

EASTLAND EQUITY BHD ("EASTLND")
 INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 30-Sep-2015 RM <u>Unaudited</u>	As at 31-Dec-2014 RM <u>Audited</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	117,783,539	133,215,018
Investment properties	87,450,000	87,450,000
Prepaid land lease payments	2,071,712	6,908,332
Other investments	476,055	435,105
Land held for development	2,000,000	2,000,000
Total Non-Current Assets	<u>209,781,306</u>	<u>230,008,455</u>
Current Assets		
Property development expenditure	63,460,496	52,547,274
Inventories	4,637,626	5,669,960
Trade and other receivables	10,902,052	23,500,027
Tax recoverable	2,715,814	1,515,811
Deposits placed with licensed banks	1,717,582	1,093,582
Cash and bank balances	1,810,031	3,166,255
Total Current Assets	<u>85,243,601</u>	<u>87,492,909</u>
	<u>85,243,601</u>	<u>87,492,909</u>
TOTAL ASSETS	<u>295,024,907</u>	<u>317,501,364</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	92,778,200	64,162,670
Total Equity	<u>215,947,189</u>	<u>187,331,659</u>
Non-Current Liabilities		
Hire-purchase payables	113,733	-
Term loans	19,958,147	21,933,006
Deferred tax liabilities	14,170,404	13,270,403
Total Non-Current Liabilities	<u>34,242,284</u>	<u>35,203,409</u>
Current Liabilities		
Trade and other payables	12,982,166	75,869,171
Provisions for liabilities	3,872,927	4,726,858
Hire-purchase payables	30,689	53,730
Term loan instruments	-	786,482
Short term borrowings	-	-
Term loans	983,580	2,438,910
Bank overdraft	26,966,072	11,091,145
Total Current Liabilities	<u>44,835,434</u>	<u>94,966,296</u>
	<u>44,835,434</u>	<u>94,966,296</u>
Total Liabilities	<u>79,077,718</u>	<u>130,169,705</u>
TOTAL EQUITY AND LIABILITIES	<u>295,024,907</u>	<u>317,501,364</u>
Net asset per share (sen)	88	73

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

**EASTLAND EQUITY BHD ("EASTLND")
INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended 30-Sep-2015 RM	3 months ended 30-Sep-2014 RM	Year-to-date 30-Sep-2015 RM	Year-to-date 30-Sep-2014 RM
<u>Continuing Operations</u>				
Revenue	7,376,362	9,401,817	24,481,659	27,290,922
Expenses excluding finance cost	(8,025,178)	(8,793,420)	(24,107,023)	(25,425,786)
Other operating income	<u>34,726</u>	<u>105,012</u>	<u>30,662,079</u>	<u>1,274,323</u>
Profit from operations	(614,090)	713,409	31,036,715	3,139,459
Finance cost	(1,493,443)	(48,589)	(1,521,185)	(244,909)
Profit before taxation	<u>(2,107,533)</u>	<u>664,820</u>	<u>29,515,530</u>	<u>2,894,550</u>
Income tax expense	<u>(300,000)</u>	<u>(602,111)</u>	<u>(900,000)</u>	<u>(2,195,259)</u>
Net profit for the period	<u>(2,407,533)</u>	<u>62,709</u>	<u>28,615,530</u>	<u>699,291</u>
Other comprehensive income, net of tax	<u>-</u>	<u>(152,540)</u>	<u>-</u>	<u>2,191,326</u>
Total comprehensive income for the period	<u><u>(2,407,533)</u></u>	<u><u>(89,831)</u></u>	<u><u>28,615,530</u></u>	<u><u>2,890,617</u></u>
Earnings per ordinary share attributable to equity holders of the Company (sen)				
Basic, for profit for the period	<u><u>(0.98)</u></u>	<u><u>0.03</u></u>	<u><u>11.65</u></u>	<u><u>0.28</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

EASTLAND EQUITY BHD ("EASTLND")

INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Non-distributable</u>			<u>Distributable</u>			
	Share Capital RM	Share Premium RM	Fair Value Reserve RM	Capital Reserve RM	Revaluation Reserve	Retained Profits/ (Accumulated Losses) RM	Total RM
At 1 January 2014	122,833,988	335,001	(22,696)	110,238,037	524,794	(53,281,428)	180,627,696
Total comprehensive income	-	-	-	-	-	6,703,963	6,703,963
At 31 December 2014	122,833,988	335,001	(22,696)	110,238,037	524,794	(46,577,465)	187,331,659
Total comprehensive income	-	-	-	-	-	28,615,530	28,615,530
At 30 September 2015	122,833,988	335,001	(22,696)	110,238,037	524,794	(17,961,935)	215,947,189

