

# **LANDMARKS BERHAD**

Company No : 185202-H  
( Incorporated in Malaysia )

**Unaudited Interim Financial Report  
For The Third Quarter Ended  
30 September 2008**

# LANDMARKS BERHAD

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET As At 30 SEPTEMBER 2008

	Notes	30-Sep-2008 RM' 000	31-Dec-2007 RM' 000 (Audited)
<b>ASSETS</b>			
Property, plant and equipment	A10	138,989	143,758
Prepaid lease payments		9,232	9,417
Land held for development	A11	1,933,224	794,233
Investments in associates		33,009	34,819
Other investments		725	5,368
<b>Total Non-Current Assets</b>		<b>2,115,179</b>	<b>987,595</b>
Trade and other receivables		12,889	23,450
Inventories		1,597	1,401
Property development cost		24,043	11,609
Current tax assets		20,609	17,066
Assets classified as held for sale		589	106,464
Cash and cash equivalents		226,247	372,842
<b>Total Current Assets</b>		<b>285,974</b>	<b>532,832</b>
<b>TOTAL ASSETS</b>		<b>2,401,153</b>	<b>1,520,427</b>
<b>EQUITY</b>			
Share capital		480,682	480,682
Reserves		1,229,586	592,816
<b>Total Equity attributable to shareholders of the Company</b>		<b>1,710,268</b>	<b>1,073,498</b>
<b>Minority Interests</b>		<b>607</b>	<b>146,189</b>
<b>Total Equity</b>		<b>1,710,875</b>	<b>1,219,687</b>
<b>LIABILITIES</b>			
Borrowings	B9	96,250	34,550
Deferred tax liabilities		564,472	223,262
<b>Total Non-Current Liabilities</b>		<b>660,722</b>	<b>257,812</b>
Trade and other payables		16,773	22,544
Current tax liabilities		4,033	4,134
Borrowings	B9	8,750	16,250
<b>Total Current Liabilities</b>		<b>29,556</b>	<b>42,928</b>
<b>Total Liabilities</b>		<b>690,278</b>	<b>300,740</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>2,401,153</b>	<b>1,520,427</b>
<b>Net Assets per share (RM)</b>		<b>3.56</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.

LANDMARKS BERHAD

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**  
For the Nine-Month Period Ended 30 September 2008

	Note	Individual Period 3 months ended 30 September		Cumulative Period 9 months ended 30 September	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Continuing Operations</b>					
Revenue		10,785	11,760	35,572	37,134
<b>(Loss)/Profit from operations</b>		10	-2,198	-1,200	1,332
Finance Cost		-1,325	-4,195	-3,635	-18,407
<b>Operating Loss</b>		-1,315	-6,393	-4,835	-17,075
Share of net (loss) / profit of associates	B1	-3,004	12,269	-1,812	27,804
<b>(Loss)/Profit before taxation</b>		-4,319	5,876	-6,647	10,729
Income Tax expense	B5	-259	-1,239	-1,238	-2,122
<b>(Loss)/Profit for the period from continuing operations</b>		-4,578	4,637	-7,885	8,607
<b>Discontinued Operations</b>					
Net profit from discontinued operations and gain on sale of discontinued operations		77	99,527	71,144	485,779
<b>Profit / (Loss) for the period</b>		(4,501)	104,164	63,259	494,386
<b>Attributable to:</b>					
Shareholders of the company		-4,474	104,749	63,236	492,924
Minority Interest		-27	-585	23	1,462
<b>Profit / (Loss) for the period</b>		-4,501	104,164	63,259	494,386

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

(Loss)/Profit from continuing operations (sen)	-0.95	0.96	-1.65	1.79
Profit from discontinued operations (sen)	0.02	20.83	14.80	100.76
Profit / (Loss) for the period (sen)	-0.93	21.79	13.16	102.55

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 Nine-Month Period Ended 30 September 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>	<b>480,682</b>	<b>278</b>	<b>23,504</b>	<b>-</b>	<b>218,209</b>	<b>(251,629)</b>	<b>471,044</b>	<b>7,031</b>	<b>478,075</b>
Foreign exchange translation differences	-	1,047	-	-	-	-	1,047	-	1,047
Net Profit for the period	-	-	-	-	-	22,777	22,777	-	22,777
Disposal/acquisition of subsidiaries/associates	-	-	-	-	-	470,147	470,147	180,926	651,073
Dividends to shareholders of the Company	-	-	-	-	-	(7,018)	(7,018)	-	(7,018)
Distributable capital reserve	-	-	(23,504)	-	-	23,504	-	-	-
<b>At 30 September 2007</b>	<b>480,682</b>	<b>1,325</b>	<b>-</b>	<b>-</b>	<b>218,209</b>	<b>257,781</b>	<b>957,997</b>	<b>187,957</b>	<b>1,145,954</b>
<b>At 1 January 2008</b>	<b>480,682</b>	<b>2,801</b>	<b>-</b>	<b>35,825</b>	<b>218,209</b>	<b>335,981</b>	<b>1,073,498</b>	<b>146,189</b>	<b>1,219,687</b>
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	-	(219)	-	-	-	-	(219)	-	(219)
Net loss for the period	-	-	-	-	-	(7,908)	(7,908)	-	(7,908)
Acquisition of minority interest	-	-	-	-	-	-	-	(145,582)	(145,582)
Equity settled share-based transaction	-	-	1,470	-	-	-	1,470	-	1,470
Disposal of associate	-	-	-	-	-	71,144	71,144	-	71,144
Dividends to shareholders of the Company	-	-	-	-	-	(14,228)	(14,228)	-	(14,228)
<b>At 30 September 2008</b>	<b>480,682</b>	<b>2,582</b>	<b>1,470</b>	<b>622,336</b>	<b>218,209</b>	<b>384,989</b>	<b>1,710,268</b>	<b>607</b>	<b>1,710,875</b>

