LANDMARKS BERHAD

Company No : 185202-H

(Incorporated in Malaysia)

Unaudited Interim Financial Report

For The Second Quarter Ended

30 June 2008

LANDMARKS BERHAD

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
As At 30 JUNE 2008

	Notes	30-Jun-2008 RM' 000	31-Dec-2007 RM' 000 (Audited)
ASSETS			
Property, plant and equipment	A10	140,551	143,758
Prepaid lease payments		9,293	9,417
Land held for development	A6(iii), A11	1,933,219	794,233
Investments in associates		36,014	34,819
Other investments		730	5,368
Total Non-Current Assets		2,119,807	987,595
Trade and other receivables		15,013	23,450
Inventories		1,939	1,401
Property development cost		22,938	11,609
Current tax assets		20,581	17,066
Assets classified as held for sale		-	106,464
Cash and cash equivalents		241,898	372,842
Total Current Assets		302,369	532,832
TOTAL ASSETS		2,422,176	1,520,427
EQUITY			
Share capital		480,682	480,682
Reserves		1,248,361	592,816
Total Equity attributable to shareholders of the Company		1,729,043	1,073,498
Minority Interests		634	146,189
Total Equity		1,729,677	1,219,687
LIABILITIES			
Borrowings	B9	96,250	34,550
Deferred tax liabilities		564,472	223,262
Total Non-Current Liabilities		660,722	257,812
Trade and other payables		18,678	22,544
Current tax liabilities		4,349	4,134
Borrowings	B9	8,750	16,250
Total Current Liabilities		31,777	42,928
Total Liabilities		692,499	300,740
TOTAL EQUITY & LIABILITIES		2,422,176	1,520,427
Net Assets per share (RM)		3.60	2.23

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 Six-Month Period Ended 30 June 2008

	Note	Individual Period 3 months ended 30 June		Cumulative Period 6 months ended 30 June	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Continuing Operations					
Revenue		**9,145**	**22,661**	**24,787**	**59,023**
(Loss)/Profit from operations		**-5,838**	**5,143**	**-1,210**	**17,872**
Finance Cost		-1,268	-8,466	-2,310	-14,212
Operating (Loss)/Profit		**-7,106**	**-3,323**	**-3,520**	**3,660**
Share of net profit of associates	**B1**	216	2,950	1,192	7,936
(Loss)/Profit before taxation		**-6,890**	**-373**	**-2,328**	**11,596**
Income Tax expense	**B5**	-196	-2,684	-979	-4,660
(Loss)/Profit for the period from continuing operations		**-7,086**	**-3,057**	**-3,307**	**6,936**
Discontinued Operations					
Net profit from discontinued operations and gain on sale of discontinued operations		**71,067**	**370,666**	**71,067**	**383,287**
Profit for the period		**63,981**	**367,609**	**67,760**	**390,223**
Attributable to:					
Shareholders of the company		**63,533**	**372,290**	**67,710**	**388,176**
Minority Interest		**448**	**-4,681**	**50**	**2,047**
Profit for the period		**63,981**	**367,609**	**67,760**	**390,223**

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

(Loss)/Profit from continuing operations (sen)	-1.57	0.34	-0.70	1.02
Profit from discontinued operations (sen)	14.78	77.11	14.78	79.74
Profit for the period (sen)	13.22	77.45	14.09	80.76
Diluted earnings per ordinary share (sen)	N/A	N/A	N/A	N/A

The unaudited condensed consolidated income 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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Six-Month Period Ended 30 June 2008

