

EASTLAND EQUITY BHD ("EASTLND")
 INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 30-Sep -2014 RM <u>Unaudited</u>	As at 31-Dec-2013 RM <u>Audited</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	134,103,190	136,083,841
Investment properties	83,607,000	83,607,000
Prepaid land lease payments	6,929,495	7,004,176
Other investments	2,626,431	435,105
Land held for development	2,000,000	2,000,000
Total Non-Current Assets	<u>229,266,116</u>	<u>229,130,122</u>
Current Assets		
Property development expenditure	47,738,759	42,725,085
Inventories	5,709,039	5,690,575
Lease and hire-purchase receivables	-	3,637,142
Trade and other receivables	23,383,005	21,340,973
Tax recoverable	1,091,623	1,133,483
Deposits placed with licensed banks	917,581	889,561
Cash and bank balances	2,270,022	3,965,392
Total Current Assets	<u>81,110,029</u>	<u>79,382,211</u>
Non-current assets held for sale	-	850,000
	<u>81,110,029</u>	<u>80,232,211</u>
TOTAL ASSETS	<u>310,376,145</u>	<u>309,362,333</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	122,833,988	122,833,988
Share premium	335,001	335,001
Reserves	60,349,324	57,458,707
Total Equity	<u>183,518,313</u>	<u>180,627,696</u>
Non-Current Liabilities		
Hire-purchase payables	-	53,730
Term loans	2,087,960	2,356,951
Deferred tax liabilities	15,211,067	14,311,067
Total Non-Current Liabilities	<u>17,299,027</u>	<u>16,721,748</u>
Current Liabilities		
Trade and other payables	78,297,243	79,816,685
Provisions for liabilities	23,840,345	27,666,614
Hire-purchase payables	74,885	89,635
Term loan instruments	1,043,539	1,784,200
Term loans	2,632,596	2,655,755
Bank overdraft	3,670,197	-
Total Current Liabilities	<u>109,558,805</u>	<u>112,012,889</u>
	<u>109,558,805</u>	<u>112,012,889</u>
Total Liabilities	<u>126,857,832</u>	<u>128,734,637</u>
TOTAL EQUITY AND LIABILITIES	<u>310,376,145</u>	<u>309,362,333</u>
Net asset per share (sen)	75	73

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

EASTLAND EQUITY BHD ("EASTLND")
 INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended 30-Sep-2014 RM	3 months ended 30-Sep-2013 RM	Year-to-date 30-Sep-2014 RM	Year-to-date 30-Sep-2013 RM
<u>Continuing Operations</u>				
Revenue	9,401,817	10,260,807	27,290,922	30,877,729
Expenses excluding finance cost	(8,793,420)	(9,077,943)	(25,425,786)	(26,241,510)
Other operating income	<u>105,012</u>	<u>4,365,663</u>	<u>1,274,323</u>	<u>4,565,343</u>
Profit from operations	713,409	5,548,527	3,139,459	9,201,562
Finance cost	<u>(48,589)</u>	<u>(241,644)</u>	<u>(244,909)</u>	<u>(490,453)</u>
Profit before taxation	664,820	5,306,883	2,894,550	8,711,109
Income tax expense	<u>(602,111)</u>	<u>(956,757)</u>	<u>(2,195,259)</u>	<u>(2,306,500)</u>
Net profit for the period	62,709	4,350,126	699,291	6,404,609
Other comprehensive income, net of tax	<u>(152,540)</u>	<u>14,216</u>	<u>2,191,326</u>	<u>(19,324)</u>
Total comprehensive income for the period	<u>(89,831)</u>	<u>4,364,342</u>	<u>2,890,617</u>	<u>6,385,285</u>
Earnings per ordinary share attributable to equity holders of the Company (sen)				
Basic, for profit for the period	<u>0.03</u>	<u>1.95</u>	<u>0.28</u>	<u>2.87</u>
Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

EASTLAND EQUITY BHD ("EASTLND")

INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Non-distributable</u>			<u>Distributable</u>		Total RM	
	Share Capital RM	Share Premium RM	Fair Value Reserve RM	Capital Reserve RM	Revaluation Reserve		Retained Profits/ (Accumulated Losses) RM
At 1 January 2013	111,667,288	-	17,136	110,238,037	-	(58,355,367)	163,567,094
Total comprehensive income	-	-	(39,832)	-	-	5,073,939	5,034,107
Revaluation on Property, Plant and Equipment	-	-	-	-	524,794	-	524,794
Issue of ordinary shares	11,166,700	335,001	-	-	-	-	11,501,701
At 31 December 2013	122,833,988	335,001	(22,696)	110,238,037	524,794	(53,281,428)	180,627,696
Total comprehensive income	-	-	2,191,326	-	-	699,291	2,890,617
At 30 September 2014	122,833,988	335,001	2,168,630	110,238,037	524,794	(52,582,137)	183,518,313

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

EASTLAND EQUITY BHD ("EASTLND")

INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30-Sep -2014 RM	9 months ended 30-Sep -2013 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before income tax expense for the period	2,894,550	8,711,109
Adjustments for:		
Bad debt recovered	(1,891)	-
Gain on disposal of Non-current asset held for sale	(750,000)	-
Interest income	(39,716)	(58,247)
Interest expense	244,909	490,453
Allowance for doubtful debts no longer required	-	(671,388)
Waiver of term loan interest	(385,311)	-
Allowance for doubtful debts	5,777	46,949
Depreciation of property, plant and equipment	2,623,524	373,047
Amortisation of prepaid lease payments	74,679	63,495
Operating Profit/(Loss) Before Working Capital Changes	4,666,521	8,955,418
(Increase)/Decrease in:		
Property development expenditure	(5,013,674)	(16,934,599)
Inventories	(18,464)	102,648
Lease and hire-purchase receivables	3,637,142	7,263,887
Trade and other receivables	(2,045,915)	758,750
Increase/(Decrease) in:		
Trade and other payables	(1,613,781)	5,926,527
Provision for liabilities	(3,826,269)	(3,025,681)
Income tax (paid)/refunded, net	(4,214,440)	3,046,950
	(1,253,399)	(1,313,145)
Net Operating Cash Flow	(5,467,839)	1,733,805
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Additions to property, plant and equipment	(642,874)	(55,432)
Disposal of non-current asset held for sale	1,600,000	-
Interest received	39,716	58,247
Deposit held as security value	(28,020)	(27,166)
Net Investing Cash Flow	968,822	(24,351)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Drawdown/(Repayment) of term loans, net	188,614	(2,367,535)
Interest paid	(150,570)	(372,291)
Payment of hire-purchase payables	(68,480)	(119,563)
Repayment of term loans instruments	(740,661)	(1,111,838)
Net Financing Cash Flow	(771,097)	(3,971,227)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(5,270,114)	(2,261,773)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,869,939	5,847,171
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(1,400,175)	3,585,398
CASH AND CASH EQUIVALENTS AT END OF PERIOD COMPRISE THE FOLLOWING:		
Cash and bank balances	2,052,363	3,370,890
Housing Development Account	217,659	214,508
Deposits placed with licensed banks	917,581	889,561
Bank overdrafts	(3,670,197)	-
	(482,594)	4,474,959
Less : Deposits pledged with licensed bank	(917,581)	(889,561)
	(1,400,175)	3,585,398

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**EASTLAND EQUITY BHD (“EASTLND”)
INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

EXPLANATORY NOTES

A1 Basis of preparation

This interim report is unaudited and has been prepared in accordance with FRS 134 “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirement of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013. The explanatory notes attached to the interim financial statements 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 2013.

The significant accounting policies, methods of computation and basis of consolidation applied in the interim financial statements are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 December 2013.

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1st January 2012, the MASB had on 19th November 2011 issue a new MASB approved accounting standards, MFRSs (“MFRSs Framework”) for application in the annual periods beginning on or after 1st January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRSs framework to financial year beginning on 1 January 2015. The Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for the financial year ending 31 December 2015.

