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

Interim Financial Report
30 April 2019

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Interim Financial Report - 30 April 2019

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 APRIL 2019

(The figures have not been audited)

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 APRIL 2019 RM'000	30 APRIL 2018 RM'000 RESTATED	30 APRIL 2019 RM'000	30 APRIL 2018 RM'000 RESTATED
Revenue	543,181	549,708	1,034,411	1,068,923
Cost of sales	(418,801)	(421,513)	(818,475)	(835,847)
Gross profit	124,380	128,195	215,936	233,076
Other income	14,047	8,924	26,566	18,295
Selling and marketing expenses	(14,307)	(11,441)	(22,557)	(21,227)
Administrative expenses	(57,113)	(40,826)	(111,693)	(97,641)
Finance costs	(24,914)	(23,045)	(50,283)	(45,794)
Share of results in an associate, net of tax	(2,479)	(12)	(2,135)	(174)
Share of results in joint ventures, net of tax	16,342	372	40,363	(2,626)
Profit before tax	55,956	62,167	96,197	83,909
Income tax expense	(14,784)	(19,037)	(24,708)	(31,011)
Profit net of tax	41,172	43,130	71,489	52,898
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	(6)	94	(5)	1,694
Share of other comprehensive income/(loss) of joint venture	(2,118)	(10,507)	1,057	(20,947)
Total comprehensive income for the period	39,048	32,717	72,541	33,645
Profit net of tax attributable to:				
Owners of the Company	41,172	43,130	71,489	52,898
Non-controlling interests	-	-	-	-
	41,172	43,130	71,489	52,898
Total comprehensive income attributable to:				
Owners of the Company	39,048	32,717	72,541	33,645
Non-controlling interests	-	-	-	-
	39,048	32,717	72,541	33,645
Earnings per share attributable to owners of the Company:				
Basic earnings per share (sen)	1.40	1.46	2.43	1.80
Diluted earnings per share (sen) *	1.40	1.46	2.43	1.80

** Anti-dilutive*

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 October 2018 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 2019
(The figures have not been audited)

	As At 30 APRIL 2019 RM'000	As At 31 OCTOBER 2018 RM'000 RESTATED	As At 1 NOVEMBER 2017 RM'000 RESTATED
ASSETS			
Non-current assets			
Property, plant & equipment	251,084	250,112	227,942
Investment properties	19,550	19,440	19,149
Inventories - land held for property development	3,937,069	3,885,580	3,909,811
Investment in an associate	54,883	57,018	12,127
Investment in joint ventures	1,118,828	1,097,977	1,152,471
Trade receivables	70,329	24,552	-
Amount due from joint ventures	723,429	651,223	507,520
Deferred tax assets	113,825	107,347	81,894
	6,288,997	6,093,249	5,910,914
Current assets			
Inventories - property under development	2,808,327	2,863,253	2,606,373
Inventories - completed properties	211,853	169,051	24,707
Trade and other receivables	713,998	889,343	813,186
Contract assets	98,782	96,672	160,468
Current tax assets	63,101	49,037	46,999
Deposits	145,186	87,224	119,388
Cash and bank balances	269,397	423,073	314,436
	4,310,644	4,577,653	4,085,557
TOTAL ASSETS	10,599,641	10,670,902	9,996,471
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	3,614,865	3,614,865	3,614,865
Warrants reserve	194,395	194,395	194,395
Foreign currency translation reserve	(21,798)	(23,335)	(801)
Cash flow hedge reserve	(485)	-	-
Retained earnings	613,149	541,660	448,169
Total equity	4,400,126	4,327,585	4,256,628
Non-current liabilities			
Long term borrowings	1,813,980	1,925,831	2,202,608
Finance lease obligations	267	307	-
Other payables	-	-	92,671
Deferred tax liabilities	29,563	22,908	44,846
	1,843,810	1,949,046	2,340,125
Current liabilities			
Trade and other payables	1,203,339	1,365,594	1,493,977
Contract liabilities	1,117,256	1,114,118	609,738
Bank overdrafts	27,876	19,208	26,497
Short term borrowings	1,994,179	1,886,180	1,250,466
Finance lease obligations	79	76	-
Current tax liabilities	12,976	9,095	19,040
	4,355,705	4,394,271	3,399,718
Total liabilities	6,199,515	6,343,317	5,739,843
TOTAL EQUITY AND LIABILITIES	10,599,641	10,670,902	9,996,471
Net Assets Per Share Attributable to Owners of the Company (RM)	1.49	1.47	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 2018 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 2019

(The figures have not been audited)

