

**ECO WORLD DEVELOPMENT GROUP BERHAD**  
**(Company No: 197401000725 (17777 – V))**  
**(Incorporated in Malaysia)**

**Interim Financial Report**  
**31 January 2020**

**ECO WORLD DEVELOPMENT GROUP BERHAD**  
**(Company No: 197401000725 (17777 – V))**  
**(Incorporated in Malaysia)**

**Interim Financial Report - 31 January 2020**

	Page No.
Condensed Consolidated Statement of Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes In Equity	3
Condensed Consolidated Statement of Cash Flows	4
Notes to the Interim Financial Report	5-8
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad	9-17

**ECO WORLD DEVELOPMENT GROUP BERHAD**  
**(Company No: 197401000725 (17777 – V))**  
**(Incorporated in Malaysia)**

1

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 JANUARY 2020**  
*(The figures have not been audited)*

	<b>3 MONTHS ENDED</b>	
	<b>31 JANUARY 2020</b>	<b>31 JANUARY 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	537,945	491,230
Cost of sales	(445,624)	(399,674)
<b>Gross profit</b>	<u>92,321</u>	<u>91,556</u>
Other income	14,129	12,519
Selling and marketing expenses	(8,821)	(8,250)
Administrative expenses	(56,647)	(54,580)
Finance costs	(26,512)	(25,369)
Share of results in joint ventures, net of tax	26,044	24,021
Share of results in an associate, net of tax	(162)	344
<b>Profit before tax</b>	<u>40,352</u>	<u>40,241</u>
Income tax expense	(6,837)	(9,924)
Profit net of tax	<u>33,515</u>	<u>30,317</u>
<b>Other comprehensive income, net of tax</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	100	1
Share of other comprehensive (loss)/income of a joint venture	(8,891)	3,175
<b>Total comprehensive income for the period</b>	<u>24,724</u>	<u>33,493</u>
<b>Profit net of tax attributable to:</b>		
Owners of the Company	33,515	30,317
Non-controlling interests	-	-
	<u>33,515</u>	<u>30,317</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	24,724	33,493
Non-controlling interests	-	-
	<u>24,724</u>	<u>33,493</u>
<b>Earnings per share attributable to owners of the Company:</b>		
Basic earnings per share (sen)	<u>1.14</u>	<u>1.03</u>
Diluted earnings per share (sen) *	<u>1.14</u>	<u>1.03</u>

\* *Anti-dilutive*

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 October 2019 and the accompanying explanatory notes.)

**ECO WORLD DEVELOPMENT GROUP BERHAD**  
**(Company No: 197401000725 (17777 – V))**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 JANUARY 2020**

	As At 31 JANUARY 2020 UNAUDITED RM'000	As At 31 OCTOBER 2019 AUDITED RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	234,014	229,622
Investment properties	19,511	19,510
Right-of-use assets	12,145	-
Inventories - land held for property development	3,973,507	3,965,190
Investment in an associate	54,607	54,769
Investment in joint ventures	1,210,791	1,208,494
Trade receivables	115,734	112,171
Lease receivables	4,786	-
Amount due from joint ventures	836,529	760,099
Deferred tax assets	108,069	99,088
	<u>6,569,693</u>	<u>6,448,943</u>
<b>Current assets</b>		
Inventories - property under development	1,987,806	2,062,916
Inventories - completed properties	498,399	597,090
Trade and other receivables	719,829	870,224
Lease receivables	1,191	-
Contract assets	72,897	68,545
Current tax assets	41,844	40,197
Deposits	193,007	221,973
Cash and bank balances	269,368	378,566
	<u>3,784,341</u>	<u>4,239,511</u>
<b>TOTAL ASSETS</b>	<u>10,354,034</u>	<u>10,688,454</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	3,614,865	3,614,865
Warrants reserve	194,395	194,395
Foreign currency translation reserve	(27,102)	(15,783)
Cash flow hedge reserve	1,985	(543)
Retained earnings	778,597	745,082
<b>Total equity</b>	<u>4,562,740</u>	<u>4,538,016</u>
<b>Non-current liabilities</b>		
Long term borrowings	1,695,392	1,803,825
Lease liabilities	14,828	226
Deferred tax liabilities	35,627	31,748
	<u>1,745,847</u>	<u>1,835,799</u>
<b>Current liabilities</b>		
Trade and other payables	1,004,160	1,162,911
Contract liabilities	1,124,594	1,173,894
Bank overdrafts	27,682	26,330
Short term borrowings	1,884,350	1,949,253
Lease liabilities	3,721	81
Current tax liabilities	940	2,170
	<u>4,045,447</u>	<u>4,314,639</u>
<b>Total liabilities</b>	<u>5,791,294</u>	<u>6,150,438</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>10,354,034</u>	<u>10,688,454</u>
<b>Net Assets Per Share Attributable to Owners of the Company (RM)</b>	<u>1.55</u>	<u>1.54</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 October 2019 and the accompanying explanatory notes.)