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

EASTLAND EQUITY BHD ("EASTLND")
 INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended 30-September-2015 RM	9 months ended 30-September-2014 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before income tax expense for the period	29,515,530	2,894,550
Adjustments for:		
Bad debt recovered		(1,891)
Gain on disposal of Non-current asset held for sale	-	(750,000)
Interest income	(4,032)	(39,716)
Interest expense	1,521,185	244,909
Unrealised forex gain	(40,950)	-
Waiver of term loan interest	-	(385,311)
Waiver of debts	(30,320,047)	-
Allowance for doubtful debts	(5,889)	5,777
Depreciation of property, plant and equipment	2,658,734	2,623,524
Amortisation of prepaid lease payments	53,514	74,679
Operating Profit/(Loss) Before Working Capital Changes	3,378,045	4,666,521
(Increase)/Decrease in:		
Property development expenditure	(10,913,222)	(5,013,674)
Inventories	501,433	(18,464)
Lease and hire-purchase receivables	-	3,637,142
Trade and other receivables	3,243,864	(2,045,915)
Increase/(Decrease) in:		
Trade and other payables	(4,711,524)	(1,613,781)
Provision for liabilities	(853,931)	(3,826,269)
Income tax (paid)/refunded, net	(9,355,335) (1,200,003)	(4,214,440) (1,253,399)
Net Operating Cash Flow	(10,555,338)	(5,467,839)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Additions to property, plant and equipment	(408,681)	(642,874)
Disposal of non-current asset held for sale	-	1,600,000
Interest received	4,032	39,716
Deposit held as security value	(680,000)	-
Net Investing Cash Flow	(1,084,649)	996,842
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Drawdown/(Repayment) of term loans, net	(3,430,189)	188,614
Interest paid	(1,521,185)	(150,570)
Net addition/(payment) of hire-purchase payables	90,692	(68,480)
Repayment of term loans instruments	(786,482)	(740,661)
Net Financing Cash Flow	(5,647,164)	(771,097)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(17,287,151)	(5,242,094)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(7,868,890)	3,897,105
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(25,156,041)	(1,344,989)
CASH AND CASH EQUIVALENTS AT END OF PERIOD COMPRISE THE FOLLOWING:		
Cash and bank balances	1,586,594	2,052,363
Housing Development Account	223,437	217,659
Deposits placed with licensed banks	1,717,582	917,581
Bank overdrafts	(26,966,072)	(3,670,197)
Less : Deposits pledged with licensed bank	(23,438,459) (1,717,582)	(482,594) (862,395)
	(25,156,041)	(1,344,989)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements.

**EASTLAND EQUITY BHD (“EASTLND”)
INTERIM REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2015**

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 2014. 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 2014.

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 2014.

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 issued a new MASB approved accounting standards, MFRSs (“MFRSs Framework”) for application in the annual periods beginning on or after 1st January 2012.

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate (“Transitioning Entities”). The Transitioning Entities are given an option to defer the adoption of MFRSs Framework and shall apply the MFRSs framework for annual periods beginning on or after 1 January 2017. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSs framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company, which are Transitioning Entities, have chosen to defer the adoption of the MFRSs framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRSs framework for the financial year ending 31 December 2017.

A2 Audit qualifications

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2014 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	4,952	-	14,745	-	4,785	-	24,482
Results							
Segment profit/(loss)	1,202	(25)	943	(1,901)	30,851	(38)	31,032
Interest income	-	-	-	-	4	-	4
Finance cost	-	-	-	(1,498)	(23)	-	(1,521)
Share of result of associate							-
Profit before taxation							<u>29,515</u>
Income tax expense							<u>(900)</u>
Profit for the period							<u><u>28,615</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 2014 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 2014, 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 RM7.37 million for the current quarter, compared to the revenue of RM9.40 million recorded in previous year corresponding quarter.

In the Investment Properties segment, the Group recorded revenue of RM1.52 million in current quarter compared to RM1.46 million in previous year corresponding quarter.

In the Hospitality segment, all major components of room, food and beverages registered lower revenue in current quarter as compared to previous year corresponding quarter. The current quarter registered a revenue of RM5.01 million compared to a higher revenue of RM6.66 million in previous year corresponding quarter, due to a one-off event - the "Keris Strike 2014" military exercise between USA and Malaysian army in September 2014 when the USA army was lodging at our hotel.

