

LANDMARKS

LANDMARKS BERHAD

(Registration No. 198901007900 (185202-H))

(Incorporated in Malaysia)

Unaudited Interim Financial Report For the Second Quarter Ended 30 June 2024

LANDMARKS

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024

	30-June-2024 RM' 000 (Unaudited)	31-December-2023 RM' 000 (Audited)
ASSETS		
Property, plant and equipment	1,225,400	1,233,054
Investment property	29,882	29,882
Right-of-use assets	1,500	1,797
Inventories	736,341	736,341
Investments in joint venture	45,075	44,998
Other investments	118,162	120,168
Total Non-Current Assets	2,156,360	2,166,240
Inventories	58,909	58,494
Receivables, deposits and prepayments	3,523	4,374
Cash and cash equivalents	1,270	1,703
Total Current Assets	63,702	64,571
TOTAL ASSETS	2,220,062	2,230,811
EQUITY		
Share capital	776,746	776,746
Reserves	46,805	60,025
Retained earnings	1,031,935	1,043,644
Total equity attributable to owners of the Company	1,855,486	1,880,415
Non-controlling Interests	713	713
Total Equity	1,856,199	1,881,128
LIABILITIES		
Lease liabilities	1,321	1,432
Deferred tax liabilities	253,737	253,737
Retirement benefits	111	78
Total Non-Current Liabilities	255,169	255,247
Payables and accruals	106,608	92,143
Lease liabilities	404	593
Current tax liabilities	1,682	1,700
Total Current Liabilities	108,694	94,436
Total Liabilities	363,863	349,683
TOTAL EQUITY & LIABILITIES	2,220,062	2,230,811
Net Assets Per Share (RM)	2.76	2.80

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	3 months ended		6 months ended	
	30 June		30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Revenue	<u>5,957</u>	<u>8,826</u>	<u>11,391</u>	<u>15,698</u>
Loss from operations	(5,709)	(4,596)	(11,813)	(10,346)
Finance cost	(26)	(1,233)	(53)	(3,228)
Finance income	-	7	-	296
Operating loss	(5,735)	(5,822)	(11,866)	(13,278)
Share of profit of an equity-accounted joint venture, net of tax	179	496	82	459
Loss before taxation	(5,556)	(5,326)	(11,784)	(12,819)
Income tax expense	(64)	(91)	(119)	(160)
Loss for the period	(5,620)	(5,417)	(11,903)	(12,979)
Other comprehensive (expense)/income, net of tax				
Foreign currency translation differences for foreign operations	(8,159)	9,806	(11,020)	10,454
Fair value adjustment on other investments	(1,946)	-	(2,006)	-
Other comprehensive (expense)/income for the period, net of tax	(10,105)	9,806)	(13,026)	10,454)
Total comprehensive (expense)/income for the period	(15,725)	4,389)	(24,929)	(2,525)
Loss attributable to:				
Owners of the Company	(5,620)	(5,417)	(11,903)	(12,979)
Non-controlling interests	-	-	-	-
Loss for the period	(5,620)	(5,417)	(11,903)	(12,979)
Total comprehensive (expense)/income attributable to:				
Owners of the Company	(15,725)	4,389	(24,929)	(2,525)
Non-controlling interests	-	-	-	-
Total comprehensive (expense)/income for the period	(15,725)	4,389)	(24,929)	(2,525)

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

Loss for the period				
-Basic	(0.84)	(0.81)	(1.77)	(1.93)
-Diluted	(0.84)	(0.81)	(1.77)	(1.93)

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024

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

	Share Capital RM'000	Translation Reserve RM'000	Share Option Reserve RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
At 1 January 2023	776,746	(6,060)	7,552	-	1,042,888	1,821,126	713	1,821,839
Foreign currency translation differences for foreign operations	-	10,454	-	-	-	10,454	-	10,454
Total other comprehensive income for the period	-	10,454	-	-	-	10,454	-	10,454
Loss for the period	-	-	-	-	(12,979)	(12,979)	-	(12,979)
Total comprehensive income/(expense) for the period	-	10,454	-	-	(12,979)	(2,525)	-	(2,525)
Share options forfeited	-	-	(692)	-	692	-	-	-
Total contribution from owners of the Company	-	-	(692)	-	692	-	-	-
At 30 June 2023	776,746	4,394	6,860	-	1,030,601	1,818,601	713	1,819,314
At 1 January 2024	776,746	748	6,207	53,070	1,043,644	1,880,415	713	1,881,128
Foreign currency translation differences for foreign operations	-	(11,020)	-	-	-	(11,020)	-	(11,020)
Fair value adjustment on other investments	-	-	-	(2,006)	-	(2,006)	-	(2,006)
Total other comprehensive income for the period	-	(11,020)	-	(2,006)	-	(13,026)	-	(13,026)
Loss for the period	-	-	-	-	(11,903)	(11,903)	-	(11,903)
Total comprehensive expense for the period	-	(11,020)	-	(2,006)	(11,903)	(24,929)	-	(24,929)
Share options forfeited	-	-	(194)	-	194	-	-	-
Total contribution from owners of the Company	-	-	(194)	-	194	-	-	-
At 30 June 2024	776,746	(10,272)	6,013	51,064	1,031,935	1,855,486	713	1,856,199

