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

Interim Financial Report
31 October 2018

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(Incorporated in Malaysia)

Interim Financial Report - 31 October 2018

	Page No.
Condensed Consolidated Statement of Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes In Equity	3
Condensed Consolidated Statement of Cash Flows	4
Notes to the Interim Financial Report	5-7
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad	8-17

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2018

(The figures have not been audited)

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 OCTOBER 2018 RM'000	**31 OCTOBER 2017 RM'000 Restated**	**31 OCTOBER 2018 RM'000**	**31 OCTOBER 2017 RM'000 Restated**
Revenue	607,581	904,059	2,171,768	2,936,562
Cost of sales	(480,026)	(712,319)	(1,700,707)	(2,324,750)
Gross profit	127,555	191,740	471,061	611,812
Other income	19,308	13,132	45,863	135,038
Selling and marketing expenses	(18,014)	(45,903)	(49,235)	(111,492)
Administrative expenses	(56,483)	(67,206)	(207,238)	(251,452)
Finance costs	(30,064)	(22,360)	(99,731)	(69,791)
Share of results in an associate, net of tax	350	(68)	1,199	(601)
Share of results in joint ventures, net of tax	36,428	(11,712)	55,400	(30,901)
Profit before tax	79,080	57,623	217,319	282,613
Income taxation expense	(10,550)	(23,911)	(51,727)	(72,963)
Profit net of tax	68,530	33,712	165,592	209,650
Other comprehensive profit/(loss), net of tax				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operation	(2,090)	(1,485)	(21,675)	(1,327)
Total comprehensive income for the period/year	66,440	32,227	143,917	208,323
Profit net of tax attributable to:				
Owners of the Company	68,530	33,712	165,592	209,650
Non-controlling interests	-	-	-	-
	68,530	33,712	165,592	209,650
Total comprehensive income attributable to:				
Owners of the Company	66,440	32,227	143,917	208,323
Non-controlling interests	-	-	-	-
	66,440	32,227	143,917	208,323
Earnings per share attributable to owners of the Company:				
Basic earnings per share (sen)	2.33	1.14	5.62	7.25
Diluted earnings per share (sen) *	2.33	1.14	5.62	7.25

** 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 OCTOBER 2018

	As At 31 OCTOBER 2018 UNAUDITED RM'000	As At 31 OCTOBER 2017 AUDITED RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	250,112	227,942
Investment properties	19,440	19,149
Land held for property development	3,877,520	3,900,199
Investment in an associate	57,018	12,127
Investment in joint ventures	1,112,584	1,139,208
Trade receivables	24,552	-
Amount due from joint ventures	651,223	507,520
Deferred tax assets	96,676	78,743
	6,089,125	5,884,888
Current assets		
Property development costs	2,567,368	2,431,575
Gross amount due from customer	6,882	6,882
Inventories	140,489	24,707
Trade and other receivables	1,063,258	1,021,386
Current tax assets	49,037	46,999
Deposits	87,224	119,388
Cash and bank balances	423,073	314,436
	4,337,331	3,965,373
TOTAL ASSETS	10,426,456	9,850,261
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	(22,216)	(541)
Retained earnings	620,907	455,315
Total equity	4,407,951	4,264,034
Non-current liabilities		
Long term borrowings	1,925,831	2,202,608
Other payables	-	92,671
Finance lease obligations	307	-
Deferred tax liabilities	32,435	48,563
	1,958,573	2,343,842
Current liabilities		
Trade and other payables	2,145,373	1,946,382
Bank overdrafts	19,208	26,497
Short term borrowings	1,886,180	1,250,466
Finance lease obligations	76	-
Current tax liabilities	9,095	19,040
	4,059,932	3,242,385
Total liabilities	6,018,505	5,586,227
TOTAL EQUITY AND LIABILITIES	10,426,456	9,850,261
Net Assets Per Share Attributable to Owners of the Company (RM)	1.50	1.45

(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 YEAR ENDED 31 OCTOBER 2018

