

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

Interim Financial Report
31 July 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 31 JULY 2016
(The figures have not been audited)

	3 MONTHS ENDED		9 MONTHS ENDED	
	31 JULY 2016 RM'000	31 JULY 2015 RM'000	31 JULY 2016 RM'000	31 JULY 2015 RM'000
Revenue	727,336	454,277	1,805,449	1,030,126
Cost of sales	(571,336)	(353,229)	(1,392,134)	(786,908)
Gross profit	<u>156,000</u>	<u>101,048</u>	<u>413,315</u>	<u>243,218</u>
Other items of income	3,429	5,866	13,270	15,277
Selling and marketing expenses	(23,903)	(34,389)	(78,641)	(89,217)
Administrative expenses	(59,192)	(51,890)	(175,166)	(112,053)
Finance costs	(7,527)	(4,902)	(17,330)	(18,184)
Share of results of a joint venture	(2,051)	-	(5,659)	(1)
Profit before tax	<u>66,756</u>	<u>15,733</u>	<u>149,789</u>	<u>39,040</u>
Income taxation expense	(22,176)	(6,340)	(49,862)	(14,877)
Profit net of tax	<u>44,580</u>	<u>9,393</u>	<u>99,927</u>	<u>24,163</u>
Other comprehensive income/(loss)				
<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	166	(255)	(240)	(373)
Total comprehensive income for the period	<u>44,746</u>	<u>9,138</u>	<u>99,687</u>	<u>23,790</u>
Profit net of tax attributable to:				
Owners of the Company	44,580	9,393	99,927	24,259
Non-controlling interests	-	-	-	(96)
	<u>44,580</u>	<u>9,393</u>	<u>99,927</u>	<u>24,163</u>
Total comprehensive income attributable to:				
Owners of the Company	44,746	9,138	99,687	23,886
Non-controlling interests	-	-	-	(96)
	<u>44,746</u>	<u>9,138</u>	<u>99,687</u>	<u>23,790</u>
Earnings per share attributable to owners of the Company:				
Basic earnings per share (sen)	<u>1.89</u>	<u>0.41</u>	<u>4.23</u>	<u>1.70</u>
Diluted earnings per share (sen) *	<u>1.89</u>	<u>0.41</u>	<u>4.23</u>	<u>1.70</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 31 JULY 2016

	As At 31 JULY 2016 RM'000 Unaudited	As At 31 OCTOBER 2015 RM'000 Audited
ASSETS		
Non-current assets		
Property, plant & equipment	195,150	176,433
Investment properties	18,277	17,288
Land held for property development	3,916,655	3,708,541
Amount due from joint venture	154,598	12,900
Deferred tax assets	53,068	35,488
	<u>4,337,748</u>	<u>3,950,650</u>
Current assets		
Property development costs	1,960,215	1,693,135
Gross amount due from customer	480	1,054
Inventories	24,884	25,410
Trade and other receivables	1,093,909	734,777
Current tax assets	21,122	14,601
Deposits	145,184	256,602
Cash and bank balances	222,691	260,574
	<u>3,468,485</u>	<u>2,986,153</u>
TOTAL ASSETS	<u>7,806,233</u>	<u>6,936,803</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
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	752	992
Retained earnings	216,311	116,384
Total equity	<u>3,256,562</u>	<u>3,156,875</u>
Non-current liabilities		
Other payables	178,314	485,535
Long term borrowings	1,555,746	1,264,305
Deferred tax liabilities	45,200	48,865
	<u>1,779,260</u>	<u>1,798,705</u>
Current liabilities		
Trade and other payables	1,814,880	1,533,229
Bank overdraft	17,123	-
Short term borrowings	912,148	436,040
Current tax liabilities	26,260	11,954
	<u>2,770,411</u>	<u>1,981,223</u>
Total liabilities	<u>4,549,671</u>	<u>3,779,928</u>
TOTAL EQUITY AND LIABILITIES	<u>7,806,233</u>	<u>6,936,803</u>
Net Assets Per Share (RM)	<u>1.38</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)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JULY 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
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Foreign currency translation reserve RM'000				
At 1 November 2015	1,182,132	1,662,972	194,395	992	116,384	3,156,875	-	3,156,875
Profit for the period	-	-	-	-	99,927	99,927	-	99,927
Other comprehensive loss	-	-	-	(240)	-	(240)	-	(240)
At 31 July 2016	1,182,132	1,662,972	194,395	752	216,311	3,256,562	-	3,256,562
At 1 November 2014	253,317	22	-	(6)	72,531	325,864	(3)	325,861
Profit for the period	-	-	-	-	24,259	24,259	(96)	24,163
Other comprehensive loss	-	-	-	(373)	-	(373)	-	(373)
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
- Placement	197,022	441,329	-	-	-	638,351	-	638,351
Share issue expenses	-	(11,919)	-	-	-	(11,919)	-	(11,919)
At 31 July 2015	1,182,132	1,662,972	194,395	(379)	96,691	3,135,811	-	3,135,811

