

LANDMARKS

LANDMARKS BERHAD

(185202-H)

(Incorporated in Malaysia)

Unaudited Interim Financial Report

For The Second Quarter Ended

30 June 2010

LANDMARKS

LANDMARKS BERHAD (185202-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Note	30-June-2010 RM' 000	31-Dec-2009 RM' 000 (Audited)
ASSETS			
Property, plant and equipment	A11	139,344	139,978
Land held for property development		1,918,362	1,918,362
Investments in associates		43,568	43,132
Other investments		1,120	700
Total Non-Current Assets		2,102,394	2,102,172
Receivables, deposits and prepayments		2,759	5,764
Inventories		623	873
Property development costs		27,939	27,944
Current tax assets		10,673	12,446
Assets classified as held for sale	A6	1,095	2,530
Other investments		-	10,171
Cash and cash equivalents		218,511	220,046
Total Current Assets		261,600	279,774
TOTAL ASSETS		2,363,994	2,381,946
EQUITY			
Share capital		480,682	480,682
Reserves		1,223,186	1,225,009
Total equity attributable to owners of the Company		1,703,868	1,705,691
Minority Interests		618	613
Total Equity		1,704,486	1,706,304
LIABILITIES			
Borrowings	B9	78,750	87,500
Deferred tax liabilities		562,007	562,007
Total Non-Current Liabilities		640,757	649,507
Payables and accruals		7,199	14,291
Borrowings	B9	9,643	8,750
Liabilities classified as held for sale	A6	110	-
Current tax liabilities		1,799	3,094
Total Current Liabilities		18,751	26,135
Total Liabilities		659,508	675,642
TOTAL EQUITY & LIABILITIES		2,363,994	2,381,946
Net Assets Per Share (RM)		3.54	3.55

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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LANDMARKS BERHAD (185202-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2010

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		3 months ended		6 months ended	
		30 June		30 June	
		2010	2009	2010	2009
		RM'000	RM'000	RM'000	RM'000
Revenue		<u>6,945</u>	<u>8,980</u>	<u>19,126</u>	<u>22,250</u>
(Loss) / Profit from operations		-3,648	-934	-291	1,162
Finance cost		<u>-914</u>	<u>-946</u>	<u>-1,811</u>	<u>-1,878</u>
Operating loss		-4,562	-1,880	-2,102	-716
Share of net profit / (loss) of associates	B1	<u>585</u>	<u>18</u>	<u>436</u>	<u>-44</u>
Loss before taxation		-3,977	-1,862	-1,666	-760
Income tax expense	B5	<u>-3</u>	<u>3</u>	<u>-186</u>	<u>-285</u>
Loss for the period		-3,980	-1,859	-1,852	-1,045
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		<u>-571</u>	<u>81</u>	<u>-847</u>	<u>66</u>
Fair value of available-for-sale financial asset		<u>-</u>	<u>-</u>	<u>-15</u>	<u>-</u>
Other comprehensive income for the period, net of tax		-571	81	-862	66
Total comprehensive income for the period		-4,551	-1,778	-2,714	-979
Loss attributable to:					
Owners of the Company		<u>-3,982</u>	<u>-1,861</u>	<u>-1,857</u>	<u>-1,050</u>
Minority interest		<u>2</u>	<u>2</u>	<u>5</u>	<u>5</u>
Loss for the period		-3,980	-1,859	-1,852	-1,045
Total comprehensive income attributable to:					
Owners of the Company		<u>-4,553</u>	<u>-1,780</u>	<u>-2,719</u>	<u>-984</u>
Minority interest		<u>2</u>	<u>2</u>	<u>5</u>	<u>5</u>
Total comprehensive income for the period		-4,551	-1,778	-2,714	-979

Earnings per share attributable to owners of the Company (sen)

Loss for the period					
-Basic		-0.83	-0.39	-0.39	-0.22
-Diluted		N/A	N/A	N/A	N/A

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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LANDMARKS BERHAD (185202-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTHS PERIOD ENDED 30 JUNE 2010

