

# **LANDMARKS BERHAD**

Company No : 185202-H  
( Incorporated in Malaysia )

**Unaudited Interim Financial Report  
For The First Quarter Ended  
31 March 2008**

# LANDMARKS BERHAD

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET As At 31 MARCH 2008

	Notes	31-Mar-2008 RM' 000	31-Dec-2007 RM' 000 (Audited)
<b>ASSETS</b>			
Property, plant and equipment		143,460	143,758
Prepaid lease payments		9,379	9,417
Land held for development		815,987	794,233
Investments in associates		35,797	34,819
Other investments		730	5,368
<b>Total Non-Current Assets</b>		<b>1,005,353</b>	<b>987,595</b>
Trade and other receivables		19,357	23,450
Inventories		1,284	1,401
Property development cost		13,829	11,609
Current tax assets		18,363	17,066
Assets classified as held for sale	A14(2)	105,662	106,464
Cash and cash equivalents		381,511	372,842
<b>Total Current Assets</b>		<b>540,006</b>	<b>532,832</b>
<b>TOTAL ASSETS</b>		<b>1,545,359</b>	<b>1,520,427</b>
<b>EQUITY</b>			
Share capital		480,682	480,682
Reserves		614,569	592,816
<b>Total Equity attributable to shareholders of the Company</b>		<b>1,095,251</b>	<b>1,073,498</b>
<b>Minority Interests</b>		<b>145,791</b>	<b>146,189</b>
<b>Total Equity</b>		<b>1,241,042</b>	<b>1,219,687</b>
<b>LIABILITIES</b>			
Borrowings	B9	34,550	34,550
Deferred tax liabilities		229,261	223,262
<b>Total Non-Current Liabilities</b>		<b>263,811</b>	<b>257,812</b>
Trade and other payables		22,682	22,544
Current tax liabilities		1,574	4,134
Borrowings	B9	16,250	16,250
<b>Total Current Liabilities</b>		<b>40,506</b>	<b>42,928</b>
<b>Total Liabilities</b>		<b>304,317</b>	<b>300,740</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>1,545,359</b>	<b>1,520,427</b>
<b>Net Assets per share (RM)</b>		<b>2.28</b>	<b>2.23</b>

The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**  
For the Three-Month Period Ended 31 March 2008

	Note	Individual Period 3 months ended 31 March		Cumulative Period 3 months ended 31 March	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Continuing Operations</b>					
Revenue	A9	15,642	36,362	15,642	36,362
<b>Profit from operations</b>		4,628	12,729	4,628	12,729
Finance Cost		-1,042	-5,746	-1,042	-5,746
<b>Operating profit</b>		3,586	6,983	3,586	6,983
Share of net profit of associates	B1	976	9,466	976	9,466
<b>Profit before taxation</b>	A9	4,562	16,449	4,562	16,449
Income Tax expense	B5	-783	-1,976	-783	-1,976
<b>Profit for the period from continuing operations</b>		3,779	14,473	3,779	14,473
<b>Discontinued Operations</b>					
Net profit from discontinued operations		-	8,141	-	8,141
<b>Profit for the period</b>		3,779	22,614	3,779	22,614
<b>Attributable to:</b>					
Shareholders of the company		4,177	15,887	4,177	15,887
Minority Interest		-398	6,727	-398	6,727
<b>Profit for the period</b>		3,779	22,614	3,779	22,614

**Basic earnings per share attributable to equity holders of the Company:**

Profit from continuing operations (sen)	0.87	1.61	0.87	1.61
Profit from discontinued operations (sen)	-	1.69	-	1.69
Profit for the period (sen)	0.87	3.30	0.87	3.30

Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A
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The unaudited condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

## LANDMARKS BERHAD

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the Three-Month Period Ended 31 March 2008**