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024

	30-June-2024 RM'000	30-June-2023 RM'000
Cash flows from operating activities		
Loss before tax	(11,784)	(12,819)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	6,385	7,183
Depreciation of right-of-use assets	297	386
Finance costs	53	3,228
Finance income	-	(296)
Loss/(Gain) on disposal of property, plant and equipment	7	(3)
Impairment loss of property, plant and equipment	-	225
Loss on termination of lease	-	35
Property, plant and equipment written off	2	-
Share of profit of an equity-accounted joint venture, net of tax	(82)	(459)
Operating loss before working capital changes	(5,122)	(2,520)
Changes in working capital:		
Retirement benefits	37	(72)
Inventories	(119)	(755)
Trade and other receivables	851	(3,481)
Trade and others payables and other financial liabilities	4,625	5,364
Cash generated from/(used in) operation	272	(1,464)
Income tax paid	(136)	(163)
Income tax refunded	-	29
Net cash generated from/(used in) operating activities	136	(1,598)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(19)	(50)
Interest received	-	296
Net withdrawal of other investments	-	48,545
Proceeds from disposal of property, plant and equipment	2	19
Net cash (used in)/generated from investing activities	(17)	48,810
Cash flows from financing activities		
Interest paid on lease liabilities	(53)	(50)
Repayment to a Director	(171)	(439)
Repayment of lease liabilities	(301)	(313)
Repayment of loans and borrowings	-	(48,869)
Net cash used in financing activities	(525)	(49,671)
Net decrease in cash and cash equivalents	(406)	(2,459)
Effect of exchange rate fluctuation on cash held	(27)	-
Cash and cash equivalents at 1 January	1,703	3,538
Cash and cash equivalents at 30 June	1,270	1,079
	30-June-2024 RM'000	30-June-2023 RM'000
Investment in cash funds		
Cash and bank balances	1,270	1,079

The unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024

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 2023. 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 2023.

A2. Changes in Accounting Policies

The audited financial statements of the Group for the year ended 31 December 2023 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 2023. The Group has adopted the MFRSs, amendments and interpretations effective for annual period beginning on or after 1 January 2024 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 was no change 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

The auditors had expressed their unqualified opinion with material uncertainty related to going concern in the Audited Financial Statements of the Company for the financial year ended 31 December 2023.

Extract of the Auditors' Report:

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) of the financial statements, which indicates that the Group and the Company reported losses of RM0.6 million and RM2.7 million for the year ended 31 December 2023 respectively. As at that date, the Group's and the Company's current liabilities exceeded their current assets by RM29.9 million and RM83.7 million respectively.

Extract of the Notes 1(b) to the Financial Statements:

The Directors have considered the following in preparing the financial statements of the Group and the Company using the going concern basis:

- i. The Group's inventories, which comprise mainly land held for development in Treasure Bay Bintan, Indonesia which are free of encumbrances can be subject to disposal to third parties or be used as collateral to secure financing for the purposes of funding its operations and any further financial obligations. However, there is no assurance that the Group is able to realise the above properties within the next twelve months.
- ii. During the year, Andaman Resort Sdn. Bhd. ("ARSB") was placed under receivership and Receivers and Managers ("R&M") have been appointed to take over the assets and undertakings of ARSB. As a result ARSB was deconsolidated during the year (Note 8.3).

Subsequent to year end, R&M informed the Group that ARSB has signed a conditional letter of acceptance with a third party to dispose of the charged assets for a total consideration of RM130.0 million ("Disposal by R&M"). Upon successful Disposal by R&M, R&M will discharge their responsibilities and transfer the control of ARSB to the Group after settlement of loan and interest together with the related costs.

