

# **LANDMARKS BERHAD**

Company No : 185202-H  
( Incorporated in Malaysia )

**Unaudited Interim Financial Report  
For The Fourth Quarter Ended  
31 December 2008**

# LANDMARKS BERHAD

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

	Notes	31-Dec-2008 RM' 000	31-Dec-2007 RM' 000 (Audited)
<b>ASSETS</b>			
Property, plant and equipment	A10	137,211	143,758
Prepaid lease payments		9,191	9,417
Land held for development	A 11	1,920,491	794,233
Investments in associates		33,267	34,819
Other investments		700	5,368
<b>Total Non-Current Assets</b>		<b>2,100,860</b>	<b>987,595</b>
Trade and other receivables		12,700	23,450
Inventories		1,450	1,401
Property development cost		27,094	11,609
Current tax assets		25,567	17,066
Assets classified as held for sale		589	106,464
Cash and cash equivalents		222,662	372,842
<b>Total Current Assets</b>		<b>290,062</b>	<b>532,832</b>
<b>TOTAL ASSETS</b>		<b>2,390,922</b>	<b>1,520,427</b>
<b>EQUITY</b>			
Share capital		480,682	480,682
Reserves		1,216,349	592,816
<b>Total Equity attributable to shareholders of the Company</b>		<b>1,697,031</b>	<b>1,073,498</b>
<b>Minority Interests</b>		<b>975</b>	<b>146,189</b>
<b>Total Equity</b>		<b>1,698,006</b>	<b>1,219,687</b>
<b>LIABILITIES</b>			
Borrowings	B9	96,250	34,550
Deferred tax liabilities		564,103	223,262
<b>Total Non-Current Liabilities</b>		<b>660,353</b>	<b>257,812</b>
Trade and other payables		20,170	22,544
Current tax liabilities		3,643	4,134
Borrowings	B9	8,750	16,250
<b>Total Current Liabilities</b>		<b>32,563</b>	<b>42,928</b>
<b>Total Liabilities</b>		<b>692,916</b>	<b>300,740</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>2,390,922</b>	<b>1,520,427</b>
<b>Net Assets per share (RM)</b>		<b>3.53</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 Twelve-Month Period Ended 31 December 2008

	Note	Individual Period 3 months ended 31 December		Cumulative Period 12 months ended 31 December	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Continuing operations</b>					
Revenue		13,134	18,670	48,706	103,262
<b>(Loss) / Profit from operations</b>		-1,817	13,919	-3,017	34,854
Finance cost		-1,288	-2,362	-4,923	-20,769
<b>Operating (loss) / profit</b>		-3,105	11,557	-7,940	14,085
Share of net profit / (loss) of associates	B1	258	459	-1,554	16,521
Gains on disposal of a subsidiary		-	70,719	-	70,719
Gains on disposal of an associate		-	-	-	94,865
<b>(Loss) / Profit before taxation</b>		-2,847	82,735	-9,494	196,190
Income tax expense	B5	577	-3,786	-661	-10,536
<b>(Loss) / Profit for the period from continuing operations</b>		-2,270	78,949	-10,155	185,654
<b>Discontinued operations</b>					
Net (loss) / profit from discontinued operations and gain on sale of discontinued operations		-	(1,306)	71,144	386,375
<b>(Loss) / Profit for the period</b>		(2,270)	77,643	60,989	572,029
<b>Attributable to:</b>					
Shareholders of the Company		-1,303	78,200	61,933	571,124
Minority interest		-967	-557	-944	905
<b>(Loss) / Profit for the period</b>		-2,270	77,643	60,989	572,029

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

(Loss) / Profit from continuing operations (sen)	-0.27	16.54	-1.92	38.43
(Loss) / Profit from discontinued operations (sen)	-	-0.27	14.80	80.38
	<u>-0.27</u>	<u>16.27</u>	<u>12.88</u>	<u>118.81</u>

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

Loss from continuing operations (sen)	-0.27	N/A	-1.91	N/A
Profit from discontinued operations (sen)	-	N/A	14.77	N/A
	<u>-0.27</u>	<u>N/A</u>	<u>12.86</u>	<u>N/A</u>