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 Nine-Month Period Ended 30 September 2008

	30-Sep-2008 RM'000	30-Sep-2007 RM'000
<b>Profit Before Taxation</b>		
-Continuing operations	(6,647)	10,729
-Discontinued operations	71,144	485,779
<b>Adjustments for non-cash flow:</b>		
Non-cash items	8,006	(22,013)
Non-operating items	(72,341)	(455,236)
<b>Operating Profit before changes in working capital</b>	<b>162</b>	<b>19,259</b>
Net change in current assets	9,778	11,355
Net change in current liabilities	(6,586)	4,653
Property development costs	(4,769)	-
<b>Cash generated from operations</b>	<b>(1,415)</b>	<b>35,267</b>
Income tax paid	(3,513)	(4,260)
Retirement benefit paid	-	(352)
<b>Net cash inflow from operating activities</b>	<b>(4,928)</b>	<b>30,655</b>
<b>Investing activities</b>		
Acquisition of minority interest	(365,184)	-
Interest income received	6,488	5,236
Purchase of property, plant and equipment	(2,765)	(10,006)
Proceeds from investing in development expenditure	-	(4,779)
Net proceeds from disposal of an associate	176,808	-
Disposal of subsidiary / associate	-	489,727
Disposal of investment	5,260	-
Debts repayment from disposal of subsidiary	-	155,802
Acquisition of investment	-	(352,775)
Dividend received	-	6,629
Proceeds from redemption of non-convertible redeemable preference share	800	30,000
Proceeds from disposal of property, plant and equipment	347	196
<b>Net cash inflow from investing activities</b>	<b>(178,246)</b>	<b>320,030</b>
<b>Financing activities</b>		
Capital distribution received from associate	234	-
Proceeds from loan and other borrowings	105,000	165,730
Dividend paid to shareholders of the company	(14,228)	(7,018)
Repayment of bank borrowings	(50,800)	(312,737)
Interest paid	(3,635)	(47,902)
<b>Net cash outflow from financing activities</b>	<b>36,571</b>	<b>(201,927)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(146,603)</b>	<b>148,758</b>
Effect of exchange rate fluctuations on cash held	8	-
Cash and cash equivalents at 1 January	372,842	131,539
<b>Cash and cash equivalents at 30 September</b>	<b>226,247</b>	<b>280,297</b>

	30-Sep-2008 RM'000	30-Sep-2007 RM'000
<b>Continuing Operations</b>		
Cash and bank balances	12,734	8,714
Deposits (including deposits pledge)	213,513	258,423
	<u>226,247</u>	<u>267,137</u>
<b>Discontinued Operations</b>		
Cash and bank balances	-	5,660
Deposits (including deposits pledge)	-	7,500
	<u>-</u>	<u>13,160</u>
	<b>226,247</b>	<b>280,297</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 30 September 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.

**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.

A return by Liquidator relating to Final Meeting was lodged on 28 July 2008 with the Companies Commission of Malaysia and the Official Receiver, and on the expiration of three months after the said lodgment, the abovenamed subsidiaries will be dissolved.

- ii) BTB Management Services Pte Ltd ("BTBMS") and Pioneer Investments Limited ("PIL"), both indirect wholly-owned subsidiaries of the Company have on 29 July 2008 incorporated PT Lagoi Management Services ("PT LMS") in the Republic of Indonesia. The intended principal activity of PT LMS is the provision of business management and consultancy services.
- iii) Primary Gateway Sdn Bhd, a wholly-owned subsidiary of the Company has on 16 September 2008 incorporated two subsidiaries, Prime Holdings Pte Ltd ("Prime") and PG Construction Holdings Pte Ltd ("PG Construction"), in the Republic of Seychelles. Prime and PG Construction are investment holding companies.

