LANDMARKS BERHAD

(185202-H)
(Incorporated in Malaysia)

Unaudited Interim Financial Report For the Second Quarter Ended 30 June 2018

LANDMARKS

LANDMARKS BERHAD (185202-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018

	30-June-2018 RM' 000 (Unaudited)	31-Dec-2017 RM' 000 (Audited)
ASSETS		
Property, plant and equipment	**1,309,524**	1,321,246
Property development costs	**778,772**	778,772
Other investments	**2,085**	2,085
Deferred tax assets	**350**	350
Total Non-Current Assets	**2,090,731**	2,102,453
Inventories	**694**	827
Property development costs	**104,139**	104,363
Receivables, deposits and prepayments	**22,555**	14,970
Current tax assets	**813**	737
Other investment	**62,432**	71,151
Cash and cash equivalents	**24,443**	33,527
Total Current Assets	**215,076**	225,575
TOTAL ASSETS	**2,305,807**	2,328,028
EQUITY		
Share capital	**734,811**	734,811
Reserves	**(6,197)**	3,777
Retained earnings	**992,600**	1,000,502
Total equity attributable to owners of the Company	**1,721,214**	1,739,090
Non-controlling Interests	**1,373**	1,373
Total Equity	**1,722,587**	1,740,463
LIABILITIES		
Loans and borrowings	**81,392**	69,222
Deferred tax liabilities	**464,339**	463,694
Total Non-Current Liabilities	**545,731**	532,916
Payables and accruals	**25,675**	27,596
Loans and borrowings	**10,198**	25,628
Current tax liabilities	**1,616**	1,425
Total Current Liabilities	**37,489**	54,649
Total Liabilities	**583,220**	587,565
TOTAL EQUITY & LIABILITIES	**2,305,807**	2,328,028
Net Assets Per Share (RM)	**3.25**	3.29

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

LANDMARKS

LANDMARKS BERHAD (185202-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

	INDIVIDUAL PERIOD 3 months ended 30 June		CUMULATIVE PERIOD 6 months ended 30 June	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	**23,738**	21,174	**54,294**	48,087
Loss from operations	**(5,225)**	(13,119)	**(6,690)**	(15,862)
Finance cost	**(1,528)**	(959)	**(2,314)**	(1,923)
Finance income	**50**	10	**118**	10
Operating loss	**(6,703)**	(14,068)	**(8,886)**	(17,775)
Share of net profit of associates, net of tax	-	571	-	1,231
Loss before taxation	**(6,703)**	(13,497)	**(8,886)**	(16,544)
Income tax expense	**(250)**	(229)	**(1,365)**	(531)
Loss for the period	**(6,953)**	(13,726)	**(10,251)**	(17,075)
Other comprehensive income/ (expense), net of tax				
Foreign currency translation differences for foreign operations	**18**	(902)	**(7,625)**	162
Other comprehensive income/(expense) for the period, net of tax	**18**	(902)	**(7,625)**	162
Total comprehensive expense for the period	**(6,935)**	(14,628)	**(17,876)**	(16,913)
Loss attributable to:				
Owners of the Company	**(6,953)**	(13,726)	**(10,251)**	(17,075)
Non-controlling interests	-	-	-	-
Loss for the period	**(6,953)**	(13,726)	**(10,251)**	(17,075)
Total comprehensive expense attributable to:				
Owners of the Company	**(6,935)**	(14,628)	**(17,876)**	(16,913)
Non-controlling interests	-	-	-	-
Total comprehensive expense for the period	**(6,935)**	(14,628)	**(17,876)**	(16,913)

Loss per share attributable to owners of the Company (sen)				
Loss for the period				
-Basic	(1.31)	(2.72)	(1.94)	(3.46)
-Diluted	N/A	(2.72)	N/A	(3.46)

