

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

Interim Financial Report
31 January 2018

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Interim Financial Report - 31 January 2018

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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 JANUARY 2018

(The figures have not been audited)

	3 MONTHS ENDED	
	31 JANUARY 2018	31 JANUARY 2017
	RM'000	RM'000
Revenue	563,591	592,714
Cost of sales	(446,041)	(466,382)
Gross profit	<u>117,550</u>	<u>126,332</u>
Other income	13,319	110,319
Selling and marketing expenses	(9,140)	(12,094)
Administrative expenses	(58,885)	(76,641)
Finance costs	(22,749)	(11,518)
Share of results in an associate, net of tax	(162)	(173)
Share of results in joint ventures, net of tax	(36)	(4,613)
Profit before tax	<u>39,897</u>	<u>131,612</u>
Income tax expense	(15,809)	(15,447)
Profit net of tax	<u>24,088</u>	<u>116,165</u>
Other comprehensive profit/(loss), net of tax		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operation	1,600	124
Share of other comprehensive income of joint ventures	(10,074)	-
Total comprehensive income for the period	<u>15,614</u>	<u>116,289</u>
Profit net of tax attributable to:		
Owners of the Company	24,088	116,165
Non-controlling interests	-	-
	<u>24,088</u>	<u>116,165</u>
Total comprehensive income attributable to:		
Owners of the Company	15,614	116,289
Non-controlling interests	-	-
	<u>15,614</u>	<u>116,289</u>
Earnings per share attributable to owners of the Company:		
Basic earnings per share (sen)	<u>0.82</u>	<u>4.17</u>
Diluted earnings per share (sen) *	<u>0.82</u>	<u>4.17</u>

* *Anti-dilutive*

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 October 2017 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 2018

	As At 31 JANUARY 2018 Unaudited RM'000	As At 31 OCTOBER 2017 Audited RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	230,316	227,942
Investment properties	19,192	19,149
Land held for property development	3,905,593	3,900,199
Investment in an associate	15,207	12,127
Investment in joint ventures	1,130,612	1,139,208
Amount due from joint ventures	526,694	507,520
Deferred tax assets	92,465	78,743
	<u>5,920,079</u>	<u>5,884,888</u>
Current assets		
Property development costs	2,545,860	2,431,575
Gross amount due from customer	6,882	6,882
Inventories	24,707	24,707
Current tax assets	36,476	46,999
Trade and other receivables	949,580	1,021,386
Deposits	75,909	119,388
Cash and bank balances	415,059	314,436
	<u>4,054,473</u>	<u>3,965,373</u>
TOTAL ASSETS	<u>9,974,552</u>	<u>9,850,261</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	3,614,865	3,614,865
Warrants reserve	194,395	194,395
Foreign currency translation reserve	(9,015)	(541)
Retained earnings	479,403	455,315
Total equity	<u>4,279,648</u>	<u>4,264,034</u>
Non-current liabilities		
Long term borrowings	2,239,525	2,202,608
Other payables	-	92,671
Deferred tax liabilities	36,196	48,563
	<u>2,275,721</u>	<u>2,343,842</u>
Current liabilities		
Trade and other payables	1,965,664	1,946,382
Bank overdrafts	27,032	26,497
Short term borrowings	1,394,543	1,250,466
Current tax liabilities	31,944	19,040
	<u>3,419,183</u>	<u>3,242,385</u>
Total liabilities	<u>5,694,904</u>	<u>5,586,227</u>
TOTAL EQUITY AND LIABILITIES	<u>9,974,552</u>	<u>9,850,261</u>
Net Assets Per Share Attributable to Owners of the Company (RM)	<u>1.45</u>	<u>1.45</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 October 2017 and the accompanying explanatory notes.)

