

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

**Interim Financial Report**  
**30 April 2018**

**ECO WORLD DEVELOPMENT GROUP BERHAD**  
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**Interim Financial Report - 30 April 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 30 APRIL 2018**

*(The figures have not been audited)*

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 APRIL 2018	30 APRIL 2017	30 APRIL 2018	30 APRIL 2017
	RM'000	RM'000	RM'000	RM'000
Revenue	498,686	670,018	1,062,277	1,262,732
Cost of sales	(386,745)	(538,857)	(832,786)	(1,005,239)
<b>Gross profit</b>	<b>111,941</b>	<b>131,161</b>	<b>229,491</b>	<b>257,493</b>
Other income	12,717	15,915	26,036	126,234
Selling and marketing expenses	(10,089)	(20,030)	(19,229)	(32,124)
Administrative expenses	(42,204)	(59,417)	(101,089)	(136,058)
Finance costs	(23,045)	(14,571)	(45,794)	(26,089)
Share of results in an associate, net of tax	(12)	(258)	(174)	(431)
Share of results in joint ventures, net of tax	1,141	(2,823)	1,105	(7,436)
<b>Profit before tax</b>	<b>50,449</b>	<b>49,977</b>	<b>90,346</b>	<b>181,589</b>
Income taxation expense	(15,996)	(16,296)	(31,805)	(31,743)
Profit net of tax	34,453	33,681	58,541	149,846
<b>Other comprehensive profit/(loss), net of tax</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operation	(9,934)	(15)	(18,408)	109
<b>Total comprehensive income for the period/year</b>	<b>24,519</b>	<b>33,666</b>	<b>40,133</b>	<b>149,955</b>
<b>Profit net of tax attributable to:</b>				
Owners of the Company	34,453	33,681	58,541	149,846
Non-controlling interests	-	-	-	-
	<b>34,453</b>	<b>33,681</b>	<b>58,541</b>	<b>149,846</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	24,519	33,666	40,133	149,955
Non-controlling interests	-	-	-	-
	<b>24,519</b>	<b>33,666</b>	<b>40,133</b>	<b>149,955</b>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic earnings per share (sen)	1.17	1.16	1.99	5.28
Diluted earnings per share (sen) *	1.17	1.16	1.99	5.28

\* 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 30 APRIL 2018**

	<b>As At 30 APRIL 2018 UNAUDITED RM'000</b>	<b>As At 31 OCTOBER 2017 AUDITED RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	231,756	227,942
Investment properties	19,294	19,149
Land held for property development	3,918,342	3,900,199
Investment in an associate	55,663	12,127
Investment in joint ventures	1,101,887	1,139,208
Amount due from joint ventures	566,410	507,520
Deferred tax assets	91,558	78,743
	<u>5,984,910</u>	<u>5,884,888</u>
<b>Current assets</b>		
Property development costs	2,574,065	2,431,575
Gross amount due from customer	6,882	6,882
Inventories	81,529	24,707
Trade and other receivables	895,437	1,021,386
Current tax assets	36,171	46,999
Deposits	109,888	119,388
Cash and bank balances	395,580	314,436
	<u>4,099,552</u>	<u>3,965,373</u>
<b>TOTAL ASSETS</b>	<u>10,084,462</u>	<u>9,850,261</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	3,614,865	3,614,865
Warrants reserve	194,395	194,395
Foreign currency translation reserve	(18,949)	(541)
Retained earnings	513,856	455,315
<b>Total equity</b>	<u>4,304,167</u>	<u>4,264,034</u>
<b>Non-current liabilities</b>		
Long term borrowings	2,192,407	2,202,608
Other payables	-	92,671
Finance lease obligations	170	-
Deferred tax liabilities	40,094	48,563
	<u>2,232,671</u>	<u>2,343,842</u>
<b>Current liabilities</b>		
Trade and other payables	1,883,970	1,946,382
Bank overdrafts	25,521	26,497
Short term borrowings	1,613,004	1,250,466
Finance lease obligations	37	-
Current tax liabilities	25,092	19,040
	<u>3,547,624</u>	<u>3,242,385</u>
<b>Total liabilities</b>	<u>5,780,295</u>	<u>5,586,227</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>10,084,462</u>	<u>9,850,261</u>
<b>Net Assets Per Share Attributable to Owners of the Company (RM)</b>	<u>1.46</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 30 APRIL 2018**  
*(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
<b>At 1 November 2017</b>	3,614,865	-	194,395	(541)	455,315	4,264,034
Profit for the period	-	-	-	-	58,541	58,541
Other comprehensive loss	-	-	-	(18,408)	-	(18,408)
<b>At 30 April 2018</b>	3,614,865	-	194,395	(18,949)	513,856	4,304,167
<b>At 1 November 2016</b>	1,374,846	1,971,010	194,395	786	245,665	3,786,702
Profit for the period	-	-	-	-	149,846	149,846
Other comprehensive income	-	-	-	109	-	109
Issuance of ordinary shares - Placement	231,419	37,600	-	-	-	269,019
Effects from adoption of Companies Act 2016	2,008,610	(2,008,610)	-	-	-	-
<b>At 30 April 2017</b>	3,614,875	-	194,395	895	395,511	4,205,676

