

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

**Interim Financial Report**  
**31 July 2018**

**ECO WORLD DEVELOPMENT GROUP BERHAD**  
**(Company No: 17777-V)**  
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**Interim Financial Report - 31 July 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 JULY 2018**

*(The figures have not been audited)*

	3 MONTHS ENDED		9 MONTHS ENDED	
	31 JULY 2018	31 JULY 2017	31 JULY 2018	31 JULY 2017
	RM'000	RM'000	RM'000	RM'000
Revenue	490,049	762,918	1,552,326	2,025,650
Cost of sales	(378,689)	(604,241)	(1,211,475)	(1,609,480)
<b>Gross profit</b>	<b>111,360</b>	<b>158,677</b>	<b>340,851</b>	<b>416,170</b>
Other income	12,380	2,525	38,416	128,759
Selling and marketing expenses	(11,992)	(33,465)	(31,221)	(65,589)
Administrative expenses	(58,872)	(51,139)	(159,961)	(187,197)
Finance costs	(23,873)	(21,342)	(69,667)	(47,431)
Share of results in an associate, net of tax	1,023	(102)	849	(533)
Share of results in joint ventures, net of tax	17,867	(11,753)	18,972	(19,189)
<b>Profit before tax</b>	<b>47,893</b>	<b>43,401</b>	<b>138,239</b>	<b>224,990</b>
Income taxation expense	(9,372)	(17,309)	(41,177)	(49,052)
Profit net of tax	38,521	26,092	97,062	175,938
<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	(1,177)	49	(19,585)	158
<b>Total comprehensive income for the period/year</b>	<b>37,344</b>	<b>26,141</b>	<b>77,477</b>	<b>176,096</b>
<b>Profit net of tax attributable to:</b>				
Owners of the Company	38,521	26,092	97,062	175,938
Non-controlling interests	-	-	-	-
	<b>38,521</b>	<b>26,092</b>	<b>97,062</b>	<b>175,938</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	37,344	26,141	77,477	176,096
Non-controlling interests	-	-	-	-
	<b>37,344</b>	<b>26,141</b>	<b>77,477</b>	<b>176,096</b>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic earnings per share (sen)	1.31	0.89	3.30	6.12
Diluted earnings per share (sen) *	1.31	0.89	3.30	6.12

\* 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 JULY 2018**

	As At 31 JULY 2018 UNAUDITED RM'000	As At 31 OCTOBER 2017 AUDITED RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	241,845	227,942
Investment properties	19,330	19,149
Land held for property development	3,836,217	3,900,199
Investment in an associate	56,668	12,127
Investment in joint ventures	1,086,498	1,139,208
Amount due from joint ventures	607,047	507,520
Deferred tax assets	95,837	78,743
	<u>5,943,442</u>	<u>5,884,888</u>
<b>Current assets</b>		
Property development costs	2,662,048	2,431,575
Gross amount due from customer	6,882	6,882
Inventories	135,452	24,707
Trade and other receivables	1,005,718	1,021,386
Current tax assets	56,356	46,999
Deposits	133,392	119,388
Cash and bank balances	396,649	314,436
	<u>4,396,497</u>	<u>3,965,373</u>
<b>TOTAL ASSETS</b>	<u>10,339,939</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	(20,126)	(541)
Retained earnings	552,377	455,315
<b>Total equity</b>	<u>4,341,511</u>	<u>4,264,034</u>
<b>Non-current liabilities</b>		
Long term borrowings	2,045,895	2,202,608
Other payables	-	92,671
Finance lease obligations	326	-
Deferred tax liabilities	43,210	48,563
	<u>2,089,431</u>	<u>2,343,842</u>
<b>Current liabilities</b>		
Trade and other payables	2,018,981	1,946,382
Bank overdrafts	26,707	26,497
Short term borrowings	1,845,972	1,250,466
Finance lease obligations	75	-
Current tax liabilities	17,262	19,040
	<u>3,908,997</u>	<u>3,242,385</u>
<b>Total liabilities</b>	<u>5,998,428</u>	<u>5,586,227</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>10,339,939</u>	<u>9,850,261</u>
<b>Net Assets Per Share Attributable to Owners of the Company (RM)</b>	<u>1.47</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 JULY 2018**  
*(The figures have not been audited)*

