

EASTLAND EQUITY BHD ("EASTLND")
 INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended 30-Sep-2019 RM	3 months ended 30-Sep-2018 RM	Year-to-date 30-Sep-2019 RM	Year-to-date 30-Sep-2018 RM
<u>Continuing Operations</u>				
Revenue	4,327,264	7,488,329	13,447,164	15,850,996
Expenses excluding finance cost	(5,637,975)	(9,134,017)	(18,969,140)	(21,607,085)
Other operating income	<u>89,667</u>	<u>19,841</u>	<u>561,171</u>	<u>108,602</u>
Loss from operations	(1,221,044)	(1,625,847)	(4,960,805)	(5,647,487)
Finance cost	(1,151,788)	(463,977)	(3,538,358)	(1,488,359)
Loss before taxation	<u>(2,372,832)</u>	<u>(2,089,824)</u>	<u>(8,499,163)</u>	<u>(7,135,846)</u>
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss for the period	<u>(2,372,832)</u>	<u>(2,089,824)</u>	<u>(8,499,163)</u>	<u>(7,135,846)</u>
Other comprehensive loss, net of tax	<u>(18,029)</u>	<u>-</u>	<u>(29,895)</u>	<u>-</u>
Total comprehensive loss for the period	<u><u>(2,390,861)</u></u>	<u><u>(2,089,824)</u></u>	<u><u>(8,529,058)</u></u>	<u><u>(7,135,846)</u></u>
Earnings per ordinary share attributable to equity holders of the Company (sen)				
Basic, for loss for the period	<u><u>(0.80)</u></u>	<u><u>(0.85)</u></u>	<u><u>(3.23)</u></u>	<u><u>(2.90)</u></u>
Diluted	<u><u>-</u></u>	<u><u>-</u></u>	<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 30 SEPTEMBER 2019**

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 30-Sep-2019 RM Unaudited	As at 31-Dec-2018 RM Audited
ASSETS		
Non-Current Assets		
Property, plant and equipment	105,953,243	108,964,980
Investment properties	85,112,000	85,112,000
Other investments	1,534,507	1,564,402
Total Non-Current Assets	192,599,750	195,641,382
Current Assets		
Inventories - Property development cost	64,008,020	63,573,315
Inventories - Completed properties and others	11,116,229	11,892,210
Trade and other receivables	1,338,856	2,419,182
Tax recoverable	667,635	1,033,854
Deposits placed with licensed banks	4,295,564	3,812,818
Cash and bank balances	2,205,024	2,126,164
Total Current Assets	83,631,328	84,857,543
TOTAL ASSETS	276,231,078	280,498,925
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	127,399,392	123,168,989
Reserves	44,280,676	52,809,734
Total Equity	171,680,068	175,978,723
Non-Current Liabilities		
Hire-purchase payables	120,880	97,539
Term loans	26,752,204	28,703,191
Deferred tax liabilities	11,506,031	11,506,031
Total Non-Current Liabilities	38,379,115	40,306,761
Current Liabilities		
Trade and other payables	26,204,026	26,417,639
Contract liabilities	4,612,574	4,566,489
Provisions for liabilities	2,545,850	2,704,315
Hire-purchase payables	130,230	108,602
Term loans	3,350,670	3,272,759
Bank overdraft	29,328,545	27,143,637
Total Current Liabilities	66,171,895	64,213,441
Total Liabilities	104,551,010	104,520,202
TOTAL EQUITY AND LIABILITIES	276,231,078	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 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Non-distributable</u>			Fair Value Reserve of Financial Assets at FVOCI	<u>Distributable</u>	
	Share Capital RM	Capital Reserve RM	Revaluation Reserve RM	RM	Retained Profits/ (Accumulated Losses) RM	Total 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	-	-	-	-	(8,499,163)	(8,499,163)
Issue of ordinary shares	4,230,403	-	-	-	-	4,230,403
Other comprehensive loss	-	-	-	(29,895)	-	(29,895)
At 30 September 2019	127,399,392	110,238,037	524,794	1,074,597	(67,556,752)	171,680,068