**ECO WORLD DEVELOPMENT GROUP BERHAD**  
**(Company No: 197401000725 (17777 – V))**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 31 JANUARY 2020**  
*(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
<b>At 1 November 2019</b>	3,614,865	194,395	(15,783)	(543)	745,082	4,538,016
Profit for the period	-	-	-	-	33,515	33,515
Other comprehensive (loss)/income	-	-	(11,319)	2,528	-	(8,791)
<b>At 31 January 2020</b>	<b>3,614,865</b>	<b>194,395</b>	<b>(27,102)</b>	<b>1,985</b>	<b>778,597</b>	<b>4,562,740</b>
<b>At 1 November 2018</b>	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)
<b>At 1 November 2018 (restated)</b>	<b>3,614,865</b>	<b>194,395</b>	<b>(23,335)</b>	<b>-</b>	<b>541,660</b>	<b>4,327,585</b>
Profit for the period	-	-	-	-	30,317	30,317
Other comprehensive income/(loss)	-	-	3,562	(386)	-	3,176
<b>At 31 January 2019</b>	<b>3,614,865</b>	<b>194,395</b>	<b>(19,773)</b>	<b>(386)</b>	<b>571,977</b>	<b>4,361,078</b>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 October 2019 and the accompanying explanatory notes.)

**ECO WORLD DEVELOPMENT GROUP BERHAD**  
**(Company No: 197401000725 (17777 – V))**  
**(Incorporated in Malaysia)**

4

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**AS AT 31 JANUARY 2020**  
*(The figures have not been audited)*

	<b>3 MONTHS ENDED</b>	
	<b>31 JANUARY 2020</b>	<b>31 JANUARY 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating activities</b>		
Profit before tax	40,352	40,241
Adjustments for :		
Non-cash items	(18,913)	(17,293)
Non-operating items	14,490	14,230
Operating cash flows before changes in working capital	<u>35,929</u>	<u>37,178</u>
Changes in inventories - property under development	142,931	16,660
Changes in inventories- completed properties	98,692	4,979
Changes in contract assets/contract liabilities	(53,653)	22,977
Changes in receivables	158,780	72,574
Changes in payables	(166,875)	(76,339)
Cash flows generated from operations	<u>215,804</u>	<u>78,029</u>
Interest received	1,748	3,451
Interest paid	(33,411)	(40,249)
Net income taxes paid	(15,966)	(20,996)
<b>Net cash flows generated from operating activities</b>	<u>168,175</u>	<u>20,235</u>
<b>Investing activities</b>		
Additions to inventories - land held for property development	(48,794)	(130,978)
Purchase of property, plant and equipment and investment properties	(9,786)	(2,781)
Proceeds from disposal of property, plant and equipment	3	3
Deposit paid for acquisition of land	(3,049)	-
Advances to joint ventures	(108,700)	(21,000)
Repayment of interest by a joint venture	45,802	-
Withdrawal of redemption and debt service reserve accounts	76,689	15,246
Other investments	1,356	887
<b>Net cash flows used in investing activities</b>	<u>(46,479)</u>	<u>(138,623)</u>
<b>Financing activities</b>		
Drawdown of bank borrowings	68,845	265,930
Repayment of bank borrowings and lease liabilities	(246,098)	(130,597)
Interest paid	(7,246)	(8,742)
<b>Net cash flows (used in)/generated from financing activities</b>	<u>(184,499)</u>	<u>126,591</u>
<b>Net increase in cash and cash equivalents</b>	(62,803)	8,203
<b>Effect of exchange rate changes</b>	(24)	1
<b>Cash and cash equivalents at 1 November 2019 / 2018</b>	386,173	372,675
<b>Cash and cash equivalents at 31 January 2020 / 2019</b>	<u>323,346</u>	<u>380,879</u>
<b>Cash and cash equivalents comprise the following:</b>		
Deposits	193,007	171,679
Cash and bank balances	269,368	339,626
Bank overdrafts	(27,682)	(27,258)
	<u>434,693</u>	<u>484,047</u>
Less: Deposit pledged, Debt Service Reserve, Redemption Accounts and Escrow Accounts	(111,347)	(103,168)
	<u>323,346</u>	<u>380,879</u>