The unaudited condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

LANDMARKS

LANDMARKS BERHAD (185202-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

	<-----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 2017	480,810	13,155	1,260	218,272	2,249	1,030,093	1,745,839	1,373	1,747,212
Foreign currency translation differences for foreign operations	-	162	-	-	-	-	162	-	162
Total other comprehensive income for the period	-	162	-	-	-	-	162	-	162
Loss for the period	-	-	-	-	-	(17,075)	(17,075)	-	(17,075)
Total comprehensive income/(expense) for the period	-	162	-	-	-	(17,075)	(16,913)	-	(16,913)
Issue of new ordinary shares	35,729	-	-	-	-	-	35,729	-	35,729
Share options forfeited	-	-	-	-	(48)	48	-	-	-
Total contribution from owners	35,729	-	-	-	(48)	48	35,729	-	35,729
*Reclassification pursuant to S618(2) of CA 2016**	218,272			(218,272)			-		-
At 30 June 2017	734,811	13,317	1,260	-	2,201	1,013,066	1,764,655	1,373	1,766,028
At 1 January 2018	**734,811**	**168**	**1,260**	**-**	**2,349**	**1,000,502**	**1,739,090**	**1,373**	**1,740,463**
Foreign currency translation differences for foreign operations	**-**	**(7,625)**	**-**	**-**	**-**	**-**	**(7,625)**	**-**	**(7,625)**
Total other comprehensive expense for the period	**-**	**(7,625)**	**-**	**-**	**-**	**-**	**(7,625)**	**-**	**(7,625)**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(10,251)**	**(10,251)**	**-**	**(10,251)**
Total comprehensive expense for the period	**-**	**(7,625)**	**-**	**-**	**-**	**(10,251)**	**(17,876)**	**-**	**(17,876)**
Share options lapsed	**-**	**-**	**-**	**-**	**(2,349)**	**2,349**	**-**	**-**	**-**
Total contribution from owners	**-**	**-**	**-**	**-**	**(2,349)**	**2,349**	**-**	**-**	**-**
At 30 June 2018	**734,811**	**(7,457)**	**1,260**	**-**	**-**	**992,600**	**1,721,214**	**1,373**	**1,722,587**

** Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any amount standing to the credit of the share premium account shall become part of the share caiptal.*

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2018

	30-June-2018 RM'000	30-June-2017 RM'000
Cash flows from operating activities		
Loss before taxation	**(8,886)**	(16,544)
Adjustments for non-cash flow		
Depreciation of property, plant and equipment	**9,214**	7,910
Finance costs	**2,314**	1,923
Finance income	**(118)**	(10)
Gain on redemption of other investments	**(19)**	-
Dividend income from other investments	**(1,269)**	-
Fair value loss/(gain) on other investments	**8**	(35)
Property, plant and equipment written off	**68**	-
Share of net profit of an equity accounted associate, net of tax	**-**	(1,231)
Operating profit/(loss) before changes in working capital	**1,312**	(7,987)
Changes in working capital		
Inventories	**133**	(243)
Trade and other receivables and prepayments	**(1,068)**	188
Trade payables and others payables	**(3,735)**	(981)
Property development costs	**(7,920)**	(20,066)
Cash used in operations	**(11,278)**	(29,089)
Income tax paid	**(605)**	(691)
Income tax refunded	**-**	35
Net cash used in operating activities	**(11,883)**	(29,745)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(2,755)**	(3,088)
Proceeds from disposal of other investments	**10,000**	-
Acquisition of other investments	**(1,269)**	(10,000)
Decrease in pledge deposits placed with licensed bank	**1,685**	-
Interest received	**118**	10
Dividend received from :		
- other investments	**1,269**	-
Net cash generated from/(used in) investing activities	**9,048**	(13,078)
Cash flows from financing activities		
Interest paid	**(2,623)**	(1,859)
Proceeds from issue of new ordinary shares	**-**	35,729
Repayment of finance lease liabilities	**(102)**	(91)
(Repayment of)/proceeds from loans and borrowings	**(1,839)**	13,036
Net cash (used in)/generated from financing activities	**(4,564)**	46,815
Net (decrease)/increase in cash and cash equivalents	**(7,399)**	3,992
Cash and cash equivalents at 1 January	**31,842**	13,543
Cash and cash equivalents at 30 June	**24,443**	17,535

	30-June-2018 RM'000	30-June-2017 RM'000
Cash and bank balances	**17,443**	17,519
Deposits with licensed banks	**7,000**	1,316
	24,443	18,835
Less : Pledged deposits	**-**	(1,300)
	24,443	17,535

The unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.