	<----- Non-distributable ----->					Accumulated (Losses)/Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Translation Reserve RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Share Premium RM'000				
<b>At 1 January 2007</b>	480,682	278	23,504	-	218,209	(251,629)	471,044	7,031	478,075
Foreign exchange translation differences	-	-	-	-	-	-	-	-	-
Net Profit for the period	-	-	-	-	-	15,887	15,887	6,727	22,614
<b>At 31 March 2007</b>	480,682	278	23,504	-	218,209	(235,742)	486,931	13,758	500,689
<b>At 1 January 2008</b>	480,682	2,801	-	35,825	218,209	335,981	1,073,498	146,189	1,219,687
Foreign exchange translation differences	-	16,107	-	-	-	-	16,107	-	16,107
Net Profit for the period	-	-	-	-	-	4,177	4,177	(398)	3,779
Equity settled share-based transaction	-	-	1,469	-	-	-	1,469	-	1,469
<b>At 31 March 2008</b>	480,682	18,908	1,469	35,825	218,209	340,158	1,095,251	145,791	1,241,042

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

# LANDMARKS BERHAD

## UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT For the Three-Month Period Ended 31 March 2008

	31-Mar-2008 RM'000	31-Mar-2007 RM'000
<b>Profit Before Taxation</b>		
-Continuing operations	4,562	16,449
-Discontinued operations	-	9,426
<b>Adjustments for non-cash flow:</b>		
Non-cash items	1,818	10,362
Non-operating items	(2,249)	(9,465)
<b>Operating Profit before changes in working capital</b>	<b>4,131</b>	<b>26,772</b>
Net change in current assets	4,209	(3,593)
Net change in current liabilities	(5,384)	(3,985)
<b>Cash generated from operations</b>	<b>2,956</b>	<b>19,194</b>
Income tax paid	(1,560)	(1,758)
<b>Net cash inflow from operating activities</b>	<b>1,396</b>	<b>17,436</b>
<b>Investing activities</b>		
Interest income received	3,291	813
Purchase of property, plant and equipment	(1,026)	(986)
Deposit paid	-	(35,500)
Disposal of investment	5,250	-
Proceeds from redemption of non-convertible redeemable preference shares	800	-
<b>Net cash inflow from investing activities</b>	<b>8,315</b>	<b>(35,673)</b>
<b>Financing activities</b>		
Proceeds from loan and other borrowings	-	35,500
Repayment of bank borrowings	-	(12)
Interest paid	(1,042)	(8,184)
<b>Net cash outflow from financing activities</b>	<b>(1,042)</b>	<b>27,304</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,669</b>	<b>9,067</b>
Cash and cash equivalents at 1 January	372,842	131,539
<b>Cash and cash equivalents at 31 March</b>	<b>381,511</b>	<b>140,606</b>

	31-Mar-2008 RM'000	31-Mar-2007 RM'000
<u>Continuing Operations</u>		
Cash and bank balances	14,779	24,954
Deposits (including deposits pledged)	366,732	38,245
	<u>381,511</u>	<u>63,199</u>
<u>Discontinued Operations</u>		
Cash and bank balances	-	9,474
Deposits (including deposits pledged)	-	67,933
	<u>-</u>	<u>77,407</u>
	<b>381,511</b>	<b>140,606</b>

The unaudited condensed cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

## LANDMARKS BERHAD (“LANDMARKS” OR “THE COMPANY”)

### A. Notes to the unaudited interim financial report for the period ended 31 March 2008

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#### A1. *Basis of preparation*

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standards (FRS) 134<sup>2004</sup>, *Interim Financial Reporting* issued by Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007. The explanatory notes attached to the interim financial report 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 2007.

#### A2. *Changes in Accounting Policies/Estimates*

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2007.

Effective 1 January 2008, the Group has adopted FRS 2 *Share-based Payment* due to the establishment of a new Employees’ Share Option Scheme (“ESOS”). This FRS requires an entity to recognize share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity. With the adoption of FRS 2, the compensation expense relating to share options is recognized in profit or loss over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognized as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. The fair value of the share is computed using Black-Scholes Model. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by vesting date. Any revision of this estimate is included in the profit and loss and a corresponding adjustment to equity over the remaining vesting period.

As at the date of this report, the Group has not applied FRS 139 *Financial Instruments: Recognition and Measurement* as the effective date is yet to be determined by the MASB. This new standard establishes principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell financial items. The Group will apply this standard when it becomes effective.

**A3. Auditors' Report on the Group's latest Annual Financial Statements**

There were no audit qualifications on the Group's financial statements for the year ended 31 December 2007.

**A4. Exceptional items of a non-recurring nature**

There were no exceptional items of a non-recurring nature during the financial period under review.