	Share capital RM'000	Warrants reserve RM'000	Foreign currency translation reserve RM'000	Cash flow hedge reserve RM'000	Retained earnings RM'000	Total Equity RM'000
At 1 November 2018	3,614,865	194,395	(22,216)	-	620,907	4,407,951
Effects of adoption of the MFRS Framework	-	-	(1,119)	-	(79,247)	(80,366)
At 1 November 2018 (restated)	3,614,865	194,395	(23,335)	-	541,660	4,327,585
Profit for the period	-	-	-	-	71,489	71,489
Other comprehensive income	-	-	1,537	(485)	-	1,052
At 30 April 2019	3,614,865	194,395	(21,798)	(485)	613,149	4,400,126
At 1 November 2017	3,614,865	194,395	(541)	-	455,315	4,264,034
Effects of adoption of the MFRS Framework	-	-	(260)	-	(7,146)	(7,406)
At 1 November 2017 (restated)	3,614,865	194,395	(801)	-	448,169	4,256,628
Profit for the period	-	-	-	-	52,898	52,898
Other comprehensive loss	-	-	(19,253)	-	-	(19,253)
At 30 April 2018 (restated)	3,614,865	194,395	(20,054)	-	501,067	4,290,273

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 October 2018 and the accompanying explanatory notes.)

ECO WORLD DEVELOPMENT GROUP BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 30 APRIL 2019
(The figures have not been audited)

	6 MONTHS ENDED 30 APRIL 2019 RM'000	30 APRIL 2018 RM'000 RESTATED
Operating activities		
Profit before tax	96,197	83,909
Adjustments for :		
Non-cash items	(20,400)	18,711
Non-operating items	28,382	29,060
Operating cash flows before changes in working capital	104,179	131,680
Changes in inventories - property under development	66,714	(82,244)
Changes in inventories- completed properties	18,009	(100)
Changes in contract assets/contract liabilities	1,028	129,075
Changes in receivables	143,253	89,772
Changes in payables	(68,334)	(160,971)
Cash flows generated from operations	264,849	107,212
Interest received	5,019	3,190
Interest paid	(93,438)	(81,276)
Net income taxes paid	(35,229)	(36,209)
Net cash flows generated from/(used in) operating activities	141,201	(7,083)
Investing activities		
Additions to inventories - land held for property development	(159,792)	(180,873)
Purchase of property, plant and equipment and investment properties	(17,327)	(16,000)
Proceeds from disposal of property, plant and equipment	3	89
Development expenditure paid	-	(354)
Additional investment in associate	-	(43,710)
Repayment by joint ventures	(47,728)	(35,000)
Reduction in purchase consideration for acquisition of a joint venture	-	19,164
Other investments	(17,547)	(10,445)
Net cash flows used in investing activities	(242,391)	(267,129)
Financing activities		
Drawdown of bank borrowings	344,628	589,286
Repayment of bank borrowings and finance lease obligations	(350,545)	(235,473)
Interest paid	(17,172)	(18,990)
Net cash flows (used in)/generated from financing activities	(23,089)	334,823
Net (decrease)/increase in cash and cash equivalents	(124,279)	60,611
Effect of exchange rate changes	3	(45)
Cash and cash equivalents at 1 November 2018 / 2017	372,675	308,160
Cash and cash equivalents at 30 April 2019 / 2018	248,399	368,726
Cash and cash equivalents comprise the following:		
Deposits	145,186	109,888
Cash and bank balances	269,397	395,580
Bank overdrafts	(27,876)	(25,521)
	386,707	479,947
Less: Deposit pledged, Debt Service Reserve, Redemption Accounts and Escrow Accounts	(138,308)	(111,221)
	248,399	368,726

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 October 2018 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 Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), International Accounting Standard ("IAS") 34: Interim Financial Reporting issued by the International Accounting Standards Board ("IASB") 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 Company's audited financial statements for the financial year ended 31 October 2018, which were prepared in accordance with Financial Reporting Standards ("FRSs").

The interim financial report does not include all of the information required for a complete set of MFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and of its performance since the date to which its last audited annual financial statements were made up.

The interim financial report for the financial quarter ended 31 January 2019 is the Group's first set of interim financial report prepared in accordance with MFRSs, including *MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards*. For periods up to 31 October 2018, the Group prepared its interim financial reports in accordance with FRSs in Malaysia.

The accounting policies and methods of computation applied and adopted by the Group in the preparation of this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 October 2018 except as disclosed below.

In adopting the MFRS framework, the Group has applied the following MFRS and amendments/improvements to MFRSs which are relevant and effective for annual periods beginning on or after 1 January 2018:

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendments/Improvements to MFRS 1	First-time adoption of MFRSs
Amendments/Improvements to MFRS 128	Investments in Associates and Joint Ventures
Amendments/Improvements to MFRS 140	Investment Property

The adoption of the MFRSs framework did not have any material financial impact to the Group's financial position, financial performance and cash flows except as disclosed on pages 8, 9, 10 and 11 below. A brief discussion of the significant standards under the MFRSs framework is summarised below.

