

ECO WORLD INTERNATIONAL BERHAD
(Company No: 1059850-A)
(Incorporated in Malaysia)

Interim Financial Report
30 April 2018

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ECO WORLD INTERNATIONAL BERHAD
(Company No: 1059850-A)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 APRIL 2018
(The figures have not been audited)

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 APRIL 2018	30 APRIL 2017	30 APRIL 2018	30 APRIL 2017
	RM'000	RM'000	RM'000	RM'000
Revenue	-	37	18	364
Direct expenses	(846)	(1,212)	(2,514)	(2,677)
Gross loss	<u>(846)</u>	<u>(1,175)</u>	<u>(2,496)</u>	<u>(2,313)</u>
Other income	2,932	7,794	9,871	8,192
Marketing expenses	(3,119)	(316)	(6,218)	(661)
Administrative and general expenses	(17,034)	(15,162)	(34,226)	(26,157)
Unrealised (loss)/gain on foreign exchange	(6,883)	12,570	(2,005)	48,243
Finance costs	(98)	(15,334)	(98)	(31,920)
Share of results in joint ventures	(4,935)	(12,215)	(13,566)	(24,702)
Loss before tax	<u>(29,983)</u>	<u>(23,838)</u>	<u>(48,738)</u>	<u>(29,318)</u>
Taxation	1,108	(277)	3,445	(306)
Loss for the period	<u>(28,875)</u>	<u>(24,115)</u>	<u>(45,293)</u>	<u>(29,624)</u>
Other comprehensive loss, net of tax				
<i>Item that may be reclassified to profit or loss subsequently:</i>				
Exchange differences on translation of foreign operations	(38,008)	(4,389)	(74,840)	(19,892)
Total comprehensive loss for the period	<u>(66,883)</u>	<u>(28,504)</u>	<u>(120,133)</u>	<u>(49,516)</u>
(Loss)/Profit for the period attributable to:				
Owners of the Company	(29,076)	(24,817)	(45,281)	(30,879)
Non-controlling interests	201	702	(12)	1,255
	<u>(28,875)</u>	<u>(24,115)</u>	<u>(45,293)</u>	<u>(29,624)</u>
Total comprehensive (loss)/income for the period attributable to:				
Owners of the Company	(66,216)	(29,298)	(119,732)	(51,258)
Non-controlling interests	(667)	794	(401)	1,742
	<u>(66,883)</u>	<u>(28,504)</u>	<u>(120,133)</u>	<u>(49,516)</u>
Loss per share attributable to owners of the Company:				
Basic loss per share (sen)	<u>(1.21)</u>	<u>(2.43)</u>	<u>(1.89)</u>	<u>(4.92)</u>
Diluted loss per share (sen)	<u>(1.21) *</u>	<u>(2.43) *</u>	<u>(1.89) *</u>	<u>(4.92) *</u>

* *Anti-dilutive*

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 October 2017 and the accompanying explanatory notes)

ECO WORLD INTERNATIONAL BERHAD
(Company No: 1059850-A)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2018

	As At 30 APRIL 2018 (UNAUDITED) RM'000	As At 31 OCTOBER 2017 (AUDITED) RM'000
ASSETS		
Non-current assets		
Plant and equipment	7,074	7,169
Goodwill	126,302	126,302
Investment in joint ventures	114,235	104,907
Amount owing by joint ventures	1,617,234	1,089,481
Deferred tax assets	22,619	19,316
	<u>1,887,464</u>	<u>1,347,175</u>
Current assets		
Properties under development for sale	367,868	366,717
Trade and other receivables	10,567	5,400
Current tax assets	687	682
Cash, bank balances and deposits	460,840	992,388
	<u>839,962</u>	<u>1,365,187</u>
TOTAL ASSETS	<u>2,727,426</u>	<u>2,712,362</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	2,592,451	2,592,451
Warrant reserve	276,418	276,418
Exchange translation reserve	(56,807)	17,644
Accumulated losses	(386,918)	(341,637)
Equity attributable to owners of the Company	<u>2,425,144</u>	<u>2,544,876</u>
Non-controlling interests	16,280	2,768
Total equity	<u>2,441,424</u>	<u>2,547,644</u>
Non-current liabilities		
Borrowings	253,510	48,684
Deferred tax liabilities	1,904	1,944
	<u>255,414</u>	<u>50,628</u>
Current liabilities		
Trade and other payables	14,626	16,067
Amount owing to a corporate shareholder of a subsidiary	14,535	16,340
Borrowings	-	79,913
Current tax liabilities	1,005	1,770
	<u>30,166</u>	<u>114,090</u>
Total liabilities	<u>285,580</u>	<u>164,718</u>
TOTAL EQUITY AND LIABILITIES	<u>2,727,004</u>	<u>2,712,362</u>
Net assets per share attributable to owners of the Company (RM)		
	<u>1.01</u>	<u>1.06</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 October 2017 and the accompanying explanatory notes)