<-----Attributable to owners of the Company----->
<----- Non-distributable -----> *Distributable*

	Share Capital RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Fair Value Reserve RM'000	Share Premium RM'000	Share Option Reserve RM'000	Retained Earnings RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
At 1 January 2009	480,682	3,325	622,336	-	218,209	1,202	370,039	1,695,793	978	1,696,771
Total comprehensive income for the period	-	66	-	-	-	-	(1,050)	(984)	5	(979)
At 30 June 2009	480,682	3,391	622,336	-	218,209	1,202	368,989	1,694,809	983	1,695,792
At 1 January 2010, as previously stated	480,682	3,432	622,336	-	218,209	1,053	379,979	1,705,691	613	1,706,304
- Effects of adopting FRS 139	-	-	-	460	-	-	33	493	-	493
At 1 January 2010, as restated	480,682	3,432	622,336	460	218,209	1,053	380,012	1,706,184	613	1,706,797
Total comprehensive income for the period	-	(847)	-	(15)	-	-	(1,857)	(2,719)	5	(2,714)
Equity settled share-based transaction	-	-	-	-	-	403	-	403	-	403
At 30 June 2010	480,682	2,585	622,336	445	218,209	1,456	378,155	1,703,868	618	1,704,486

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 2009 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 SIX-MONTHS PERIOD ENDED 30 JUNE 2010

	30-June-2010 RM'000	30-June-2009 RM'000
Cash flows from operating activities		
Loss Before Taxation	(1,666)	(760)
Adjustments for non-cash flow:		
Non-cash items	3,079	2,527
Non-operating items	(395)	(765)
Operating profit before changes in working capital	<u>1,018</u>	<u>1,002</u>
Net change in current assets	2,568	2,945
Net change in current liabilities	(5,059)	(3,498)
Cash (used in) / generated from operations	<u>(1,473)</u>	<u>449</u>
Income tax paid	(1,587)	(361)
Income tax refund	1,870	6,460
Net cash (used in) / generated from operating activities	<u>(1,190)</u>	<u>6,548</u>
Cash flows from investing activities		
Interest income received	1,682	2,766
Purchase of property, plant and equipment	(2,057)	(164)
Proceeds from disposal of investment	10,292	-
Acquisition of other investments	-	(10,000)
Proceeds from disposal of property, plant and equipment	530	-
Net cash generated from / (used in) investing activities	<u>10,447</u>	<u>(7,398)</u>
Cash flows from financing activity		
Proceeds from bank borrowings	893	-
Repayment of bank borrowings	(8,750)	(8,750)
Finance costs paid	(1,816)	(2,374)
Net cash used in financing activity	<u>(9,673)</u>	<u>(11,124)</u>
Net decrease in cash and cash equivalents	<u>(416)</u>	<u>(11,974)</u>
Effect of exchange rate fluctuations on cash held	(35)	54
Cash and cash equivalents at 1 January	220,046	224,527
Cash and cash equivalents at 30 June	<u>219,595</u>	<u>212,607</u>
	30-June-2010 RM'000	30-June-2009 RM'000
Cash and bank balances	5,523	5,860
Deposits (including deposits pledged)	<u>214,072</u>	<u>206,747</u>
	<u>219,595</u>	<u>212,607</u>
Transfer to assets classified as held for sale		
Cash and bank balances	(70)	-
Deposits with licensed banks	(1,014)	-
	<u>(1,084)</u>	<u>-</u>
	<u>218,511</u>	<u>212,607</u>

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2010

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 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 2009. 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 2009.

A2. Changes in Accounting Policies/Estimates

Except as described below, the accounting policies applied by the Group in this interim financial report are the same as those applied by the Group in the audited financial statements for the year ended 31 December 2009.

