

# LANDMARKS

**LANDMARKS BERHAD**

**(185202-H)**

**( Incorporated in Malaysia )**

**Unaudited Interim Financial Report**

**For The Second Quarter Ended**

**30 June 2009**

# LANDMARKS

LANDMARKS BERHAD (185202-H)

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2009

	Note	30-June-2009 RM' 000	31-Dec-2008 RM' 000 (Audited)
<b>ASSETS</b>			
Property, plant and equipment	A10	135,000	137,300
Prepaid lease payments		9,252	9,307
Land held for property development		1,918,984	1,918,362
Investments in associates		33,221	33,265
Other investments		700	700
<b>Total Non-Current Assets</b>		<b>2,097,157</b>	<b>2,098,934</b>
Receivables, deposits and prepayments		4,462	7,921
Inventories		1,068	1,450
Property development cost		27,599	27,323
Current tax assets		17,702	24,226
Assets classified as held for sale		2,000	2,000
Other investments		10,000	-
Cash and cash equivalents		212,607	224,527
<b>Total Current Assets</b>		<b>275,438</b>	<b>287,447</b>
<b>TOTAL ASSETS</b>		<b>2,372,595</b>	<b>2,386,381</b>
<b>EQUITY</b>			
Share capital		480,682	480,682
Reserves		1,214,127	1,215,111
<b>Total equity attributable to equity holders of the Company</b>		<b>1,694,809</b>	<b>1,695,793</b>
<b>Minority Interests</b>		<b>983</b>	<b>978</b>
<b>Total Equity</b>		<b>1,695,792</b>	<b>1,696,771</b>
<b>LIABILITIES</b>			
Borrowings	B9	87,500	96,250
Deferred tax liabilities		561,885	561,942
<b>Total Non-Current Liabilities</b>		<b>649,385</b>	<b>658,192</b>
Payables and accruals		15,287	19,284
Borrowings	B9	8,750	8,750
Current tax liabilities		3,381	3,384
<b>Total Current Liabilities</b>		<b>27,418</b>	<b>31,418</b>
<b>Total Liabilities</b>		<b>676,803</b>	<b>689,610</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>2,372,595</b>	<b>2,386,381</b>
<b>Net Assets per share (RM)</b>		<b>3.53</b>	<b>3.53</b>

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.

# LANDMARKS

LANDMARKS BERHAD (185202-H)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009**

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		3 months ended		6 months ended	
		30 June		30 June	
		2009	2008	2009	2008
		RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>					
Revenue		<u>8,980</u>	<u>9,145</u>	<u>22,250</u>	<u>24,787</u>
<b>(Loss) / Profit from operations</b>		<b>-934</b>	<b>-5,838</b>	<b>1,162</b>	<b>-1,210</b>
Finance cost		<b>-946</b>	<b>-1,268</b>	<b>-1,878</b>	<b>-2,310</b>
<b>Operating loss</b>		<b>-1,880</b>	<b>-7,106</b>	<b>-716</b>	<b>-3,520</b>
Share of net profit / (loss) of associates	B1	<b>18</b>	<b>216</b>	<b>-44</b>	<b>1,192</b>
<b>Loss before taxation</b>		<b>-1,862</b>	<b>-6,890</b>	<b>-760</b>	<b>-2,328</b>
Income tax expense	B5	<b>3</b>	<b>-196</b>	<b>-285</b>	<b>-979</b>
<b>Loss for the period from continuing operations</b>		<b>-1,859</b>	<b>-7,086</b>	<b>-1,045</b>	<b>-3,307</b>
<b>Discontinued operations</b>					
Net profit from discontinued operations and gain on sale of discontinued operations		<b>-</b>	<b>71,067</b>	<b>-</b>	<b>71,067</b>
<b>(Loss) / Profit for the period</b>		<b>(1,859)</b>	<b>63,981</b>	<b>(1,045)</b>	<b>67,760</b>
<b>Attributable to:</b>					
Equity holders of the Company		<b>-1,861</b>	<b>63,533</b>	<b>-1,050</b>	<b>67,710</b>
Minority interest		<b>2</b>	<b>448</b>	<b>5</b>	<b>50</b>
<b>(Loss) / Profit for the period</b>		<b>-1,859</b>	<b>63,981</b>	<b>-1,045</b>	<b>67,760</b>