<u>MFRS 3 – Business Combinations</u>

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

The Group has opted to apply MFRS 3 prospectively. In addition, the Group has also applied the exemption for MFRS 10 "Consolidated Financial Statements" and acquisitions of associate and its interest in joint ventures.

1. **Basis of preparation (continued)**

MFRS 9 – Financial Instruments

MFRS 9 replaces MFRS 139, *Financial Instruments: Recognition and Measurement* and introduces new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and on hedge accounting.

MFRS 9 introduces an approach for the classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which the asset is held. The Group has classified its financial assets as financial assets measured at amortised cost.

MFRS 9 introduces a new expected credit loss ("ECL") model for impairment that replaces the incurred loss impairment model used in FRS 139. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. Based on an assessment, the Group has not identified any significant impact arising from adopting this model.

The Group has applied MFRS 9 from 1 November 2018, and has avail itself of the exemptions permitted under MFRS 1. Accordingly the comparative figures have not been restated.

MFRS 15 – Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Upon the adoption of MFRS 15, the Group conducted an assessment of its existing contracts with customers and identified, among others, the following changes to its existing accounting principles:

(a) Timing of recognition for the sales of properties

The Group recognises revenue from property development over time if the Group's performance does not create an asset with an alternative use to the Group and if it has an enforceable right to payment for performance completed to date and it is probable that the Group will collect such payment. The measure of the progress towards complete satisfaction of the performance obligation is based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the development costs incurred to date to the estimated total development costs).

(b) Determining the transaction price

In determining the transaction price, the Group assesses the estimated transaction price after considering the effects of variable consideration, constraining estimates of variable consideration, the existence of a significant financing component in the contract and consideration payable to customer.

1. **Basis of preparation (continued)**

(c) Accounting for incremental costs of obtaining a contract

The Group's previous accounting policy under the FRSs framework was to expense off incremental costs in obtaining a customer contract. Upon adoption of MFRS 15, these costs qualify to be recognised as an asset which is amortised progressively over the period during which the property sold is transferred to the customer as long as the Group expects to recover these costs.

(d) Other adjustments

The above changes have resulted in adjustments to other items such as deferred taxes, investment in joint ventures, inventories, foreign currency translation reserve and retained earnings.

(e) Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the condensed consolidated statement of financial position to reflect the terminology used in MFRS 15:

(i) Accrued billings arising from property development contracts previously presented under trade and other receivables, and arising from construction contracts previously presented as gross amount due from customers are now presented as Contract Assets.

(ii) Progress billings arising from property development contracts previously presented under trade and other payables are now presented as Contract Liabilities.

The Group has applied MFRS 15 in accordance with the full retrospective transitional provisions with elected practical expedients according to paragraph C5 of MFRS 15.

Reclassification of comparative figures

In 2Q2018, certain fees charged by the Group to its joint ventures were included in other operating income. Related expenses were included in administrative expenses. However, in 4Q2018, the nature of such income were reassessed and reclassified as revenue. The related expenses were also reclassified as cost of sales.

Accordingly, the 2Q2018 comparative figures have been reclassified to conform with the above mentioned presentation. The reclassification has had no effect on the profit for the current and previous financial quarter. There has also been no effect on retained earnings.

1. **Basis of preparation (continued)**

The effects of the transition to the MFRS Framework on the consolidated statement of financial position are as follows:

	As previously reported (Under FRSs) RM'000	Effect of MFRS adjustments RM'000	As restated (Under MFRSs) RM'000
Consolidated Statement of Financial Position At 31 October 2018			
ASSETS			
Non-Current Assets			
Property, plant & equipment	250,112	-	250,112
Investment properties	19,440	-	19,440
Inventories - land held for property development	3,877,520	8,060	3,885,580
Investment in an associate	57,018	-	57,018
Investment in joint ventures	1,112,584	(14,607)	1,097,977
Trade receivables	24,552	-	24,552
Amount due from joint ventures	651,223	-	651,223
Deferred tax assets	96,676	10,671	107,347
	6,089,125	4,124	6,093,249
Current Assets			
Inventories - properties under development	2,567,368	295,885	2,863,253
Inventories - completed properties	140,489	28,562	169,051
Trade and other receivables	1,063,258	(173,915)	889,343
Contract assets	-	96,672	96,672
Gross amount due from customers	6,882	(6,882)	-
Current tax assets	49,037	-	49,037
Deposits	87,224	-	87,224
Cash and bank balances	423,073	-	423,073
	4,337,331	240,322	4,577,653
TOTAL ASSETS	10,426,456	244,446	10,670,902
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	3,614,865	-	3,614,865
Warrant Reserve	194,395	-	194,395
Foreign currency translation reserve	(22,216)	(1,119)	(23,335)
Retained Earnings	620,907	(79,247)	541,660
Total Equity	4,407,951	(80,366)	4,327,585
Non-Current Liabilities			
Long term borrowings	1,925,831	-	1,925,831
Finance lease obligations	307	-	307
Deferred tax liabilities	32,435	(9,527)	22,908
	1,958,573	(9,527)	1,949,046
Current Liabilities			
Trade and other payables	2,145,373	(779,779)	1,365,594
Contract liabilities	-	1,114,118	1,114,118
Bank overdrafts	19,208	-	19,208
Short term borrowings	1,886,180	-	1,886,180
Finance lease obligations	76	-	76
Current tax liabilities	9,095	-	9,095
	4,059,932	334,339	4,394,271
Total Liabilities	6,018,505	324,812	6,343,317
TOTAL EQUITY AND LIABILITIES	10,426,456	244,446	10,670,902

