

**EASTLAND EQUITY BHD ("EASTLND")
INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2020**

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	As at 30-Jun-2020 RM <u>Unaudited</u>	As at 31-Dec-2019 RM <u>Audited</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	102,888,416	104,828,521
Investment properties	82,592,001	82,592,000
Other investments	1,578,604	1,537,818
Total Non-Current Assets	<u>187,059,020</u>	<u>188,958,339</u>
Current Assets		
Inventories - Property development cost	63,531,924	63,492,535
Inventories - Completed properties and others	11,151,275	11,147,508
Trade and other receivables	1,545,558	1,014,512
Tax recoverable	572,189	572,189
Deposits placed with licensed banks	4,661,240	4,627,629
Cash and bank balances	944,441	3,216,652
Total Current Assets	<u>82,406,627</u>	<u>84,071,025</u>
TOTAL ASSETS	<u>269,465,647</u>	<u>273,029,364</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	129,878,659	129,878,659
Reserves	32,967,169	40,482,232
Total Equity	<u>162,845,828</u>	<u>170,360,891</u>
Non-Current Liabilities		
Hire-purchase payables	138,116	210,121
Term loans	26,229,193	25,994,947
Deferred tax liabilities	11,015,824	11,015,824
Total Non-Current Liabilities	<u>37,383,133</u>	<u>37,220,892</u>
Current Liabilities		
Trade and other payables	29,197,765	25,671,404
Contract liabilities	4,708,434	3,979,435
Provisions for liabilities	2,441,836	2,441,836
Hire-purchase payables	195,207	196,171
Term loans	2,742,136	3,388,446
Bank overdraft	29,951,307	29,770,289
Total Current Liabilities	<u>69,236,686</u>	<u>65,447,581</u>
Total Liabilities	<u>106,619,819</u>	<u>102,668,473</u>
TOTAL EQUITY AND LIABILITIES	<u>269,465,647</u>	<u>273,029,364</u>
Net asset per share (sen)	50	62

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**EASTLAND EQUITY BHD ("EASTLND")
INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2020**

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	3 months ended 30-Jun-2020 RM	3 months ended 30-Jun-2019 RM	Year-to-date 30-Jun-2020 RM	Year-to-date 30-Jun-2019 RM
<u>Continuing Operations</u>				
Revenue	1,296,507	3,977,441	4,251,268	9,119,900
Expenses excluding finance cost	(4,347,812)	(6,485,241)	(9,764,263)	(13,331,165)
Other operating income	44,744	243,332	124,484	471,504
Loss from operations	(3,006,561)	(2,264,468)	(5,388,512)	(3,739,761)
Finance cost	(1,040,775)	(1,208,518)	(2,167,336)	(2,386,570)
Loss before taxation	(4,047,336)	(3,472,986)	(7,555,848)	(6,126,331)
Income tax expense	-	-	-	-
Net loss for the period	(4,047,336)	(3,472,986)	(7,555,848)	(6,126,331)
Other comprehensive profit/(loss), net of tax	154,724	1,013	40,785	(11,866)
Total comprehensive loss for the period	(3,892,612)	(3,471,973)	(7,515,063)	(6,138,197)
Earnings per ordinary share attributable to equity holders of the Company (sen)				
Basic, for loss for the period	(1.25)	(1.40)	(2.33)	(2.48)
Diluted	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

EASTLAND EQUITY BHD ("EASTLND")

INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2020

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		
At 31 December 2018	123,168,989	110,238,037	524,794	1,104,492	(59,057,589)	175,978,723	
Total comprehensive loss	-	-	-	-	(12,789,732)	(12,789,732)	
Issue of ordinary shares	6,709,670	-	-	-	-	6,709,670	
Loss on revaluation	-	-	488,814	-	-	488,814	
Other comprehensive loss	-	-	-	(26,584)	-	(26,584)	
At 30 December 2019	129,878,659	110,238,037	1,013,608	1,077,908	(71,847,321)	170,360,891	
Total comprehensive loss	-	-	-	-	(7,555,848)	(7,555,848)	
Other comprehensive loss	-	-	-	40,785	-	40,785	
At 30 June 2020	129,878,659	110,238,037	1,013,608	1,118,693	(79,403,169)	162,845,828	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

