

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

**Interim Financial Report**  
**31 July 2020**

**ECO WORLD DEVELOPMENT GROUP BERHAD**  
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**Interim Financial Report - 31 July 2020**

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

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

	<b>3 MONTHS ENDED</b>		<b>9 MONTHS ENDED</b>	
	<b>31 JULY 2020</b>	<b>31 JULY 2019</b>	<b>31 JULY 2020</b>	<b>31 JULY 2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	477,867	521,371	1,361,215	1,555,782
Cost of sales	(423,320)	(409,184)	(1,145,644)	(1,227,659)
<b>Gross profit</b>	<b>54,547</b>	<b>112,187</b>	<b>215,571</b>	<b>328,123</b>
Other income	15,494	13,444	44,486	40,010
Selling and marketing expenses	(10,834)	(10,403)	(25,863)	(32,960)
Administrative expenses	(37,933)	(63,154)	(133,375)	(174,847)
Finance costs	(24,003)	(24,508)	(74,993)	(74,791)
Share of results in joint ventures, net of tax	27,472	37,750	70,199	78,113
Share of results in an associate, net of tax	(390)	26	(953)	(2,109)
<b>Profit before tax</b>	<b>24,353</b>	<b>65,342</b>	<b>95,072</b>	<b>161,539</b>
Income tax expense	(10,548)	(14,866)	(26,359)	(39,574)
Profit net of tax	13,805	50,476	68,713	121,965
<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	(57)	28	(58)	23
Share of other comprehensive income/(loss) of a joint venture	28,632	(42,900)	22,100	(41,843)
<b>Total comprehensive income for the period</b>	<b>42,380</b>	<b>7,604</b>	<b>90,755</b>	<b>80,145</b>
<b>Profit net of tax attributable to:</b>				
Owners of the Company	13,805	50,476	68,713	121,965
Non-controlling interests	-	-	-	-
	<b>13,805</b>	<b>50,476</b>	<b>68,713</b>	<b>121,965</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	42,380	7,604	90,755	80,145
Non-controlling interests	-	-	-	-
	<b>42,380</b>	<b>7,604</b>	<b>90,755</b>	<b>80,145</b>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic earnings per share (sen)	0.47	1.71	2.33	4.14
Diluted earnings per share (sen) *	0.47	1.71	2.33	4.14

\* 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 JULY 2020**

	As At 31 JULY 2020 UNAUDITED RM'000	As At 31 OCTOBER 2019 AUDITED RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	183,329	229,622
Investment properties	19,510	19,510
Right-of-use assets	10,559	-
Inventories - land held for property development	3,951,538	3,965,190
Investment in an associate	53,818	54,769
Investment in joint ventures	1,259,433	1,208,494
Trade receivables	111,966	112,171
Lease receivables	4,912	-
Amount due from joint ventures	865,766	760,099
Deferred tax assets	104,177	99,088
	<u>6,565,008</u>	<u>6,448,943</u>
<b>Current assets</b>		
Inventories - property under development	1,482,757	2,062,916
Inventories - completed properties	799,612	597,090
Trade and other receivables	669,330	870,224
Lease receivables	980	-
Contract assets	75,069	68,545
Current tax assets	29,536	40,197
Deposits	192,765	221,973
Cash and bank balances	261,233	378,566
	<u>3,511,282</u>	<u>4,239,511</u>
<b>TOTAL ASSETS</b>	<u>10,076,290</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	8,117	(15,783)
Cash flow hedge reserve	(2,401)	(543)
Retained earnings	813,795	745,082
<b>Total equity</b>	<u>4,628,771</u>	<u>4,538,016</u>
<b>Non-current liabilities</b>		
Long term borrowings	1,424,912	1,803,825
Lease liabilities	14,502	226
Deferred tax liabilities	33,310	31,748
	<u>1,472,724</u>	<u>1,835,799</u>
<b>Current liabilities</b>		
Trade and other payables	1,046,784	1,162,911
Contract liabilities	903,853	1,173,894
Bank overdrafts	26,461	26,330
Short term borrowings	1,983,959	1,949,253
Lease liabilities	3,092	81
Current tax liabilities	10,646	2,170
	<u>3,974,795</u>	<u>4,314,639</u>
<b>Total liabilities</b>	<u>5,447,519</u>	<u>6,150,438</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>10,076,290</u>	<u>10,688,454</u>
<b>Net Assets Per Share Attributable to Owners of the Company (RM)</b>	<u>1.57</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 JULY 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	-	-	-	-	68,713	68,713
Other comprehensive (loss)/income	-	-	23,900	(1,858)	-	22,042
<b>At 31 July 2020</b>	<b>3,614,865</b>	<b>194,395</b>	<b>8,117</b>	<b>(2,401)</b>	<b>813,795</b>	<b>4,628,771</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	-	-	-	-	121,965	121,965
Other comprehensive income/(loss)	-	-	(45,122)	3,302	-	(41,820)
<b>At 31 July 2019</b>	<b>3,614,865</b>	<b>194,395</b>	<b>(68,457)</b>	<b>3,302</b>	<b>663,625</b>	<b>4,407,730</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)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

