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

Interim Financial Report
31 January 2017

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JANUARY 2017
(The figures have not been audited)

	3 MONTHS ENDED	
	31 JANUARY 2017 RM'000	31 JANUARY 2016 RM'000
Revenue	592,714	463,511
Cost of sales	(466,382)	(353,799)
Gross profit	126,332	109,712
Other items of income	110,319	5,460
Selling and marketing expenses	(12,094)	(31,794)
Administrative expenses	(76,641)	(47,148)
Finance costs	(11,518)	(3,141)
Share of results of joint ventures	(4,613)	(1,926)
Share of results of an associated company	(173)	-
Profit before tax	131,612	31,163
Income taxation expense	(15,447)	(10,492)
Profit net of tax	116,165	20,671
Other comprehensive profit/(loss)		
Other comprehensive profit/(loss) to be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	124	(423)
Total comprehensive income for the period	116,289	20,248
Profit net of tax attributable to:		
Owners of the Company	116,165	20,671
Non-controlling interests	-	-
	116,165	20,671
Total comprehensive income attributable to:		
Owners of the Company	116,289	20,248
Non-controlling interests	-	-
	116,289	20,248
Earnings per share attributable to owners of the Company:		
Basic earnings per share (sen)	4.17	0.87
Diluted earnings per share (sen) *	4.17	0.87

** Anti-dilutive*

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 October 2016 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 JANUARY 2017

	As At 31 JANUARY 2017 Unaudited RM'000	As At 31 OCTOBER 2016 Audited RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	205,099	212,621
Investment properties	18,815	18,589
Land held for property development	3,753,398	4,160,130
Investment in joint ventures	387,745	298,949
Investment in an associate	-	-
Amount due from joint ventures	358,645	186,963
Amount due from an associate	7,532	-
Deferred tax assets	77,960	66,033
	4,809,194	4,943,285
Current assets		
Property development costs	2,334,712	2,305,746
Gross amount due from customer	5,879	-
Inventories	24,707	24,884
Trade and other receivables	847,322	964,551
Current tax assets	32,799	30,044
Deposits	280,138	234,623
Cash and bank balances	178,187	338,844
	3,703,744	3,898,692
TOTAL ASSETS	8,512,938	8,841,977
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	3,406,956	1,374,846
Share premium	-	1,971,010
Warrants reserve	194,395	194,395
Foreign currency translation reserve	910	786
Retained earnings	361,830	245,665
Total equity	3,964,091	3,786,702
Non-current liabilities		
Other payables	89,127	180,646
Long term borrowings	1,757,089	2,044,986
Deferred tax liabilities	48,737	43,728
	1,894,953	2,269,360
Current liabilities		
Gross amount due to customers	-	234
Trade and other payables	1,757,644	1,954,160
Bank overdrafts	16,201	16,585
Short term borrowings	866,026	800,332
Current tax liabilities	14,023	14,604
	2,653,894	2,785,915
Total liabilities	4,548,847	5,055,275
TOTAL EQUITY AND LIABILITIES	8,512,938	8,841,977
Net Assets Per Share (RM)	1.42	1.38

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 October 2016 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 31 JANUARY 2017
(The figures have not been audited)

	Attributable to Equity Holders of the Company					
		Non-Distributable			Distributable	
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total Equity RM'000
At 1 November 2016	1,374,846	1,971,010	194,395	786	245,665	3,786,702
Profit for the period	-	-	-	-	116,165	116,165
Other comprehensive income	-	-	-	124	-	124
Issuance of ordinary shares:						
- Placement	23,500	37,600	-	-	-	61,100
Effects from adoption of Companies Act 2016	2,008,610	(2,008,610)	-	-	-	-
At 31 January 2017	3,406,956	-	194,395	910	361,830	3,964,091
At 1 November 2015	1,182,132	1,662,972	194,395	992	116,384	3,156,875
Profit for the period	-	-	-	-	20,671	20,671
Other comprehensive loss	-	-	-	(423)	-	(423)
At 31 January 2016	1,182,132	1,662,972	194,395	569	137,055	3,177,123

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 October 2016 and the accompanying explanatory notes.)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 31 JANUARY 2017
(The figures have not been audited)

