

LANDMARKS

LANDMARKS BERHAD

(Registration No. 198901007900 (185202-H))

(Incorporated in Malaysia)

Unaudited Interim Financial Report For the Second Quarter Ended 30 June 2020

LANDMARKS

LANDMARKS BERHAD (Registration No. 198901007900 (185202-H))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	30-June-2020 RM' 000 (Unaudited)	31-December-2019 RM' 000 (Audited)
ASSETS		
Property, plant and equipment	1,514,466	1,518,551
Right-of-use assets	20,384	21,609
Inventories	632,832	632,832
Other investments	2,085	2,085
Total Non-Current Assets	2,169,767	2,175,077
Inventories	58,097	59,306
Receivables, deposits and prepayments	11,955	16,393
Current tax assets	29	246
Other investment	28	9,664
Cash and cash equivalents	15,103	27,520
Total Current Assets	85,212	113,129
TOTAL ASSETS	2,254,979	2,288,206
EQUITY		
Share capital	734,811	734,811
Reserves	737	(1,393)
Retained earnings	1,024,510	1,056,390
Total equity attributable to owners of the Company	1,760,058	1,789,808
Non-controlling Interests	713	713
Total Equity	1,760,771	1,790,521
LIABILITIES		
Loans and borrowings	116,640	111,500
Lease liabilities	10,123	11,527
Deferred tax liabilities	326,840	326,749
Retirement benefits	3,667	3,211
Total Non-Current Liabilities	457,270	452,987
Loans and borrowings	6,822	9,911
Payables and accruals	25,744	30,402
Lease liabilities	2,768	2,499
Current tax liabilities	1,604	1,886
Total Current Liabilities	36,938	44,698
Total Liabilities	494,208	497,685
TOTAL EQUITY & LIABILITIES	2,254,979	2,288,206
Net Assets Per Share (RM)	3.33	3.38

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

LANDMARKS

LANDMARKS BERHAD (Registration No. 198901007900 (185202-H))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 months ended		6 months ended	
	30 June		30 June	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue	<u>109</u>	<u>24,542</u>	<u>25,896</u>	<u>55,086</u>
Loss from operations	(18,706)	(14,456)	(28,597)	(21,736)
Finance cost	(1,821)	(2,325)	(3,526)	(4,520)
Finance income	29	13	103	33
Loss before taxation	(20,498)	(16,768)	(32,020)	(26,223)
Income tax credit/(expense)	594	(65)	(198)	(1,569)
Loss for the period	(19,904)	(16,833)	(32,218)	(27,792)
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	12,836	2,300	1,995	1,017
Other comprehensive income for the period, net of tax	12,836	2,300	1,995	1,017
Total comprehensive expense for the period	(7,068)	(14,533)	(30,223)	(26,775)
Loss attributable to:				
Owners of the Company	(19,904)	(16,833)	(32,218)	(27,792)
Non-controlling interests	-	-	-	-
Loss for the period	(19,904)	(16,833)	(32,218)	(27,792)
Total comprehensive expense attributable to:				
Owners of the Company	(7,068)	(14,533)	(30,223)	(26,775)
Non-controlling interests	-	-	-	-
Total comprehensive expense for the period	(7,068)	(14,533)	(30,223)	(26,775)

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

Loss for the period				
-Basic	(3.76)	(3.18)	(6.09)	(5.25)
-Diluted	(3.76)	(3.18)	(6.09)	(5.25)

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

LANDMARKS

LANDMARKS BERHAD (Registration No. 198901007900 (185202-H))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

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

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

	RM'000	Translation Reserve RM'000	Fair Value Reserve 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 2019, as previously reported	734,811	(7,257)	-	3,781	966,714	1,698,049	1,373	1,699,422
Prior year adjustments	-	-	-	-	189,588	189,588	-	189,588
At 1 January 2019, restated	734,811	(7,257)	-	3,781	1,156,302	1,887,637	1,373	1,889,010
Foreign currency translation differences for foreign operations	-	1,017	-	-	-	1,017	-	1,017
Total other comprehensive income for the period	-	1,017	-	-	-	1,017	-	1,017
Loss for the period	-	-	-	-	(27,792)	(27,792)	-	(27,792)
Total comprehensive income/(expense) for the period	-	1,017	-	-	(27,792)	(26,775)	-	(26,775)
Share-based payment transactions	-	-	-	876	-	876	-	876
Share options forfeited	-	-	-	(153)	153	-	-	-
Total contribution from owners	-	-	-	723	153	876	-	876
At 30 June 2019	734,811	(6,240)	-	4,504	1,128,663	1,861,738	1,373	1,863,111
At 1 January 2020	734,811	(7,008)	-	5,615	1,056,390	1,789,808	713	1,790,521
Foreign currency translation differences for foreign operations	-	1,995	-	-	-	1,995	-	1,995
Total other comprehensive income for the period	-	1,995	-	-	-	1,995	-	1,995
Loss for the period	-	-	-	-	(32,218)	(32,218)	-	(32,218)
Total comprehensive income/(expense) for the period	-	1,995	-	-	(32,218)	(30,223)	-	(30,223)
Share-based payment transactions	-	-	-	473	-	473	-	473
Share options forfeited	-	-	-	(338)	338	-	-	-
Total contribution from owners	-	-	-	135	338	473	-	473
At 30 June 2020	734,811	(5,013)	-	5,750	1,024,510	1,760,058	713	1,760,771