The Group has adopted the following accounting standards, amendments and interpretations which are relevant to the Group’s operations with effect from 1 January 2010:-

- FRS 8, *Operating Segments*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements*
 - *Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
 - *Puttable Financial Instruments and Obligations Arising on Liquidation*
 - *Separation of Compound Instruments*

A2. Changes in Accounting Policies/Estimates (continued)

- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
 - *Reclassification of Financial Assets*
 - *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 – *Group and Treasury Share Transactions*
- Amendments to FRS 132, *Financial Instruments: Presentation*
 - *Classification of Right Issues*

Other than for the application of FRS 8, FRS 101 and FRS 139, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

(a) FRS 8, Operating Segments

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group segmental reporting had been presented based on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assess the performance of the reporting segments. Previously operating segments were determined and presented in accordance with FRS 114₂₀₀₄ *Segment Reporting*.

Comparative segment information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per ordinary share.

(b) FRS 101, Presentation of Financial Statements (Revised)

FRS 101 separates owner and non-owner changes in equity. The Group has elected to present the statement of comprehensive income in a single statement, and the adoption of this standard does not have any impact on the financial position and results of the Group.

The comparative financial information on the consolidated statement of comprehensive income have been re-presented as summarised below so that it is in conformity with the revised standard:-

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

A2. Changes in Accounting Policies/Estimates (continued)

(b) FRS 101, Presentation of Financial Statements (Revised) (continued)

	Consolidated income statement as previously reported RM'000	Effects on adoption of FRS 101 RM'000	Consolidated statement of comprehensive income as restated RM'000
Loss for the period	(1,045)	-	(1,045)
Other comprehensive income - Foreign currency translation differences for foreign operations	-	66	66
Total comprehensive income	(1,045)	66	(979)

(c) FRS 139, Financial Instruments : Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments.

Financial Assets

Financial assets are classified as financial assets at fair value through profit and loss, loans and receivables, held to maturity investments, available-for-sale ("AFS") financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include cash and short term deposits, loans and receivables, bond funds and other investments.

i) Loans and receivables

Prior to 1 January 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate ("EIR") method. Gains and losses arising from the derecognition of the loans and receivables, EIR amortisation and impairment losses are recognised in the income statement.

A2. *Changes in Accounting Policies/Estimates (continued)*

ii) Fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with gains or loss recognised in profit or loss.

Prior to the adoption of FRS 139, current investments were carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments. With the adoption of FRS 139, current investments are now categorised and measured as fair value through profit or loss.

iii) Available-for-sale (“AFS”)

AFS category comprises investment in equity and debt securities instruments that are not held for trading.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as AFS are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains or losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss.

Prior to the adoption of FRS 139, non-current investment in equity and debt securities instruments were stated at cost less allowance for diminution in value which was other than temporary in nature. With the adoption of FRS139, such investments are now categorised as AFS financial assets and measured at fair values with the gain or loss recognised in other comprehensive income.

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

A2. Changes in Accounting Policies/Estimates (continued)

Financial Liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include borrowings, trade and other payables and are carried at amortised cost.

Impact on opening balances

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2010.

	Fair value reserve (RM'000)	Retained earnings (RM'000)
At 1 January 2010, previously stated before adoption of FRS 139	-	379,979

Adjustments arising from adoption of FRS139:		
- Fair value of investment classified as fair value through profit or loss	-	8
- Fair value of investment classified as AFS	460	-
- Remeasurement of receivables	-	25
Effects of adoption of FRS 139	460	33

As at 1 January 2010, as restated	460	380,012
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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 2009.

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. *Assets and liabilities classified as held for sale*

On 23 February 2010, Landmarks Engineering & Development Sdn. Bhd. (“LED”) and Ikatan Cepak Sdn. Bhd. (“ICSB”), both subsidiaries of the Company, entered into a Settlement Agreement with Perbadanan Kemajuan Ekonomi Negeri Perlis (“PKENP”) and Pens Holdings Sdn. Bhd. (“PENS”) for the settlement of the suit filed by LED and ICSB against PKENP and PENS, for breach of contract in relation to the reclamation and development of land in Kuala Perlis, Perlis (“the Suit”). In the Suit, LED claimed general damages while ICSB claimed contractual damages amounting to RM20,611,585.60 and also general damages. In response to the Suit, PKENP counter-claimed against ICSB for approximately RM2.4 million and general damages being claims under the same contract.