	3 MONTHS ENDED	
	31 JANUARY 2017 RM'000	31 JANUARY 2016 RM'000
Operating activities		
Profit before tax	131,612	31,163
Adjustments for :		
Non-cash items	(84,291)	8,762
Non-operating items	1,960	(1,095)
Operating cash flows before changes in working capital	49,281	38,830
Changes in property development expenditure	(36,748)	(47,039)
Changes in gross amount due from customers	(6,112)	581
Changes in inventories	176	297
Changes in receivables	98,129	(34,905)
Changes in payables	(83,059)	8,065
Cash flows used in operations	21,667	(34,171)
Interest received	1,526	1,194
Interest paid	(32,699)	(22,393)
Rental received	133	43
Net income taxes paid	(27,289)	(28,414)
Net cash flows used in operating activities	(36,662)	(83,741)
Investing activities		
Additions to land held for property development	(162,838)	(139,338)
Purchase of property, plant and equipment and investment properties	(4,862)	(11,195)
Proceeds from disposal of property, plant and equipment	683	10
Development expenditure paid	(384)	(874)
Disposal of a subsidiary company	(11,252)	-
Acquisition of an associate	*	-
Repayment from/(Advances to) joint ventures	23,118	(128,796)
Advances to an associate	(7,440)	-
Other investments	(6,054)	(22,648)
Net cash flows used in investing activities	(169,029)	(302,841)
Financing activities		
Proceeds from issue of shares by the Company	61,100	-
Advances from a shareholder/ director	-	100,000
Drawdown of bank borrowings	205,718	175,686
Repayment of bank borrowings	(183,411)	(130,263)
Net cash flows generated from financing activities	83,407	145,423
Net decrease in cash and cash equivalents	(122,284)	(241,159)
Effect of exchange rate changes	(18)	(63)
Cash and cash equivalents at 1 November 2016 / 2015	482,081	443,469
Cash and cash equivalents at 31 January 2017 / 2016	359,779	202,247
Cash and cash equivalents comprise the following:		
Deposits	280,138	57,975
Cash and bank balances	178,187	240,972
Bank overdrafts	(16,201)	-
	442,124	298,947
Less: Deposit pledged, Sinking Fund, Debt Service Reserve and Escrow Accounts	(82,345)	(96,700)
	359,779	202,247

* Represents RM12

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 October 2016 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 2016.

The accounting policies and methods of computation 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 2016 except as follows:

(i) Adoption of the following Amendments to FRSs, which are relevant and effective for annual periods beginning on or after 1 January 2016:-

Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 5, FRS 7, FRS 119 and FRS 134	Annual Improvements to FRSs 2012-2014 Cycle
Amendments to FRS 101	Disclosure Initiative

(ii) Adoption of the Companies Act 2016.

The Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31st January 2017 as the date on which Companies Act 2016 comes into operation except Section 241 and Division 8 of Part III.

Pursuant to the circular issued by Malaysian Institute of Accountants on 2 February 2017, the Companies Commission of Malaysia has clarified that the Companies Act 2016 should be complied with for the preparation of financial statements and the directors' report and the auditors' report thereon commencing from the financial year/period ended 31 January 2017.

Following the requirements of the Companies Act 2016, the credit balance in share premium account had been reclassified to share capital account as at 31 January 2017. Such credit balances may be utilised for purposes set out in transitional provisions of the Act, within 24 months from 31 January 2017.

2. **Seasonal or Cyclical Factors**

The business operations of the Group during the 3 months ended 31 January 2017 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 3 months ended 31 January 2017.

4. **Changes in Estimates**

There were no material changes in estimates for the 3 months ended 31 January 2017.

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 financial period ended 31 January 2017 except for the issuance of 47,000,000 new ordinary shares of RM0.50 each pursuant to the Placement at an issue price of RM1.30 per ordinary share.

The total cash proceeds arising from the Placement amounted to RM61,100,000. The Placement shares were listed on the Main Market of Bursa Malaysia on 25 November 2016.

6. **Dividends Paid**

There were no payment of dividend during the 3 months ended 31 January 2017.

7. **Segmental Reporting**

No segmental reporting is presented as the Group is primarily engaged in the business of property development in Malaysia.

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

There were no significant events after 31 January 2017 till 9 March 2017 (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)(i) to Note 6(a)(vii) on pages 13 to 15.

