

**ECO WORLD DEVELOPMENT GROUP BERHAD**  
**(Company No: 17777-V)**  
**(Incorporated in Malaysia)**

**Interim Financial Report**  
**30 April 2016**

**ECO WORLD DEVELOPMENT GROUP BERHAD**

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**Interim Financial Report - 30 April 2016**

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**ECO WORLD DEVELOPMENT GROUP BERHAD**  
**(Company No: 17777-V)**  
**(Incorporated in Malaysia)**

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 APRIL 2016**  
*(The figures have not been audited)*

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 APRIL 2016 RM'000	30 APRIL 2015 RM'000	30 APRIL 2016 RM'000	30 APRIL 2015 RM'000
Revenue	614,602	417,822	1,078,113	575,849
Cost of sales	(466,999)	(315,059)	(820,798)	(433,679)
<b>Gross profit</b>	<u>147,603</u>	<u>102,763</u>	<u>257,315</u>	<u>142,170</u>
Other items of income	4,381	7,879	9,841	9,411
Selling and marketing expenses	(22,944)	(35,341)	(54,738)	(54,828)
Administrative expenses	(68,826)	(47,899)	(115,974)	(60,163)
Finance costs	(6,662)	(9,731)	(9,803)	(13,282)
Share of results of a joint venture	(1,682)	(1)	(3,608)	(1)
<b>Profit before tax</b>	<u>51,870</u>	<u>17,670</u>	<u>83,033</u>	<u>23,307</u>
Income taxation expense	(17,194)	(5,863)	(27,686)	(8,537)
Profit net of tax	<u>34,676</u>	<u>11,807</u>	<u>55,347</u>	<u>14,770</u>
<b>Other comprehensive income/(loss)</b>				
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods (net of tax):</i>				
Exchange differences on translation of foreign operations	17	(15)	(406)	(118)
<b>Total comprehensive income for the period</b>	<u>34,693</u>	<u>11,792</u>	<u>54,941</u>	<u>14,652</u>
<b>Profit net of tax attributable to:</b>				
Owners of the Company	34,676	11,807	55,347	14,866
Non-controlling interests	-	-	-	(96)
	<u>34,676</u>	<u>11,807</u>	<u>55,347</u>	<u>14,770</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	34,693	11,792	54,941	14,748
Non-controlling interests	-	-	-	(96)
	<u>34,693</u>	<u>11,792</u>	<u>54,941</u>	<u>14,652</u>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic earnings per share (sen)	<u>1.47</u>	<u>0.79</u>	<u>2.34</u>	<u>1.50</u>
Diluted earnings per share (sen)	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>

\* *Anti-dilutive*

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 October 2015 and the accompanying explanatory notes.)

**ECO WORLD DEVELOPMENT GROUP BERHAD**

(Company No: 17777-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 APRIL 2016**

	As At 30 APRIL 2016 RM'000 Unaudited	As At 31 OCTOBER 2015 RM'000 Audited
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	175,710	176,433
Investment properties	17,948	17,288
Land held for property development	3,881,347	3,708,541
Amount due from joint venture	146,999	12,900
Deferred tax assets	60,025	35,488
	<u>4,282,029</u>	<u>3,950,650</u>
<b>Current assets</b>		
Property development costs	2,001,900	1,693,135
Gross amount due from customer	548	1,054
Inventories	25,025	25,410
Trade and other receivables	820,817	734,777
Current tax assets	18,240	14,601
Deposits	22,111	256,602
Cash and bank balances	154,640	260,574
	<u>3,043,281</u>	<u>2,986,153</u>
<b>TOTAL ASSETS</b>	<u>7,325,310</u>	<u>6,936,803</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	1,182,132	1,182,132
Share premium	1,662,972	1,662,972
Warrants reserve	194,395	194,395
Foreign currency translation reserve	586	992
Retained earnings	171,731	116,384
<b>Total equity</b>	<u>3,211,816</u>	<u>3,156,875</u>
<b>Non-current liabilities</b>		
Other payables	176,011	485,535
Long term borrowings	1,328,361	1,264,305
Deferred tax liabilities	46,153	48,865
	<u>1,550,525</u>	<u>1,798,705</u>
<b>Current liabilities</b>		
Trade and other payables	1,945,102	1,533,229
Short term borrowings	590,645	436,040
Current tax liabilities	27,222	11,954
	<u>2,562,969</u>	<u>1,981,223</u>
<b>Total liabilities</b>	<u>4,113,494</u>	<u>3,779,928</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>7,325,310</u>	<u>6,936,803</u>
<b>Net Assets Per Share (RM)</b>	<u>1.36</u>	<u>1.34</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 October 2015 and the accompanying explanatory notes.)

