

**EASTLAND EQUITY BHD ("EASTLND")
INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2019**

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 31-Mar-2019 RM <u>Unaudited</u>	As at 31-Dec-2018 RM <u>Audited</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	107,918,460	108,964,980
Investment properties	85,112,000	85,112,000
Other investments	1,551,523	1,564,402
Total Non-Current Assets	<u>194,581,983</u>	<u>195,641,382</u>
Current Assets		
Inventories - Property development cost	63,637,388	63,573,315
Inventories - Completed properties and others	11,113,976	11,892,210
Trade and other receivables	1,708,632	2,419,182
Tax recoverable	663,854	1,033,854
Deposits placed with licensed banks	3,812,818	3,812,818
Cash and bank balances	1,690,530	2,126,164
Total Current Assets	<u>82,627,198</u>	<u>84,857,543</u>
TOTAL ASSETS	<u>277,209,181</u>	<u>280,498,925</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	123,168,989	123,168,989
Reserves	50,143,510	52,809,734
Total Equity	<u>173,312,499</u>	<u>175,978,723</u>
Non-Current Liabilities		
Hire-purchase payables	75,757	97,539
Term loans	28,079,968	28,703,191
Deferred tax liabilities	11,506,031	11,506,031
Total Non-Current Liabilities	<u>39,661,756</u>	<u>40,306,761</u>
Current Liabilities		
Trade and other payables	25,200,445	26,417,639
Contract liabilities	4,566,489	4,566,489
Provisions for liabilities	2,704,297	2,704,315
Hire-purchase payables	103,720	108,602
Term loans	3,313,928	3,272,759
Bank overdraft	28,346,047	27,143,637
Total Current Liabilities	<u>64,234,926</u>	<u>64,213,441</u>
Total Liabilities	<u>103,896,682</u>	<u>104,520,202</u>
TOTAL EQUITY AND LIABILITIES	<u>277,209,181</u>	<u>280,498,925</u>
Net asset per share (sen)	70	71

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**EASTLAND EQUITY BHD ("EASTLND")
INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2019**

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended 31-Mar-2019 RM	3 months ended 31-Mar-2018 RM	Year-to-date 31-Mar-2019 RM	Year-to-date 31-Mar-2018 RM
<u>Continuing Operations</u>				
Revenue	5,142,459	4,143,725	5,142,459	4,143,725
Expenses excluding finance cost	(6,845,924)	(6,243,919)	(6,845,924)	(6,243,919)
Other operating income	<u>228,172</u>	<u>72,304</u>	<u>228,172</u>	<u>72,304</u>
Loss from operations	(1,475,293)	(2,027,890)	(1,475,293)	(2,027,890)
Finance cost	<u>(1,178,052)</u>	<u>(457,471)</u>	<u>(1,178,052)</u>	<u>(457,471)</u>
Loss before taxation	(2,653,345)	(2,485,361)	(2,653,345)	(2,485,361)
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss for the period	(2,653,345)	(2,485,361)	(2,653,345)	(2,485,361)
Other comprehensive loss, net of tax	<u>(12,879)</u>	<u>-</u>	<u>(12,879)</u>	<u>-</u>
Total comprehensive loss for the period	<u>(2,666,224)</u>	<u>(2,485,361)</u>	<u>(2,666,224)</u>	<u>(2,485,361)</u>
Earnings per ordinary share attributable to equity holders of the Company (sen)				
Basic, for loss for the period	<u>(1.08)</u>	<u>(1.01)</u>	<u>(1.08)</u>	<u>(1.01)</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 2018 and the accompanying explanatory notes attached to the interim financial statements.

EASTLAND EQUITY BHD ("EASTLND")

INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Non-distributable →				Fair Value Reserve of Financial Assets at FVOCI RM	<u>Distributable</u>	Total RM
	Share Capital RM	Share Premium RM	Capital Reserve RM	Revaluation Reserve RM		Retained Profits/ (Accumulated Losses) RM	
At 31 December 2017							
As previously stated	123,168,989	-	110,238,037	524,794	-	(50,598,485)	183,333,335
Effects of MFRS convergence and adoption of MFRS 9	-	-	-	-	2,739,274	-	2,739,274
Retrospective adjustment (Note 1)	-	-	-	-	-	(1,300,000)	(1,300,000)
Restated balance as at 1 January 2018	123,168,989	-	110,238,037	524,794	2,739,274	(51,898,485)	184,772,609
Total comprehensive loss	-	-	-	-	-	(7,159,104)	(7,159,104)
Other comprehensive loss	-	-	-	-	(1,634,782)	-	(1,634,782)
At 31 December 2018	123,168,989	-	110,238,037	524,794	1,104,492	(59,057,589)	175,978,723
Total comprehensive loss	-	-	-	-	-	(2,653,345)	(2,653,345)
Other comprehensive loss	-	-	-	-	(12,879)	-	(12,879)
At 31 March 2019	123,168,989	-	110,238,037	524,794	1,091,613	(61,710,934)	173,312,499