ECO WORLD INTERNATIONAL BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 APRIL 2018
(The figures have not been audited)

	← Attributable to owners of the Company →							
	← Non-distributable →		Distributable					
	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Exchange translation reserve RM'000	Accumulated losses RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 November 2017	2,592,451	-	276,418	17,644	(341,637)	2,544,876	2,768	2,547,644
Total other comprehensive (loss)/income for the period	-	-	-	(74,451)	-	(74,451)	(389)	(74,840)
Loss for the period	-	-	-	-	(45,281)	(45,281)	(12)	(45,293)
Total comprehensive (loss)/income for the period	-	-	-	(74,451)	(45,281)	(119,732)	(401)	(120,133)
Issuance of preference shares by subsidiary to non-controlling interests	-	-	-	-	-	-	13,913	13,913
At 30 APRIL 2018	2,592,451	-	276,418	(56,807)	(386,918)	2,425,144	16,280	2,441,424
At 1 November 2016	246,541	49,158	-	34,698	(222,514)	107,883	4,788	112,671
Total other comprehensive (loss)/income for the period	-	-	-	(20,379)	-	(20,379)	487	(19,892)
(Loss)/Profit for the period	-	-	-	-	(30,879)	(30,879)	1,255	(29,624)
Total comprehensive (loss)/income for the period	-	-	-	(20,379)	(30,879)	(51,258)	1,742	(49,516)
<i>Transactions with owners of the Company:</i>								
Issuance of ordinary shares								
- Share issuance for public offering	2,584,151	-	-	-	-	2,584,151	-	2,584,151
- Warrants	(276,418)	-	276,418	-	-	-	-	-
Transition to no-par value regime	49,158	(49,158)	-	-	-	-	-	-
Share issue expenses	(10,981)	-	-	-	(31,490)	(42,471)	-	(42,471)
At 30 APRIL 2017	2,592,451	-	276,418	14,319	(284,883)	2,598,305	6,530	2,604,835

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 October 2017 and the accompanying explanatory notes)

ECO WORLD INTERNATIONAL BERHAD
(Company No: 1059850-A)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 APRIL 2018
(The figures have not been audited)

	6 MONTHS ENDED	
	30 APRIL 2018	30 APRIL 2017
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss before tax	(48,738)	(29,318)
Adjustments for:		
Non-cash items	16,264	(26,384)
Non-operating items	(9,504)	28,796
Operating loss before working capital changes	<u>(41,978)</u>	<u>(26,906)</u>
Changes in properties under development for sale	(27,050)	(12,163)
Changes in receivables	(2,341)	8,546
Changes in payables	(554)	4,821
Cash used in operations	<u>(71,923)</u>	<u>(25,702)</u>
Interest received	22	864
Tax paid	(1,749)	(185)
Net cash used in operating activities	<u><u>(73,650)</u></u>	<u><u>(25,023)</u></u>
Cash Flows From Investing Activities		
Purchase of plant and equipment	(1,215)	(3,195)
Proceeds from disposal of plant and equipment	4	27
Advances to joint ventures	(548,322)	(145,531)
Investment in joint ventures	(51,191)	-
(Placements)/Withdrawal of deposits, debt service reserve and interest service reserve accounts	(2,419)	2,675
Landholder duty	(269)	-
Interest received	9,849	3,283
Net cash used in investing activities	<u><u>(593,563)</u></u>	<u><u>(142,741)</u></u>
Cash Flows From Financing Activities		
Drawdown of borrowings	209,552	230,452
Repayment of borrowings	(73,818)	(1,161,774)
Proceeds from issuance of ordinary shares	-	2,584,151
Repayment to a shareholder	-	(153,622)
Repayment to a former shareholder of a subsidiary	-	(11,546)
Repayment to former holding company	-	(630)
Repayment to former holding company of a subsidiary	-	(13,144)
Advances from a corporate shareholder of a subsidiary	13,235	-
Finance costs	(8,888)	(29,527)
Listing expenses	-	(29,102)
Net cash generated from financing activities	<u><u>140,081</u></u>	<u><u>1,415,258</u></u>
Net changes in cash and cash equivalents	(527,132)	1,247,494
Cash and cash equivalents at 1 November 2017/ 2016	986,680	7,719
Effect of exchange rate changes	(6,835)	1,340
Cash and cash equivalents at 30 April 2018/ 2017	<u><u>452,713</u></u>	<u><u>1,256,553</u></u>

ECO WORLD INTERNATIONAL BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 APRIL 2018 (continued)
(The figures have not been audited)

	6 MONTHS ENDED	
	30 APRIL 2018	30 APRIL 2017
	RM'000	RM'000
Cash and cash equivalents comprise the following:		
Deposits	439,145	1,203,989
Cash and bank balances	21,695	60,743
	<u>460,840</u>	<u>1,264,732</u>
Less: Deposit pledged, debt service reserve and interest service reserve accounts	(8,127)	(8,179)
	<u>452,713</u>	<u>1,256,553</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 October 2017 and the accompanying explanatory notes)

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting, International Accounting Standard (“IAS”) 34, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

This interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 October 2017.