**A5. Inventories**

During the financial period under review, there was no write-down of inventories.

**A6. Changes in composition of the Group**

There were no changes in the composition of the Group arising from business combinations, acquisitions or disposal of subsidiary companies and long-term investment, restructuring, or discontinued operations for the current interim period, except for the following:

- i) The following inactive subsidiaries had been placed under Member's Voluntary Winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965 on 28 January 2008 :-
  - a. Legacy Acres Sdn Bhd;
  - b. Makin Murni Sdn Bhd;
  - c. Puncak Teguh Sdn Bhd;
  - d. Sikap Damai Sdn Bhd; and
  - e. Wasmanis Sdn Bhd.
  
- ii) Bintan Treasure Bay Pte Ltd ("BTB"), a 74%-owned subsidiary of the Company had incorporated the following subsidiaries in the Republic of Seychelles on 28 January 2008:
  - a. Bintan Beach Resorts Investments Pte Ltd;
  - b. Bintan Land Pte Ltd;
  - c. Bintan Leisure Resort Ventures Pte Ltd;
  - d. Bintan Resort Enterprise Pte Ltd; and
  - e. Bintan Resorts Holdings Pte Ltd.

The principal activity of each of the subsidiaries is investment holding. Each of the subsidiaries has an authorised capital of USD1,000,000.00 comprising 1,000,000 shares of USD1.00 each, of which USD1.00 is issued and fully paid up.

## Notes to the unaudited interim financial report for the period ended 31 March 2008

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- iii) BTB, through its five subsidiaries named in (ii) above, had on 5 February 2008 incorporated the following subsidiaries in the Republic of Singapore:
- a. Bintan Beach Resorts Investments Pte Ltd had incorporated Bintan Beach Resorts Investments (Singapore) Pte Ltd;
  - b. Bintan Land Pte Ltd had incorporated Bintan Land (Singapore) Pte Ltd;
  - c. Bintan Leisure Resort Ventures Pte Ltd had incorporated Bintan Leisure Resort Ventures (Singapore) Pte Ltd;
  - d. Bintan Resort Enterprise Pte Ltd had incorporated Bintan Resorts Enterprise (Singapore) Pte Ltd; and
  - e. Bintan Resorts Holdings Pte Ltd had incorporated Bintan Resorts Holdings (Singapore) Pte Ltd.

The principal activity of each of the subsidiaries is investment holding. Each of the subsidiaries has a paid-up capital of SGD1.00 comprising one ordinary share of SGD1.00 each.

### **A7. Dividends paid**

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

### **A8. Seasonal or cyclical factors**

The Group's hotel businesses are generally affected by seasonal or cyclical factors. The high season for the Group's hotel generally lies in the first and last quarters of the financial year.



**A9. Segmental information**

	Revenue		Profit before tax	
	For the period ended 31 March			
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
<i>Results from Continuing Operations</i>				
Hotel and Resort Development	15,642	35,493	4,293	15,411
Engineering	-	-	72	(48)
Others	-	869	263	(2,634)
<b>Profit from Operations</b>			4,628	12,729
Interest Expense			(1,042)	(5,746)
Share of net profits of Associates			976	9,466
Net profit from discontinued operations			-	8,141
<b>Profit Before Tax</b>	<b>15,642</b>	<b>36,362</b>	<b>4,562</b>	<b>24,590</b>

**A10. Capital commitments**

	<b>31 March 2008</b>
	<b>RM'000</b>
Property, plant and equipment	
Authorised but not contracted for	-
Contracted but not provided for in the financial statements	2,768
Investment	
Authorised but not contracted for	-
Contracted but not provided for in the financial statements (Note A14(1))	363,965
<b>Total</b>	<b>366,733</b>

**A11. Contingent liabilities**

There were no contingent liabilities for the financial period under review.