	Attributable to Equity Holders of the Company					
		Non-Distributable			Distributable	
	Share capital RM'000	Share premium RM'000	Warrants reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total Equity RM'000
At 1 November 2017	3,614,865	-	194,395	(541)	455,315	4,264,034
Profit for the period	-	-	-	-	165,592	165,592
Other comprehensive loss	-	-	-	(21,675)	-	(21,675)
At 31 October 2018 (Unaudited)	3,614,865	-	194,395	(22,216)	620,907	4,407,951
At 1 November 2016	1,374,846	1,971,010	194,395	786	245,665	3,786,702
Profit for the period	-	-	-	-	209,650	209,650
Other comprehensive income	-	-	-	(1,327)	-	(1,327)
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)	-	-	-	-
At 31 October 2017 (Audited)	3,614,865	-	194,395	(541)	455,315	4,264,034

(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
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31 OCTOBER 2018

	12 MONTHS ENDED	
	31 OCTOBER 2018 RM'000 UNAUDITED	31 OCTOBER 2017 RM'000 AUDITED
Operating activities		
Profit before tax	217,319	282,613
Adjustments for :		
Non-cash items	(22,661)	(33,723)
Non-operating items	62,844	35,807
Operating cash flows before changes in working capital	257,502	284,697
Changes in property development expenditure	76,737	40,748
Changes in gross amount due from customer	-	(7,116)
Changes in inventories	8,336	177
Changes in receivables	(52,376)	(168,137)
Changes in payables	195,406	381,618
Cash flows generated from operations	485,605	531,987
Interest received	8,902	5,462
Interest paid	(173,618)	(132,890)
Net income taxes paid	(98,301)	(94,947)
Net cash flows generated from operating activities	222,588	309,612
Investing activities		
Additions to land held for property development	(287,657)	(678,108)
Purchase of property, plant and equipment and investment properties	(50,806)	(52,732)
Proceeds from disposal of property, plant and equipment	534	917
Development expenditure paid	(354)	(14,973)
Disposal of a subsidiary company	-	(11,642)
Acquisition of a joint venture	-	(777,600)
Acquisition of an associate	-	*
Additional investment in an associate	(43,710)	(12,728)
Advances to joint ventures	(97,576)	(19,543)
Reduction in purchase consideration for acquisition of a joint venture	19,164	-
Other investments	(15,922)	(18,491)
Net cash flows used in investing activities	(476,327)	(1,584,900)
Financing activities		
Proceeds from issue of shares by the Company	-	269,019
Payment of share issue expenses	-	(10)
Drawdown of bank borrowings	859,550	1,414,015
Repayment of bank borrowings and finance lease obligations	(503,392)	(554,511)
Interest paid	(37,872)	(26,683)
Net cash flows generated from financing activities	318,286	1,101,830
Net increase/(decrease) in cash and cash equivalents	64,547	(173,458)
Effect of exchange rate changes	(32)	(463)
Cash and cash equivalents at 1 November 2017 / 2016	308,160	482,081
Cash and cash equivalents at 31 October 2018 / 2017	372,675	308,160
Cash and cash equivalents comprise the following:		
Deposits	87,224	119,388
Cash and bank balances	423,073	314,436
Bank overdrafts	(19,208)	(26,497)
	491,089	407,327
Less: Deposit pledged, Debt Service Reserve, Redemption Accounts and Escrow Accounts	(118,414)	(99,167)
	372,675	308,160

* 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

Reclassification of comparative figures

In the previous financial year, certain fees charged by the Group to its joint ventures were included in other operating income. Related expenses were included in administrative expenses.

During the current financial year, the nature of such income were reassessed and reclassified as revenue. The related expenses were also reclassified as cost of sales.

Accordingly, comparative figures have been reclassified to conform with the current year's/quarter's presentation. The reclassification has had no effect on the profit for the current and previous financial quarter/year. There has also been no effect on retained earnings.

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Statement of Comprehensive Income 3 months ended 31 October 2017			
Revenue	899,015	5,044	904,059
Cost of sales	(709,627)	(2,692)	(712,319)
Other operating income	18,176	(5,044)	13,132
Administrative expenses	(69,898)	2,692	(67,206)

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Statement of Comprehensive Income 12 months ended 31 October 2017			
Revenue	2,924,665	11,897	2,936,562
Cost of sales	(2,319,107)	(5,643)	(2,324,750)
Other operating income	146,935	(11,897)	135,038
Administrative expenses	(257,095)	5,643	(251,452)

2. **Seasonal or Cyclical Factors**

The business operations of the Group during the financial year ended 31 October 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 financial year ended 31 October 2018.