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 of the Group for the year ended 31 October 2017, except for the adoption of the following Amendments to MFRSs, which are relevant to the Group and effective for annual periods beginning on or after 1 November 2017:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to MFRS 12	Annual Improvements to MFRS Standards 2014-2016 Cycle

The adoption of the above Amendments to MFRSs is not expected to have a material impact to the Interim Financial Statements of the Group.

A2. Seasonal or Cyclical Factors

The business operations of the Group during the 6 months ended 30 April 2018 have not been materially affected by any seasonal or cyclical factors.

A3. Unusual items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the 6 months ended 30 April 2018.

A4. Changes in Estimates

There were no material changes in estimates during the 6 months ended 30 April 2018.

A5. Debt and Equity Securities

There were no issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares or resale of treasury shares during the 6 months ended 30 April 2018 except for the issuance of the unrated Islamic medium term notes with a nominal value of RM180 million by the Company on 27 April 2018.

A6. Dividends Paid

There was no payment of dividend during the 6 months ended 30 April 2018.

A7. Segmental Reporting

The Group's operating and reportable segments are business units operating in different geographical locations:

- (i) United Kingdom - the areas of operation are principally property development activities and provision of advisory and project monitoring services;
- (ii) Australia - the area of operation is principally property development activities; and
- (iii) Malaysia - the areas of operation are investment holding and promotional and marketing services.

The segmental analysis for the 6 months ended 30 April 2018 is as follows:

	United Kingdom RM'000	Australia RM'000	Malaysia RM'000	Eliminations RM'000	Total RM'000
Revenue					
External revenue	-	-	18	-	18
Inter-segment revenue	11,057	-	75	(11,132)	-
Total revenue	11,057	-	93	(11,132)	18
Segment results	(9,638)	(14,044)	(18,148)	-	(41,830)
Share of results in joint ventures	(13,566)	-	-	-	(13,566)
Depreciation	(142)	(363)	(605)	-	(1,110)
Unrealised gain/(loss) on foreign exchange	-	1,319	(3,324)	-	(2,005)
Other income	106	70	9,695	-	9,871
Finance costs	-	-	(98)	-	(98)
Loss before tax	(23,240)	(13,018)	(12,480)	-	(48,738)
Taxation	(1,149)	3,965	629	-	3,445
Loss for the period	(24,389)	(9,053)	(11,851)	-	(45,293)

<i>Main foreign currency</i>	<i>GBP</i>	<i>AUD</i>	<i>RM</i>
<i>Exchange ratio of 1 unit of foreign currency to RM⁽¹⁾</i>	<i>5.4498</i>	<i>3.0653</i>	<i>1.0000</i>

	United Kingdom RM'000	Australia RM'000	Malaysia RM'000	Eliminations RM'000	Total RM'000
Segment assets	1,908,282	432,837	385,885	-	2,727,004
Segment liabilities	2,952	96,000	186,628	-	285,580

<i>Main foreign currency</i>	<i>GBP</i>	<i>AUD</i>	<i>RM</i>
<i>Exchange ratio of 1 unit of foreign currency to RM⁽²⁾</i>	<i>5.3844</i>	<i>2.9582</i>	<i>1.0000</i>

Note:

⁽¹⁾ Average rates for the 6 months ended 30 April 2018.

⁽²⁾ Closing rates as at 30 April 2018.

A8. Significant Events after the End of the Interim Financial Period

There were no significant events after 30 April 2018 till 21 June 2018, the latest practicable date from the date of issue of this interim financial report other than as disclosed in Notes A9(b) and B6(a)(iii).

A9. Changes in the Composition of the Group

- (a) There were no changes in the composition of the Group during the 6 months ended 30 April 2018, except as follows:
- (i) On 8 November 2017, Fortune Quest Group Ltd (“Fortune Quest”), a wholly-owned subsidiary of the Company has incorporated a subsidiary, Eco World (Macquarie) Pty Ltd (“EcoWorld Macquarie”). EcoWorld Macquarie was incorporated in Australia as a limited by shares company under the Corporations Act 2001, with 100 ordinary issued and paid-up shares of AUD1.00 each. As a result, EcoWorld Macquarie became a wholly-owned subsidiary of the Group.
 - (ii) Acquisition by Eco World Investment Co Ltd, a wholly-owned subsidiary of the Company, of 1 ordinary share of GBP1.00 each in Eco World Be Co Ltd (“EcoWorld Be”) on 23 November 2017. As a result, EcoWorld Be became a wholly-owned subsidiary of the Group.
 - (iii) On 16 March 2018, EcoWorld Be acquired the following companies pursuant to the Proposed Acquisition (as defined in Note B6(a) below);
 - (a) 700 ordinary shares of GBP1.00 each in Eco World London Holdings Limited (formerly known as Be Eco World Holdings Limited) (“EcoWorld London”).
 - (b) 350 ordinary “A” shares of GBP1.00 each and 350 ordinary “B” shares of GBP1.00 each in Eco World London Development Company Limited (formerly known as Be Eco World Development Management Company Limited) (“EcoWorld London Development”).
 - (c) 7 ordinary shares of GBP1.00 each in Be Eco World Investment Company Limited (“Be EcoWorld Investment”).