1. **Basis of preparation (continued)**

The effects of the transition to the MFRS Framework on the consolidated statement of financial position are as follows: (continued)

	As previously reported (Under FRSs) RM'000	Effect of MFRS adjustments RM'000	As restated (Under MFRSs) RM'000
Consolidated Statement of Financial Position At 1 November 2017			
ASSETS			
Non-Current Assets			
Property, plant & equipment	227,942	-	227,942
Investment properties	19,149	-	19,149
Inventories - land held for property development	3,900,199	9,612	3,909,811
Investment in an associate	12,127	-	12,127
Investment in joint ventures	1,139,208	13,263	1,152,471
Amount due from joint ventures	507,520	-	507,520
Deferred tax assets	78,743	3,151	81,894
	5,884,888	26,026	5,910,914
Current Assets			
Inventories - properties under development	2,431,575	174,798	2,606,373
Inventories - completed properties	24,707	-	24,707
Trade and other receivables	1,021,386	(208,200)	813,186
Contract assets	-	160,468	160,468
Gross amount due from customers	6,882	(6,882)	-
Current tax assets	46,999	-	46,999
Deposits	119,388	-	119,388
Cash and bank balances	314,436	-	314,436
	3,965,373	120,184	4,085,557
TOTAL ASSETS	9,850,261	146,210	9,996,471
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	3,614,865	-	3,614,865
Warrant Reserve	194,395	-	194,395
Foreign currency translation reserve	(541)	(260)	(801)
Retained Earnings	455,315	(7,146)	448,169
Total Equity	4,264,034	(7,406)	4,256,628
Non-Current Liabilities			
Long term borrowings	2,202,608	-	2,202,608
Other payables	92,671	-	92,671
Deferred tax liabilities	48,563	(3,717)	44,846
	2,343,842	(3,717)	2,340,125
Current Liabilities			
Trade and other payables	1,946,382	(452,405)	1,493,977
Contract liabilities	-	609,738	609,738
Bank overdrafts	26,497	-	26,497
Short term borrowings	1,250,466	-	1,250,466
Current tax liabilities	19,040	-	19,040
	3,242,385	157,333	3,399,718
Total Liabilities	5,586,227	153,616	5,739,843
TOTAL EQUITY AND LIABILITIES	9,850,261	146,210	9,996,471

1. **Basis of preparation (continued)**

The effects of the transition to the MFRS Framework on the consolidated statement of comprehensive income are as follows:

	As previously reported (Under FRSs) RM'000	Reclassification RM'000	Effect of MFRS adjustments RM'000	As restated (Under MFRSs) RM'000
Statement of Comprehensive Income 6 months ended 30 April 2018				
Revenue	1,062,277	7,741	(1,095)	1,068,923
Cost of sales	(832,786)	(4,906)	1,845	(835,847)
Gross profit	229,491	2,835	750	233,076
Other income	26,036	(7,741)	-	18,295
Selling and marketing expenses	(19,229)	-	(1,998)	(21,227)
Administrative expenses	(101,089)	4,906	(1,458)	(97,641)
Finance costs	(45,794)	-	-	(45,794)
Share of results in an associate, net of tax	(174)	-	-	(174)
Share of results in joint ventures, net of tax	1,105	-	(3,731)	(2,626)
Profit before taxation	90,346	-	(6,437)	83,909
Income tax expense	(31,805)	-	794	(31,011)
Profit net of tax	**58,541**	**-**	**(5,643)**	**52,898**
Other comprehensive income:				
Exchange differences on translation of foreign operation	1,694	-	-	1,694
Share of other comprehensive losses of joint venture	(20,102)	-	(845)	(20,947)
Total comprehensive income for the period	**40,133**	**-**	**(6,488)**	**33,645**
Earnings per share attributable to owners of the company				
:-Basic earnings per share (sen)	1.99			1.80
- Diluted earning per share (sen) #	1.99			1.80

* *Anti-dilutive*

1. **Basis of preparation (continued)**

The effects of the transition to the MFRS Framework on the consolidated statement of comprehensive income are as follows: (continued)