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2018
(The figures have not been audited)

	←——— Attributable to Equity Holders of the Company ———→					Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Foreign currency translation reserve RM'000	Distributable Retained earnings RM'000	
At 1 November 2017	3,614,865	-	194,395	(541)	455,315	4,264,034
Profit for the period	-	-	-	-	24,088	24,088
Other comprehensive loss	-	-	-	(8,474)	-	(8,474)
At 31 January 2018	3,614,865	-	194,395	(9,015)	479,403	4,279,648
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

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 October 2017 and the accompanying explanatory notes.)

ECO WORLD DEVELOPMENT GROUP BERHAD

(Company No: 17777-V)

(Incorporated in Malaysia)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 31 JANUARY 2018

(The figures have not been audited)

	3 MONTHS ENDED	
	31 JANUARY 2018 RM'000	31 JANUARY 2017 RM'000
Operating activities		
Profit before tax	39,897	131,612
Adjustments for :		
Non-cash items	8,835	(84,291)
Non-operating items	14,492	2,093
Operating cash flows before changes in working capital	63,224	49,414
Changes in property development expenditure	(35,083)	(36,748)
Changes in gross amount due from customer	-	(6,112)
Changes in inventories	-	176
Changes in receivables	73,652	98,129
Changes in payables	13,055	(83,059)
Cash flows used in operations	114,848	21,800
Interest received	1,635	1,526
Interest paid	(36,152)	(29,969)
Net income taxes paid	(18,470)	(27,289)
Net cash flows from/(used in) operating activities	61,861	(33,932)
Investing activities		
Additions to land held for property development	(154,740)	(162,838)
Purchase of property, plant and equipment and investment properties	(8,443)	(4,862)
Proceeds from disposal of property, plant and equipment	63	683
Development expenditure paid	(87)	(384)
Disposal of a subsidiary company	-	(11,252)
Acquisition of an associate	-	*
Additional investment in associate	(3,242)	-
(Advances to)/Repayment from joint ventures	(10,000)	23,118
Advances to an associate	-	(7,440)
Other investments	(5,780)	(6,054)
Net cash flows used in investing activities	(182,229)	(169,029)
Financing activities		
Proceeds from issue of shares by the Company	-	61,100
Drawdown of bank borrowings	273,975	205,718
Repayment of bank borrowings	(93,990)	(183,411)
Interest paid	(9,358)	(2,730)
Net cash flows generated from financing activities	170,627	80,677
Net decrease in cash and cash equivalents	50,259	(122,284)
Effect of exchange rate changes	(56)	(18)
Cash and cash equivalents at 1 November 2017 / 2016	308,160	482,081
Cash and cash equivalents at 31 January 2018 / 2017	358,363	359,779
Cash and cash equivalents comprise the following:		
Deposits	75,909	280,138
Cash and bank balances	415,059	178,187
Bank overdrafts	(27,032)	(16,201)
	463,936	442,124
Less: Deposit pledged, Debt Service Reserve, Redemption Accounts and Escrow Accounts	(105,573)	(82,345)
	358,363	359,779

* 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 2017.

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 2017 except as follows:

Adoption of the following Amendments to FRSs, which are relevant and effective for annual periods beginning on or after 1 January 2017:-

FRS 12	Disclosures of Interests in Other Entities
FRS 107	Statement of Cash Flows
FRS 112	Income Taxes

2. Seasonal or Cyclical Factors

The business operations of the Group during the 3 months ended 31 January 2018 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 3 months ended 31 January 2018.

4. Changes in Estimates

There were no material changes in estimates for the 3 months ended 31 January 2018.

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 3 months ended 31 January 2018.

6. Dividends Paid

There was no payment of dividend during the 3 months ended 31 January 2018.

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 2018 till 23 March 2018 (the latest practicable date which is not earlier than 6 days from the date of issue of this interim financial report), except as disclosed in Note 6(b) on page 11.

9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the 3 months ended 31 January 2018.

10. Contingent Liabilities

There were no changes in contingent liabilities since the date of the latest audited financial statements.