	<--- *Non-distributable*				--->				
	Share Capital RM'000	Translation Reserve RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Share Premium RM'000	Accumulated (Losses)/Profits RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 January 2007	**480,682**	**278**	**23,504**	**-**	**218,209**	**(251,629)**	**471,044**	**7,031**	**478,075**
Foreign exchange translation differences	-	782	-	-	-	-	782	-	**782**
Net Profit for the period	-	-	-	-	-	12,895	12,895	2,047	**14,942**
Disposal/acquisition of subsidiaries	-	-	-	-	-	375,281	375,281	175,441	**550,722**
At 30 June 2007	**480,682**	**1,060**	**23,504**	**-**	**218,209**	**136,547**	**860,002**	**184,519**	**1,044,521**
At 1 January 2008	**480,682**	**2,801**	**-**	**35,825**	**218,209**	**335,981**	**1,073,498**	**146,189**	**1,219,687**
Revaluation of land held for development to fair value arising from business combination achieved in stages	-	-	-	586,511	-	-	586,511	-	**586,511**
Foreign exchange translation differences	-	(146)	-	-	-	-	(146)	-	**(146)**
Net loss for the period	-	-	-	-	-	(3,357)	(3,357)	-	**(3,357)**
Acquisition of minority interest	-	-	-	-	-	-	-	(145,555)	**(145,555)**
Equity settled share-based transaction	-	-	1,470	-	-	-	1,470	-	**1,470**
Disposal of associate	-	-	-	-	-	71,067	71,067	-	**71,067**
At 30 June 2008	**480,682**	**2,655**	**1,470**	**622,336**	**218,209**	**403,691**	**1,729,043**	**634**	**1,729,677**

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

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the Six-Month Period Ended 30 June 2008

	30-Jun-2008 RM'000	30-Jun-2007 RM'000
Profit Before Taxation		
-Continuing operations	**(2,328)**	11,596
-Discontinued operations	**71,067**	383,287
Adjustments for non-cash flow items:		
Non-cash items	6,673	(386,869)
Non-operating items	(74,912)	10,328
Operating Profit before changes in working capital	**500**	**18,342**
Net change in current assets	3,758	12,299
Net change in current liabilities	(4,154)	(1,210)
Cash generated from operations	**104**	**29,431**
Income tax paid	(3,076)	(245)
Retirement benefit paid	-	(352)
Net cash inflow from operating activities	**(2,972)**	**28,834**
Investing activities		
Acquisition of minority interest including expenses	(365,184)	-
Interest income received	4,727	3,883
Purchase of property, plant and equipment	(2,767)	(4,260)
Proceed from investing in development expenditure	-	(1,184)
Net proceeds from disposal of an associate	176,731	-
Disposal of subsidiary		207,755
Disposal of investment	5,250	-
Debts repayment from disposal of subsidiary	-	155,802
Acquisition of investment	-	(352,396)
Proceed from redemption of non-convertible redeemable preference share	800	-
Proceed from disposal of property, plant and equipment	-	84
Net cash inflow from investing activities	**(180,443)**	**9,684**
Financing activities		
Capital distribution received from associate	234	-
Proceeds from loan and other borrowings	105,000	165,500
Repayment of bank borrowings	(50,800)	(180,301)
Interest paid	(1,970)	(14,212)
Net cash outflow from financing activities	**52,464**	**(29,013)**
Net increase in cash and cash equivalents	**(130,951)**	**9,505**
Effect of exchange rate fluctuations on cash held	7	-
Cash and cash equivalents at 1 January	372,842	131,539
Cash and cash equivalents at 30 June	**241,898**	**141,044**
Cash and cash equivalents comprise of :		
Cash and bank balances	13,724	36,495
Deposits (including deposits pledge)	228,174	104,549
	241,898	**141,044**

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.

A. Notes to the unaudited interim financial report for the period ended 30 June 2008

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standards (FRS) 134_{2004}, *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.

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) Each of the five Seychelles incorporated subsidiaries of Bintan Treasure Bay Pte Ltd ("BTB"), a subsidiary of the Company, had incorporated a subsidiary in the Republic of Singapore on 7 April 2008:

   a. Bintan Resorts Holdings Pte Ltd has incorporated Bintan Hotel Holdings Pte Ltd;
   b. Bintan Land Pte Ltd has incorporated Bintan Hotel Utama Pte Ltd;
   c. Bintan Resort Enterprise Pte Ltd has incorporated Bintan Hotel Development Pte Ltd;
   d. Bintan Beach Resorts Investments Pte Ltd has incorporated Bintan Hotel Management Pte Ltd; and
   e. Bintan Leisure Resort Ventures Pte Ltd has incorporated Bintan Hotel Ventures Pte Ltd.

