

**EASTLAND EQUITY BHD (“EASTLND”)  
INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

**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 2016. 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 2016.

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 2016.

**A2 Audit qualifications**

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2016 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
<b>Revenue</b>	2,578	-	7,861	-	336	-	10,775
<b>Results</b>							
Segment profit/(loss)	(895)	76	(837)	(1,562)	179	(6)	(3,045)
Interest income	66	-	-	-	2	-	68
Finance cost	(146)	-	-	(790)	-	-	(936)
Loss before taxation							(3,913)
Income tax expense							(200)
Loss for the period							<u>(4,113)</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 2016 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 2016, 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 a revenue of RM4.98 million for the current quarter, compared to the revenue of RM6.04 million recorded in previous year corresponding quarter.

In the Investment Properties segment, the Group recorded a revenue of RM1.06 million and RM1.46 million in the current quarter and previous year corresponding quarter respectively. The drop is mainly attributed to the transfer of management of the condominium and shopping complex building to Kota Sri Mutiara Management Corporation in April 2017.

In the Hospitality segment, the Group registered a revenue of RM4.14 million in the current quarter as compared to previous year corresponding quarter of RM4.57 million, mainly due to a drop in the room sales.

In the Property Development segment, this quarter recorded a net revenue reversal of RM 0.22 million. This is primarily due to the cancellation of sale of 2 shops. However, this was offset by the sale of one shop in Phase 1 of Bandar Tasek Raja Project.

**B2 Material changes in the loss before taxation**

The Group recorded loss before tax of RM 1.76 million and RM 2.15 million for the current and previous quarter respectively. This is mainly attributed to the effect of write back of provision made in the previous quarter for the transfer of assets to Kota Sri Mutiara Management Corporation. However, this was offset by better hotel results due to improved room and restaurant sales as compared to last quarter.

**B3 Group prospects**

For the financial year 2017, the Group is expected to continue to focus its attention on the current businesses in Investment Property segment, Hospitality segment and Property Development segment. The Group had launched Phase 2 of the BTR at the beginning of the year. It also continues to explore development project opportunities in Sabah.

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

Not applicable.

**B5 Taxation**

	3 months ended 30-Jun-17 RM'000	3 months ended 30-Jun-16 RM'000	Year-to-date 30-Jun-17 RM'000	Year-to-date 30-Jun-16 RM'000
Tax (expense)/income				
Income tax				
-current year	(100)	(195)	(200)	(295)
-prior year	-	-	-	-
Deferred tax				
-current year	-	(106)	-	(106)
-prior year	-	-	-	-
	<u>(100)</u>	<u>(301)</u>	<u>(200)</u>	<u>(401)</u>

The provision for taxation for the Group is mainly due to the chargeable income from the hospitality segment.

**B6 Group borrowings and debts securities**

The Group borrowings, all denominated in Ringgit Malaysia, as at 30 June 2017 are as follows: -

	Secured RM'000	Total RM'000
<b>Current:</b>		
Term loans	2,914	2,914
Hire-purchase payables	100	100
Bank overdraft	30,248	30,248
	<u>33,262</u>	<u>33,262</u>
<b>Non-current:</b>		
Term loans	25,369	25,369
Hire-purchase payables	258	258
	<u>25,627</u>	<u>25,627</u>
<b>Total</b>	<u>58,889</u>	<u>58,889</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 ("FBOL") as described below:

FBOL, a wholly owned subsidiary of the Company had on 3 March 2006 filed a suit against the previous management and nine other parties ("the defendants") for the return of 9 units of shoplots belonging to FBOL. On 30 April 2012, the High Court ruled in favour of FBOL claim with costs. The defendants had filed an appeal to the Court of Appeal against the High Court ruling. On 1 April 2015, the Court of Appeal held hearing and heard submissions from FBOL and the defendants. On 15 May 2015, The Court of Appeal allowed the defendants' appeal. FBOL have filed for Motion for Leave from the Federal Court to appeal against the Court of Appeal's decision. The Federal Court has fixed for case management on 24 May 2016 pending the release of Grounds of Judgment from the Court of Appeal. In addition to the above suit for the return of 9 units of shoplots, FBOL 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 FBOL. As FBOL has not received grounds of judgement from the Court of Appeal, the leave application is fixed for case management on 7 September 2017.

**B8 Dividend**

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

**B9 Earnings per shares**

	3 months ended 30-Jun-17 RM'000	3 months ended 30-Jun-16 RM'000	Year-to-date 30-Jun-17 RM'000	Year-to-date 30-Jun-16 RM'000
Net (loss) attributable to equity holders of the Company				
- from continuing operation	<u>(1,863)</u>	<u>(2,113)</u>	<u>(4,113)</u>	<u>(3,983)</u>
	<u>(1,863)</u>	<u>(2,113)</u>	<u>(4,113)</u>	<u>(3,983)</u>
Number of ordinary share in issue ('000)	245,668	245,668	245,668	245,668
Earnings/(Loss) per share (sen)				
Basic, for (loss) from				
- continuing operations	<u>(0.76)</u>	<u>(0.86)</u>	<u>(1.67)</u>	<u>(1.62)</u>
Basic, for (loss) for the period	<u>(0.76)</u>	<u>(0.86)</u>	<u>(1.67)</u>	<u>(1.62)</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 30 June 2017, into realised and unrealised profits is as follows:

	12 months ended 31-Dec-16 RM'000	6 months ended 30-Jun-17 RM'000
Total retained profits of the Group:		
- Realised	37,655	33,442
- Unrealised	<u>38,513</u>	<u>38,613</u>
	<u>76,168</u>	<u>72,055</u>
Total share of accumulated losses from associate:		
- Realised	(400)	(400)
- Unrealised	<u>-</u>	<u>-</u>
	<u>75,768</u>	<u>71,655</u>
Consolidation adjustments	<u>(118,388)</u>	<u>(118,388)</u>
Total Group accumulated losses	<u>(42,620)</u>	<u>(46,733)</u>

**B11 Loss for the period**

	Current Quarter RM'000	Year-to-date RM'000
This is arrived at after (charging)/crediting:		
Interest income	63	68
Depreciation and amortization	(1,034)	(2,062)
Provision for and write off of receivables	12	8
Foreign exchange loss	(9)	(27)

Other disclosure items pursuant to Appendix 9B, Part A(16) of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable for the current quarter and current period ended 31 December 2016.