11. Commitments

	As at 31/01/2018 RM'000
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	68,390
Commitment to purchase 70% equity interest in Zaman Azali Security Services Sdn Bhd	370
Commitment to acquire properties, plant and equipment	38,191
Commitment to fund development costs of joint ventures	<u>142,375</u>

12. Significant Related Party Transactions

	3 MONTHS ENDED 31/01/2018 RM'000
(i) Transactions with shareholders/directors of the Company and subsidiary companies, and companies in which they have interests	
- Rental paid and payable to companies in which a director has interest	<u>63</u>
(ii) Transactions with joint ventures	
- Advances given	10,000
- Interest received and receivable	9,353
- Disposal of motor vehicles	104
- Development management fees received and receivable	8,771
- Brand licensing fees received and receivable	749
- Advisory fees received and receivable	116
- Support service fees received and receivable	26
- Commission charged	84
- Rental charged	132
- Staff secondment fees received and receivable	<u>4,734</u>
(iii) Transactions with an associate	
- Subscription of redeemable preference shares	<u>3,242</u>

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

1. Review of Group Performance

	3 MONTHS ENDED		Changes RM'000
	31/01/2018 RM'000	31/01/2017 RM'000	
Revenue	563,591	592,714	(29,123)
Gross profit	117,550	126,332	(8,782)
FRS 10 gain (on deemed disposal of a subsidiary)	-	94,788	(94,788)
Share of results – joint ventures			
- Malaysia	4,339	(4,613)	8,952
- International	(4,375)	-	(4,375)
Profit before interest, tax and FRS 10 gain (Core EBIT)	62,646	48,342	14,304
Profit before tax	39,897	131,612	(91,715)
Profit net of tax	24,088	116,165	(92,077)
Profit attributable to owners of the Company	24,088	116,165	(92,077)

The projects which contributed to revenue and gross profit in 1Q 2018 include *Eco Majestic*, *Eco Sanctuary* and *Eco Sky* in the Klang Valley, *Eco Botanic*, *Eco Spring*, *Eco Summer*, *Eco Business Park 1*, *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 main contributors in 1Q 2017.

The lower revenue and gross profit in 1Q 2018 is mainly attributable to the large number (close to 4,000 units) of completed properties progressively handed over at *Eco Sky*, *Eco Majestic*, *Eco Botanic*, *Eco Spring*, *Eco Summer* and *Eco Tropics* beginning from 2Q to 4Q 2017. This has reduced the revenue and profit contribution from these projects in 1Q 2018.

The higher profit before tax in 1Q 2017 as compared to 1Q 2018 is mainly attributable to:

- (i) 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 in 1Q 2017; and
- (ii) lower interest expense incurred to finance the Group’s investments in its joint-ventures given that the Group’s 27% stake in EcoWorld International was only acquired in 2Q 2017.

Excluding the impact of the above, Core EBIT rose 29.6% from RM48.3 million in 1Q 2017 to RM62.6 million in 1Q 2018. The steady growth in Core EBIT arose as a result of the following:

- Lower selling and marketing expenses due to increase use of social media platforms to connect with the Group’s customers and more localised marketing activities led by the Group’s EcoWorld Residence Clubs, especially at projects which have achieved 1st handover;
- Lower administrative expenses following implementation of cost-saving initiatives at both Group-wide and project levels; and
- Higher share of profits from the Group’s Malaysian joint ventures (“JV”) following commencement of profit recognition, namely *Eco Ardence* and *Eco Grandeur*.