(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 31 JULY 2016

(The figures have not been audited)

	9 MONTHS ENDED	
	31 JULY 2016	31 JULY 2015
	RM'000	RM'000
Operating activities		
Profit before tax	149,789	39,040
Adjustments for :		
Non-cash items	34,912	8,877
Non-operating items	7,296	8,351
Operating cash flows before changes in working capital	191,997	56,268
Changes in property development expenditure	26,407	62,779
Changes in gross amount due from customers	573	3,176
Changes in inventories	527	9,768
Changes in receivables	(370,913)	(126,845)
Changes in payables	225,795	201,684
Cash flows generated from operations	74,386	206,830
Interest received	2,976	3,539
Interest paid	(76,337)	(95,368)
Rental received	174	134
Net income taxes paid	(63,322)	(12,416)
Net cash flows (used in)/from operating activities	(62,123)	102,719
Investing activities		
Additions to land held for property development	(796,289)	(868,970)
Purchase of property, plant and equipment and investment properties	(24,612)	(64,102)
Proceeds from disposal of property, plant and equipment	201	2,215
Development expenditure paid	(21,239)	(4,370)
Deposits paid for acquisition of land	-	(165,809)
Acquisition of subsidiary companies, net of cash acquired	-	(164,322)
Acquisition of Development Rights	-	(1,818,963)
Advances to a joint venture	(133,586)	-
Other investments	14,664	(23,348)
Net cash flows used in investing activities	(960,861)	(3,107,669)
Financing activities		
Proceeds from issue of shares by the Company	-	2,798,079
Payment of share issue expenses	-	(11,919)
Drawdown of bank borrowings	1,211,496	1,568,869
Advances from a shareholder/ director	100,000	-
Repayment of bank borrowings	(441,405)	(803,376)
Net cash flows from financing activities	870,091	3,551,653
Net (decrease)/ increase in cash and cash equivalents	(152,893)	546,703
Effect of exchange rate changes	(41)	31
Cash and cash equivalents at 1 November 2015 / 2014	443,469	43,423
Cash and cash equivalents at 31 July 2016 / 2015	290,535	590,157
Cash and cash equivalents comprise the following:		
Deposits	145,184	383,877
Cash and bank balances	222,691	235,730
Less: Bank overdraft	(17,123)	-
	350,752	619,607
Less: Deposit pledged, Sinking Fund, Debt Service Reserve and Escrow Accounts	(60,217)	(29,450)
	290,535	590,157

(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 9 months ended 31 July 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 9 months ended 31 July 2016.

4. **Changes in Estimates**

There were no material changes in estimates for the 9 months ended 31 July 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 9 months ended 31 July 2016.

6. **Dividends Paid**

There were no payment of dividend during the 9 months ended 31 July 2016.

7. Segmental Reporting

The segmental analysis for the 9 months ended 31 July 2016 is as follows:-

	Property Development RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<u>Revenue</u>					
External revenue	1,643,087	159,682	2,680	-	1,805,449
Inter-segment revenue	80,166	-	-	(80,166)	-
Total revenue	1,723,253	159,682	2,680	(80,166)	1,805,449
Gross profit	399,986	13,329	-	-	413,315
Other operating income	7,390	61	5,819	-	13,270
Operating expenses	(239,020)	(1,860)	(12,927)	-	(253,807)
Share of net profits less losses of joint venture	(5,659)	-	-	-	(5,659)
Profit before finance costs and taxation	162,697	11,530	(7,108)	-	167,119
Finance costs					(17,330)
Tax expense					(49,862)
Profit for the period					<u>99,927</u>

8. Events after the End of the Interim Financial Period

There were no significant events after 31 July 2016 till 20 September 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)(ii) on page 11, Note 6(a)(iii) on page 12, Note 6(b)(ii) on page 13 and Note 6(b)(iii) on page 14.