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

LANDMARKS

LANDMARKS BERHAD (Registration No. 198901007900 (185202-H))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020

	30-June-2020 RM'000	30-June-2019 RM'000
Cash flows from operating activities		
Loss before taxation	(32,020)	(26,223)
Adjustments for non-cash flow		
Depreciation of property, plant and equipment	10,713	10,505
Depreciation of right-of-use assets	1,590	1,556
Dividend income from other investments	(105)	(1,248)
Finance costs	3,526	4,520
Finance income	(103)	(33)
Loss/(gain) on disposal of property, plant and equipments	204	(4)
Provision for minimum wages	623	1,910
Gain on redemption of other investments	(8)	(7)
Fair value (gain)/loss on other investments	(1)	38
Property, plant and equipment written off	-	1
Equity settled share-based payment transactions	473	876
Operating loss before changes in working capital	(15,108)	(8,109)
Changes in working capital		
Retirement benefits	456	-
Inventories	(501)	(1,297)
Trade and other receivables and prepayments	4,438	(5,674)
Trade payables and others payables	(6,334)	(4,184)
Cash used in operations	(17,049)	(19,264)
Income tax paid	(604)	(478)
Income tax refunded	430	1
Net cash used in operating activities	(17,223)	(19,741)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,273)	(17,833)
Proceeds from disposal of property, plant and equipment	17	119
Proceeds from disposal of other investments	12,950	41,510
Acquisition of other investments	(3,305)	(1,258)
Increase in pledge deposits placed with licensed bank	-	(989)
Interest received	103	33
Dividend received from :		
- other investments	105	1,248
Net cash generated from investing activities	6,597	22,830
Cash flows from financing activities		
Interest paid	(2,039)	(4,396)
Interest paid on lease liabilities	(416)	(367)
Repayment of lease liabilities	(1,311)	(1,395)
Drawdown/(repayment) of loans and borrowings	1,975	(8,604)
Net cash used in financing activities	(1,791)	(14,762)
Net decrease in cash and cash equivalents	(12,417)	(11,673)
Cash and cash equivalents at 1 January	24,001	28,404
Cash and cash equivalents at 30 June	11,584	16,731
	30-June-2020	30-June-2019
	RM'000	RM'000
Cash and bank balances	11,522	16,585
Deposits with licensed banks	3,581	3,665
	15,103	20,250
Less : Pledged deposits	(3,519)	(3,519)
	11,584	16,731

The unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2020

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 2019. The explanatory notes attached to the interim financial report provide an elucidation of the events and transactions that are material to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

A2. Changes in Accounting Policies/Estimates

The audited financial statements of the Group for the year ended 31 December 2019 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 2019. The Group has adopted the MFRSs, amendments and interpretations effective for annual period beginning on or after 1 January 2020 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.

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 2019.

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 Andaman, Langkawi generally lies in the first and last quarters of the financial year while the high season for Natra Bintan and Anmon which are located in Bintan generally lies in the second and last quarters of the financial year.