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

	3 MONTHS ENDED		Changes RM'000
	31/01/2018 RM'000	31/10/2017 RM'000	
Revenue	563,591	899,015	(335,424)
Gross profit	117,550	189,388	(71,838)
Gain on deemed disposal of a subsidiary	-	1,812	(1,812)
Share of results – joint ventures			
- Malaysia	4,339	(2,921)	7,260
- International	(4,375)	(8,791)	4,416
Profit before interest, tax and FRS 10 gain (Core EBIT)	62,646	78,171	(15,525)
Profit before tax	39,897	57,623	(17,726)
Profit net of tax	24,088	33,712	(9,624)
Profit attributable to owners of the Company	24,088	33,712	(9,624)

Apart from the reasons mentioned in item 1 above, 1Q 2018 revenue and gross profits were lower than 4Q 2017 due to slower progress of works typically experienced during the year-end holidays and festive season. Profit net of tax was lower by a smaller percentage due to seasonally lower selling and marketing expenses, reduced administrative expenses and substantially lower net share of losses from joint-ventures following commencement of profit recognition by two of the Group's Malaysian JV projects.

3. Prospects for the Current Financial Year

Location of projects	No of launched projects ²	4 months ended 28.02.2018			Cumulative sales ² RM'mil	As at 28.02.2018 Unbilled sales ³ RM'mil
		Units launched ²	Units sold ^{1,2}	Sales value ² RM'mil		
Klang Valley	8	318	310	378	8,771	3,189
Iskandar Malaysia	7	23	222	177	5,079	1,067
Penang	3	154	46	47	781	399
Malaysia	18	495	578	602	14,631	4,655
United Kingdom	3	-	47	206	6,625	1,311
Australia	2	-	15	37	1,103	280
Overseas	5	-	62	243	7,728	1,591
Total	23	495	640	845	22,359	6,246

¹ Includes sales of units from prior year launches

² Includes projects and sales (by units & value) of joint ventures

³ Includes Group's share of unbilled sales of joint ventures

The Group achieved sales of RM500 million in 1Q 2018 which increased to RM602 million as at 28 February 2018 on its Malaysian projects. Whilst this is lower than the sales achieved in the first four months of FY2017, it is consistent with a seasonally slower period for property sales in the lead up to Christmas until Chinese New Year. The continued difficulties faced by buyers in obtaining the desired margin of finance also resulted in higher sales cancellations on some projects – this reduced the amount of sales (net of cancellations) reported up to 28 February 2018.

3. Prospects for the Current Financial Year (continued)

Despite the slower start, management remains optimistic that sales will improve in the next few quarters of FY2018. This is based on an encouraging pick-up in sales interest following the success of the Group's "Bridging Hearts with Love" Chinese New Year campaign and numerous other marketing events held at its various project sites to usher in the lunar new year. All our projects in the Klang Valley, Iskandar Malaysia and Penang saw good crowds visiting our sales galleries and show villages during the month-long festivities and positive reviews were received from both residents and visitors on the quality of life offered at our various projects that have been handed over.

In the upcoming months the Group will also be launching a Group-wide campaign under the banner of "Celebrating Beyond Tomorrow" in conjunction with the 5th anniversary of the EcoWorld brand. This campaign will highlight the unique features of each development, value creation investments in infrastructure and amenities as well as the community building networks that have been put in place to meet customers' lifestyle needs and aspirations. Targeted customer-focused activities will be organised at every project site to showcase what has been achieved and the Group's ongoing efforts to make its developments the most liveable in the country.

Preparations are also underway for the upcoming maiden handover of properties at *Eco Sanctuary* in the Klang Valley, *Eco Meadows* in Penang and *Eco Business Park III* in Iskandar Malaysia. *Eco Botanic*, *Eco Spring*, *Eco Summer* and *Eco Tropics* in Iskandar Malaysia as well as *Eco Sky* and *Eco Majestic* in the Klang Valley will also be continuing to deliver subsequent phases of properties sold to customers. In total, the Group is on track to complete another 4,700 properties this year. The care taken during each handover process and attention to detail paid to create the best living conditions for our customers have generated much long-term goodwill for the EcoWorld brand as a whole.