9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the 9 months ended 31 July 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 became 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 Eco World Property Services (Eco North) Sdn Bhd (“**EWPSN**”) (formerly known as Novastream Sdn Bhd) on 4 February 2016, resulting in EWPSN became 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 became 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

	As at 31/07/2016 RM'000
Approved and contracted for:-	
Commitment to purchase development lands	1,945,427
Commitment to acquire plant and equipment	13,366
Commitment to invest in Eco Ardence Sdn Bhd (formerly known as Jendela Hikmat Sdn Bhd) ("Eco Ardence")	273,650 *
	<u>2,232,443</u>
* Contractual commitment for share subscription in Eco Ardence	500
Contractual commitment for acquisition of 50% of equity interest in Eco Ardence	273,150
	<u>273,650</u>

12. Significant Related Party Transactions

	9 MONTHS ENDED 31/07/2016 RM'000
(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
- Revocation of sales of development properties to a director of the company and his immediate family member	3,777
- Rental paid to a company in which a director has interest	270
- Commission charged to a company in which a director has interest	727
- Advances from a shareholder /director (interest-free)	100,000
(ii) Transactions with joint venture	
- Advances given	133,586
- Interest receivable	8,122
- Sales of building materials	11
- Disposal of motor vehicle	8
	<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 (3Q 2016 vs. 3Q 2015)

Revenue for the Group for 3Q 2016 was RM727.3 million, which is 60% higher than the RM454.3 million reported in 3Q 2015. The Group reported a profit before taxation (“PBT”) of RM66.8 million for 3Q 2016, which is 324% higher than the RM15.7 million reported for 3Q 2015.

The continued strong surge in revenue and profit in the current quarter reflects the high 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 period as set out in Note 3 below. Construction works have also been progressing steadily on-site thus enabling sustained growth as all the projects launched over the last two years are now contributing towards revenue and profit recognition

(b) Performance of the current period to-date against the same period in the preceding year (3Q PTD 2016 vs. 3Q PTD 2015)

During the 9 months ended 31 July 2016, the Group achieved a PBT of RM149.8 million on the back of revenue totalling RM1,805.4 million, representing an 284% increase in PBT and 75% 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 9 months of income recognition as opposed to 7 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*, *Eco Sanctuary* and *Eco Sky* in the Klang Valley, *Eco Botanic*, *Eco Spring*, *Eco Summer* and *Eco Business Park I*, *Eco Tropics* and *Eco Business Park III* in Iskandar Malaysia as well as *Eco Meadows* and *Eco Terraces* in Penang.

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

The Group's current quarter revenue was RM727.3 million, which is RM112.7 million higher than the preceding quarter ended 30 April 2016. The Group's current quarter PBT was RM66.8 million, which is RM14.9 million higher than the preceding quarter ended 30 April 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 RM586 million during the third quarter of FY2016. Year-to-date Group sales up to 31 August 2016 amounted to RM2.202 billion with RM1.194 billion from projects in the Klang Valley, RM935 million from projects in Iskandar Malaysia and the remaining RM73 million contributed by projects in Penang.

Year-to-date sales are slightly lower than the RM2.372 billion secured during the corresponding period in FY2015. The stronger sales recorded in FY2015 was largely due to the concurrent launch of three projects in June 2015, namely, Eco Sanctuary in the Klang Valley and Eco Tropics, Eco Terraces in Penang and Eco Business Park III in Iskandar Malaysia.

For FY2016, sales are expected to pick up in the fourth quarter in view of the following project launches, including several new ones not previously announced, namely:

- Official launches of Bukit Bintang City Centre (BBCC)'s strata offices and serviced apartments;
- Launch of Eco Business Park II (EBP II) in Iskandar Malaysia;
- Launch of Eco Grandeur on the North-West of the Klang Valley
- Launch of Eco Ardence off the NKVE in the Klang Valley and
- Launch of Eco Bloom @ EcoMeadows in Penang

In August 2016, the Group's Eco Grandeur project got off to a good start with unit selection by 987 settlers. This marked the final resolution to a long outstanding land dispute between the State, the previous landowners and settlers under the Rancangan Revolusi Hijau Peringkat II & III programme, paving the way for the launch of the Group's largest mass-township project to-date.