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

A10. Revenue from contracts with customers

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

	6 months ended 30 June	
	2020	2019
	RM'000	RM'000
Primary geographical markets		
Malaysia	18,924	40,276
Indonesia	6,866	13,562
	25,790	53,838
Major service lines		
Room revenue	16,064	32,685
Attraction revenue	1,362	3,893
Food and beverage revenue	8,364	17,260
	25,790	53,838
Timing and recognition		
Over time	17,426	36,578
At a point in time	8,364	17,260
	25,790	53,838
Revenue from contracts with customers	25,790	53,838
Other revenue	106	1,248
Total Revenue	25,896	55,086

**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, properties and attractions

6 months ended 30 June	Hospitality and Wellness		Resort and Destination Development		Others		Consolidated	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Segment revenue	24,275	49,945	1,515	3,893	106	1,248	25,896	55,086
(Loss) / profit from operation	(11,126)	(502)	(13,847)	(16,847)	(3,624)	(4,387)	(28,597)	(21,736)
Finance costs	(3,114)	(3,731)	(376)	(784)	(36)	(5)	(3,526)	(4,520)
Finance income	100	26	1	5	2	2	103	33
	(14,140)	(4,207)	(14,222)	(17,626)	(3,658)	(4,390)	(32,020)	(26,223)
Included in the measure of segments results from operating activities are :								
- Depreciation and amortisation	(7,307)	(7,998)	(4,763)	(3,834)	(233)	(229)	(12,303)	(12,061)
Segment assets	242,728	254,006	2,006,324	2,007,959	5,927	51,357	2,254,979	2,313,322

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 2020.

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 2020.

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 2020, 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:-

	RM'000
Corporate guarantees granted for banking facilities of a subsidiary (note B9)	<u>123,975</u>

A18. Capital and commitments

	30 June 2020 RM'000
Authorised but not contracted for	65,557
Contracted but not provided for	<u>2,872</u>
Total	<u>68,429</u>

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 2019.

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

B1. Review of performance for Financial Period Ended 30 June 2020 compared with Financial Period Ended 30 June 2019

The results of the Group are tabulated below:

	INDIVIDUAL PERIOD			CUMULATIVE PERIOD		
	3 months ended			6 months ended		
	30 June			30 June		
	2020	2019	Changes	2020	2019	Changes
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	109	24,542	-100	25,896	55,086	-53
Loss from operations	(18,706)	(14,456)	-29	(28,597)	(21,736)	-32
Finance costs	(1,821)	(2,325)	22	(3,526)	(4,520)	22
Finance income	29	13	123	103	33	212
Loss before tax	(20,498)	(16,768)	-22	(32,020)	(26,223)	-22

(a) Quarter ended 30 June 2020 ("2Q 2020") compared with quarter ended 30 June 2019 ("2Q 2019")

The Group's loss before tax ("LBT") for quarter ended 30 June 2020 ("2Q 2020") was RM20.50 million as compared to RM16.77 million for quarter ended 30 June 2019 ("2Q 2019").

- (i) The Andaman incurred operating loss of RM5.42 million compared to operating profit of RM2.25 million in the same quarter of preceding year mainly due to the temporary closure of hotel operations since April 2020; and
- (ii) higher operating costs incurred in the same quarter of preceding year on Natra Bintan conversion to Marriott International standard of RM0.72 million and ANMON pre-opening costs of RM 0.77 million.

B1. Review of performance for Financial Period Ended 30 June 2020 compared with Financial Period Ended 30 June 2019 (continued)

(b) Financial period for the six months ended 30 June 2020 ("1H 2020") compared with six months ended 30 June 2019 ("1H 2019")

The Group's LBT for 1H 2020 was RM32.02 million as compared with RM 26.22 million in 1H 2019. The increase in losses was mainly due to the following factors:

- (i) The Andaman recorded an operating loss of RM1.13 million as compared to an operating profit of RM8.30 million in 1H 2019 mainly due to the temporary closure of business operations amid Covid-19 pandemic;
- (ii) ANMON incurred lower operating loss of RM1.58 million as compared to last year's loss of RM2.83 million mainly due to pre-opening expenses of RM0.77million;
- (iii) Natra Bintan incurred higher operating loss of RM8.12 million as compared to RM5.97 million mainly due to temporary closure of hotel operations in Q2 2020.
- (iv) lower operating costs incurred by Singapore office amounting to RM3.27 million as compared with 1H 2019 due to costs rationalization ; and
- (v) lower finance cost of RM3.53 million as compared with RM4.52 million in 1H 2019;

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

	2020 2nd Quarter RM'000	2020 1st Quarter RM'000	Changes %
Revenue	109	25,787	-100
Loss from operations	(18,706)	(9,891)	-89
Finance costs	(1,821)	(1,705)	-7
Finance income	29	74	-61
Loss before tax	(20,498)	(11,522)	-78

LBT increased by 78% from RM11.52 million in 1Q 2020 to RM20.50 million in 2Q 2020 mainly due to temporary closure of operations of the Group's resorts and leisure operations in Malaysia and Indonesia.