(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.)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 30 APRIL 2018

*(The figures have not been audited)*

	6 MONTHS ENDED	
	30 APRIL 2018	30 APRIL 2017
	RM'000	RM'000
<b>Operating activities</b>		
Profit before tax	90,346	181,589
Adjustments for :		
Non-cash items	14,982	(74,971)
Non-operating items	29,060	9,636
Operating cash flows before changes in working capital	134,388	116,254
Changes in property development expenditure	(40,908)	(219)
Changes in gross amount due from customer	-	(6,377)
Changes in inventories	(100)	176
Changes in receivables	119,628	71,938
Changes in payables	(71,304)	48,121
Cash flows generated from operations	141,704	229,893
Interest received	3,190	2,886
Interest paid	(81,276)	(62,576)
Net income taxes paid	(36,209)	(43,492)
<b>Net cash flows generated from operating activities</b>	<b>27,409</b>	<b>126,711</b>
<b>Investing activities</b>		
Additions to land held for property development	(215,365)	(515,333)
Purchase of property, plant and equipment and investment properties	(16,000)	(9,935)
Proceeds from disposal of property, plant and equipment	89	693
Development expenditure paid	(354)	(2,856)
Disposal of a subsidiary company	-	(11,252)
Acquisition of a joint venture	-	(777,600)
Acquisition of an associate	-	*
Additional investment in an associate	(43,710)	(11,314)
(Advances to)/Repayment from joint ventures	(35,000)	26,206
Reduction in purchase consideration for acquisition of a joint venture	19,164	-
Other investments	(10,445)	14,319
<b>Net cash flows used in investing activities</b>	<b>(301,621)</b>	<b>(1,287,072)</b>
<b>Financing activities</b>		
Proceeds from issue of shares by the Company	-	269,019
Drawdown of bank borrowings	589,286	938,079
Repayment of bank borrowings	(235,473)	(336,409)
Interest paid	(18,990)	(7,675)
<b>Net cash flows generated from financing activities</b>	<b>334,823</b>	<b>863,014</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>60,611</b>	<b>(297,347)</b>
<b>Effect of exchange rate changes</b>	<b>(45)</b>	<b>31</b>
<b>Cash and cash equivalents at 1 November 2017 / 2016</b>	<b>308,160</b>	<b>482,081</b>
<b>Cash and cash equivalents at 30 April 2018 / 2017</b>	<b>368,726</b>	<b>184,765</b>
<b>Cash and cash equivalents comprise the following:</b>		
Deposits	109,888	67,333
Cash and bank balances	395,580	205,767
Bank overdrafts	(25,521)	(24,208)
	479,947	248,892
Less: Deposit pledged, Debt Service Reserve, Redemption Accounts and Escrow Accounts	(111,221)	(64,127)
	368,726	184,765

\* 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 2017 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 6 months ended 30 April 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 6 months ended 30 April 2018.