	As previously reported (Under FRSs) RM'000	Reclassification RM'000	Effect of MFRS adjustments RM'000	As restated (Under MFRSs) RM'000
Statement of Comprehensive Income 3 months ended 30 April 2018				
Revenue	498,686	3,793	47,229	549,708
Cost of sales	(386,745)	(2,577)	(32,191)	(421,513)
Gross profit	111,941	1,216	15,038	128,195
Other income	12,717	(3,793)	-	8,924
Selling and marketing expenses	(10,089)	-	(1,352)	(11,441)
Administrative expenses	(42,204)	2,577	(1,199)	(40,826)
Finance costs	(23,045)	-	-	(23,045)
Share of results in an associate, net of tax	(12)	-	-	(12)
Share of results in joint ventures, net of tax	1,141	-	(769)	372
Profit before taxation	50,449	-	11,718	62,167
Income tax expense	(15,996)	-	(3,041)	(19,037)
Profit net of tax	**34,453**	**-**	**8,677**	**43,130**
Other comprehensive income:				
Exchange differences on translation of foreign operation	94	-	-	94
Share of other comprehensive losses of joint venture	(10,028)	-	(479)	(10,507)
Total comprehensive income for the period	**24,519**	**-**	**8,198**	**32,717**
Earnings per share attributable to owners of the company				
:-Basic earnings per share (sen)	1.17			1.46
- Diluted earning per share (sen) #	1.17			1.46

* *Anti-dilutive*

There is no material impact on the consolidated statement of cash flows for the 6 months period ended 30 April 2018. The reclassification on adoption of the MFRS framework in the consolidated statement of cash flows for the 6 months ended 30 April 2018 is as follows:

	As previously reported (under FRSs) RM'000	Effect of MFRS adjustments RM'000	As restated (Under MFRSs) RM'000
Statement of Cash Flows 6 months ended 30 April 2018			
Net cash generated from/(used in) operating activities	27,409	(34,492)	(7,083)
Net cash used in investing activities	(301,621)	34,492	(267,129)

2. **Seasonal or Cyclical Factors**

The business operations of the Group during the 6 months ended 30 April 2019 were not 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 2019.

4. **Changes in Estimates**

There were no material changes in estimates for the 6 months ended 30 April 2019.

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 sale of treasury shares during the 6 months ended 30 April 2019, except for the second issuance of unrated Medium Term Notes (“MTN”) with a nominal value of RM40 million by Eco Botanic Sdn Bhd, a wholly owned subsidiary, on 24 December 2018. RM20 million out of the RM40 million MTNs are guaranteed by Danajamin Nasional Berhad.

6. **Dividends Paid**

There was no payment of dividend during the 6 months ended 30 April 2019.

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 2019 till 20 June 2019 (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 2019.

10. **Contingent Liabilities**

There were no contingent liabilities that has arisen since the date of the latest audited financial statements.

11. **Fair value of Financial Instruments**

(a) There were no derivative financial instruments as at 30 April 2019.

(b) The carrying amounts of the Group's financial assets and financial liabilities at amortised cost are reasonable approximations of fair values.

12. **Disaggregation of revenue**

The Group’s revenue is disaggregated by primary geographical market as follows:-

	6 MONTHS ENDED	
	30/04/2019 RM’000	30/04/2018 RM’000 RESTATED
Location		
Klang Valley	507,567	643,838
Iskandar Malaysia	465,783	366,519
Penang	61,061	58,566
	1,034,411	1,068,923

13. **Commitments**

	As at 30/04/2019 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	1,018
Commitment to fund development costs of a joint venture	53,000

14. **Significant Related Party Transactions**

	6 MONTHS ENDED 30/04/2019 RM’000
(i) Transactions with shareholders/directors of the Company and its subsidiary companies, and with companies in which they have interests	
- Subscription of shares in a company in which a director has interest	50
- Rental paid and payable to companies in which a director has interest	128
(ii) Transactions with joint ventures	
- Advances given	47,728
- Interest received and receivable	24,478
- Development management fees received and receivable	35,218
- Other resources fees received and receivable	11,620
- Brand licensing fees received and receivable	3,000
- Advisory fees received and receivable	112
- Commission received and receivable	517
- Rental received and receivable	264
- Support service fees received and receivable	48