**AS AT 31 JULY 2020**

*(The figures have not been audited)*

	<b>9 MONTHS ENDED</b>	
	<b>31 JULY 2020</b>	<b>31 JULY 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating activities</b>		
Profit before tax	95,072	161,539
Adjustments for :		
Non-cash items	16,575	(49,028)
Non-operating items	38,300	40,844
Operating cash flows before changes in working capital	<u>149,947</u>	<u>153,355</u>
Changes in inventories - property under development	289,018	119,846
Changes in inventories- completed properties	192,624	27,710
Changes in contract assets/contract liabilities	(276,565)	216,846
Changes in receivables	243,381	(27,896)
Changes in payables	(135,205)	3,752
Cash flows generated from operations	<u>463,200</u>	<u>493,613</u>
Interest received	5,048	7,508
Interest paid	(115,254)	(133,131)
Net income taxes paid	(12,970)	(50,303)
<b>Net cash flows generated from operating activities</b>	<u>340,024</u>	<u>317,687</u>
<b>Investing activities</b>		
Additions to inventories - land held for property development	(83,800)	(199,561)
Purchase of property, plant and equipment and investment properties	(19,787)	(16,034)
Proceeds from disposal of property, plant and equipment	50,037	7
Deposit paid for acquisition of land	(3,049)	-
Advances to joint ventures	(108,700)	(57,728)
Repayment of interest by a joint venture	45,802	-
Withdrawal/(Placement) of redemption and debt service reserve accounts	35,813	(26,576)
Other investments	3,556	3,525
<b>Net cash flows used in investing activities</b>	<u>(80,128)</u>	<u>(296,367)</u>
<b>Financing activities</b>		
Drawdown of bank borrowings	128,713	440,623
Repayment of bank borrowings and lease liabilities	(479,090)	(634,808)
Interest paid	(20,374)	(25,701)
<b>Net cash flows used in financing activities</b>	<u>(370,751)</u>	<u>(219,886)</u>
<b>Net increase in cash and cash equivalents</b>	(110,855)	(198,566)
<b>Effect of exchange rate changes</b>	(4)	(1)
<b>Cash and cash equivalents at 1 November 2019 / 2018</b>	386,173	372,675
<b>Cash and cash equivalents at 31 July 2020 / 2019</b>	<u>275,314</u>	<u>174,108</u>
<b>Cash and cash equivalents comprise the following:</b>		
Deposits	192,765	145,414
Cash and bank balances	261,233	200,010
Bank overdrafts	(26,461)	(26,326)
	<u>427,537</u>	<u>319,098</u>
Less: Deposit pledged, Debt Service Reserve, Redemption Accounts and Escrow Accounts	(152,223)	(144,990)
	<u>275,314</u>	<u>174,108</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 for the 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 under MFRS 16, the operating lease payments previously included in operating cash flows under MFRS 117 are separately presented as principal repayment within financing cash flows and interest payment within operating cash flows.

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

## **2. Seasonal or Cyclical Factors**

The business operations of the Group during the 9 months ended 31 July 2020 were not materially affected by any seasonal or cyclical factors.

## **3. Unusual items affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

Save for the effects of the Coronavirus pandemic discussed under Review of Group Performance and Prospects for the Current Financial Year, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the 9 months ended 31 July 2020.

## **4. Changes in Estimates**

There were no material changes in estimates for the 9 months ended 31 July 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 9 months ended 31 July 2020.



