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

Interim Financial Report
31 July 2019

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Interim Financial Report - 31 July 2019

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JULY 2019
(The figures have not been audited)

	3 MONTHS ENDED		9 MONTHS ENDED	
	31 JULY 2019 RM'000	31 JULY 2018 RM'000 RESTATED	31 JULY 2019 RM'000	31 JULY 2018 RM'000 RESTATED
Revenue	521,371	454,648	1,555,782	1,523,571
Cost of sales	(409,184)	(358,556)	(1,227,659)	(1,194,403)
Gross profit	112,187	96,092	328,123	329,168
Other income	13,444	8,260	40,010	26,555
Selling and marketing expenses	(10,403)	(11,341)	(32,960)	(32,568)
Administrative expenses	(63,154)	(55,759)	(174,847)	(153,400)
Finance costs	(24,508)	(23,873)	(74,791)	(69,667)
Share of results in an associate, net of tax	26	1,023	(2,109)	849
Share of results in joint ventures, net of tax	37,750	19,262	78,113	16,636
Profit before tax	65,342	33,664	161,539	117,573
Income tax expense	(14,866)	(5,869)	(39,574)	(36,880)
Profit net of tax	50,476	27,795	121,965	80,693
Other comprehensive loss, net of tax				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	28	(28)	23	1,666
Share of other comprehensive loss of a joint venture	(42,900)	(1,126)	(41,843)	(22,073)
Total comprehensive income for the period	7,604	26,641	80,145	60,286
Profit net of tax attributable to:				
Owners of the Company	50,476	27,795	121,965	80,693
Non-controlling interests	-	-	-	-
	50,476	27,795	121,965	80,693
Total comprehensive income attributable to:				
Owners of the Company	7,604	26,641	80,145	60,286
Non-controlling interests	-	-	-	-
	7,604	26,641	80,145	60,286
Earnings per share attributable to owners of the Company:				
Basic earnings per share (sen)	1.71	0.94	4.14	2.74
Diluted earnings per share (sen) *	1.71	0.94	4.14	2.74

** 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 31 JULY 2019
(The figures have not been audited)

	As At 31 JULY 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	241,471	250,112	227,942
Investment properties	19,550	19,440	19,149
Inventories - land held for property development	3,976,682	3,885,580	3,909,811
Investment in an associate	54,909	57,018	12,127
Investment in joint ventures	1,104,967	1,097,977	1,152,471
Trade receivables	94,415	24,552	-
Amount due from joint ventures	746,652	651,223	507,520
Deferred tax assets	103,969	107,347	81,894
	6,342,615	6,093,249	5,910,914
Current assets			
Inventories - property under development	2,448,680	2,863,253	2,606,373
Inventories - completed properties	539,776	169,051	24,707
Trade and other receivables	869,925	889,343	813,186
Contract assets	56,711	96,672	160,468
Current tax assets	65,092	49,037	46,999
Deposits	145,414	87,224	119,388
Cash and bank balances	200,010	423,073	314,436
	4,325,608	4,577,653	4,085,557
TOTAL ASSETS	10,668,223	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	(68,457)	(23,335)	(801)
Cash flow hedge reserve	3,302	-	-
Retained earnings	663,625	541,660	448,169
Total equity	4,407,730	4,327,585	4,256,628
Non-current liabilities			
Long term borrowings	1,733,489	1,925,831	2,202,608
Finance lease obligations	246	307	-
Other payables	-	-	92,671
Deferred tax liabilities	26,395	22,908	44,846
	1,760,130	1,949,046	2,340,125
Current liabilities			
Trade and other payables	1,284,752	1,365,594	1,493,977
Contract liabilities	1,291,002	1,114,118	609,738
Bank overdrafts	26,326	19,208	26,497
Short term borrowings	1,887,436	1,886,180	1,250,466
Finance lease obligations	80	76	-
Current tax liabilities	10,767	9,095	19,040
	4,500,363	4,394,271	3,399,718
Total liabilities	6,260,493	6,343,317	5,739,843
TOTAL EQUITY AND LIABILITIES	10,668,223	10,670,902	9,996,471
Net Assets Per Share Attributable to Owners of the Company (RM)	1.50	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 31 JULY 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	-	-	-	-	121,965	121,965
Other comprehensive loss	-	-	(45,122)	3,302	-	(41,820)
At 31 July 2019	3,614,865	194,395	(68,457)	3,302	663,625	4,407,730
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	-	-	-	-	80,693	80,693
Other comprehensive loss	-	-	(20,407)	-	-	(20,407)
At 31 July 2018 (restated)	3,614,865	194,395	(21,208)	-	528,862	4,316,914