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

Loss from continuing operations

- Basic	<b>-0.39</b>	<b>-1.57</b>	<b>-0.22</b>	<b>-0.70</b>
- Diluted	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

Profit from discontinued operations

- Basic	<b>-</b>	<b>14.78</b>	<b>-</b>	<b>14.78</b>
- Diluted	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

Profit for the period

-Basic	<b>-0.39</b>	<b>13.21</b>	<b>-0.22</b>	<b>14.08</b>
-Diluted	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

*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.*

# LANDMARKS

LANDMARKS BERHAD (185202-H)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 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
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	622,336	218,209	1,470	403,691	1,729,043	634	1,729,677
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	-	66	-	-	-	-	66	-	66
Net loss for the period	-	-	-	-	-	(1,050)	(1,050)	5	(1,045)
At 30 June 2009	480,682	3,391	622,336	218,209	1,202	368,989	1,694,809	983	1,695,792

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.

# LANDMARKS

LANDMARKS BERHAD (185202-H)

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2009**

	30-June-2009 RM'000	30-June-2008 RM'000
<b>Cash flows from operating activities</b>		
(Loss) / Profit Before Taxation		
-Continuing operations	(760)	(2,328)
-Discontinued operations	-	71,067
Adjustments for non-cash flow:		
Non-cash items	2,527	6,673
Non-operating items	(765)	(74,912)
Operating Profit before changes in working capital	<u>1,002</u>	<u>500</u>
Net change in current assets	2,945	3,758
Net change in current liabilities	(3,498)	(4,154)
Cash generated from operations	<u>449</u>	<u>104</u>
Income tax paid	(361)	(3,076)
Income tax refund	6,460	-
<b>Net cash from / (used in) operating activities</b>	<u>6,548</u>	<u>(2,972)</u>
<b>Cash flows from investing activities</b>		
Acquisition of minority interest	-	(365,184)
Interest income received	2,766	4,727
Purchase of property, plant and equipment	(164)	(2,767)
Net proceeds from disposal of an associate	-	176,731
Disposal of investment	-	5,250
Acquisition of other investments	(10,000)	-
Proceeds from redemption of non-convertible redeemable preference shares	-	800
<b>Net cash used in investing activities</b>	<u>(7,398)</u>	<u>(180,443)</u>
<b>Cash flows from financing activities</b>		
Capital distribution received from associate	-	234
Proceeds from loan and other borrowings	-	105,000
Repayment of bank borrowings	(8,750)	(50,800)
Finance costs paid	(2,374)	(1,970)
<b>Net cash used in financing activities</b>	<u>(11,124)</u>	<u>52,464</u>
Net decrease in cash and cash equivalents	<u>(11,974)</u>	<u>(130,951)</u>
Effect of exchange rate fluctuations on cash held	54	7
Cash and cash equivalents at 1 January	224,527	372,842
<b>Cash and cash equivalents at 30 June</b>	<u>212,607</u>	<u>241,898</u>
	<b>30-June-2009</b>	<b>30-June-2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	5,860	13,724
Deposits (including deposits pledged)	206,747	228,174
	<u>212,607</u>	<u>241,898</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 30 JUNE 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) 134<sub>2004</sub>, *Interim Financial Reporting* issued by Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market 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 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***

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**

6 months ended 30 June	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	22,250	24,787	-	-	-	-	-	-	-	-	22,250	24,787
Results from operating activities	1,468	3,116	-	-	83	54	-	-	(389)	(4,380)	1,162	(1,210)
Interest expense											(1,878)	(2,310)
Share of (loss) / profit of equity accounted associates	-	-	(44)	1,192	-	-	-	-	-	-	(44)	1,192
Tax expense											(285)	(979)
Gain on disposal of an associate	-	-	-	-	-	-	-	71,067	-	-	-	71,067
<b>(Loss) / Profit for the period</b>											<b>(1,045)</b>	<b>67,760</b>



