

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

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 31-Dec-2019 RM Unaudited	As at 31-Dec-2018 RM Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	104,641,457	108,964,980
Investment properties	82,592,000	85,112,000
Other investments	1,537,819	1,564,402
Total Non-Current Assets	188,771,276	195,641,382
Current Assets		
Inventories - Property development cost	64,497,793	63,573,315
Inventories - Completed properties and others	11,147,508	11,892,210
Trade and other receivables	1,044,575	2,419,182
Tax recoverable	572,189	1,033,854
Deposits placed with licensed banks	4,590,939	3,812,818
Cash and bank balances	3,188,063	2,126,164
Total Current Assets	85,041,067	84,857,543
TOTAL ASSETS	273,812,343	280,498,925
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	129,878,660	123,168,989
Reserves	40,392,532	52,809,734
Total Equity	170,271,192	175,978,723
Non-Current Liabilities		
Hire-purchase payables	93,739	97,539
Term loans	26,274,992	28,703,191
Deferred tax liabilities	10,931,961	11,506,031
Total Non-Current Liabilities	37,300,692	40,306,761
Current Liabilities		
Trade and other payables	25,857,170	26,417,639
Contract liabilities	4,750,574	4,566,489
Provisions for liabilities	2,441,836	2,704,315
Hire-purchase payables	116,221	108,602
Term loans	3,107,478	3,272,759
Bank overdraft	29,967,180	27,143,637
Total Current Liabilities	66,240,459	64,213,441
Total Liabilities	103,541,151	104,520,202
TOTAL EQUITY AND LIABILITIES	273,812,343	280,498,925
Net asset per share (sen)	58	72

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 DECEMBER 2019**

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended 31-Dec-2019 RM	3 months ended 31-Dec-2018 RM	Year-to-date 31-Dec-2019 RM	Year-to-date 31-Dec-2018 RM
<u>Continuing Operations</u>				
Revenue	4,664,040	5,453,536	18,111,204	21,304,532
Expenses excluding finance cost	(9,756,994)	(7,545,577)	(28,726,134)	(29,152,662)
Other operating income	<u>1,107,860</u>	<u>1,749,893</u>	<u>1,669,031</u>	<u>1,858,495</u>
Loss from operations	(3,985,094)	(342,148)	(8,945,899)	(5,989,635)
Finance cost	<u>(1,022,593)</u>	<u>(497,911)</u>	<u>(4,560,951)</u>	<u>(1,986,270)</u>
Loss before taxation	(5,007,687)	(840,059)	(13,506,850)	(7,975,905)
Income tax expense	<u>574,070</u>	<u>816,801</u>	<u>574,070</u>	<u>816,801</u>
Net loss for the period	(4,433,617)	(23,258)	(12,932,780)	(7,159,104)
Other comprehensive loss, net of tax	<u>3,312</u>	<u>(1,634,782)</u>	<u>(26,583)</u>	<u>(1,634,782)</u>
Total comprehensive loss for the period	<u>(4,430,305)</u>	<u>(1,658,040)</u>	<u>(12,959,363)</u>	<u>(8,793,886)</u>
Earnings per ordinary share attributable to equity holders of the Company (sen)				
Basic, for loss for the period	<u>(1.79)</u>	<u>(0.01)</u>	<u>(5.24)</u>	<u>(2.91)</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 DECEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Non-distributable</u>			Fair Value Reserve of Financial Assets at FVOCI RM	<u>Distributable</u>	Total RM
	Share Capital RM	Capital Reserve RM	Revaluation Reserve RM		Retained Profits/ (Accumulated Losses) RM	
			(note 2)	(note 3)		
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	-	-	-	-	(12,932,780)	(12,932,780)
Issue of ordinary shares	6,709,671	-	-	-	-	6,709,671
Gain on revaluation	-	-	542,161	-	-	542,161
Other comprehensive loss	-	-	-	(26,583)	-	(26,583)
At 31 December 2019	129,878,660	110,238,037	1,066,955	1,077,909	(71,990,369)	170,271,192

Note 1

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.

Note 2

Revaluation Reserve is in respect of revaluation surplus of the Hotel Land under Property, Plant & Equipment. Pursuant to a valuation performed by CH Williams Talhar & Wong Sdn Bhd on 22 Jan 2020, the carrying value of the hotel dropped by RM0.60 mil. Based on an internal formula to segregate the hotel valuation between the land and the building for disclosure purpose pursuant to para 58 of MFRS 116 : *Property, Plant and Equipment*, the revaluation surplus of the land is estimated to be RM0.54 mil while an estimated impairment of RM1.14 mil is required for the building which was charged to the Income Statement.

Note 3

The fair valuation changes through other comprehensive income (FVOCI) of Other Investment is in respect of quoted shares. This investment is considered as strategic long-term investments.