As a result, EcoWorld London, EcoWorld London Development and Be EcoWorld Investment became 70%-owned joint ventures of the Group.
- (b) During the period between 1 May 2018 until 21 June 2018, being the latest practicable date prior to the date of issue of this interim financial report, the following changes in the composition of the Group took place:
- (i) On 30 May 2018, EcoWorld London acquired the entire share capital in Be Here Holdings Limited (“Be Here”) pursuant to the Aberfeldy Village Acquisition (as defined in Note B6(a)(iii) below). As a result, Be Here became a wholly-owned subsidiary of EcoWorld London.
 - (ii) Following the completion of Stage 1 acquisition, a share for share exchange was undertaken on 22 May 2018 such that Be EcoWorld Investment is structured as the immediate holding company of EcoWorld London. Be EcoWorld Investment and EcoWorld London remain as 70% owned joint ventures of the Group.

A10. Fair Value of Financial Instruments

There were no gain or losses arising from fair value changes for all financial assets and liabilities during the 6 months ended 30 April 2018.

A11. Commitments and Contingencies

	As at 30/04/2018 RM'000
Approved and contracted for:	
- Commitment to acquire plant and equipment	45
- Commitment to fund joint ventures	
(i) Eco World-Ballymore Holding Company Limited (“EW-Ballymore Holding”) by way of share subscription and shareholder’s loans (<i>Note a</i>)	349,224
(ii) EcoWorld London by way of shareholder’s loan (<i>Note b</i>)	468,238
(iii) EcoWorld London Development by way of shareholder’s loan (<i>Note b</i>)	<u>7,538</u>

Note a

The Group and the other joint venture partner are jointly committed to provide additional funding into EW-Ballymore Holding in the event that EW-Ballymore Holding is unable, on its own, to repay its banking facilities when due (“Increased Commitments”). The Increased Commitments shall be in the ratio of 75:25 based on the current proportion of the joint venture partners’ existing equity interests in EW-Ballymore Holding.

The Group’s share of the Increased Commitments is GBP90 million (equivalent to approximately RM484.60 million based on the exchange rate of GBP1.00 : RM5.3844 as at 30 April 2018). If funding in excess of the Increased Commitments is required to satisfy any claims from the banking facilities, the Company shall have the obligation to fund the excess amount should the other joint venture partner not fund its proportionate share. Any funding provided in excess of the Increased Commitments by one partner will result in a corresponding adjustment to the equity interest in the joint venture.

Note b

The Group and the other joint venture partner are jointly committed to provide additional funding into EcoWorld London or EcoWorld London Development to prevent a breach of a covenant or undertaking by the EcoWorld London group of companies or EcoWorld London Development under any 3rd party finance agreement (“Additional Funding”). Any Additional Funding shall be in the ratio of 70:30 based on the current proportion of the joint venture partners’ existing equity interests in EcoWorld London and EcoWorld London Development.

If a joint venture partner (“Funding Shareholder”) funds the other partner’s (“Non-Funding Shareholder”) share of the Additional Funding (“Shortfall”) and the Non-Funding Shareholder does not fund the Shortfall within the stipulated timeframe, the Funding Shareholder has an option to acquire shares held by the Non-Funding Shareholder in EcoWorld London group of companies or EcoWorld London Development, as the case may be, at a nominal price.

A12. Significant Related Party Transactions

	6 MONTHS ENDED 30/04/2018 RM'000
(i) Transactions with joint ventures	
- Advances to joint ventures	548,322
- Interest receivable	24,618
- Revenue	18
(ii) Transactions with wholly-owned subsidiaries of Eco World Development Group Berhad (“EW Berhad”) where a director of the Company is also a director of EW Berhad	
- Agent fees paid or payable	40
- Support service fees paid or payable	51
(iii) Transaction with a joint venture of EW Berhad where a director of the Company is also a director of EW Berhad	
- Rental paid or payable	496
(iv) Transaction with a company where a director has interest	
- Rental paid or payable	90
(v) Transaction with a company where a subsidiary director has interest	
- Consultancy fee paid or payable	136
(vi) Transaction with a corporate shareholder of a subsidiary	
- Advances received	13,235
(vii) Transaction with related companies of GLL EWI (HK) Limited, a substantial shareholder of the Company	
- Interest received	8

