

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

**Interim Financial Report**  
**31 July 2017**

**ECO WORLD DEVELOPMENT GROUP BERHAD**  
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**Interim Financial Report - 31 July 2017**

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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 2017**  
*(The figures have not been audited)*

	3 MONTHS ENDED		9 MONTHS ENDED	
	31 JULY 2017	31 JULY 2016	31 JULY 2017	31 JULY 2016
	RM'000	RM'000	RM'000	RM'000
Revenue	762,918	727,336	2,025,650	1,805,449
Cost of sales	<u>(604,241)</u>	<u>(571,336)</u>	<u>(1,609,480)</u>	<u>(1,392,134)</u>
<b>Gross profit</b>	158,677	156,000	416,170	413,315
Other items of income	2,525	3,429	128,759	13,270
Selling and marketing expenses	(33,465)	(23,903)	(65,589)	(78,641)
Administrative expenses	(51,139)	(59,192)	(187,197)	(175,166)
Finance costs	(21,342)	(7,527)	(47,431)	(17,330)
Share of results of joint ventures	(11,753)	(2,051)	(19,189)	(5,659)
Share of results of an associated company	(102)	-	(533)	-
<b>Profit before tax</b>	43,401	66,756	224,990	149,789
Income taxation expense	<u>(17,309)</u>	<u>(22,176)</u>	<u>(49,052)</u>	<u>(49,862)</u>
Profit net of tax	26,092	44,580	175,938	99,927
<b>Other comprehensive (loss)/income</b>				
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods (net of tax):</i>				
Exchange differences on translation of foreign operations	49	166	158	(240)
<b>Total comprehensive income for the period</b>	<u>26,141</u>	<u>44,746</u>	<u>176,096</u>	<u>99,687</u>
<b>Profit net of tax attributable to:</b>				
Owners of the Company	26,092	44,580	175,938	99,927
Non-controlling interests	-	-	-	-
	<u>26,092</u>	<u>44,580</u>	<u>175,938</u>	<u>99,927</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	26,141	44,746	176,096	99,687
Non-controlling interests	-	-	-	-
	<u>26,141</u>	<u>44,746</u>	<u>176,096</u>	<u>99,687</u>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic earnings per share (sen)	<u>0.89</u>	<u>1.89</u>	<u>6.12</u>	<u>4.23</u>
Diluted earnings per share (sen) *	<u>0.89</u>	<u>1.89</u>	<u>6.12</u>	<u>4.23</u>

\* *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 JULY 2017**

	As At 31 JULY 2017 Unaudited RM'000	As At 31 OCTOBER 2016 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	220,683	212,621
Investment properties	18,960	18,589
Land held for property development	3,902,297	4,160,130
Investment in joint ventures	1,152,008	298,949
Investment in an associate	10,781	-
Amount due from joint ventures	325,634	186,963
Deferred tax assets	77,740	66,033
	<u>5,708,103</u>	<u>4,943,285</u>
<b>Current assets</b>		
Property development costs	2,262,962	2,305,746
Gross amount due from customer	6,480	-
Inventories	24,707	24,884
Trade and other receivables	954,723	964,551
Current tax assets	50,457	30,044
Deposits	119,635	234,623
Cash and bank balances	232,167	338,844
	<u>3,651,131</u>	<u>3,898,692</u>
<b>TOTAL ASSETS</b>	<u>9,359,234</u>	<u>8,841,977</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	3,614,865	1,374,846
Share premium	-	1,971,010
Warrants reserve	194,395	194,395
Foreign currency translation reserve	944	786
Retained earnings	421,603	245,665
<b>Total equity</b>	<u>4,231,807</u>	<u>3,786,702</u>
<b>Non-current liabilities</b>		
Other payables	91,474	180,646
Long term borrowings	2,080,819	2,044,986
Deferred tax liabilities	55,594	43,728
	<u>2,227,887</u>	<u>2,269,360</u>
<b>Current liabilities</b>		
Gross amount due to customers	-	234
Trade and other payables	1,702,145	1,954,160
Bank overdrafts	27,443	16,585
Short term borrowings	1,145,023	800,332
Current tax liabilities	24,929	14,604
	<u>2,899,540</u>	<u>2,785,915</u>
<b>Total liabilities</b>	<u>5,127,427</u>	<u>5,055,275</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>9,359,234</u>	<u>8,841,977</u>
<b>Net Assets Per Share Attributable to Owners of the Company (RM)</b>		
	<u>1.44</u>	<u>1.38</u>