## 6. Dividends Paid

There was no payment of dividend during the 9 months ended 31 July 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 July 2020 till 17 September 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 9 months ended 31 July 2020 except as follows:

- a) Striking off of Focal Aims Resort (M) Sdn Bhd and Focal Aims Development Sdn Bhd, subsidiaries of the Group, on 17 February 2020; and
- b) Cessation of Eco World Property Management Services Sdn Bhd (formerly known as Hara Kecil Sdn Bhd) ("EWPMS") from being a wholly owned subsidiary of the Company arising from the issuance of 98 new ordinary shares of RM1.00 each by EWPMS on 29 May 2020. This resulted in EWPMS becoming a 49%-owned associate of the Company.

## 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 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:-

	<b>9 MONTHS ENDED</b>	
	<b>31/07/2020</b>	<b>31/07/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Location</b>		
Klang Valley	748,443	800,607
Iskandar Malaysia	564,613	671,602
Penang	48,159	83,573
	<u>1,361,215</u>	<u>1,555,782</u>

**13. Commitments**

	<b>As at 31/07/2020 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	6,858
Commitment to fund development costs of joint ventures	<u>158,369</u>

**14. Significant Related Party Transactions**

	<b>9 MONTHS ENDED 31/07/2020 RM'000</b>
(i) Transactions with shareholders/directors of the Company and its subsidiary companies, and with companies in which they have interests	
- Purchase of shop offices from a company in which a director has interest	11,200
- Rental paid and payable to companies in which a director has interest	85
- Stay2Own rental received from directors of subsidiary companies	<u>45</u>
(ii) Transactions with joint ventures	
- Advances given	108,700
- Interest received and receivable	42,770
- Development management fees received and receivable	41,894
- Other resources fees received and receivable	16,900
- Brand licensing fees received and receivable	3,198
- Commission received and receivable	209
- Rental received and receivable	450
- Advisory fees received and receivable	107
- Support service fees received and receivable	105
- Sales of sanitaryware	<u>12</u>

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

**1. Review of Group Performance**

	<b>3 MONTHS ENDED</b>			<b>9 MONTHS ENDED</b>		
	<b>31/07/2020</b>	<b>31/07/2019</b>	<b>Changes</b>	<b>31/07/2020</b>	<b>31/07/2019</b>	<b>Changes</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	477,867	521,371	(43,504)	1,361,215	1,555,782	(194,567)
Gross profit	54,547	112,187	(57,640)	215,571	328,123	(112,552)
Share of results of joint ventures						
- Malaysia	17,518	21,929	(4,411)	52,248	59,560	(7,312)
- International	9,954	15,821	(5,867)	17,951	18,553	(602)
Profit before interest and tax	48,356	89,850	(41,494)	170,065	236,330	(66,265)
Profit before tax (PBT)	24,353	65,342	(40,989)	95,072	161,539	(66,467)
Profit after tax	13,805	50,476	(36,671)	68,713	121,965	(53,252)
Profit attributable to owners of the Company	13,805	50,476	(36,671)	68,713	121,965	(53,252)

**(a) 3Q 2020 vs 3Q 2019**

The main projects which contributed to revenue and gross profit in 3Q 2020 were *Eco Majestic*, *Eco Forest* and *Eco Sanctuary* in the Klang Valley, *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 Movement Control Order (MCO) followed by the Conditional and Recovery MCOs imposed to curb the spread of Covid-19 continued to impact the Group's operations in 3Q 2020. Physical construction works fully resumed only in mid-June 2020 due to additional safety protocols required to be implemented prior to recommencement. Nevertheless, catch-up efforts enabled work progress to be expedited – accordingly, revenue for the quarter was only 8.3% less than that achieved in 3Q 2019.

Additionally, in 3Q 2020, Management made a decision to write down inventories (comprising both completed properties and properties under construction) by RM65 million. The write down has resulted in a lower gross profit margin of 11.4% for the quarter. Excluding the impact of the writedown, the gross profit margin for 3Q 2020 would have been 25.1%, higher than the gross profit margin recorded in 3Q 2019 of 21.5%. The higher gross profit margin that would otherwise have materialised was the result of cost savings on several projects.

To mitigate the impact of the lower gross profit, wide-ranging cost control measures were implemented which enabled the Group to substantially reduce its administrative expenses by 39.9% as compared to 3Q 2019. This financial discipline will continue as the Group embarks on a comprehensive review of operations to streamline all processes and future proof every aspect of its business for long-term sustainability.