(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
(Company No: 17777-V)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 31 JULY 2019
(The figures have not been audited)

	9 MONTHS ENDED	
	31 JULY 2019 RM'000	31 JULY 2018 RM'000 RESTATED
Operating activities		
Profit before tax	161,539	117,573
Adjustments for :		
Non-cash items	(49,028)	7,101
Non-operating items	40,844	44,485
Operating cash flows before changes in working capital	153,355	169,159
Changes in inventories - property under development	119,846	(36,229)
Changes in inventories- completed properties	27,710	(100)
Changes in contract assets/contract liabilities	216,846	320,529
Changes in receivables	(27,896)	21,592
Changes in payables	3,752	(194,332)
Cash flows generated from operations	493,613	280,619
Interest received	7,508	5,238
Interest paid	(133,131)	(121,022)
Net income taxes paid	(50,303)	(75,057)
Net cash flows generated from operating activities	317,687	89,778
Investing activities		
Additions to inventories - land held for property development	(199,561)	(281,238)
Purchase of property, plant and equipment and investment properties	(16,034)	(34,230)
Proceeds from disposal of property, plant and equipment	7	534
Development expenditure paid	-	(354)
Additional investment in associate	-	(43,710)
Advances to joint ventures	(57,728)	(65,000)
Reduction in purchase consideration for acquisition of a joint venture	-	19,164
Other investments	(23,051)	(69,288)
Net cash flows used in investing activities	(296,367)	(474,122)
Financing activities		
Drawdown of bank borrowings	440,623	766,536
Repayment of bank borrowings and finance lease obligations	(634,808)	(329,109)
Interest paid	(25,701)	(28,711)
Net cash flows (used in)/generated from financing activities	(219,886)	408,716
Net (decrease)/increase in cash and cash equivalents	(198,566)	24,372
Effect of exchange rate changes	(1)	(38)
Cash and cash equivalents at 1 November 2018 / 2017	372,675	308,160
Cash and cash equivalents at 31 July 2019 / 2018	174,108	332,494
Cash and cash equivalents comprise the following:		
Deposits	145,414	133,392
Cash and bank balances	200,010	396,649
Bank overdrafts	(26,326)	(26,707)
	319,098	503,334
Less: Deposit pledged, Debt Service Reserve, Redemption Accounts and Escrow Accounts	(144,990)	(170,840)
	174,108	332,494

(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.

MFRS 3 – Business Combinations

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 3Q2018, 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 3Q2018 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 9 months ended 31 July 2018				
Revenue	1,552,326	11,861	(40,616)	1,523,571
Cost of sales	(1,211,475)	(9,206)	26,278	(1,194,403)
Gross profit	340,851	2,655	(14,338)	329,168
Other income	38,416	(11,861)	-	26,555
Selling and marketing expenses	(31,221)	-	(1,347)	(32,568)
Administrative expenses	(159,961)	9,206	(2,645)	(153,400)
Finance costs	(69,667)	-	-	(69,667)
Share of results in an associate, net of tax	849	-	-	849
Share of results in joint ventures, net of tax	18,972	-	(2,336)	16,636
Profit before taxation	138,239	-	(20,666)	117,573
Income tax expense	(41,177)	-	4,297	(36,880)
Profit net of tax	**97,062**	**-**	**(16,369)**	**80,693**
Other comprehensive income:				
Exchange differences on translation of foreign operation	1,666	-	-	1,666
Share of other comprehensive losses of joint venture	(21,251)	-	(822)	(22,073)
Total comprehensive income for the period	**77,477**	**-**	**(17,191)**	**60,286**
Earnings per share attributable to owners of the company				
:-Basic earnings per share (sen)	3.30			2.74
- Diluted earning per share (sen) #	3.30			2.74