(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 JULY 2017**  
*(The figures have not been audited)*

	←——— Attributable to Equity Holders of the Company ———→					
	←——— Non-Distributable			———→ Distributable		
	Share capital	Share premium	Warrants reserve	Foreign currency translation reserve	Retained earnings	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 November 2016</b>	1,374,846	1,971,010	194,395	786	245,665	3,786,702
Profit for the period	-	-	-	-	175,938	175,938
Other comprehensive income	-	-	-	158	-	158
Issuance of ordinary shares:						
- Placement	231,419	37,600	-	-	-	269,019
Share issue expenses	(10)	-	-	-	-	(10)
Effects from adoption of Companies Act 2016	2,008,610	(2,008,610)	-	-	-	-
<b>At 31 July 2017</b>	<b>3,614,865</b>	<b>-</b>	<b>194,395</b>	<b>944</b>	<b>421,603</b>	<b>4,231,807</b>
<b>At 1 November 2015</b>	1,182,132	1,662,972	194,395	992	116,384	3,156,875
Profit for the period	-	-	-	-	99,927	99,927
Other comprehensive loss	-	-	-	(240)	-	(240)
<b>At 31 July 2016</b>	<b>1,182,132</b>	<b>1,662,972</b>	<b>194,395</b>	<b>752</b>	<b>216,311</b>	<b>3,256,562</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 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 JULY 2017

(The figures have not been audited)

	9 MONTHS ENDED	
	31 JULY 2017 RM'000	31 JULY 2016 RM'000
<b>Operating activities</b>		
Profit before tax	224,990	149,789
Adjustments for :		
Non-cash items	(51,754)	34,912
Non-operating items	24,235	7,296
Operating cash flows before changes in working capital	197,471	191,997
Changes in property development expenditure	98,841	26,407
Changes in gross amount due from customers	(6,714)	573
Changes in inventories	176	527
Changes in receivables	(4,195)	(370,913)
Changes in payables	140,798	225,795
Cash flows used in operations	426,377	74,386
Interest received	4,606	2,976
Interest paid	(114,319)	(76,337)
Rental received	429	174
Net income taxes paid	(60,569)	(63,322)
<b>Net cash flows generated from operating activities</b>	<b>256,524</b>	<b>(62,123)</b>
<b>Investing activities</b>		
Additions to land held for property development	(606,718)	(796,289)
Purchase of property, plant and equipment and investment properties	(30,685)	(24,612)
Proceeds from disposal of property, plant and equipment	748	201
Development expenditure paid	(14,973)	(21,239)
Disposal of a subsidiary company	(11,252)	-
Acquisition of a joint venture	(777,600)	-
Acquisition of an associate	*	-
Additional investment in an associate	(11,314)	-
Repayment from/(Advances to) joint ventures	56,323	(133,586)
Other investments	2,400	14,664
<b>Net cash flows used in investing activities</b>	<b>(1,393,071)</b>	<b>(960,861)</b>
<b>Financing activities</b>		
Proceeds from issue of shares by the Company	269,019	-
Payment of share issue expenses	(10)	-
Advances from a shareholder/ director	-	100,000
Drawdown of bank borrowings	1,089,483	1,211,496
Repayment of bank borrowings	(456,322)	(441,405)
<b>Net cash flows generated from financing activities</b>	<b>902,170</b>	<b>870,091</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(234,377)</b>	<b>(152,893)</b>
<b>Effect of exchange rate changes</b>	<b>(102)</b>	<b>(41)</b>
<b>Cash and cash equivalents at 1 November 2016 / 2015</b>	<b>482,081</b>	<b>443,469</b>
<b>Cash and cash equivalents at 31 July 2017 / 2016</b>	<b>247,602</b>	<b>290,535</b>
<b>Cash and cash equivalents comprise the following:</b>		
Deposits	119,635	145,184
Cash and bank balances	232,167	222,691
Bank overdrafts	(27,443)	(17,123)
	324,359	350,752
Less: Deposit pledged, Sinking Fund, Debt Service Reserve and Escrow Accounts	(76,757)	(60,217)
	247,602	290,535

\* 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 audited 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 31 January 2017 as the date on which the Companies Act 2016 comes into operation, except for Section 241 and Division 8 of Part III.