4. **Changes in Estimates**

There were no material changes in estimates for the financial year ended 31 October 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 financial year ended 31 October 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 financial year ended 31 October 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 October 2018 till 5 December 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 financial year ended 31 October 2018.

10. **Contingent Liabilities**

There were no contingent liabilities as at 31 October 2018.

11. **Commitments**

	As at 31/10/2018 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	27,922
Commitment to acquire properties, plant and equipment	17,877
Commitment to fund development costs of a joint venture	80,000

12. **Significant Related Party Transactions**

	12 MONTHS ENDED 31/10/2018 RM'000
(i) Transactions with shareholders/directors of the Company, its subsidiary companies, and companies in which they have interests	
- Rental paid and payable to companies in which a director has interest	252
- Sales of development properties to a company in which a director has interest	3,004
(ii) Transactions with joint ventures	
- Advances given	97,576
- Interest received and receivable	41,266
- Disposal of motor vehicles and plant and machinery	647
- Purchase of furniture	38
- Development management fees received and receivable	56,290
- Other resources fees received and receivable	20,275
- Brand licensing fees received and receivable	4,391
- Advisory fees received and receivable	116
- Commission received and receivable	827
- Rental received and receivable	527
- Support service fees received and receivable	144
(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			12 MONTHS ENDED		
	31/10/2018 RM'000	31/10/2017 RM'000 Restated	Changes RM'000	31/10/2018 RM'000	31/10/2017 RM'000 Restated	Changes RM'000
Revenue	607,581	904,059	(296,478)	2,171,768	2,936,562	(764,794)
Gross profit	127,555	191,740	(64,185)	471,061	611,812	(140,751)
Gain on deemed disposal of a subsidiary (FRS 10 gain)	-	1,812	(1,812)	-	96,600	(96,600)
Share of results of joint ventures						
- Malaysia	17,508	(2,921)	20,429	45,886	(18,010)	63,896
- International	18,920	(8,791)	27,711	9,514	(12,891)	22,405
Profit before interest, tax and FRS 10 gain (Core EBIT)	109,144	78,171	30,973	317,050	255,804	61,246
Profit before tax (PBT)	79,080	57,623	21,457	217,319	282,613	(65,294)
PBT excluding FRS 10 gain (Core PBT)	79,080	55,811	23,269	217,319	186,013	31,306
Profit after tax	68,530	33,712	34,818	165,592	209,650	(44,058)
PAT excluding FRS 10 gain (Core PAT)	68,530	31,900	36,630	165,592	113,050	52,542
Profit attributable to owners of the Company	68,530	33,712	34,818	165,592	209,650	(44,058)

(a) **4Q 2018 vs 4Q 2017**

The main projects which contributed to revenue and gross profit in 4Q 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 4Q 2017.

Whilst revenue and gross profit in 4Q 2018 were lower than 4Q2017 due to completion of some major projects and delivery of a significant number of completed property units to customers by subsidiaries, this has been more than compensated by higher profit from 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 RM17.5 million as its share of results of its Malaysian joint ventures in 4Q 2018 versus a loss of RM2.9 million in 4Q 2017.

1. **Review of Group Performance (continued)**

(a) 4Q 2018 vs 4Q 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 units at ***London City Island***. In 4Q 2018, delivery also commenced in ***Embassy Gardens***, which added to the profit for the quarter. This enabled the Group to record RM18.9 million as its share of EWI's profit in 4Q 2018, as compared to a share of loss of RM8.8 million in 4Q 2017.

The commencement of earnings recognition by all the joint-ventures contributed to the higher Core EBIT in 4Q 2018 when compared to 4Q 2017. The higher Core PBT in 4Q 2018 was also the result of the following factors:

1. A decrease of RM27.9 million in selling and marketing expenses due to the Group's successful deployment of more impactful and cost-effective marketing strategies to engage directly with customers and the broader reach achieved through the use of digital marketing platforms; and

2. A decrease of RM10.2 million in administrative expenses arising from various measures implemented to optimise resources and enhance productivity which enabled the Group to achieve substantial cost savings.