9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period ended 31 January 2017 except as follows:

(i) Subscription of 12 ordinary shares at a price of RM1.00 each in MFBBCC Retail Mall Sdn. Bhd. ("MFBBCC Retail Mall") by the Company on 4 November 2016. As a result, MFBBCC Retail Mall became a 12% associate of the Company; and

(ii) On 15 November 2016 Paragon Pinnacle Sdn. Bhd. ("Paragon Pinnacle"), a wholly owned subsidiary of the Company, entered into a subscription and shareholders' agreement ("SSA") with the Employees Provident Fund Board ("the EPF") and the Company, pursuant to which the EPF subscribed for 4,000,000 new ordinary shares in Paragon Pinnacle on 20 December 2016. This resulted in Paragon Pinnacle ceasing to be a subsidiary and becoming a 60% joint-venture of the Company.

10. Contingent Liabilities

There were no changes in contingent liabilities in respect of the Group since the last annual balance sheet date except for additional guarantees of RM10,996,000 given to a bank for performance bonds granted to a joint venture.

11. Commitments

	As at 31/01/2017 RM'000
Commitments by subsidiary companies:	
Approved and contracted for:-	
Commitment to subscribe for IPO shares of Eco World International Berhad (see note 6(a)(i))	777,600
Commitment for share subscription in MFBBCC Retail Mall Sdn Bhd	600
Commitment to purchase development lands	787,718
Commitment to acquire plant and equipment	5,801
Share of commitments by joint ventures:	
Approved and contracted for:-	
Commitment to purchase development lands	470,057
Commitment to acquire plant and equipment	7,398
Commitment to acquire investment properties	2,260

12. **Significant Related Party Transactions**

	3 MONTHS ENDED 31/01/2017 RM'000
(i) Transactions with shareholders/directors of the Company and subsidiary companies, and companies in which they have interests	
- Revocation of sale of development property by immediate family member of a director of the Company	1,936
- Rental paid to a company in which a director has interest	60
- Commission charged to a company in which a director has interest	151
- Disposal of office equipment and motor vehicles to companies in which a director has interest	649
(ii) Transactions with joint ventures	
- Advances given	58,557
- Interest received and receivable	6,243
- Sales of building materials	47
- Development management fees received and receivable	3,149
- Brand licensing fees received and receivable	181
- Advisory fees received and receivable	112
- Staff secondment fees received and receivable	1,789
- Disposal of motor vehicles and office equipment	21
(iii) Transactions with an associate	
- Advances given	7,440
- Interest received and receivable	92

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

1. Review of Group Performance

During the 3 months ended 31 January 2017, the Group recorded revenue of RM592.7 million, which is 27.9% higher than the RM463.5 million reported for 1Q2016. Gross profit for the current financial period was RM126.3 million whilst the average gross margin was 21%. The Group recorded Profit after tax ("PAT") of RM116.2 million in the current financial period, which is 461.3% higher than the RM20.7 million reported for 1Q2016.

The % increase in PAT is significantly higher than the % increase in revenue mainly due to the inclusion of a gain of RM94.8 million which arose from the application of FRS 10 – Consolidated Financial Statements to recognise the impact of the change in the Group's interest in Paragon Pinnacle from a 100% subsidiary to a 60% joint venture. This took place following the subscription by the EPF of 40% of Paragon Pinnacle's enlarged share capital pursuant to the terms of the subscription and shareholders' agreement between the parties.

FRS 10 **-** Consolidated Financial Statements prescribes that when a subsidiary ceases to be a subsidiary:

- the assets and liabilities of the former subsidiary is required to be derecognised from the financial statements and
- if the parent still retains any equity interest in the former subsidiary, the retained interest shall be remeasured to fair value.

In the case of Paragon Pinnacle, the successful launch of Eco Grandeur, the development activities and other work performed since the acquisition of the land in Ijok have substantially enhanced the fair value of its underlying assets. Accordingly, the value of the Group's retained 60% equity interest in Paragon Pinnacle (which will now be accounted for as a joint venture) has increased – this resulted in the gain being recorded on the day the dilution took place.

Excluding the gain on dilution of equity interest in Paragon Pinnacle, the PAT for the current financial period was RM21.4 million, which is 3.4% higher than the RM20.7 million reported in 1Q2016.

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 1***, ***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 of RM592.7 million is RM148.3 million lower than the preceding quarter ended 31 October 2016. However, the Group's current quarter PAT of RM116.2 million is RM86.8 million higher than the preceding quarter ended 31 October 2016 for the reason explained above.