In the Settlement Agreement, LED, ICSB, PKENP and PENS have agreed to amicably settle the Suit by payment of RM1.00 to ICSB and a further sum of RM7.7 million to LED (“Agreed Sum”) by PKENP. Upon full payment of the Agreed Sum, and subject to a satisfactory due diligence on TDR Engineering Sdn. Bhd. (“TDRE”), a 55%-owned subsidiary of LED, LED irrevocably grants to PKENP or its nominee, an option to purchase LED’s 55,000 ordinary shares of RM1.00 each in TDRE for a cash consideration of RM1.00 (“Call Option”). TDRE is the registered beneficial owner of 350,000 ordinary shares of RM1.00 each, representing 70% of the issued and paid-up share capital of ICSB. ICSB is the registered beneficial owner of two ordinary shares of RM1.00 each, representing 100% of the issued and paid-up share capital of IC Kemajuan Sdn. Bhd (“ICK”). The Call Option will end on the day falling two years from the date of full payment of the Agreed Sum.

With the Settlement Agreement to amicably settle the Suit, LED, ICSB, PKENP and PENS have withdrawn their respective claims on 24 February 2010.

On 11 May 2010, LED has received the final installment payment of the Agreed Sum of RM7.7 million from PKENP. Consequently, the Call Option is effective from 11 May 2010 and will expire on 10 May 2012.

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

A6. Assets and liabilities classified as held for sale (continued)

As at 30 June 2010, the assets and liabilities classified as held for sale are as follows:-

Group	30 June 2010 RM'000
Current tax assets	11
Cash and bank balances	1,084
	1,095
Liabilities classified as held for sale	
Trade and other payables	110
	110

A7. Changes in composition of the Group

There were no changes in the composition of the Group arising from business combination, acquisition or disposal of subsidiary companies and long-term investment, restructuring, or discontinued operations for the current interim period except as disclosed below:

- (i) Maju Housing Development Sdn Bhd (“MHDSB”), an indirect wholly-owned subsidiary of the Company has on 6 April 2010 received a notice of striking off pursuant to Section 308(4) of the Companies Act, 1965 from Suruhanjaya Syarikat Malaysia that MHDSB has been struck off from the Register of Companies.
- (ii) Carcosa Sdn Bhd, an indirect wholly-owned subsidiary of the Company was disposed to Peremba Sejagat Sdn Bhd on 6 April 2010 upon the completion of the proposed disposal of the business and assets in relation to the management and operation of Carcosa Seri Negara (“CSN”).

A8. Dividends paid

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

A9. 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

A10. Segmental information

Business segments

6 months ended 30 June	Hotels and resort development		Property development		Others		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Segment Results</u>								
Revenue	19,047	22,250	-	-	79	-	19,126	22,250
Profit / (loss) before tax	(6,275)	(410)	436	(44)	4,173	(306)	(1,666)	(760)
Total assets	2,090,241	2,098,156	43,568	33,221	230,185	241,218	2,363,994	2,372,595

A11. *Property, plant and equipment*

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

A12. *Capital commitments*

**30 June 2010
RM'000**

Property, plant and equipment

Authorised but not contracted for	7,811
Contracted but not provided for	1,983

Total	9,794
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A13. *Contingent liabilities*

There were no contingent liabilities for the financial period under review.

A14. *Debt and equity securities*

On 24 June 2010, options were granted to employees of the Company to subscribe for 1,088,800 shares under the Landmarks Employees' Share Option Scheme. The option gives the holder the right to subscribe for ordinary shares of RM1.00 each in the Company. These options were vested immediately and are exercisable until January 2013.

No option was exercised during the six-month period ended 30 June 2010.

There were no 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*

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

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.