It is to be noted that Landmarks Engineering & Development Sdn Bhd ("LED"), a wholly owned subsidiary of Landmarks, and Ikatan Cekap Sdn Bhd ("ICSB"), a 70% subsidiary of TDR Engineering Sdn Bhd which is 55% owned by LED, have filed a suit in the Kuala Lumpur High Court against Perbadanan Kemajuan Ekonomi Negeri Perlis ("PKENP") and PENS Holdings Sdn Bhd ("PENS"), a wholly owned subsidiary of PKENP, for, inter alia, breach of contract in relation to the development of land in Kuala Perlis. The Board of Landmarks have at all times been inclined to amicably resolve this matter without commencing legal proceedings but eventually had to file the suit in order to preserve its rights. In the said suit, LED has claimed general damages while ICSB has claimed contractual damages amounting to RM20,611,585.60 and also general damages. In response to the said suit, PENS has counter-claimed against ICSB for approximately RM2.4 million and general damages being claims under the same contract.

On the advice of its lawyers, the Company is of the view that the counter claim is without merit and hence, no provision is made by the Company. Notwithstanding the same, Landmarks continues to pursue an amicable settlement of this matter.

**A12. Debt and equity securities**

On 22 January 2008, options were granted to employees of the Company to subscribe for 1,235,100 shares under the ESOS. The option gives the holder the right to subscribe for ordinary shares of RM1 each in the Company. These options were vested immediately and are exercisable until 21 January 2013.

No option was exercised during the three-month period ended 31 March 2008.

There were no other issuance or repayment of debt, share buy backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period under review.

**A13. Related party transactions**

There were no related party transactions for the financial period under review.

**A14. Events subsequent to the balance sheet date**

There were no material events subsequent to the end of the financial period under review that have not been reflected in the financial statements as at the date of this report except for the following:

- 1) Primary Gateway Sdn Bhd ("PGSB"), a wholly owned subsidiary of the Company had on 2 May 2008 completed the acquisition of an additional 26.0% equity interest in BTB for a cash consideration of RM363.96 million from Castle Knight Investment Ltd and Complete Win Group Ltd. Arising from this acquisition, BTB became a wholly owned subsidiary of PGS on 2 May 2008.
- 2) Landmarks Berhad had on 5 May 2008 approved the proposed disposal of the entire 20% equity interest in Teknologi Tenaga Perlis Consortium Sdn Bhd ("TTPC") held by Landmarks Hotels & Realty Sdn Bhd ("LHR"), a wholly owned subsidiary of Landmarks, through acceptance of the conditional take-over offer made by Jati Cakerawala Sdn Bhd ("JCSB") for the remaining ordinary shares of RM1.00 each in TTPC ("TTPC Share") and Redeemable Non-Cumulative Preference Shares of RM1.00 each in TTPC ("TTPC RNCPS") not already owned by JCSB under the Malaysian Code On Take-Overs and Mergers, 1998 for cash consideration of RM21.47 per TTPC Share and RM100 per TTPC RNCPS ("Proposed TTPC Disposal").

The total cash consideration receivable for the Proposed TTPC Disposal is RM179.228 million.

## B. Additional Information – BMSB’s listing requirement

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### B1. *Review of performance for Three Months to 31 March 2008 compared to Three Months to 31 March 2007*

For the financial period ended 31 March 2008, the Group recorded reduced revenue of RM15.6 million compared with RM36.4 million in 2007. At the operating level, profit from operations decreased from RM12.7 million in 2007 to RM4.6 million in 2008. The decrease in revenue and profit from operations were mainly due to the disposal of “The Datai” via the disposal of equity interest in Archipelago Resorts Sdn Bhd (“ARSB”) which was completed on 20 November 2007.

#### **Associated Companies**

The share of net profit of the Group’s associated companies of RM0.97 million in 2008 was lower compared with 2007 which was recorded at RM9.5 million. This was due to the disposal of equity interest in Shangri-La Hotels (M) Berhad in September 2007 and the Proposed TTPC Disposal which was classified as assets held for sale. Under FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the standard requires the share of net profit from TTPC to be recognised only upon completion of the disposal, which is expected to be by the second quarter of 2008.

#### **Overall**

The Group registered net profit attributable to shareholders of the Company of RM4.2 million for the period ended 31 March 2008 compared with RM15.9 million in 2007, a decrease of RM11.7 million mainly due to the disposal of equity interest in ARSB and the divestment of Sungei Wang Plaza Sdn Bhd (classified under share of net profit from discontinued operations).

