

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

Interim Financial Report
31 July 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 31 JULY 2018

(The figures have not been audited)

	3 MONTHS ENDED		9 MONTHS ENDED	
	31 JULY 2018	31 JULY 2017	31 JULY 2018	31 JULY 2017
	RM'000	RM'000	RM'000	RM'000
Revenue	-	97	18	461
Direct expenses	(1,068)	(1,553)	(3,582)	(4,230)
Gross loss	(1,068)	(1,456)	(3,564)	(3,769)
Other income	1,412	10,579	11,283	18,771
Marketing expenses	(2,710)	(549)	(8,928)	(1,210)
Administrative and general expenses	(18,969)	(15,206)	(53,195)	(41,363)
Unrealised (loss)/gain on foreign exchange	(2,850)	(2,399)	(4,855)	45,844
Finance costs	(4,383)	-	(4,481)	(31,920)
Share of results in joint ventures	36,397	(13,201)	22,831	(37,903)
Profit/(Loss) before tax	7,829	(22,232)	(40,909)	(51,550)
Taxation	2,550	(1,315)	5,995	(1,621)
Profit/(Loss) for the period	10,379	(23,547)	(34,914)	(53,171)
Other comprehensive (loss)/income, net of tax				
<i>Item that may be reclassified to profit or loss subsequently:</i>				
Exchange differences on translation of foreign operations	(4,450)	8,720	(79,290)	(11,172)
Total comprehensive income/(loss) for the period	5,929	(14,827)	(114,204)	(64,343)
Profit/(Loss) for the period attributable to:				
Owners of the Company	10,444	(24,197)	(34,837)	(55,076)
Non-controlling interests	(65)	650	(77)	1,905
	10,379	(23,547)	(34,914)	(53,171)
Total comprehensive income/(loss) for the period attributable to:				
Owners of the Company	6,187	(15,476)	(113,545)	(66,734)
Non-controlling interests	(258)	649	(659)	2,391
	5,929	(14,827)	(114,204)	(64,343)
Earnings/(Loss) per share attributable to owners of the Company:				
Basic earnings/(loss) per share (sen)	0.44	(1.01)	(1.45)	(4.50)
Diluted earnings/(loss) per share (sen) *	0.44	(1.01)	(1.45)	(4.50)

* *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 31 JULY 2018**

	As At 31 JULY 2018 (UNAUDITED) RM'000	As At 31 OCTOBER 2017 (AUDITED) RM'000
ASSETS		
Non-current assets		
Plant and equipment	6,846	7,169
Goodwill	126,302	126,302
Investment in joint ventures	184,810	104,907
Amount owing by joint ventures	1,786,952	1,089,481
Deferred tax assets	25,166	19,316
	2,130,076	1,347,175
Current assets		
Properties under development for sale	412,639	366,717
Trade and other receivables	11,814	5,400
Current tax assets	1,362	682
Cash, bank balances and deposits	294,898	992,388
	720,713	1,365,187
TOTAL ASSETS	2,850,789	2,712,362
EQUITY AND LIABILITIES		
Equity		
Share capital	2,592,451	2,592,451
Warrant reserve	276,418	276,418
Exchange translation reserve	(61,064)	17,644
Accumulated losses	(376,474)	(341,637)
Equity attributable to owners of the Company	2,431,331	2,544,876
Non-controlling interests	15,994	2,768
Total equity	2,447,325	2,547,644
Non-current liabilities		
Borrowings	255,035	48,684
Deferred tax liabilities	1,924	1,944
	256,959	50,628
Current liabilities		
Trade and other payables	23,791	16,067
Amount owing to a corporate shareholder of a subsidiary	14,825	16,340
Borrowings	106,894	79,913
Current tax liabilities	995	1,770
	146,505	114,090
Total liabilities	403,464	164,718
TOTAL EQUITY AND LIABILITIES	2,850,789	2,712,362
Net assets per share attributable to owners of the Company (RM)	1.01	1.06

(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
(Company No: 1059850-A)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JULY 2018
(The figures have not been audited)