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

B1. *Review of performance for Six Months to 30 June 2010 compared to Six Months to 30 June 2009*

For the financial period ended 30 June 2010, the Group recorded revenue of RM19.13 million compared with RM22.25 million in 2009. The decrease in revenue was mainly due to the cessation of operations of CSN upon expiry of the Management Agreement with the Government of Malaysia on 31 December 2009. The Group recorded a loss from operations of RM0.29 million in 2010 compared with a profit of RM1.16 million in 2009 mainly due to the lower contribution from our hotel and resort development operations.

Associated companies

The Group recorded a share of net profit from the associated company, MSL Properties Sdn. Bhd. of RM0.44 million in 2010 compared with a share of net loss of RM0.04 million in 2009.

Overall

The Group registered a net loss attributable to owners of the Company of RM1.86 million for the six months period ended 30 June 2010 compared with a loss of RM1.05 million for the corresponding period in 2009. The higher net loss of RM0.81 million was mainly due to the lower contribution from our hotel and resort development division.

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

	2010 2nd Qtr RM'000	2010 1st Qtr RM'000
Revenue	6,945	12,181
(Loss) / Profit from operations	(3,648)	3,357
Interest expense	(914)	(897)
Operating (loss) / profit	(4,562)	2,460
Share of net profit / (loss) of associate	585	(149)
(Loss) / Profit before tax	(3,977)	2,311

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

***B2. Comments on current quarter against preceding quarter performance
(continued)***

Revenue for the 2nd quarter 2010 was lower than the previous quarter due to lower contribution from The Andaman (refer to item A9). The Group recorded a higher loss before tax of RM3.98 million compared with a profit before tax of RM2.31 million in the previous quarter mainly due to lower contribution from our hotel and resort development division.

B3. Prospects

The Andaman has embarked on a major upgrading and refurbishment programme (“Programme”). This Programme is in line with our vision to position The Andaman, a Luxury Collection Resort as the preferred destination in the luxury tourism sector. Despite the implementation of the Programme, The Andaman has been able to achieve a credible performance.

The Company has targeted to commence the infrastructure work and its development programme in Treasure Bay Bintan soon. Once Treasure Bay Bintan is launched, we will begin to see the fruition of our vision to develop Treasure Bay Bintan into a premier water resort city destination that is reachable within 45 minutes from Singapore.

While the longer term prospects for the Group remain bright, in the short term, we expect the operating results in the coming year to remain subdued. Prudence and risk management will continue to be the key guiding principles as we chart our growth path into the future.

B4. Profit forecast

Not applicable as no profit forecast was announced or disclosed.

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

B5. Tax expense

	Current quarter RM'000	Current Year-to-date RM'000
Current taxation		
Malaysia income tax charge	3	186
Deferred taxation	-	-
	<hr/>	<hr/>
Taxation charge	<u>3</u>	<u>186</u>

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 sales of unquoted investments and/or properties for the current quarter and year to-date except for the following:-

- (i) Disposal of one (1) unit Saujana B share with a gain of RM0.005 million.
- (ii) Disposal of one (1) unit residential property at net book value with no gain or loss from the disposal.
- (iii) Disposal of the investment in a bond fund with a gain of RM0.08 million.
- (iv) Gain of RM3.1 million from the disposal of the business and assets in relation to the management and operations of CSN by LHR to PSSB on 6 April 2010.

B7. Quoted investments

There was no purchase or disposal of quoted securities for the financial period under review.

B8. Status of corporate proposals announced

With reference to note A6, the Call Option is effective from 11 May 2010 and will expire on 10 May 2012.

**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, are as follows:

	As at 30 June 2010 RM'000	As at 31 December 2009 RM'000
Short term borrowings		
Secured	9,643	8,750
Long term borrowings		
Secured	78,750	87,500
	<hr/>	<hr/>
Total borrowings	88,393	96,250
	<hr/>	<hr/>

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

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 2010.

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.

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

By Order of The Board

IRENE LOW YUET CHUN
Company Secretary

Kuala Lumpur
25 August 2010

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