## 1. Review of Group Performance (continued)

### (a) 3Q 2020 vs 3Q 2019 (continued)

The Group's share of the results of its Malaysian joint-ventures, namely, *Eco Grandeur*, *Eco Business Park V*, *Eco Horizon*, *Eco Ardence* and *Bukit Bintang City Centre (BBCC)*, decreased by 20.1% in 3Q 2020 compared to 3Q 2019. The lower share of results was mainly due to the MCO and RMCO restrictions on site activities which were only lifted in mid-June 2020 as mentioned above. In total, the Malaysian joint ventures recorded revenue of RM251.9 million in 3Q 2020, of which the Group's effective share (proforma and unconsolidated) amounted to RM136.5 million.

The share of results from EcoWorld International Berhad (EcoWorld International) was lower in 3Q 2020 as compared to 3Q 2019 mainly due to higher numbers of sold units handed over to customers in 3Q 2019 as compared to 3Q 2020.

Arising from the above, the Group recorded a lower profit after tax of RM13.8 million as compared to 3Q 2019.

### (b) 3Q YTD 2020 vs 3Q YTD 2019

The Group's subsidiaries recorded lower revenue and gross profit in 3Q YTD 2020 because of the above mentioned reasons.

Revenues recorded by the Malaysian joint-ventures were also lower for the same reasons. In this regard, the *Eco Grandeur*, *Eco Horizon*, *Eco Ardence* and *Bukit Bintang City Centre (BBCC)* projects have collectively recorded RM798.5 million in revenue of which the Group's effective share, based on its equity stakes in the respective joint-ventures, amounted to RM418.7 million.

EcoWorld International recorded a revenue of RM615.6 million contributed by their maiden project in Australia, West Village, following the completion and commencement of handover of units sold to customers. The Group's effective share of this revenue, based on its equity stake, is RM166.2 million.

Overall, the Group's profit after tax for 3Q YTD 2020 amounted to RM68.7 million which is lower than 3Q YTD 2019.

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

	3 MONTHS ENDED		Changes RM'000
	31/07/2020 RM'000	30/04/2020 RM'000	
Revenue	477,867	345,403	132,464
Gross profit	54,547	68,703	(14,156)
Share of results of joint ventures			
- Malaysia	17,518	12,178	5,340
- International	9,954	4,505	5,449
Profit before interest and tax	48,356	54,845	(6,489)
Profit before tax (PBT)	24,353	30,367	(6,014)
Profit after tax	13,805	21,393	(7,588)
Profit attributable to owners of the Company	13,805	21,393	(7,588)

The higher revenue achieved in 3Q 2020 was due to the successful execution of catch-up plans at the Group's various construction sites after work resumed in mid-June 2020, and higher new sales since then. The lower gross profit in 3Q 2020 was due to the write down of inventories as mentioned above.

## 3. Prospects for the Current Financial Year

As explained above, the Group's revenue has been severely affected by the curtailment of site activities due to the MCOs in 2Q 2020 and 3Q 2020. Gross profit has also been reduced due to the write down of inventories in 3Q 2020. For these reasons, the earnings outlook for the current financial year will be substantially lower than the previous financial year.

In terms of sales, EcoWorld Malaysia managed to record RM960 million in Q3 2020, with another RM287 million secured in the month of August 2020. Cumulatively up to 31 August 2020, the Group has achieved RM1.58 billion (see table below), representing 79% of its revised sales target of RM2 billion for FY 2020.

Location of projects	1 November 2019 to 31 August 2020				Cumulative sales <sup>1,2</sup> RM'mil	As at 31 August 2020
	No. of launched projects <sup>2</sup>	Units launched <sup>2</sup>	Units sold <sup>1,2</sup>	Sales value <sup>2</sup> RM'mil		Future revenue <sup>3</sup> RM'mil
Klang Valley	8	671	851	990	12,490	2,161
Iskandar Malaysia	7	1,184	983	504	6,812	995
Penang	3	-	171	86	1,158	204
<b>Malaysia</b>	<b>18</b>	<b>1,855</b>	<b>2,005</b>	<b>1,580</b>	<b>20,460</b>	<b>3,360</b>

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

Location of projects	1 November 2019 to 31 August 2020					As at 31 August 2020
	Land bank Acres <sup>2</sup>	Units launched <sup>2</sup>	Units sold <sup>1,2</sup>	Sales value <sup>2</sup> RM'mil	Cumulative sales <sup>1,2</sup> RM'mil	Future revenue <sup>3</sup> RM'mil
United Kingdom	50.7	17	255	1,099	12,058	890
Australia	2.4	-	(9)	(14)	1,362	175
<b>Overseas</b>	<b>53.1</b>	<b>17</b>	<b>246</b>	<b>1,085</b>	<b>13,420</b>	<b>1,065</b>
<b>Total future revenue attributable to EcoWorld Malaysia</b>						<b>4,425</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's future revenue, including its effective share of the future revenue of the Malaysian JVs, amounted to RM3.36 billion as at 31 August 2020. Including its share of EcoWorld International's future revenue, the Group's total future revenue stood at RM4.43 billion as at 31 August 2020.