(b) **4Q YTD 2018 vs 4Q YTD 2017**

Revenue and gross profit in 4Q YTD 2018 similarly reflect the subsidiaries' completion of major projects and the delivery of completed property units to customers as explained in 1(a) above. On this note, since 2Q 2017, approximately 9,500 completed units have been or are in the process of being delivered to customers which has led to the creation of vibrant new communities where the Group's projects are located.

Revenues recorded by the Group's Malaysian joint-ventures have continued to grow. During 4Q YTD 2018, ***Eco Grandeur***, ***Eco Horizon***, ***Eco Ardence*** and ***Bukit Bintang City Centre (BBCC)*** collectively recorded RM1,090.0 million in revenue, of which the Group's effective share amounted to RM575.0 million (as at 4Q YTD 2017, only 2 joint venture projects had commenced recording revenue).

This reflects the Group's strategic shift since 4Q 2016 to focus on aggressively launching products undertaken by the above joint ventures in order to:

- Enable the subsidiaries, which had sizeable handover commitments in FY2017 and FY2018, to focus on delivering their completed units with excellence to increase customer loyalty;

- Allow an appropriate gestation period for residents to move in and the Group's efforts to actively nurture communal and commercial activities at projects that have attained first handovers to bear fruit – this will enhance value creation for all stakeholders and further improve brand "stickiness";

- Entrench EcoWorld in important economic growth corridors (KL City Centre, Central and Northern Klang Valley as well as the Penang mainland) not covered by subsidiaries to broaden and deepen the brand's market reach via a wider demographic and geographical spread; and

- Grow the Group's recurring fee-based income stream via brand licensing, development management and related services provided to the joint venture entities – this generated approximately RM81 million in fees in FY2018 thereby contributing towards the improvement in the gross profit margin from 20.8% in FY2017 to 21.7% in the current year.

1. **Review of Group Performance (continued)**

(b) 4Q YTD 2018 vs 4Q YTD 2017 (continued)

The strong results by the Group's joint ventures contributed to the higher Core EBIT for 4Q YTD 2018 as compared to 4Q YTD 2017. In addition, Core EBIT for 4Q YTD 2018 also grew due to:

1. a reduction in selling and marketing expenses by as much as RM62.3 million or 55.8% compared to 4Q YTD 2017. The Group's ability to substantially reduce its selling and marketing expenses without compromising sales effectiveness may be attributed to the many measures put in place over the last few years to build up a strong following for the EcoWorld brand. This is also due to the more innovative use of an optimal mix of traditional and digital marketing platforms as described above to connect with its customers; and

2. savings on administrative expenses of RM43.7 million or 17.4% as compared to 4Q YTD 2017 arising from implementation of the measures mentioned in 1(a) above.

At PBT level, a lower amount was recorded for 4Q YTD 2018 compared to 4Q YTD 2017. This was because the PBT for 4Q YTD 2017 included a gain on the deemed disposal of Paragon Pinnacle and Eco Horizon of RM96.6 million.

Excluding the impact of the gain on deemed disposal, Core PAT grew by 46% from RM113.1 million in FY2017 to RM165.6 million in FY2018. This is attributable both to the increase in profits recorded by the Group's joint ventures as well as the substantial reductions achieved in selling, marketing and administrative expenses mentioned above.

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

	3 MONTHS ENDED		
	31/10/2018 RM'000	**31/07/2018 RM'000**	**Changes RM'000**
Revenue	607,581	494,169	113,412
Gross profit	127,555	111,179	16,376
Share of results of joint ventures			
- Malaysia	17,508	15,047	2,461
- International	18,920	2,820	16,100
Profit before interest and tax (Core EBIT)	109,144	71,766	37,378
Profit before tax (PBT)	79,080	47,893	31,187
Profit after tax	68,530	38,521	30,009
Profit attributable to owners of the Company	68,530	38,521	30,009

The Group's revenue and gross profit for 4Q 2018 were higher than those achieved in 3Q 2018 mainly due to higher percentage of sales achieved during the quarter following the success of the Group's #OnlyEcoWorld Campaign.