**ECO WORLD DEVELOPMENT GROUP BERHAD**  
**(Company No: 17777-V)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 APRIL 2016**  
*(The figures have not been audited)*

	← Attributable to Equity Holders of the Company →				Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total Equity RM'000
	← Non-Distributable →		Distributable					
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Foreign currency translation reserve RM'000				
<b>At 1 November 2015</b>	1,182,132	1,662,972	194,395	992	116,384	3,156,875	-	3,156,875
Profit for the period	-	-	-	-	55,347	55,347	-	55,347
Other comprehensive loss	-	-	-	(406)	-	(406)	-	(406)
<b>At 30 April 2016</b>	<b>1,182,132</b>	<b>1,662,972</b>	<b>194,395</b>	<b>586</b>	<b>171,731</b>	<b>3,211,816</b>	<b>-</b>	<b>3,211,816</b>
<b>At 1 November 2014</b>	253,317	22	-	(6)	72,531	325,864	(3)	325,861
Profit for the period	-	-	-	-	14,866	14,866	(96)	14,770
Other comprehensive loss	-	-	-	(118)	-	(118)	-	(118)
Transactions with owners:								
Acquisition of additional share in subsidiary company	-	-	-	-	(99)	(99)	99	-
Issuance of ordinary shares:								
- Share subscription	403,423	968,217	-	-	-	1,371,640	-	1,371,640
- Rights issue with warrants	328,370	265,323	194,395	-	-	788,088	-	788,088
Share issue expenses	-	(3,217)	-	-	-	(3,217)	-	(3,217)
<b>At 30 April 2015</b>	<b>985,110</b>	<b>1,230,345</b>	<b>194,395</b>	<b>(124)</b>	<b>87,298</b>	<b>2,497,024</b>	<b>-</b>	<b>2,497,024</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 October 2015 and the accompanying explanatory notes.)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 30 APRIL 2016

*(The figures have not been audited)*

	6 MONTHS ENDED	
	30 APRIL 2016	30 APRIL 2015
	RM'000	RM'000
<b>Operating activities</b>		
Profit before tax	83,033	23,307
Adjustments for :		
Non-cash items	24,982	4,615
Non-operating items	3,467	8,072
Operating cash flows before changes in working capital	111,482	35,994
Changes in property development expenditure	(42,733)	43,140
Changes in gross amount due from customers	506	(1,886)
Changes in inventories	386	6,193
Changes in receivables	(112,459)	(76,978)
Changes in payables	162,353	71,265
Cash flows generated from operations	119,535	77,728
Interest received	2,083	1,689
Interest paid	(45,230)	(45,443)
Rental received	108	98
Net income taxes paid	(43,307)	(7,319)
<b>Net cash flows from operating activities</b>	<b>33,189</b>	<b>26,753</b>
<b>Investing activities</b>		
Additions to land held for property development	(544,160)	(774,708)
Purchase of property, plant and equipment and investment properties	(17,180)	(46,509)
Proceeds from disposal of property, plant and equipment	189	-
Development expenditure paid	(2,901)	(4,060)
Deposits paid for acquisition of land	-	(165,809)
Acquisition of subsidiary companies, net of cash acquired	-	(164,322)
Acquisition of Development Rights	-	(1,596,147)
Advances to a joint venture	(128,796)	-
Other investments	42,872	(52,033)
<b>Net cash flows used in investing activities</b>	<b>(649,976)</b>	<b>(2,803,588)</b>
<b>Financing activities</b>		
Proceeds from issue of shares by the Company	-	2,159,728
Payment of share issue expenses	-	(3,217)
Drawdown of bank borrowings	504,618	1,427,865
Advances from a shareholder/ director	100,000	-
Repayment of bank borrowings	(292,915)	(689,733)
<b>Net cash flows from financing activities</b>	<b>311,703</b>	<b>2,894,643</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(305,084)</b>	<b>117,808</b>
<b>Effect of exchange rate changes</b>	<b>(58)</b>	<b>15</b>
<b>Cash and cash equivalents at 1 November 2015 / 2014</b>	<b>443,469</b>	<b>43,423</b>
<b>Cash and cash equivalents at 30 April 2016 / 2015</b>	<b>138,327</b>	<b>161,246</b>
<b>Cash and cash equivalents comprise the following:</b>		
Deposits	22,111	10,388
Cash and bank balances	154,640	206,280
Less: Bank overdraft	(6,802)	-
	169,949	216,668
Less: Deposit pledged, Sinking Fund, Debt Service Reserve and Escrow Accounts	(31,622)	(55,422)
	138,327	161,246