Measuring 1,400 acres, Eco Grandeur is part of the Group's 2,198.40 acres of land in Mukim Ijok, District of Kuala Selangor. It is a modern integrated township with all the hallmarks of an EcoWorld development – thematic architecture, lavish landscaping, excellent security, and signature landmarks.

Eco Grandeur's first launch will comprise two residential precincts:

- Graham Garden, offering well-designed 20ft x 65ft terraced homes with starting prices below RM500,000 to cater to the needs of first-time home owners, and
- Avenham Garden, offering unique 30ft x 60ft garden homes priced around RM650,000 targeting upgraders from around the vicinity and other parts of the Klang Valley

Eco Ardence is a luxury township development in the Klang Valley which the Group is developing jointly with Cascara Sdn Bhd. Situated on 533.92 acres of land next to Setia Alam in Mukim Bukit Raja, District of Petaling, Shah Alam, this project is designed to appeal to the lifestyle needs and aspirations of the matured and affluent surrounding market catchment.

Eco Bloom @ EcoMeadows offers residential apartments and lifestyle shop-offices within the Group's Eco Meadows township to widen and broaden its market reach on the Penang mainland.

On 25 September 2016 the Group concurrently launched 4 projects in conjunction with its Ecoworld's Firsts Campaign. The projects launched, namely Eco Grandeur, Eco Ardence, Eco Bloom @ EcoMeadows and Eco Business Park II each feature several firsts for the Group in terms of masterplanning concepts and product design. The cumulative total value of products launched as part of the campaign was approximately RM1 billion. Indicative overall take-up achieved based on total units made available for sale is approximately 81% with more than 1,000 units taken up on launch date across the four projects. This overwhelming response received is testament to the strong confidence purchasers have in the EcoWorld brand and the Group's ability to create enduring value for its customers through innovation, creativity and continuous improvement.

3. Prospects for the Current Financial Year (continued)

On the international front, discussions between the Company, Tan Sri Liew Kee Sin, and a property development group to co-anchor Eco World International Berhad (“EWI”)’s Proposed IPO as strategic investors are targeted to be concluded soon. Thereafter, the Company will proceed to seek the approval of shareholders for the proposed subscription for up to 30% of EWI’s enlarged share capital pursuant to the Proposed IPO.

In the meantime, EWI’s three projects in London and one project in Parramatta, Sydney continue to perform strongly on the sales front with cumulative sales achieved totaling GBP958 million as at 31 August 2016.

The Group’s FY2016 sales target of RM4 billion was set based on expected sales from projects under the EcoWorld brand name, i.e. the Group’s projects in Malaysia (including BBCC) and those undertaken by EWI. In respect of BBCC and EWI, the Group’s proportionate share of sales from its 40% stake in BBCC and proposed stake of up to 30% in EWI are included in the target.

Barring unforeseen circumstances, the Group is on track to achieve this sales target based on the high level of locked-in sales achieved up to 31 August 2016. In the ensuing months of FY2016, sales are expected to be further boosted by the recent launches of Eco Ardence, Eco Grandeur, EBP II and Eco Bloom @ EcoMeadows as well as the imminent launch of BBCC.

4. Variance of Actual Profit from Forecast Profit

There were no profit forecast published as at 31 July 2016.

5. Income Tax

Income Tax comprises:-

	3 MONTHS		9 MONTHS	
	31/07/2016	31/07/2015	31/07/2016	31/07/2015
	RM’000	RM’000	RM’000	RM’000
Current tax				
- for current quarter	14,020	16,667	68,956	35,408
- in respect of prior years	2,150	3,285	2,150	3,293
Deferred tax				
- for current quarter	9,827	(11,292)	(17,426)	(21,464)
- in respect of prior years	(3,821)	(2,320)	(3,818)	(2,360)
	<u>22,176</u>	<u>6,340</u>	<u>49,862</u>	<u>14,877</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 and which were not yet completed as at 20 September 2016, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report:-

- (i) On 10 December 2015, the Company expressed its interest to subscribe for up to 30% of the enlarged share capital of Eco World International Berhad (“EWI”) under a Proposed Initial Public Offering (“IPO”) which has been approved by the Securities Commission.