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 ("Bursa Securities") Main Market Listing Requirements. This Condensed Report also complies with International Accounting Standards 34: Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017. 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 2017.

A2. Changes in Accounting Policies/Estimates

The audited financial statements of the Group for the year ended 31 December 2017 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 2017. The Group has adopted the MFRSs, amendments and interpretations effective for annual period beginning on or after 1 January 2018 where applicable to the Group. The initial adoption of these applicable MFRSs, amendments and interpretations do not have any material impact on the financial statements of the Group except as mentioned below:

MFRS 15, Revenue from contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue - Barter Transactions Involving Advertising Services.

The application of MFRS 15 is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

A2. Changes in Accounting Policies/Estimates (continued)

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

The application of MFRS 9 is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

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 financial year ended 31 December 2017.

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 other than as mentioned below:

1. The four indirect wholly-owned subsidiaries of the Company incorporated in the Republic of Seychelles as mentioned below had, on 17 April 2018, incorporated two wholly-owned subsidiaries each in the Republic of Singapore as follows:

Republic of Seychelles		**Republic of Singapore**	
1.	Benuwa Investments Pte Ltd	1.	Benuwa Alpha Pte Ltd
		2.	Benuwa Beta Pte Ltd
2.	Midai Investments Pte Ltd	1.	Midai Alpha Pte Ltd
		2.	Midai Beta Pte Ltd
3.	Mubur Investments Pte Ltd	1.	Mubur A Pte Ltd
		2.	Mubur B Pte Ltd
4.	Serasan Investments Pte Ltd	1.	Serasan Alpha Pte Ltd
		2.	Serasan Beta Pte Ltd

   Each of the subsidiaries incorporated in the Republic of Singapore has a paid-up capital of SGD1.00 comprising 1 share. The principal activity of each of the said subsidiaries is investment holding.

2. Tiara Gateway Pte Ltd, an indirect wholly-owned subsidiary of the Company had, on 3 May 2018, incorporated an indirect wholly-owned subsidiary, PT Marine Life Discovery Park ("PT MLDP") in the Republic of Indonesia.

   PT MLDP has an authorized capital of USD1.0 million comprising 10,000 ordinary shares of USD100.00 each with an intended paid-up capital of USD250,000.00 comprising 2,500 ordinary shares of USD100.00 each. The principal activity of PT MLDP is to operate and manage the Marine Life Discovery Park being constructed at Treasure Bay Bintan, Indonesia.

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 Andaman, Langkawi generally lies in the first and last quarters of the financial year while the high season for The Canopi which is located in Bintan generally lies in the second and last quarters of the financial year.

A10. Revenue from contracts with customers

The disaggregation of the Group's revenue from contracts with customers is as follow:

	6 months ended 30 June	
	2018	**2017**
	RM'000	**RM'000**
Geographical segments		
Malaysia	**39,473**	38,520
Indonesia	**14,821**	9,567
	54,294	48,087

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

A11. Operating segments

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

a. Hospitality and Wellness — Provision of hotel management and wellness services
b. Resort and Destination Development — Development of resorts and properties

	Hospitality and Wellness		Resort and Destination Development		Others		Consolidated	
6 months ended 30 June	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Segment revenue	39,473	38,520	14,821	9,567	-	-	**54,294**	48,087
Profit / (loss) from operation	9,997	8,379	(13,444)	(20,811)	(3,243)	(3,430)	**(6,690)**	(15,862)
Finance costs	(1,821)	(1,777)	(297)	-	(196)	(146)	**(2,314)**	(1,923)
Finance income	51	-	10	1	57	9	**118**	10
	8,227	6,602	(13,731)	(20,810)	(3,382)	(3,567)	**(8,886)**	(17,775)
Included in the measure of segments results from operating activities are :								
- Depreciation and amortisation	(3,076)	(3,089)	(6,103)	(4,760)	(35)	(61)	**(9,214)**	(7,910)
Segment assets	178,977	154,220	2,084,077	2,103,626	42,753	83,511	**2,305,807**	2,341,357

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.