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 Twelve-Month Period Ended 31 December 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>
Revaluation of land held for development to fair value arising from business combination achieved in stages	-	-	-	35,825	-	-	35,825	-	<b>35,825</b>
Foreign exchange translation differences	-	2,523	-	-	-	-	2,523	-	<b>2,523</b>
Net profit for the period	-	-	-	-	-	34,751	34,751	905	<b>35,656</b>
Acquisition of minority interest	-	-	-	-	-	-	-	(31,480)	<b>(31,480)</b>
Disposal/acquisition of subsidiaries	-	-	-	-	-	536,373	536,373	169,733	<b>706,106</b>
Dividends to shareholders of the Company	-	-	-	-	-	(7,018)	(7,018)	-	<b>(7,018)</b>
Disposal of associate	-	-	(23,504)	-	-	23,504	-	-	-
<b>At 31 December 2007</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>
<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	-	<b>586,511</b>
Foreign exchange translation differences	-	2,694	-	-	-	-	2,694	-	<b>2,694</b>
Net loss for the period	-	-	-	-	-	(9,211)	(9,211)	(944)	<b>(10,155)</b>
Acquisition of minority interest	-	-	-	-	-	(14,847)	(14,847)	(144,270)	<b>(159,117)</b>
Share options lapsed	-	-	(268)	-	-	268	-	-	-
Equity settled share-based transaction	-	-	1,470	-	-	-	1,470	-	<b>1,470</b>
Disposal of associate	-	-	-	-	-	71,144	71,144	-	<b>71,144</b>
Dividends to shareholders of the Company	-	-	-	-	-	(14,228)	(14,228)	-	<b>(14,228)</b>
<b>At 31 December 2008</b>	<b>480,682</b>	<b>5,495</b>	<b>1,202</b>	<b>622,336</b>	<b>218,209</b>	<b>369,107</b>	<b>1,697,031</b>	<b>975</b>	<b>1,698,006</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 Twelve-Month Period Ended 31 December 2008

	31-Dec-2008 RM'000	31-Dec-2007 RM'000
<b>(Loss) / Profit before taxation</b>		
-Continuing operations	(9,494)	196,190
-Discontinued operations	71,144	387,951
<b>Adjustments for non-cash flow:</b>		
Non-cash items	11,062	8,862
Non-operating items	(73,435)	(562,340)
<b>Operating (Loss) / Profit before changes in working capital</b>	<b>(723)</b>	<b>30,663</b>
Net change in current assets	10,137	5,665
Net change in current liabilities	(7,347)	3,461
Property development costs	(7,734)	(6,232)
<b>Cash (used in) / generated from operations</b>	<b>(5,667)</b>	<b>33,557</b>
Income tax paid	(3,925)	(11,216)
Income tax refund	1,151	5,978
<b>Net cash (outflow) / inflow from operating activities</b>	<b>(8,441)</b>	<b>28,319</b>
<b>Investing activities</b>		
Acquisition of minority interest	(365,187)	(53,557)
Interest income received	8,619	9,223
Purchase of property, plant and equipment	(3,690)	(27,571)
Net proceeds from disposal of an associate	176,808	281,973
Disposal of subsidiaries, net of cash disposed	-	280,340
Disposal of investment	5,260	865
Decrease in pledged deposits placed with licensed banks	-	18,793
Acquisition of subsidiaries, net of cash acquired	-	(352,708)
Dividend received	-	4,275
Proceed from redemption of non-convertible redeemable preference share	800	30,000
Proceed from disposal of property, plant and equipment	347	254
<b>Net cash (outflow) / inflow from investing activities</b>	<b>(177,043)</b>	<b>191,887</b>
<b>Financing activities</b>		
Capital distribution received from associate	234	-
Proceeds from loan and other borrowings	105,000	485,500
Dividend paid to shareholders of the company	(14,228)	(7,018)
Repayment of bank borrowings	(50,800)	(380,617)
Interest paid	(4,923)	(57,974)
<b>Net cash inflow from financing activities</b>	<b>35,283</b>	<b>39,891</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(150,201)</b>	<b>260,097</b>
Effect of exchange rate fluctuations on cash held	21	-
Cash and cash equivalents at 1 January	372,842	112,745
<b>Cash and cash equivalents at 31 December</b>	<b>222,662</b>	<b>372,842</b>
	<b>31-Dec-2008</b>	<b>31-Dec-2007</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Continuing Operations</u>		
Cash and bank balances	9,873	12,392
Deposits (including deposits pledge)	212,789	360,450
	<u>222,662</u>	<u>372,842</u>
<u>Discontinued Operations</u>		
Cash and bank balances	-	-
Deposits (including deposits pledge)	-	-
	<u>-</u>	<u>-</u>
	<b>222,662</b>	<b>372,842</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 December 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.

FRS 2 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. FRS 2 requires the compensation expense relating to the new Employees’ Share Option Scheme (“ESOS”) 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.

**A. Notes to the unaudited interim financial report for the period ended 31 December 2008**

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**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**

PG Construction Holdings Pte Ltd, an indirect wholly-owned subsidiary of the Company has on 15 October 2008 incorporated two subsidiaries, PG Builders Pte Ltd ("PGB") and PG Contracts Pte Ltd ("PGC"), in the Republic of Seychelles. The intended principal activity of PGB and PGC is to undertake construction works.

Save as disclosed above, 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.