**A4. Auditors' Report on the Group's latest Annual Financial Statements
(continued)**

Extract of the Notes 1(b) to the Financial Statements: (continued)

Conditional upon the successful disposal by R&M, the Group's and the Company's financial guarantee for the loan of ARSB (Note 26.4) will be extinguished and are expected to have sufficient surplus cash and insurance claimable to fund the operations of the Group and the Company. However, as at the reporting date, the Disposal by R&M remains uncertain as the Sale and Purchase Agreement has not been executed.

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. 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.

A7. Dividends paid

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

A8. Seasonal or cyclical factors

The Group's hotel business is generally affected by seasonal or cyclical factors. The high season for ANMON and Natra Bintan which are located in Bintan generally lies in the last quarter of the financial year.

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

A9. Revenue from contracts with customers

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

	6 months ended 30 June	
	2024	2023
	RM'000	RM'000
Primary geographical markets		
Indonesia	<u>11,205</u>	<u>15,597</u>
	<u>11,205</u>	<u>15,597</u>
Major service lines		
Room revenue	5,017	7,420
Attraction revenue	3,075	4,040
Food and beverage revenue	3,113	4,137
	<u>11,205</u>	<u>15,597</u>
Timing and recognition		
Over time	8,092	11,460
At a point in time	3,113	4,137
	<u>11,205</u>	<u>15,597</u>
Revenue from contracts with customers	11,205	15,597
Other revenue	186	101
Total Revenue	<u>11,391</u>	<u>15,698</u>

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:

- | | |
|---------------------------------------|---|
| 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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Segment revenue	8,130	11,557	3,075	4,040	186	101	11,391	15,698
Profit/(Loss) from operations	4,684	2,483	(13,739)	(9,892)	(2,758)	(2,937)	(11,813)	(10,346)
Finance costs	-	(3,178)	(36)	(34)	(17)	(16)	(53)	(3,228)
Finance income	-	294	-	2	-	-	-	296
	4,684	(401)	(13,775)	(9,924)	(2,775)	(2,953)	(11,866)	(13,278)
Included in the measure of segments results from operating activities are :								
- Depreciation and amortisation	(2,417)	(1,401)	(4,080)	(5,983)	(185)	(185)	(6,682)	(7,569)
- Foreign exchange gain/(loss)	559	(7)	(466)	(447)	(14)	4	79	(450)
Segment assets	76,884	111,613	2,078,057	2,097,282	65,121	2,240	2,220,062	2,211,135

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.

A11. *Property, plant and equipment*

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

A12. *Intangible asset*

There was no additional purchase of intangible asset for the financial period ended 30 June 2024.

A13. *Issuances, repayments of debt and equity securities*

There were no issuance or repayment of debt, share buyback, share cancellation, shares held as treasury shares and resale of treasury shares for the financial period ended 30 June 2024.

A14. *Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period*

There were no material events subsequent to the end of the financial period under review that have not been reflected in this interim financial statements as at the date of this report.

A15. *Contingent liabilities and contingent assets*

There were no material contingent assets and contingent liabilities, which upon being enforced might have a material impact on the financial position or business of the Group except as disclosed under note B9 Loans and borrowings.

A16. *Related party transactions*

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

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

B1. Review of performance for Financial Period Ended 30 June 2024 compared with Financial Period Ended 30 June 2023

The results of the Group are tabulated below:

	INDIVIDUAL PERIOD			CUMULATIVE PERIOD		
	3 months ended			6 months ended		
	30 June			30 June		
	2024	2023	Changes	2024	2023	Changes
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	5,957	8,826	-33	11,391	15,698	-27
Loss from operations	(5,709)	(4,596)	-24	(11,813)	(10,346)	-14
Finance costs	(26)	(1,233)	98	(53)	(3,228)	98
Finance income	-	7	-100	-	296	-100
Operating loss	(5,735)	(5,822)	1	(11,866)	(13,278)	11
Share of loss of an equity-accounted joint venture, net of tax	179	496	64	82	459	82
Loss before tax	(5,556)	(5,326)	-4	(11,784)	(12,819)	8

(a) Quarter ended 30 June 2024 ("2Q 2024") compared with quarter ended 30 June 2023 ("2Q 2023")

The Group recorded lower operating loss in 2Q 2024, the variance is immaterial.