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 October 2015 and the accompanying explanatory notes.)

## NOTES TO THE INTERIM FINANCIAL REPORT

### 1. **Basis of Preparation**

The interim financial report has been prepared in accordance with Financial Reporting Standard 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 October 2015.

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 October 2015.

### 2. **Seasonal or Cyclical Factors**

The business operations of the Group during the 6 months ended 30 April 2016 under review have not been materially affected by any seasonal or cyclical factors.

### 3. **Unusual items affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items for the 6 months ended 30 April 2016.

### 4. **Changes in Estimates**

There were no material changes in estimates for the 6 months ended 30 April 2016.

### 5. **Debts and Equity Securities**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the 6 months ended 30 April 2016.

### 6. **Dividends Paid**

There were no payment of dividend during the 6 months ended 30 April 2016.

## 7. Segmental Reporting

The segmental analysis for the 6 months ended 30 April 2016 is as follows:-

	<b>Property Development RM'000</b>	<b>Trading RM'000</b>	<b>Others RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<u>Revenue</u>					
External revenue	962,901	112,534	2,678	-	1,078,113
Inter-segment revenue	53,759	-	-	(53,759)	-
Total revenue	1,016,660	112,534	2,678	(53,759)	1,078,113
Gross profit	247,755	9,560	-	-	257,315
Other operating income	6,210	43	3,588	-	9,841
Operating expenses	(160,858)	(1,246)	(8,608)	-	(170,712)
Share of net profits less losses of joint venture	(3,608)	-	-	-	(3,608)
Profit before finance costs and taxation	89,499	8,357	(5,020)	-	92,836
Finance costs					(9,803)
Tax expense					(27,686)
Profit for the period					<u>55,347</u>

## 8. Events after the End of the Interim Financial Period

There were no significant events after 30 April 2016 till 21 June 2016 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report), except as disclosed below in Note 6 (a)(iii) on page 12 and Note 6 (a)(vi) on page 13.

## 9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the 6 months ended 30 April 2016 except as follows:

- (i) Incorporation of Eco World Capital (L) Ltd (“**EW Capital**”) as a wholly-owned subsidiary of the Company on 2 November 2015. EW Capital has an issued and paid-up share capital of USD 1.00;
- (ii) Acquisition of 2 ordinary shares of RM1.00 each in Eco Grandeur Sdn Bhd (“**EGSB**”) on 22 January 2016, resulting in EGSB becoming a wholly-owned subsidiary of the Company;
- (iii) Incorporation of Eco World Capital (International) Sdn Bhd (“**EWCI**”) as a wholly-owned subsidiary of the Company on 3 February 2016. EWCI has an issued and paid-up share capital of RM2.00;
- (iv) Acquisition of 2 ordinary shares of RM1.00 each in Novastream Sdn Bhd (now known as Eco World Property Services (Eco North) Sdn Bhd) (“**EWPSN**”) on 4 February 2016, resulting in EWPSN becoming a wholly-owned subsidiary of the Company; and
- (v) Acquisition of 2 ordinary shares of RM1.00 each in Hara Kecil Sdn Bhd (“**HKSB**”) on 29 February 2016, resulting in HKSB becoming a wholly-owned subsidiary of the Company.