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 30 SEPTEMBER 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30-September-2019 RM	9 months ended 30-September-2018 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss before income tax expense for the period	(8,499,163)	(7,135,846)
Adjustments for:		
Gain on disposal of :		
Property, plant and equipment	(36,000)	(8,541)
Unrealised forex gain	-	27,596
Finance income	(45,199)	(36,151)
Finance cost	3,538,358	1,488,359
Impairment loss no longer required on :		
- trade receivables	(2,879)	(51,475)
- other receivables	(8,042)	-
Waiver of debts	(212,077)	-
Depreciation of property, plant and equipment	3,204,339	3,066,741
Amortisation of prepaid lease payments	-	8,388
Operating Loss Before Working Capital Changes	(2,060,663)	(2,640,929)
(Increase)/Decrease in:		
Inventories - Property development cost	(434,705)	(4,189,260)
Inventories - Completed properties and others	775,981	688,662
Trade and other receivables	1,091,247	(2,864,834)
Increase/(Decrease) in:		
Trade and other payables	44,549	10,837,955
Provision for liabilities	(158,465)	(1,336,849)
Income tax (paid)/refunded, net	(742,056)	494,745
Net Cash Flows From/(Used In) Operating Activities	(375,837)	783,847
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Additions to property, plant and equipment	(56,530)	(64,276)
Proceed from disposal of property, plant & equipment	36,000	9,500
Interest received	45,199	36,151
Deposit held as security value	(482,746)	(535,185)
Net Cash Flows Generated From/(Used In) Investing Activities	(458,077)	(553,810)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	4,230,403	-
Repayment of term loans	(1,873,076)	2,856,491
Finance cost paid	(3,538,358)	(1,488,359)
Payment of hire-purchase payables	(91,103)	(77,075)
Net Cash Flows Generated From/(Used In) Financing Activities	(1,272,134)	1,291,057
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,106,048)	1,521,094
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(25,017,473)	(28,938,616)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(27,123,521)	(27,417,522)
CASH AND CASH EQUIVALENTS AT END OF PERIOD COMPRISE THE FOLLOWING:		
Cash and bank balances	1,964,535	1,456,424
Housing Development Account	240,489	234,694
Deposits placed with licensed banks	4,295,564	3,589,547
Bank overdrafts	(29,328,545)	(29,108,640)
	(22,827,957)	(23,827,975)
Less : Deposits pledged with licensed bank	(4,295,564)	(3,589,547)
	(27,123,521)	(27,417,522)

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 THIRD QUARTER ENDED 30 SEPTEMBER 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; fair valuation of investment properties; and judgment on estimated 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 Hospitality segment which is the main operation of the Group is subject to material seasonal or cyclical fluctuations. For the property development segment, there is a general slow down whereas the investment property segment business continues to sustain.

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

Except for the issuance of 49,133,595 new ordinary shares at issue price of RM0.0861 per share, being the 20% private placement, and the subsequent issuance of 29,480,000 new ordinary shares at issue price of RM0.0841, being the 10% private placement, which had been completed following the listing of the shares on 26 June 2019 and 6 November 2019 respectively, there were no issuance and repayment of debts 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	2,849	-	9,542	-	1,057	-	13,448
Results							
Segment profit/(loss)	105	(11)	(2,062)	(2,763)	(264)	(11)	(5,006)
Interest income	44	-	-	-	1	-	45
Finance cost	(616)	-	(2)	(1,224)	(1,696)	-	(3,538)
Loss before taxation							<u>(8,499)</u>
Income tax expense							-
Loss for the period							<u>(8,499)</u>
Other comprehensive loss, net of tax							<u>(30)</u>
Total comprehensive loss for the period							<u><u>(8,529)</u></u>

A10 Carrying amount of revalued assets

The carrying value of land and building is based on the valuation by CH Williams Talhar & Wong Sdn Bhd on 22 January 2014 which is 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	
	30 Sep 2019 (RM '000)	30 Sep 2018 (RM '000)		30/09/2019 (RM '000)	30/09/2018 (RM '000)	
Revenue	4,327	7,488	(42)	13,447	15,851	(15)
Operating Loss	(1,221)	(1,626)	(25)	(4,961)	(5,647)	(12)
Loss Before Interest and Tax	(1,221)	(1,626)	(25)	(4,961)	(5,647)	(12)
Loss Before Tax	(2,373)	(2,090)	14	(8,499)	(7,136)	19
Loss After Tax	(2,373)	(2,090)	14	(8,499)	(7,136)	19
Other comprehensive loss, net of tax	(18)	0	0	(30)	0	0
Loss Attributable to Ordinary Equity Holders of the Parent	(2,391)	(2,090)	14	(8,529)	(7,136)	20

The Group recorded a lower revenue of RM4.33 million in the current quarter as compared to RM7.49 million in the previous year corresponding quarter.

The drop in revenue is mainly due to no revenue was recorded in the Property Development segment in the current quarter as compared to previous year corresponding quarter's revenue of RM 3.59 million from the sale of one shop lot and a piece of land earmarked for departmental store at Bandar Tasek Raja. However, the Hospitality segment recorded higher revenue by RM 0.4 million in the current quarter as compared to previous year corresponding quarter, mainly due to higher room occupancy and F & B banquet sales.