### B2. *Comments on current quarter against preceding quarter performance*

(RM’000)	2008 1 <sup>st</sup> Qtr	2007 4 <sup>th</sup> Qtr
<b>Revenue</b>	<b>15,642</b>	<b>13,364</b>
<b>Profit from Operations</b>	<b>4,628</b>	<b>3,824</b>
Interest Expense	(1,042)	(3,266)
<b>Operating Profit</b>	<b>3,586</b>	<b>558</b>
Share of net profit of Associates	976	4,721
Net loss from discontinued operations	-	(1,288)
Net gain on sale of discontinued operations	-	74,161
<b>Profit Before Tax</b>	<b>4,562</b>	<b>78,152</b>

## **B. Additional Information – BMSB’s listing requirement**

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Revenue for the 1<sup>st</sup> quarter 2008 was higher than the previous quarter due to higher revenue recorded by The Andaman in Langkawi. The Group recorded an operating profit of RM4.6 million compared with RM3.8 million in the previous quarter. Profit before tax for 1<sup>st</sup> quarter 2008 was higher compared with the previous quarter mainly due to higher contribution from The Andaman and lower operating expenses for the current quarter compared to the previous quarter.

### **B3. Prospects**

#### **Subsidiary Companies**

The Group expects The Andaman, Langkawi to continue to perform credibly despite facing increased competition from new and refurbished products in the market. The Group has embarked on improvements to The Andaman since 2006 and is also now focusing on a total repositioning of this property as the Directors believe that there is great potential in this resort property.

The Group’s investment in BTB is expected to contribute positively to the Group’s results from 2008 onwards.

#### **Associated Companies**

Profit contribution from the Group’s associated companies is expected to be lower for the year 2008 due to the Proposed TTPC Disposal.

#### **Overall**

The Group is expected to record a lower profit in 2008 compared to 2007 after the disposal of its non-core and non-strategic assets. However, barring any unforeseen circumstances, the Directors believe that Treasure Bay Bintan will contribute a significant portion of the Group’s profit going forward as we embark on our development programme.

### **B4. Profit forecast**

Not applicable as no profit forecast was announced or disclosed.

**B. Additional Information – BMSB’s listing requirement**

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**B5. Tax expense**

(RM'000)	2008	
	Individual period 3 months ended 31 March	Cumulative period 3 months ended 31 March
Current tax :		
Malaysian – current	783	783
– prior period	-	-
	<b>783</b>	<b>783</b>
Deferred tax expense		
Malaysian	-	-
	<b>783</b>	<b>783</b>

**B6. Unquoted investments and properties**

There were no profits or losses on sale of unquoted investments and/or properties for the financial period under review.

**B7. Quoted investments**

There was no purchase or disposal of quoted securities for the quarter under review and financial period to date.

**B8. Status of corporate proposals announced**

Landmarks Berhad had on 5 May 2008 approved the Proposed TTPC Disposal.

The total cash consideration receivable for the Proposed TTPC Disposal is RM179.228 million. The cash consideration from the acceptance of the take-over offer is expected to be received by the second quarter of 2008.

**B. Additional Information – BMSB’s listing requirement**

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**B9. Borrowings and debt securities**

The Group’s borrowings, all of which are secured, were as follows:

	<b>As at 31 March 2008 (RM'000)</b>	<b>As at 31 December 2007 (RM'000)</b>
<b>Short term borrowings</b>		
Secured	16,250	16,250
Unsecured	-	-
	<b>16,250</b>	<b>16,250</b>
<b>Long term borrowings</b>		
Secured	34,550	34,550
Unsecured	-	-
	<b>34,550</b>	<b>34,550</b>
<b>Total borrowings</b>	<b>50,800</b>	<b>50,800</b>

**B10. Off balance sheet financial instruments**

There are no financial instruments with off balance sheet risk as at the date of this report.

**B11. Changes in material litigation**

Save as disclosed herein, there is no material litigation pending as at the date of this report.

**B12. Dividends**

The Board of Directors does not recommend the payment of any interim dividend for the financial period ended 31 March 2008.

**B. Additional Information – BMSB’s listing requirement**

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***B13. Basic earnings per share***

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of RM4.18 million and the weighted average number of ordinary shares outstanding of 480,682,200.

**By Order of the Board**

**IRENE LOW YUET CHUN**  
**Company Secretary**

**Kuala Lumpur**  
**29 May 2008**

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