

LANDMARKS

LANDMARKS BERHAD

(185202-H)

(Incorporated in Malaysia)

Unaudited Interim Financial Report

For The First Quarter Ended

31 March 2013

LANDMARKS

LANDMARKS BERHAD (185202-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2013

	Note	31-Mar-2013 RM' 000 (Unaudited)	31-Dec-2012 RM' 000 (Audited)
ASSETS			
Property, plant and equipment	A11	385,877	385,872
Intangible asset	A12	570	614
Property development costs		1,696,476	1,696,476
Investments in associates		46,665	45,997
Other investments		1,040	1,040
Deferred tax assets		424	424
Total Non-Current Assets		2,131,052	2,130,423
Inventories		378	407
Property development costs		21,171	17,883
Receivables, deposits and prepayments		6,866	8,261
Current tax assets		165	242
Cash and cash equivalents		166,653	171,828
Total Current Assets		195,233	198,621
TOTAL ASSETS		2,326,285	2,329,044
EQUITY			
Share capital		480,810	480,810
Reserves		219,626	218,408
Retained earnings		1,076,618	1,079,352
Total equity attributable to owners of the Company		1,777,054	1,778,570
Non-controlling interests		1	1
Total Equity		1,777,055	1,778,571
LIABILITIES			
Loans and borrowings	B8	121	137
Deferred tax liabilities		469,425	468,958
Total Non-Current Liabilities		469,546	469,095
Payables and accruals		11,311	13,005
Loans and borrowings	B8	66,555	66,555
Current tax liabilities		1,818	1,818
Total Current Liabilities		79,684	81,378
Total Liabilities		549,230	550,473
TOTAL EQUITY & LIABILITIES		2,326,285	2,329,044
Net Assets Per Share (RM)		3.70	3.70

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2013

	Note	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		3 months ended		3 months ended	
		31 March		31 March	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Revenue		<u>13,851</u>	<u>15,185</u>	<u>13,851</u>	<u>15,185</u>
(Loss)/Profit from operations		(2,343)	253	(2,343)	253
Finance cost		(840)	(904)	(840)	(904)
Finance income		448	511	448	511
Operating loss		(2,735)	(140)	(2,735)	(140)
Share of net profit of associates	B1	668	173	668	173
(Loss)/Profit before taxation		(2,067)	33	(2,067)	33
Tax expense	B5	(667)	(970)	(667)	(970)
Loss for the period		(2,734)	(937)	(2,734)	(937)
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		1,218	45	1,218	45
Other comprehensive income for the period, net of tax		1,218	45	1,218	45
Total comprehensive expense for the period		(1,516)	(892)	(1,516)	(892)
Loss attributable to:					
Owners of the Company		(2,734)	(937)	(2,734)	(937)
Non-controlling interests		-	-	-	-
Loss for the period		(2,734)	(937)	(2,734)	(937)
Total comprehensive expense attributable to:					
Owners of the Company		(1,516)	(892)	(1,516)	(892)
Non-controlling interests		-	-	-	-
Total comprehensive expense for the period		(1,516)	(892)	(1,516)	(892)

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

Loss for the period					
-Basic		(0.57)	(0.19)	(0.57)	(0.19)
-Diluted		(0.57)	(0.19)	(0.57)	(0.19)

The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 THREE-MONTHS PERIOD ENDED 31 MARCH 2013**

<-----Attributable to owners of the Company----->

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

	Share Capital RM'000	Translation Reserve RM'000	Fair Value Reserve RM'000	Share Premium RM'000	Share Option Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total Equity RM'000
At 1 January 2012	480,810	(374)	415	218,272	1,378	1,081,598	1,782,099	1	1,782,100
Foreign currency translation differences for foreign operations	-	45	-	-	-	-	45	-	45
Total other comprehensive income for the period	-	45	-	-	-	-	45	-	45
Loss for the period	-	-	-	-	-	(937)	(937)	-	(937)
Total comprehensive income/(expense) for the period	-	45	-	-	-	(937)	(892)	-	(892)
At 31 March 2012	480,810	(329)	415	218,272	1,378	1,080,661	1,781,207	1	1,781,208
At 1 January 2013	480,810	(1,957)	415	218,272	1,678	1,079,352	1,778,570	1	1,778,571
Foreign currency translation differences for foreign operation	-	1,218	-	-	-	-	1,218	-	1,218
Total other comprehensive income for the period	-	1,218	-	-	-	-	1,218	-	1,218
Loss for the year	-	-	-	-	-	(2,734)	(2,734)	-	(2,734)
Total comprehensive income/(expense) for the period	-	1,218	-	-	-	(2,734)	(1,516)	-	(1,516)
At 31 March 2013	480,810	(739)	415	218,272	1,678	1,076,618	1,777,054	1	1,777,055