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 October 2019 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 audited financial statements of the Group for the financial year ended 31 October 2019.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 October 2019 except as follows:

Adoption of the following new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”), which are relevant and mandatory for the current financial year:-

MFRS 16	Leases
Amendments/Improvements to MFRS 3	Business Combinations
Amendments/Improvements to MFRS 9	Financial Instruments
Amendments/Improvements to MFRS 11	Joint Arrangements
Amendments/Improvements to MFRS 112	Income Taxes
Amendments/Improvements to MFRS 119	Employee Benefits
Amendments/Improvements to MFRS 123	Borrowing Costs
Amendments/Improvements to MFRS 128	Investments in Associates and Joint Ventures
IC Int 23	Uncertainty over Income Tax Treatments

The adoption of the above MFRS, amendments/improvements to MFRSs and IC Int did not have any material financial impact to the Group except for the adoption of MFRS 16, which is discussed below.

## 1. Basis of Preparation (continued)

### MFRS 16 – Leases

MFRS 16 replaces MFRS 117 *Leases*, IC Int 4 *Determining whether an Arrangement contains a Lease*, IC Int 115 *Operating Lease-Incentives* and IC Int 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 - Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in profit or loss.

In the Statements of Cash Flows, the operating lease payments previously included in operating cash flows under MFRS 117 are separately presented as principal portion within financing cash flows and interest payment within operating cash flows under MFRS 16.

The Group has elected to apply MFRS 16 using the modified retrospective approach. Accordingly, the comparative information was not restated.

## 2. Seasonal or Cyclical Factors

The business operations of the Group during the 3 months ended 31 January 2020 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 3 months ended 31 January 2020.

## 4. Changes in Estimates

There were no material changes in estimates for the 3 months ended 31 January 2020.

## 5. Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the 3 months ended 31 January 2020.

## 6. Dividends Paid

There was no payment of dividend during the 3 months ended 31 January 2020.



## 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 January 2020 till 19 March 2020 (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 3 months ended 31 January 2020.

## 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 January 2020.

(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:-

	3 MONTHS ENDED	
	31/01/2020	31/01/2019
	RM'000	RM'000
<b>Location</b>		
Klang Valley	271,916	200,274
Iskandar Malaysia	236,219	270,068
Penang	29,810	20,888
	<u>537,945</u>	<u>491,230</u>

**13. Commitments**

	<b>As at 31/01/2020 RM'000</b>
Approved and contracted for:-	
Commitment to subscribe for ordinary shares in MFBBCC Retail Mall Sdn Bhd ("MFBBCC Retail Mall")	240
Commitment to subscribe for redeemable preference shares in MFBBCC Retail Mall	27,922
Commitment to purchase development land	301,871
Commitment to acquire property, plant and equipment	11,791
Commitment to fund development costs of a joint venture	<u>40,300</u>