A2 Audit qualifications

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2013 was not subject to any qualification.

A3 Seasonality or cyclicity of operation

For the financial period under review, the operations of the Group are not subject to material seasonal or cyclical fluctuations except for the Hospitality segment.

A4 Changes in the composition of the Group

For the financial period under review, there were no material changes in the composition of the Group.

A5 Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cashflows because of their nature, size or incidence during the financial period under review.

A6 Changes in estimates

There were no material changes in estimates in the current quarter results.

A7 Debt and equity securities

There were no issuance, repurchase and repayment of debt and equity securities for the financial period under review.

A8 Dividends paid

There was no dividend paid for the financial period under review.

A9 Segmental reporting

The Group's segmental report for the financial period to date is as follows:

	Investment properties RM'000	Leasing & financing RM'000	Hospitality RM'000	Investment holding RM'000	Property development RM'000	Others RM'000	Total RM'000
Revenue	4,418	1,339	17,802	-	3,732	-	27,291
Results							
Segment profit/(loss)	797	1,260	2,286	(1,309)	79	(14)	3,099
Interest income	36	-	-	-	4	-	40
Finance cost	(145)	-	-	(6)	(94)	-	(245)
Share of result of associate							-
Profit before taxation							<u>2,894</u>
Income tax expense							<u>(2,195)</u>
Profit for the period							<u><u>699</u></u>

A10 Carrying amount of revalued assets

The carrying value of land and building is based on the valuation incorporated in the annual financial statements for the year ended 31 December 2013 and valuation performed as of date of this report.

A11 Subsequent material event

There were no material events subsequent to the end of the period that have not been reflected in the financial statements for the period.

A12 Changes in contingent liabilities and contingent assets

Save for disclosures that were made in the audited financial statements for the year ended 31 December 2013, there were no material changes in the contingent liabilities and contingent assets of the Group.

A13 Capital Commitments

During the financial period under review, there were no material capital commitments that the Group had contracted for and approved.

ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BHD'S LISTING REQUIREMENTS

B1 Review of performance

The Group recorded revenue of RM9.40 million for the current quarter, compared to the revenue of RM10.26 million recorded in previous year corresponding quarter.

In the Investment Properties segment, the Group recorded revenue of RM1.46 million in current quarter compared to RM1.82 million in previous year corresponding quarter as there were sales of properties in previous corresponding quarter.

In the Hospitality segment, a revenue of RM6.66 million was recorded compared to RM5.86 million in previous year corresponding quarter. Renaissance Hotel recorded better revenue for rooms, foods and beverages from a one-off public event which took place in the current quarter.

In the current quarter, the Group recorded a revenue of RM1.28 million for Property Development segment compared to RM2.58 million in previous year corresponding quarter. Lower revenue is mainly due to slower sales and work-in-progress of the Bandar Tasek Raja project in Pasir Mas, Kelantan as compared to previous year corresponding quarter.

In the Leasing and Financing segment, no revenue recorded in both this quarter and previous year corresponding quarter, as there were no active or new customers.

B2 Material changes in the profit before taxation

The Group recorded a profit before tax for the current quarter of RM665 thousand compared to previous quarter profit before tax of RM1.89 million. The difference is mainly due to the RM1.34 million of interest income recognized in previous quarter upon the recovery of the amount due from a default customer.

B3 Group prospects

For the financial year 2014, the Group is expected to focus its attention on the current businesses in Investment Property segment, Hospitality segment and Project Development segment. The management will also explore for other business opportunity.

B4 Variance of profit forecast and profit guarantee

Not applicable.