Note 1

Retrospective Adjustment (PYA) disclosure note in the Statement of Changes in Equity:

Retrospective adjustment is in respect of a restatement to correct a prior period error in a subsidiary relating to the acquisition of a land which had been developed for a TNB Substation and a Sewerage Plant for the Kota Sri Mutiara project. The land which was acquired in 2009 was capitalised as an asset instead of being expensed off. The title of the land has not been transferred to the subsidiary.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

EASTLAND EQUITY BHD ("EASTLND")
INTERIM REPORT FOR THE PERIOD ENDED 31 MARCH 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31-March-2019 RM	3 months ended 31-March-2018 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss before income tax expense for the period	(2,653,345)	(2,485,361)
Adjustments for:		
Unrealised forex gain	-	30,418
Finance income	8,030	(10,521)
Finance cost	1,178,052	457,471
Impairment loss on receivables	-	(744)
Impairment loss no longer required on :		
- trade receivables	-	(49,763)
Waiver of debts	(212,077)	-
Depreciation of property, plant and equipment	1,063,144	1,023,564
Amortisation of prepaid lease payments	-	2,796
Operating Loss Before Working Capital Changes	(616,196)	(1,032,140)
(Increase)/Decrease in:		
Inventories - Property development cost	(64,073)	(1,626,375)
Inventories - Completed properties and others	778,234	(44,850)
Trade and other receivables	710,550	(70,851)
Increase/(Decrease) in:		
Trade and other payables	(1,005,117)	3,486,484
Provision for liabilities	(18)	(353,750)
Income tax (paid)/refunded, net	(196,620) 370,000	358,518 (54,999)
Net Cash Flows From/(Used In) Operating Activities	<u>173,380</u>	<u>303,519</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Additions to property, plant and equipment	(16,623)	(118,942)
Interest received	(8,030)	10,521
Deposit held as security value	-	(168,000)
Net Cash Flows Generated From/(Used In) Investing Activities	<u>(24,653)</u>	<u>(276,421)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Repayment of term loans	(582,054)	389,752
Finance cost paid	(1,178,052)	(457,471)
Payment of hire-purchase payables	(26,665)	(25,367)
Net Cash Flows Generated From/(Used In) Financing Activities	<u>(1,786,771)</u>	<u>(93,086)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,638,044)	(65,988)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(25,017,473)	(28,938,616)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>(26,655,517)</u>	<u>(29,004,604)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD COMPRISE THE FOLLOWING:		
Cash and bank balances	1,450,041	852,107
Housing Development Account	240,489	234,694
Deposits placed with licensed banks	3,812,818	3,222,362
Bank overdrafts	(28,346,047)	(30,091,405)
	(22,842,699)	(25,782,242)
Less : Deposits pledged with licensed bank	(3,812,818)	(3,222,362)
	<u>(26,655,517)</u>	<u>(29,004,604)</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

**EASTLAND EQUITY BHD (“EASTLND”)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

EXPLANATORY NOTES

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group’s annual audited financial statements for the financial year ended 31 December 2018, which have been prepared in accordance with the MFRS and the Companies Act 2016.

The explanatory notes provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2018.

A2 Audit qualifications

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2018 was not subject to any qualification. Key Audit Matters (“KAM”) highlighted by the auditors were : funding requirements and ability to meet short term obligations; investment properties; and revenue and corresponding costs recognition for property development activities. Details of the KAM are provided in the audited financial statements for the financial year ended 31 December 2018.

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	951	-	3,134	-	1,057	-	5,142
Results							
Segment profit/(loss)	(48)	(3)	(711)	(798)	95	(2)	(1,467)
Interest income	(9)	-	-	-	1	-	(8)
Finance cost	-	-	-	(411)	(767)	-	(1,178)
Loss before taxation							(2,653)
Income tax expense							-
Loss for the period							(2,653)
Other comprehensive loss, net of tax							(13)
Total comprehensive loss for the period							(2,666)

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 2018.

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 2018, 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

Financial review for current quarter and financial year to date

	Individual Period		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-Date	Preceding Year Corresponding Period	
	31 Mar 2019 (RM '000)	31 Mar 2018 (RM '000)		31/03/2019 (RM '000)	31/03/2018 (RM '000)	
Revenue	5,142	4,144	24	5,142	4,144	24
Operating Loss	(1,475)	(2,028)	(27)	(1,475)	(2,028)	(27)
Loss Before Interest and Tax	(1,475)	(2,028)	(27)	(1,475)	(2,028)	(27)
Loss Before Tax	(2,653)	(2,485)	7	(2,653)	(2,485)	7
Loss After Tax	(2,653)	(2,485)	7	(2,653)	(2,485)	7
Other comprehensive loss, net of tax	(13)	0	0	(13)	0	0
Loss Attributable to Ordinary Equity Holders of the Parent	(2,666)	(2,485)	7	(2,666)	(2,485)	7

The Group recorded a revenue of RM5.14 million for the current quarter, compared to the revenue of RM4.14 million recorded in previous year corresponding quarter.