Notes to the unaudited interim financial report for the period ended 30 September 2008

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**A7. Dividends paid**

	2008 (RM'000)	2007 (RM'000)
Ordinary		
Special		
2007 – 2.00% less tax	7,114	-
Final		
2007 – 2.00% less tax	7,114	-
2006 – 2.00% less tax	-	7,018
<b>Total</b>	<b>14,228</b>	<b>7,018</b>

**A8. Seasonal or cyclical factors**

The Group's hotel business is 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 September			
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
<i>Results from Continuing Operations</i>				
Hotel and Resort Development	35,572	36,893	2,821	8,376
Engineering	-	-	92	(93)
Others	-	241	(4,113)	(6,951)
<b>(Loss) / Profit from Operations</b>			(1,200)	1,332
Interest Expense			(3,635)	(18,407)
Share of net profits of Associates			(1,812)	27,804
Net profit from discontinued operations and gain on sale of discontinued operations			71,144	485,779
<b>Profit Before Tax</b>	<b>35,572</b>	<b>37,134</b>	<b>64,497</b>	<b>496,508</b>

**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**

	<b>30 September 2008</b>
	<b>RM'000</b>
Property, plant and equipment	
Authorised but not contracted for	-
Contracted but not provided for in the financial statements	2,363
<b>Total</b>	<b>2,363</b>

**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 nine-month period ended 30 September 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

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### **B1. Review of performance for Nine Months to 30 September 2008 compared to Nine Months to 30 September 2007**

For the financial period ended 30 September 2008, the Group recorded reduced revenue of RM35.57 million compared with RM37.13 million in 2007. At the operating level, profit from operations decreased from RM1.33 million in 2007 to an operational loss of RM1.2 million in 2008. The decrease in revenue and profit from operations were mainly due to the lower contribution from ‘The Andaman’. 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 Group’s share of net loss from associated companies was RM1.81 million in 2008. The lower contribution compared with 2007 which was recorded at RM27.8 million was mainly due to the disposal of equity interest in Shangri-La Hotels (M) Berhad (“SHMB”) and Teknologi Tenaga Perlis Consortium Sdn Bhd (“TTPC”).

#### **Overall**

The Group registered net profit attributable to shareholders of the Company of RM63.24 million for the period ended 30 September 2008 compared with RM492.92 million in 2007, a decrease of RM429.68 million mainly due to the higher disposal gain from the divestment of Sungei Wang Plaza Sdn Bhd and gain on disposal of SHMB (classified under share of net profit from discontinued operations) in 2007.

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

(RM’000)	2008 3 <sup>rd</sup> Qtr	2008 2 <sup>nd</sup> Qtr
<b>Revenue</b>	<b>10,785</b>	<b>9,145</b>
<b>Profit / (Loss) from Operations</b>	<b>10</b>	<b>(5,838)</b>
Interest Expense	(1,325)	(1,268)
<b>Operating Loss</b>	<b>(1,315)</b>	<b>(7,106)</b>
Share of net (loss) / profit of Associates	(3,004)	216
Net gain on sale of discontinued operations	77	71,067
<b>(Loss) / Profit Before Tax</b>	<b>(4,242)</b>	<b>64,177</b>

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

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Revenue for the 3<sup>rd</sup> quarter 2008 was higher than the previous quarter due to higher revenue recorded by The Andaman in Langkawi. The Group recorded an operating loss of RM1.3 million compared with operating loss of RM7.1 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 in the previous quarter. The 3<sup>rd</sup> quarter 2008 recorded a loss before tax of RM4.2 million as compared with profit before tax of RM 64.18 million in the 2<sup>nd</sup> quarter due to the gain on 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 the unfavourable economic situation and challenging tourism market. Barring any unforeseen circumstances, Treasure Bay Bintan will contribute a significant portion of the Group’s future profit.

### **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 September	Cumulative period 9 months ended 30 September
Current tax :		
Malaysian – current	211	1,190
– prior period	48	48
	<b>259</b>	<b>1,238</b>
Deferred tax expense		
Malaysian	-	-
	<b>259</b>	<b>1,238</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 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 except as follows:

**(a) Disposal of quoted securities**

(RM'000)	2008	
	Individual period 3 months ended 30 September	Cumulative period 9 months ended 30 September
Total sales proceeds	10	10
Total profit on disposal	5	5

**(b) Investment as at 30 September 2008**

The Group does not hold any quoted securities at the end of the quarter.

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

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### **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.

### **B9. Borrowings and debt securities**

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

	<b>As at 30 September 2008 (RM’000)</b>	<b>As at 31 December 2007 (RM’000)</b>
<b>Short term borrowings</b>		
Secured	8,750	16,250
Unsecured	-	-
	<b>8,750</b>	<b>16,250</b>
<b>Long term borrowings</b>		
Secured	96,250	34,550
Unsecured	-	-
	<b>96,250</b>	<b>34,550</b>
<b>Total borrowings</b>	<b>105,000</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 30 September 2008 (30 September 2007: Nil).

**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 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**  
**19 November 2008**

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