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 DECEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31-Dec-2019 RM	12 months ended 31-Dec-2018 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss before income tax expense for the period	(13,506,850)	(7,975,905)
Adjustments for:		
Gain on disposal of :		
- Property, plant and equipment	(36,000)	(10,033)
- Prepaid land lease payments	-	(1,559,976)
Finance income	(116,073)	(92,309)
Finance cost	4,560,951	1,986,270
Fair value loss on investment properties	2,520,000	-
Impairment on property, plant and equipment	1,138,150	-
Impairment loss on receivables	-	211,284
Impairment loss no longer required on :		
- trade receivables	-	(71,849)
Inventories written off	-	133,453
Waiver of debts	(212,077)	-
Written off of deposits	-	44,716
Written off of property, plant and equipment	-	899
Reversal of provision for liquidated ascertained damages	-	(79,748)
Depreciation of property, plant and equipment	4,274,015	4,254,262
Amortisation of prepaid lease payments	-	9,320
Operating Loss Before Working Capital Changes	(1,377,884)	(3,149,616)
(Increase)/Decrease in:		
Contract Assets	-	36,000
Contract Liabilities	184,085	3,156,602
Inventories	(179,776)	(4,613,913)
Interest paid	-	(289,086)
Provision for liabilities paid	-	(1,452,674)
Trade and other receivables	1,374,597	(243,442)
Increase/(Decrease) in:		
Trade and other payables	(206,939)	2,294,943
Provision for liabilities	(262,479)	28,697
Income tax refunded, net	(468,396)	(4,232,489)
Net Cash Flows From/(Used In) Operating Activities	(6,731)	(3,944,602)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Additions to property, plant and equipment	(410,408)	(1,272,622)
Advance from director	-	5,680,000
Proceed from disposal of property, plant & equipment	36,000	10,310
Proceed from disposal of prepaid land lease payments	-	2,300,000
Interest received	116,073	92,309
Deposit held as security value	(778,121)	(758,456)
Net Cash Flows Generated From/(Used In) Investing Activities	(1,036,456)	6,051,541
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	6,709,671	-
Repayment of term loans	(2,593,480)	(905,094)
Finance cost paid	(4,702,395)	(1,596,455)
Drawdown of term loans	-	4,419,168
Payment of hire-purchase payables	(132,253)	(103,415)
Net Cash Flows Generated From/(Used In) Financing Activities	(718,457)	1,814,204
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,761,644)	3,921,143
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(25,017,473)	(28,938,616)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(26,779,117)	(25,017,473)
CASH AND CASH EQUIVALENTS AT END OF PERIOD COMPRISE THE FOLLOWING:		
Cash and bank balances	2,947,574	1,886,550
Housing Development Account	240,489	239,614
Deposits placed with licensed banks	4,590,939	3,812,818
Bank overdrafts	(29,967,180)	(27,143,637)
	(22,188,178)	(21,204,655)
Less : Deposits pledged with licensed bank	(4,590,939)	(3,812,818)
	(26,779,117)	(25,017,473)

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 FOURTH QUARTER ENDED 31 DECEMBER 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 and repayment of debts and equity securities for the financial period under review except for the 10% private placement of 29,480,000 new ordinary shares at issue price of RM0.0841 per share, which had been completed following the listing of the shares on 6 November 2019.

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	3,785	-	12,499	-	1,828	-	18,112
Results							
Segment profit/(loss)	(3,427)	(14)	(2,939)	(2,539)	(130)	(14)	(9,063)
Interest income	106	-	-	-	10	-	116
Finance cost	(180)	-	(4)	(1,624)	(2,752)	-	(4,560)
Loss before taxation							(13,507)
Income tax expense							574
Loss for the period							(12,933)
Other comprehensive loss, net of tax							(26)
Total comprehensive loss for the period							(12,959)

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 and valuation performed by CH Williams Talhar & Wong Sdn Bhd on 22 January 2020.

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

There were no known material contingent liabilities and contingent assets of the Group since the 2018 annual report.

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 Dec 2019 (RM '000)	31 Dec 2018 (RM '000)		31/12/2019 (RM '000)	31/12/2018 (RM '000)	
Revenue	4,664	5,454	(14)	18,111	21,305	(15)
Operating Loss	(3,985)	(342)	1,065	(8,946)	(5,990)	49
Loss Before Interest and Tax	(3,985)	(342)	1,065	(8,946)	(5,990)	49
Loss Before Tax	(5,008)	(840)	496	(13,507)	(7,976)	69
Loss After Tax	(4,434)	(23)	19,178	(12,933)	(7,159)	81
Other comprehensive loss, net of tax	3	(1,635)	0	(26)	(1,635)	0
Loss Attributable to Ordinary Equity Holders of the Parent	(4,430)	(1,658)	167	(12,959)	(8,794)	47

The Group recorded a lower revenue of RM4.66 million in the current quarter as compared to RM5.45 million in the previous year's corresponding quarter. The drop in revenue is mainly due to the Hospitality segment recording lower revenue in the current quarter by RM 0.43 million attributed to the drop in rooms and F & B banquet sales, compared with previous year's corresponding quarter. In addition, Property Development segment also recorded lower revenue in current quarter of RM0.77 million compared to RM0.96 million in previous year's corresponding quarter from the sale of shoplots at Bandar Tasek Raja. In Investment Properties segment, the Group recorded lower tenancy revenue in current quarter while there was a one-off forfeiture of deposit in previous year's corresponding quarter, which resulted in current quarter drop of revenue by RM0.17 million.