	← Attributable to owners of the Company →					Total	Non-controlling interests	Total equity
	← Non-distributable →			Distributable				
	Share capital RM'000	Share premium RM'000	Warrant reserve RM'000	Exchange translation reserve RM'000	Accumulated losses RM'000	RM'000	RM'000	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 for the period	-	-	-	(78,708)	-	(78,708)	(582)	(79,290)
Loss for the period	-	-	-	-	(34,837)	(34,837)	(77)	(34,914)
Total comprehensive loss for the period	-	-	-	(78,708)	(34,837)	(113,545)	(659)	(114,204)
Issuance of preference shares by subsidiary to non-controlling interests	-	-	-	-	-	-	13,885	13,885
At 31 JULY 2018	2,592,451	-	276,418	(61,064)	(376,474)	2,431,331	15,994	2,447,325
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	-	-	-	(11,658)	-	(11,658)	486	(11,172)
(Loss)/Profit for the period	-	-	-	-	(55,076)	(55,076)	1,905	(53,171)
Total comprehensive (loss)/income for the period	-	-	-	(11,658)	(55,076)	(66,734)	2,391	(64,343)
<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 31 JULY 2017	2,592,451	-	276,418	23,040	(309,080)	2,582,829	7,179	2,590,008

(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 31 JULY 2018

(The figures have not been audited)

	9 MONTHS ENDED	
	31 JULY 2018	31 JULY 2017
	RM'000	RM'000
Cash Flows From Operating Activities		
Loss before tax	(40,909)	(51,550)
Adjustments for:		
Non-cash items	(16,249)	(9,733)
Non-operating items	(6,530)	19,374
Operating loss before working capital changes	<u>(63,688)</u>	<u>(41,909)</u>
Changes in properties under development for sale	(60,194)	(34,393)
Changes in receivables	(4,550)	6,281
Changes in payables	5,253	26,592
Cash used in operations	<u>(123,179)</u>	<u>(43,429)</u>
Interest received	36	942
Tax paid	(2,455)	(3,960)
Net cash used in operating activities	<u>(125,598)</u>	<u>(46,447)</u>
Cash Flows From Investing Activities		
Purchase of plant and equipment	(1,578)	(5,863)
Proceeds from disposal of plant and equipment	4	27
Advances to joint ventures	(715,150)	(228,805)
Investment in joint ventures	(99,951)	-
(Placements)/Withdrawal of deposits, debt service reserve and interest service reserve accounts	(5,764)	6,303
Landholder duty	(269)	-
Interest received	11,245	12,626
Net cash used in investing activities	<u>(811,463)</u>	<u>(215,712)</u>
Cash Flows From Financing Activities		
Drawdown of borrowings	317,560	279,942
Repayment of borrowings	(73,818)	(1,211,264)
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	(14,773)	(34,396)
Listing expenses	-	(44,413)
Net cash generated from financing activities	<u>242,204</u>	<u>1,395,078</u>
Net changes in cash and cash equivalents	(694,857)	1,132,919
Cash and cash equivalents at 1 November 2017/ 2016	986,680	7,719
Effect of exchange rate changes	(8,397)	1,642
Cash and cash equivalents at 31 July 2018/ 2017	<u>283,426</u>	<u>1,142,280</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JULY 2018 (continued)
(The figures have not been audited)

	9 MONTHS ENDED	
	31 JULY 2018	31 JULY 2017
	RM'000	RM'000
Cash and cash equivalents comprise the following:		
Deposits	110,197	1,102,784
Cash and bank balances	184,701	44,047
	<u>294,898</u>	<u>1,146,831</u>
Less: Deposit pledged, debt service reserve and interest service reserve accounts	(11,472)	(4,551)
	<u>283,426</u>	<u>1,142,280</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 9 months ended 31 July 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 9 months ended 31 July 2018.

