

**EASTLAND EQUITY BHD ("EASTLND")**

Registration No: 200001013359 (515965-A)

Incorporated in Malaysia

**INTERIM REPORT - UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2020**

	<b>As at 30.09.2020</b>	<b>As at 31.12.2019</b>
	<b>RM</b>	<b>RM</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	101,891,341	104,828,521
Investment properties	82,592,000	82,592,000
Other investments	1,585,625	1,537,818
<b>Total Non-Current Assets</b>	<b>186,068,965</b>	<b>188,958,339</b>
<b>Current Assets</b>		
Inventories - Property development cost	63,531,925	63,492,535
Inventories - Completed properties and others	11,136,434	11,147,508
Trade and other receivables	2,154,530	1,014,512
Tax recoverable	572,189	572,189
Deposits placed with licensed banks	4,661,349	4,627,629
Cash and bank balances	2,180,659	3,216,652
<b>Total Current Assets</b>	<b>84,237,087</b>	<b>84,071,025</b>
<b>TOTAL ASSETS</b>	<b>270,306,053</b>	<b>273,029,364</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	129,878,659	129,878,659
Reserves	31,392,642	40,482,232
<b>Total Equity</b>	<b>161,271,301</b>	<b>170,360,891</b>
<b>Non-Current Liabilities</b>		
Hire-purchase payables	224,650	210,121
Term loans	27,658,473	25,994,947
Deferred tax liabilities	11,015,824	11,015,824
<b>Total Non-Current Liabilities</b>	<b>38,898,947</b>	<b>37,220,892</b>
<b>Current Liabilities</b>		
Trade and other payables	31,039,993	25,671,404
Contract liabilities	4,708,435	3,979,435
Provisions for liabilities	2,441,836	2,441,836
Hire-purchase payables	25,104	196,171
Term loans	1,784,000	3,388,446
Bank overdraft	30,136,436	29,770,289
<b>Total Current Liabilities</b>	<b>70,135,804</b>	<b>65,447,581</b>
<b>Total Liabilities</b>	<b>109,034,751</b>	<b>102,668,473</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>270,306,053</b>	<b>273,029,364</b>
<b>Net asset per share (sen)</b>	<b>50</b>	<b>62</b>

**Notes:**

(i) *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.*

(ii) *The financial year end has been changed from 31 December to 30 June. The next audited financial statements shall be for a period of eighteen (18) months from 1 January 2020 to 30 June 2021 and thereafter, the financial year end shall be 30 June for each subsequent year.*

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**INTERIM REPORT - UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	Individual Period		Cumulative Period	
	Current Quarter 3 Months Ended 30.09.2020	Preceding Year Corresponding Quarter 3 Months Ended 30.09.2019	Unaudited 9 Months Ended 30.09.2020	Unaudited 9 Months Ended 30.09.2019
	RM	RM	RM	RM
<b><u>Continuing Operations</u></b>				
Revenue	4,322,499	4,327,264	8,573,766	13,447,164
Expenses excluding finance cost	(4,947,848)	(5,637,975)	(14,712,111)	(18,969,140)
Other operating income	98,491	89,667	222,975	561,171
Loss from operations	(526,858)	(1,221,044)	(5,915,370)	(4,960,805)
Finance cost	(1,054,689)	(1,151,788)	(3,222,025)	(3,538,358)
<b>Loss before taxation</b>	<b>(1,581,548)</b>	<b>(2,372,832)</b>	<b>(9,137,395)</b>	<b>(8,499,163)</b>
Income tax expense	-	-	-	-
<b>Net loss for the period</b>	<b>(1,581,548)</b>	<b>(2,372,832)</b>	<b>(9,137,395)</b>	<b>(8,499,163)</b>
<b>Other comprehensive profit/(loss), net of tax</b>	<b>7,021</b>	<b>(18,029)</b>	<b>47,806</b>	<b>(29,895)</b>
<b>Total comprehensive loss for the period</b>	<b>(1,574,527)</b>	<b>(2,390,861)</b>	<b>(9,089,590)</b>	<b>(8,529,058)</b>
Earnings per ordinary share attributable to equity holders of the Company (sen)				
Basic, for loss for the period	(0.49)	(0.80)	(2.82)	(3.23)
Diluted	-	-	-	-

**Notes:**

(i) *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*

(ii) *The financial year end has been changed from 31 December to 30 June. The next audited financial statements shall be for a period of eighteen (18) months from 1 January 2020 to 30 June 2021 and thereafter, the financial year end shall be 30 June for each subsequent year.*