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 Dec 2019 (RM '000)	30 Sep 2019 (RM '000)	
Revenue	4,664	4,327	8
Operating Loss	(3,985)	(1,221)	226
Loss Before Interest and Tax	(3,985)	(1,221)	226
Loss Before Tax	(5,008)	(2,373)	111
Loss After Tax	(4,434)	(2,373)	87
Other comprehensive loss, net of tax	3	(18)	(117)
Loss Attributable to Ordinary Equity Holders of the Parent	(4,430)	(2,391)	85

The Group recorded a higher loss before tax of RM 5.01 million in the current quarter as compared to RM 2.37 million in the previous quarter. The increase in loss is mainly due to the inclusion impairment in investment properties and impairment in property, plant & equipment (hotel building) from the required revaluation amounting to RM2.52 million and RM1.14 million respectively. The current quarter also recorded a write back of accounts payable of RM1.12 million.

B3 Group prospects

A total of RM6.71 million was raised from two private placement exercises on 26 June 2019 and 6 November 2019 to repay bank borrowing and to have initial fund ready to capitalise on business opportunities. The Group continues to actively explore various options to improve its cashflow.

For the financial year 2020, sustaining the existing business and pursuing new business opportunity will be the focus of the Group.

For Investment Property segment, the anchor tenant of the shopping complex will downsize their floor space and the Company is looking for other tenants to fill up the vacated floor space.

The competition from the surrounding hotels is making the Hospitality segment in Kota Bharu increasingly challenging. The management is exploring other options to maximise returns from the said segment.

For Property Development segment, the focus for phase 2 of Bandar Tasek Raja remains to complete 14 units of the first block of 30 units. Construction for the remaining units is put on hold pending improvement in the property market in Kelantan. The company is exploring other development opportunities in strategic locations in other parts of Malaysia including but not limited to joint development with strategic partners.

B4 Variance of profit forecast and profit guarantee

Not applicable.

B5 Corporate proposal

On 6 November 2019, the company successfully completed a private placement of 29,480,000 new ordinary shares at issue price of RM0.0841 per share which raised RM2,479,268. The utilisation of the proceeds raised is as follows:

Purpose	Proposed utilisation of proceeds RM'000	Actual utilisation as at 20.02.2020 RM'000	Balance to be utilised RM'000	Utilisation Timeframe
Repayment of bank borrowings	772	772	-	
Working capital	327	327	-	
Property development activities	1,280	458	822	Within 12 months
Expenses related to Proposed Share Issuance	100	100	-	
	<u>2,479</u>	<u>1,657</u>	<u>822</u>	

B6 Taxation

	3 months ended 31-Dec-19 RM'000	3 months ended 31-Dec-18 RM'000	Year-to-date 31-Dec-19 RM'000	Year-to-date 31-Dec-18 RM'000
Tax (expense)/income				
Income tax				
-current year	-	-	-	-
-prior year	-	21	-	21
Deferred tax				
-current year	1,250	701	1,317	701
-prior year	(676)	95	(676)	95
	<u>574</u>	<u>817</u>	<u>641</u>	<u>817</u>

B7 Group borrowings and debts securities

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

	31/12/2019		31/12/2018	
	Short term RM'000	Long term RM'000	Short term RM'000	Long term RM'000
Secured				
Hire-purchase payables	116	94	109	97
Term Loan	3,107	26,275	3,273	28,703
Bank overdraft	29,967	-	27,144	-
	<u>33,190</u>	<u>26,369</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 31-Dec-19 RM'000	3 months ended 31-Dec-18 RM'000	Year-to-date 31-Dec-19 RM'000	Year-to-date 31-Dec-18 RM'000
Net loss attributable to equity holders of the Company				
- from continuing operation	<u>(4,433,617)</u>	<u>(23,258)</u>	<u>(12,932,780)</u>	<u>(7,159,104)</u>
	<u>(4,433,617)</u>	<u>(23,258)</u>	<u>(12,932,780)</u>	<u>(7,159,104)</u>
Number of ordinary share in issue ('000)	294,802	245,668	294,802	245,668
Loss per share (sen)				
Basic, loss from				
- continuing operations	<u>(1.79)</u>	<u>(0.01)</u>	<u>(5.24)</u>	<u>(2.91)</u>
Basic, loss for the period	<u>(1.79)</u>	<u>(0.01)</u>	<u>(5.24)</u>	<u>(2.91)</u>
Diluted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

B11 Loss for the period

	Current Quarter RM'000	Year-to-date RM'000
This is arrived at after (charging)/crediting:		
Interest income	71	116
Write-back of payables	1,115	1,115
Interest expense	(1,023)	(4,561)
Depreciation and amortization	(1,070)	(4,274)
Fair value loss on investment properties	(2,520)	(2,520)
Impairment loss on property, plant and equipment	<u>(1,138)</u>	<u>(1,138)</u>

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