary the nature and scope of the audit, the audit plan and ensure co-ordination where more than one audit firm is involved;
- b) To review with the External Auditor:
 - his evaluation of the system of the internal controls;
 - the assistance given by the Group's employees to the External Auditors;
- c) To discuss problems and reservations arising from the interim and final audit findings and any matters reported by the External Auditors;
- d) To review the audit reports prepared by the External Auditors and the major findings and management's responses thereto;
- e) To review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - i) Changes in or implementation of major accounting policies and practices;
 - ii) Significant and unusual events;
 - iii) Significant adjustment arising from the audit;
 - iv) Compliance with accounting standards and other regulatory requirements; and
 - v) The going concern assumption.
- f) To consider the appointment and any questions of resignation or dismissal of the External Auditors;
- g) In relation to internal audit functions:
 - i) To review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - ii) To review and consider the scope and results of the internal audit plans and procedures;
 - iii) To consider any significant audit findings reported by the internal auditor and management's response thereto and to ensure appropriate actions are taken on their recommendation;
 - iv) To approve any appointment or termination of senior internal audit staff;
 - v) To review any appraisal or assessment of the performance of senior internal audit staff and provide the resigning staff an opportunity to submit his/her reason for resignation.
- h) To review recurrent related party transaction of a revenue or trading nature entered into by the Group, to prescribe guidelines and review procedures in respect of such transactions and to ascertain that such transactions are in compliance with the prescribed guidelines and review procedures;

i) To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;

j) To prepare the Audit Committee Report in accordance with the Listing Requirements for publication in the Annual Report;

k) To carry out such other responsibilities, functions or assignments as may be agreed to by the Committee and the Board;

l) To report regularly to the Board its activities, significant results and findings.

INTERNAL AUDIT FUNCTION

The Group has established an Internal Audit Department ("IAD") which reports to the Audit Committee and assists the Committee in discharging its duties and responsibilities. The role of the IAD is to undertake independent and regular reviews of the system of internal controls so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively.

The IAD presented the Internal Audit Plan for year 2006 at the end of year 2005 to the Audit Committee for its approval. The Audit Plan is developed through a risk-based methodology to cover key operational and financial activities that are significant to the overall performance of the Group.

The IAD regularly submits the reports on their audit activities and the internal audit findings together with management's responses are tabled at the scheduled Audit Committee's meetings. Follow-up audits are then carried out to determine whether management has taken the recommended corrective actions. The Head of IAD attends the Audit Committee meetings to present the internal audit findings and make appropriate recommendations on any areas of concern within the Group for the Audit Committee's deliberation.

The IAD also executes audits on an ad-hoc basis based on specific directions made either by the Audit Committee or management. Additionally, the IAD works closely with the External Auditors to resolve any control issues raised by them and to assist in ensuring appropriate corrective actions are taken.

REPORT OF THE ACTIVITIES OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2005

During the year, five Audit Committee meetings were held on 24 February 2005, 25 April 2005, 24 May 2005, 22 August 2005 and 21 November 2005. The details of the attendance of the Audit Committee by the members of the Committee in 2005 are as follows:

Name Of Directors	Attendance at Audit Committee Meetings held in year 2005
Tan Sri Datuk Seri (Dr) Chong Hon Nyan	4/5
Tan Sri Dato' Hanafiah Hussain	4/5
Tan Sri Dato' Lee Kim Sai @ Lee Hoo	5/5
Dato' Jeffrey Ng Tiong Lip	5/5

During the financial year ended 31 December 2005, the activities undertaken by the Audit Committee included the following:

The Audit Committee members reviewed the Quarterly Report of AP Land Group for the financial quarters ended 31 December 2004, the Audited Accounts of the Group for the year ended 31 December

AUDIT COMMITTEE REPORT

2004, the Quarterly Reports of the Group for the financial quarters ended 31 March 2005, 30 June 2005 and 30 September 2005. The Audit Committee recommended to the Board to approve the financial statements for release to Bursa Securities.

The Committee had met with the External Auditor of AP Land twice in year 2005 and the rest of the External Auditors of the subsidiary companies once in year 2005 without executive board members present. The Agenda for the meeting with the Auditors included the scope of their audit, their respective Auditors' Audit Planning Memorandum, the results of their examination, the External Auditors' evaluation of the internal controls of the Group, issues highlighted by the External Auditors in the course of their audit, co-ordination of the subsidiaries' External Auditors with the holding Company's External Auditor and the External Auditor's management letter to the Company and management's response. The Audit Committee reviewed together with the holding Company's Auditors, the audited financial statement of the Company in respect of the financial year ended 31 December 2005. The Audit Committee also considered and recommended for the re-appointment of the External Auditors and their audit fees for the Board's approval.

The Audit Committee reviewed and approved the Internal Audit Plan for 2006. They reviewed the internal audit reports together with the Internal Auditor and considered the major findings of internal audit in the Group's operating units and management's responses thereto. The Audit Committee assisted the Board in reviewing the Statement on Internal Control of the Company.

Related party transactions between the Group and its directors and any persons connected with the directors of the Group were reviewed by the Audit Committee in accordance with the review procedures established by the Group.

In carrying out the scope of their duties, the Audit Committee has reported to the Board its activities and made the appropriate recommendations to the Board for the necessary actions to be taken, where appropriate.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year, and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.