### 4. Changes in Estimates

There were no material changes in estimates for the 6 months ended 30 April 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 6 months ended 30 April 2018, except for the issuance of the unrated Medium Term Notes (“MTN”) with a nominal value of RM150 million by Eco Botanic Sdn Bhd, a wholly owned subsidiary of the Company on 23 March 2018. RM100.0 million out of the RM150 million MTNs are guaranteed by Danajamin Nasional Berhad.

## 6. Dividends Paid

There was no payment of dividend during the 6 months ended 30 April 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 30 April 2018 till 21 June 2018 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report).

## 9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the 6 months ended 30 April 2018.

## 10. Contingent Liabilities

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

## 11. Commitments

	<b>As at 30/04/2018 RM'000</b>
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	27,922
Commitment to acquire properties, plant and equipment	35,028
Commitment to fund development costs of joint ventures	<u>117,375</u>



## 12. Significant Related Party Transactions

**6 MONTHS  
ENDED  
30/04/2018  
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	126
(ii) Transactions with joint ventures	
- Advances given	35,000
- Interest received and receivable	19,028
- Disposal of motor vehicles	129
- Purchase of furniture	23
- Development management fees received and receivable	23,475
- Brand licensing fees received and receivable	1,892
- Advisory fees received and receivable	116
- Commission charged	40
- Rental charged	264
- Staff secondment fees received and receivable	9,811
- Support service fees received and receivable	51
(iii) Transactions with an associate	
- Subscription of redeemable preference shares	43,710

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

**1. Review of Group Performance**

	3 MONTHS ENDED			6 MONTHS ENDED		
	30/04/2018 RM'000	30/04/2017 RM'000	Changes RM'000	30/04/2018 RM'000	30/04/2017 RM'000	Changes RM'000
Revenue	498,686	670,018	(171,332)	1,062,277	1,262,732	(200,455)
Gross profit	111,941	131,161	(19,220)	229,491	257,493	(28,002)
FRS 10 gain (on deemed disposal of a subsidiary)	-	-	-	-	94,788	(94,788)
Share of results – joint venture						
- Malaysia	8,992	(5,256)	14,248	13,331	(9,869)	23,200
- International	(7,851)	2,433	(10,284)	(12,226)	2,433	(14,659)
Profit before interest, tax and FRS 10 gain (Core EBIT)	73,494	64,548	8,946	136,140	112,890	23,250
Profit before tax	50,449	49,977	472	90,346	181,589	(91,243)
Profit net of tax	34,453	33,681	772	58,541	149,846	(91,305)
Profit attributable to owners of the Company	34,453	33,681	772	58,541	149,846	(91,305)

**(a) 2Q 2018 vs 2Q 2017**

The projects which contributed to revenue and gross profit in 2Q 2018 include *Eco Majestic*, *Eco Sanctuary* and *Eco Sky* in the Klang Valley, *Eco Botanic*, *Eco Spring*, *Eco Summer*, *Eco Business Park I*, *Eco Business Park II*, *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 2Q 2017.

Similar to 1Q 2018, the lower revenue and gross profit in 2Q 2018 arose mainly because the majority of the projects undertaken by the Group's subsidiaries have handed over the initial phases of properties sold – since 2Q 2017, close to 7,500 units have been / are in the process of being delivered to customers.

Going forward, the Group's profit will increasingly be derived from projects undertaken by its various joint-ventures. In this regard, as at 2Q 2018 three of the Group's Malaysian joint-ventures have commenced revenue and profit recognition – this enabled RM9.0 million to be recognised as the Group's share of profit from its Malaysian joint-ventures versus a loss of RM5.3 million in 2Q 2017.