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**INTERIM REPORT - UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	<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	
<b>At 31 December 2018</b>	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 profit/(loss)	-	-	-	(26,584)	-	(26,584)
<b>At 31 December 2019</b>	129,878,659	110,238,037	1,013,608	1,077,908	(71,847,321)	170,360,891
Total comprehensive profit/(loss)	-	-	-	-	(9,137,395)	(9,137,395)
Other comprehensive profit/(loss)	-	-	-	47,806	-	47,806
<b>At 30 September 2020</b>	129,878,659	110,238,037	1,013,608	1,125,714	(80,984,716)	161,271,301

**Notes:**

*(i) 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.*

*(ii) The financial year end has been changed from 31 December to 30 June. The next audited financial statements shall be for a period of eighteen (18) months from 1 January 2020 to 30 June 2021 and thereafter, the financial year end shall be 30 June for each subsequent year.*

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**INTERIM REPORT - UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	<b>9 Months Ended 30.09.2020</b>	<b>9 Months Ended 30.09.2019</b>
	<b>RM</b>	<b>RM</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Loss before income tax expense for the period	(9,137,395)	(8,499,163)
Adjustments for:		
Gain on disposal of :		
Property, plant and equipment	(51,969)	(36,000)
Finance income	(138,798)	(45,199)
Finance cost	3,222,025	3,538,358
Impairment loss no longer required on :		
- trade receivables	-	(2,879)
- other receivables	-	(8,042)
Waiver of debts	-	(212,077)
Depreciation of property, plant and equipment	2,920,957	3,204,339
Contract liability		
Operating Loss Before Working Capital Changes	(3,185,180)	(2,060,663)
(Increase)/Decrease in:		
Lease & HP receivable	-	(434,705)
Inventories - Property development cost	(39,391)	775,981
Inventories - Completed properties and others	11,075	1,091,247
Trade and other receivables	(1,140,018)	
Increase/(Decrease) in:		
Trade and other payables	5,367,921	44,549
Provision for liabilities	-	(158,465)
Contract liability	729,000	-
	<u>1,743,407</u>	<u>(742,056)</u>
Income tax (paid)/refunded, net	-	366,219
Net Cash Flows From/(Used In) Operating Activities	<u>1,743,407</u>	<u>(375,837)</u>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(11,241)	(56,530)
Proceed from disposal of property, plant & equipment	80,100	36,000
Interest received	105,078	45,199
Net Cash Flows Generated From/(Used In) Investing Activities	<u>173,937</u>	<u>(458,077)</u>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Proceeds from issuance of ordinary shares	-	4,230,403
Repayment of term loans	59,080	(1,873,076)
Finance cost paid	(3,222,025)	(3,538,358)
Payment of hire-purchase payables	(156,538)	(91,103)
Net Cash Flows Generated From/(Used In) Financing Activities	<u>(3,319,483)</u>	<u>(1,272,134)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,402,140)</b>	<b>(2,106,048)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>(26,553,637)</b>	<b>(25,017,473)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>(27,955,777)</u></b>	<b><u>(27,123,521)</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD COMPRISE THE FOLLOWING:</b>		
Cash and bank balances	1,934,723	1,964,535
Housing Development Account	245,936	240,489
Deposits placed with licensed banks	4,661,349	4,295,564
Bank overdrafts	(30,136,436)	(29,328,545)
	<u>(23,294,428)</u>	<u>(22,827,957)</u>
Less : Deposits pledged with licensed bank	(4,661,349)	(4,295,564)
	<u>(27,955,777)</u>	<u>(27,123,521)</u>

**Notes:**

(i) 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.

(ii) The financial year end has been changed from 31 December to 30 June. The next audited financial statements shall be for a period of eighteen (18) months from 1 January 2020 to 30 June 2021 and thereafter, the financial year end shall be 30 June for each subsequent year.

# **EASTLAND EQUITY BHD (“EASTLND”)**

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## **INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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.

Following the change in financial year end from 31 December to 30 June, the next set of audited financial statements shall be for a period of 18 months from 1 January 2020 to 30 June 2021 and thereafter, to end on 30 June for each subsequent year.