The higher revenue for the current quarter is mainly attributed to the sale of two units of shop lots in Phase 1 of Bandar Tasek Raja amounting to RM1.06 million. There was no revenue recorded in the previous year corresponding quarter from the Property Development segment.

B2 Material changes in the loss before taxation

Financial review for the current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31 Mar 2019 (RM '000)	31 Dec 2018 (RM '000)	
Revenue	5,142	5,454	(6)
Operating Loss	(1,475)	(399)	270
Loss Before Interest and Tax	(1,475)	(399)	270
Loss Before Tax	(2,653)	(877)	203
Loss After Tax	(2,653)	(59)	4,397
Other comprehensive loss, net of tax	(13)	(1,635)	(99)
Loss Attributable to Ordinary Equity Holders of the Parent	(2,666)	(1,694)	57

The Group recorded loss before tax of RM 2.65 million and RM 0.88 million for the current and previous quarters respectively. This was mainly due to the combined effect of :

- 1) One-off gain from the disposal of a shoplot in Setapak, Kuala Lumpur in the previous quarter; and
- 2) Non-capitalisation of finance costs in Inventories-Property Development Costs from the current quarter onwards

B3 Group prospects

For the financial year 2019, the Group will continue to focus on Investment Property segment, Hospitality segment and Property Development segment.

Revenue from Investment Property is expected to maintain. The Hospitality environment in Kota Bharu is expected to be challenging because of increasing competition from other hotels. The management is exploring strategies to improve hotel occupancy and revenue. For Property Development, Phase 2 of the Bandar Tasek Raja will continue to be developed progressively in stages subject to prevailing market condition. In addition, the Company plans to venture into affordable housing in strategic areas. This is aligned with the government's aim to provide a million affordable housing to be built over a 10 year period (The Edge Market online and The Sun Daily online dated 17 February 2019).

B4 Variance of profit forecast and profit guarantee

Not applicable.

B5 Corporate proposal

The Company is evaluating various proposals for a more holistic corporate exercise to be undertaken to address the long term funding requirement of the Group and to improve its financial performance. At the interim, the Company had on 24 April 2019, 30 April 2019 and 9 May 2019 announced the proposed issuance of up to 20% of its total number of issued ordinary shares to raise funds to address the immediate cash flow requirements of the Group. The notice of Extraordinary General Meeting and the circular to shareholders for this proposal had been announced on 29 May 2019 and 30 May 2019 respectively.

B6 Taxation

	3 months ended	3 months ended	Year-to-date	Year-to-date
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
Tax (expense)/income				
Income tax				
-current year	-	-	-	-
-prior year	-	-	-	-
Deferred tax				
-current year	-	-	-	-
-prior year	-	-	-	-
	-	-	-	-

B7 Group borrowings and debts securities

The Group borrowings, all denominated in Ringgit Malaysia, as at 31 March 2019 are as follows: -

	31/03/2019		31/12/2018	
	Short term	Long term	Short term	Long term
	RM'000	RM'000	RM'000	RM'000
Secured				
Hire-purchase payables	104	75	109	97
Term Loan	3,314	28,080	3,273	28,703
Bank overdraft	28,346	-	27,144	-
	<u>31,764</u>	<u>28,155</u>	<u>30,526</u>	<u>28,800</u>

B8 Changes in material litigation

There were no material litigations for the financial period under review.

B9 Dividend

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

B10 Earnings per shares

	3 months ended	3 months ended	Year-to-date	Year-to-date
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
Net loss attributable to equity holders of the Company				
- from continuing operation	(2,653)	(2,485)	(2,653)	(2,485)
	<u>(2,653)</u>	<u>(2,485)</u>	<u>(2,653)</u>	<u>(2,485)</u>
Number of ordinary share in issue ('000)	245,668	245,668	245,668	245,668
Loss per share (sen)				
Basic, loss from				
- continuing operations	(1.08)	(1.01)	(1.08)	(1.01)
Basic, loss for the period	<u>(1.08)</u>	<u>(1.01)</u>	<u>(1.08)</u>	<u>(1.01)</u>
Diluted	-	-	-	-

B11 Loss for the period

	Current	
	Quarter	Year-to-date
	RM'000	RM'000
This is arrived at after (charging)/crediting:		
Interest income	(8)	(8)
Interest expense	(1,178)	(1,178)
Depreciation and amortization	(1,063)	(1,063)
Provision for receivables	-	-
Foreign exchange gain (realised)	-	-

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