**14. Significant Related Party Transactions**

	<b>3 MONTHS ENDED 31/01/2020 RM'000</b>
(i) Transactions with shareholders/directors of the Company and its subsidiary companies, and with companies in which they have interests	
- Rental paid and payable to companies in which a director has interest	43
- Stay2Own rental received from directors of subsidiary companies	27
- Purchase of shop offices from a company in which a director has interest	<u>7,800</u>
(ii) Transactions with joint ventures	
- Advances given	108,700
- Interest received and receivable	13,533
- Development management fees received and receivable	19,724
- Other resources fees received and receivable	5,478
- Brand licensing fees received and receivable	1,314
- Commission received and receivable	165
- Rental received and receivable	167
- Support service fees received and receivable	<u>35</u>

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

**1. Review of Group Performance**

	<b>3 MONTHS ENDED</b>		<b>Changes RM'000</b>
	<b>31/01/2020 RM'000</b>	<b>31/01/2019 RM'000</b>	
Revenue	537,945	491,230	46,715
Gross profit	92,321	91,556	765
Share of results of joint ventures			
- Malaysia	22,552	17,876	4,676
- International	3,492	6,145	(2,653)
Profit before interest and tax	66,864	65,610	1,254
Profit before tax (PBT)	40,352	40,241	111
Profit after tax	33,515	30,317	3,198
Profit attributable to owners of the Company	33,515	30,317	3,198

Revenue grew by 9.5%, whilst gross profit grew by 0.8% in 1Q 2020 as compared to 1Q 2019. This was mainly due to additional incentives offered to purchasers in FY 2019 in support of the Government's National Home Ownership Campaign ("NHOC") which reduced the gross profit margin from 18.6% in 1Q 2019 to 17.2% in 1Q 2020.

The main projects which contributed to revenue and gross profit in 1Q 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* in Penang.

The Group's share of the results of its Malaysian joint-ventures increased by 26.2% in 1Q 2020 compared to 1Q 2019, contributed 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 RM329.1 million in 1Q 2020, of which the Group's effective share (proforma and unconsolidated) amounted to RM173.0 million.

However, the share of results from EcoWorld International Berhad (EcoWorld International) was lower due to the lower number of completed units handed over in 1Q 2020 as compared to 1Q 2019.

Overall, profit after tax for 1Q 2020 grew by 10.5% as compared to 1Q 2019.

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

	3 MONTHS ENDED		Changes RM'000
	31/01/2020 RM'000	31/10/2019 RM'000	
Revenue	537,945	906,543	(368,598)
Gross profit	92,321	141,548	(49,227)
Share of results of joint ventures			
- Malaysia	22,552	25,507	(2,955)
- International	3,492	40,644	(37,152)
Profit before interest and tax	66,864	131,535	(64,671)
Profit before tax (PBT)	40,352	104,436	(64,084)
Profit after tax	33,515	81,457	(47,942)
Profit attributable to owners of the Company	33,515	81,457	(47,942)

1Q 2020 revenue and gross profits were lower than 4Q 2019 due to slower progress of works typically experienced during this period due to the year-end holidays and festive season.

The Group's share of the results of the international joint-venture, EcoWorld International was higher in 4Q 2019 mainly due to the completion and handover of a higher number of units to customers by its joint venture projects in the United Kingdom and the revenue and profit recognition from EcoWorld London's Built-to-Rent (BtR) development.

### 3. Prospects for the Current Financial Year

Location of projects	No of launched projects <sup>2</sup>	3 months ended 31.01.2020			Cumulative sales <sup>1,2</sup> RM'mil	As at
		Units launched <sup>2</sup>	Units sold <sup>1,2</sup>	Sales value <sup>2</sup> RM'mil		31.01.2020 Future revenue <sup>3</sup> RM'mil
Klang Valley	8	130	179	164	11,904	2,295
Iskandar Malaysia	7	572	527	125	6,433	887
Penang	3	-	24	16	1,089	231
<b>Malaysia</b>	<b>18</b>	<b>702</b>	<b>730</b>	<b>305</b>	<b>19,426</b>	<b>3,413</b>