B3. Prospects

The travel, tourism and hotel industry's outlook remains uncertain and challenging as the The Covid-19 pandemic has yet to see any signs of easing and travelling restrictions are still being imposed by many countries. These challenges will continue to put pressure on the Group's revenue.

The Group's cost control and rationalization programs were implemented in the 2nd quarter of 2020. Further steps are being taken to contain costs and to manage the Group's cashflow. The Group is stepping up its tactical sales and marketing plans to drive demand and business from the local and domestic market.

We have resumed business in The Andaman Langkawi and for the Treasure Bay Bintan in stages, starting 1 July and 31 July 2020 respectively. The Andaman's July performance was encouraging. Barring any unforeseen circumstances, we expect better performance from The Andaman in the coming months.

Business remains slow in Treasure Bay Bintan as Treasure Bay Bintan relies mostly on the Singapore market, which has yet to open its borders for the Singaporeans and other visitors travelling to Bintan.

We will monitor closely the performance for both The Andaman Langkawi and Treasure Bay Bintan and take every opportunity to re-establish and enhance our market share as travel restrictions ease.

B4. Profit forecast

Not applicable as no profit forecast was announced or disclosed.

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

B5. Loss before tax

	Current Year Quarter 30 June 2020 RM'000	Current Year To-date 30 June 2020 RM'000
Loss before tax is arrived at after charging/(crediting):-		
Gross dividend income from short term investments	(88)	(105)
Depreciation and amortization	6,126	12,303
Loss/(gain) on foreign exchange	195	(13)
Impairment loss on trade receivables	27	30
Impairment of property, plant and equipment	-	-
Inventories written down	-	-
Gain on disposal of quoted/unquoted investments or properties	-	-
Fair value gain on derivative instruments	-	-

B6. Income tax (credit)/expense

	Current period 3 months ended 30 June 2020 2019 RM'000 RM'000		Cumulative period 6 months ended 30 June 2020 2019 RM'000 RM'000	
Current taxation				
Income tax charge				
- Malaysia	(951)	292	25	668
- Overseas	82	-	82	-
Deferred Taxation	275	(227)	91	901
	<u>(594)</u>	<u>65</u>	<u>198</u>	<u>1,569</u>

The effective tax rate of the Group was higher than the statutory tax rate for the current quarter and financial year-to-date mainly due to the tax losses incurred by certain subsidiaries 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.

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 2020 RM'000	As at 30 June 2019 RM'000
Short term borrowings - Secured		
Term loans	6,822	7,914
Hire purchase liabilities	-	124
	<u>6,822</u>	<u>8,038</u>
Long term borrowings - Secured		
Term loans	116,640	116,750
Hire purchase liabilities	-	46
	<u>116,640</u>	<u>116,796</u>
Total borrowings	<u>123,462</u>	<u>124,834</u>

The above include borrowings denominated in foreign currencies as follows:

	As at 30 June 2020 RM'000	As at 30 June 2019 RM'000
USD	-	<u>5,781</u>

The term loan of RM123.98 million for subsidiary was 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 2020.

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		Cumulative period	
	3 months ended		6 months ended	
	30 June		30 June	
	2020	2019	2020	2019
Basic loss per share				
Loss attributable to equity owners of the Company (RM'000)	(19,904)	(16,833)	(32,218)	(27,792)
Weighted average number of ordinary shares ('000)	528,891	528,891	528,891	528,891
Basic loss per share attributable to equity owners of the Company (sen)	(3.76)	(3.18)	(6.09)	(5.25)

B13. Basic loss per ordinary share (continued)

- b) Diluted loss per share was calculated by dividing the loss 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 directors and employees under the Employees' Share Option Scheme.

	Individual period		Cumulative period	
	3 months ended		6 months ended	
	30 June		30 June	
	2020	2019	2020	2019
Diluted loss per share				
Loss attributable to equity owners of the Company (RM'000)	(19,904)	(16,833)	(32,218)	(27,792)
Weighted average number of ordinary shares ('000)	528,891	528,891	528,891	528,891
Adjustment for dilutive effect of ESOS	-	-	-	-
Adjusted weighted average number of ordinary shares ('000)	528,891	528,891	528,891	528,891
Diluted loss per share attributable to equity owners of the Company (sen)	(3.76)	(3.18)	(6.09)	(5.25)

By Order of the Board

**WONG WEI FONG
TAN AI NING
Company Secretaries**

**Kuala Lumpur
19th August 2020
www.landmarks.com.my**