According to the circular issued by Malaysian Institute of Accountants on 2 February 2017, the Companies Commission of Malaysia had clarified that the Companies Act 2016 should be complied with for the preparation of financial statements, 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 the Company’s share premium account was reclassified to the share capital account on 31 January 2017. Such credit balance 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 9 months ended 31 July 2017 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 affecting assets, liabilities, equity, net income or cash flows during the 9 months ended 31 July 2017.

## 4. Changes in Estimates

There were no material changes in estimates for the 9 months ended 31 July 2017.

## 5. Debts and Equity Securities

There were no issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares or resale of treasury shares during the 9 months ended 31 July 2017 except for the following:

- i) issuance of 47,000,000 new ordinary shares pursuant to a previously announced Placement at an issue price of RM1.30 each, which were listed on the Main Market of Bursa Malaysia on 25 November 2016;
- ii) issuance of 63,783,876 new ordinary shares pursuant to a previously announced Placement at an issue price of RM1.30 each, which were listed on the Main Market of Bursa Malaysia on 6 March 2017; and
- iii) issuance of 83,892,700 new ordinary shares pursuant to a previously announced Placement at an issue price of RM1.49 each, which were listed on the Main Market of Bursa Malaysia on 6 March 2017.

The total cash proceeds arising from the Placement amounted to RM269,019,162.

## 6. Dividends Paid

There were no payment of dividend during the 9 months ended 31 July 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 July 2017 till 7 September 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 in Note 6(a)(ii) on page 15 and Note 6(b) on page 16.



## 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 2017 except as follows:

- (i) On 4 November 2016, the Company subscribed for 12 ordinary shares at a price of RM1.00 each in MFBBCC Retail Mall Sdn. Bhd. (“MFBBCC Retail Mall”). As a result, MFBBCC Retail Mall became a 12%-owned associate of the Company.

On 17 March 2017 and 30 March 2017, respectively, the Company subscribed for an additional 359,988 ordinary shares at a price of RM1.00 each and 10,953,600 Redeemable Preference Shares at a price of RM1.00 each in MFBBCC Retail Mall.

The equity interest held by the Company in MFBBCC Retail Mall remained unchanged at 12% following these subscriptions;

- (ii) On 15 November 2016, Paragon Pinnacle Sdn. Bhd. (“Paragon Pinnacle”), a then wholly-owned subsidiary of the Company, entered into a subscription and shareholders’ agreement (“the SSA”) with the Employees Provident Fund Board (“the EPF”) and the Company.

Pursuant to the SSA, 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%-owned joint venture of the Company; and

- (iii) On 30 March 2017, Eco World Capital (International) Sdn. Bhd. (“EWCI”), a wholly-owned subsidiary of the Company, subscribed for 648,000,000 new ordinary shares at a price of RM1.20 each in Eco World International Berhad (“EWI”) pursuant to EWI’s Initial Public Offering (“Subscription”).

As a result, EWI became a 27%-owned joint venture of the Company by virtue of the Company’s interest in EWCI.

## 10. Contingent Liabilities

The guarantee of RM10,996,000 that was given to a bank to secure performance bonds granted to a joint venture in the previous financial year has been cancelled.

Hence, as at 31 July 2017, there were no contingent liabilities.

## 11. Commitments

**As at  
31/07/2017  
RM'000**

Commitments of the Group:

Approved and contracted for:-

Commitment to subscribe for ordinary shares in MFBBCC Retail Mall	240
Commitment to subscribe for redeemable preference shares in MFBBCC Retail Mall	73,046
Commitment to fund the development costs in joint venture companies	176,273
Commitment to purchase development lands	787,718
Commitment to acquire plant and equipment	<u>11,119</u>

Share of commitments of joint ventures:

Approved and contracted for:-

Commitment to purchase development lands	309,806
Commitment to acquire plant and equipment	8,256
Commitment to acquire investment properties	2,170
Commitment to fund a joint venture by way of share subscription and shareholders' loans ( <i>Note a</i> )	167,443
Commitment to subscribe for shares in a subsidiary	<u>111</u>

*Note a*

The Group's 27%-owned joint venture, Eco World International Berhad ("EWI") has a 75%-equity interest in a joint venture, namely, Eco World-Ballymore Holding Company Limited ("EW-Ballymore").