Excluding the financial impact from the dilution of the equity interest in Paragon Pinnacle, the current quarter PAT is RM8.0 million lower than the preceding quarter ended 31 October 2016. This is consistent with the slower progress of works typically experienced during the year-end festive season and in the lead-up to the Chinese New Year which both occurred during 1Q2017.

3. **Prospects for the Current Financial Year**

The Board is pleased to announce that the Group achieved sales totalling RM849.6 million from its Malaysian projects in the first quarter of FY2017 as compared to RM410.7 million in the first quarter of FY2016.

As at 28 February 2017, year-to-date Group sales reached RM955 million which is 57% higher than the RM607.8 million in the first four months of FY2016. RM797 million came from projects in the Klang Valley, RM140 million came from projects in Iskandar Malaysia and the remaining RM18 million was contributed by projects in Penang.

The significantly higher sales numbers represent the strong follow-through momentum from the Group's mega-launches in the final quarter of FY2016. Three of the projects launched, namely Eco Grandeur, Eco Ardence and Bukit Bintang City Centre contributed RM718 million in current year sales up to 28 February 2017.

In the North-Western Klang Valley Corridor, new homeowners and upgraders continue to flock to Eco Grandeur attracted by the affordably-priced terraces and well-designed garden homes nestled within beautifully designed Victorian gardens. On 11 March 2017, the show village for Eco Grandeur was officially opened featuring 12 units of 20 x 65 ft terraces and 30 x 60 ft garden homes – this is expected to increase interest in the Group's latest and largest Signature EcoWorld township.

Eco Ardence, situated on the more matured and established Central spine of the Klang Valley corridor, right off the Setia Alam-NKVE Interchange saw strong take-ups from more affluent purchasers for its luxurious semi-detached homes and bungalows.

Meanwhile Bukit Bintang City Centre also recorded good sales with increasing interest from overseas purchasers who appreciate its outstanding connectivity at the heart of Kuala Lumpur and the project's unique leisure-tainment offer. The world-class retail mall to be operated by Mitsui Fudosan and the entry of Sony Music's Zepp Hall to anchor its entertainment block also continues to draw savvy urbanites. With the new 10,700 sq feet sales gallery / event hall & atrium now open, this should help to drive sales in the upcoming quarters of FY2017.

Also in the Klang Valley, Eco Sanctuary launched its final landed, gated and guarded precinct known as Grandezza followed by the opening of the show village which features four luxurious show units, two bungalows and two semi-Ds in February 2017. The semi-Ds which come in various built-ups starting from 2,903 sq ft and bungalows with built-ups from 3,288 sq ft onwards were very well-received by upgraders living in the vicinity of this matured corridor.

The lower sales recorded by the Group's other ongoing projects, namely Eco Majestic and Eco Sky in the Klang Valley as well as Eco Botanic, Eco Spring, Eco Summer and Eco Tropics in Iskandar Malaysia, were mainly due to activities being focused on handovers of the 1st phases of products sold and preparations for handovers which will be taking place in the 1st half of 2017.

Sales activities in Penang is expected to increase in the second half of 2017 with the launch of Eco Horizon, to-date the Group's largest township development up north.

3. Prospects for the Current Financial Year (cont.)

On the corporate front, the Group has also made good progress with a number of deals completed or nearing completion as at 9 March 2017 (refer paragraph 6(a) below for details):

- On 15 November 2016, the Company entered into a subscription and shareholders' agreement with the Employees Provident Fund Board (the EPF) for the EPF to take up a 40% equity interest in Paragon Pinnacle Sdn Bhd, the developer of Eco Grandeur and Eco Business Park V in the Klang Valley;

- Subsequently, on 23 January 2017, the EPF agreed to subscribe for a 40% stake in Eco Horizon Sdn Bhd to jointly develop two townships to be known as "Eco Horizon" and "Eco Sun" up north in Batu Kawan on the Penang Mainland;

- The Company issued its 3rd & final tranche of placement shares on 6 March 2017 – this completes the private placement exercise earlier announced with total proceeds raised from all three tranches amounting to RM770.1 million which will be utilised to fund the Group's expansion plans, provide working capital and repay bank borrowings; and

- Finally on 9 March 2017, Eco World International Berhad (EWI) issued its Prospectus in conjunction with its Proposed IPO which is expected to take place in early April 2017.

Based on the above, the Board believes that the Company is on track to achieve its sales target of RM4 billion sales in Malaysia for FY 2017.

