

**EASTLAND EQUITY BHD ("EASTLND")  
INTERIM REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015**

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION**

	As at 31-Dec-2015 RM <u>Unaudited</u>	As at 31-Dec-2014 RM <u>Audited</u>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	118,923,434	133,215,018
Investment properties	87,450,000	87,450,000
Prepaid land lease payments	2,071,712	6,908,332
Other investments	477,288	435,105
Land held for development	2,000,000	2,000,000
<b>Total Non-Current Assets</b>	<u>210,922,434</u>	<u>230,008,455</u>
<b>Current Assets</b>		
Property development expenditure	55,273,438	52,547,274
Inventories	4,670,820	5,669,960
Trade and other receivables	6,483,035	23,500,027
Tax recoverable	2,552,382	1,515,811
Deposits placed with licensed banks	1,885,582	1,093,582
Cash and bank balances	1,900,565	3,166,255
<b>Total Current Assets</b>	<u>72,765,822</u>	<u>87,492,909</u>
	<u>72,765,822</u>	<u>87,492,909</u>
<b>TOTAL ASSETS</b>	<u>283,688,256</u>	<u>317,501,364</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	122,833,988	122,833,988
Share premium	335,001	335,001
Reserves	73,168,411	64,162,670
<b>Total Equity</b>	<u>196,337,400</u>	<u>187,331,659</u>
<b>Non-Current Liabilities</b>		
Hire-purchase payables	105,813	-
Term loans	20,262,686	21,933,006
Deferred tax liabilities	12,808,260	13,270,403
<b>Total Non-Current Liabilities</b>	<u>33,176,759</u>	<u>35,203,409</u>
<b>Current Liabilities</b>		
Trade and other payables	17,473,784	75,869,171
Provisions for liabilities	4,955,139	4,726,858
Hire-purchase payables	31,086	53,730
Term loan instruments	-	786,482
Short term borrowings	-	-
Term loans	6,840,390	2,438,910
Bank overdraft	24,873,698	11,091,145
<b>Total Current Liabilities</b>	<u>54,174,097</u>	<u>94,966,296</u>
	<u>54,174,097</u>	<u>94,966,296</u>
<b>Total Liabilities</b>	<u>87,350,856</u>	<u>130,169,705</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>283,688,256</u>	<u>317,501,364</u>
<b>Net asset per share (sen)</b>	<b>80</b>	<b>73</b>

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 31 DECEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended 31-Dec-2015 RM	3 months ended 31-Dec-2014 RM	Year-to-date 31-Dec-2015 RM	Year-to-date 31-Dec-14 RM
<b><u>Continuing Operations</u></b>				
Revenue	7,423,996	6,508,534	31,905,655	33,799,456
Expenses excluding finance cost	(29,372,553)	(10,132,603)	(53,479,576)	(35,558,389)
Other operating income	<u>2,060,315</u>	<u>7,643,560</u>	<u>32,722,394</u>	<u>8,917,883</u>
Profit from operations	(19,888,242)	4,019,491	11,148,473	7,158,950
Finance cost	<u>(531,665)</u>	<u>(15,914)</u>	<u>(2,052,850)</u>	<u>(260,823)</u>
<b>Profit before taxation</b>	<b>(20,419,907)</b>	<b>4,003,577</b>	<b>9,095,623</b>	<b>6,898,127</b>
Income tax expense	<u>810,118</u>	<u>2,001,095</u>	<u>(89,882)</u>	<u>(194,164)</u>
<b>Net profit for the period</b>	<b>(19,609,789)</b>	<b>6,004,672</b>	<b>9,005,741</b>	<b>6,703,963</b>
Other comprehensive income, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<b><u>(19,609,789)</u></b>	<b><u>6,004,672</u></b>	<b><u>9,005,741</u></b>	<b><u>6,703,963</u></b>
Earnings per ordinary share attributable to equity holders of the Company (sen)				
Basic, for profit for the period	<u>(7.98)</u>	<u>2.44</u>	<u>3.67</u>	<u>2.73</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

EASTLAND EQUITY BHD ("EASTLND")  
INTERIM REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Non-distributable</u>					<u>Distributable</u>		Total RM
	Share Capital RM	Share Premium RM	Fair Value Reserve RM	Capital Reserve RM	Revaluation Reserve RM	Retained Profits/ (Accumulated Losses) RM	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	<u>122,833,988</u>	<u>335,001</u>	<u>(22,696)</u>	<u>110,238,037</u>	<u>524,794</u>	<u>(46,577,465)</u>	<u>187,331,659</u>	
Total comprehensive income	-	-	-	-	-	9,005,741	9,005,741	
At 31 December 2015	<u>122,833,988</u>	<u>335,001</u>	<u>(22,696)</u>	<u>110,238,037</u>	<u>524,794</u>	<u>(37,571,724)</u>	<u>196,337,400</u>	