Location of projects	Land bank Acres	3 months ended 31.01.2020			Cumulative sales <sup>1,2</sup> RM'mil	As at
		Units launched <sup>2</sup>	Units sold <sup>1,2</sup>	Sales value <sup>2</sup> RM'mil		31.01.2020 Future revenue <sup>3</sup> RM'mil
United Kingdom	50.7	-	75	304	10,941	947
Australia	2.4	-	3	10	1,245	335
<b>Overseas</b>	<b>53.1</b>	<b>-</b>	<b>78</b>	<b>314</b>	<b>12,186</b>	<b>1,282</b>

**Total future revenue attributable to EcoWorld Malaysia**

<b>4,695</b>
--------------

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

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

<sup>3</sup> Represents revenue expected to be recognised in the future from secured sales of subsidiaries and joint ventures based on EcoWorld Malaysia's equity interest

The Group recorded RM305 million in sales in 1Q 2020, an improvement over the RM230 million sales achieved in the first 4 months of FY2019. This is a commendable result given that the first quarter is usually a seasonally slow period for the Group due to the year-end holidays and Chinese New Year which was celebrated in January this year.

In February, sales enquiries picked up with more purchasers actively checking out properties at our various projects in the Klang Valley, Iskandar Malaysia and Penang. The resurgence of interest was mainly attributable to a new promotional campaign backed by an enhanced homeownership solution *#InstaYours*, developed by EcoWorld together with Maybank Houzkey, to assist prospective purchasers along with their homeownership journey. *#InstaYours*, a well-thought through programme, appealing to messaging and targeted outreach enabled an encouraging build-up of confirmed bookings by the Group's various projects towards the end of February and early March.

The announcement of the Movement Control Order (MCO) in March by the Government in response to the rapidly escalating infection rate of the Covid-19 virus in Malaysia will, however, delay the conversion of our strong bookings pipeline into actual sales. The MCO, which was initially for a period of 2 weeks, has now been extended by a further 2 weeks, requiring all the Group's business premises and galleries to be closed from 18 March to 14 April 2020.

In response to the MCO, the Group has activated its business continuity plans (EW-BCP) where staff will continue to work from home and follow up with customers, end-financiers and solicitors during the restricted movement period. This is with the aim that once the MCO is lifted, the signing of sales and purchase agreements will be able to proceed expeditiously.

In the meantime, the Group is working on rolling out a new brand of homes priced from RM300,000 to RM450,000 to specifically cater to the needs of the M40 group (which covers 40% of Malaysia's population with average household income of approximately RM6,500 per month). This brand will take advantage of the completed infrastructure, built environment and comprehensive amenities within matured EcoWorld townships, beginning with the *EcoSanctuary* and *EcoArdence* townships in the Klang Valley.

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

Down South in Johor, planning is underway for the launch of *EcoBotanic II* on the Group's most recently acquired 200 acres of land in Iskandar Malaysia. This project will also focus on the development of homes for the M40 group to complement the luxury offerings of the successful existing *EcoBotanic* township thereby broadening the market segment that EcoWorld is able to serve in this important growth corridor.

As part of the EW-BCP, both the new brand and *EcoBotanic II* will be unveiled digitally and on social media channels with active engagement of all leads generated by our sales and marketing teams to ramp up awareness and garner feedback throughout the MCO period.

Meanwhile, in view of the nation's ongoing concerted war to contain the Covid-19 spread which requires all Malaysians to stay at home, management has set an interim full year sales target for FY2020 of RM2.0 billion. This number will be revisited as soon as the Covid-19 outbreak is contained and business activities normalise, with a view towards increasing the target to ensure that the Group's future revenue position, which stands at RM4.69 billion as at 31 January 2020, remains strong.

Overseas, EcoWorld International recorded RM314 million sales in 1Q 2020. This is a marked improvement from the RM120 million recorded in the same period of FY2019 and is largely attributable to a recovery in demand for higher-end products in London.

EcoWorld-Ballymore projects, which focus on the upper mainstream and lower prime segments of the London market, contributed RM246 million worth of sales, significantly higher than the RM89 million achieved in the first quarter of FY2019. Home buying sentiment in London also improved following the UK's General Election in December 2019, which lessened the economic worries related to Brexit.