On the international front, EWI reported that its cumulative sales for the 1st quarter ended 31 January 2017 was RM6.488 billion based on exchange rates as at 31 January 2017. As at 31 October 2016, EWI's cumulative sales was RM5.29 billion based on the exchange rates then prevailing. Upon completion of the Group's subscription for its 27% stake in EWI by Q2 FY2017, it will be entitled to recognise a proportionate share of EWI's sales for FY2017 which add on to its pipeline of future earnings.

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

There were no profit forecast published as at 31 January 2017.

5. **Income Tax**

Income Tax comprises:-

	3 MONTHS	
	31/01/2017	**31/01/2016**
	RM'000	**RM'000**
Current tax		
- for current quarter	18,256	26,633
- in respect of prior years	5,698	-
Deferred tax		
- for current quarter	(3,306)	(16,144)
- in respect of prior years	(5,201)	3
	15,447	10,492

The Group's effective tax rate for the current quarter is lower than the statutory tax rate because the gain arising from the dilution of the Group's interest in Paragon Pinnacle Sdn Bhd is not taxable.

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 9 March 2017, 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 ("Proposed IPO") which had been approved by the Securities Commission.

On 27 October 2016, Eco World Capital (International) Sdn Bhd ("EW Capital"), a wholly-owned subsidiary of the Company entered into a conditional share subscription agreement with EWI for the subscription by EW Capital of such number of ordinary shares in EWI ("EWI Shares"), representing 27.0% of the enlarged issued and paid-up share capital of EWI upon the Proposed Listing of EWI ("Proposed EWI Subscription"). On the same day, the Company entered into a conditional collaboration agreement with EWI to establish a framework for mutual collaboration and strategic alliance between them ("Proposed Collaboration").

In conjunction with the Proposed IPO of EWI, GuocoLand Limited ("GuocoLand"), through a wholly-owned subsidiary, also proposed to enter into a conditional subscription agreement for the subscription of such number of new EWI Shares, representing 27.0% of the enlarged issued and paid-up share capital of EWI on terms and conditions to be mutually agreed ("Proposed GuocoLand Subscription").

Arising from the Proposed EWI Subscription and Proposed GuocoLand Subscription, the Company, Tan Sri Dato' Sri Liew Kee Sin ("Tan Sri Liew") and GuocoLand have on 27 October 2016 entered into a conditional agreement to regulate their relationship with one another as shareholders in EWI and in relation to their voting shares and the exercise of their voting rights in EWI ("Proposed Shareholders' Agreement").

On 20 February 2017, the Company's shareholders approved the Proposed Subscription, Proposed Collaboration and Proposed Shareholders' Agreement. On the same day, GLL EWI (HK) Limited, an indirect wholly-owned subsidiary of GuocoLand, entered into a conditional share subscription agreement with EWI for the Proposed GuocoLand Subscription and subsequently on 9 March 2017, EWI issued its Prospectus for the Proposed IPO.

(ii) On 22 September 2015, Paragon Pinnacle Sdn. Bhd. ("PPSB"), then 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 were subject to fulfilment of conditions precedent, amongst others, the approval of the Company's shareholders at an extraordinary general meeting, which was obtained on 24 March 2016.

In view of the relevant conditions precedents on certain pieces of the Ijok Land having been fulfilled and in order to facilitate the completion of the Proposed Ijok Land Acquisitions expeditiously, PPSB entered into several supplemental agreements for the purpose of splitting certain SPAs into tranches.

6. **Status of Corporate Proposals (continued)**

The status of the respective SPAs are as follows:

SPA	Completion Date
1A	2 November 2016
2	2 November 2016
4A	10 February 2017
3A	16 February 2017
3B	16 February 2017
1B, 4B and 5	Still conditional

The period to fulfil the remaining conditions precedent under SPAs 1B, 4B and 5 has been extended to expire on 31 March 2017.

(iii) On 15 November 2016, the Company, the EPF and PPSB entered into a subscription and shareholders' agreement ("SSA"). The EPF agreed to participate in and subscribe for 40% equity interest in PPSB ("Proposed EPF Subscription") while the Company will hold the remaining 60% equity interest, to jointly undertake, through PPSB, the development of the Lands as a mixed residential and commercial development to be known as "Eco Grandeur" and "Eco Business Park V".