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 (%)
	30 Sep 2019 (RM '000)	30 Jun 2019 (RM '000)	
Revenue	4,327	3,977	9
Operating Loss	(1,221)	(2,264)	(46)
Loss Before Interest and Tax	(1,221)	(2,264)	(46)
Loss Before Tax	(2,373)	(3,473)	(32)
Loss After Tax	(2,373)	(3,473)	(32)
Other comprehensive loss, net of tax	(18)	1	(1,900)
Loss Attributable to Ordinary Equity Holders of the Parent	(2,391)	(3,472)	(31)

The Group recorded lower loss before tax of RM 2.37 million in the current quarter compared to RM 3.47 million in the previous quarter. This is mainly attributed to the combined effect of a higher Hospitality segment revenue recorded in this quarter and a one-off expenses for private placement and annual general meeting in the previous quarter.

B3 Group prospects

The recent fund raising exercises mentioned under note B5, which raised RM4.23 million and RM2.48 million on 26 June 2019 and 6 November 2019 respectively, were mainly used to repay bank borrowing and to have initial fund ready to capitalise on business opportunities. To improve its cashflow, the Group continues to actively explore various options.

For the financial year 2019, the Group will focus on sustaining the existing business and pursuing new business.

For Investment Property segment, the anchor tenant of the shopping complex is expected to downsize their floor space and the Company is expecting another tenant to fill up the vacated floor space.

The Hospitality environment in Kota Bharu is challenging because of surrounding competition from other hotels. The management is exploring other options to maximise return from the hotel.

For Property Development segment, the focus for phase 2 of Bandar Tasek Raja is 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. The company is exploring other development opportunities in strategic locations in other parts of Malaysia including joint development with strategic partners.

B4 Variance of profit forecast and profit guarantee

Not applicable.

B5 Corporate proposal

On 26 June 2019, the company successfully completed a private placement of 49,133,595 new ordinary shares at issue price of RM0.0861 per share which raised RM4,230,403. The proceeds raised has been fully utilised as follows:

Purpose	Proposed utilisation of proceeds RM'000	actual utilisation as at 06.11.2019 RM'000	Balance to be utilised RM'000
Repayment of bank borrowings	3,091	3,091	-
Working capital	889	889	-
Expenses related to Private Placement	250	250	-
	<u>4,230</u>	<u>4,230</u>	<u>-</u>

On 6 November 2019, the company successfully completed another 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 06.11.2019 RM'000	Balance to be utilised RM'000
Repayment of bank borrowings	772	-	772
General working capital	327	-	327
Property development activities	1,280	-	1,280
Expenses related to Private Placement	100	-	100
	<u>2,479</u>	<u>-</u>	<u>2,479</u>

B6 Taxation

	3 months ended 30-Sep-19 RM'000	3 months ended 30-Sep-18 RM'000	Year-to-date 30-Sep-19 RM'000	Year-to-date 30-Sep-18 RM'000
Tax (expense)/income				
Income tax				
-current year	-	-	-	-
-prior year	-	-	-	-
Deferred tax				
-current year	-	-	-	-
-prior year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

B7 Group borrowings and debts securities

The Group borrowings, all denominated in Ringgit Malaysia, as at 30 September 2019 are as follows: -

	30/9/2019		31/12/2018	
	Short term RM'000	Long term RM'000	Short term RM'000	Long term RM'000
Secured				
Hire-purchase payables	130	121	109	97
Term Loan	3,351	26,752	3,273	28,703
Bank overdraft	29,329	-	27,144	-
	<u>32,810</u>	<u>26,873</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 30-Sep-19 RM'000	3 months ended 30-Sep-18 RM'000	Year-to-date 30-Sep-19 RM'000	Year-to-date 30-Sep-18 RM'000
Net loss attributable to equity holders of the Company				
- from continuing operation	<u>(2,372,832)</u>	<u>(2,089,824)</u>	<u>(8,499,163)</u>	<u>(7,135,846)</u>
	<u>(2,372,832)</u>	<u>(2,089,824)</u>	<u>(8,499,163)</u>	<u>(7,135,846)</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>(0.80)</u>	<u>(0.85)</u>	<u>(3.23)</u>	<u>(2.90)</u>
Basic, loss for the period	<u>(0.80)</u>	<u>(0.85)</u>	<u>(3.23)</u>	<u>(2.90)</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	9	45
Interest expense	(1,152)	(3,538)
Depreciation and amortization	(1,078)	(3,204)
Provision for receivables	-	-
Foreign exchange gain (realised)	<u>-</u>	<u>-</u>

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