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 31 DECEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31-December-2015 RM	12 months ended 31-December-2014 RM
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before income tax expense for the period	9,095,623	6,898,127
Adjustments for:		
Bad debt recovered	-	(4,027)
Gain on disposal of :		
- property, plant and equipment	-	(95,000)
- Non-current asset held for sale	-	(750,000)
Interest income	(41,253)	(33,367)
Interest expense	2,052,850	260,823
Unrealised forex gain	(42,183)	-
Waiver of term loan interest	-	(829,787)
Waiver of debts	(30,320,047)	(1,363,686)
Allowance for doubtful debts	(11,461)	-
Depreciation of property, plant and equipment	4,028,289	3,512,417
Fair value gain on investment properties	-	(3,843,000)
Amortisation of prepaid lease payments	53,514	95,844
Operating Profit/(Loss) Before Working Capital Changes	(15,184,668)	3,848,344
(Increase)/Decrease in:		
Property development expenditure	(2,726,164)	(8,809,903)
Inventories	468,239	20,615
Lease and hire-purchase receivables	-	3,637,142
Trade and other receivables	7,668,453	(2,801,319)
Increase/(Decrease) in:		
Trade and other payables	(219,906)	(2,779,747)
Provision for liabilities	228,281	(22,939,756)
Income tax (paid)/refunded, net	(9,765,765)	(29,824,624)
	(1,588,597)	(1,617,156)
Net Operating Cash Flow	(11,354,362)	(31,441,780)
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(2,754,131)	(643,594)
Proceed from disposal of property, plant & equipment	-	95,000
Proceed from disposal of non-current asset held for sale	-	1,600,000
Interest received	41,253	33,367
Deposit held as security value	(848,000)	(175,187)
Net Investing Cash Flow	(3,560,878)	909,586
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Drawdown/(Repayment) of term loans, net	2,731,160	20,114,375
Interest paid	(2,052,850)	(260,823)
Payment of hire-purchase payables	(80,831)	(89,635)
Repayment of term loans instruments	(786,482)	(997,718)
Net Financing Cash Flow	(189,003)	18,766,199
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(15,104,243)	(11,765,995)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	(7,868,890)	3,897,105
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	(22,973,133)	(7,868,890)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD COMPRISE THE FOLLOWING:</b>		
Cash and bank balances	1,674,695	2,945,176
Housing Development Account	225,870	221,079
Deposits placed with licensed banks	1,885,582	1,093,582
Bank overdrafts	(24,873,698)	(11,091,145)
	(21,087,551)	(6,831,308)
Less : Deposits pledged with licensed bank	(1,885,582)	(1,037,582)
	(22,973,133)	(7,868,890)

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 31 DECEMBER 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 FRSSs 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, MFRSSs (“MFRSSs Framework”) for application in the annual periods beginning on or after 1st January 2012.

The MFRSSs 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 MFRSSs Framework and shall apply the MFRSSs 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 FRSSs 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 MFRSSs framework. As such, the Group and the Company will prepare their first MFRSSs financial statements using the MFRSSs 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, except for the estimated loss on the Bandar Tasek Project as mentioned in B2(2) on material changes in the profit before taxation.

**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	6,387	-	18,646	-	6,873	-	31,906
<b>Results</b>							
Segment profit/(loss)	1,226	(24)	(562)	(2,505)	13,027	(55)	11,107
Interest income	-	-	-	18	23	-	41
Finance cost	(228)	-	-	(1,802)	(23)	-	(2,053)
Share of result of associate							-
Profit before taxation							<u>9,095</u>
Income tax expense							<u>(90)</u>
Profit for the period							<u><u>9,005</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 RM7.42 million for the current quarter, compared to the revenue of RM6.51 million recorded in previous year corresponding quarter.

In the Investment Properties segment, the Group recorded revenue of RM1.43 million in current quarter compared to RM1.48 million in previous year corresponding quarter.

In the Hospitality segment, all major components registered lower revenue of RM3.90 million in the current quarter as compared to previous year corresponding quarter revenue of RM5.27 million. The decline in sales was mainly due to stiff competition and weaker demand primarily from the Oil & Gas exploration sector following the drop in global oil prices and generally soft market sentiment.

The Property Development segment recorded a revenue of RM2.09 million in the current quarter in line with the increase in percentage of completion of the project in this quarter. In the previous year's corresponding quarter, the Group had also recorded a negative revenue of RM245 thousand due to termination of two sales from the project.

### **B2 Material changes in the profit before taxation**

The Group recorded a loss before tax for the current quarter of RM20.42 million compared to previous quarter loss before tax of RM2.11 million. The difference is mainly attributed to the following factors:

1. Additional provision for an estimated RM1.1 million in Liquidated and Ascertained Damages ("LAD") in relation to the delay of Phase 1 of the Bandar Tasek Raja Commercial Centre Project in Pasir Mas, Kelantan which is expected to complete by end of March 2016.
2. Projected loss amounting to RM18.55 million on the overall Phase 1 and Phase 2 of Bandar Tasek Raja Project is recognized in the quarter due to projected cost increase and revision of selling price, which were determined during a rationalization exercise on the entire project conducted in Quarter 4 in the light of softening of property market and the prevailing economic condition.
3. Closing of progress billing account balance amounting to RM1.79 million following completion of property development projects undertaken by a KL subsidiary. The company has disposed all developed properties in 2015 and there is no other properties under development.