(b) Financial period ended 30 June 2024 ("6M 2024") compared with financial period ended 30 June 2023 ("6M 2023")

The Group lower operating loss in 6M 2024 was mainly due to the following:

- (i) Andaman Resort Sdn. Bhd. ("ARSB"), a former subsidiary being deconsolidated from the Group's financial statement since July 2023, has recorded finance cost of RM2.9 million in 6M 2023 but none recognised in 6M 2024 due to deconsolidation.

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

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

	2024 2nd Qtr RM'000	2024 1st Qtr RM'000	Changes %
Revenue	<u>5,957</u>	<u>5,434</u>	10
Loss from operations	<u>(5,709)</u>	<u>(6,104)</u>	6
Finance costs	(26)	(27)	4
Finance income	-	-	0
Operating loss	<u>(5,735)</u>	<u>(6,131)</u>	6
Share of profit/(loss) of an equity- accounted joint venture, net of tax	179	(97)	285
Loss before tax	<u>(5,556)</u>	<u>(6,228)</u>	11

The Group lower operating loss in 2Q 2024 as compare to 1Q 2024 was mainly due to the following:

- (i) Treasure Bay Bintan recorded lower operating losses by RM0.4 million mainly due to more sales and marketing effort deployed and take advantage on school holiday session; and
- (ii) Higher share of profit after tax arising from joint venture by RM0.3 million due to reason stated above.

B3. Prospects

The Group has resolved its fire insurance settlement claims with insurance company. Insurance claims based on Indemnity basis for fire property damage and all risks policies were fully received and used to partially repay the outstanding loan with OCBC in July 2024. Balance of OCBC loan will be fully repaid upon completion of sale of Andaman Resort Sdn Bhd ("ARSB")'s charged assets.

In this regard, Receivers and Managers of ARSB has entered into a Sale & Purchase Agreement ("SPA") with Mutiara Hotels & Resorts Sdn Bhd ("Purchaser") for sale of charged assets on 21 June 2024. Completion of SPA is 90 days from date of SPA with automatic extension for 30 days subject to Purchaser having to pay interest on the balance of purchase consideration at 6% per annum.

The Group is now able to focus its efforts on Bintan island developments. In this regard, Master plan for whole of Treasure Bay Bintan and in particular phase 1, Chill Cove development has been finalised. The roll out of the Master Plan is pivoting on innovative hotel offerings with enhanced attractions activities around its iconic crystal lagoon, to create a more integrated and appealing resort experience.

Treasure Bay Bintan development is a main component of the Company's plan to regularise its affected listed issuer status.

B4. Profit forecast

Not applicable as no profit forecast was announced or disclosed.

B5. Loss before tax

	Current Year Quarter 30 June 2024 RM'000	Current Year To-date 30 June 2024 RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):-		
Depreciation and amortisation	3,262	6,682
Loss/(Gain) on foreign exchange	9	(79)

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

B6. Income tax expense/(income)

	Current period 6 months ended 30 June		Cumulative period 6 months ended 30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Income tax charge				
- Malaysia	-	-	-	-
- Overseas	64	91	119	160
Deferred Taxation	-	-	-	-
	<u>64</u>	<u>91</u>	<u>119</u>	<u>160</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 other subsidiaries.

B7. Status of corporate proposals announced but not completed

There was no corporate proposal announced but not completed at the date of this quarterly report.

B8. Changes in material litigation

There was no material litigation pending at the date of this report except as disclosed below:

The Company had on 8 March 2023 received a Notice of Recall from Messrs. Shearn Delamore, solicitors representing OCBC Bank (Malaysia) Berhad ("the Bank or OCBC") on the Company.

Details of the default in payment by the Company's wholly-owned former subsidiary, ARSB on the bank facilities is as follow:-

Bank / Financier	Type of Facilities	Borrower	Outstanding amount (RM)
OCBC	Banking and Credit Facilities availed to ARSB by OCBC ("Facilities")	ARSB	RM 133,368,719.75 as at 22 February 2023

B8. Changes in material litigation (continued)

The Company and its wholly owned subsidiary ARSB disputed the claim that the Bank has no other option but to declare an event of default and cancel the Facilities Agreement. Furthermore, the Company and/or ARSB opines that the default is capable of being remedied without a declaration of default as securities currently provided to the Bank are sufficient to meet the outstanding Facilities.

The Company has, through our solicitor, Messrs Shafee & Co, exchanged various correspondences to the Bank proposing terms to both parties to "remedy the default" in a timely and efficient manner.