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 2012 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-MONTHS PERIOD ENDED 31 MARCH 2013

	31-Mar-2013 RM'000	31-Mar-2012 RM'000
Cash flows from operating activities		
(Loss) / profit before taxation	(2,067)	33
Adjustments for non-cash flow:		
Amortisation of intangible asset	44	40
Depreciation of property, plant and equipment	1,791	1,820
Finance costs	840	904
Finance income	(448)	(511)
Share of profit of an equity accounted associate, net of tax	(668)	(173)
Operating (loss) / profit before changes in working capital	(508)	2,113
Changes in working capital		
Inventories	29	14
Trade and other receivables and prepayments	1,395	(200)
Trade payables and others payables	(471)	(2,415)
Property development costs	(3,288)	(864)
Cash used in operations	(2,843)	(1,352)
Income tax paid	(124)	(5)
Net cash used in operating activities	(2,967)	(1,357)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,800)	(1,246)
Acquisition of intangible asset	-	(109)
Increased in pledged deposits placed with licensed banks	(9)	(9)
Interest received	448	511
		-
Net cash used in investing activities	(1,361)	(853)
Cash flows from financing activity		
Interest paid	(840)	(904)
Repayment of loans and borrowings	(16)	(12)
Net cash used in financing activity	(856)	(916)
Net decrease in cash and cash equivalents	(5,184)	(3,126)
Effect of exchange rate fluctuations on cash held	-	19
Cash and cash equivalents at 1 January	169,622	193,948
Cash and cash equivalents at 31 March	164,438	190,841
	31-Mar-2013 RM'000	31-Mar-2012 RM'000
Cash and bank balances	16,932	5,935
Deposits with licensed banks	126,404	187,087
Investment in cash funds	23,317	-
	166,653	193,022
Less : Deposits pledged	(2,215)	(2,181)
	164,438	190,841

The unaudited condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MFRS 134, INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with Malaysian Financial Reporting Standards (“MFRS”) 134, *Interim Financial Reporting* issued by Malaysian Accounting Standards Board and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. This Condensed Report also complies with IAS 34: *Interim Financial Reporting* issued by the International Accounting Standard Board (“IASB”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012. 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 2012.

A2. Changes in Accounting Policies/Estimates

The audited financial statements of the Group for the year ended 31 December 2012 were prepared in accordance with MFRS. All significant accounting policies adopted in preparing this interim financial report are consistent with those of the audited financial statements for the year ended 31 December 2012 except those new or revised MFRS and amendments to MFRS that are relevant and effective for annual periods beginning on or after 1 July 2012 or 1 January 2013 as disclosed below:-

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits (2011)*
- MFRS 127, *Separate Financial Statements (2011)*
- MFRS 128, *Investments in Associates and Joint Ventures (2011)*
- Amendments to MFRS101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income.*
- Amendments to MFRS 7, *Financial Instruments : Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009- 2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*

A2. Changes in Accounting Policies/Estimates (continued)

- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

The following MFRS and IC Interpretations have been issued by the MASB and are not yet effective and have not been applied by the Group:

Effective for annual periods commencing on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

Effective for annual periods commencing on or after 1 January 2015

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures*

The initial application of the Standards, amendments and interpretations are not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoption.

A3. *Changes in estimates*

There were no changes in estimates during the quarter under review that had a material effect on the interim financial statements.

A4. *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 2012.

A5. *Exceptional items of a non-recurring nature*

There were no exceptional items of a non-recurring nature during the financial period under review.

A6. *Inventories*

During the financial period under review, there was no write-down of inventories.

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.