## 10. Contingent Liabilities

There were no contingent liabilities that has arisen since the date of the latest audited balance sheet.

## 11. Capital Commitments

	<b>As at 30/04/2016 RM'000</b>
(i) Approved and contracted for:-	
Commitment to purchase development land	1,157,709
Commitment to acquire plant and equipment	<u>5,775</u>
	<u>1,163,484</u>
(ii) On 21 April 2015, the Company accepted a Letter of Award from the Penang Development Corporation (“PDC”) for the proposed development of 449.64 acres of land situated at Bandar Cassia, Batu Kawan, Seberang Perai Selatan, Penang for a total consideration of RM796.3 million of which an initial deposit of RM159.3 million has been paid.	

On 15 June 2016, the Company announced that it had entered into a deed of revocation and rescission with PDC to revoke and rescind the Letter of Award and all their respective rights and obligations thereunder. The revocation and rescission is not expected to have any material financial impact on the Group. Details are disclosed in Note 6 (a) (iii) below.

## 12. Significant Related Party Transactions

	<b>6 MONTHS ENDED 30/04/2016 RM'000</b>
(i) Transactions with shareholders/directors of the Company and subsidiary companies, and companies in which they have interests	
- Sales of development property to directors of subsidiary companies	3,325
- Rental paid to a company in which a director has interest	180
- Commission charged to a company in which a director has interest	117
- Advances from a shareholder /director (interest-free)	100,000
(ii) Transactions with joint venture	
- Advances given	128,796
- Interest receivable	5,303
- Disposal of motor vehicle	<u>8</u>

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF  
BURSA MALAYSIA SECURITIES BERHAD**

**1. Review of Group Performance**

**(a) Performance of the current quarter against the same quarter in the preceding year (2Q 2016 vs. 2Q 2015)**

Revenue for the Group for 2Q 2016 was RM614.6 million, which is 47% higher than the RM417.8 million reported in 2Q 2015. The Group reported a profit before taxation (“PBT”) of RM51.9 million for 2Q 2016, which is 194% higher than the RM17.7 million reported for 2Q 2015.

The higher revenue and profit for the current quarter were mainly contributed by the strong cumulative sales totalling RM6.2 billion achieved by the Group over the last two financial years as well as sales secured in the current financial year as set out in Note 3 below and higher percentage of completion of works for ongoing projects.

**(b) Performance of the current period to-date against the same period in the preceding year (Q2 PTD 2016 vs. Q2 PTD 2015)**

During the 6 months ended 30 April 2016, the Group achieved a PBT of RM83.0 million on the back of revenue totalling RM1,078.1 million, representing an 256% increase in PBT and 87% increase in revenue as compared to the same period in the preceding year.

The reasons for the higher revenue and profit for the current financial period are as mentioned above. Furthermore the results for the current period-to-date reflect 6 months of income recognition as opposed to 5 months for the projects acquired pursuant to the agreements for the acquisition of development rights which only become unconditional on 8 January 2015.

Ongoing projects which contributed to the revenue and gross profit achieved included *Eco Majestic* and *Eco Sky* in the Klang Valley and *Eco Botanic*, *Eco Spring*, *Eco Summer* and *Eco Business Park I*, *Eco Tropics* and *Eco Business Park III* in Iskandar Malaysia.

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

The Group's current quarter revenue was RM614.6 million, which is RM151.1 million higher than the preceding quarter ended 31 January 2016. The Group's current quarter PBT was RM51.9 million, which is RM20.7 million higher than the preceding quarter ended 31 January 2016

The better results were due to the higher percentage of completion achieved by the Group's 11 ongoing projects during the current quarter.

### 3. Prospects for the Current Financial Year

The Board is pleased to announce that the Group achieved sales amounting to RM641.3 million during the second quarter of FY2016 as compared RM634.4 million in the second quarter of FY2015.