A4. Changes in Estimates

There were no material changes in estimates during the 9 months ended 31 July 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 9 months ended 31 July 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 9 months ended 31 July 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 9 months ended 31 July 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	16,456	-	278	(16,734)	-
Total revenue	16,456	-	296	(16,734)	18
Segment results	(16,793)	(19,580)	(27,598)	-	(63,971)
Share of results in joint ventures	22,831	-	-	-	22,831
Depreciation	(217)	(591)	(908)	-	(1,716)
Unrealised gain/(loss) on foreign exchange	-	203	(5,058)	-	(4,855)
Other income	144	106	11,033	-	11,283
Finance costs	-	(1)	(4,480)	-	(4,481)
Profit/(Loss) before tax	5,965	(19,863)	(27,011)	-	(40,909)
Taxation	(1,560)	6,314	1,241	-	5,995
Profit/(Loss) for the period	4,405	(13,549)	(25,770)	-	(34,914)
<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>5.4072</i>	<i>3.0458</i>	<i>1.0000</i>		
	United Kingdom RM'000	Australia RM'000	Malaysia RM'000	Eliminations RM'000	Total RM'000
Segment assets	2,274,702	476,535	99,552	-	2,850,789
Segment liabilities	3,739	102,920	296,805	-	403,464
<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>5.3447</i>	<i>3.0172</i>	<i>1.0000</i>		

Note:

⁽¹⁾ Average rates for the 9 months ended 31 July 2018.

⁽²⁾ Closing rates as at 31 July 2018.

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

There were no significant events after 31 July 2018 till 13 September 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)(iv).

A9. Changes in the Composition of the Group

- (a) There were no changes in the composition of the Group during the 9 months ended 31 July 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.
 - (iv) Following the completion of Stage 1 Acquisition (as defined in Note B6(a)(i) below), 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.
 - (v) 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.
- (b) During the period between 1 August 2018 until 13 September 2018, being the latest practicable date prior to the date of issue of this interim financial report, the following change in the composition of the Group took place:
- (i) On 20 August 2018, EcoWorld London acquired the entire share capital in Be Living 1 Limited (“Be Living 1”) pursuant to the Kew Bridge Acquisition (as defined in Note B6(a)(iv) below). As a result, Be Living 1 became a wholly-owned subsidiary of EcoWorld London.

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 9 months ended 31 July 2018.

A11. Commitments and Contingencies

	As at 31/07/2018 RM'000
Approved and contracted for:	
- Commitment to acquire plant and equipment	27
- 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>)	212,363
(ii) EcoWorld London by way of shareholder’s loan (<i>Note b</i>)	403,364
(iii) EcoWorld London Development by way of shareholder’s loan (<i>Note b</i>)	<u>1,758</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 RM481.02 million based on the exchange rate of GBP1.00 : RM5.3447 as at 31 July 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

	9 MONTHS ENDED 31/07/2018 RM'000
(i) Transactions with joint ventures	
- Advances to joint ventures	714,943
- Interest receivable	38,661
- 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	127
- Support service fees paid or payable	71
(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	743
(iv) Transaction with a company where a director has interest	
- Rental paid or payable	135
(v) Transaction with a company where a subsidiary director has interest	
- Consultancy fee paid or payable	539
(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	12

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

B1. Review of Group Performance

	3 MONTHS ENDED			9 MONTHS ENDED		
	31/07/2018 RM'000	31/07/2017 RM'000	CHANGES RM'000	31/07/2018 RM'000	31/07/2017 RM'000	CHANGES RM'000
Revenue	-	97	(97)	18	461	(443)
Gross loss	(1,068)	(1,456)	388	(3,564)	(3,769)	205
Share of results in joint ventures	36,397	(13,201)	49,598	22,831	(37,903)	60,734
Profit/(Loss) before interest and tax	12,212	(22,232)	34,444	(36,428)	(19,630)	(16,798)
Profit/(Loss) before tax	7,829	(22,232)	30,061	(40,909)	(51,550)	10,641
Profit/(Loss) for the period	10,379	(23,547)	33,926	(34,914)	(53,171)	18,257
Profit/(Loss) for the period attributable to owners of the Company	10,444	(24,197)	34,641	(34,837)	(55,076)	20,239

(a) Performance of the current quarter against the same quarter in the preceding year (3Q 2018 vs. 3Q 2017)

During the current quarter, the Group recorded a profit before tax (“PBT”) of RM7.83 million for 3Q 2018 compared to the loss before tax (“LBT”) of RM22.23 million reported for 3Q 2017.