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 MFRS 134, INTERIM
FINANCIAL REPORTING**

A10. Operating segments

The Group's operations comprise the following main business segments:

Hospitality and wellness Provision of hotel management and wellness services

Resort and destination development Development of resorts and properties

3 months ended 31 March	Hospitality and wellness		Resort and destination development		Others		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue	13,851	15,185	-	-	-	-	13,851	15,185
Profit / (Loss) from operations	3,311	4,780	(3,706)	(2,761)	(1,948)	(1,766)	(2,343)	253
Finance cost	(840)	(904)	-	-	-	-	(840)	(904)
Finance income	30	33	6	22	412	456	448	511
	2,501	3,909	(3,700)	(2,739)	(1,536)	(1,310)	(2,735)	(140)
Included in the measure of segments results from operating activities are:								
- Depreciation and amortisation	1,472	1,482	330	324	33	54	1,835	1,860
- Foreign exchange loss	-	-	885	286	532	470	1,417	756
- Reversal of impairment loss on trade receivables	24	33	-	-	-	-	24	33
Segments assets	155,683	155,175	1,969,212	1,956,949	201,390	231,212	2,326,285	2,343,336

There have been no changes in the basis of segmentation or in the basis of measurement of segment profit and loss from the last annual financial statements.

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MFRS 134, INTERIM FINANCIAL REPORTING

A11. Property, plant and equipment

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

A12. Intangible assets

There were no additional purchase of intangible assets for the financial period ended 31 March 2013.

A13. Non-current assets and non-current liabilities classified as held for sale.

There were no non-current assets and non-current liabilities classified as held for sale.

A14. Issuances, repayments of debt and equity securities

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 ended 31 March 2013.

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.

A16. Contingent liabilities

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

A17. Capital commitments

	31 March 2013 RM'000
Authorised but not contracted for	46,188
Contracted but not provided for	23,841
Total	70,029

A18. Related party transactions

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

A19. Financial risk management

The Group's financial risk management objectives and policies and risk profile are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2012.

B1. Review of performance for Three Months to 31 March 2013 compared to Three Months to 31 March 2012.

For the first three months to 31 March 2013, the Group's revenue decreased by 8.8% from RM15.19 million in the corresponding period of 2012 to RM13.85 million in 2013.

Higher loss from operations of RM2.34 million in 2013 compared with a profit of RM0.25 million in 2012 was mainly due to the lower contribution from the hotel and higher operating costs incurred in resort and destination development segment. The Group recorded a net loss attributable to equity owners of the Company of RM2.73 million for the three months period of 2013 compared to a net loss of RM0.94 million for the corresponding period in 2012.

The Andaman is continuing its programme of renovation works this year and the focus will be at the North Wing. The ground floor rooms on the North Wing will be converted to rooms with private plunge pools or Jacuzzi pools and outdoor private gardens, while the deluxe rooms will undergo an interior make-over with a new balcony design. Owing to the disruption to hotel operations and closure of some rooms as a result of the renovation works, The Andaman has recorded lower operating profit of RM3.31 million for the first three months compared to RM4.78 million for the same corresponding period of 2012. The occupancy and Revenue Per Available Room (RevPAR) also fell by 6.4% and 4.5% respectively.

The infrastructure works for Phase 1, Treasure Bay, Pesona Lagoi Bintan and the construction works for the Crystal Lagoon are ongoing and are expected to be completed by the last quarter of 2013. For the first three month period ended 31 March 2013, the resort and destination development segment recorded an operation loss of RM3.71 million compared to RM2.76 million for the corresponding period in 2012.

Associated companies

The Group's investment in associate, MSL Properties Sdn. Bhd. ("MSL") recorded a share of net profit amounting to RM0.67 million for the first three month period ended 31 March 2013, compared to RM0.17 million in the corresponding period of 2012.

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

B2. Comments on current quarter against preceding quarter performance

	2013	2012
	1st Qtr	4th Qtr
	RM'000	RM'000
Revenue	13,851	10,276
Loss from operations	(2,343)	(2,710)
Finance cost	(840)	(756)
Finance income	448	367
Operating loss	(2,735)	(3,099)
Share of net profit of associate	668	3,529
(Loss)/Profit before tax	(2,067)	430

The Group's revenue for the first quarter of 2013 improved by 34.8% or RM3.58 million when compared to fourth quarter of 2012, largely reflecting the lower occupancy of The Andaman in the previous quarter.

Higher revenue recorded by The Andaman for the first quarter of 2013 has reduced the losses from operations of RM2.71 million in the previous quarter to RM2.34 million for the first quarter ended 31 March 2013.

The Group recorded a loss before tax of RM2.07 million compared to profit before tax of RM0.43 million in previous quarter. This was mainly due to share of higher net profit from our associated company, MSL in the previous quarter.

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

B3. Prospects

With the completion of renovation works in 2013, The Andaman can look forward to presenting a new refreshed and updated resort to our hotel guests. The resort is confident that the new range of exciting rooms with their new offerings and amenities will be an experience that will be well received by the hotel guests. In turn, The Andaman will be able to enhance its operating performance in years to come.

