

LANDMARKS

LANDMARKS BERHAD

(185202-H)

(Incorporated in Malaysia)

Unaudited Interim Financial Report

For The First Quarter Ended

31 March 2009

LANDMARKS

LANDMARKS BERHAD (185202-H)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2009

| | Note | 31-Mar-2009 RM' 000 | 31-Dec-2008 RM' 000 (Audited) |
|---|------|------------------------|-------------------------------------|
| ASSETS | | | |
| Property, plant and equipment | A10 | 136,075 | 137,300 |
| Prepaid lease payments | | 9,279 | 9,307 |
| Land held for property development | | 1,918,362 | 1,918,362 |
| Investments in associates | | 33,202 | 33,265 |
| Other investments | | 700 | 700 |
| Total Non-Current Assets | | 2,097,618 | 2,098,934 |
| Receivables, deposits and prepayments | | 5,738 | 7,921 |
| Inventories | | 1,240 | 1,450 |
| Property development cost | | 27,294 | 27,323 |
| Current tax assets | | 17,926 | 24,226 |
| Assets classified as held for sale | | 2,000 | 2,000 |
| Other investments | | 10,000 | - |
| Cash and cash equivalents | | 221,896 | 224,527 |
| Total Current Assets | | 286,094 | 287,447 |
| TOTAL ASSETS | | 2,383,712 | 2,386,381 |
| EQUITY | | | |
| Share capital | | 480,682 | 480,682 |
| Reserves | | 1,215,907 | 1,215,111 |
| Total equity attributable to equity holders of the Company | | 1,696,589 | 1,695,793 |
| Minority Interests | | 981 | 978 |
| Total Equity | | 1,697,570 | 1,696,771 |
| LIABILITIES | | | |
| Borrowings | B9 | 96,250 | 96,250 |
| Deferred tax liabilities | | 561,885 | 561,942 |
| Total Non-Current Liabilities | | 658,135 | 658,192 |
| Payables and accruals | | 15,873 | 19,284 |
| Borrowings | B9 | 8,750 | 8,750 |
| Current tax liabilities | | 3,384 | 3,384 |
| Total Current Liabilities | | 28,007 | 31,418 |
| Total Liabilities | | 686,142 | 689,610 |
| TOTAL EQUITY & LIABILITIES | | 2,383,712 | 2,386,381 |
| Net Assets per share (RM) | | 3.53 | 3.53 |

The unaudited condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2009**

| | Note | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|---|------|-------------------|---------------|-------------------|---------------|
| | | 3 months ended | | 3 months ended | |
| | | 31 March | | 31 March | |
| | | 2009 | 2008 | 2009 | 2008 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Continuing operations | | | | | |
| Revenue | | <u>13,270</u> | <u>15,642</u> | <u>13,270</u> | <u>15,642</u> |
| Profit from operations | | 2,096 | 4,628 | 2,096 | 4,628 |
| Finance cost | | <u>-932</u> | <u>-1,042</u> | <u>-932</u> | <u>-1,042</u> |
| Operating profit | | 1,164 | 3,586 | 1,164 | 3,586 |
| Share of net (loss) / profit of associates | B1 | <u>-62</u> | 976 | <u>-62</u> | 976 |
| Profit before taxation | | 1,102 | 4,562 | 1,102 | 4,562 |
| Income tax expense | B5 | <u>-288</u> | <u>-783</u> | <u>-288</u> | <u>-783</u> |
| Profit for the period from continuing operations | | 814 | 3,779 | 814 | 3,779 |
| Discontinued operations | | | | | |
| Net profit / (loss) from discontinued operations and gain on sale of discontinued operations | | - | - | - | - |
| Profit for the period | | 814 | 3,779 | 814 | 3,779 |
| Attributable to: | | | | | |
| Equity holders of the Company | | <u>811</u> | 4,177 | <u>811</u> | 4,177 |
| Minority interest | | <u>3</u> | <u>-398</u> | <u>3</u> | <u>-398</u> |
| Profit for the period | | 814 | 3,779 | 814 | 3,779 |

Earnings per share attributable to equity holders of the Company (sen)

| | | | | | |
|-------------------------------------|--|-------------|------|-------------|------|
| Profit from continuing operations | | | | | |
| - Basic | | 0.17 | 0.87 | 0.17 | 0.87 |
| - Diluted | | N/A | N/A | N/A | N/A |
| Profit from discontinued operations | | | | | |
| - Basic | | N/A | N/A | N/A | N/A |
| - Diluted | | N/A | N/A | N/A | N/A |