As at 31 May 2016, year-to-date Group sales amounted to RM1.315 billion which exceeded sales secured during the corresponding period in FY2015 of RM1.187 billion. Of the total sales of RM1.315 billion achieved up till 31 May 2016, RM687 million came from projects in the Klang Valley, RM583 million came from projects in Iskandar Malaysia and the remaining RM45 million was contributed by projects in Penang.

In the Klang Valley, the Group's Eco Majestic (launched in May 2014) and Eco Sanctuary (launched in June 2015) townships continue to lead the way with cumulative sales of RM1.9 billion and RM989 million, respectively, as at 31 May 2015. At Eco Majestic, the bulk of the bookings received on the Karisma Apartments in February 2016 were successfully converted into sales which boosted the steady performance of its existing launched phases. Similarly, Eco Sanctuary's launch of its 2 and 3 storey lifestyle shop offices called Eco Somerset towards in mid-May 2016 further contributed to the good sales results.

Sales momentum at the Group's projects in Iskandar Malaysia continues to be sustained. Eco Business Park I launched a small parcel of shop offices to complement its cluster and semi-d factories, the first phase of which is being delivered to purchasers. Eco Spring, which will be handing over its first phase of homes in FY2017, launched a small parcel of shop offices known as Eco Palladium. The shop offices at both projects were well received and upon completion will add to the commercial vibrancy of their respective sites. Most recently, the Eco Tropics project in Pasir Gudang introduced its second phase of terraced homes in May 2016 to an overwhelming response with more than RM100 million sales secured over a single weekend.

Up north in Penang, where the Group has only two active projects, namely Eco Meadows on the mainland and Eco Terraces on the island, the focus was on selling remaining units from its earlier launches.

The sales achieved up to 31 May 2016 were contributed by the Group's 11 ongoing projects following numerous Group-wide and localised marketing campaigns which successfully drew huge crowds of visitors to the various project sites thereby significantly increasing the customer database. Based on the positive traction gained by these projects along with management's plans for the rest of the year, the Board therefore believes that the Group remains on track to achieve its ambitious RM4 billion sales target for FY2016.

For the 2<sup>nd</sup> half of the financial year the Group is targeting to officially launch its BBCC joint-venture development at the heart of Kuala Lumpur as well as Eco Business Park II in the Senai Corridor of Iskandar Malaysia. Both these projects are expected to do well based on the encouraging number of registrants and continuing enquiries received.

The Group's proposed subscription for up to 30% of Eco World International Berhad ("EWI")'s enlarged share capital pursuant to its Proposed IPO is also expected to take place in the 2<sup>nd</sup> half of FY2016. In this regard, the Company, together with Tan Sri Liew Kee Sin, is currently in discussions with a property group to co-anchor the Proposed IPO as strategic investors in EWI.

### 3. Prospects for the Current Financial Year (continued)

The above-mentioned property group will provide strong synergies with the strategic directions of EWI if they become a strategic investor. Further details will be disclosed upon finalization of the agreement between the parties.

EWI currently has three projects in London and one project in Parramatta, Sydney all of which were launched in 2015. Cumulative sales achieved as at 31 March 2016 from its four existing projects amounted to GBP837 million. Upon completion of the subscription in EWI, the Group will be able to proportionately recognise sales secured by EWI.

On the corporate and financial front, the Company had earlier announced a proposed 25% private placement of shares which will be supported strongly by its major shareholders, Liew Tian Xiong and Sinarmas Harta. The proposed placement will strengthen the Company's financial position and capital base to help the Group fund its expansion plans as well as bridge the timing gap between the high level of sales locked-in to date and earnings recognition on the properties sold.

The Group's plans to raise equity at the project level via its partnership for growth business model has also seen progress. The Company has invited the Employees Provident Fund Board ("EPF") to participate in the joint-development of the following lands:

- 1) 2,198.40 acres in Mukim Ijok, District of Kuala Selangor, Selangor to be developed into a township and business park known respectively as Eco Gardens and Eco Business Park V;
- 2) 533.92 acres, next to Setia Alam in Mukim Bukit Raja, District of Petaling, Shah Alam, Selangor, which the Group will be developing into the Eco Ardence township
- 3) 374.5 acres in Batu Kawan Penang which will be developed into two townships, Eco Horizon and Eco Sun

EPF has issued a letter of expression of interest on a non-binding basis to participate in the joint-development of the above lands subject to conditions contained therein. Further details will be disclosed upon the entry of the relevant agreements with the EPF.