   The principal activity of each of the subsidiaries incorporated in the Republic of Singapore is investment holding. Each of the subsidiaries has a paid-up capital of S$1.00 comprising one share of S$1.00 each.

ii) Westbourne Ventures Limited, an indirect wholly-owned subsidiary incorporated in the British Virgin Islands, had been struck off the Register of Companies on 1 May 2008.

iii) 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 RM363.965 million from Castle Knight Investments Ltd and Complete Win Group Ltd. Arising from this acquisition, BTB became a wholly-owned subsidiary of PGSB.

iv) BTB had on 16 May 2008 incorporated a subsidiary, Premier Investment Holding Pte Ltd ("Premier"), in the Republic of Seychelles.

Premier has an authorised capital of US$1,000,000 comprising 1,000,000 shares of US$1.00 each, of which US$1.00 is issued and fully paid-up. Premier is an investment holding company.

v) BTB, through its Singaporean subsidiaries, had on the respective dates incorporated the following wholly-owned subsidiaries in the Republic of Indonesia:

a. PT Resort Kirana Bintan on 28 May 2008;
b. PT Bintan Hotel Utama on 29 May 2008;
c. PT Resorts Development and Management Bintan on 28 May 2008;
d. PT Hotel Management Bintan on 28 May 2008; and
e. PT Bintan Leisure Resort Ventures on 28 May 2008.

The principal activity of each of the subsidiaries is development and management of resort hotels, and commercial and residential properties. Each of the subsidiaries has a paid-up capital of US$795,000 comprising 795,000 ordinary shares of US$1.00 each.

vi) Landmarks had on 12 June 2008 completed the 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 for a cash consideration of RM179.228 million.

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 30 June			
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Results from Continuing Operations				
Hotel and Resort Development	24,787	58,863	3,116	20,217
Engineering	-	-	54	(95)
Others	-	160	(4,380)	(2,250)
Profit from Operations			(1,210)	17,872
Interest Expense			(2,310)	(14,212)
Share of net profits of Associates			1,192	7,936
Net profit from discontinued operations and gain on sale of discontinued operations			71,067	383,287
Profit Before Tax	**24,787**	**59,023**	**68,739**	**394,883**

A10. Property, plant and equipment

On 27 June 2008, LHR entered into an Option Agreement with Peremba Sejagat Sdn Bhd ("PSSB") granting PSSB an option to purchase the business and assets in relation to the management and operations of Carcosa Seri Negara ("CSN") ("Proposed Disposal"). The business and assets comprise fixed assets, renovation cost, business contracts and 500,000 fully paid-up ordinary shares of RM1.00 each in Carcosa Sdn Bhd ("Assets"). The net book value of the Assets as at 30 June 2008 was RM5.35 million whilst the fair value of the said Assets was RM2.0 million. Accordingly, the Group has written down the carrying amount of these Assets by RM3.35 million.

A11. Land held for development

On 30 January 2008, the land held for development at Bintan, Indonesia ("Land") was revalued by an independent firm of professional valuers, wherein the Land was revalued at SGD818.3 million after taking into account the designation of the Land as an Exclusive Integrated Tourism Zone.

A12. Capital commitments

	30 June 2008 RM'000
Property, plant and equipment	
Authorised but not contracted for	-
Contracted but not provided for in the financial statements	2,808
Total	**2,808**

A13. 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 has been made by the Company. Notwithstanding the same, Landmarks continues to pursue an amicable settlement of this matter.

A14. Debt and equity securities

On 22 January 2008, options were granted to Directors and 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 six-month period ended 30 June 2008. There were no options granted after 22 January 2008.