The unaudited condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2009**

<----- *Non-distributable* ----->

| | Share Capital RM'000 | Translation Reserve RM'000 | Revaluation Reserve RM'000 | Share Premium RM'000 | Share Option Reserve RM'000 | Retained Earnings RM'000 | Total RM'000 | Minority Interests RM'000 | Total Equity RM'000 |
|--|-------------------------|----------------------------------|----------------------------------|----------------------------|-----------------------------------|--------------------------------|------------------|---------------------------------|------------------------|
| At 1 January 2008 | 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 |
| At 31 March 2008 | 480,682 | 18,908 | 35,825 | 218,209 | 1,469 | 340,158 | 1,095,251 | 145,791 | 1,241,042 |
| At 1 January 2009 | 480,682 | 3,325 | 622,336 | 218,209 | 1,202 | 370,039 | 1,695,793 | 978 | 1,696,771 |
| Foreign exchange translation differences | - | (15) | - | - | - | - | (15) | - | (15) |
| Net profit for the period | - | - | - | - | - | 811 | 811 | 3 | 814 |
| At 31 March 2009 | 480,682 | 3,310 | 622,336 | 218,209 | 1,202 | 370,850 | 1,696,589 | 981 | 1,697,570 |

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 2008 and the accompanying explanatory notes attached to the interim financial statements.

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LANDMARKS BERHAD (185202-H)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2009**

| | 31-Mar-2009 RM'000 | 31-Mar-2008 RM'000 |
|--|-------------------------------|-------------------------------|
| Cash flows from operating activities | | |
| Profit Before Taxation | 1,102 | 4,562 |
| Adjustments for non-cash flow: | | |
| Non-cash items | 1,261 | 1,818 |
| Non-operating items | (478) | (2,249) |
| Operating Profit before changes in working capital | <u>1,885</u> | <u>4,131</u> |
| Net change in current assets | 2,422 | 4,209 |
| Net change in current liabilities | (3,407) | (5,384) |
| Cash from operations | <u>900</u> | <u>2,956</u> |
| Income tax paid | (284) | (1,560) |
| Income tax refund | 6,168 | - |
| Net cash from operating activities | <u>6,784</u> | <u>1,396</u> |
| Cash flows from investing activities | | |
| Interest income received | 1,543 | 3,291 |
| Purchase of property, plant and equipment | (10) | (1,026) |
| Disposal of investment | - | 5,250 |
| Acquisition of other investments | (10,000) | - |
| Proceed from redemption of non-convertible redeemable preference share | - | 800 |
| Net cash (used in) / from investing activities | <u>(8,467)</u> | <u>8,315</u> |
| Cash flows from financing activity | | |
| Finance costs paid | (932) | (1,042) |
| Net cash used in financing activity | <u>(932)</u> | <u>(1,042)</u> |
| Net (decrease) / increase in cash and cash equivalents | <u>(2,615)</u> | <u>8,669</u> |
| Effect of exchange rate fluctuations on cash held | (16) | - |
| Cash and cash equivalents at 1 January | 224,527 | 372,842 |
| Cash and cash equivalents at 31 March | <u>221,896</u> | <u>381,511</u> |
| | 31-Mar-2009 RM'000 | 31-Mar-2008 RM'000 |
| Cash and bank balances | 11,117 | 14,779 |
| Deposits (including deposits pledge) | 210,779 | 366,732 |
| | <u>221,896</u> | <u>381,511</u> |

The unaudited condensed cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2009

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH FRS134, INTERIM FINANCIAL REPORTING

A1. *Basis of preparation*

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standards (FRS) 134₂₀₀₄, *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 2008. 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 2008.

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 2008.

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 2008.

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 for the financial period under review.

A7. *Dividends paid*

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

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.

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH FRS134, INTERIM FINANCIAL REPORTING

A9. Segmental information

Business segments

| 3 months ended 31 March | Hotels and resort development | | Property development | | Engineering | | Infrastructure (discontinued) | | Others | | Consolidated | |
|---|-------------------------------------|--------|-------------------------|--------|-------------|--------|----------------------------------|--------|--------|--------|---------------|---------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Total segment revenue | 13,270 | 15,642 | - | - | - | - | - | - | - | - | 13,270 | 15,642 |
| Results from operating activities | 2,237 | 4,293 | - | - | - | 72 | - | - | (141) | 263 | 2,096 | 4,628 |
| Interest expense | | | | | | | | | | | (932) | (1,042) |
| Share of (loss) / profit of equity accounted associates | - | - | (62) | 976 | - | - | - | - | - | - | (62) | 976 |
| Tax expense | | | | | | | | | | | (288) | (783) |
| Profit for the period | | | | | | | | | | | 814 | 3,779 |

A10. Property, plant and equipment

There were no amendments to the valuation of property, plant and equipment brought forward.