	←────────────────── Attributable to Equity Holders of the Company ───────────────────→					──────────────────→
	←────────────────── Non-Distributable ───────────────────→			Foreign currency translation reserve	Distributable	
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	RM'000	Retained earnings RM'000	RM'000
<b>At 1 November 2017</b>	3,614,865	-	194,395	(541)	455,315	4,264,034
Profit for the period	-	-	-	-	97,062	97,062
Other comprehensive loss	-	-	-	(19,585)	-	(19,585)
<b>At 31 July 2018</b>	3,614,865	-	194,395	(20,126)	552,377	4,341,511
<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>	3,614,865	-	194,395	944	421,603	4,231,807

(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: 1777-V)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 31 JULY 2018

(The figures have not been audited)

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	9 MONTHS ENDED	
	31 JULY 2018 RM'000	31 JULY 2017 RM'000
<b>Operating activities</b>		
Profit before tax	138,239	224,990
Adjustments for :		
Non-cash items	4,765	(51,754)
Non-operating items	44,485	24,664
Operating cash flows before changes in working capital	187,489	197,900
Changes in property development expenditure	(15,147)	98,841
Changes in gross amount due from customer	-	(6,714)
Changes in inventories	(100)	176
Changes in receivables	26,017	(4,195)
Changes in payables	68,334	140,798
Cash flows generated from operations	266,593	426,806
Interest received	5,238	4,606
Interest paid	(121,022)	(96,970)
Net income taxes paid	(75,057)	(60,569)
<b>Net cash flows generated from operating activities</b>	<b>75,752</b>	<b>273,873</b>
<b>Investing activities</b>		
Additions to land held for property development	(267,212)	(606,718)
Purchase of property, plant and equipment and investment properties	(34,230)	(30,685)
Proceeds from disposal of property, plant and equipment	534	748
Development expenditure paid	(354)	(14,973)
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	(65,000)	56,323
Reduction in purchase consideration for acquisition of a joint venture	19,164	-
Other investments	(69,288)	2,400
<b>Net cash flows used in investing activities</b>	<b>(460,096)</b>	<b>(1,393,071)</b>
<b>Financing activities</b>		
Proceeds from issue of shares by the Company	-	269,019
Payment of share issue expenses	-	(10)
Drawdown of bank borrowings	766,536	1,089,483
Repayment of bank borrowings and finance lease obligations	(329,109)	(456,322)
Interest paid	(28,711)	(17,349)
<b>Net cash flows generated from financing activities</b>	<b>408,716</b>	<b>884,821</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>24,372</b>	<b>(234,377)</b>
<b>Effect of exchange rate changes</b>	<b>(38)</b>	<b>(102)</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 31 July 2018 / 2017</b>	<b>332,494</b>	<b>247,602</b>
<b>Cash and cash equivalents comprise the following:</b>		
Deposits	133,392	119,635
Cash and bank balances	396,649	232,167
Bank overdrafts	(26,707)	(27,443)
	503,334	324,359
Less: Deposit pledged, Debt Service Reserve, Redemption Accounts and Escrow Accounts	(170,840)	(76,757)
	<b>332,494</b>	<b>247,602</b>

\* 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 9 months ended 31 July 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 9 months ended 31 July 2018.

