

**EASTLAND EQUITY BHD ("EASTLND")
INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 30-Sep-2017 RM <u>Unaudited</u>	As at 31-Dec-2016 RM <u>Audited</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	112,723,821	115,819,203
Investment properties	87,450,000	87,450,000
Prepaid land lease payments	2,052,140	2,060,528
Other investments	506,640	494,268
Total Non-Current Assets	<u>202,732,601</u>	<u>205,823,999</u>
Current Assets		
Property development expenditure	55,326,119	53,262,901
Inventories	11,163,768	11,218,834
Trade and other receivables	5,645,183	7,287,287
Tax recoverable	1,133,717	2,077,398
Deposits placed with licensed banks	2,830,362	2,389,655
Cash and bank balances	1,402,382	2,046,533
Total Current Assets	<u>77,501,531</u>	<u>78,282,608</u>
	<u>77,501,531</u>	<u>78,282,608</u>
TOTAL ASSETS	<u>280,234,132</u>	<u>284,106,607</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	62,142,605	68,142,961
Total Equity	<u>185,311,594</u>	<u>191,311,950</u>
Non-Current Liabilities		
Hire-purchase payables	232,481	309,556
Term loans	25,039,839	27,152,045
Deferred tax liabilities	12,610,650	12,610,650
Total Non-Current Liabilities	<u>37,882,970</u>	<u>40,072,251</u>
Current Liabilities		
Trade and other payables	18,976,624	16,440,416
Provisions for liabilities	5,368,829	5,632,968
Hire-purchase payables	102,118	98,227
Term loans	2,913,831	2,913,831
Bank overdraft	29,678,166	27,636,964
Total Current Liabilities	<u>57,039,568</u>	<u>52,722,406</u>
	<u>57,039,568</u>	<u>52,722,406</u>
Total Liabilities	<u>94,922,538</u>	<u>92,794,657</u>
TOTAL EQUITY AND LIABILITIES	<u>280,234,132</u>	<u>284,106,607</u>
Net asset per share (sen)	75	78

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

**EASTLAND EQUITY BHD ("EASTLND")
INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended 30-Sep-2017 RM	3 months ended 30-Sep-2016 RM	Year-to-date 30-Sep-2017 RM	Year-to-date 30-Sep-2016 RM
<u>Continuing Operations</u>				
Revenue	4,988,395	7,540,000	15,763,050	18,952,150
Expenses excluding finance cost	(6,812,212)	(8,263,741)	(20,724,008)	(22,382,587)
Other operating income	<u>384,320</u>	<u>1,311,010</u>	<u>544,929</u>	<u>1,422,841</u>
Profit/(loss) from operations	(1,439,497)	587,269	(4,416,029)	(2,007,596)
Finance cost	<u>(447,962)</u>	<u>(490,424)</u>	<u>(1,384,327)</u>	<u>(1,478,113)</u>
Profit/(loss) before taxation	(1,887,459)	96,845	(5,800,356)	(3,485,709)
Income tax expense	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>(401,233)</u>
Net profit/(loss) for the period	(1,887,459)	96,845	(6,000,356)	(3,886,942)
Earnings per ordinary share attributable to equity holders of the Company (sen)				
Basic, for profit/(loss) for the period	<u>(0.77)</u>	<u>0.04</u>	<u>(2.44)</u>	<u>(1.58)</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 2016 and the accompanying explanatory notes attached to the interim financial statements.

EASTLAND EQUITY BHD ("EASTLND")

INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← <u>Non-distributable</u> →				<u>Distributable</u>	Total RM
	Share Capital RM	Share Premium RM	Capital Reserve RM	Revaluation Reserve	Retained Profits/ (Accumulated Losses) RM	
At 1 January 2016	122,833,988	335,001	110,238,037	524,794	(37,836,017)	196,095,803
Total comprehensive loss	-	-	-	-	(4,783,853)	(4,783,853)
At 31 December 2016	122,833,988	335,001	110,238,037	524,794	(42,619,870)	191,311,950
Total comprehensive loss	-	-	-	-	(6,000,356)	(6,000,356)
At 30 September 2017	122,833,988	335,001	110,238,037	524,794	(48,620,226)	185,311,594

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

EASTLAND EQUITY BHD ("EASTLND")

INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30-September-2017 RM	9 months ended 30-September-2016 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss before income tax expense for the period	(5,800,356)	(3,485,709)
Adjustments for:		
Gain on disposal of property, plant and equipment	-	(78,000)
Interest income	(78,316)	(34,795)
Interest expense	1,384,327	1,478,113
Unrealised forex gain	(12,372)	(6,330)
Allowance for doubtful debts	(11,243)	(16,052)
Impairment loss no longer required on trade receivables	(81,762)	-
Depreciation of property, plant and equipment	3,080,583	3,027,520
Amortisation of prepaid lease payments	8,388	8,388
Operating Loss Before Working Capital Changes	(1,510,751)	(406,865)
(Increase)/Decrease in:		
Property development expenditure	(2,063,218)	(2,735,662)
Inventories	55,066	(179,427)
Trade and other receivables	1,735,109	570,180
Increase/(Decrease) in:		
Trade and other payables	2,474,688	(3,157,128)
Provision for liabilities	(264,139)	160,324
Income tax (paid)/refunded, net	426,755	(5,748,578)
	743,681	(226,168)
Net Cash Flows From/(Used In) Operating Activities	<u>1,170,436</u>	<u>(5,974,746)</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Additions to property, plant and equipment	14,797	(621,223)
Proceed from disposal of property, plant & equipment	-	78,000
Interest received	78,316	34,795
Deposit held as security value	(440,707)	(191,227)
Net Cash Flows Generated From/(Used In) Investing Activities	<u>(347,594)</u>	<u>2,600,345</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Repayment of term loans	(2,112,206)	3,664,215
Interest paid	(1,322,805)	(1,478,113)
Payment of hire-purchase payables	(73,184)	(55,369)
Net Cash Flows Generated From/(Used In) Financing Activities	<u>(3,508,195)</u>	<u>2,130,733</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(2,685,353)</u>	<u>(1,243,668)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>(25,590,431)</u>	<u>(23,148,788)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>(28,275,784)</u>	<u>(24,392,456)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD COMPRISE THE FOLLOWING:		
Cash and bank balances	1,168,448	4,225,686
Housing Development Account	233,934	227,068
Deposits placed with licensed banks	2,830,362	2,109,655
Bank overdrafts	(29,678,166)	(28,845,210)
	(25,445,422)	(22,282,801)
Less : Deposits pledged with licensed bank	(2,830,362)	(2,109,655)
	<u>(28,275,784)</u>	<u>(24,392,456)</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

**EASTLAND EQUITY BHD (“EASTLND”)
INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2017**

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 2016. 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 2016.

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 2016.

A2 Audit qualifications

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2016 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	3,639	-	11,785	-	339	-	15,763
Results							
Segment profit/(loss)	(1,063)	73	(1,468)	(2,331)	310	(15)	(4,494)
Interest income	75	-	-	-	3	-	78
Finance cost	(208)	-	-	(1,176)	-	-	(1,384)
Loss before taxation							(5,800)
Income tax expense							(200)
Loss for the period							<u>(6,000)</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 2016 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 2016, 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 a revenue of RM4.99 million for the current quarter, compared to the revenue of RM7.54 million recorded in previous year corresponding quarter.

In the Investment Properties segment, the Group recorded a revenue of RM1.06 million and RM1.43 million in the current quarter and previous year corresponding quarter respectively. The drop is mainly attributed to the transfer of management of the condominium and shopping complex building to Kota Sri Mutiara Management Corporation in April 2017.

In the Hospitality segment, the Group registered a revenue of RM3.92 million in the current quarter as compared to previous year corresponding quarter of RM4.65 million. The drop in revenue is mainly due to the soft market in general, stiff competition and the many public holidays in September which affected business events and business travelling in the month.

In the Property Development segment, as development activities of Phase 2 at Bandar Tasek Raja is still in the initial stage, no revenue is recognised in this quarter as compared to the previous year corresponding quarter's revenue of RM1.46 million.

B2 Material changes in the loss before taxation

The Group recorded loss before tax of RM 1.89 million and RM 1.76 million for the current and previous quarter respectively. This is mainly due to the Hotel did better in previous quarter because of Hari Raya businesses. In current quarter, there were no new sale of shplot in the property development segment. However there was a profit of RM 370 thousand derived from land sale.

B3 Group prospects

For the financial year 2017, the Group is expected to continue to focus its attention on the current businesses in Investment Property segment, Hospitality segment and Property Development segment. The Group had launched Phase 2 of the BTR at the beginning of the year. It also continues to explore development project opportunities in Sabah.

B4 Variance of profit forecast and profit guarantee

Not applicable.