### 4. Variance of Actual Profit from Forecast Profit

There were no profit forecast published as at 30 April 2016.

### 5. Income Tax

Income Tax comprises:-

	3 MONTHS		6 MONTHS	
	30/04/2016 RM'000	30/04/2015 RM'000	30/04/2016 RM'000	30/04/2015 RM'000
Current tax				
- for current quarter	28,303	13,071	54,936	18,741
- in respect of prior years	-	8	-	8
Deferred tax				
- for current quarter	(11,109)	(7,228)	(27,253)	(10,172)
- in respect of prior years	-	12	3	(40)
	<u>17,194</u>	<u>5,863</u>	<u>27,686</u>	<u>8,537</u>

The Group's effective tax rate for the current quarter and financial period-to-date is higher than the statutory tax rate mainly due to certain non-tax deductible expenses.

## 6. Status of Corporate Proposals

(a) The following are the corporate proposals that have been announced by the Company which are not yet completed as at 21 June 2016, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report:-

- (i) On 2 July 2014, Eco Majestic Development Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement (“SPA”) with Univas (Far East) Sdn Bhd (“the Vendor”), for the proposed acquisition of freehold land measuring approximately 492.66 acres in Mukim Beranang, Daerah Ulu Langat, Negeri Selangor (“Semenyih Land”) for a purchase consideration of RM225,331,550 (“Proposed Semenyih Land Acquisition”).

The Proposed Semenyih Land Acquisition was approved by shareholders of the Company at the Extraordinary General Meeting (“EGM”) held on 12 December 2014.

As announced on 21 January 2016, the SPA became unconditional on 20 January 2016 following the fulfilment of all conditions precedent set out in the SPA.

As further announced on 20 April 2016, Eco Majestic Development Sdn Bhd and the Vendor agreed to amend the term of the Extended Completion Period from 1 month to 3 months from the day following the expiry of the Completion Period;

- (ii) On 16 October 2014, the Company expressed its interest to subscribe for 1,125,000,000 ordinary shares of RM0.01 each in Eco World International Sdn. Bhd. (formerly known as Eco World International Berhad) (“EWI”) (“EWI Shares”) together with 1,125,000,000 free detachable warrants at an indicative subscription price of RM0.50 per EWI Share for an indicative aggregate consideration of RM562.5 million. It was then the intention of EWI to apply to the relevant authorities for an IPO and listing of its securities as a Special Purpose Acquisition Company (“SPAC”) on the Main Market of Bursa Malaysia Securities Berhad.

On 17 June 2015, the Board was notified by EWI of its intention to withdraw its proposed listing application as a SPAC and to instead pursue an IPO and listing of its securities on the Main Market of Bursa Malaysia Securities Berhad (“Proposed IPO”).

On 10 December 2015, the Company expressed its interest to subscribe for up to 30% of EWI’s enlarged share capital under the Proposed IPO, subject to the approval of the relevant authorities and the Company’s shareholders. Subsequently, the Company had been informed that EWI has obtained the approval of the Securities Commission Malaysia for the Proposed IPO;

## 6. Status of Corporate Proposals (continued)

- (iii) On 21 April 2015, the Company accepted the letter of award (“Letter of Award”) from the Penang Development Corporation (“PDC”) for the proposed development of 449.64 acres of land situated at Bandar Cassia, Batu Kawan, Seberang Perai Selatan, Penang (“Proposed Eco Marina Development”).

The Proposed Eco Marina Development was approved by shareholders at the EGM held on 15 October 2015.

On 15 June 2016, the Company entered into a deed of revocation and rescission with the PDC to revoke and rescind the Letter of Award and all their respective rights and obligations thereunder (“Deed”) with effect from the date of the Deed due to the reasons mentioned in the Company’s announcement dated 8 June 2016. Accordingly, the PDC will within one (1) month from the date of the Deed (with an automatic extension of time of another one (1) month thereafter) refund to the Company free of interest the initial payment of the consideration paid pursuant to the Letter of Award.