A12. Property, plant and equipment

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

A13. Intangible asset

There was no additional purchase of intangible asset for the financial period ended 30 June 2018.

A14. 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.

A15. 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 30 June 2018.

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.

A17. Contingent liabilities and contingent assets

As at 30 June 2018, there were no material contingent assets, which upon being enforced might have a material impact on the financial position or business of the Group. As at the date of this report, the Company has contingent liabilities as follows:-

	30 June 2018 **RM'000**
Corporate guarantees granted for banking facilities of a subsidiary (note B9)	**92,105**

A18. Capital and commitments

	30 June 2018 **RM'000**
Authorised but not contracted for	58,026
Contracted but not provided for	16,457
Total	74,483

A19. Related party transactions

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

A20. Financial risk management

The Group's financial risk management objectives, policies and risk profile are consistent with those disclosed in the consolidated financial statements for the financial year ended 31 December 2017.

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

B1. *Review of performance for the six months to 30 June 2018 compared with six months to 30 June 2017*

The results of the Group are tabulated below:

	INDIVIDUAL PERIOD 3 months ended 30 June			CUMULATIVE PERIOD 6 months ended 30 June		
	2018 RM'000	**2017 RM'000**	**Changes (%)**	**2018 RM'000**	**2017 RM'000**	**Changes (%)**
Revenue	**23,738**	**21,174**	**12**	**54,294**	**48,087**	**13**
Loss from operations	**(5,225)**	**(13,119)**	**60**	**(6,690)**	**(15,862)**	**58**
Finance costs	(1,528)	(959)	-59	(2,314)	(1,923)	-20
Finance income	50	10	400	118	10	1080
Operating loss	**(6,703)**	**(14,068)**	**52**	**(8,886)**	**(17,775)**	**50**
Share of net profit of associate	-	571	-100	-	1,231	-100
Loss before tax	**(6,703)**	**(13,497)**	**50**	**(8,886)**	**(16,544)**	**46**

(a) Quarter ended 30 June 2018 ("2Q 2018") compared with quarter ended 30 June 2017 ("2Q 2017")

The Group's revenue in 2Q 2018 was RM23.74 million, an increase of 12% compared with RM21.17 million in 2Q 2017.

The increase in revenue was mainly attributable to:

(i) higher revenue from The Andaman at Langkawi by RM0.34 million, mainly contributed by an increase in the average room rate ("ARR") by 12%, despite a drop in occupancy of 3% as compared with 2Q 2017;
(ii) higher revenue from The Canopi at Treasure Bay Bintan ("TBB") by RM2.02 million, mainly contributed by additional 60 tents in operation from June 2017; and
(iii) higher revenue from attractions at TBB by RM0.20 million, mainly contributed by new attractions and activities.

Despite MSL Properties Sdn Bhd having ceased to be an associate company in August 2017, the loss before tax ("LBT") for 2Q 2018 has reduced to RM6.70 million compared with RM13.50 million in 2Q 2017. The reduction in loss of 50% was mainly due to:

(i) higher operating profit from The Andaman at Langkawi by RM1.28 million or 145.9%, mainly attributable to a higher average room rate and higher profit margin achieved; and

B1. Review of performance for the six months to 30 June 2018 compared with six months to 30 June 2017 (continued)

(a) Quarter ended 30 June 2018 ("2Q 2018") compared with quarter ended 30 June 2017 ("2Q 2017") (continued)

(ii) lower operating loss in TBB, mainly due to higher revenue generated from The Canopi with the additional 60 new tents in operation from June 2017. Higher operating loss in Q2 2017 was inclusive of one-off costs incurred for the litigation case with respect to the Suspension of Debt Payment Obligations Process by the Medan Commercial Court, which has subsequently been lifted upon ratification of the composition plan by the said court.