#### **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
<b>Revenue</b>	2,123	-	6,451	-	-	-	8,574
<b>Results</b>							
Segment profit/(loss)	(3,629)	(12)	348	(2,185)	(531)	(11)	(6,020)
Interest income	105	-	-	-	-	-	105
Finance cost	(170)	-	-	(1,099)	(1,953)	-	(3,222)
Loss before taxation							(9,137)
Income tax expense							-
Loss for the period							(9,137)
Other comprehensive profit, net of tax							48
Total comprehensive loss for the period							(9,089)

**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 Sep 2020 (RM '000)	30 Sep 2019 (RM '000)		30 Sep 2020 (RM '000)	30 Sep 2019 (RM '000)	
Revenue	4,322	4,327	(0)	8,574	13,447	(36)
Operating Loss	(527)	(1,221)	(57)	(5,915)	(4,961)	19
Loss Before Interest and Tax	(527)	(1,221)	(57)	(5,915)	(4,961)	19
Loss Before Tax	(1,582)	(2,373)	(33)	(9,137)	(8,499)	8
Loss After Tax	(1,582)	(2,373)	(33)	(9,137)	(8,499)	8
Other comprehensive profit/(loss), net of tax	7	(18)	-	48	(30)	-
Loss Attributable to Ordinary Equity Holders of the Parent	(1,575)	(2,391)	(34)	(9,089)	(8,529)	7

The Group recorded revenue of RM4.32 million for the current quarter as compared to RM4.33 million in previous year's corresponding quarter. There was an increase of RM0.23 million mainly from higher hotel room revenue. However, Complex rental dropped by the same amount mainly because of the anchor tenant has reduced floor space and also discounts were 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 the immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30 Sep 2020 (RM '000)	30 Jun 2020 (RM '000)	
Revenue	4,322	1,297	233
Operating Loss	(527)	(3,007)	(82)
Loss Before Interest and Tax	(527)	(3,007)	(82)
Loss Before Tax	(1,582)	(4,047)	(61)
Loss After Tax	(1,582)	(4,047)	(61)
Other comprehensive profit/(loss), net of tax	7	155	(95)
Loss Attributable to Ordinary Equity Holders of the Parent	(1,575)	(3,893)	(60)

The Group recorded loss before tax of RM1.59 million and RM4.05 million for the current and previous quarters respectively. The main reason for the lower loss in the current quarter was due to the improvement in hotel profit by RM2.32 million and in Complex rental by RM0.11 million in line with the gradual recovery in business sentiment and activities following the relaxation of MCO restriction in May 2020.

**B3 Group prospects**

The outlook for the rest of financial year 2021 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, have been 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. Moreover, the government has recently reimposed the conditional MCO in various areas including Wilayah Persekutuan, Selangor and Sabah in October 2020 which has been subsequently extended to most of the states in Malaysia until 6 December 2020. Accordingly, while we expect that the performance of the Group will be affected, the financial impact on the Group for financial year 2021 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 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 15.10.2020 RM'000	Actual utilisation as at 31.10.2020 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	486	486	794	Within 12 months
Expenses related to Proposed Share Issuance	100	100	100	-	
	<u>2,479</u>	<u>1,685</u>	<u>1,685</u>	<u>794</u>	

**B6 Taxation**

	3 months ended	3 months ended	Year-to-date	Year-to-date
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	RM'000	RM'000	RM'000	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 2020 are as follows: -

	30/9/2020		31/12/2019	
	Short term	Long term	Short term	Long term
	RM'000	RM'000	RM'000	RM'000
<b>Secured</b>				
Hire-purchase payables	25	225	196	210
Term Loan	1,784	27,658	3,388	25,995
Bank overdraft	30,136	-	29,770	-
	<u>31,945</u>	<u>27,883</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-Sep-20 RM'000	3 months ended 30-Sep-19 RM'000	Year-to-date 30-Sep-20 RM'000	Year-to-date 30-Sep-19 RM'000
Net loss attributable to equity holders of the Company				
- from continuing operation	<u>(1,582)</u>	<u>(2,373)</u>	<u>(9,137)</u>	<u>(8,499)</u>
	<u>(1,582)</u>	<u>(2,373)</u>	<u>(9,137)</u>	<u>(8,499)</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>(0.49)</u>	<u>(0.80)</u>	<u>(2.82)</u>	<u>(3.23)</u>
Basic, loss for the period	<u>(0.49)</u>	<u>(0.80)</u>	<u>(2.82)</u>	<u>(3.23)</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	105
Interest expense	(1,055)	(3,222)
Depreciation and amortization	<u>(965)</u>	<u>(2,921)</u>

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