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Group Performance

	3 MONTHS ENDED			6 MONTHS ENDED		
	30/04/2018 RM'000	30/04/2017 RM'000	CHANGES RM'000	30/04/2018 RM'000	30/04/2017 RM'000	CHANGES RM'000
Revenue	-	37	(37)	18	364	(346)
Gross loss	(846)	(1,175)	329	(2,496)	(2,313)	(183)
(Loss)/gain before interest and tax	(29,885)	(8,504)	(21,381)	(48,640)	2,602	(51,242)
Loss before tax	(29,983)	(23,838)	(6,145)	(48,738)	(29,318)	(19,420)
Loss for the period	(28,875)	(24,115)	(4,760)	(45,293)	(29,624)	(15,669)
Loss for the period attributable to owners of the Company	<u>(29,076)</u>	<u>(24,817)</u>	<u>(4,259)</u>	<u>(45,281)</u>	<u>(30,879)</u>	<u>(14,402)</u>

(a) Performance of the current quarter against the same quarter in the preceding year (2Q 2018 vs. 2Q 2017)

There was no revenue recorded in 2Q 2018. The revenue for 2Q 2017 arose from fees for marketing services rendered by a subsidiary to the Group's joint venture in respect of property sales of its projects in the United Kingdom.

Revenue and profits associated with the Group's property development activities will be recognised by its subsidiary and joint venture when the construction of the relevant units are completed and delivered beginning in the month of July 2018.

Gross loss for 2Q 2018 was RM0.85 million which was lower than RM1.18 million reported in 2Q 2017. The Group recorded a loss before tax ("LBT") of RM29.98 million for 2Q 2018, which was 25.8% higher than RM23.84 million reported for 2Q 2017.

The LBT reported in 2Q 2018 was higher compared to 2Q 2017 due to an unrealised foreign exchange loss which arose in 2Q 2018 as opposed to an unrealised foreign exchange gain recorded in 2Q 2017.

(b) Performance of the current year to-date against the same year in the preceding year (2Q YTD 2018 vs. 2Q YTD 2017)

During the 6 months ended 30 April 2018, the Group recorded revenue of RM0.02 million, which was lower than the RM0.36 million reported in 2Q 2017. Gross loss for the current financial period was RM2.50 million.

The Group recorded a higher LBT of RM48.74 million in the current financial period as compared to the RM29.32 million reported for the 6 months ended 30 April 2017.

The LBT incurred in the current financial period was higher mainly due to the unrealised gain on foreign exchange of RM48.24 million recorded for the 6 months ended 30 April 2017.

B2. Material Changes in the Quarterly Results compared to the Results of the Preceding Quarter

	3 MONTHS ENDED		
	30/04/2018	31/01/2018	CHANGES
	RM'000	RM'000	RM'000
Revenue	-	18	(18)
Gross loss	(846)	(1,650)	804
Loss before interest and tax	(29,885)	(18,755)	(11,130)
Loss before tax	(29,983)	(18,755)	(11,228)
Loss for the period	(28,875)	(16,418)	(12,457)
Loss for the period attributable to owners of the Company	<u>(29,076)</u>	<u>(16,205)</u>	(12,871)

The Group's preceding quarter revenue for the period ended 31 January 2018 was higher than current quarter's revenue. The Group's current quarter LBT was RM29.98 million, which was RM11.23 million higher than the preceding quarter ended 31 January 2018.

The higher LBT incurred in the current quarter was mainly due to the higher unrealised foreign exchange loss recorded as a result of depreciation of the GBP in the current quarter.

B3. Sales Achieved and Prospects for the Current Financial Year

PROJECTS	LANDBANK AS AT 31/05/2018	7 MONTHS ENDED 31/05/2018			CUMULATIVE SALES	UNBILLED SALES
	Total (Acres)	Units launched	Units sold	Sales value RM'mil⁽¹⁾	Total achieved RM'mil⁽²⁾	Effective stake RM'mil⁽³⁾
London ⁽⁴⁾	33.8	31	167	546	6,981	4,990
Sydney	1.2	-	12	33	854	848
Melbourne	0.5	-	38	119	349	238
Total	35.5	31	217	698	8,184	6,076

EcoWorld International recorded RM698 million sales in the first seven months of FY2018. Its projects in London⁴ contributed RM546 million while those in Australia generated RM152 million. As at 31 May 2018, the Group's effective share of unbilled sales stand at RM6.076 billion.

The second half of FY2018 will be a significant time for EcoWorld International as handovers of residential blocks in London City Island and Embassy Gardens are expected to commence by July 2018. These handovers will enable the Group (via its respective joint venture entities) to convert a substantial portion of the unbilled sales into revenue, thereby allowing the Group to recognise its maiden profit in the current financial year.