In addition to the share of commitment to fund EW-Ballymore as disclosed above, EWI and the other joint venture partner are jointly committed to provide additional funding into EW-Ballymore in the event that EW-Ballymore is unable, on its own, to repay its banking facilities when due ("Increased Commitments"). The Increased Commitments shall be in the ratio of 75:25 based on the current proportion of the joint venture partners' existing equity interests in EW-Ballymore.

EWI's share of the Increased Commitments is GBP90 million (approximately RM504.6 million, based on an exchange rate of GBP1.00 : RM5.607). Correspondingly, the Group's share of the Increased Commitments is amounting to RM136.2 million.

In the event that the Increased Commitments are insufficient to repay the said banking facilities, EWI shall have the obligation whilst the other joint venture partner shall have the option, but not the obligation, to provide additional funding to make up the shortfall. Should the provision of the additional funding by the joint venture partners be made in a ratio other than the current 75:25 ratio between EWI and the other joint venture partner, the resultant respective shareholdings of the 2 partners in EW-Ballymore will be altered.

**12. Significant Related Party Transactions**

**9 MONTHS  
ENDED  
31/07/2017  
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 and payable to companies in which a director has interest	186
- Commission charged to a company in which a director has interest	151
- Disposal of office equipment and a motor vehicle to companies in which a director has interest	649
	<hr/>
(ii) Transactions with joint ventures	
- Advances given	67,072
- Interest received and receivable	17,617
- Sales of building materials	653
- Development management fees received and receivable	9,041
- Brand licensing fees received and receivable	365
- Advisory fees received and receivable	112
- Support service fees received and receivable	55
- Staff secondment fees received and receivable	8,070
- Disposal of motor vehicles and office equipment	78
	<hr/>
(iii) Transactions with an associate	
- Advances given	7,440
- Interest received and receivable	153
	<hr/>

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

**1. Review of Group Performance**

	3 MONTHS ENDED			9 MONTHS ENDED		
	31/07/2017 RM'000	31/07/2016 RM'000	Changes RM'000	31/07/2017 RM'000	31/07/2016 RM'000	Changes RM'000
Revenue	762,918	727,336	35,582	2,025,650	1,805,449	220,201
Gross profit	158,677	156,000	2,677	416,170	413,315	2,855
Share of results – joint venture						
- Malaysia	(5,220)	(2,051)	(3,169)	(15,089)	(5,659)	(9,430)
- International	(6,533)	-	(6,533)	(4,100)	-	(4,100)
Profit before interest and tax	64,743	74,283	(9,540)	272,421	167,119	105,302
Profit before tax	43,401	66,756	(23,355)	224,990	149,789	75,201
Profit net of tax	26,092	44,580	(18,488)	175,938	99,927	76,011
Profit attributable to owners of the Company	26,092	44,580	(18,488)	175,938	99,927	76,011

**(a) 3Q 2017 vs 3Q 2016**

The projects which contributed to revenue and gross profit in 3Q 2017 include *Eco Majestic*, *Eco Sanctuary* and *Eco Sky* in the Klang Valley, *Eco Botanic*, *Eco Spring*, *Eco Summer*, *Eco Business Park I*, *Eco Tropics* and *Eco Business Park III* in Iskandar Malaysia as well as *Eco Meadows* and *Eco Terraces* in Penang. These projects were also the contributors in 3Q 2016, except that they were then less advanced in terms of their stages of completion.

The higher revenue in 3Q 2017 compared to 3Q 2016 is due to a higher percentage of completion compounded by a higher number of sold units having attained the criteria for profit recognition.

The Group's profit before taxation ("PBT") of RM43.4 million for 3Q 2017 is lower than the RM66.8 million reported for 3Q 2016 mainly due to the following:

- i) finance costs incurred on new term loans taken to fund the investments in and advances to joint venture and associated companies; and
- ii) share of the initial losses incurred by joint venture companies (namely EWI, Eco Grandeur, Eco Ardence and BBCC) pending commencement of property development profit recognition.