The Company's solicitors, Messrs Shafee & Co had on 30 March 2023 received a letter dated 30 March 2023 ("Letter dated 30 March 2023") sent by Messrs Shearn Delamore & Co, solicitors representing OCBC Bank acknowledged the proposed repayment plan submitted by our solicitor, Messrs Shafee & Co on behalf of the Company. The Bank expressed its willingness to withhold legal proceedings and/or enforcing its securities and has granted the Company a period of 60 days from 22 March 2023 to secure the necessary funds for the complete repayment of the Bank's loans, in accordance with the terms and conditions outlined in the Letter dated 30 March 2023 which was accepted by the Company.

In regards to the OCBC deadline of 22 May 2023, the bank had further given an extension up to 25 May 2023 for the Company to provide additional information to their queries and the Company had complied with by the sending of a reply to their queries on 25 May 2023.

On 6 July 2023, Mr Khoo Siew Kiat and Mr Lim Keng Peo of Deloitte Restructuring Services PLT have been appointed as the joint and several Receivers and Managers by OCBC over the assets and undertakings of ARSB, the wholly-owned subsidiary of the Company pursuant to the powers contained in the Debenture dated 31 May 2018 executed between ARSB and OCBC.

The Company's solicitors, Messrs Shafee & Co, through letters dated 21 June 2023 and 4 July 2023, have communicated the following updates to OCBC's solicitors, Messrs Shearn Delamore & Co :-

1. that ARSB have engaged negotiations with a reputable private equity fund management company in the prospect of providing a bridging loan to refinance ARSB's existing loan with OCBC;
2. that the aforementioned company is engaged in the preparation of an investment paper;

B8. Changes in material litigation (continued)

3. In relation to the Fire Insurance Claims with ARSB's insurers, MSIG Insurance (Malaysia) Bhd ("MSIG"), that ARSB had terminated the engagement of previous insurance claims specialist consultants and have appointed Sterling Insurance Brokers Sdn Bhd ("Sterling") to lead the negotiations with MSIG together with Newfields Advisors Sdn Bhd to act on their behalf. Sterling have indicated that they will endeavour to complete the negotiations for insurance claims within three (3) months from 21 June 2023.
4. MSIG will be holding a meeting on 6 July 2023 with Sterling to continue the negotiations on the insurance claims.

In response to our abovementioned reply, Messrs Shearn Delamore & Co, through a letter dated 5 July 2023, communicated that all timelines stand lapsed and/or have been breached and OCBC asserts that they are "not in any position to agree to any additional time".

The steps taken or proposed to be taken by the Company/ARSB in respect of the appointment of the joint and several Receivers and Managers include:-

- a. The Company and its wholly owned subsidiary, ARSB are actively involved in ongoing exercises aimed at securing funds and/or investments to address the outstanding amounts owed to OCBC and for the purposes of facilitating future business activities.
- b. ARSB are actively engaged in negotiations with our Insurance Company through their newly appointed insurance claims specialist, Sterling, to recover the insurance claims proceeds which will be used to settle the outstanding amounts owed to OCBC and towards rebuilding of The Andaman.

On 14 July 2023, the Company's appointed solicitors, Messrs Shafee & Co filed a suit in the Kuala Lumpur High Court together with an ex-parte injunction which was converted into an inter-parties hearing on 21 July 2023 (which was later fixed on 2 August 2023, 24 August 2023 and 22 September 2023 as parties attempted to settle the matter out of court). The matter was finally heard on 20 October 2023.

The High Court had on 20 October 2023 dismissed the injunction and our solicitors, Messrs Shafee & Co had on 27 October 2023 filed a notice of appeal to the Court of Appeal against the decision made on 20 October 2023.

B8. Changes in material litigation (continued)

Deloitte, the appointed Receivers and Manager by OCBC had on 27 October 2023 advertised the sale of the ARSB's land in The Star Newspaper, inviting interested parties to submit their offers to acquire ARSB's land and buildings that were charged to OCBC by 1 December 2023.

On 30 October 2023, our solicitors Messrs Shafee & Co filed an Erinford injunction (with a certificate of urgency) to the High Court pending the disposal of the appeal in the Court of Appeal. During the case management on 7 November 2023, the High Court fixed the hearing of the Erinford injunction on 21 December 2023. On 11 November 2023, Messrs Shafee & Co requested the High Court Judge to fix an earlier date but to no avail.

On 16 November 2023, our solicitors Messrs Shafee & Co filed an Erinford injunction in the Court of Appeal (with a certificate of urgency) in light of the fact that the deadline for offers to be made for the land is on or before 1 December 2023, the Court of Appeal has refixed the hearing date of the Erinford injunction to Thursday, 30 November 2023.