**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>

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**A. Notes to the unaudited interim financial report for the period ended 31 December 2008**

**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		(Loss) / Profit before tax	
	For the period ended 31 December			
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
<i>Results from continuing operations</i>				
Hotel and resort development	47,692	102,673	(3,012)	38,457
Engineering	1,014	589	2,182	744
Others	-	-	(2,187)	(4,347)
<b>(Loss) / Profit from operations</b>			(3,017)	34,854
Interest expense			(4,923)	(20,769)
Share of net profits of associates			(1,554)	16,521
Gains on disposal of : -subsidiaries			-	70,719
-an associate			-	94,865
Net profit from discontinued operations and gain on sale of discontinued operations			71,144	386,375
<b>Profit before tax</b>	<b>48,706</b>	<b>103,262</b>	<b>61,650</b>	<b>582,565</b>

**A10. Property, plant and equipment**

On 27 June 2008, Landmarks Hotels & Realty Sdn Bhd ("LHR"), a wholly-owned subsidiary of the Company 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.

**A. Notes to the unaudited interim financial report for the period ended 31 December 2008**

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**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**

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	<b>31 December 2008</b>
	<b>RM'000</b>
Property, plant and equipment	
Authorised but not contracted for	-
Contracted but not provided for in the financial statements	863
<b>Total</b>	<b>863</b>

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**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.

**A. Notes to the unaudited interim financial report for the period ended 31 December 2008**

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**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 twelve-month period ended 31 December 2008 whilst 225,000 options have lapsed. 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 Twelve Months to 31 December 2008 compared to Twelve Months to 31 December 2007*

For the financial year ended 31 December 2008, the Group recorded reduced revenue of RM48.7 million compared with RM103.3 million in 2007. At the operating level, profit from operations decreased from RM34.9 million in 2007 to an operational loss of RM3.0 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 and also lower contribution from ‘The Andaman’. There were also operating losses incurred by the Bintan Treasure Bay Group (“BTB”) 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 RM1.6 million in 2008. The lower contribution compared with 2007 which was recorded at RM16.5 million was mainly due to the disposal of equity interest in Shangri-La Hotels (M) Berhad (“SHMB”).

#### **Overall**

The Group registered net profit attributable to shareholders of the Company of RM61.9 million for the year ended 31 December 2008 compared with RM571.1 million in 2007, a decrease of RM509.2 million mainly due to the disposal gain in 2007 from the divestment of Sungei Wang Plaza Sdn Bhd, “The Datai” and the equity interest in SHMB.

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

(RM’000)	2008 4 <sup>th</sup> Qtr	2008 3 <sup>rd</sup> Qtr
Revenue	13,134	10,785
<b>(Loss) / Profit from operations</b>	<b>(1,817)</b>	<b>10</b>
Interest expense	(1,288)	(1,325)
<b>Operating loss</b>	<b>(3,105)</b>	<b>(1,315)</b>
Share of net profit / (loss) of associates	258	(3,004)
Net gain on sale of discontinued operations	-	77
<b>Loss before tax</b>	<b>(2,847)</b>	<b>(4,242)</b>

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

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Revenue for the 4<sup>th</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 RM3.1 million compared with operating loss of RM1.3 million in the previous quarter mainly due to the operating losses incurred by BTB Group of companies. The 4<sup>th</sup> quarter 2008 loss before tax of RM2.8 million compared with RM 4.2 million in the 3<sup>rd</sup> quarter was lower due to the share of higher losses from associates in the previous quarter.

### **B3. Prospects**

The current financial crisis which has morphed into possibly the worst global recession since the 1930s depression makes any projection of earnings and prospects extremely difficult.

Indeed we expect that our core business in the resorts sector will be affected by falling demand coupled with the slowdown in economic activities.

However our strong balance sheet with positive net cash position should enable the Group to weather the financial crisis and capitalise on any opportunities that may arise.

### **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 31 December	Cumulative period 12 months ended 31 December
Current tax :		
Malaysian – current	(50)	1,140
– prior period	(2,318)	(2,270)
	<b>(2,368)</b>	<b>(1,130)</b>
Deferred tax expense		
Malaysian	<b>1,791</b>	<b>1,791</b>
	<b>(577)</b>	<b>661</b>

**B6. Unquoted investments and properties**

There were no profits or losses on sale of unquoted investments and/or properties for the financial year 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 year except as follows:

**(a) Disposal of quoted securities**

(RM'000)	2008	
	Individual period 3 months ended 31 December	Cumulative period 12 months ended 31 December
Total sales proceeds	-	10
Total profit on disposal	-	5

**(b) Investment as at 31 December 2008**

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

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

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### **B8. Status of corporate proposals announced**

The Proposed Disposal (please refer to Notes 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 31 December 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 final dividend for the financial year ended 31 December 2008 (2007: first and final dividend of 2% less tax and a special dividend of 2% less tax).

**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**  
**25 February 2009**

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