## 1. Review of Group Performance (continued)

### (b) 3Q YTD 2017 vs 3Q YTD 2016

The higher revenue in 3Q YTD 2017 compared to 3Q YTD 2016 is due to a higher percentage of completion compounded by a higher number of sold units having attained the criteria for profit recognition.

The gross profit margin is however lower due to the commencement of income recognition from lower margin products (*Rumah Mampu Milik* and *Rumah Selangorku*) launched last year in compliance with the government's regulations on affordable housing.

PBT for 3Q YTD 2017 stands at RM225.0 million, substantially higher than the RM149.8 million recorded in 3Q YTD 2016 largely due to the inclusion of a gain on dilution of equity interest in Paragon Pinnacle which arose in 1Q 2017 - please refer to the 1Q 2017 results announcement for details.

Excluding the above mentioned gain, the PBT for 3Q YTD 2017 would have been RM130.2 million. This is lower than the RM149.8 million reported in 3Q YTD 2016 as a consequence of the finance costs incurred and share of initial losses incurred by joint venture companies as mentioned in 1 (a) above.

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

	3 MONTHS ENDED		Changes RM'000
	31/07/2017 RM'000	30/04/2017 RM'000	
Revenue	762,918	670,018	92,900
Gross profit	158,677	131,161	27,516
Share of results – joint venture			
- Malaysia	(5,220)	(5,256)	36
- International	(6,533)	2,433	(8,966)
Profit before interest and tax	64,743	64,548	195
Profit before tax	43,401	49,977	(6,596)
Profit net of tax	26,092	33,681	(7,589)
Profit attributable to owners of the Company	26,092	33,681	(7,589)

The 3Q 2017 revenue of RM762.9 million and gross profit of RM158.6 million are respectively RM92.9 million and RM27.5 million higher than in 2Q 2017 due to substantial handovers of sold units at *Eco Majestic, Eco Spring & Eco Summer* townships in 3Q2017.

However, the Group's 3Q 2017 PBT of RM43.4 million was RM6.6 million lower than that of 2Q 2017. This was primarily due to the finance costs and share of initial losses incurred by joint venture companies as mentioned in 1 (a) above.

### 3. Prospects for the Current Financial Year

Location of projects	No of launched projects	10 months ended 31.8.2017			As at 31.8.2017	
		Units launched	Units sold <sup>1</sup>	Sales value <sup>2</sup> RM'mil	Unbilled sales <sup>3</sup> RM'mil	
Klang Valley	6	1,262	1,931	1,802.7	3,103.4	
Iskandar Malaysia	7	626	716	525.1	1,319.7	
Penang	2	25	99	65.5	264.5	
<b>Malaysia</b>	<b>15</b>	<b>1,913</b>	<b>2,746</b>	<b>2,393.3</b>	<b>4,687.6</b>	
United Kingdom	3	-	221	1,310.0	1,245.4	
Australia	2	256	82	249.3	287.4	
<b>Overseas</b>	<b>5</b>	<b>256</b>	<b>303</b>	<b>1,559.3</b>	<b>1,532.8</b>	
<b>Total</b>	<b>20</b>	<b>2,169</b>	<b>3,049</b>	<b>3,952.6</b>	<b>6,220.4</b>	

<sup>1</sup> Includes sales of units from prior year launches

<sup>2</sup> Includes sales of joint ventures

<sup>3</sup> Includes Group's share of unbilled sales of joint ventures

The Board is pleased to announce that the Group achieved sales totalling RM772 million from its Malaysian projects under the EcoWorld Brand in 3Q 2017, which is 40% higher than the RM552 million achieved in 2Q 2017. Up to 31 August 2017, year-to-date Group sales amounted to RM2.393 billion, which is 9% higher than RM2.202 billion achieved in the corresponding period in FY2016.