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

1. Review of Group Performance

	3 MONTHS ENDED			6 MONTHS ENDED		
	30/04/2019 RM'000	30/04/2018 RM'000 RESTATED	Changes RM'000	30/04/2019 RM'000	30/04/2018 RM'000 RESTATED	Changes RM'000
Revenue	543,181	549,708	(6,527)	1,034,411	1,068,923	(34,512)
Gross profit	124,380	128,195	(3,815)	215,936	233,076	(17,140)
Share of results of joint ventures						
- Malaysia	19,755	7,516	12,239	37,631	7,265	30,366
- International	(3,413)	(7,144)	3,731	2,732	(9,891)	12,623
Profit before interest and tax	80,870	85,212	(4,342)	146,480	129,703	16,777
Profit before tax (PBT)	55,956	62,167	(6,211)	96,197	83,909	12,288
Profit after tax	41,172	43,130	(1,958)	71,489	52,898	18,591
Profit attributable to owners of the Company	41,172	43,130	(1,958)	71,489	52,898	18,591

(a) **2Q 2019 vs 2Q 2018**

The main projects which contributed to the Group's revenue and gross profit in 2Q 2019 were ***Eco Majestic***, ***Eco Forest***, ***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.

Revenue recorded by the Group's Malaysian joint-ventures, namely ***Eco Grandeur***, ***Eco Horizon***, ***Eco Ardence*** and ***Bukit Bintang City Centre (BBCC)*** totalled RM317.2 million, of which the Group's effective share (unconsolidated) amounted to RM166.0 million.

Despite the higher share of results contributed by the Malaysian joint-ventures, the PBT for 2Q 2019 was still lower than 2Q 2018 mainly due to higher administrative and selling & marketing expenses. This includes additional depreciation following the completion of the Sanctuary Mall this year and increased expenses incurred in relation to the concurrent launch of the Home Ownership Programme with EcoWorld ("HOPE") and Home Ownership Campaign initiated by the Minister of Finance.

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

(b) **2Q YTD 2019 vs 2Q YTD 2018**

The Group's subsidiaries recorded lower revenue and gross profit in 2Q YTD 2019 because the majority of the newly launched projects are now undertaken by the Group's various joint-ventures.

Revenues recorded by the Malaysian joint-ventures has grown strongly. In this regard, the ***Eco Grandeur***, ***Eco Horizon***, ***Eco Ardence*** and ***Bukit Bintang City Centre (BBCC)*** projects collectively recorded RM613.3 million in revenue of which the Group's effective share, based on its equity stakes in the respective joint-ventures, amounted to RM320.3 million.

Profit after tax for 2Q YTD 2019 increased by 35% to RM71.5 million from RM52.9 million. This is due to significantly higher contributions by the Group's joint ventures which went from a share of loss of RM2.6 million last year to a share of profit (after tax) from joint ventures of RM40.4 million this year.

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

	3 MONTHS ENDED		
	30/04/2019 RM'000	**31/01/2019 RM'000**	**Changes RM'000**
Revenue	543,181	491,230	51,951
Gross profit	124,380	91,556	32,824
Share of results of joint ventures			
- Malaysia	19,755	17,876	1,879
- International	(3,413)	6,145	(9,558)
Profit before interest and tax	80,870	65,610	15,260
Profit before tax (PBT)	55,956	40,241	15,715
Profit after tax	41,172	30,317	10,855
Profit attributable to owners of the Company	41,172	30,317	10,855

Revenue and gross profit in 2Q 2019 was higher than in 1Q 2019 due to the recognition of revenue and gross profit derived from sales secured in the 2nd half of FY 2018 and progress of works achieved in 2Q 2019.

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

Location of projects	**No of launched projects [2]**	**7 months ended 31.05.2019 Units launched [2]**	**Units sold [1,2]**	**Sales value [2] RM'mil**	**Cumulative sales [1,2] RM'mil**	**As at 31.05.2019 Future revenue [3] RM'mil**
Klang Valley	8	288	677	572	10,502	2,826
Iskandar Malaysia	7	290	335	320	5,880	1,087
Penang	3	47	124	134	1,063	389
Malaysia	**18**	**625**	**1,136**	**1,026**	**17,445**	**4,302**

Location of projects	**Land bank Acres**	**7 months ended 31.05.2019 Units launched [2]**	**Units sold [1,2]**	**Sales value [2] RM'mil**	**Cumulative sales [1,2] RM'mil**	**As at 31.05.2019 Future revenue [3] RM'mil**
United Kingdom	49.2	192	148	548	10,137	1,451
Australia	2.4	-	12	38	1,259	334
Overseas	**51.6**	**192**	**160**	**586**	**11,396**	**1,785**

Total future revenue attributable to EcoWorld Malaysia	**6,087**

[1] *Includes sales of units from prior year launches*
[2] *Includes projects and sales (by units & value) of joint ventures*
[3] *Represents revenue expected to be recognised in the future from secured sales of subsidiaries and joint ventures (EcoWorld Malaysia's proportionate share based on equity interest)*

The Group achieved RM1.026 billion in sales in the first 7 months of FY2019, after a slow start to the year which saw only RM230 million recorded in the first 4 months of FY2019. This marked improvement of close to RM800 million sales was secured over 3 months following the official launch of the National Home Ownership Campaign ("NHOC") on 1 March 2019, aided by the Group's attractive Help2Own and Stay2Own solutions under its own HOPE Campaign. Sales activity picked up as buyers returned in a big way to secure their dream homes across the Group's projects in the Klang Valley, Iskandar Malaysia and Penang.