* *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 31 July 2018				
Revenue	490,049	4,120	(39,521)	454,648
Cost of sales	(378,689)	(4,300)	24,433	(358,556)
Gross profit	111,360	(180)	(15,088)	96,092
Other income	12,380	(4,120)	-	8,260
Selling and marketing expenses	(11,992)	-	651	(11,341)
Administrative expenses	(58,872)	4,300	(1,187)	(55,759)
Finance costs	(23,873)	-	-	(23,873)
Share of results in an associate, net of tax	1,023	-	-	1,023
Share of results in joint ventures, net of tax	17,867	-	1,395	19,262
Profit before taxation	47,893	-	(14,229)	33,664
Income tax expense	(9,372)	-	3,503	(5,869)
Profit net of tax	**38,521**	**-**	**(10,726)**	**27,795**
Other comprehensive income:				
Exchange differences on translation of foreign operation	(28)	-	-	(28)
Share of other comprehensive losses of joint venture	(1,149)	-	23	(1,126)
Total comprehensive income for the period	**37,344**	**-**	**(10,703)**	**26,641**
Earnings per share attributable to owners of the company				
:-Basic earnings per share (sen)	1.31			0.94
- Diluted earning per share (sen) #	1.31			0.94

* *Anti-dilutive*

There is no material impact on the consolidated statement of cash flows for the 9 months ended 31 July 2018. The reclassification on adoption of the MFRS framework in the consolidated statement of cash flows for the 9 months ended 31 July 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 9 months ended 31 July 2018			
Net cash generated from operating activities	75,752	14,026	89,778
Net cash used in investing activities	(460,096)	(14,026)	(474,122)

2. **Seasonal or Cyclical Factors**

The business operations of the Group during the 9 months ended 31 July 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 9 months ended 31 July 2019.

4. **Changes in Estimates**

There were no material changes in estimates for the 9 months ended 31 July 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 9 months ended 31 July 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 9 months ended 31 July 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 31 July 2019 till 12 September 2019 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report), except as disclosed below in Note 6 on page 18 and the issuance of the balance tranche of the unrated medium term notes with a nominal value of RM250 million by Eco World Capital Assets Berhad, a wholly owned subsidiary of the Company on 13 August 2019.

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 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 31 July 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:-

	9 MONTHS ENDED	
	31/07/2019	**31/07/2018**
	RM’000	**RM’000**
		RESTATED
Location		
Klang Valley	800,607	889,088
Iskandar Malaysia	671,602	553,205
Penang	83,573	81,278
	1,555,782	1,523,571

13. **Commitments**

	As at 31/07/2019 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 property, plant and equipment	13,552
Commitment to fund development costs of a joint venture	43,000

14. **Significant Related Party Transactions**

	9 MONTHS ENDED 31/07/2019 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	193
- Stay2Own rental received from directors of subsidiary companies	30
(ii) Transactions with joint ventures	
- Advances given	57,728
- Interest received and receivable	37,699
- Development management fees received and receivable	55,300
- Other resources fees received and receivable	17,507
- Brand licensing fees received and receivable	4,556
- Advisory fees received and receivable	112
- Commission received and receivable	575
- Rental received and receivable	395
- Support service fees received and receivable	80

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

1. Review of Group Performance

	3 MONTHS ENDED			9 MONTHS ENDED		
	31/07/2019 RM'000	31/07/2018 RM'000 RESTATED	Changes RM'000	31/07/2019 RM'000	31/07/2018 RM'000 RESTATED	Changes RM'000
Revenue	521,371	454,648	66,723	1,555,782	1,523,571	32,211
Gross profit	112,187	96,092	16,095	328,123	329,168	(1,045)
Share of results of joint ventures						
- Malaysia	21,929	15,791	6,138	59,560	23,056	36,504
- International	15,821	3,471	12,350	18,553	(6,420)	24,973
Profit before interest and tax	89,850	57,537	32,313	236,330	187,240	49,090
Profit before tax (PBT)	65,342	33,664	31,678	161,539	117,573	43,966
Profit after tax	50,476	27,795	22,681	121,965	80,693	41,272
Profit attributable to owners of the Company	50,476	27,795	22,681	121,965	80,693	41,272

(a) 3Q 2019 vs 3Q 2018

Revenue and gross profit grew by 15% and 17%, respectively, in 3Q 2019 compared to 3Q 2018. The main projects which contributed to revenue and gross profit in 3Q 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.