Share of results of joint ventures increased when compared to 3Q 2018 due to the reasons stated in 1(a) above – this contributed to the strong increase in Core EBIT and PBT achieved in 4Q 2018.

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

Location of projects	No of launched projects [2]	Units launched [2] (12 months ended 31.10.2018)	Units sold [1,2] (12 months ended 31.10.2018)	Sales value [2] RM'mil (12 months ended 31.10.2018)	Cumulative sales [1,2] RM'mil	As at 31.10.2018 Unbilled sales [3] RM'mil
Klang Valley	8	1,127	1,726	1,969	10,362	3,155
Iskandar Malaysia	7	439	950	940	5,842	1,105
Penang	3	280	245	209	943	389
Malaysia	**18**	**1,846**	**2,921**	**3,118**	**17,147**	**4,649**

Location of projects	Land bank as at 31.10.2018 Acres	Units launched [2] (12 months ended 31.10.2018)	Units sold [1,2] (12 months ended 31.10.2018)	Sales value [2] RM'mil (12 months ended 31.10.2018)	Cumulative sales [1,2] RM'mil	As at 31.10.2018 Unbilled sales [3] RM'mil
United Kingdom	50.3	1,324	1,364	3,054	9,530	1,473
Australia	1.7	-	72	208	1,241	313
Overseas	**52.0**	**1,324**	**1,436**	**3,262**	**10,771**	**1,786**

[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 Board is pleased to announce that the success of the #OnlyEcoWorld Campaign launched in June 2018, coupled with the EcoWorld Help2Own (EW-H2O) financing package, has enabled the Group to record total sales of RM3.118 billion in FY2018.

Sales in 2H 2018 after the campaign commenced amounted to RM2.195 billion – this is an increase of 238% from the RM923 million recorded in 1H 2018. Projects in the Klang Valley achieved close to RM2 billion in sales in FY2018, in Iskandar Malaysia the Group's projects recorded more than RM900 million and the remaining sales were contributed by its projects in Penang. Whilst this is below the target set for the financial year of RM3.5 billion, all of the Group's key projects performed well and were able to overcome the disruptive effects of a challenging election year.

Outside Malaysia, EWI recorded sales of RM3.262 billion. On a combined basis, sales under the EcoWorld brand have therefore exceeded RM6 billion making it the 4th consecutive year this result has been attained.

Projects in the United Kingdom contributed the bulk of EWI's sales with the largest contribution coming from its new EcoWorld London joint-venture following the successful sale of more than 1,000 Built-to-Rent homes to Invesco Real Estate on behalf of one of its international clients for approximately RM2.1 billion (£389 million). The keen interest of such renowned international real estate investment managers and value investors, and their confidence in making such a substantial investment amidst ongoing Brexit uncertainties, is testament to the strong pulling power that the London property market continues to command globally.

More notably, the Group's and EWI's positive results in FY2018 demonstrate that there remains sizeable markets to be captured in segments that are inherently resilient due to the strength of underlying fundamental demand. This strong performance in the current and previous financial years has placed the Group on a very sound footing with its prospects undergirded by the high level of locked-in progress billings of RM6.435 billion as at 31 October 2018.

The Board acknowledges however that going forward into FY2019, the property sector both within and outside Malaysia will continue to face substantial headwinds.

3. **Prospects for the Next Financial Year (continued)**

Hence, with earnings visibility for the upcoming year substantially secured through carried forward progress billings, the Board has approved a sales target of RM6 billion to be achieved by EW Malaysia over the next 2 years. Similarly, the Board of EWI has approved a sales target of RM6 billion to be achieved over the next 2 years.

On a combined basis, the sales target to be achieved from FY2019 to FY2020 for the EcoWorld brand in Malaysia, United Kingdom and Australia, is therefore RM12 billion. This extended time-frame will provide greater flexibility for appropriate strategies to be crafted to realise optimal value from the Group's and EWI's landbank in Malaysia, United Kingdom and Australia which management is confident will be achieved.