### 4. Changes in Estimates

There were no material changes in estimates for the 9 months ended 31 July 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 9 months ended 31 July 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 9 months ended 31 July 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 July 2018 till 13 September 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 9 months ended 31 July 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 31/07/2018 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	22,490
Commitment to fund development costs of joint ventures	<u>92,377</u>



## 12. Significant Related Party Transactions

**9 MONTHS  
ENDED  
31/07/2018  
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>189</u>
(ii) Transactions with joint ventures	
- Advances given	65,000
- Interest received and receivable	29,665
- Disposal of motor vehicles	647
- Purchase of furniture	38
- Development management fees received and receivable	38,216
- Brand licensing fees received and receivable	2,958
- Advisory fees received and receivable	116
- Commission received and receivable	127
- Rental received and receivable	395
- Staff secondment fees received and receivable	15,085
- Support service fees received and receivable	<u>71</u>
(iii) Transactions with an associate	
- Subscription of redeemable preference shares	<u><u>43,710</u></u>

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

**1. Review of Group Performance**

	3 MONTHS ENDED			9 MONTHS ENDED		
	31/07/2018 RM'000	31/07/2017 RM'000	Changes RM'000	31/07/2018 RM'000	31/07/2017 RM'000	Changes RM'000
Revenue	490,049	762,918	(272,869)	1,552,326	2,025,650	(473,324)
Gross profit	111,360	158,677	(47,317)	340,851	416,170	(75,319)
Gain on deemed disposal of a subsidiary (FRS 10 gain)	-	-	-	-	94,788	(94,788)
Share of results of joint ventures						
- Malaysia	15,047	(5,220)	20,267	28,378	(15,089)	43,467
- International	2,820	(6,533)	9,353	(9,406)	(4,100)	(5,306)
Profit before interest, tax and FRS 10 gain (Core EBIT)	71,766	64,743	7,023	207,906	177,633	30,273
Profit before tax (PBT)	47,893	43,401	4,492	138,239	224,990	(86,751)
PBT excluding FRS 10 gain (Core PBT)	47,893	43,401	4,492	138,239	130,202	8,037
Profit after tax	38,521	26,092	12,429	97,062	175,938	(78,876)
Profit attributable to owners of the Company	38,521	26,092	12,429	97,062	175,938	(78,876)

**(a) 3Q 2018 vs 3Q 2017**

The main projects which contributed to revenue and gross profit in 3Q 2018 were *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 and *Eco Meadows* and *Eco Terraces* in Penang. These projects were also the main contributors of revenue and gross profit in 3Q 2017.

As in 2Q 2018, revenue and gross profit in 3Q 2018 were lower than in the corresponding quarter in FY 2017 because since 2Q 2017, the subsidiaries have been completing some major projects and have been delivering a significant number of completed property units to customers. As at 3Q 2018, close to 9,000 units have been or are in the process of being delivered to customers.

The lower gross profit contribution by subsidiaries in 3Q 2018 was however compensated by higher profit contributed by joint ventures.

Out of the Group's four Malaysian joint-ventures, three commenced revenue and profit recognition in 1Q 2018, followed by the final one in 3Q 2018. As a result, the Group recognised a profit of RM15.0 million as its share of results of its Malaysian joint ventures in 3Q 2018 versus a loss of RM5.2 million in 3Q 2017.

## 1. Review of Group Performance (continued)

### (a) 3Q 2018 vs 3Q 2017 (continued)

The international joint venture, EcoWorld International Berhad (EWI), also recorded its maiden profit in 3Q 2018 following the commencement of delivery of completed property units at *London City Island* in the UK during the quarter. The Group's share of EWI's profit in 3Q 2018 amounted to RM2.8 million, compared to a share of loss of RM6.5 million in 3Q 2017.

In 4Q 2018, another project in the UK, namely *Embassy Gardens* is expected to handover its first units and this will add to EWI's earnings for FY 2018.

In future quarters, the Group expects its earnings to be increasingly derived from projects undertaken by its joint ventures.

The commencement of earnings recognition by all the joint-ventures contributed to the higher Core EBIT in 3Q 2018 when compared to 3Q 2017. The higher Core PBT in 3Q 2018 was also the result of the following factors:

1. An increase of RM9.9 million in other income mainly due to interest income earned from shareholders' advances to the Malaysian joint-ventures and
2. A decrease of RM21.5 million in selling and marketing expenses due to the Group's strategic shift towards more impactful yet cost-effective digital marketing platforms.