On 29 November 2023, OCBC agreed to ARSB's proposal to explore possibility to refinance the amount owing to OCBC with a reputable party and instructed the Receivers and Managers to withhold the sale process of the Property for 2 months ending on 31 January 2024 ("Moratorium Period") and for a further period of 1 month ("Extended Moratorium Period") subject to the issuance of a letter of offer, on the following terms :-

1. ARSB, the Company and the other Plaintiff withdraw the Application for Erinford injunction in both the High Court and Court of Appeal;
2. ARSB, the Company and the other Plaintiff withdraws the Appeal against the High Court Order dated 20 October 2023; and
3. ARSB and/or its security parties agree not to file any further proceedings and/or actions against OCBC and/or the Receivers and Managers to impede the sale of the Property upon the expiry of the Moratorium Period or the Extended Moratorium Period.

The Company and ARSB accepted this proposal through their advisors, Newsfields and instructed our solicitors Messrs Shafee & Co to withdraw the applications and appeals in the High Court and Court of Appeal.

Our solicitors Messrs Shafee & Co had on 6 February 2024 placed on record to OCBC and the receivers and Managers that the Company and ARSB are actively taking all steps to secure funds required to fulfil our financial obligations and that the equity of redemption remains in full effect.

B8. *Changes in material litigation (continued)*

The Company and ARSB are actively engaged in pursuing both the insurance claims and the funding options concurrently, with the primary objective of repaying the outstanding amounts owing to OCBC.

As part of the Company's efforts to repaying the outstanding amounts owing to OCBC, the Company has identified a new strategic investor in late January 2024 who requested for an extension of Moratorium Period to 30 April 2024 to facilitate negotiation with Landmarks Berhad.

Unfortunately, OCBC is unable to accede to such request on ground that tender process for sale of the Property has closed on 1 December 2023 and therefore earlier agreement to withhold the sale process of the Property has ceased following the non-compliance of conditions set out in the Moratorium Period. Hence, Receivers and managers has been instructed to proceed with the tender process.

The Company has settled its dispute with OCBC and accordingly dropped its last remaining legal suit against the bank in June 2024 in order that Receivers and Managers may proceed with signing of Sale & Purchase Agreement (SPA) with purchaser of ARSB's charged assets following the successful conclusion of the tender exercise.

The SPA was duly entered into on 21 June 2024 and is now pending completion.

Following the signing of SPA, the Company has also successfully concluded and received the fire insurance settlement claims from the insurance companies in July 2024.

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

B9. Loans and borrowings

The Group's borrowings are all secured as follows:

	As at 30 June 2024 RM'000	As at 30 June 2023 RM'000
Short term borrowings - Secured		
Term loans	-	77,678
Total borrowings	<u>-</u>	<u>77,678</u>

The loan and borrowings under ARSB were no longer form integral part of the group after deconsolidation of ARSB upon the appointment of the Receivers and Managers by the financier on 6th July 2023.

There might be a contingent liability under a corporate guarantee by the Company for advances to ARSB by OCBC being called, if there is any shortfall in the realisation of the ARSB's land charged and the balance of the insurance sum recoverable.

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 material 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 2024.

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

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	
	2024	2023	2024	2023
Basic loss per share				
Loss attributable to equity owners of the Company (RM'000)	(5,620)	(5,417)	(11,903)	(12,979)
Weighted average number of ordinary shares ('000)	671,514	671,514	671,514	671,514
Basic loss per share attributable to equity owners of the Company (sen)	(0.84)	(0.81)	(1.77)	(1.93)

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 3 months ended 30 June		Cumulative period 6 months ended 30 June	
	2024	2023	2024	2023
Diluted loss per share				
Loss attributable to equity owners of the Company (RM'000)	(5,620)	(5,417)	(11,903)	(12,979)
Weighted average number of ordinary shares ('000)	671,514	671,514	671,514	671,514
Adjustment for dilutive effect of ESOS	-	-	-	-
Adjusted weighted average number of ordinary shares ('000)	671,514	671,514	671,514	671,514
Diluted loss per share attributable to equity owners of the Company (sen)	(0.84)	(0.81)	(1.77)	(1.93)

By Order of the Board

**TAN AI NING
NELSON FOO CHEAN EE
Company Secretaries**

**Kuala Lumpur
21 August 2024
www.landmarks.com.my**