Moving forward for the rest of FY2020, the Covid-19 outbreak is however expected to affect EcoWorld International's open market sales momentum. An increasing number of countries worldwide are imposing curbs on travel with some form of restricted movement in place which will require deferment of a good number of the EcoWorld International's planned marketing events in various international cities.

As regards EcoWorld London's BtR projects however, the outlook remains positive. Based on strong interest from global funds, which are attracted by the resilient nature of BtR assets, management is still targeting to close a BtR deal within the current financial year.

Accordingly, EcoWorld International believes it will be able to achieve sales of RM2.2 billion in FY2020 which it has set as an interim sales target for the full financial year. This target will similarly be revisited once efforts to curb the spread of Covid-19 by governments around the world succeed in flattening the curve in the spread of the virus and market conditions begin to normalise.

On the construction front, as at 31 January 2020, EcoWorld International has delivered more than 1,200 private units to its purchasers (since its maiden handover in 2018) and the number of deliveries is expected to increase in the remaining quarters of FY2020, driven by completion of Warden in London, West Village and Yarra One in Australia. This will enable a substantial portion of its RM4.75 billion effective future revenue (of which EcoWorld Malaysia's attributable share is RM1.28 billion) to be translated into revenue and share of profit in joint ventures in the current financial year.

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

As at 31 January 2020, the Group's land bank are as follows:-

Location of projects	No of projects	Land bank (acres)	
		Original land size	Undeveloped
Klang Valley	8	4,735.3	2,532.1
Iskandar Malaysia	7	2,926.1	1,506.4
Penang	5	465.0	328.2
<b>The Group</b>	<b>20</b>	<b>8,126.4</b>	<b>4,366.7</b>

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

There were no profit forecast published as at 31 January 2020.

### 5. Income Tax

Income Tax comprises:-

	3 MONTHS ENDED	
	31/01/2020	31/01/2019
	RM'000	RM'000
Current tax		
- for current quarter	14,580	12,874
- in respect of prior years	(1,656)	619
Deferred tax		
- for current quarter	(5,312)	(4,021)
- in respect of prior years	(775)	452
	<u>6,837</u>	<u>9,924</u>

The Group's effective tax rate for the current quarter is higher than the statutory tax rate mainly due to certain non-tax deductible expenses.

## 6. Status of Corporate Proposals

- (a) The following is the corporate proposal previously announced by the Company that remained uncompleted as at 19 March 2020, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report:-

On 15 December 2019, Melia Spring Sdn. Bhd. (“Melia Spring”), a wholly-owned subsidiary, entered into the following agreements:

- (i) a conditional development agreement (“Development Agreement”) with Permodalan Darul Ta’zim Sdn. Bhd. (“PDT”) where PDT agreed to nominate Melia Spring to purchase a piece of freehold land (“the Land”) from River Retreat Sdn. Bhd. (“RRSB”) and for Melia Spring to develop the Land; and
- (ii) a conditional sale and purchase agreement (“SPA”) with RRSB for Melia Spring to acquire the Land from RRSB for a base land price of RM304,920,000.

The Development Agreement shall become unconditional on the date when the SPA becomes unconditional (i.e. when all conditions precedent in the SPA are fulfilled within the Approval Period of the SPA). In the event the SPA is terminated as a result of certain conditions precedent not being satisfied, the Development Agreement shall be deemed terminated.

- (b) The following corporate proposal previously announced by the Company has been completed since the last interim financial report.

On 22 September 2015, Paragon Pinnacle Sdn Bhd (“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:

<b>SPA</b>	<b>Completion Date</b>
1A & 2	2 November 2016
4A	10 February 2017
3A & 3B	16 February 2017
1B & 4B	3 October 2017
5	17 January 2020

As announced on 17 January 2020, SPA 5 has been completed.