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

A15. Related party transactions

The Proposed Disposal as disclosed in Note A10 above is a related party transaction by virtue of a Director of LHR having deemed interest in the shares of PSSB. On the exercise of the option by PSSB, LHR will dispose of all the business and assets in relation to the management and operation of CSN to PSSB for a cash consideration of RM2 million.

A16. 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.

B. Additional Information – BMSB's listing requirement

B1. Review of performance for Six Months to 30 June 2008 compared to Six Months to 30 June 2007

For the financial period ended 30 June 2008, the Group recorded reduced revenue of RM24.79 million compared with RM59.02 million in 2007. At the operating level, profit from operations decreased from RM17.87 million in 2007 to an operational loss of RM1.21 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 which was completed on 20 November 2007. There were also operating losses incurred by the BTB Group of companies from preliminary expenses and also impairment losses on the Assets in relation to the management and operation of CSN.

Associated Companies

The share of net profit of the Group's associated companies of RM1.19 million in 2008 was lower compared with 2007 which was recorded at RM7.94 million. This was mainly due to the disposal of equity interest in Shangri-La Hotels (M) Berhad in September 2007and lower contribution from MSL Properties Sdn Bhd.

Overall

The Group registered net profit attributable to shareholders of the Company of RM67.71 million for the period ended 30 June 2008 compared with RM388.18 million in 2007, a decrease of RM320.47 million mainly due to the higher disposal proceeds from the divestment of Sungei Wang Plaza Sdn Bhd (classified under share of net profit from discontinued operations) in 2007.

B2. Comments on current quarter against preceding quarter performance

(RM'000)	**2008 2nd Qtr**	**2008 1st Qtr**
Revenue	**9,145**	**15,642**
(Loss) / Profit from Operations	**(5,838)**	**4,628**
Interest Expense	(1,268)	(1,042)
Operating (Loss) / Profit	**(7,106)**	**3,586**
Share of net profit of Associates	216	976
Net gain on sale of discontinued operations	71,067	-
Profit Before Tax	**64,177**	**4,562**

Revenue for the 2nd quarter 2008 was lower than the previous quarter due to lower revenue recorded by The Andaman in Langkawi. The Group recorded an operating loss of RM7.1 million compared with operating profit of RM3.6 million in the previous quarter mainly due to the write down in the carrying value of the assets in relation to the management and operation of CSN of RM3.35 million. Profit before tax for the 2nd quarter 2008 was higher compared with the previous quarter mainly due to the gain of RM71.1 million from the disposal of TTPC shares.

B3. Prospects

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. The Andaman should continue to perform credibly despite facing increased competition from other hotels in Langkawi. Barring any unforeseen circumstances, Treasure Bay Bintan is expected to contribute a significant portion of the Group's profit as we embark on our development.

B4. Profit forecast

Not applicable as no profit forecast was announced or disclosed.

B. Additional Information – BMSB's listing requirement

B5. Tax expense

(RM'000)	2008 Individual period 3 months ended 30 June	2008 Cumulative period 6 months ended 30 June
Current tax :		
Malaysian – current	196	979
– prior period	-	-
	196	**979**
Deferred tax expense		
Malaysian	**-**	**-**
	196	**979**

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 except for the disposal of the shares in TTPC which resulted in a gain of RM71.1 million.

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

The Proposed Disposal (please refer to Note A10 and A15) is pending the approval by the Government of Malaysia for the assignment, novation or other transfer of the Management Agreement for CSN from LHR to PSSB.

B. Additional Information – BMSB's listing requirement

B9. *Borrowings and debt securities*

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

	As at 30 June 2008 (RM'000)	As at 31 December 2007 (RM'000)
Short term borrowings		
Secured	8,750	16,250
Unsecured	-	-
	8,750	**16,250**
Long term borrowings		
Secured	96,250	34,550
Unsecured	-	-
	96,250	**34,550**
Total borrowings	**105,000**	**50,800**

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 30 June 2008 (30 June 2007: Nil).

B. Additional Information – BMSB's listing requirement

B13. Basic earnings per share

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders 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
28 August 2008

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