The construction works of other blocks in London City Island and Embassy Gardens are also well underway with four additional residential blocks in the former and one in the latter scheduled for completion in FY2019. Their completions will further boost the Group's profitability next year. Beyond that, the completions of Wardian, West Village and Yarra One are expected to contribute to the Group's profitability in FY2020.

B3. Sales Achieved and Prospects for the Current Financial Year (continued)

The Board is also pleased to announce that following a rebranding exercise on 7 June 2018, the joint venture with the Willmott Dixon Group will now be known as EcoWorld London. Since the completion of the Stage 1 acquisitions in March 2018, EcoWorld London has acquired one additional site included under the Stage 2 acquisition. This brings the total number of sites under the new EcoWorld London portfolio to seven. These sites have the potential to develop c. 3,600 residential units in Greater London and South East of England, with a gross development value of GBP1.4 billion. To be priced within the GBP500 psf to GBP800 psf range, the new sites complement EcoWorld International's existing products, which are priced from GBP800 psf to GBP1,500 psf, and provide opportunities for the Group to significantly grow its UK market share.

Among the seven sites held by EcoWorld London, four are ongoing projects⁵ that have achieved unbilled sales of RM168 million⁶, which are expected to be converted into revenue in the next two financial years. EcoWorld London has identified two sites for build-to-rent (BTR) development and is currently pursuing the forward sale of one or two BTR developments within the current financial year. This is expected to contribute towards the attainment of the RM3 billion sales target for FY2018.

On the corporate front, EcoWorld International targets to complete its acquisition of the Macquarie Park site in Sydney by late-2018. Located close to Sydney's second largest business district and one of the largest employment business and technology precincts in the Southern Hemisphere, the site is planned for redevelopment into a 125-unit residential apartment with a small component of retail with an estimated GDV of AUD139 million.

EcoWorld International is also working towards acquiring the remaining Stage 2 sites as disclosed in Note B6(a) from Be Living, as and when the relevant conditions precedent are met. Together with the 7 sites already acquired and Macquarie Park, this provides a healthy pipeline of new projects for the Group which augurs well for its future growth prospects and the long-term viability of its business model.

Notes:

- ⁽¹⁾ Based on the exchange rate of GBP1.00 : RM 5.3045 and AUD1.00 : RM 3.0187 as at 31 May 2018. As at 30 April 2018, the YTD Sales Value achieved stood at RM551 million (RM464 million (UK) + RM87 million (Aust)) from 140 units (UK) + 37 units (Aust) sold.
- ⁽²⁾ Cumulative sales as at 31 May 2018 represent contracts exchanged of RM7.98 billion and reserved units of RM201 million. (As at 30 April 2018, cumulative sales stood at RM8.052 billion, representing contracts exchanged of RM6.814 billion (UK) + RM1.092 billion (Aust) and reserved units of RM121 million (UK) + RM25 million (Aust)).
- ⁽³⁾ Share of unbilled sales based on effective stake in joint venture and subsidiaries as at 31 May 2018 and excluding reserved units. As at 30 April 2018, the share of unbilled sales based on effective stake stood at RM6.054 billion (RM5.014 billion (UK) + RM1.040 billion (Aust)).
- ⁽⁴⁾ Includes South Woking, Kensal Rise & Maida Hill, Millbrook Park, Barking Abbey Retail Park, Barking Site, Nantly House (Stage 1 sites) + Aberfeldy Village (7 acres) which was completed on 30 May 2018.
- ⁽⁵⁾ Ongoing sites are Kensal Rise, Millbrook Park, Aberfeldy Village and Nantly House.
- ⁽⁶⁾ Refers to EcoWorld International's effective share of unbilled sales as at 31 May 2018.

B4. Variance of Actual Profit from Forecast Profit

There was no profit forecast published as at 30 April 2018.

B5. Taxation

Taxation comprises:

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2018	30/04/2017	30/04/2018	30/04/2017
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian tax				
- current quarter	(6)	645	-	645
Foreign tax				
- current quarter	480	702	1,020	1,254
- in respect of prior years	-	-	(1)	-
Deferred tax				
Malaysian tax				
- current quarter	(207)	(335)	(629)	(530)
- in respect of prior years	-	-	-	144
Foreign tax				
- current quarter	(1,375)	(735)	(3,835)	(1,207)
	<u>(1,108)</u>	<u>277</u>	<u>(3,445)</u>	<u>306</u>

The Group's effective tax rate for the current quarter is lower than the statutory tax rate of 24% mainly due to the inclusion of certain non-taxable items in the income statement. Correspondingly, expenditure which relates to the derivation of non-taxable income by the Group has been treated as permanent losses for tax purposes.