The Company's International joint-venture, namely EcoWorld International Berhad (EWI), is also expected to turn profitable in 2H 2018 when projects undertaken by its joint ventures, namely *London City Island* and *Embassy Gardens* are completed and handed over, commencing from 3Q 2018. For the current quarter, EWI continued to record a pre-profit recognition loss in contrast to the gain taken up in 2Q 2017, largely due to the effect of foreign exchange movements.

## 1. Review of Group Performance (continued)

### (a) 2Q 2018 vs 2Q 2017 (continued)

Excluding the impact of its investment in EWI, the Group's Core EBIT from its Malaysian operations grew by 30.9% from RM62.1 million in 2Q 2017 to RM81.3 million in 2Q 2018. Continued vigilance on both selling and marketing as well as administrative expenses also helped the Group achieve this positive result.

### (b) 2Q YTD 2018 vs 2Q YTD 2017

Whilst the Group's subsidiaries recorded lower revenue and gross profit in 2Q YTD 2018 for the reasons mentioned above, revenues recorded by its Malaysian joint-ventures are growing strongly. In this regard its *Eco Grandeur*, *Eco Ardence* and *Bukit Bintang City Centre (BBCC)* projects collectively recorded RM437.1 million in revenue of which the Group's effective share, based on its equity stakes in the respective joint-ventures, amounted to RM231.4 million.

This contributed to the 20.5% rise in Core EBIT from RM112.9 million in 2Q 2017 to RM136.1 million in 2Q 2018 which is expected to further improve in the upcoming quarters once EWI also attains the criteria for profit recognition.

PBT for 2Q YTD 2018 was however lower than the amount recorded in 2Q YTD 2017 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.

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

	3 MONTHS ENDED		
	30/04/2018 RM'000	31/01/2018 RM'000	Changes RM'000
Revenue	498,686	563,591	(64,905)
Gross profit	111,941	117,550	(5,609)
Share of results – joint ventures			
- Malaysia	8,992	4,339	4,653
- International	(7,851)	(4,375)	(3,476)
Profit before interest and tax (Core EBIT)	73,494	62,646	10,848
Profit before tax	50,449	39,897	10,552
Profit net of tax	34,453	24,088	10,365
Profit attributable to owners of the Company	34,453	24,088	10,365

2Q 2018 revenue and gross profits were lower than 1Q 2018 mainly due to the handover of Towers A&B at Eco Sky during the 1<sup>st</sup> quarter of the financial year and slower progress of works during the Chinese New Year Festive season.

Despite the lower revenue, both Core EBIT and profit net of tax grew due to higher profit contributions from the Group's Malaysian joint-ventures as well as lower administrative expenses.

### 3. Prospects for the Current Financial Year

Location of projects	No of launched projects <sup>2</sup>	6 months ended 30.04.2018			Cumulative sales <sup>1,2</sup> RM'mil	As at 30.04.2018
		Units launched <sup>2</sup>	Units sold <sup>1,2</sup>	Sales value <sup>2</sup> RM'mil		Unbilled sales <sup>3</sup> RM'mil
Klang Valley	8	404	482	607	8,999	2,948
Iskandar Malaysia	7	104	299	247	5,149	942
Penang	3	154	75	69	803	382
<b>Malaysia</b>	<b>18</b>	<b>662</b>	<b>856</b>	<b>923</b>	<b>14,951</b>	<b>4,272</b>

Location of projects	Land bank as at 30.04.2018 Acres	6 months ended 30.04.2018			Cumulative sales <sup>1,2</sup> RM'mil	As at 30.04.2018
		Units launched <sup>2</sup>	Units sold <sup>1,2</sup>	Sales value <sup>2</sup> RM'mil		Unbilled sales <sup>3</sup> RM'mil
United Kingdom <sup>4</sup>	26.8	31	140	464	6,935	1,354
Australia	1.7	-	37	87	1,117	281
<b>Overseas</b>	<b>28.5</b>	<b>31</b>	<b>177</b>	<b>551</b>	<b>8,052</b>	<b>1,635</b>