(b) Financial period for the six months ended 30 June 2018 ("1H 2018") compared with six months ended 30 June 2017 ("1H 2017")

The Group's revenue in 1H 2018 was RM54.29 million, an increase of 13% compared with RM48.09 million in 1H 2017.

The increase in revenue was mainly attributable to:

(i) higher revenue from The Andaman at Langkawi by RM0.95 million, mainly contributed by higher average room rate by 10%, despite a drop in occupancy of 4% as compared with 1H 2017;
(ii) higher revenue from The Canopi at TBB by RM4.51 million, mainly contributed by additional 60 tents in operation from June 2017; and
(iii) higher revenue from attractions at TBB by RM0.75 million, mainly contributed by new attractions and activities as well as an increase in total visitors to TBB.

Despite MSL Properties Sdn Bhd having ceased to be an associate company in August 2017, LBT for 1H 2018 was reduced to RM8.89 million compared with RM16.54 million in 1H 2017. The reduction in loss of 46% was mainly due to:

(i) higher operating profit from The Andaman at Langkawi by RM1.62 million or 19%, mainly attributable to a higher average room rate and higher profit margin achieved; and
(ii) lower operating loss in TBB, mainly due to operating costs incurred offset by higher revenue generated from The Canopi with the additional 60 new tents in operation from June 2017. Higher operating loss in 1H 2017 was inclusive of one-off costs incurred for the litigation case as mentioned above.

B2. Comments on performance in the current quarter against preceding quarter

	2018 2nd Quarter RM'000	2018 1st Quarter RM'000	Changes %
Revenue	**23,738**	**30,556**	**-22**
Loss from operations	**(5,225)**	**(1,465)**	**-257**
Finance costs	(1,528)	(786)	-94
Finance income	50	68	-26
Loss before tax	**(6,703)**	**(2,183)**	**-207**

The Group's revenue for 2Q 2018 was RM23.74 million, a decrease of 22% compared with RM30.56 million in the preceding quarter ended 31 March 2018 ("1Q 2018").

Loss before tax for 2Q 2018 has increased by 207% to RM6.70 million compared with RM2.18 million in 1Q 2018. The increase in loss was mainly due to lower revenue from The Andaman at Langkawi as compared to 1Q 2018 by 35%, due to off-peak season in the 2nd quarter of the year. However, this impact was partially offset by higher revenue from The Canopi and attractions at TBB by RM1.64 million with improved occupancy rate of 9% and ARR of 13%.

B3. Prospects

V Integrated Wellness has won three awards from The 2018 World Luxury Spa Awards, in the categories of 2018 Luxury Jungle Resort Spa (Global Winner), 2018 Luxury Eco Spa (Continent Winner: Asia) and 2018 Best Unique Experience Spa (Country Winner: Malaysia). These awards will enhance our positioning of The Andaman as a wellness resort. The management expects The Andaman's financial performance to improve further.

Treasure Bay Bintan continues to attract more visitors. Both The Canopi and Chill Cove had experienced better operational results. The Dream Cruise by making Bintan a port of call has contributed to the visitorship. The management expects the visitor trend to continue and more activities and attractions are being offered to the visitors. The Board expects the revenue contribution from Treasure Bay Bintan to increase further in 2018.

The sales and marketing of the Chiva-Som Residences Bintan has started in early 2018 and the Board expects the sales to contribute significantly to the Group's revenue and profits in the future.

B4. Profit forecast

Not applicable as no profit forecast was announced or disclosed.

B5. Loss before tax

Loss before tax is arrived at after charging/(crediting):-	Current Year Quarter 30 June 2018 RM'000	Current Year To-date 30 June 2018 RM'000
Gross dividend income from short term investments	(642)	(1,269)
Depreciation and amortization	4,583	9,214
(Gain)/loss on foreign exchange	(585)	194
Impairment loss on trade receivables	87	87
Impairment of property, plant and equipment	68	68
Inventories written down	-	-
Gain on disposal of quoted/unquoted investments or properties	-	-
Fair value gain on derivative instruments	-	-

B6. Income tax expense

	Current period 3 months ended 30 June		Cumulative period 6 months ended 30 June	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current taxation				
Income tax charge				
- Malaysia	262	322	720	721
- Overseas	-	-	-	(5)
Deferred Taxation	(12)	(93)	645	(185)
	250	229	1,365	531

The effective tax rate of the Group was higher than the statutory tax rate for the current quarter and financial year to date due to the tax losses incurred by certain subsidiaries which could not be set off against the taxable profit of a wholly owned subsidiary.