B5 Taxation

	3 months ended 30-Sep-14 RM'000	3 months ended 30-Sep-13 RM'000	Year-to-date 30-Sep-14 RM'000	Year-to-date 30-Sep-13 RM'000
Tax (expense)/income				
Income tax				
-current year	(302)	(657)	(1,295)	(1,407)
-prior year	-	-	-	-
Deferred tax				
-current year	(300)	(300)	(900)	(900)
-prior year	-	-	-	-
	<u>(602)</u>	<u>(957)</u>	<u>(2,195)</u>	<u>(2,307)</u>

The effective income tax rate of the Group for the current quarter and financial year-to-date is higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

B6 Status of corporate proposal

- (i) On 20 September 2013, 24 September 2013 and 25 September 2013, the Company made an announcement on the Debt Restructuring Agreement entered into between Eastern Biscuit Factory Sdn Bhd, Fazwin Construction Sdn Bhd, FBO Land (Setapak) Sdn Bhd and Explicit Vantage Sdn Bhd. As at the date of this announcement, the Ruler-in-Council has approved the land transfer. The debt restructuring exercise is now pending release of charge from the Bank for the condominium units.

B7 Group borrowings and debts securities

The Group borrowings, all denominated in Ringgit Malaysia, as at 30 September 2014 are as follows: -

	Secured RM'000	Total RM'000
Current:		
Term loans	3,676	3,676
Hire-purchase payables	75	75
Bank overdraft	3,670	3,670
	<u>7,421</u>	<u>7,421</u>
Non-current:		
Term loans	2,088	2,088
	<u>2,088</u>	<u>2,088</u>
Total	<u>9,509</u>	<u>9,509</u>

B8 Changes in material litigation

There were no material litigations for the financial period under review other than the following:

- (i) FBO Land (Setapak) Sdn Bhd ("Plaintiff"), a wholly owned subsidiary of the Company had filed a suit against two previous Directors & 13 others for the return of 9 units of shoplots belonging to the Plaintiff on 3 March 2006.

The defendants were 1st Tow Kong Liang, 2nd Aubrey George Menezes, 3rd Chow Lye Khoon, 4th Tow Lye Good, 5th Chow Kong Han, 6th Arulananda K. Manickam, 7th Pristine Park Sdn. Bhd. 8th Potowin Sdn. Bhd., 9th Sapphire Dynamics Sdn. Bhd., 10th Eminent Pacific Sdn. Bhd., 11th Bay Trading Sdn. Bhd., 12th Pendaftar Hakmilik Tanah Kuala Lumpur, 13th Malayan Banking Berhad, 14th Standard Chartered Bank Malaysia Berhad and 15th EON Bank Berhad.

The High Court conducted the trials on 18-20 January 2012, 29 February 2012, 5-6th March 2012 and 23rd March 2012.

On 30 April 2012, the High Court ruled in favour of the Plaintiff allowing their claim against the 1st to 10th Defendants with costs. However, the High Court at the same time dismissed the Plaintiff's claim against the 11th Defendant with costs.

The Plaintiff had withdrawn the suits against the 13th to 15th Defendants upon the three defendants entering into a Consent Order before a Judge to deposit any surplus from the proceeds of auction on properties charged to them into their Solicitors' firm account as stakeholder pending the disposal of the suit.

The 12th Defendant had through the Public Prosecutor's office informed the High Court that they will abide to whatever Order issued by the Court in respect of the properties involved in the case.

The Plaintiff had on 28 May 2012 received notice of appeal by defendants 1st to 10th.

Defendants 1st to 10th had also on 25 February 2013 filed for Stay of Execution of the Court Judgment. Subsequently, the Plaintiff filed an objection to the Defendants application for the Stay of Execution

and Assessment of Damages claims both on 11 November 2013. The High Court made an order that neither the Plaintiff nor the Defendants are allowed to transfer the properties and that the rental collection for the properties concerned since the date of the High Court Ruling on 30 April 2012 are to be deposited by the Defendants into the account of the Defendants' solicitor as stakeholder pending the Court of Appeal's decision.

The Court of Appeal has rescheduled the hearing on the Defendants' appeal against the High Court ruling to 20 November 2014.

- (ii) Rimaflex Sdn Bhd ("Plaintiff"), a wholly owned subsidiary of the Company had on 19 September 2013 filed at Kuala Lumpur High Court, the Writ of Summons and Statement of Claims against Chong Sze San, Len Yoong Chan and Lim Beng Koon ("Defendant"). Defendant 2 and 3 are guarantors for Defendant 1. The claims of outstanding of RM17,654,977.31 with 8% interest commencing from 17 September 2013 until date of full settlement due under MoneyLending Agreement signed by the Defendant with the Plaintiff on 19 January 2009 and 24 May 2010. The claims against guarantors of outstanding of RM17,404,977.31 with 8% interest commencing from 17 September 2013 until date of full settlement.