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

<sup>2</sup> Includes projects and sales (by units & value) of joint ventures

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

<sup>4</sup> Number of projects in the UK has increased to 10 in May 2018 and will potentially increase to 15 subject to completion of the remaining EcoWorld London (formerly Be Living) Stage 2 Acquisitions by EcoWorld International

The Group achieved sales of RM923 million as at 2Q YTD 2018 on its Malaysian projects. Whilst sales interest had picked up following the Group's successful Chinese New Year campaign and good response to the various localised marketing activities at its project sites in the Klang Valley, Iskandar Malaysia and Penang, in the lead up to the country's 14<sup>th</sup> General Election (GE14) buying momentum waned. Uncertainties on the outcome of GE14 caused many customers to hold back from making commitments to purchase in the month of April up until early May 2018.

Following the announcement of the GE14 results, there has been a notable shift in the public mood with greater optimism and renewed confidence expressed by many regarding their personal futures and that of their families going forward. Nevertheless, May 2018 continued to be a very quiet month on the sales front as most Malaysians were still caught up with post-election news fever. Internet traffic on both traditional and social media sites hit all-time highs with the latest happenings about the New Malaysia shared avidly and instantaneously across the country via WhatsApp, Instagram, Facebook etc.

Inspired by the above events, in June 2018 we launched our #OnlyEcoWorld Campaign using mainly social media tools. The campaign, which aims to highlight the distinctiveness of each of our Signature Developments as well as the unique value proposition EcoWorld offers our customers is accompanied by the EcoWorld Help2Own (EW-H2O) financing package. Response to-date has been tremendously encouraging and management will be promoting the campaign aggressively via on-line channels and off-line customer focused events to catch up on the Group's sales target for FY2018 of RM3.5 billion.

On the international front EWI is also making preparations for the 1<sup>st</sup> handovers of its properties sold to customers which will enable it to record its maiden profits from property development activities in FY2018. This is expected to boost the Group's share of results from joint-ventures in 3Q and 4Q 2018.

EWI's development pipeline is also increasing rapidly - following the completion of its Stage 1 acquisitions under the joint-venture with the Willmott-Dixon Group in 2Q 2018, EWI completed the acquisition of an additional site forming part of its Stage 2 acquisitions. This brings the number of new projects acquired in Greater London to 7 in total which augurs well for EWI's intermediate and long-term growth prospects.

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

In addition, the projects to be undertaken under the joint-venture with Willmott-Dixon have been re-branded as EcoWorld London. This is in line with the Group's ambitions to establish EcoWorld as a truly international brand by strengthening its market presence and positioning in London, which remains one of the world's foremost global cities for property investment.

As at 30 April 2018, the Group's land bank in Malaysia is as follows:-

Location of projects	No of projects	Land bank (acres)	
		Original land size	Undeveloped
Klang Valley	8	4,735.3*	3,052.5
Iskandar Malaysia	7	2,926.1	1,598.2
Penang	5	465.0*	332.4
<b>Malaysia</b>	<b>20</b>	<b>8,126.4</b>	<b>4,983.1</b>

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

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

There were no profit forecast published as at 30 April 2018.

### 5. Income Tax

Income Tax comprises:-

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2018	30/04/2017	30/04/2018	30/04/2017
	RM'000	RM'000	RM'000	RM'000
Current tax				
- for current quarter / year	11,192	16,132	53,262	34,388
- in respect of prior years	-	-	(173)	5,698
Deferred tax				
- for current quarter / year	4,805	(41)	(21,588)	(3,347)
- in respect of prior years	(1)	205	304	(4,996)
	<u>15,996</u>	<u>16,296</u>	<u>31,805</u>	<u>31,743</u>

The Group's effective tax rate for 2Q 2018 and 2Q YTD 2018 is higher than the statutory tax rate mainly due to certain non-tax deductible expenses.

## 6. Status of Corporate Proposals

The following is the corporate proposal previously announced by the Company that remained uncompleted as at 21 June 2018, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report:-

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.