B6. Status of Corporate Proposals

- (a) Save and except for the following corporate proposal, there are no other corporate proposals that have been announced by the Company which are not yet completed as at 21 June 2018:

Acquisition of 70% equity interest in 12 development projects and a development management entity in UK

- (i) On 8 November 2017, our Company entered into Heads of Agreement with Be Living Holdings Limited ("Be Living") to acquire a 70% equity interest in 12 development projects in Greater London and the South East of England and a development management entity.

On 15 December 2017, EcoWorld Be, an indirect wholly-owned subsidiary of our Company, entered into a conditional sale and purchase agreement with Be Living to acquire 70% equity interests in EcoWorld London and EcoWorld London Development (collectively, "Stage 1 Acquisition").

- (ii) On 16 March 2018, the Stage 1 Acquisition was completed for a provisional purchase consideration of GBP63.76 million (equivalent to about RM348.47 million^(a)), which includes entities that hold 6 development projects. EcoWorld London had on the same day entered into conditional sale and purchase agreements with Be Living for the acquisition of interests in entities that hold or will hold another 6 development projects ("Stage 2 Acquisition"). Please refer to the separate announcement dated 19 March 2018 for further details on the Stage 2 Acquisition.

B6. Status of Corporate Proposals (continued)

- (iii) On 30 May 2018, the acquisition of the entity that holds the Aberfeldy Village project (“Aberfeldy Village Acquisition”) was completed, forming part of the Stage 2 Acquisition, for a provisional purchase consideration of GBP13.09 million. Of this amount, GBP9.16 million (equivalent to about RM48.52 million) was paid by EcoWorld Be based on its 70% equity interest in the EcoWorld London, whilst the remaining 30% was paid by Be Living.

Acquisition of apartment units to be developed as “Macquarie Park Project” in Sydney, Australia

- (iv) On 24 November 2017, Eco World (Macquarie) Pty Ltd (“EcoWorld Macquarie”), an indirect wholly-owned subsidiary of our Company, entered into a conditional put and call option agreement (“Option Agreement”) with the owners of 25 apartment units (“Vendors”) in respect of the acquisition of such units in the strata scheme comprised by Strata Plan 6481 (“Strata Scheme”), located at 1-3 Lachlan Avenue, Macquarie Park, Sydney, NSW 2113, Australia (“Properties”) for a purchase consideration of AUD33.8 million (equivalent to RM105.86 million^(b)).

On 5 February 2018, the Option Agreement has become unconditional. EcoWorld Macquarie therefore has the right to exercise the call option to buy the Properties from the Vendors by no later than 7 September 2018 (“Call Option Period”), or the Vendors have the right to exercise the put option to sell the Properties to EcoWorld Macquarie starting on the day after the Call Option Period ends and expiring 30 business days thereafter.

Upon the exercise of the call or put option under the Option Agreement, EcoWorld Macquarie will enter into a definitive sale and purchase agreement with each of the Vendors to purchase the Properties (“SPA”). The agreed form of the SPA is attached to the Option Agreement.

EcoWorld Macquarie has commenced the strata renewal process to acquire the remaining 5 apartment units and is running this process in tandem with negotiation with the owners of the remaining 5 apartment units to facilitate completion of the SPAs by the earlier of 9 November 2018 or a date that is 3 months after the date of notice by EcoWorld Macquarie to the Vendors requiring early settlement. The estimated total purchase consideration for all apartment units in the Strata Scheme is AUD40.0 million (equivalent to RM125.28 million^(b)).

Following acquisition of all apartment units in the Strata Scheme, EcoWorld Macquarie proposes to redevelop the land into a residential-led with a small commercial component development to be known as the “Macquarie Park Project”.

Notes:

- (a) *Based on the exchange rate of GBP1.00 : RM5.4654 as at 16 March 2018, being the last full market day prior to the announcement dated 19 March 2018.*
- (b) *Based on the exchange rate of AUD1.00 : RM3.1320 as at 23 November 2017, being the last full market day prior to the announcement dated 24 November 2017.*

B6. Status of Corporate Proposals (continued)

(ii) Utilisation of IPO Proceeds as at 30 April 2018 are as follows:

Gross proceeds totalling RM2,584 million were raised from the IPO which was completed on 3 April 2017. The status of the utilisation of these proceeds is as set out below:

Purpose	Proposed utilisation RM'mil	Actual utilisation RM'mil	Re-allocation RM'mil	Balance unutilised RM'mil	Intended timeframe for utilisation from completed date
Debt repayment					
- Repayment of bank borrowings	1,211	(1,159)	(52)	-	Within 6 months
- Repayment of advances	156	(143)	(13)	-	Within 6 months
Subtotal	1,367	(1,302)	(65)	-	
Settlement of the acquisition of EW Investment	38	(38)	-	-	Within 1 month
Working capital and/or future land acquisition(s)	1,126	(1,009)	76	193	Within 36 months
Estimated listing expenses	53	(42)	(11)	-	Within 3 months
Total	2,584	(2,391)	-	193	