A11. Capital commitments

**31 March 2009
RM'000**

Property, plant and equipment

| | |
|-----------------------------------|-----|
| Authorised but not contracted for | 633 |
| Contracted but not provided for | 863 |

| | |
|--------------|--------------|
| Total | 1,496 |
|--------------|--------------|

A12. 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 LED’s 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.

A13. Debt and equity securities

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.

A14. Related party transactions

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

A15. 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.

**PART B – ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA
UNDER PART A OF APPENDIX 9B**

B1. *Review of performance for Three Months to 31 March 2009 compared to Three Months to 31 March 2008*

For the financial period ended 31 March 2009, the Group recorded revenue of RM13.3 million compared with RM15.6 million for the same period in 2008. At the operating level, profit from operations decreased from RM4.6 million in 2008 to RM2.1 million in 2009. The decrease in revenue and profit from operations were mainly due to the lower contribution from our hotel operations which have been affected by the global economic slowdown.

Associated companies

The Group recorded a share of net loss from our associated company, MSL Properties Sdn. Bhd. (“MSL”) of RM0.06 million in 2009 compared with share of profit of RM0.97 million in 2008.

Overall

The Group registered a net profit attributable to shareholders of the Company of RM0.8 million for the 3 months period ended 31 March 2009 compared with RM4.2 million for the corresponding period in 2008, a decrease of RM3.4 million mainly due to the lower contribution from our hotel operations and MSL.

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

| | 2009 | 2008 |
|--|---------------------------|---------------------------|
| | 1st Qtr | 4th Qtr |
| | RM'000 | RM'000 |
| Revenue | 13,270 | 13,134 |
| Profit / (loss) from operations | 2,096 | (1,817) |
| Interest expense | (932) | (1,288) |
| Operating profit / (loss) | 1,164 | (3,105) |
| Share of net (loss) / profit of associates | (62) | 258 |
| Profit / (loss) before tax | 1,102 | (2,847) |

**PART B – ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA
UNDER PART A OF APPENDIX 9B**

Revenue for the 1st quarter 2009 was higher than the previous quarter due to higher revenue recorded by The Andaman in Langkawi. The Group recorded profit before tax of RM1.1 million compared with loss before tax of RM2.8 million in the previous quarter mainly due to the lower operating losses incurred by our resort development division.

B3. Prospects

The global economic downturn remains unabated and prospects of a recovery are still very uncertain. We expect that our core business in the resorts sector will be affected by falling demand in tandem with the slowdown in economic activities.

We expect 2009 to be a quiet year where we will take the opportunity to refine and enhance our business and development plans for both Bintan Treasure Bay and The Andaman. Currently, we have put all major capital expenditure under review until the economic conditions show clearer signs of improvement. 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.

B5. Tax expense

| | Current quarter RM'000 | Current Year-to-date RM'000 |
|----------------------------|---------------------------------------|--|
| Current taxation | | |
| Malaysia income tax charge | 292 | 292 |
| Prior period taxation | | |
| Income tax under provided | 54 | 54 |
| Deferred tax over provided | (58) | (58) |
| | <u>288</u> | <u>288</u> |
| Taxation charge | <u>288</u> | <u>288</u> |

The effective tax rate of the Group before adjustment of taxation in respect of prior years is slightly higher than the statutory tax rate, mainly due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries, and certain expenses which are not deductible for tax purposes.

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 financial period under review.

B8. Status of corporate proposals announced

On 27 June 2008, Landmarks Hotels & Realty Sdn Bhd (“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”). 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.

On 17 March 2009, the Government of Malaysia, through the Economic Planning Unit (“EPU”), rejected the transfer of the balance of the operating term of the current Management Agreement between LHR and the Government for the management of CSN from LHR to PSSB.

The reasons given by the EPU for the rejection are in relation to the short period remaining in the operating term of CSN which expires on 31 December 2009, and because the Management Services Agreement and the Option Agreement entered into between LHR and PSSB were not brought to their attention.

LHR and PSSB will seek further clarification and for review of this decision. At the same time, LHR, in accordance with the terms of the Option Agreement will assist PSSB to seek a new Management Agreement commencing on 1 January 2010.

**PART B – ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA
UNDER PART A OF APPENDIX 9B**

B9. Borrowings and debt securities

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

| | As at 31 March 2009 RM'000 | As at 31 December 2008 RM'000 |
|------------------------------|---|--|
| Short term borrowings | | |
| Secured | 8,750 | 8,750 |
| Long term borrowings | | |
| Secured | 96,250 | 96,250 |
| Total borrowings | <u>105,000</u> | <u>105,000</u> |

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 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 2009.

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
27 May 2009

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