### (b) 3Q YTD 2018 vs 3Q YTD 2017

Compared to 3Q YTD 2017, the Group recorded lower revenue and lower gross profit in 3Q YTD 2018. This was due to the subsidiaries' completion of major projects and the delivery of completed property units to customers since 2Q 2017 as explained in 1(a) above.

Revenues recorded by the Group's Malaysian joint-ventures have, however, been growing steadily. During 3Q YTD 2018, the *Eco Grandeur*, *Eco Horizon*, *Eco Ardence* and *Bukit Bintang City Centre (BBCC)* joint venture projects collectively recorded RM705.4 million in revenue, of which the Group's effective share amounted to RM374.8 million (as at 3Q YTD 2017 the joint venture projects had not yet commenced recording revenue).

The lower gross profit contributed by subsidiaries is therefore compensated by the commencement of profit recognition amounting to RM28.3 million from Malaysian joint ventures, compared to a loss of RM15.1 million in 3Q YTD 2017.

This contributed to the higher Core EBIT for 3Q YTD 2018 as compared to 3Q YTD 2017. Core EBIT for 3Q YTD 2018 also grew mainly because there was:

1. a reduction in selling and marketing expenses by as much as RM34.4 million or 52% when compared to 3Q YTD 2017. The substantial reduction in selling and marketing expenses was made possible by the strategic shift towards digital marketing mentioned above and also due to more targeted on-ground marketing strategies employed by the Group across all its matured projects and
2. savings on administrative expenses of RM27.2 million or 14.5% as compared to 3Q YTD 2017 arising from various cost saving measures implemented during the financial year.

At PBT level, a lower amount was recorded for 3Q YTD 2018 compared to 3Q YTD 2017. This was because the PBT for 3Q YTD 2017 included a gain on the deemed disposal of Paragon Pinnacle of RM94.8 million.

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

	3 MONTHS ENDED		Changes RM'000
	31/07/2018 RM'000	30/04/2018 RM'000	
Revenue	490,049	498,686	(8,637)
Gross profit	111,360	111,941	(581)
Share of results of joint ventures			
- Malaysia	15,047	8,992	6,055
- International	2,820	(7,851)	10,671
Profit before interest and tax (Core EBIT)	71,766	73,494	(1,728)
Profit before tax (PBT)	47,893	50,449	(2,556)
Profit after tax	38,521	34,453	4,068
Profit attributable to owners of the Company	38,521	34,453	4,068

The Group's revenue and gross profit for 3Q 2018 were consistent with those achieved in 2Q 2018.

Share of results of joint ventures increased when compared to 2Q 2018 due to the reasons stated in 1(a) above.

Notwithstanding the higher profit, both Core EBIT and PBT were slightly lower than in 2Q 2018 due to lower administrative expenses recorded in 2Q 2018.

### 3. Prospects for the Current Financial Year

Location of projects	No of launched projects <sup>2</sup>	10 months ended 31.08.2018			As at 31.08.2018	
		Units launched <sup>2</sup>	Units sold <sup>1,2</sup>	Sales value <sup>2</sup> RM'mil	Cumulative sales <sup>1,2</sup> RM'mil	Unbilled sales <sup>3</sup> RM'mil
Klang Valley	8	586	1,144	1,327	9,719	3,098
Iskandar Malaysia	7	167	617	531	5,433	1,053
Penang	3	154	171	150	884	388
<b>Malaysia</b>	<b>18</b>	<b>907</b>	<b>1,932</b>	<b>2,008</b>	<b>16,036</b>	<b>4,539</b>

Location of projects	Land bank as at 31.08.2018 Acres	10 months ended 31.08.2018			As at 31.08.2018	
		Units launched <sup>2</sup>	Units sold <sup>1,2</sup>	Sales value <sup>2</sup> RM'mil	Cumulative sales <sup>1,2</sup> RM'mil	Unbilled sales <sup>3</sup> RM'mil
United Kingdom	50.3	31	231	847	7,332	1,311
Australia	1.7	-	61	179	1,222	310
<b>Overseas</b>	<b>52.0</b>	<b>31</b>	<b>292</b>	<b>1,026</b>	<b>8,554</b>	<b>1,621</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

The Board is pleased to announce that following the launch in June 2018 of the #OnlyEcoWorld Campaign accompanied by the EcoWorld Help2Own (EW-H2O) financing package, the Group's sales have rebounded strongly. For the 10 months ended 31 August 2018 total sales achieved reached RM2 billion, which was more than double the RM923 million recorded in the first 6 months ended 30 April 2018.