**A10. Property, plant and equipment**

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

**A11. Capital commitments**

**30 June 2009  
RM'000**

Property, plant and equipment

Authorised but not contracted for	571
Contracted but not provided for	863

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<b>Total</b>	<b>1,434</b>
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**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 Six Months to 30 June 2009 compared to Six Months to 30 June 2008***

For the financial period ended 30 June 2009, the Group recorded revenue of RM22.25 million compared with RM24.79 million for the same period in 2008. The decrease in revenue was mainly due to lower contribution from our hotel operations which have been affected by the global economic slowdown. At the operating level, the Group recorded a profit of RM1.16 million in 2009 compared with a loss of RM1.21 million in 2008. The loss in 2008 was mainly due to the impairment losses on the assets of Carcosa Seri Negara (“CSN”).

**Associated companies**

The Group recorded a share of net loss from our associated company, MSL Properties Sdn. Bhd. of RM0.04 million in 2009 compared with a share of profit of RM1.19 million in 2008.

**Overall**

The Group registered a net loss attributable to shareholders of the Company of RM1.05 million for the six months period ended 30 June 2009 compared with a profit of RM67.71 million for the corresponding period in 2008, a decrease of RM68.76 million mainly due to the gain from the disposal of our 20% share in Teknologi Tenaga Perlis Consortium Sdn Bhd in 2008.

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

	<b>2009</b>	<b>2009</b>
	<b>2<sup>nd</sup> Qtr</b>	<b>1<sup>st</sup> Qtr</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>	<b>8,980</b>	<b>13,270</b>
<b>(Loss) / Profit from operations</b>	<b>(934)</b>	<b>2,096</b>
Interest expense	<b>(946)</b>	<b>(932)</b>
<b>Operating (loss) / profit</b>	<b>(1,880)</b>	<b>1,164</b>
Share of net profit / (loss) of associates	<b>18</b>	<b>(62)</b>
<b>(Loss) / Profit before tax</b>	<b>(1,862)</b>	<b>1,102</b>

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

Revenue for the 2<sup>nd</sup> quarter 2009 was lower than the previous quarter due to lower revenue recorded by The Andaman (refer to item A8) and CSN. The Group recorded a loss before tax of RM1.86 million compared with a profit before tax of RM1.10 million in the previous quarter mainly due to the lower contribution from The Andaman.

**B3. Prospects**

The recent developments in the global economy and financial markets may indicate that the global economic downturn could be reaching its bottom. However, the prospects of a recovery are still very uncertain. We expect our core business in the resorts sector will continue to be challenging in the second half of the year.

Currently, we are refining and enhancing our business and development plans for both Bintan Treasure Bay and The Andaman. 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**

	<b>Current quarter RM'000</b>	<b>Current Year-to-date RM'000</b>
Current taxation		
Malaysia income tax charge	50	342
Prior period taxation		
Income tax (over) / under provided	(53)	1
Deferred tax over provided	-	(58)
	<hr/>	<hr/>
Taxation charge	<b>(3)</b>	<b>285</b>

The effective tax rate of the Group before adjustment of taxation in respect of prior years is 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 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 had sought further clarification and a review of this decision from the EPU. 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.

On 4 August 2009, the Government notified LHR to prepare for the handover of CSN to them upon the expiry of the operating term on 31 December 2009.

**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:

	<b>As at 30 June 2009 RM'000</b>	<b>As at 31 December 2008 RM'000</b>
<b>Short term borrowings</b>		
Secured	8,750	8,750
<b>Long term borrowings</b>		
Secured	87,500	96,250
<b>Total borrowings</b>	<u>96,250</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 30 June 2009.

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

***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 August 2009**

**[www.landmarks.com.my](http://www.landmarks.com.my)**