The higher revenue and gross profit recorded in 3Q 2019 were mainly due to a higher proportion of completed/near completion units sold and a higher percentage of completion attained by various ongoing projects during the quarter.

The Group's share of the results of its Malaysian joint-ventures increased by 39% in 3Q 2019 compared to 3Q 2018. The increase is the result of greater progress of works achieved by ***Eco Grandeur, Eco Business Park V***, ***Eco Horizon***, ***Eco Ardence*** and ***Bukit Bintang City Centre (BBCC)***. In total, the Malaysian joint ventures recorded revenue of RM423.1 million in 3Q 2019, of which the Group's effective share (proforma and unconsolidated) amounted to RM218.4 million.

The Group's share of the results of the international joint-venture, Eco World International Berhad (EcoWorld International), increased by approximately 4.5 times in 3Q 2019 compared to 3Q 2018. This was mainly due to the completion and handover of units to customers by EcoWorld Ballymore and the commencement of revenue and profit recognition from EcoWorld London's Built-to-Rent (BtR) development.

The higher revenue, gross profit and share of results of joint-ventures in 3Q 2019 have resulted in an increase of 94% in Group Profit before Tax (PBT) and an increase of 82% in Group Profit after Tax (PAT) when compared to 3Q 2018.

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

(b) **3Q YTD 2019 vs 3Q YTD 2018**

3Q YTD 2019 revenue and gross profit remained very much unchanged compared to 3Q YTD 2018.

However, PBT and PAT increased substantially by 37% and 51% respectively in 3Q YTD 2019 compared to 3Q YTD 2018. This was mainly due to the more substantial share of profit of joint-ventures recognised in 3Q YTD 2019 compared to 3Q YTD 2018.

The Malaysian joint-ventures contributed higher PBT and PAT in 3Q YTD 2019 to the Group due to higher revenues earned. Collectively, ***Eco Grandeur & Eco Business Park V***, ***Eco Horizon***, ***Eco Ardence*** and ***Bukit Bintang City Centre (BBCC)*** recorded RM1,036.4 million in revenue in 3Q YTD 2019, of which the Group's effective share (proforma and unconsolidated), amounted to RM538.7 million.

EcoWorld International turned around from a RM23.2 million net loss in 3Q YTD 2018 to record a PAT of RM71.5 million in 3Q YTD 2019. Profit attributable to its owners increased to RM68.7 million, of which the Group's share based on its equity stake of 27% was RM18.5 million.

EcoWorld International's profit is expected to continue to increase as a large percentage of its sizeable future revenue from its UK joint ventures and Australian subsidiaries of RM5.8 billion as at 31 August 2019 is on track to be realised and translated into profits in 4Q 2019 and FY2020.

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

	3 MONTHS ENDED		
	31/07/2019 RM'000	**30/04/2019 RM'000**	**Changes RM'000**
Revenue	521,371	543,181	(21,810)
Gross profit	112,187	124,380	(12,193)
Share of results of joint ventures			
- Malaysia	21,929	19,755	2,174
- International	15,821	(3,413)	19,234
Profit before interest and tax	89,850	80,870	8,980
Profit before tax (PBT)	65,342	55,956	9,386
Profit after tax	50,476	41,172	9,304
Profit attributable to owners of the Company	50,476	41,172	9,304

Revenue and gross profit for 3Q 2019 were slightly lower than in 2Q 2019. However, due to significantly higher profit contributions from the joint ventures in 3Q 2019, PBT was 16.8% higher than in 2Q 2019.