B7. Group Borrowings and Debt Securities

The total group borrowings and debt securities as at 30 April 2018 were as follows:

	As at 30/04/2018			As at 31/10/2017	
	Secured/ Unsecured	Foreign Currency '000		RM Equivalent '000	RM Equivalent '000
Short term borrowings					
- Term loan	Secured	AUD	-	-	79,913
				-	79,913
Long term borrowings					
- Term loan	Secured	AUD	25,290	74,808	48,684
- Medium term notes	Unsecured	RM	-	178,702	-
				253,510	48,684
Total borrowings					
- Term loan	Secured	AUD	25,290	74,808	128,597
- Medium term notes	Unsecured	RM	-	178,702	-
				253,510	128,597

B7. Group Borrowings and Debt Securities (continued)

As at 30 April 2018, the Group's term loans comprise facilities based on floating rates to finance the projects in Australia and are denominated in AUD.

The increase in borrowings arising from the issuance of the Islamic medium term notes was to facilitate the payment for EcoWorld London acquisitions and future general working capital.

B8. Material Litigation

The Group was not engaged in any material litigation as at 21 June 2018, being the latest practicable date from the date of issue of this interim financial report.

B9. Dividends Declared

No dividend has been declared or recommended for payment by the Company during the 6 months ended 30 April 2018.

B10. Loss Per Share Attributable to Owners of the Company

(a) Basic loss per share attributable to owners of the Company

Basic loss per share has been calculated by dividing the Group's loss for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue. The weighted average number of ordinary shares in issue is calculated as follows:

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2018	30/04/2017	30/04/2018	30/04/2017
Loss for the period/year attributable to owners of the Company (RM'000)	<u>(29,076)</u>	<u>(24,817)</u>	<u>(45,281)</u>	<u>(30,879)</u>
Number of ordinary shares at beginning of the period/year ('000)	2,400,000	246,541	2,400,000	246,541
Effect of share issued pursuant to:				
- Issuance of ordinary shares ('000)	<u>-</u>	<u>774,277</u>	<u>-</u>	<u>380,722</u>
Weighted average number of ordinary shares ('000)	<u>2,400,000</u>	<u>1,020,818</u>	<u>2,400,000</u>	<u>627,263</u>
Basic Loss Per Ordinary Share (sen)	<u>(1.21)</u>	<u>(2.43)</u>	<u>(1.89)</u>	<u>(4.92)</u>

(b) Diluted loss per share attributable to owners of the Company

Diluted earnings per share has been calculated by dividing the Group's loss for the period attributable to owners of the Company by the weighted average number of ordinary shares that would have been in issue upon full exercise of the Warrants, adjusted for the number of such shares that would have been issued at fair value.

However, in the event that the potential exercise of the Warrants gives rise to an anti-dilutive effect on earnings per share, the potential exercise of the Warrants is not taken into account in calculating diluted earnings per share.

B10. Loss Per Share Attributable to Owners of the Company (continued)

(b) Diluted loss per share attributable to owners of the Company (continued)

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2018	30/04/2017	30/04/2018	30/04/2017
Loss for the period attributable to owners of the Company (RM'000)	<u>(29,076)</u>	<u>(24,817)</u>	<u>(45,281)</u>	<u>(30,879)</u>
Weighted average number of ordinary shares for Basic Loss Per Ordinary Share ('000)	2,400,000	1,020,818	2,400,000	627,263
Effect of potential exercise of Warrants ('000)	<u>#</u>	<u>#</u>	<u>#</u>	<u>#</u>
Weighted average number of ordinary shares ('000)	<u>2,400,000</u>	<u>1,020,818</u>	<u>2,400,000</u>	<u>627,263</u>
Diluted Loss Per Ordinary Share (sen)	<u>(1.21) *</u>	<u>(2.43) *</u>	<u>(1.89) *</u>	<u>(4.92) *</u>

Notes:# *The calculation of diluted loss per ordinary share does not assume the potential exercise of Warrants as the effect on loss per ordinary share is anti-dilutive** *Anti-dilutive***B11. Auditors' Report on Preceding Annual Financial Statements**

The preceding audited financial statements for the year ended 31 October 2017 were unqualified.

B12. Notes to the Statement of Comprehensive Income

Comprehensive Loss has been arrived at after crediting/(charging):

	3 MONTHS ENDED 30/04/2018 RM'000	6 MONTHS ENDED 30/04/2018 RM'000
Interest income	2,932	9,871
Other income including investment income	-	-
Interest expense	(98)	(98)
Depreciation and amortisation	(558)	(1,110)
Provision for write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange loss	(6,889)	(4,834)
Gain or loss on derivatives	-	-
Exceptional items	-	-

By order of the Board
Tan Ai Ning
Company Secretary
28 June 2018