### **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. The management will also explore other business opportunity.

### **B4 Variance of profit forecast and profit guarantee**

Not applicable.

**B5 Taxation**

	3 months ended 31-Dec-15 RM'000	3 months ended 31-Dec-14 RM'000	Year-to-date 31-Dec-15 RM'000	Year-to-date 31-Dec-14 RM'000
Tax (expense)/income				
Income tax				
-current year	(160)	120	(160)	(1,175)
-prior year	(392)	(60)	(392)	(60)
Deferred tax				
-current year	1,000	1,367	100	467
-prior year	362	574	362	574
	<u>810</u>	<u>2,001</u>	<u>(90)</u>	<u>(194)</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 31 December 2015 are as follows: -

	Secured RM'000	Total RM'000
<b>Current:</b>		
Term loans	6,840	6,840
Hire-purchase payables	31	31
Bank overdraft	24,874	24,874
	<u>31,745</u>	<u>31,745</u>
<b>Non-current:</b>		
Term loans	20,263	20,263
Hire-purchase payables	106	106
	<u>20,369</u>	<u>20,369</u>
<b>Total</b>	<u>52,114</u>	<u>52,114</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 1<sup>st</sup> Tow Kong Liang, 2<sup>nd</sup> Aubrey George Menezes, 3<sup>rd</sup> Chow Lye Khoo, 4<sup>th</sup> Tow Lye Good, 5<sup>th</sup> Chow Kong Han, 6<sup>th</sup> Arulananda K. Manickam, 7<sup>th</sup> Pristine Park Sdn. Bhd. 8<sup>th</sup> Potowin Sdn. Bhd., 9<sup>th</sup> Sapphire Dynamics Sdn. Bhd., 10<sup>th</sup> Eminent Pacific Sdn. Bhd., 11<sup>th</sup> Bay Trading Sdn. Bhd., 12<sup>th</sup> Pendaftar Hakmilik Tanah Kuala Lumpur, 13<sup>th</sup> Malayan Banking Berhad, 14<sup>th</sup> Standard Chartered Bank Malaysia Berhad and 15<sup>th</sup> EON Bank Berhad.

The High Court conducted the trials on 18-20 January 2012, 29 February 2012, 5-6<sup>th</sup> March 2012 and 23<sup>rd</sup> March 2012.

On 30 April 2012, the High Court ruled in favour of the Plaintiff allowing their claim against the 1<sup>st</sup> to 10<sup>th</sup> Defendants with costs. However, the High Court at the same time dismissed the Plaintiff's claim against the 11<sup>th</sup> Defendant with costs.



The Plaintiff had withdrawn the suits against the 13<sup>th</sup> to 15<sup>th</sup> 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 12<sup>th</sup> 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 1<sup>st</sup> to 10<sup>th</sup>.

Defendants 1<sup>st</sup> to 10<sup>th</sup> 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 24 May 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 31-Dec-15 RM'000	3 months ended 31-Dec-14 RM'000	Year-to-date 31-Dec-15 RM'000	Year-to-date 31-Dec-14 RM'000
Net profit/(loss) attributable to equity holders of the Company				
- from continuing operation	<u>(19,609)</u>	<u>6,005</u>	<u>9,005</u>	<u>6,704</u>
	<u><u>(19,609)</u></u>	<u><u>6,005</u></u>	<u><u>9,005</u></u>	<u><u>6,704</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>(7.98)</u>	<u>2.44</u>	<u>3.67</u>	<u>2.73</u>
Basic, for profit/(loss) for the period	<u><u>(7.98)</u></u>	<u><u>2.44</u></u>	<u><u>3.67</u></u>	<u><u>2.73</u></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 31 December 2015, into realised and unrealised profits is as follows:

	12 months ended 31-Dec-14 RM'000	12 months ended 31-Dec-15 RM'000
Total retained profits of the Group:		
- Realised	59,093	39,388
- Unrealised	<u>38,607</u>	<u>38,882</u>
	97,700	78,270
Total share of accumulated losses from associate:		
- Realised	(400)	(400)
- Unrealised	<u>-</u>	<u>-</u>
	97,300	77,870
Consolidation adjustments	<u>(143,877)</u>	<u>(115,442)</u>
Total Group accumulated losses	<u>(46,577)</u>	<u>(37,572)</u>

**B11 Profit for the period**

	Current Quarter RM'000	Year-to-date RM'000
This is arrived at after (charging)/crediting:		
Interest income	37	41
Depreciation and amortization	(1,371)	(4,082)
Provision for and write off of receivables	5	11
Foreign exchange loss	<u>(5)</u>	<u>(79)</u>

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