The revocation and rescission of the Letter of Award is not expected to have any material financial impact to the Group;

- (iv) On 22 September 2015, Paragon Pinnacle Sdn Bhd (“Purchaser”), a wholly-owned subsidiary of the Company, entered into various conditional sale and purchase agreements (“SPAs”) with Mujur Zaman Sdn Bhd, Ringgit Exotika Sdn Bhd, Liputan Canggih Sdn Bhd and LBCN Development Sdn Bhd (collectively known as “the Vendors”), for the proposed acquisition of leasehold lands measuring approximately 2,198.40 acres in Mukim Ijok, District of Kuala Selangor, Negeri Selangor for a total purchase consideration of RM1,181,335,536.65 (“the Proposed Ijok Land Acquisitions”).

The Proposed Ijok Land Acquisition are pending fulfilment of conditions precedent within the period commencing on the date of the SPAs and ending on 9 March 2016, or six months from the date of procurement of the Preliminary Letter, whichever is later or such other extension period as shall be granted by the Purchaser to the Vendors to fulfil the relevant conditions precedent after having procured the Preliminary Letter.

The Proposed Ijok Land Acquisitions were approved by shareholders at the EGM held on 24 March 2016;

## 6. Status of Corporate Proposals (continued)

- (v) On 28 April 2016, the Company proposed to undertake a private placement of up to 591,066,319 new ordinary shares of RM0.50 each in the Company ("Placement Shares), representing up to 25% of the existing issued and paid-up share capital of the Company.

Based on the indicative issue price of RM1.30 per Placement Share, being the issue price of the First Tranche, the Company is expected to raise gross proceeds of up to approximately RM768.39 million upon completion of the Proposed Placement.

The Proposed Placement will enable the Company to raise the necessary funds to part finance the proposed EWI Subscription referred to in 6 (a) (ii) above. In addition, the funds raised will also finance the various land acquisitions and property development projects currently being undertaken by the Group; and

- (vi) On 9 June 2016, Eco Grandeur Sdn Bhd ("Eco Grandeur"), a wholly-owned subsidiary of the Group, entered into the following agreements:
- (a) a conditional share sale and purchase agreement ("Share SPA") with Cascara Sdn Bhd ("Cascara") for the proposed acquisition of a 50%-equity interest in Jendela Hikmat Sdn Bhd ("Jendela Hikmat") comprising 21,000,000 ordinary shares of RM1.00 each in Jendela Hikmat ("Sale Shares") for a total consideration of RM303,500,000; and
  - (b) a subscription and shareholders' agreement with Cascara and Jendela Hikmat, whereby on completion of the sale and purchase of the Sale Shares pursuant to the Share SPA, Eco Grandeur and Cascara agreed to invest and fund Jendela Hikmat as the joint venture vehicle to undertake a mixed residential and commercial development to be known as "Eco Ardence".

The Share SPA is conditional upon, amongst others, the approval of the Economic Planning Unit within a period of 2 months from the date of the Share SPA or such period of extension thereafter as shall be mutually agreed by Cascara and Eco Grandeur.

- (b) As at 30 April 2016, all proceeds raised from the corporate exercises completed during the year ended 31 October 2015 have been fully utilised. RM92.8 million of the proceeds raised from the Rights Issue which was utilized towards initial payment of the purchase consideration for the Proposed Eco Marina Development set out in paragraph 6(a)(iii) above will be refunded by the PDC under the aforesaid deed of rescission and revocation.

## 7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 30 April 2016 were as follows:-

	<b>Secured</b> <b>RM'000</b>	<b>Unsecured</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
Bank Overdrafts	-	6,802	6,802
Short Term Bank Borrowings	223,843	360,000	583,843
Long Term Bank Borrowings	1,328,361	-	1,328,361
	<u>1,552,204</u>	<u>366,802</u>	<u>1,919,006</u>

There were no bank borrowings denominated in foreign currencies as at the reporting date.

## 8. Material Litigation

The Group was not engaged in any material litigation as at 21 June 2016 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report).