The Group's intense social media and digital marketing campaign over the last three months has been successful in communicating to its target customers the distinct and unique value proposition that each Signature EcoWorld Development offers. The informative and creative on-line content was complemented by a series of off-line customer focused events which culminated in the #Anakanak Malaysia 2018 celebrations held over two months from July to September.

2018 marks the 4th year that EcoWorld and the Star Media Group have been collaborating on this patriotic campaign in conjunction with Merdeka and Malaysia Day. This year's upbeat and catchy #JomKeHadapan (#Let'sMoveForwardTogether) theme clearly resonated with Malaysians from all walks of life. Thousands thronged the Group's sales galleries to collect the highly sought after red wristbands and to participate in the #AnakAnakMalaysia Walk held at *Eco Ardence* in the Klang Valley, *Eco Tropics* in Iskandar Malaysia and *Eco Horizon* in Penang.

Management will be tapping onto the positive momentum generated from both these campaigns to continue to lock in sales at all 18 of the Group's ongoing projects with the aim of achieving its FY2018 Malaysian sales target of RM3.5 billion.

Outside Malaysia, EWI achieved two significant milestones in the third quarter of FY2018. First, it commenced the handover of units at *London City Island* in July 2018. This enabled EWI to report its maiden quarterly net profit attributable to shareholders of RM10.4 million of which the Group's 27% share amounted to RM2.8 million. The final quarter of FY2018 will see more units handed over at *London City Island* and the commencement of handing over at *Embassy Gardens*. These hand overs are expected to contribute positively to EWI's profitability for FY 2018.

EWI is also on track to achieve its RM3 billion sales target for FY2018. As at 31 August 2018 RM1.026 billion sales has been secured with its ongoing projects in London contributing RM847 million while those in Australia generated RM179 million.

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

The remaining sales will largely come from its new joint-venture, EcoWorld London, which recently announced the entry into Heads of Terms with Invesco Real Estate, a North American Pension Fund, for the sale and forward funding of more than 1,000 new Build to Rent (BtR) homes on two sites in Kew and Barking. Valued at nearly GBP400 million, this will be one of the most significant BtR deals ever undertaken in the UK.

EcoWorld London aims to complete the sale by October 2018 and this is expected to contribute towards achieving EWI's sales target for FY2018.

As at 31 August 2018, the Group's and EWI's land bank are as follows:-

Location of projects	No of projects	Land bank (acres)	
		Original land size	Undeveloped
Klang Valley	8	4,735.3*	3,046.6
Iskandar Malaysia	7	2,926.1	1,598.2
Penang	5	465.0	332.4
<b>The Group</b>	<b>20</b>	<b>8,126.4</b>	<b>4,977.2</b>
London	11	50.3	n/a
Sydney & Melbourne	2	1.7	-
<b>EcoWorld International</b>	<b>13</b>	<b>52.0</b>	<b>n/a</b>

\* Includes acquisitions by a joint-venture pending completion

The large number of ongoing projects and increasing maturity of the Group's land bank in Malaysia coupled with a growing pipeline of new projects secured by EWI provides the EcoWorld brand with a strong foundation on which to anchor its growth ambitions and assures the sustainability of the Group's business model going forward.