## 7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 30 April 2018 and 31 October 2017 were as follows:-

	As at 30 April 2018		
	Long term RM’000	Short term RM’000	Total borrowings RM’000
<b>Secured</b>			
Revolving credits	15,000	560,988	575,988
Term loans	1,477,016	266,057	1,743,073
Bridging loans	202,390	125,959	328,349
Medium term notes	146,852	-	146,852
Finance lease obligations	170	37	207
	<u>1,841,428</u>	<u>953,041</u>	<u>2,794,469</u>
<b>Unsecured</b>			
Revolving credits	-	660,000	660,000
Term loans	101,625	-	101,625
Medium term notes	249,524	-	249,524
Overdraft	-	25,521	25,521
	<u>351,149</u>	<u>685,521</u>	<u>1,036,670</u>
	<u>2,192,577</u>	<u>1,638,562</u>	<u>3,831,139</u>

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

	As at 31 October 2017		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b>Secured</b>			
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>
<b>Unsecured</b>			
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 30 April 2018	As at 31 October 2017
	%	%
Floating interest rate	5.53	5.28
Fixed interest rate	6.24	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 21 June 2018 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report).

## 9. Dividends Declared

No interim dividend has been declared or paid in respect of the 6 months ended 30 April 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		6 MONTHS ENDED	
	30/04/2018	30/04/2017	30/04/2018	30/04/2017
Profit for the period attributable to owners of the Company (RM'000)	<u>34,453</u>	<u>33,681</u>	<u>58,541</u>	<u>149,846</u>
Number of ordinary shares at beginning of the period ('000)	2,944,369	2,796,692	2,944,369	2,749,692
Effect of shares issued pursuant to the Placement ('000)	<u>-</u>	<u>97,898</u>	<u>-</u>	<u>89,425</u>
Weighted average number of ordinary shares ('000)	<u>2,944,369</u>	<u>2,894,590</u>	<u>2,944,369</u>	<u>2,839,117</u>
Basic Earnings Per Ordinary Share (sen)	<u>1.17</u>	<u>1.16</u>	<u>1.99</u>	<u>5.28</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.

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2018	30/04/2017	30/04/2018	30/04/2017
Profit for the period attributable to owners of the Company (RM'000)	<u>34,453</u>	<u>33,681</u>	<u>58,541</u>	<u>149,846</u>
Weighted average number of ordinary shares for basic Earnings Per Ordinary Share ('000)	2,944,369	2,894,590	2,944,369	2,839,117
Effect of potential exercise of Warrants ('000)	<u>#</u>	<u>#</u>	<u>#</u>	<u>#</u>
Weighted average number of ordinary shares ('000)	<u>2,944,369</u>	<u>2,894,590</u>	<u>2,944,369</u>	<u>2,839,117</u>
Diluted Earnings Per Ordinary Share (sen) *	<u>1.17</u>	<u>1.16</u>	<u>1.99</u>	<u>5.28</u>

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

\* Anti-dilutive

## 11. 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

	<b>6 MONTHS ENDED 30/04/2018 RM'000</b>
i) Advances provided to:-	
- Paragon Pinnacle Sdn Bhd (“Paragon Pinnacle”)	15,000
- Eco Horizon Sdn Bhd (“Eco Horizon”)	20,000
	=====
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
	=====
	<b>As at 30/04/2018 RM'000</b>
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	314,107
- Eco Horizon	273,084
	=====

There is no material impact on the earnings and net tangible assets of the Group for the 6 months ended 30 April 2018.

## 13. Notes to the Statement of Comprehensive Income

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

	<b>3 MONTHS ENDED 30/04/2018 RM'000</b>	<b>6 MONTHS ENDED 30/04/2018 RM'000</b>
Interest income	7,498	14,734
Other income including investment income	5,227	11,289
Interest expense	(23,045)	(45,794)
Depreciation and amortisation	(6,194)	(12,076)
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)	(109)	(1,829)
Gain or loss on derivatives	-	-
Exceptional items	-	-
	=====	=====

By order of the Board  
Chua Siew Chuan  
Company Secretary  
28 June 2018