As such, whilst the sectoral outlook continues to be challenging, some green shoots are emerging based on the following:

- The NHOC has successfully cleared a good number of saleable unsold units from the system since its official launch on 1 March 2019;
- This reduces the effective property overhang which will enable the market to recalibrate to its natural level supported by the country's relatively young demographic and continuing new household formation; and
- Changing lifestyle needs and aspirations as well as an increasing number of active retirees continue to inform and influence buying decisions

Based on the above, apart from the promotional campaigns which the Group is running in support of the NHOC, our engagement on the ground and the sales which we have garnered over the last three months demonstrate that:

- Interest in the Group's developments remain strong - purchasers continue to be drawn to the Group's steadfast commitment to value creation as they seek out properties that not only meet their current lifestyle needs but also have the potential to appreciate in value as the projects mature;

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

- Our Life@EcoWorld concepts which marry the establishment of digitally enabled communities using 4th IR solutions together with Integrated Wellness & Care components to look after our customers at every stage of their lives are beginning to gain traction; and

- Our Signature EcoWorld DNA which is now evident in an increasing number of matured and maturing projects has helped us to attract high-quality corporates to partner with us to take our developments to another level.

The above efforts to make each and every EcoWorld development the best places to live, work and do business in has enabled us to formalise two important cross-border collaborations:

- In February 2019 we inked two MOUs with the renowned Kaohsiung Medical University Hospital (KMUH) of Taiwan to set the stage for KMUH to share its knowledge and experience in healthcare & wellness services with EcoWorld Malaysia and our local partner Aged Care Group (ACG).

  This led to the signing of two separate Cooperation Agreements in April 2019 between EcoWorld Malaysia, ACG and KMUH for KMUH to provide training courses in Malaysia involving community activities, community care and care management. The tie-up with KMUH will enhance significantly EcoWorld Malaysia's capabilities in creating holistic living environments with unique "ageing in place" features, which is defined as the ability to live in one's own home and community safely, independently, and comfortably, regardless of age, income, or ability levels. Beginning with Eco Sanctuary, these services are proposed to be extended to our other projects in the Klang Valley, Penang and Iskandar Malaysia as Malaysia prepares itself to be an ageing nation where more than 10% of its population will be 60 years and older by 2020.

- More recently on 14 June 2019, EcoWorld Malaysia signed two landmark agreements with the PowerChina Group, a wholly Chinese State-owned comprehensive infrastructure, construction and real estate group ranked 182 on Fortune's Global 500 companies in 2018.

  The first is a conditional joint-venture between a Malaysian incorporated subsidiary of the PowerChina Group and Paragon Pinnacle Sdn Bhd to jointly develop 117.35 acres of industrial land to be known as Eco Business Park V, Phase 2 (Proposed JV).

  The Proposed JV with PowerChina will connect and open doors for potential industrialists from China and the region seeking to set up business and operations in Malaysia. Other benefits include:

  - Raising working capital via the land sale to the JVCo for RM240.2 million, the bulk of which can be utilised by Paragon Pinnacle to fund its ongoing development activities,

  - Accelerating the development of Eco Business Park V and contributing towards the Group's aims to make it not only one of the best industrial parks in the country but also a key job centre offering quality employment opportunities for the people of Selangor; and

  - Generating positive spillover effects for the Group's neighbouring Eco Grandeur project and the broader Northern Klang Valley emerging growth corridor.

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

The second deal is a Memorandum of Understanding between EcoWorld Malaysia and the infrastructure arm of the PowerChina Group to jointly bid for infrastructure projects in Malaysia. Whilst it is too early to elaborate on the potential benefits of this deal, the Board is gratified that the PowerChina Group has not only selected an EcoWorld project for their very 1st industrial real estate venture here but is also choosing to work with EcoWorld to bid for potential infrastructure projects in Malaysia. Accordingly, the Group will do its utmost to work closely with the PowerChina Group to foster this relationship for the mutual benefit its respective stakeholders in Malaysia and China in the years to come.

Outside Malaysia, EcoWorld International recorded RM586 million sales in the first 7 months of FY2019, also a substantial improvement over the RM146 million achieved in the first 4 months of FY2019. The higher sales were mostly contributed by the new EcoWorld London projects, including the launch the new Verdo residential blocks in Kew Bridge in February 2019 which has achieved a healthy take-up rate of 45% to date.