The Proposed EPF Subscription was approved by shareholders at an extraordinary general meeting held on 9 December 2016 and following that, the subscription by EPF took place on 20 December 2016. As a result, Paragon Pinnacle ceased to be a wholly-owned subsidiary of the Company as disclosed in Note 9 (ii) on page 7.

(iv) On 28 April 2016, the Company proposed to undertake a 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 ("Private Placement").

The Private Placement was to enable the Company to raise the necessary funds to part finance the Proposed EWI Subscription referred to in 6(a)(i) above, and also to finance the various land acquisitions and property development projects currently being undertaken by the Group.

As at 19 October 2016, the 1st tranche of the placement of 385,426,527 shares was completed, following the listing of and quotation for 385,426,527 Placement Shares on the Main Market of Bursa Securities.

Subsequently, on 25 November 2016, the 2nd tranche of the placement of 47,000,000 shares was completed, following the listing of and quotation for 47,000,000 Placement Shares on the Main Market of Bursa Securities.

Finally, on 6 March 2017, the 3rd tranche of the placement of 147,676,576 shares was completed, following the listing of and quotation for 147,676,576 Placement Shares on the Main Market of Bursa Securities.

A total of 580,103,103 Placement Shares were issued under the 3 separate tranches of the Private Placement. The 3rd tranche represents the final tranche of the Private Placement which marks the completion of the Private Placement.

6. **Status of Corporate Proposals (continued)**

(v) On 28 June 2016, Eco Horizon Sdn. Bhd. (formerly known as Teraju Pasifik Sdn. Bhd.) ("Eco Horizon"), a wholly-owned subsidiary of the Company, 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 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 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”).

collectively known as “the Proposed Acquisitions”.

On 20 February 2017, the Company’s shareholders have approved the Proposed Acquisitions.

The Parcel A SPA and Parcel B SPA are still conditional upon the fulfillment of other conditions, the period for which has been extended to expire on 31 May 2017.

(vi) On 23 January 2017, the Company, the EPF and Eco Horizon entered into a subscription and shareholders’ agreement (“SSA”). Under the SSA, EPF agreed to participate in and subscribe for a 40%-equity interest in Eco Horizon (“the Proposed EPF Subscription”) while the Company will hold the remaining 60%-equity interest, to jointly undertake, through Eco Horizon, the development of the Lands as a mixed residential and commercial development to be known as “Eco Horizon” and “Eco Sun”.

The Proposed EPF Subscription is subject to the Company obtaining its shareholders’ approval for the provision of financial assistance as contemplated under SSA, arising from which an extraordinary general meeting has been called for 16 March 2017.

6. **Status of Corporate Proposals (continued)**

(vii) On 13 October 2016, the Company, entered into a joint venture agreement ("JVA") with UDA Retail Sdn. Bhd. ("UDACo"), Naungan Sentosa Sdn. Bhd. ("EPFCo") and Retail Investment Two Pte. Ltd. ("MFACo") for the proposed investment in MFBBCC Retail Mall Sdn. Bhd. ("JV Company") and to regulate each of their respective rights and obligations amongst them in respect of the establishment, ownership, management and operation of the JV Company.

Pursuant to the JVA, the Company will hold 12% equity interest in the JV Company while MFACo will hold 50%, UDACo 32% and EPFCo the remaining 6%.

The JV Company in turn entered into a sale and purchase agreement dated 13 October 2016 ("Retail Mall SPA") with BBCC Development Sdn. Bhd. as developer and UDA Holdings Bhd as proprietor for the proposed acquisition by the JV Company of the spaces and areas, above and under, within and through part of the BBCC Project development land, within which a retail mall will be constructed by the JV Company, at its sole cost and expense, for a purchase consideration of RM472,482,500.

It is also a term in the Retail Mall SPA that the JV Company, BBCC and UDA shall enter into a further sale and purchase agreement for the proposed acquisition by the JV Company of several retail shops planned within the BBCC Project on terms and subject to the conditions to be mutually agreed upon ("Retail Podium SPA").

The conditions precedent of the JVA were fulfilled and the JVA rendered unconditional on 28 February 2017. On the same day, BBCC, UDA and the JV Company also executed the Retail Podium SPA.