The PBT reported in 3Q 2018 was mainly due to recognition of revenue and profit by one of its joint venture projects in the United Kingdom following completion and commencement of handover of units sold to customers. This enabled the Group to recognise RM36.40 million as its attributable share of results from its joint ventures as opposed to the share of loss of RM13.20 million taken up in the previous year.

There was no revenue recorded by the Group’s subsidiaries in 3Q 2018. The revenue for 3Q 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. Gross loss incurred by the Group’s subsidiaries for 3Q 2018 was RM1.07 million which was lower than RM1.46 million reported in 3Q 2017.

B1. Review of Group Performance (continued)**(b) Performance of the current year to-date against the same year in the preceding year (3Q YTD 2018 vs. 3Q YTD 2017)**

During the 9 months ended 31 July 2018, the Group recorded revenue of RM0.02 million, which was lower than the RM0.46 million reported for the 9 months ended 31 July 2017. Gross loss for the current financial period was RM3.56 million.

The Group recorded a lower LBT of RM40.91 million in the current financial period as compared to the RM51.55 million reported for the 9 months ended 31 July 2017.

The lower LBT incurred in the current financial period was mainly due to the commencement of revenue and profit recognition by its joint venture mentioned in Note B1(a) above. The smaller percentage change in LBT as compared to the change in the Group's share of results in joint ventures was due to an unrealised gain on foreign exchange of RM45.84 million having been included in the results for the 9 months ended 31 July 2017.

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

	3 MONTHS ENDED		
	31/07/2018	30/04/2018	CHANGES
	RM'000	RM'000	RM'000
Revenue	-	-	-
Gross loss	(1,068)	(846)	(222)
Share of results in joint ventures	36,397	(4,935)	41,332
Profit/(Loss) before interest and tax	12,212	(29,885)	42,097
Profit/(Loss) before tax	7,829	(29,983)	37,812
Profit/(Loss) for the period	10,379	(28,875)	39,254
Profit/(Loss) for the period attributable to owners of the Company	<u>10,444</u>	<u>(29,076)</u>	39,520

There was no revenue recorded in both current and preceding quarters. The Group's current quarter PBT was RM7.83 million, which was RM37.81 million higher than the LBT recorded in preceding quarter ended 30 April 2018.

The PBT recorded in the current quarter was mainly due to the reason mentioned in Note B1(a) above.

B3. Sales Achieved and Prospects for the Current Financial Year

PROJECTS	LANDBANK AS AT 31/08/2018	10 MONTHS ENDED 31/08/2018			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⁾	50.3	31	231	847	7,332	4,855
Sydney	1.2	-	14	38	853	853
Melbourne	0.5	-	47	141	369	295
Total	52.0	31	292	1,026	8,554	6,003

EcoWorld International achieved two significant milestones in the third quarter of FY2018. First, the Group commenced the handover of units in Amelia Tower of London City Island in July 2018. This marks the Group's first project to be handed over, three years after the EcoWorld brand was launched internationally in 2015. Amelia Tower has a take-up rate of 99% and many units were signed up for rental within a week of handover, which augurs well for the prospects of the entire London City Island development as well as the EcoWorld brand name in the London property market.

The successful completion of Amelia Tower enabled the Group to achieve its second important milestone of reporting its maiden quarterly net profit attributable to shareholders of RM10.44 million. More units in London City Island and Embassy Gardens are scheduled for handover in the fourth quarter of FY2018 which will contribute positively to the Group's profitability. As at 3 September 2018, 168 purchasers in London City Island have received their keys and this number will continue to build up over the remaining weeks of FY2018.

The Board is also pleased to share that the Group recorded RM1,026 million sales in the first ten months of FY2018. Its projects in London⁽⁴⁾ contributed RM847 million while those in Australia generated RM179 million. As at 31 August 2018, the Group's effective share of unbilled sales stands at RM6.0 billion.