Since then EWI has been working with the relevant parties to finalise the implementation of the IPO. The Company takes cognizance of the encouraging sales achieved by EWI’s projects thus far and is confident of its prospects. Accordingly, an Extraordinary General Meeting will be convened to seek shareholders’ approval for the subscription of EWI shares in the near future;

- (ii) On 22 September 2015, Paragon Pinnacle Sdn Bhd (“PPSB”), a wholly-owned subsidiary of the Company, entered into several conditional sale and purchase agreements (“SPAs” comprising SPA1, SPA2, SPA3, SPA4 and SPA5) with Mujur Zaman Sdn Bhd, Ringgit Exotika Sdn Bhd, Liputan Canggih Sdn Bhd and LBCN Development Sdn Bhd (collectively known as “Vendors”), for the proposed acquisition of leasehold lands measuring approximately 2,198.40 acres in Mukim Ijok, District of Kuala Selangor, Negeri Selangor (“Ijok Land”) for a total purchase consideration of RM1,181,335,536.65 (“Proposed Ijok Land Acquisitions”).

The Proposed Ijok Land Acquisitions are subject to 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 PPSB 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.

In view of the relevant conditions precedents of certain pieces of the Ijok Land having been fulfilled and in order to facilitate the completion of the Proposed Ijok Land Acquisitions expeditiously, PPSB had on 5 September 2016, entered into several supplemental agreements for the purpose of splitting SPA1 and SPA3 into 2 tranches each to be comprised in SPA1A and SPA1B and SPA3A and SPA3B.

By virtue of the said supplemental agreements, SPA1A, SPA 2 and SPA3A had become unconditional on 16 August 2016 while SPA 1B, SPA 3B, SPA 4 and SPA 5 remain conditional in accordance with the terms thereof.

In addition, the Vendors and PPSB agreed in the said supplemental agreements that the Preliminary Letter was deemed obtained on 17 May 2016 and accordingly, the Approval Period was extended to expire on 17 November 2016, subject always to such further extension as shall be granted by PPSB to the Vendors to fulfil the conditions precedent relevant to the Vendors;

6. Status of Corporate Proposals (continued)

- (iii) 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)(i) above. In addition, the funds raised will also finance the various land acquisitions and property development projects currently being undertaken by the Group;

As announced on 9 September 2016, Bursa Securities had vide its letter dated 8 September 2016 approved the listing of and quotation for up to 591,066,319 new EW Berhad Shares to be issued pursuant to the Proposed Placement, on the Main Market of Bursa Securities subject to certain conditions set by Bursa Securities;

- (iv) On 28 June 2016, Eco Horizon Sdn Bhd (formerly known as Teraju Pasifik Sdn Bhd) ("Eco Horizon"), a wholly-owned subsidiary of the Group, entered into the following agreements:
- (a) a conditional sale and purchase agreement with Batu Kawan Development Sdn Bhd ("BKDSB") for the proposed acquisition of land known as Parcel A measuring approximately 300.074 acres for a cash consideration of RM681,988,877.76 ("Parcel A SPA").

Pursuant to the terms of the Parcel A SPA, Eco Horizon had also on 28 June 2016, entered into a revocation and rescission agreement with BKDSB and Silver Setup Sdn Bhd ("SSSB") for the revocation and rescission of a joint development agreement made between BKDSB and SSSB dated 10 October 2012 in respect of Parcel A ("Revocation Agreement"). Pursuant to the Revocation Agreement, Eco Horizon had agreed to pay SSSB a revocation sum of RM50.0 million ("Revocation Sum"), subject to the completion of the Parcel A SPA.

As such, the aggregate consideration to be paid by Eco Horizon for the acquisition of Parcel A shall be RM731,988,877.76, comprising the Parcel A Price and the Revocation Sum; and

- (b) a conditional sale and purchase agreement with BKDSB and Penaga Pesona Sdn Bhd for the proposed acquisition of land known as Parcel B measuring approximately 74.491 acres for a cash consideration of RM143,253,376.20 ("Parcel B SPA").

The Parcel A SPA and Parcel B SPA are conditional upon the fulfillment of conditions precedent within five (5) months from the date of the Parcel A SPA and Parcel B SPA or such other further extended period(s) as shall be mutually agreed by Eco Horizon, BKDSB and SSSB respectively.