Premised on the above and other plans which will be unveiled progressively in due course, the Group is maintaining its sales target of RM3.5 billion to be achieved from its Malaysian projects in FY2018. Outside Malaysia, EcoWorld International made significant progress towards realising its ambitions to become a local UK developer following the completion of the Stage 1 Acquisitions of its joint-venture with Be Living Holdings Limited (Be Living) as announced on 19 March 2018.

This added 6 new sites to its existing 3 projects and enabled EcoWorld International to gain access to 14.1 acres of land bank with the potential to develop approximately 4,300 residential units in Greater London and the south east of England. To be priced between GBP500 psf to GBP800 psf, the new sites will enable the Group to break into the mid-mainstream segment of the London property market where local demand currently exceeds supply.

5 out of the 6 sites have secured planning consent which will enable the projects to be launched within the next 1-2 years. In addition, several projects have launched phases which can be made available for sale within the current financial year. EcoWorld International is also planning to pursue the forward sale of one or two Build-to-Rent (BTR) blocks within the other projects which will further contribute towards the Group's sales performance for FY2018.

Based on additional sales to be achieved from the new Be Living sites, EcoWorld International has raised its sales target for FY2018 from RM2 billion to RM3.0 billion.

3. Prospects for the Current Financial Year (continued)

As at 31 January 2018, the Group's land bank is as follows:-

Location of projects	No of projects	Land bank (acres)	
		Original land size	Undeveloped
Klang Valley	8	4,735.3*	3,116.1*
Iskandar Malaysia	7	2,926.1	1,608.7
Penang	5	465.0*	332.4*
Malaysia	20	8,126.4	5,057.2
United Kingdom **	3	12.7	-
Australia	2	1.7	-
Overseas	5	14.4	-
Total	25	8,140.8	5,057.2

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

** Number of projects in the UK has increased to 9 in March 2018 and will potentially increase to 15 subject to completion of the Be Living Stage 2 Acquisitions by EcoWorld International

The Group's sizeable and increasingly matured land bank in Malaysia along with the brand's growing presence in the UK is expected to contribute positively to its future prospects. With 18 out of 20 projects in Malaysia already launched and 6 new projects in the UK, the Group is well-positioned to grow from strength to strength as it works to further unlock the value of its Malaysian landbank and increase the breadth, depth and resilience of its overseas business under EcoWorld International.

4. Variance of Actual Profit from Forecast Profit

There were no profit forecast published as at 31 January 2018.

5. Income Tax

Income Tax comprises:-

	3 MONTHS ENDED	
	31/01/2018	31/01/2017
	RM'000	RM'000
Current tax		
- for current quarter	42,070	18,256
- in respect of prior years	(173)	5,698
Deferred tax		
- for current quarter	(26,393)	(3,306)
- in respect of prior years	305	(5,201)
	<u>15,809</u>	<u>15,447</u>

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

6. Status of Corporate Proposals

The following are the corporate proposals that have been announced by the Company and which were not yet completed as at 23 March 2018, the latest practicable date which is not earlier than 6 days from the date of issue of this interim financial report:-

- (a) 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, including 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.

The status of the respective SPAs are as follows:

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

As announced on 20 December 2017, the period to fulfil the remaining conditions precedent under SPA 5 has been extended to 30 September 2018; and

- (b) Eco Botanic Sdn Bhd (“Eco Botanic”), a wholly-owned subsidiary of the Group, has on 23 March 2018 (“First Issuance Date”), issued RM150.0 million MTNs in nominal value with a tenure of three (3) to five (5) years under the Medium Term Notes Programme of up to RM250 million in nominal value (“MTN Programme”) out of which RM100.0 million of the MTNs are guaranteed by Danajamin Nasional Berhad.

The MTN Programme has a tenure of seven (7) years from the First Issuance Date. The tenure of each MTN to be issued under the MTN Programme shall be between one (1) year and up to seven (7) years, provided always that the relevant MTN matures on or prior to the expiry of the MTN Programme.