## 9. Dividends Declared

No interim dividend has been declared or paid in respect of the 6 months ended 30 April 2016.

## 10. Earnings Per Share Attributable To Owners of The Company

Earnings per share has been calculated by dividing the Group's profit for the current quarter and financial period to-date attributable to owners of the Company by the number of shares in issue as follows:-

	<b>3 MONTHS ENDED</b>		<b>6 MONTHS ENDED</b>	
	<b>30/4/2016</b>	<b>30/4/2015</b>	<b>30/4/2016</b>	<b>30/4/2015</b>
Profit for the period attributable to owners of the Company (RM'000)	<u>34,676</u>	<u>11,807</u>	<u>55,347</u>	<u>14,866</u>
Number of ordinary shares at beginning of the period *	2,364,265	506,634	2,364,265	506,634
Effect of shares issued pursuant to:				
- Share subscription	-	761,518	-	374,448
- Rights issue	-	228,752	-	112,480
Weighted average number of ordinary shares	<u>2,364,265</u>	<u>1,496,904</u>	<u>2,364,265</u>	<u>993,562</u>
Basic Earnings Per Ordinary Share (sen)	<u>1.47</u>	<u>0.79</u>	<u>2.34</u>	<u>1.50</u>

\* Adjusted to take into account the effects of subdivision of 1 ordinary share of RM1.00 each into 2 ordinary shares of RM0.50 each pursuant to the share split exercise which was completed on 23 January 2015.



## 10. Earnings Per Share Attributable To Owners of The Company (continued)

The diluted earnings per share has been calculated by dividing the Group's profit for the current quarter and financial period to-date attributable to equity holders of the Company by the weighted average number of 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, calculated as follows:

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/4/2016	30/4/2015	30/4/2016	30/4/2015
Profit for the period attributable to owners of the Company (RM'000)	<u>34,676</u>	<u>11,807</u>	<u>55,347</u>	<u>14,866</u>
Weighted average number of ordinary shares for basic Earnings Per Ordinary Share ('000)	2,364,265	1,496,904	2,364,265	993,562
Effect of potential exercise of Warrants ('000)	<u>#</u>	<u>#</u>	<u>#</u>	<u>#</u>
Weighted average number of ordinary shares ('000)	<u>2,364,265</u>	<u>1,496,904</u>	<u>2,364,265</u>	<u>993,562</u>
Diluted Earnings Per Ordinary Share (sen)	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>

# The calculation of diluted earnings per share does not assume the potential exercise of Warrants as the effect on earnings per share is anti-dilutive

\* Anti-dilutive

## 11. Realised and Unrealised Profits

The breakdown of the Group's retained profits as at 30 April 2016 into realised and unrealised profits pursuant to Bursa Malaysia's directive, is as follows:-

	30/4/2016	31/10/2015
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	229,643	140,271
- Unrealised	<u>35,472</u>	<u>22,321</u>
	265,115	162,592
Total share of accumulated losses from a joint venture:		
- Realised	(7,296)	(2,673)
- Unrealised	<u>1,632</u>	<u>617</u>
	(5,664)	(2,056)
Consolidation adjustments	<u>(87,720)</u>	<u>(44,152)</u>
Total Group retained profits as per consolidated accounts	<u>171,731</u>	<u>116,384</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in Bursa Malaysia's directive and should not be applied for any other purposes.

## 12. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 31 October 2015 were unqualified.

## 13. Notes to the Statement of Comprehensive Income

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

	<b>3 MONTHS ENDED 30/04//2016 RM'000</b>	<b>6 MONTHS ENDED 30/04//2016 RM'000</b>
Interest income	1,943	6,052
Other income including investment income	2,407	3,757
Interest expense	(6,662)	(9,803)
Depreciation and amortisation	(4,960)	(9,605)
Provision for write off of receivables	N/A	N/A
Provision for and write off of inventories	N/A	N/A
Gain or loss on disposal of quoted or unquoted investments or properties	N/A	N/A
Impairment of assets	N/A	N/A
Foreign exchange gain or loss	19	(1)
Gain or loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A

By order of the Board

Chua Siew Chuan  
Company Secretary