6. Status of Corporate Proposals (continued)

(b) The following are the corporate proposals that have been previously announced by the Company and which have been completed since the preceding 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 (“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 (“Semenyih Land Acquisition”).

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.

The Semenyih Land Acquisition was completed on 5 July 2016;

- (ii) On 21 April 2015, the Company accepted a 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.

Pursuant to the Deed, the PDC had on 15 August 2016 refunded* the initial payment** of the consideration previously paid by the Company for the Proposed Eco Marina Development.

* *The amount refunded by the PDC has since been utilised to partly settle the purchase consideration for the Acquisition of Eco Ardence referred to in 6(b)(iii) below.*

** *The initial payment paid by the Company included an amount of RM92.8 million that was funded from the proceeds of the rights issue which was completed in FY2015.*

6. Status of Corporate Proposals (continued)

- (iii) 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 Eco Ardence Sdn Bhd (formerly known as Jendela Hikmat Sdn Bhd) ("Eco Ardence") comprising 21,000,000 ordinary shares of RM1.00 each in Jendela Hikmat ("Sale Shares") for a total consideration of RM303,500,000 ("Proposed Acquisition"); and
 - (b) a subscription and shareholders' agreement with Cascara and Eco Ardence, 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 Eco Ardence as the joint venture vehicle to undertake a mixed residential and commercial development to be known as "Eco Ardence"

As announced on 4 August 2016, the Economic Planning Unit ("EPU") has confirmed that EPU Approval is not required for the Proposed Acquisition. In this regard and given that no other approvals is required for the Proposed Acquisition, the Share SPA has become unconditional on 4 August 2016.

The Proposed Acquisition was completed on 15 September 2016.

7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 July 2016 were as follows:-

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Bank Overdrafts	-	17,123	17,123
Short Term Bank Borrowings	287,865	624,283	912,148
Long Term Bank Borrowings	1,454,121	101,625	1,555,746
	<u>1,741,986</u>	<u>743,031</u>	<u>2,485,017</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 20 September 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 9 months ended 31 July 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:-

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2016	31/07/2015	31/07/2016	31/07/2015
Profit for the period attributable to owners of the Company (RM'000)	44,580	9,393	99,927	24,259
Number of ordinary shares at beginning of the period *	2,364,265	1,970,221	2,364,265	506,634
Effect of shares issued pursuant to:				
- Share subscription	-	-	-	520,165
- Rights issue	-	-	-	295,894
- Placement	-	316,948	-	106,810
Weighted average number of ordinary shares	2,364,265	2,287,169	2,364,265	1,429,503
Basic Earnings Per Ordinary Share (sen)	1.89	0.41	4.23	1.70

* 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.

Diluted earnings per share has been calculated by dividing the Group's profit 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. 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.

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2016	31/07/2015	31/07/2016	31/07/2015
Profit for the period attributable to owners of the Company (RM'000)	44,580	9,393	99,927	24,259
Weighted average number of ordinary shares for basic Earnings Per Ordinary Share ('000)	2,364,265	2,287,169	2,364,265	1,429,503
Effect of potential exercise of Warrants ('000)	#	#	#	#
Weighted average number of ordinary shares ('000)	2,364,265	2,287,169	2,364,265	1,429,503
Diluted Earnings Per Ordinary Share (sen) *	1.89	0.41	4.23	1.70

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 31 July 2016 into realised and unrealised profits pursuant to Bursa Malaysia's directive, is as follows:-

	31/07//2016	31/10/2015
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	237,546	140,271
- Unrealised	40,250	22,321
	<u>277,796</u>	<u>162,592</u>
Total share of accumulated losses from a joint venture:		
- Realised	(9,940)	(2,673)
- Unrealised	2,225	617
	<u>(7,715)</u>	<u>(2,056)</u>
Consolidation adjustments	(53,770)	(44,152)
Total Group retained profits as per consolidated accounts	<u>216,311</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):-

	3 MONTHS ENDED 31/07//2016 RM'000	9 MONTHS ENDED 31/07//2016 RM'000
Interest income	2,971	9,023
Other income including investment income	490	4,247
Interest expense	(7,527)	(17,330)
Depreciation and amortisation	(6,115)	(15,720)
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	(84)	(85)
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