The encouraging sales performance from ongoing projects is attributable to the following:

- Success of the group-wide “*My Happy Place*” campaign held from March – May 2017 followed by the “*My Happy Parents*” and “*Riang Ria Raya*” celebrations in June 2017. During this entire period, a wide variety of family friendly activities were held at all the Group’s project sites to showcase EcoWorld’s mission of building vibrant, happy, connected and cohesive communities within all its developments;
- Positive word-of-mouth and increased referrals arising from the strong engagement with customers achieved during the handover process which boosted sales especially for *Eco Majestic* in Semenyih and *Eco Spring, Eco Summer* and *Eco Tropics* in Iskandar Malaysia;
- The continued success of *Eco Sanctuary*. In the South-Eastern Klang Valley corridor, *Eco Sanctuary* continued to see good take-ups for its luxurious bungalows and semi-dees situated within its final landed, gated and guarded precinct which was launched at the start of this year;
- Joint-venture projects launched late last year, namely, *Eco Grandeur, Eco Ardence* and *BBCC*. In less than one year, these three new projects have locked-in cumulative sales of RM2.86 billion, out of which RM1.45 billion was achieved in FY2017.

In July-September 2017, the Group collaborated with the Star Media Group to organise the *#AnakAnakMalaysia* campaign. This is the third consecutive year that the Group has championed this meaningful nation building effort. Over 1 million unity wristbands sponsored by EcoWorld were distributed nationwide and worn with pride by Malaysians from all walks of life to express their love for the country.

This year, to commemorate our 60<sup>th</sup> year of Independence and Malaysia Day, EcoWorld commissioned an original anthem and music video entitled *#AnakAnakMalaysia, #AnakAnakGembira* to promote the message that Malaysians have much to celebrate and be happy about. The song’s catchy tune and lyrics coupled with a spirited performance by Team EcoWorld have garnered close to 7 million views to-date thus further boosting the Group’s social media presence.

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

The *#AnakAnakMalaysia Walk 2017* also drew record numbers - more than 6,000 participants gathered for the official event in Shah Alam which was graced by HRH Sultan Sharafuddin Idris Shah, the Sultan of Selangor. Thousands more are expected to take part in the unity walks organised by EcoWorld at its project sites.

Along with the *#AnakAnakMalaysia – A Taste of Malaysia* food fests, many new visitors, in particular young families, have been drawn to all our project sites in the Klang Valley, Iskandar Malaysia and Penang over the last two months.

This heightened awareness of the EcoWorld Brand bodes well for the upcoming launch of Group's three new projects, namely, *Eco Forest* and *Eco Business Park V* in the Klang Valley as well as *Eco Horizon* in Penang.

Preparations are well underway for the mega-launch. On 9 September 2017 the Group not only opened its latest sales gallery, the EcoWorld Gallery @ Eco Forest, Semenyih, but also unveiled a fully landscaped show village on site with eight distinctive show units to fully display the double storey homes that will be featured in Eco Forest's upcoming maiden launch.

Up north in Penang the EcoWorld Gallery @ Eco Horizon, Batu Kawan has been completed and will be welcoming its first visitors when the project hosts the final *#AnakAnakMalaysia Walk*.

Meanwhile, multiple networking and business focus-group events have been held in the Klang Valley to promote to industrialists, entrepreneurs and investors alike the unique features of the Eco Business Park series in preparation for EcoWorld's first such development in the Klang Valley, namely Eco Business Park V.

Based on the above, the Board is of the view that the Group remains well-positioned to achieve its sales target of RM4 billion from its Malaysian projects for FY2017. The achievement of the sales target will add on to the Group's unbilled sales which stands at RM6.22 billion as at 31 August 2017. This will enhance the Group's growth prospects going forward into FY2018 when projects undertaken by the Group's joint-ventures are expected to begin contributing to earnings.

As at 31 August 2017, the Group's land bank is as follows:-

Location of projects	No of projects	Land bank (acres) *	
		Original land size	Undeveloped
Klang Valley	8	4,661.7	3,330.9
Iskandar Malaysia	7	2,926.1	1,687.1
Penang	5	465.0	408.6
<b>Malaysia</b>	<b>20</b>	<b>8,052.8</b>	<b>5,426.6</b>
United Kingdom	3	13.0	-
Australia	2	1.7	-
<b>Overseas</b>	<b>5</b>	<b>14.7</b>	<b>-</b>
<b>Total</b>	<b>25</b>	<b>8,067.5</b>	<b>5,426.6</b>

\* Includes land bank of joint ventures (including acquisitions pending completion)

The Group's sizeable land bank in Malaysia is expected to contribute positively to its future prospects as the lands mature and increase in value as a result of the Group's investments in infrastructure and community building activities.