EASTLAND EQUITY BHD ("EASTLND")
INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30-June-2020 RM	6 months ended 30-June-2019 RM
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Loss before income tax expense for the period	(7,555,848)	(6,126,331)
Adjustments for:		
Gain on disposal of :		
Property, plant and equipment	(846)	(36,000)
Finance income	(103,689)	(36,016)
Finance cost	2,167,336	2,386,570
Impairment loss no longer required on :		
- trade receivables	-	(2,879)
- other receivables	-	(4,185)
Waiver of debts	-	(212,077)
Operating Loss Before Working Capital Changes	(3,537,389)	(1,904,617)
(Increase)/Decrease in:		
Inventories - Property development cost	(39,391)	(214,177)
Inventories - Completed properties and others	(3,766)	788,799
Trade and other receivables	(531,046)	1,213,590
Increase/(Decrease) in:		
Trade and other payables	3,519,408	(422,674)
Provision for liabilities	-	(158,465)
Contract liability	728,999	-
	<u>136,815</u>	<u>(697,544)</u>
Income tax (paid)/refunded, net	-	370,000
Net Cash Flows From/(Used In) Operating Activities	<u>136,815</u>	<u>(327,544)</u>
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Additions to property, plant and equipment	(8,601)	(38,037)
Proceed from disposal of property, plant & equipment	846	36,000
Interest received	70,078	36,016
Deposit held as security value	-	(370,746)
Net Cash Flows Generated From/(Used In) Investing Activities	<u>62,323</u>	<u>(336,767)</u>
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	-	4,230,403
Repayment of term loans	(412,064)	(1,193,259)
Finance cost paid	(2,167,336)	(2,386,570)
Payment of hire-purchase payables	(72,969)	(53,654)
Net Cash Flows Generated From/(Used In) Financing Activities	<u>(2,652,368)</u>	<u>596,920</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,453,230)	(67,391)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(26,553,637)	(25,017,473)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(29,006,867)	(25,084,864)
CASH AND CASH EQUIVALENTS AT END OF PERIOD COMPRISE THE FOLLOWING:		
Cash and bank balances	698,505	1,509,160
Housing Development Account	245,936	240,489
Deposits placed with licensed banks	4,661,240	4,183,564
Bank overdrafts	(29,951,307)	(26,834,513)
	<u>(24,345,627)</u>	<u>(20,901,300)</u>
Less : Deposits pledged with licensed bank	(4,661,240)	(4,183,564)
	<u>(29,006,867)</u>	<u>(25,084,864)</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**EASTLAND EQUITY BHD (“EASTLND”)
INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

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 2019, which have been prepared in accordance with the MFRS and the Companies Act 2016.

These 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 2019.

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 2019.

A2 Audit qualifications

The auditors’ report on the audited annual financial statements for the financial year ended 31 December 2019 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 property, plant and equipment; 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 2019.

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	1,431	-	2,820	-	-	-	4,251
Results							
Segment profit/(loss)	(1,954)	(7)	(1,652)	(1,466)	(372)	(8)	(5,459)
Interest income	70	-	-	-	-	-	70
Finance cost	-	-	1	(740)	(1,428)	-	<u>(2,167)</u>
Loss before taxation							<u>(7,556)</u>
Income tax expense							<u>-</u>
Loss for the period							<u>(7,556)</u>
Other comprehensive profit, net of tax							<u>41</u>
Total comprehensive loss for the period							<u><u>(7,515)</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 2019 and valuation performed by CH Williams Talhar & Wong Sdn Bhd on 22 January 2020.

A11 Subsequent material event

Except for the uncertainty of the Covid-19 global pandemic and the government stimulus response, which are still fluid for which the financial impact cannot be ascertained at this juncture, 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 2019 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	
	30 Jun 2020 (RM '000)	30 Jun 2019 (RM '000)		30/06/2020 (RM '000)	31/12/2019 (RM '000)	
Revenue	1,297	3,977	(67)	4,251	9,120	(53)
Operating Loss	(3,007)	(2,264)	33	(5,389)	(3,740)	44
Loss Before Interest and Tax	(3,007)	(2,264)	33	(5,389)	(3,740)	44
Loss Before Tax	(4,047)	(3,473)	17	(7,556)	(6,126)	23
Loss After Tax	(4,047)	(3,473)	17	(7,556)	(6,126)	23
Other comprehensive profit/(loss), net of tax	155	1	-	42	(12)	-
Loss Attributable to Ordinary Equity Holders of the Parent	(3,893)	(3,472)	12	(7,515)	(6,138)	22

The Group recorded revenue of RM1.29 million for the current quarter as compared to RM3.98 million in previous year's corresponding quarter. The reduction in revenue is mainly attributed to:

- Hotel recorded lower room and food & beverage revenue by RM2.29 million in the current quarter as compared to the previous year's corresponding quarter, due to the Covid19 pandemic; and
- Investment properties segment recorded lower rental revenue by RM0.34 million in the current quarter as compared to the previous year's corresponding quarter, due to discounts given to tenants during the Movement Control Order ("MCO") period.