On the corporate front, EcoWorld London, the new joint venture between EcoWorld International and the Willmott Dixon Group acquired its eighth site (Kew Bridge) on 20 August 2018, raising the gross development value of the Group's UK projects to GBP4.1 billion with a total development pipeline of over 8,000 units.

Shortly thereafter on 29 August 2018, EcoWorld London announced the entry into Heads of Terms with Invesco Real Estate, a North American Pension Fund, for the sale and forward funding of more than 1,000 new Build to Rent (BtR) homes on two sites in Kew and Barking. Valued at nearly GBP400 million, this will be one of the most significant BtR deals ever undertaken in the UK.

EcoWorld London targets to complete the sale by October 2018 which is expected to contribute towards achieving EcoWorld International's sales target of RM3 billion for FY2018. The strong and growing demand for BtR developments and the suitability of several of the sites within EcoWorld London's existing portfolio for such projects bodes well for the continued growth and sustainability of the Group's UK business.

EcoWorld London 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. Meanwhile, 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.

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

All of the above establishes a healthy pipeline of new projects for EcoWorld International covering a wide range of products at different price-points spread across several geographical locations – this provides the Group with a strong foundation on which to anchor its growth ambitions and assures the long-term viability of its business model.

Notes:

- (1) Based on the exchange rate of GBP1.00 : RM5.3459 and AUD1.00 : RM2.9959 as at 30 August 2018. As at 31 July 2018, the YTD Sales Value achieved stood at RM907 million (RM701 million (UK) + RM206 million (Aust)) from 205 units (UK) + 68 units (Aust) sold.
- (2) Cumulative sales as at 31 August 2018 represent contracts exchanged of RM8.315 billion and reserved units of RM239 million. (As at 31 July 2018, cumulative sales stood at RM8.441 billion, representing contracts exchanged of RM7.002 billion (UK) + RM1.221 billion (Aust) and reserved units of RM182 million (UK) + RM36 million (Aust)).
- (3) Share of unbilled sales based on effective stake in joint venture and subsidiaries as at 31 August 2018 and excluding reserved units. As at 31 July 2018, the share of unbilled sales based on effective stake stood at RM5.937 billion (RM4.788 billion (UK) + RM1.149 billion (Aust)).
- (4) Includes South Woking, Kensal Rise & Maida Hill, Millbrook Park, Barking Wharf, Barking Site, Nantly House, Aberfeldy Village and Kew Bridge.

B4. Variance of Actual Profit from Forecast Profit

There was no profit forecast published as at 31 July 2018.

B5. Taxation

Taxation comprises:

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2018	31/07/2017	31/07/2018	31/07/2017
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian tax				
- current quarter	-	769	-	1,414
- in respect of prior years	(394)	1	(394)	1
Foreign tax				
- current quarter	423	595	1,443	1,849
- in respect of prior years	-	(30)	(1)	(30)
Deferred tax				
Malaysian tax				
- current quarter	(215)	4	(844)	(526)
- in respect of prior years	(3)	106	(3)	250
Foreign tax				
- current quarter	(1,593)	(157)	(5,428)	(1,364)
- in respect of prior years	(768)	27	(768)	27
	<u>(2,550)</u>	<u>1,315</u>	<u>(5,995)</u>	<u>1,621</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 13 September 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.
- (iii) On 30 May 2018, the acquisition of Be Here, 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 EcoWorld London, whilst the remaining 30% was paid by Be Living.
- (iv) On 20 August 2018, the acquisition of Be Living 1, the entity that holds the Kew Bridge project (“Kew Bridge Acquisition”) was completed, forming part of the Stage 2 Acquisition, for a provisional purchase consideration of GBP15.51 million. Of this amount, GBP10.86 million (equivalent to about RM56.68 million) was paid by EcoWorld Be based on its 70% equity interest in 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

- (i) 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 and on 6 September 2018, EcoWorld Macquarie has exercised the call option to buy the Properties from the Vendors. EcoWorld Macquarie had on the same day entered into a definitive sale and purchase agreement with each of the Vendors to purchase the Properties (“SPA”).