On the earnings front, the Group is expected to grow consistently as more projects reach a higher stage of completion. However, profits for the current financial year may be moderated due to the existing funding costs incurred and share of losses of joint ventures that have not attained the criteria for profit recognition as mentioned in 1(a) above. Nevertheless, based on the results achieved for the nine months to 31 July 2017 and having regard to the strategic decision made to invest in the respective joint-ventures, the Board believes that the performance of the Group for FY2017 will be satisfactory.

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

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

#### 5. Income Tax

Income Tax comprises:-

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2017	31/07/2016	31/07/2017	31/07/2016
	RM'000	RM'000	RM'000	RM'000
Current tax				
- for current quarter	43,969	14,020	78,357	68,956
- in respect of prior years	(33,572)	2,150	(27,874)	2,150
Deferred tax				
- for current quarter	(23,513)	9,827	(26,860)	(17,426)
- in respect of prior years	30,425	(3,821)	25,429	(3,818)
	<u>17,309</u>	<u>22,176</u>	<u>49,052</u>	<u>49,862</u>

The Group's effective tax rate for 3Q 2017 is higher than the statutory tax rate mainly due to certain non-tax deductible expenses.

The Group's effective tax rate for 3Q YTD 2017 is lower than the statutory tax rate because the gain arising from the dilution of the Group's interest in Paragon Pinnacle 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 7 September 2017, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report:-
- (i) On 22 September 2015, Paragon Pinnacle, 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 "the 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.

As the relevant conditions precedents relating to certain pieces of the Ijok Land have been fulfilled and in order to expedite the completion of the Proposed Ijok Land Acquisitions, Paragon Pinnacle 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:

<b>SPA</b>	<b>Completion Date</b>
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

As announced on 31 March 2017, the period to fulfil the remaining conditions precedent under SPAs 1B, 4B and 5 has been extended to expire on 31 December 2017; and

- (ii) 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 approved the Proposed Acquisitions.

On 23 March 2017, Eco Horizon and BKDSB mutually agreed to vary and supplement certain terms of Parcel A SPA in order to align the completion thereof with that of Parcel B SPA. On the same date, Eco Horizon fulfilled the Condition Precedent in the SPAs requiring Eco Horizon to obtain the approval of the EPU for the purchase of the Lands.

As announced on 15 August 2017, the Parcel A SPA and Parcel B SPA have become unconditional on 14 August 2017.

## 6. Status of Corporate Proposals (continued)

- (b) The following corporate proposal previously announced by the Company has been completed since the last interim financial report.

On 23 January 2017, the Company, the EPF and Eco Horizon entered into a subscription and shareholders' agreement ("the SSA"). Under the SSA, EPF agreed to participate in and subscribe for a 40%-equity interest in Eco Horizon ("the 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".

On 16 March 2017, the Company's shareholders approved the Proposed EPF Subscription.

The SSA became unconditional on 14 August 2017 and on 6 September 2017, the EPF completed the EPF Subscription by subscribing, via its wholly-owned subsidiary, Tanjung Wibawa Sdn Bhd, for 4,000,000 new ordinary shares in Eco Horizon representing 40% of its enlarged issued share capital.

## 7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 July 2017 and 31 October 2016 were as follows:-

	As at 31 July 2017		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b>Secured</b>			
Revolving credits	-	364,357	364,357
Term loans	1,721,516	87,917	1,809,433
Bridging loans	257,678	100,249	357,927
	<u>1,979,194</u>	<u>552,523</u>	<u>2,531,717</u>
<b>Unsecured</b>			
Revolving credits	-	592,500	592,500
Term loans	101,625	-	101,625
Overdraft	-	27,443	27,443
	<u>101,625</u>	<u>619,943</u>	<u>721,568</u>
	<u>2,080,819</u>	<u>1,172,466</u>	<u>3,253,285</u>
	As at 31 October 2016		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b>Secured</b>			
Revolving credits	-	191,918	191,918
Term loans	1,566,023	55,080	1,621,103
Bridging loans	377,338	53,334	430,672
	<u>1,943,361</u>	<u>300,332</u>	<u>2,243,693</u>
<b>Unsecured</b>			
Revolving credits	-	500,000	500,000
Term loans	101,625	-	101,625
Overdraft	-	16,585	16,585
	<u>101,625</u>	<u>516,585</u>	<u>618,210</u>
	<u>2,044,986</u>	<u>816,917</u>	<u>2,861,903</u>

## 7. Group Borrowings and Debt Securities (continued)

The weighted average interest rate at the end of the reporting period are as follows:

	As at 31 July 2017	As at 31 October 2016
	%	%
Floating interest rate	5.12	5.15
Fixed interest rate	5.29	5.29

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

The increase in borrowings is mainly to finance project expenditure and for working capital purposes.