Accordingly, whilst the earnings outlook for the current financial year will be lower than the previous financial year for the reasons mentioned above, the Group's earnings prospects beyond FY2020 are underpinned by its future revenue from locked-in sales.

The Group's YTD sales have been driven by the following factors:

- Digital engagement of prospects during the MCO to communicate the unique value propositions offered have been found to be highly effective in place of person-to-person engagement.
- The reintroduction of the Home Ownership Campaign in June 2020 which contributed to an uptick in buying interest.

The Group plans to supplement the reintroduced Home Ownership Campaign with its latest #YouBelong campaign which actively engages with its various target markets to convey the message that they belong in an EcoWorld Community. Accompanied by attractive promotional packages, it is designed to drive sales and accelerate the clearance of existing stocks to strengthen the Group's balance sheet.

The Group also intends capitalise on the positive momentum generated by the following high value sales to notable foreign multinationals to further promote its EBP I, II, III & V developments which have been attracting enquiries from local and foreign industrialists:

- the en-bloc sale in June 2020 of a serviced residence block in the BBCC development for RM242 million to a JV Co formed with Mitsui Fudosan (Asia) Malaysia Sdn Bhd, and
- the sale of 16.32 acres of industrial land at Eco Business Park (EBP) V for RM53.3 million in August 2020 to Baosteel Can Making (Malaysia) Sdn Bhd.

Moving ahead, EcoWorld Malaysia will continue to pursue the strategic shift made in mid-2019 to focus on the housing needs of the M40 group, which is the largest and most resilient segment of the market. As a township developer, increase in the market share of this segment will stand the Group in good stead when the market recovers after the present storm.

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

In line with the above, the Group aims to launch at least one parcel of its new Duduk series of vertical townships before the end of the financial year. Registrations of interest for both Huni @ EcoArdence and Se.Ruang @ EcoSanctuary have been strong and the Group is actively assisting prospective purchasers in applying for end-financing prior to the official launch.

Down south, Eco Botanic II which will be launched in 1Q 2021 has also received overwhelming response. Other products priced from RM500,000 to RM900,000 which are being prepared for launch in FY2021 include Co-Homes at Eco Grandeur and Eco Horizon, and smaller built-up garden homes at several projects in the Klang Valley and Iskandar Malaysia.

Overseas, EcoWorld International reported a Q3 profit after tax of RM38.2 million, of which EcoWorld Malaysia's share amounted to RM9.95 million. The commencement of handover of units in West Village in Australia was the main contributor to the profits achieved during the quarter.

In London, handover of Wardian London has also commenced. The first batch of completion notices were issued to purchasers in August 2020 and more will follow in the coming months as the construction of Wardian completes in stages.

In Melbourne, construction of Yarra One has been delayed due to the reduced manpower permitted throughout the "Stage 4" movement restrictions in the city. As a result, the handover of units at Yarra One which was previously scheduled for 4Q 2020 is now targeted to commence in 1Q 2021.

As at 31 August 2020, the Group's land bank is as follows:-

Location of projects	No of projects	Land bank (acres)	
		Original land size	Undeveloped
Klang Valley	8	4,735.3	2,546.0
Iskandar Malaysia	8	3,126.1*	1,706.4
Penang	4	463.9	327.1
<b>The Group</b>	<b>20</b>	<b>8,325.3</b>	<b>4,579.5</b>

\* Includes acquisitions pending completion

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

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

## 5. Income Tax

Income Tax comprises:-

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2020	31/07/2019	31/07/2020	31/07/2019
	RM'000	RM'000	RM'000	RM'000
Current tax				
- for current quarter	2,629	10,998	24,862	35,302
- in respect of prior years	8,735	(124)	7,079	618
Deferred tax				
- for current quarter	8,089	848	4,099	132
- in respect of prior years	(8,905)	3,144	(9,681)	3,522
	<u>10,548</u>	<u>14,866</u>	<u>26,359</u>	<u>39,574</u>

The Group's effective tax rate for the 3Q 2020 and 3Q YTD 2020 is higher than the statutory tax rate mainly due to certain non-tax deductible expenses, which includes the write-down of certain inventories.