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

		Land bank (acres)	
Location of projects	**No of projects**	**Original land size**	**Undeveloped**
Klang Valley	8	4,735.3*	2,919
Iskandar Malaysia	7	2,926.1	1,576
Penang	5	465.0	332
The Group	**20**	**8,126.4**	**4,827**
London	11	50.3	n/a
Sydney & Melbourne	2	1.7	-
EcoWorld International	**13**	**52.0**	n/a

* *Includes acquisitions by a joint-venture pending completion*

The large number of maturing projects in Malaysia and the increase in new projects secured by EWI will continue to provide 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 October 2018.

5. **Income Tax**

Income Tax comprises:-

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/10/2018	**31/10/2017**	**31/10/2018**	**31/10/2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax				
- for current quarter / year	23,310	30,945	85,298	109,302
- in respect of prior years	(913)	1,000	1,020	(26,874)
Deferred tax				
- for current quarter / year	(10,946)	(8,019)	(30,591)	(34,879)
- in respect of prior years	(901)	(15)	(4,000)	25,414
	10,550	23,911	51,727	72,963

The Group's effective tax rate for 4Q 2018 and 4Q 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 5 December 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 October 2018 and 31 October 2017 were as follows:-

	As at 31 October 2018		
	Long term RM'000	**Short term RM'000**	**Total borrowings RM'000**
Secured			
Revolving credits	70,455	586,890	657,345
Term loans	1,267,490	332,289	1,599,779
Bridging loans	189,611	132,876	322,487
Medium term notes	148,695	-	148,695
Finance lease obligations	307	76	383
	1,676,558	1,052,131	2,728,689
Unsecured			
Revolving credits	-	732,500	732,500
Term loans	-	101,625	101,625
Medium term notes	249,580	-	249,580
Overdraft	-	19,208	19,208
	249,580	853,333	1,102,913
	1,926,138	1,905,464	3,831,602

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

	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
	1,851,514	647,966	2,499,480
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
	351,094	628,997	980,091
	2,202,608	1,276,963	3,479,571

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

	As at 31 October 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 5 December 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 financial year ended 31 October 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		**12 MONTHS ENDED**	
	31/10/2018	**31/10/2017**	**31/10/2018**	**31/10/2017**
Profit for the period attributable to owners of the Company (RM'000)	68,530	33,712	165,592	209,650
Number of ordinary shares at beginning of the period ('000)	2,944,368	2,944,368	2,944,368	2,749,692
Effect of shares issued pursuant to the Placement ('000)	-	-	-	142,483
Weighted average number of ordinary shares ('000)	2,944,368	2,944,368	2,944,368	2,892,175
Basic Earnings Per Ordinary Share (sen)	2.33	1.14	5.62	7.25

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		**12 MONTHS ENDED**	
	31/10/2018	**31/10/2017**	**31/10/2018**	**31/10/2017**
Profit for the period attributable to owners of the Company (RM'000)	68,530	33,712	165,592	209,650
Weighted average number of ordinary shares for basic Earnings Per Ordinary Share ('000)	2,944,368	2,944,368	2,944,368	2,892,175
Effect of potential exercise of Warrants ('000)	#	#	#	#
Weighted average number of ordinary shares ('000)	2,944,368	2,944,368	2,944,368	2,892,175
Diluted Earnings Per Ordinary Share (sen) *	2.33	1.14	5.62	7.25

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**

	12 MONTHS ENDED 31/10/2018 RM'000
i) Advances provided to:-	
- BBCC Development Sdn Bhd ("BBCC")	8,000
- Paragon Pinnacle Sdn Bhd ("Paragon Pinnacle")	44,376
- Eco Horizon Sdn Bhd ("Eco Horizon")	45,200
	========
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	352,000
	========

	As at 31/10/2018 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	404,240
- Eco Horizon	284,100
	========

There is no material impact on the earnings and net tangible assets of the Group for the financial year ended 31 October 2018.

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

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

	3 MONTHS ENDED 31/10/2018 RM'000	**12 MONTHS ENDED 31/10/2018 RM'000**
Interest income	10,550	32,749
Other income including investment income	8,758	13,114
Interest expense	(30,064)	(99,731)
Depreciation and amortisation	(8,214)	(28,247)
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)	11	(1,635)
Gain or loss on derivatives	-	-
Exceptional items	-	-

By order of the Board
Chua Siew Chuan
Company Secretary
13 December 2018