## 7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 31 January 2020 and 31 October 2019 were as follows:-

	As at 31 January 2020		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b>Secured</b>			
Revolving credits	115,940	666,949	782,889
Term loans	677,962	351,375	1,029,337
Bridging loans	213,765	114,506	328,271
Medium term notes	189,265	-	189,265
Hire purchase (included in lease liabilities)	205	82	287
	<u>1,197,137</u>	<u>1,132,912</u>	<u>2,330,049</u>
<b>Unsecured</b>			
Revolving credits	-	751,520	751,520
Medium term notes	498,460	-	498,460
Overdraft	-	27,682	27,682
	<u>498,460</u>	<u>779,202</u>	<u>1,277,662</u>
	<u>1,695,597</u>	<u>1,912,114</u>	<u>3,607,711</u>
	As at 31 October 2019		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b>Secured</b>			
Revolving credits	103,669	666,546	770,215
Term loans	831,199	392,367	1,223,566
Bridging loans	181,446	120,560	302,006
Medium term notes	189,149	-	189,149
Hire purchase (included in lease liabilities)	226	81	307
	<u>1,305,689</u>	<u>1,179,554</u>	<u>2,485,243</u>
<b>Unsecured</b>			
Revolving credits	-	769,780	769,780
Medium term notes	498,362	-	498,362
Overdraft	-	26,330	26,330
	<u>498,362</u>	<u>796,110</u>	<u>1,294,472</u>
	<u>1,804,051</u>	<u>1,975,664</u>	<u>3,779,715</u>

The weighted average interest rate at the end of the reporting year were as follows:

	As at 31 January 2020 %	As at 31 October 2019 %
Floating interest rate	5.34	5.43
Fixed interest rate	6.50	6.50

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

The decrease in borrowings is mainly due to repayments during the 3 months ended 31 January 2020.

## 8. Material Litigation

The Group was not engaged in any material litigation as at 19 March 2020 (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 3 months ended 31 January 2020.

## 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:

	<b>3 MONTHS ENDED</b>	
	<b>31/01/2020</b>	<b>31/01/2019</b>
Profit for the period attributable to owners of the Company (RM'000)	<u>33,515</u>	<u>30,317</u>
Weighted average number of ordinary shares ('000)	<u>2,944,369</u>	<u>2,944,369</u>
Basic Earnings Per Ordinary Share (sen)	<u>1.14</u>	<u>1.03</u>

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.

	<b>3 MONTHS ENDED</b>	
	<b>31/01/2020</b>	<b>31/01/2019</b>
Profit for the period attributable to owners of the Company (RM'000)	<u>33,515</u>	<u>30,317</u>
Weighted average number of ordinary shares for basic Earnings Per Ordinary Share ('000)	2,944,369	2,944,369
Effect of potential exercise of Warrants ('000)	<u>#</u>	<u>#</u>
Weighted average number of ordinary shares ('000)	<u>2,944,369</u>	<u>2,944,369</u>
Diluted Earnings Per Ordinary Share (sen) *	<u>1.14</u>	<u>1.03</u>

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

\* *Anti-dilutive*

## 11. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 31 October 2019 were unqualified.

## 12. Provision of Financial Assistance

	<b>3 MONTHS ENDED</b>
	<b>31/01/2020</b>
	<b>RM'000</b>
i) Advances provided to:	
- BBCC Development Sdn Bhd	2,700
- Paragon Pinnacle	106,000
	<u>                    </u>
ii) Guarantees given by the Company to secure the bank borrowings of:	
- Paragon Pinnacle	49,900
- Eco Horizon Sdn Bhd ("Eco Horizon")	22,777
	<u>                    </u>
	<b>As at 31/01/2020</b>
	<b>RM'000</b>
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 Sdn Bhd:	
- Paragon Pinnacle	369,494
- Eco Horizon	313,399
	<u>                    </u>

There has been no material impact on the earnings and net tangible assets of the Group for the 3 months ended 31 January 2020 arising from the above-mentioned guarantees.

## 13. Notes to the Statement of Comprehensive Income

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

	<b>3 MONTHS</b>
	<b>ENDED</b>
	<b>31/01/2020</b>
	<b>RM'000</b>
Interest income	11,250
Other income including investment income	2,879
Interest expense	(26,512)
Depreciation and amortisation	(6,031)
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)	(173)
Gain or loss on derivatives	-
Exceptional items	-
	<u>                    </u>

By order of the Board  
Chua Siew Chuan  
Company Secretary  
26 March 2020