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

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

### 5. Income Tax

Income Tax comprises:-

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2018	31/07/2017	31/07/2018	31/07/2017
	RM'000	RM'000	RM'000	RM'000
Current tax				
- for current quarter / year	8,726	43,969	61,988	78,357
- in respect of prior years	2,106	(33,572)	1,933	(27,874)
Deferred tax				
- for current quarter / year	1,943	(23,513)	(19,645)	(26,860)
- in respect of prior years	(3,403)	30,425	(3,099)	25,429
	<u>9,372</u>	<u>17,309</u>	<u>41,177</u>	<u>49,052</u>

The Group's effective tax rate for 3Q 2018 and 3Q 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 13 September 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 7 September 2018, the period to fulfil the remaining conditions precedent under SPA 5 has been extended to 30 September 2019.

## 7. Group Borrowings and Debt Securities

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

	As at 31 July 2018		
	Long term RM’000	Short term RM’000	Total borrowings RM’000
<b>Secured</b>			
Revolving credits	34,084	586,875	620,959
Term loans	1,415,027	285,292	1,700,319
Bridging loans	198,652	132,180	330,832
Medium term notes	148,580	-	148,580
Finance lease obligations	326	75	401
	<u>1,796,669</u>	<u>1,004,422</u>	<u>2,801,091</u>
<b>Unsecured</b>			
Revolving credits	-	740,000	740,000
Term loans	-	101,625	101,625
Medium term notes	249,552	-	249,552
Overdraft	-	26,707	26,707
	<u>249,552</u>	<u>868,332</u>	<u>1,117,884</u>
	<u>2,046,221</u>	<u>1,872,754</u>	<u>3,918,975</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 31 July 2018	As at 31 October 2017
	%	%
Floating interest rate	5.54	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 13 September 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 9 months ended 31 July 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		9 MONTHS ENDED	
	31/07/2018	31/07/2017	31/07/2018	31/07/2017
Profit for the period attributable to owners of the Company (RM'000)	<u>38,521</u>	<u>26,092</u>	<u>97,062</u>	<u>175,938</u>
Number of ordinary shares at beginning of the period ('000)	2,944,369	2,944,368	2,944,369	2,749,692
Effect of shares issued pursuant to the Placement ('000)	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,894</u>
Weighted average number of ordinary shares ('000)	<u>2,944,369</u>	<u>2,944,368</u>	<u>2,944,369</u>	<u>2,874,586</u>
Basic Earnings Per Ordinary Share (sen)	<u>1.31</u>	<u>0.89</u>	<u>3.30</u>	<u>6.12</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		9 MONTHS ENDED	
	31/07/2018	31/07/2017	31/07/2018	31/07/2017
Profit for the period attributable to owners of the Company (RM'000)	<u>38,521</u>	<u>26,092</u>	<u>97,062</u>	<u>175,938</u>
Weighted average number of ordinary shares for basic Earnings Per Ordinary Share ('000)	2,944,369	2,944,368	2,944,369	2,874,586
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>2,944,368</u>	<u>2,944,369</u>	<u>2,874,586</u>
Diluted Earnings Per Ordinary Share (sen) *	<u>1.31</u>	<u>0.89</u>	<u>3.30</u>	<u>6.12</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>9 MONTHS ENDED 31/07/2018 RM'000</b>
i) Advances provided to:-	
- BBCC Development Sdn Bhd ("BBCC")	5,000
- Paragon Pinnacle Sdn Bhd ("Paragon Pinnacle")	35,000
- Eco Horizon Sdn Bhd ("Eco Horizon")	25,000
	<u>          </u>
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
	<u>          </u>
	<b>As at 31/07/2018 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	360,727
- Eco Horizon	278,523
	<u>          </u>

There is no material impact on the earnings and net tangible assets of the Group for the 9 months ended 31 July 2018.

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

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

	<b>3 MONTHS ENDED 31/07/2018 RM'000</b>	<b>9 MONTHS ENDED 31/07/2018 RM'000</b>
Interest income	7,465	22,199
Other income including investment income	4,928	16,217
Interest expense	(23,873)	(69,667)
Depreciation and amortisation	(7,957)	(20,033)
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)	183	(1,646)
Gain or loss on derivatives	-	-
Exceptional items	-	-
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By order of the Board  
Chua Siew Chuan  
Company Secretary  
20 September 2018