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

Location of projects	No of launched projects [2]	10 months ended 31.08.2019 Units launched [2]	Units sold [1,2]	Sales value [2] RM'mil	Cumulative sales [1,2] RM'mil	As at 31.08.2019 Future revenue [3] RM'mil
Klang Valley	8	782	1,416	1,323	11,253	2,910
Iskandar Malaysia	7	578	618	477	6,037	1,039
Penang	3	47	134	135	1,064	355
Malaysia	**18**	**1,407**	**2,168**	**1,935**	**18,354**	**4,304**

Location of projects	Land bank Acres	10 months ended 31.08.2019 Units launched [2]	Units sold [1,2]	Sales value [2] RM'mil	Cumulative sales [1,2] RM'mil	As at 31.08.2019 Future revenue [3] RM'mil
United Kingdom	49.2	337	230	686	9,660	1,214
Australia	2.4	-	32	87	1,278	342
Overseas	**51.6**	**337**	**262**	**773**	**10,938**	**1,556**

Total future revenue attributable to EcoWorld Malaysia	**5,860**

[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 recorded RM1.94 billion in sales in the 10 months ended 31 August 2019, of which RM1.71 billion were recorded after the official launch of the National Home Ownership Campaign ("NHOC") on 1 March 2019. The proportionately higher sales after the launch was the result of the announcement (during the launch) of the details of the home ownership incentives offered under the NHOC that customers had been waiting for.

The Group's sales during the 10 months ended 31 August 2019 was largely achieved on the back of the various home ownership solutions offered under its own HOPE Campaign. Additionally, the Group has been successful in the use of social media to reach and engage targeted customers and convert leads generated into sales.

In its efforts to improve every aspect of Life@EcoWorld, the Group has curated a wide array of amenities and services at its completed projects, and demonstrated its commitment to provide the same for projects under construction. These efforts have played a part in generating sales.

The sales achieved in the 10 months ended 31 August 2019 have enabled the Group to maintain its share of future revenue from Malaysian projects alone at RM4.3 billion as at 31 August 2019.

In order to ensure a continuing pipeline of properties available for sale, beginning from 4Q 2019, the Group will be launching the following phases at its various township developments:

- ***Cora*** at ***Eco Ardence***
- ***Regent Gardens*** at ***Eco Grandeur***
- ***Hazelton*** at ***Eco Forest***
- ***Mellowood*** at ***Eco Majestic***
- ***Brydon*** at ***Eco Horizon***
- ***Rosé*** at ***Eco Spring***

These new launches are slated to be progressively unveiled to the market over the next few months as the Group presses on to achieve the two-year RM6 billion sales target set for FY2019 & FY2020.

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

In the 10 months ended 31 August 2019, EcoWorld International recorded sales totalling RM773 million, of which RM686 million were generated in the United Kingdom and RM87 million in Australia.

The majority of the UK sales were contributed by mid-mainstream products in London priced from GBP500 psf to GBP800 psf. This segment remains largely unaffected by Brexit uncertainties. To capture this demand, a second residential block in ***Verdo@Kew Bridge*** was launched in August 2019 and EcoWorld London is working on multiple planning applications for other projects that target this mid-mainstream segment of the London residential property market.

EcoWorld International is maintaining its sales target of RM6 billion to be achieved over FY2019 and FY2020. Potential Build-to-Rent (BtR) deals in the UK that are currently being pursued are expected to be the key sales driver in these two financial years.

With regard to construction progress, EcoWorld International achieved an important milestone in 3Q 2019 when the BtR blocks in Kew Bridge achieved Golden Brick status. This enables the project to start recognising revenue and profits as work progresses.

Construction works at other projects are progressing on schedule with additional residential blocks in ***London City Island*** and ***Embassy Gardens*** expected to commence delivery to purchasers in 4Q 2019. In addition, EcoWorld International expects to hand over ***Wardian***, ***West Village*** and ***Yarra One*** in the next financial year.

Arising from the above, a significant portion of the Group's share of EcoWorld International's future revenue amounting to RM1.56 billion as at 31 August 2019 is expected to be realised and translated into profits to be recognised by the Group in FY2019 and FY2020.