(b) Utilisation of proceeds raised from corporate proposals as at 31 January 2017 are as follows:

Proceeds totaling RM562.2 million were raised under the first and second tranches of the Placement exercise which were completed on 19 October 2016 and 25 November 2016, respectively. The status of the utilisation of these proceeds is set out below:-

Purpose	**Proposed utilisation RM'mil**	**Actual utilisation RM'mil**	**Balance unutilised RM'mil**	**Intended timeframe for utilisation from completion date**
To part finance the proposed subscription of new ordinary shares in EWI	199.8	-	199.8	Within six (6) months
To part finance the proposed land acquisition in Mukim Ijok	93.0	(93.0)	-	Within six (6) months
Working capital requirements	71.7	(71.7)	-	On-going
Repayment of bank borrowings	195.0	(195.0)	-	Within one (1) month
Estimated expenses in relation to the Proposed Placement	2.7	(0.3)	2.4	Within six (6) months
Total	562.2	(360.0)	202.2	

7. **Group Borrowings and Debt Securities**

Total group borrowings and debt securities as at 31 January 2017 were as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Bank Overdrafts	-	16,201	16,201
Short Term Bank Borrowings	366,026	500,000	866,026
Long Term Bank Borrowings	1,655,464	101,625	1,757,089
	2,021,490	617,826	2,639,316

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 9 March 2017 (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 3 months ended 31 January 2017.

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 attributable to owners of the Company by the weighted average number of shares in issue. The weighted average number of shares in issue is calculated as follows:

	3 MONTHS ENDED 31/01/2017	31/01/2016
Profit for the period attributable to owners of the Company (RM'000)	116,165	20,671
Number of ordinary shares at beginning of the period ('000)	2,749,692	2,364,265
Effect of shares issued pursuant to:		
- Placement	35,761	-
Weighted average number of ordinary shares ('000)	2,785,453	2,364,265
Basic Earnings Per Ordinary Share (sen)	4.17	0.87

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

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	
	31/01/2017	**31/01/2016**
Profit for the period attributable to owners of the Company (RM'000)	116,165	20,671
Weighted average number of ordinary shares for basic Earnings Per Ordinary Share ('000)	2,785,453	2,364,265
Effect of potential exercise of Warrants ('000)	#	#
Weighted average number of ordinary shares ('000)	2,785,453	2,364,265
Diluted Earnings Per Ordinary Share (sen) *	4.17	0.87

\# *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 January 2017 into realised and unrealised profits pursuant to Bursa Malaysia's directive, is as follows:-

	31/01//2017 RM'000	**31/10//2016 RM'000**
Total retained profits of the Company and its subsidiaries:		
- Realised	290,338	252,838
- Unrealised	58,345	53,279
	348,683	306,117
Total share of accumulated losses from joint ventures:		
- Realised	(25,118)	(18,920)
- Unrealised	5,720	4,135
	(19,398)	(14,785)
Total share of accumulated losses from an associate:		
- Realised	(173)	-
- Unrealised	-	-
	(173)	-
Consolidation adjustments	32,718	(45,667)
Total Group retained profits as per consolidated accounts	361,830	245,665

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 2016 were unqualified.

13. **Provision of Financial Assistance**

i) Advances provided to:-

	3 MONTHS ENDED 31/01/2017 RM'000
- BBCC Development Sdn Bhd	18,175
- Paragon Pinnacle	40,382

i) Guarantee by the Group to secure the repayment of all sums of monies due, owing, unpaid or outstanding by Paragon Pinnacle to the EPF amounting to RM79,744,548 as at 31 January 2017;

ii) Guarantee, indemnity, undertaking, provision of collateral for a debt or assumption of financial obligation, in whatsoever manner by the Group to the respective financiers to secure the repayment of up to the entire sum of monies owing due, unpaid or outstanding by Paragon Pinnacle in respect of any financing facility to be taken by Paragon Pinnacle from such financier to fund the development cost amounting to RM32,000,000 for the 3 months ended 31 January 2017.

There is no material impact on the earnings and net tangible assets of the Group for the 3 months ended 31 January 2017.

14. **Notes to the Statement of Comprehensive Income**

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

	3 MONTHS ENDED 31/01/2017 RM'000
Interest income	9,097
Gain arising from dilution of equity interest in Paragon Pinnacle (see note 1 on page 9)	94,788
Other income including investment income	6,406
Interest expense	(11,518)
Depreciation and amortisation	(5,397)
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 gain or loss	(126)
Gain or loss on derivatives	-
Exceptional items	-

By order of the Board

Chua Siew Chuan
Company Secretary