B6. Status of Corporate Proposals (continued)

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 9 November 2018. 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.*

- (b) Utilisation of IPO Proceeds as at 31 July 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	(1,122)	76	80	Within 36 months
Estimated listing expenses	53	(42)	(11)	-	Within 3 months
Total	2,584	(2,504)	-	80	

B7. Group Borrowings and Debt Securities

The total group borrowings and debt securities as at 31 July 2018 were as follows:

	As at 31/07/2018			As at 31/10/2017	
	Secured/ Unsecured	Foreign Currency '000		RM Equivalent '000	RM Equivalent '000
Short term borrowings					
- Term loan	Secured	GBP	20,000	106,894	-
- Term loan	Secured	AUD	-	-	79,913
				106,894	79,913
Long term borrowings					
- Term loan	Secured	AUD	25,290	76,301	48,684
- Medium term notes	Unsecured	RM	-	178,734	-
				255,035	48,684
Total borrowings					
- Term loan	Secured	GBP	20,000	106,894	-
- Term loan	Secured	AUD	25,290	76,301	128,597
- Medium term notes	Unsecured	RM	-	178,734	-
				361,929	128,597

As at 31 July 2018, the Group's term loans comprise facilities based on floating rates to finance the projects in United Kingdom and Australia and are denominated in GBP and AUD.

The increase in borrowings arising from the issuance of the Islamic medium term notes of RM180.0 mil and drawdown of term loan of GBP20.0 mil 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 13 September 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 9 months ended 31 July 2018.

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

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

Basic earnings/(loss) per share has been calculated by dividing the Group's profit/(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		9 MONTHS ENDED	
	31/07/2018	31/07/2017	31/07/2018	31/07/2017
Profit/(Loss) for the period attributable to owners of the Company (RM'000)	<u>10,444</u>	<u>(24,197)</u>	<u>(34,837)</u>	<u>(55,076)</u>
Number of ordinary shares at beginning of the period ('000)	2,400,000	2,400,000	2,400,000	246,541
Effect of share issued pursuant to:				
- Issuance of ordinary shares ('000)	<u>-</u>	<u>-</u>	<u>-</u>	<u>978,128</u>
Weighted average number of ordinary shares ('000)	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,400,000</u>	<u>1,224,669</u>
Basic Earnings/(Loss) Per Ordinary Share (sen)	<u>0.44</u>	<u>(1.01)</u>	<u>(1.45)</u>	<u>(4.50)</u>

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

Diluted earnings/(loss) per share has been calculated by dividing the Group's profit/(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/(loss) per share, the potential exercise of the Warrants is not taken into account in calculating diluted earnings/(loss) per share.

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2018	31/07/2017	31/07/2018	31/07/2017
Profit/(Loss) for the period attributable to owners of the Company (RM'000)	<u>10,444</u>	<u>(24,197)</u>	<u>(34,837)</u>	<u>(55,076)</u>
Weighted average number of ordinary shares for Basic Earnings/(Loss) Per Ordinary Share ('000)	2,400,000	2,400,000	2,400,000	1,224,669
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>2,400,000</u>	<u>2,400,000</u>	<u>1,224,669</u>
Diluted Earnings/(Loss) Per Ordinary Share (sen) *	<u>0.44</u>	<u>(1.01)</u>	<u>(1.45)</u>	<u>(4.50)</u>

Notes:

The calculation of diluted earnings/(loss) per ordinary share does not assume the potential exercise of Warrants as the effect on profit/(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 income/(loss) has been arrived at after crediting/(charging):

	3 MONTHS ENDED 31/07/2018 RM'000	9 MONTHS ENDED 31/07/2018 RM'000
Interest income	1,410	11,281
Other income including investment income	-	-
Interest expense	(4,383)	(4,481)
Depreciation and amortisation	(606)	(1,716)
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	(2,854)	(7,688)
Gain or loss on derivatives	-	-
Exceptional items	-	-

By order of the Board
Tan Ai Ning
Company Secretary
20 September 2018