The defendants had on 15 November 2013 applied for Order 33 r.2 Rules of Court 2012 for the Court to determine the preliminary issues regarding the legality of the MoneyLending Agreement.

The High Court granted the Plaintiff Summary Judgement against the Defendants on 14 February 2014 and at the same time dismissed the defendants' application for Order 33r.2 Rules of Court. The sealed Summary of Judgment was extracted from Court on 10 March 2014 and served on the Defendants' lawyer accordingly on 11 March 2014.

In view of non-compliance by the Defendants, the Plaintiff via its lawyer have filed an extracted sealed copies of the Judgment Notices and served on the Defendants on 5 May 2014 but the Defendants refused to accept service. The Plaintiff via its lawyer then obtained Substitute of Service Order from Court and advertised the Judgement Notices in the newspaper on 10 June 2014.

The Defendants filed application in High Court to set aside the Bankruptcy Notices filed against them. At the hearing on 17 July 2014, the Court of Appeal dismissed the applications by 2nd and 3rd Defendants. On 21 August 2014, the Court of Appeal dismissed the application by Chong Sze San to set aside the Bankruptcy Notice filed against him. In the meantime, the Plaintiff's lawyer has filed Creditors Petition against the three Defendants for the amount of RM18,167,989.72 accumulated up to 29 April 2014. The Court has now fixed on 13 October 2014 and 12 January 2015 as case management for Len Yoong Chan and Lim Beng Koon's bankruptcy proceedings respectively. The bankruptcy proceeding against Chong Sze San is fixed on 23 February 2015.

B9 Dividend

There was no dividend paid for the financial period under review.

B10 Earnings per shares

	3 months ended 30-Sep-14 RM'000	3 months ended 30-Sep-13 RM'000	Year-to-date 30-Sep-14 RM'000	Year-to-date 30-Sep-13 RM'000
Net profit/(loss) attributable to equity holders of the Company				
- from continuing operation	<u>63</u>	<u>4,350</u>	<u>699</u>	<u>6,405</u>
	<u>63</u>	<u>4,350</u>	<u>699</u>	<u>6,405</u>
Number of ordinary share in issue ('000)	245,668	223,335	245,668	223,335
Earnings/(Loss) per share (sen)				
Basic, for profit/(loss) from - continuing operations	<u>0.03</u>	<u>1.95</u>	<u>0.28</u>	<u>2.87</u>
Basic, for profit/(loss) for the period	<u>0.03</u>	<u>1.95</u>	<u>0.28</u>	<u>2.87</u>
Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

B11 Disclosure of realised and unrealised profits/losses

The breakdown of accumulated losses of the Group as at 30 September 2014, into realised and unrealised profits is as follows:

	12 months ended 31-Dec-13 RM'000	9 months ended 30-Sep-14 RM'000
Total retained profits of the Group:		
- Realised	74,349	73,905
- Unrealised	<u>12,566</u>	<u>13,709</u>
	<u>86,915</u>	<u>87,614</u>
Total share of accumulated losses from associate:		
- Realised	(400)	(400)
- Unrealised	<u>-</u>	<u>-</u>
	<u>86,515</u>	<u>87,214</u>
Consolidation adjustments	<u>(139,797)</u>	<u>(139,797)</u>
Total Group accumulated losses	<u>(53,282)</u>	<u>(52,583)</u>

B12 Profit for the period

	Current Quarter RM'000	Year-to-date RM'000
This is arrived at after (charging)/crediting:		
Interest income	10	40
Depreciation and amortization	(921)	(2,698)
Provision for and write off of receivables	6	-
Foreign exchange loss	<u>23</u>	<u>(5)</u>

Other disclosure items pursuant to Appendix 9B, Part A(16) of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.