## 8. Material Litigation

The Group was not engaged in any material litigation as at 7 September 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 9 months ended 31 July 2017.

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

Earnings per share has been calculated by dividing the Group's profit 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:

	<b>3 MONTHS ENDED</b>		<b>9 MONTHS ENDED</b>	
	<b>31/07/2017</b>	<b>31/07/2016</b>	<b>31/07/2017</b>	<b>31/07/2016</b>
Profit for the period attributable to owners of the Company (RM'000)	<u>26,092</u>	<u>44,580</u>	<u>175,938</u>	<u>99,927</u>
Number of ordinary shares at beginning of the period ('000)	2,944,368	2,364,265	2,749,692	2,364,265
Effect of shares issued pursuant to the Placement ('000)	<u>-</u>	<u>-</u>	<u>124,894</u>	<u>-</u>
Weighted average number of ordinary shares ('000)	<u>2,944,368</u>	<u>2,364,265</u>	<u>2,874,586</u>	<u>2,364,265</u>
Basic Earnings Per Ordinary Share (sen)	<u>0.89</u>	<u>1.89</u>	<u>6.12</u>	<u>4.23</u>

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.

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

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2017	31/07/2016	31/07/2017	31/07/2016
Profit for the period attributable to owners of the Company (RM'000)	26,092	44,580	175,938	99,927
Weighted average number of ordinary shares for basic Earnings Per Ordinary Share ('000)	2,944,368	2,364,265	2,874,586	2,364,265
Effect of potential exercise of Warrants ('000)	#	#	#	#
Weighted average number of ordinary shares ('000)	2,944,368	2,364,265	2,874,586	2,364,265
Diluted Earnings Per Ordinary Share (sen) *	0.89	1.89	6.12	4.23

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

	31/07/2017 RM'000	31/10/2016 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	387,803	252,838
- Unrealised	47,572	53,279
	<u>435,375</u>	<u>306,117</u>
Total share of accumulated losses from joint ventures:		
- Realised	(47,404)	(18,920)
- Unrealised	13,430	4,135
	<u>(33,974)</u>	<u>(14,785)</u>
Total share of accumulated losses from an associate:		
- Realised	(533)	-
- Unrealised	-	-
	<u>(533)</u>	<u>-</u>
Consolidation adjustments	20,735	(45,667)
Total Group retained profits as per consolidated accounts	<u>421,603</u>	<u>245,665</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 2016 were unqualified.

## 13. Provision of Financial Assistance

	<b>9 MONTHS ENDED 31/07/2017 RM'000</b>
i) Advances (net of repayment) provided to:-	
- BBCC Development Sdn Bhd	18,175
- Paragon Pinnacle	(4,014)
	=====
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 development costs	333,000
	=====
	<b>As at 31/07/2017 RM'000</b>
iii) Guarantees given by the Group to secure the repayment of all sums of monies due, owing, unpaid or outstanding by Paragon Pinnacle to the EPF	191,466
	=====

There is no material impact on the earnings and net tangible assets of the Group for the 9 months ended 31 July 2017.

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

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

	<b>3 MONTHS ENDED 31/07/2017 RM'000</b>	<b>9 MONTHS ENDED 31/07/2017 RM'000</b>
Interest income	5,319	20,905
Gain arising from dilution of equity interest in Paragon Pinnacle	-	94,788
Other income including investment income	(2,794)	13,039
Interest expense	(21,342)	(47,431)
Depreciation and amortisation	(6,308)	(17,388)
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)	12	(171)
Gain or loss on derivatives	-	-
Exceptional items	-	-
	<u>                    </u>	<u>                    </u>

By order of the Board  
Chua Siew Chuan  
Company Secretary