On Property Development, as the Bandar Tasek Raja project is near completion, with less work in progress at the project site, the Group registered a lower revenue of RM844 thousand in the current quarter compared to RM1.28 million in previous year corresponding quarter.

B2 Material changes in the profit before taxation

The Group recorded a loss before tax for the current quarter of RM2.11 million compared to previous quarter profit before tax of RM1.54 million. The difference is mainly attributed to the following factors:

1. A one-off gain from disposal of properties in Setapak, Kuala Lumpur amounting to RM1.54 million in the previous quarter.
2. The current quarter financing costs of RM1.50 million includes financing costs incurred year to date up to September 2015.
3. The back-charge by TNB of electricity amounting RM0.51 million due to a faulty meter at Kota Sri Mutiara. The faulty meter has been replaced.

B3 Group prospects

For the financial year 2015, the Group is expected to focus its attention on the current businesses in Investment Property segment, Hospitality segment and Property Development segment.

B4 Variance of profit forecast and profit guarantee

Not applicable.

B5 Taxation

	3 months ended 30-Sep-15 RM'000	3 months ended 30-Sep-14 RM'000	Year-to-date 30-Sep-15 RM'000	Year-to-date 30-Sep-14 RM'000
Tax (expense)/income				
Income tax				
-current year	-	(302)	-	(1,295)
-prior year	-	-	-	-
Deferred tax				
-current year	(300)	(300)	(900)	(900)
-prior year	-	-	-	-
	<u>(300)</u>	<u>(602)</u>	<u>(900)</u>	<u>(2,195)</u>

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

B6 Group borrowings and debts securities

The Group borrowings, all denominated in Ringgit Malaysia, as at 30 September 2015 are as follows: -

	Secured RM'000	Total RM'000
Current:		
Term loans	983	983
Hire-purchase payables	31	31
Bank overdraft	26,966	26,966
	<u>27,980</u>	<u>27,980</u>
Non-current:		
Term loans	19,958	19,958
Hire-purchase payables	114	114
	<u>20,072</u>	<u>20,072</u>
Total	<u>48,052</u>	<u>48,052</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 as illustrated below:

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.

On 1 April 2015, the Court of Appeal held hearing on the Defendants' appeal against the High Court ruling and heard submissions from plaintiff and the defendants. In addition to the above suit for the return of 9 units of shoplots, plaintiff 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 plaintiff.

On 15 May 2015, the Court of Appeal allowed the Defendants appeal. The Plaintiff has filed for Motion for Leave from the Federal Court to appeal against the Court of Appeal's decision to allow the Defendants' appeal. The Federal Court has fixed for case management on 5 January 2016 pending the release of Grounds of Judgement 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-15 RM'000	3 months ended 30-Sep-14 RM'000	Year-to-date 30-Sep-15 RM'000	Year-to-date 30-Sep-14 RM'000
Net profit/(loss) attributable to equity holders of the Company				
- from continuing operation	<u>(2,407)</u>	<u>63</u>	<u>28,616</u>	<u>699</u>
	<u><u>(2,407)</u></u>	<u><u>63</u></u>	<u><u>28,616</u></u>	<u><u>699</u></u>
Number of ordinary share in issue ('000)	245,668	245,668	245,668	245,668
Earnings/(Loss) per share (sen)				
Basic, for profit/(loss) from				
- continuing operations	<u>(0.98)</u>	<u>0.03</u>	<u>11.65</u>	<u>0.28</u>
Basic, for profit/(loss) for the period	<u><u>(0.98)</u></u>	<u><u>0.03</u></u>	<u><u>11.65</u></u>	<u><u>0.28</u></u>
Diluted	<u><u>-</u></u>	<u><u>-</u></u>	<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 2015, into realised and unrealised profits is as follows:

	12 months ended 31-Dec-14 RM'000	9 months ended 30-Sep-15 RM'000
Total retained profits of the Group:		
- Realised	59,093	87,798
- Unrealised	38,607	38,560
	<u>97,700</u>	<u>126,358</u>
Total share of accumulated losses from associate:		
- Realised	(400)	(400)
- Unrealised	-	-
	<u>97,300</u>	<u>125,958</u>
Consolidation adjustments	<u>(143,877)</u>	<u>(143,920)</u>
Total Group accumulated losses	<u>(46,577)</u>	<u>(17,962)</u>

B11 Profit for the period

	Current Quarter RM'000	Year-to-date RM'000
This is arrived at after (charging)/crediting:		
Interest income	1	4
Depreciation and amortization	(874)	(2,712)
Provision for and write off of receivables	2	6
Foreign exchange loss	(42)	(74)
	<u>(42)</u>	<u>(74)</u>

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