The infrastructure works, Crystal Lagoon and support facilities at Phase 1, Treasure Bay, will be completed by end 2013. By first quarter 2014, Treasure Bay will roll out its first hotel, many attractions, retails and F&B outlets. Singapore is currently experiencing an encouraging growth of tourist arrivals from Asia Pacific, particularly China, India, Indonesia and other Asian countries. Treasure Bay, which is within an hour's reach from Singapore, is expected to benefit from Singapore's growth and set to become the next premier tourist destination in Asia Pacific.

B4. Profit forecast

Not applicable as no profit forecast was announced or disclosed.

B5. Tax expense

	Current period		Cumulative period	
	3 months ended		3 months ended	
	31 March		31 March	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Malaysia income tax charge	201	298	201	298
Deferred Taxation	466	672	466	672
	<u>667</u>	<u>970</u>	<u>667</u>	<u>970</u>
Taxation charge				

Tax expense is recognised based on management's best estimate of the weighted average annual tax rate expected for the full financial year applied to the pre-tax income of the interim period.

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

B5. Tax expense (continued)

The Group's consolidated effective tax rate for the three month period ended 31 March 2013 was higher than the Malaysia statutory tax rate of 25%. This was 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. Status of corporate proposals announced

There is no corporate proposal announced as at the date of this quarterly report.

B7. Changes in material litigation

There is no material litigation pending at the date of this report.

B8. Loan and borrowings

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

	As at 31 March 2013 RM'000	As at 31 December 2012 RM'000
Short term borrowings		
Secured	66,555	66,555
Long term borrowings		
Secured	121	137
Total borrowings	66,676	66,692

B9. Derivative financial instruments

There are no derivative financial instruments as at the date of this quarterly report.

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

B10. Fair value changes of financial liabilities

The Group does not have any financial liabilities that are measured at fair value through profit and loss as at the date of this quarterly report.

B11. Dividends

The Board of Directors does not recommend the payment of any interim dividend for the financial period ended 31 March 2013.

B12. Breakdown of Realised and Unrealised Profits

The following analysis of realised and unrealised retained profits is prepared pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements and in accordance with the Guidance on Special Matter No. 1 – Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad and is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

	Group 31 March 2013 RM'000	Group 31 December 2012 RM'000
Total retained earnings of Landmarks Berhad and its subsidiaries :		
- Realised	9,325	11,617
- Unrealised	<u>(7,864)</u>	<u>(6,447)</u>
	1,461	5,170
Total share of retained earnings from an associate	35,443	34,775
Consolidation adjustments	1,039,714	1,039,407
Total retained earnings	<u>1,076,618</u>	<u>1,079,352</u>

The Group is unable to provide the Realised and Unrealised Profits Disclosure for the associated company, MSL, as the Group has no control over its financial and operating policies.

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

B13. Basic earnings per share

Basic earnings per share was calculated by dividing the net profit attributable to ordinary shareholders of the Company by the weighted average number of issued and paid-up ordinary shares during the financial period.

	Individual period		Cumulative period	
	3 months ended		3 months ended	
	31 March		31 March	
	2013	2012	2013	2012
a) Basic earnings per share				
Loss attributable to equity owners of the Company (RM'000)	(2,734)	(937)	(2,734)	(937)
Weighted average number of ordinary shares ('000)	480,810	480,810	480,810	480,810
Basic earnings per share (sen) attributable to equity owners of the Company	(0.57)	(0.19)	(0.57)	(0.19)

Diluted earnings per share for the current financial period was calculated by dividing the net profit attributable to ordinary shareholders of the Company by the weighted average number of shares in issue during the financial period, adjusted to assume the conversion of all dilutive potential ordinary shares from share options granted to employees and directors under ESOS.

	Individual period		Cumulative period	
	3 months ended		3 months ended	
	31 March		31 March	
	2013	2012	2013	2012
b) Diluted earnings per share				
Loss attributable to equity holders of the Company (RM'000)	(2,734)	(937)	(2,734)	(937)
Weighted average number of ordinary shares ('000)	480,810	480,810	480,810	480,810
Adjustment for dilutive effect of ESOS	-	-	-	-
Weighted average number of ordinary shares ('000)	480,810	480,810	480,810	480,810
Diluted earnings per share (sen) attributable to equity holders of the Company	(0.57)	(0.19)	(0.57)	(0.19)

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

By Order of The Board

CHEW ENG KIONG
Company Secretary

Kuala Lumpur
29th May 2013
www.landmarks.com.my