The proceeds from the issuance of the MTNs will be utilised by Eco Botanic to part-finance the development costs including infrastructure costs, working capital requirements and the settlement of development rights consideration for its projects located at Eco Botanic, Iskandar Malaysia, and to defray fees and expenses in relation to the establishment of the MTN Programme.

7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 January 2018 and 31 October 2017 were as follows:-

	As at 31 January 2018		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Revolving credits	15,000	501,724	516,724
Term loans	1,639,163	143,249	1,782,412
Bridging loans	234,241	117,070	351,311
	<u>1,888,404</u>	<u>762,043</u>	<u>2,650,447</u>
Unsecured			
Revolving credits	-	632,500	632,500
Term loans	101,625	-	101,625
Medium term notes	249,496	-	249,496
Overdraft	-	27,032	27,032
	<u>351,121</u>	<u>659,532</u>	<u>1,010,653</u>
	<u>2,239,525</u>	<u>1,421,575</u>	<u>3,661,100</u>
	As at 31 October 2017		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Revolving credits	15,000	398,819	413,819
Term loans	1,635,158	116,962	1,752,120
Bridging loans	201,356	132,185	333,541
	<u>1,851,514</u>	<u>647,966</u>	<u>2,499,480</u>
Unsecured			
Revolving credits	-	602,500	602,500
Term loans	101,625	-	101,625
Medium term notes	249,469	-	249,469
Overdraft	-	26,497	26,497
	<u>351,094</u>	<u>628,997</u>	<u>980,091</u>
	<u>2,202,608</u>	<u>1,276,963</u>	<u>3,479,571</u>

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

	As at 31 January 2018	As at 31 October 2017
	%	%
Floating interest rate	5.34	5.28
Fixed interest rate	6.15	6.15

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 23 March 2018 (the latest practicable date which is not earlier than 6 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 2018.

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:

	3 MONTHS ENDED	
	31/01/2018	31/01/2017
Profit for the period attributable to owners of the Company (RM'000)	24,088	116,165
Number of ordinary shares at beginning of the period ('000)	2,944,369	2,749,692
Effect of shares issued pursuant to the Placement ('000)	-	35,761
Weighted average number of ordinary shares ('000)	2,944,369	2,785,453
Basic Earnings Per Ordinary Share (sen)	0.82	4.17

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	
	31/01/2018	31/01/2017
Profit for the period attributable to owners of the Company (RM'000)	24,088	116,165
Weighted average number of ordinary shares for basic Earnings Per Ordinary Share ('000)	2,944,369	2,785,453
Effect of potential exercise of Warrants ('000)	#	#
Weighted average number of ordinary shares ('000)	2,944,369	2,785,453
Diluted Earnings Per Ordinary Share (sen) *	0.82	4.17

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. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 31 October 2017 were unqualified.

12. Provision of Financial Assistance

	3 MONTHS ENDED 31/01/2018 RM'000
i) Advances provided to Eco Horizon	10,000 =====
ii) Guarantee, indemnity, undertaking, provision of collateral for a debt or assumption of financial obligation, in whatsoever manner by the Group to the respective financier 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 land and development costs	230,000 =====
	As at 31/01/2018 RM'000
iii) Guarantees given by the Group to secure the repayment by the following joint venture companies of all sums of monies due, owing, unpaid or outstanding to Tanjung Wibawa:	
- Paragon Pinnacle	278,211
- Eco Horizon	267,893 =====

There is no material impact on the earnings and net tangible assets of the Group for the 3 months ended 31 January 2018.

13. Notes to the Statement of Comprehensive Income

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

	3 MONTHS ENDED 31/01/2018 RM'000
Interest income	7,236
Other income including investment income	6,062
Interest expense	(22,749)
Depreciation and amortisation	(5,882)
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)	(1,720)
Gain or loss on derivatives	-
Exceptional items	-

By order of the Board
Chua Siew Chuan
Company Secretary
29 March 2018