Based on a total combined share of RM5.86 billion in future revenue from projects undertaken both in Malaysia and abroad, EcoWorld Malaysia therefore has clear near and mid-term earnings visibility as revenues are translated into profits within the next 1-3 years.

As at 31 August 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*	2,624.1*
Iskandar Malaysia	7	2,926.1	1,514.2
Penang	5	465.0	328.2
The Group	**20**	**8,126.4**	**4,466.5**

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

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

There were no profit forecast published as at 31 July 2019.

5. Income Tax

Income Tax comprises:-

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2019 RM'000	31/07/2018 RM'000 RESTATED	31/07/2019 RM'000	31/07/2018 RM'000 RESTATED
Current tax				
- for current quarter	10,998	8,726	35,302	61,988
- in respect of prior years	(124)	2,106	618	1,933
Deferred tax				
- for current quarter	848	(1,560)	132	(23,942)
- in respect of prior years	3,144	(3,403)	3,522	(3,099)
	14,866	5,869	39,574	36,880

The Group's effective tax rate for 3Q 2019 and 3Q 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 12 September 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

As announced on 9 August 2019, the remaining SPA, namely SPA 5, became unconditional and shall be completed within 3 months thereof, failing which, the completion date shall be extended by an additional 3 months thereafter.

7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 July 2019 and 31 October 2018 were as follows:-

	As at 31 July 2019		
	Long term RM'000	**Short term RM'000**	**Total borrowings RM'000**
Secured			
Revolving credits	90,672	666,934	757,606
Term loans	1,016,806	322,929	1,339,735
Bridging loans	187,314	123,343	310,657
Medium term notes	189,034	-	189,034
Finance lease obligations	246	80	326
	1,484,072	1,113,286	2,597,358
Unsecured			
Revolving credits	-	774,230	774,230
Medium term notes	249,663	-	249,663
Overdraft	-	26,326	26,326
	249,663	800,556	1,050,219
	1,733,735	1,913,842	3,647,577

	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 were as follows:

	As at 31 July 2019 %	As at 31 October 2018 %
Floating interest rate	5.39	5.54
Fixed interest rate	6.50	6.24

There were no bank borrowings denominated in foreign currencies as at the reporting date.

The decrease in borrowings is mainly due to certain repayments during the 9 months ended 31 July 2019.

8. **Material Litigation**

The Group was not engaged in any material litigation as at 12 September 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 dividend has been declared or paid in respect of the 9 months ended 31 July 2019.

10. **Earnings Per Share Attributable To Owners of The Company**

Earnings per share has been calculated by dividing the Group's profit after tax 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**	
	31/07/2019	**31/07/2018 RESTATED**	**31/07/2019**	**31/07/2018 RESTATED**
Profit for the period attributable to owners of the Company (RM'000)	50,476	27,795	121,965	80,693
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)	1.71	0.94	4.14	2.74

Diluted earnings per share has been calculated by dividing the Group's profit after tax attributable to owners 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**	
	31/07/2019	**31/07/2018 RESTATED**	**31/07/2019**	**31/07/2018 RESTATED**
Profit for the period attributable to owners of the Company (RM'000)	50,476	27,795	121,965	80,693
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) *	1.71	0.94	4.14	2.74

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**

		9 MONTHS ENDED 31/07/2019 RM'000
i)	Advances provided to:	
	- BBCC Development Sdn Bhd	37,000
	- 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")	277,850
	- Eco Horizon	50,963
		========

		As at 31/07/2019 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	428,651
	- Eco Horizon	301,250
		========

There has been no material impact on the earnings and net tangible assets of the Group for the 9 months ended 31 July 2019 arising from the above-mentioned guarantees.

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

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

	3 MONTHS ENDED 31/07/2019 RM'000	**9 MONTHS ENDED 31/07/2019 RM'000**
Interest income	11,254	31,550
Other income including investment income	2,218	8,460
Interest expense	(24,508)	(74,791)
Depreciation and amortisation	(8,298)	(24,544)
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)	(62)	(68)
Gain or loss on derivatives	-	-
Exceptional items	-	-

By order of the Board
Chua Siew Chuan
Company Secretary
19 September 2019