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 Jun 2020 (RM '000)	31 Mar 2020 (RM '000)	
Revenue	1,297	2,955	(56)
Operating Loss	(3,007)	(2,382)	26
Loss Before Interest and Tax	(3,007)	(2,382)	26
Loss Before Tax	(4,047)	(3,509)	15
Loss After Tax	(4,047)	(3,509)	15
Other comprehensive profit/(loss), net of tax	155	(114)	(236)
Loss Attributable to Ordinary Equity Holders of the Parent	(3,893)	(3,622)	7

The Group recorded loss before tax of RM4.05 million and RM3.51 million for the current and previous quarters respectively. The main reason for the higher loss in the current quarter was due to the drop in hotel profit by RM0.43 million and the reduction in Complex rental by RM0.27 million in the current quarter due to the Covid19 pandemic.

B3 Group prospects

The outlook for the rest of financial year 2020 is expected to be challenging for the Group. The Covid-19 pandemic has adversely affected the global and domestic economy and posed financial liquidity risk and uncertainties to many businesses. The Group's businesses, being primarily in the hospitality and investment property, had been adversely affected by the MCO. Although the MCO was relaxed in June 2020, the responses by the Government, businesses and general public towards the pandemic are still precautionary. Accordingly, while we expect that the performance of the Group will be affected, the financial impact on the Group for financial year 2020 and beyond could not be quantified at this stage.

Notwithstanding this, consistent with the preceding year's efforts, the Group has continued to explore into affordable housing in strategic and more vibrant areas. The Group recognises that society and businesses will have to adjust to a new norm, brought upon by the pandemic, changing the business travel trends and spending behaviours where travelling is only done for essential purposes. While the Group will remain focus on its core business, the management will continue to monitor the economic development post Covid-19 and remain cautious when looking out for business opportunities in the face of new challenges.

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	Utilised from 06.11.2019 to 31.07.2020 RM'000	Actual utilisation as at 31.07.2020 RM'000	Balance to be utilised RM'000	Utilisation Timeframe
Repayment of bank borrowings	772	772	772	-	
Working capital	327	327	327	-	
Property development activities	1,280	461	461	819	Within 12 months
Expenses related to Proposed Share Issuance	100	100	100	-	
	<u>2,479</u>	<u>1,660</u>	<u>1,660</u>	<u>819</u>	

B6 Taxation

	3 months ended 30-Jun-20 RM'000	3 months ended 30-Jun-19 RM'000	Year-to-date 30-Jun-20 RM'000	Year-to-date 30-Jun-19 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>

B7 Group borrowings and debts securities

The Group borrowings, all denominated in Ringgit Malaysia, as at 30 June 2020 are as follows: -

	30/6/2020		31/12/2019	
	Short term RM'000	Long term RM'000	Short term RM'000	Long term RM'000
Secured				
Hire-purchase payables	195	138	196	210
Term Loan	2,742	26,229	3,388	25,995
Bank overdraft	29,951	-	29,770	-
	<u>32,888</u>	<u>26,367</u>	<u>33,354</u>	<u>26,205</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-Jun-20 RM'000	3 months ended 30-Jun-19 RM'000	Year-to-date 30-Jun-20 RM'000	Year-to-date 30-Jun-19 RM'000
Net loss attributable to equity holders of the Company				
- from continuing operation	<u>(4,047)</u>	<u>(3,473)</u>	<u>(7,556)</u>	<u>(6,126)</u>
	<u>(4,047)</u>	<u>(3,473)</u>	<u>(7,556)</u>	<u>(6,126)</u>
Number of ordinary share in issue ('000)	324,282	294,802	324,282	294,802
Loss per share (sen)				
Basic, loss from				
- continuing operations	<u>(1.25)</u>	<u>(1.40)</u>	<u>(2.33)</u>	<u>(2.48)</u>
Basic, loss for the period	<u>(1.25)</u>	<u>(1.40)</u>	<u>(2.33)</u>	<u>(2.48)</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	35	70
Interest expense	(1,041)	(2,167)
Depreciation and amortization	<u>(978)</u>	<u>(1,956)</u>

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