In addition, EcoWorld London is actively pursuing new Build-to-rent (BtR) deals to tap into the growing institutional demand for purpose-built BtR developments in the UK. Efforts ranging from land sourcing and securing of financing to planning application and negotiations with potential BtR investors on its existing sites are being undertaken which are expected to contribute towards the attainment of the two-year sales target set of RM6 billion for the FY2019 to FY2020.

On the financial front, whilst EcoWorld International did not record a profit before tax in 2Q 2019 due to the lower volume of properties handed over this quarter, more handovers are expected in the next few months. This includes four additional residential blocks from London City Island and Embassy Gardens which are targeted for completion in FY2019. Upon completion and handover, profits from sales of these units will be recognised. This should therefore add onto EcoWorld Malaysia's share of profits from its International joint-venture in the remaining quarters of FY2019.

As at 31 May 2019, the Group'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*	2,863.6
Iskandar Malaysia	7	2,926.1	1,575.7
Penang	5	465.0	328.2
The Group	**20**	**8,126.4**	**4,767.5**

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

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

There were no profit forecast published as at 30 April 2019.

5. **Income Tax**

Income Tax comprises:-

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2019 RM'000	**30/04/2018 RM'000 RESTATED**	**30/04/2019 RM'000**	**30/04/2018 RM'000 RESTATED**
Current tax				
- for current quarter	11,430	11,192	24,304	53,262
- in respect of prior years	123	-	742	(173)
Deferred tax				
- for current quarter	3,305	7,846	(716)	(22,382)
- in respect of prior years	(74)	(1)	378	304
	14,784	19,037	24,708	31,011

The Group's effective tax rate for 2Q 2019 and 2Q YTD 2019 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 20 June 2019, 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 precedent 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 30 April 2019 and 31 October 2018 were as follows:-

	As at 30 April 2019		
	Long term RM'000	**Short term RM'000**	**Total borrowings RM'000**
Secured			
Revolving credits	82,617	626,920	709,537
Term loans	1,092,763	334,775	1,427,538
Bridging loans	200,047	121,030	321,077
Medium term notes	188,918	-	188,918
Finance lease obligations	267	79	346
	1,564,612	1,082,804	2,647,416
Unsecured			
Revolving credits	-	809,829	809,829
Term loans	-	101,625	101,625
Medium term notes	249,635	-	249,635
Overdraft	-	27,876	27,876
	249,635	939,330	1,188,965
	1,814,247	2,022,134	3,836,381

	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

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

	As at 30 April 2019	As at 31 October 2018
	%	%
Floating interest rate	5.57	5.54
Fixed interest rate	6.28	6.24

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 20 June 2019 (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 2019.

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**	
	30/04/2019	**30/04/2018 RESTATED**	**30/04/2019**	**30/04/2018 RESTATED**
Profit for the period attributable to owners of the Company (RM'000)	41,172	43,130	71,489	52,898
Weighted average number of ordinary shares ('000)	2,944,369	2,944,369	2,944,369	2,944,369
Basic Earnings Per Ordinary Share (sen)	1.40	1.46	2.43	1.80

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**	
	30/04/2019	**30/04/2018 RESTATED**	**30/04/2019**	**30/04/2018 RESTATED**
Profit for the period attributable to owners of the Company (RM'000)	41,172	43,130	71,489	52,898
Weighted average number of ordinary shares for basic Earnings Per Ordinary Share ('000)	2,944,369	2,944,369	2,944,369	2,944,369
Effect of potential exercise of Warrants ('000)	#	#	#	#
Weighted average number of ordinary shares ('000)	2,944,369	2,944,369	2,944,369	2,944,369
Diluted Earnings Per Ordinary Share (sen) *	1.40	1.46	2.43	1.80

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 2018 were unqualified.

12. **Provision of Financial Assistance**

	6 MONTHS ENDED 30/04/2019 RM'000
i) Advances provided to:	
- BBCC Development Sdn Bhd	27,000
- Eco Horizon Sdn Bhd ("Eco Horizon")	20,728
	========
ii) Guarantees given by the Company to secure the bank borrowings of:	
- Paragon Pinnacle Sdn Bhd ("Paragon Pinnacle")	121,200
- Eco Horizon	32,683
	========
	As at 30/04/2019 RM'000
iii) Guarantees given by the Company 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	420,278
- Eco Horizon	295,368
	========

There is no material impact on the earnings and net tangible assets of the Group for the 6 months ended 30 April 2019.

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

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

	3 MONTHS ENDED 30/04/2019 RM'000	**6 MONTHS ENDED 30/04/2019 RM'000**
Interest income	10,020	20,296
Other income including investment income	4,013	6,242
Interest expense	(24,914)	(50,283)
Depreciation and amortisation	(10,029)	(16,246)
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)	7	(6)
Gain or loss on derivatives	-	-
Exceptional items	-	-

By order of the Board
Chua Siew Chuan
Company Secretary
27 June 2019