B5 Taxation

	3 months ended 30-Sep-17 RM'000	3 months ended 30-Sep-16 RM'000	Year-to-date 30-Sep-17 RM'000	Year-to-date 30-Sep-16 RM'000
Tax (expense)/income				
Income tax				
-current year	-	-	(200)	(295)
-prior year	-	-	-	-
Deferred tax				
-current year	-	-	-	(106)
-prior year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(200)</u>	<u>(401)</u>

The provision for taxation for the Group is mainly due to the chargeable income from the hospitality segment.

B6 Group borrowings and debts securities

The Group borrowings, all denominated in Ringgit Malaysia, as at 30 September 2017 are as follows: -

	Secured RM'000	Total RM'000
Current:		
Term loans	2,914	2,914
Hire-purchase payables	102	102
Bank overdraft	29,678	29,678
	<u>32,694</u>	<u>32,694</u>
Non-current:		
Term loans	25,040	25,040
Hire-purchase payables	232	232
	<u>25,272</u>	<u>25,272</u>
Total	<u>57,966</u>	<u>57,966</u>

B7 Changes in material litigation

There were no material litigations for the financial period under review other than a suit by FBO Land (Setapak) Sdn Bhd ("FBOL") as described below:

FBOL, a wholly owned subsidiary of the Company had on 3 March 2006 filed a suit against the previous management and nine other parties ("the defendants") for the return of 9 units of shoplots belonging to FBOL. On 30 April 2012, the High Court ruled in favour of FBOL claim with costs. The defendants had filed an appeal to the Court of Appeal against the High Court ruling. On 1 April 2015, the Court of Appeal held hearing and heard submissions from FBOL and the defendants. On 15 May 2015, The Court of Appeal allowed the defendants' appeal. FBOL have filed for Motion for Leave from the Federal Court to appeal against the Court of Appeal's decision. The Federal Court has fixed for case management on 24 May 2016 pending the release of Grounds of Judgment from the Court of Appeal. In addition to the above suit for the return of 9 units of shoplots, FBOL had also filed for Assessment of Damages to claim from the defendants for the recovery of rental income generated from the 9 units of shoplots from the time the shoplots were transferred from FBOL. The Federal Court has postponed the Case Management date for FBOL's application for Leave to 5 December 2017 pending the Grounds of Judgment from the Court of Appeal.

B8 Dividend

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

B9 Earnings per shares

	3 months ended 30-Sep-17 RM'000	3 months ended 30-Sep-16 RM'000	Year-to-date 30-Sep-17 RM'000	Year-to-date 30-Sep-16 RM'000
Net earnings/(loss) attributable to equity holders of the Company				
- from continuing operation	<u>(1,887)</u>	<u>97</u>	<u>(6,000)</u>	<u>(3,887)</u>
	<u>(1,887)</u>	<u>97</u>	<u>(6,000)</u>	<u>(3,887)</u>
Number of ordinary share in issue ('000)	245,668	245,668	245,668	245,668
Earnings/(loss) per share (sen)				
Basic, for (loss) from				
- continuing operations	<u>(0.77)</u>	<u>0.04</u>	<u>(2.44)</u>	<u>(1.58)</u>
Basic, for (loss) for the period	<u>(0.77)</u>	<u>0.04</u>	<u>(2.44)</u>	<u>(1.58)</u>
Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

B10 Disclosure of realised and unrealised profits/losses

The breakdown of accumulated losses of the Group as at 30 September 2017, into realised and unrealised profits is as follows:

	12 months ended 31-Dec-16 RM'000	9 months ended 30-Sep-17 RM'000
Total retained profits of the Group:		
- Realised	37,655	31,195
- Unrealised	<u>38,513</u>	<u>38,973</u>
	76,168	70,168
Total share of accumulated losses from associate:		
- Realised	(400)	(400)
- Unrealised	<u>-</u>	<u>-</u>
	75,768	69,768
Consolidation adjustments	<u>(118,388)</u>	<u>(118,388)</u>
Total Group accumulated losses	<u>(42,620)</u>	<u>(48,620)</u>

B11 Loss for the period

	Current Quarter RM'000	Year-to-date RM'000
This is arrived at after (charging)/crediting:		
Interest income	10	78
Depreciation and amortization	(1,027)	(3,089)
Provision for and write off of receivables	3	11
Foreign exchange gain (unrealised)	3	12
Foreign exchange loss (realised)	3	(24)
Other disclosure items pursuant to Appendix 9B, Part A(16) of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable for the current quarter and current period ended 31 December 2016.		