## 6. Status of Corporate Proposals

The following is the corporate proposal previously announced by the Company that remained uncompleted as at 17 September 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.

Melia Spring and RRSB had agreed to extend the approval period, which expired on 15 September 2020, by another 2 months to expire on 15 November 2020 for parties to fulfill the remaining condition precedent under the SPA. Given that the Development Agreement with PDT is conditional upon all conditions precedent in the SPA being fulfilled, the Approval Period under the Development Agreement will correspondingly be extended to expire on 15 November 2020.



## 7. Group Borrowings and Debt Securities

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

	As at 31 July 2020		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b>Secured</b>			
Revolving credits	120,681	639,464	760,145
Term loans	512,764	425,227	937,991
Bridging loans	203,095	89,456	292,551
Medium term notes	89,718	99,774	189,492
Hire purchase (included in lease liabilities)	162	85	247
	<u>926,420</u>	<u>1,254,006</u>	<u>2,180,426</u>
<b>Unsecured</b>			
Revolving credits	-	730,038	730,038
Medium term notes	498,654	-	498,654
Overdraft	-	26,461	26,461
	<u>498,654</u>	<u>756,499</u>	<u>1,255,153</u>
	<u>1,425,074</u>	<u>2,010,505</u>	<u>3,435,579</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 July 2020	As at 31 October 2019
	%	%
Floating interest rate	4.40	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 9 months ended 31 July 2020.

The Group's gearing ratios are as follows:

	As at 31 July 2020	As at 31 October 2019
Gross Gearing	0.74	0.83
Net Gearing	0.64	0.70

## 8. Material Litigation

The Group was not engaged in any material litigation as at 17 September 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 9 months ended 31 July 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:

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2020	31/07/2019	31/07/2020	31/07/2019
Profit for the period attributable to owners of the Company (RM'000)	<u>13,805</u>	<u>50,476</u>	<u>68,713</u>	<u>121,965</u>
Weighted average number of ordinary shares ('000)	<u>2,944,369</u>	<u>2,944,369</u>	<u>2,944,369</u>	<u>2,944,369</u>
Basic Earnings Per Ordinary Share (sen)	<u>0.47</u>	<u>1.71</u>	<u>2.33</u>	<u>4.14</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.

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2020	31/07/2019	31/07/2020	31/07/2019
Profit for the period attributable to owners of the Company (RM'000)	<u>13,805</u>	<u>50,476</u>	<u>68,713</u>	<u>121,965</u>
Weighted average number of ordinary shares for basic Earnings Per Ordinary Share ('000)	<u>2,944,369</u>	<u>2,944,369</u>	<u>2,944,369</u>	<u>2,944,369</u>
Effect of potential exercise of Warrants ('000)	<u>#</u>	<u>#</u>	<u>#</u>	<u>#</u>
Weighted average number of ordinary shares ('000)	<u>2,944,369</u>	<u>2,944,369</u>	<u>2,944,369</u>	<u>2,944,369</u>
Diluted Earnings Per Ordinary Share (sen) *	<u>0.47</u>	<u>1.71</u>	<u>2.33</u>	<u>4.14</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>9 MONTHS ENDED</b>
	<b>31/07/2020</b>
	<b>RM'000</b>
i) Advances provided to:	
- BBCC Development Sdn Bhd	2,700
- Paragon Pinnacle Sdn Bhd ("Paragon Pinnacle")	106,000
ii) Guarantees given by the Company to secure the bank borrowings of:	
- Paragon Pinnacle	49,900
- Eco Horizon Sdn Bhd ("Eco Horizon")	34,221
	=====
	<b>As at 31/07/2020</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	444,656
- Eco Horizon	356,111
	=====

There has been no material impact on the earnings and net tangible assets of the Group for the 9 months ended 31 July 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 ENDED 31/07/2020 RM'000</b>	<b>9 MONTHS ENDED 31/07/2020 RM'000</b>
Interest income	11,541	34,450
Other income including investment income	3,953	10,036
Interest expense	(24,003)	(74,993)
Depreciation and amortisation	(6,023)	(17,905)
Provision for write off of receivables	-	-
Write down of inventories	(65,418)	(65,418)
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	21	(27)
Gain or loss on derivatives	-	-
Exceptional items	-	-
	<u>                    </u>	<u>                    </u>

By order of the Board  
Chua Siew Chuan  
Company Secretary  
24 September 2020