B7. Status of corporate proposals announced

There are no corporate proposals announced at the date of this quarterly report except the following:

On 27 March 2018, Maybank Investment Bank Berhad announced, on behalf of the Company, that the Company proposed to establish an employees' share option scheme ("ESOS") of up to 15% of the total issued shares of the Company (excluding treasury shares) at any point in time over the duration of the ESOS.

Bursa Securities had, via its letter dated 5 April 2018, granted its approval for the listing of such number of new Landmarks Shares, representing up to 15% of the total number of issued shares of the Company, to be issued pursuant to the ESOS.

The ESOS was approved by the shareholders of the Company on 23 May 2018.

The Company has, on 29 June 2018, implemented the ESOS ("Effective Date"). The ESOS will be in force for a period of 5 years from the Effective Date.

B8. Changes in material litigation

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

B9. Loans and borrowings

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

	As at 30 June 2018 RM'000	As at 30 June 2017 RM'000
Short term borrowings - Secured		
Term loans	10,011	26,359
Revolving credit	-	5,000
Hire purchase liabilities	187	179
	10,198	31,538
Long term borrowings - Secured		
Term loans	81,221	52,068
Hire purchase liabilities	171	357
	81,392	52,425
Total borrowings	**91,590**	**83,963**

The above include borrowings denominated in foreign currencies as follows:

	As at 30 June 2018 RM'000	As at 30 June 2017 RM'000
USD	11,303	7,668
SGD	-	11,368

The term loans of RM92.11 million for subsidiaries were secured by a corporate guarantee from Landmarks Berhad.

B10. Derivative financial instruments

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

B11. 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.

B12. Dividends

The Board of Directors does not recommend the payment of any dividend for the financial period ended 30 June 2018.

B13. Basic loss per ordinary share

a) Basic loss per ordinary share was calculated by dividing the loss 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 3 months ended 30 June		**Cumulative period 6 months ended 30 June**	
	2018	**2017**	**2018**	**2017**
Basic loss per share				
Loss attributable to equity owners of the Company (RM'000)	**(6,953)**	(13,726)	**(10,251)**	(17,075)
Weighted average number of ordinary shares ('000)	**528,891**	480,810	**528,891**	480,810
Effect of issue of ordinary shares ('000)	**-**	24,305	**-**	12,219
Weighted average number of ordinary shares ('000)	**528,891**	505,115	**528,891**	493,029
Basic loss per share attributable to equity owners of the Company (sen)	**(1.31)**	(2.72)	**(1.94)**	(3.46)

b) The Group has no dilution in its loss per ordinary share in the current financial period as there are no dilutive potential ordinary shares following the expiry of the previous ESOS on 1 January 2018 and all outstanding options granted have accordingly lapsed on the said date.

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

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

	Individual period 3 months ended 30 June		Cumulative period 6 months ended 30 June	
	2018	**2017**	**2018**	**2017**
Diluted loss per share				
Loss attributable to equity owners of the Company (RM'000)	**N/A**	(13,726)	**N/A**	(17,075)
Weighted average number of ordinary shares ('000)	**N/A**	505,115	**N/A**	493,029
Adjustment for dilutive effect of ESOS	**N/A**	-	**N/A**	-
Adjusted weighted average number of ordinary shares ('000)	**N/A**	505,115	**N/A**	493,029
Diluted loss per share attributable to equity owners of the Company (sen)	**N/A**	(2.72)	**N/A**	(3.46)

By Order of The Board

IRENE LOW YUET CHUN
Company Secretary

Kuala Lumpur
16th August 2018
www.landmarks.com.my