

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

**Interim Financial Report**  
**30 April 2022**

**ECO WORLD DEVELOPMENT GROUP BERHAD**  
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**Interim Financial Report - 30 April 2022**

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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 30 APRIL 2022**  
*(The figures have not been audited)*

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 APRIL 2022 RM'000	30 APRIL 2021 RM'000	30 APRIL 2022 RM'000	30 APRIL 2021 RM'000
Revenue	506,894	420,455	1,040,317	927,808
Cost of sales	(389,988)	(344,939)	(809,024)	(751,244)
<b>Gross profit</b>	<u>116,906</u>	<u>75,516</u>	<u>231,293</u>	<u>176,564</u>
Other income	19,140	12,974	33,224	27,185
Selling and marketing expenses	(8,505)	(9,123)	(16,964)	(17,562)
Administrative expenses	(34,990)	(38,256)	(76,923)	(85,992)
Finance costs	(26,179)	(31,906)	(50,439)	(59,001)
Share of results in joint ventures, net of tax	754	48,120	28,033	89,685
Share of results in associates, net of tax	(2,974)	(142)	(4,795)	(584)
<b>Profit before tax</b>	<u>64,152</u>	<u>57,183</u>	<u>143,429</u>	<u>130,295</u>
Income tax expense	(18,478)	(14,862)	(34,391)	(25,540)
Profit net of tax	45,674	42,321	109,038	104,755
<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	(191)	(106)	(223)	(99)
Share of other comprehensive (loss)/income of a joint venture	(20,154)	29,038	(35,663)	59,920
<b>Total comprehensive income for the period</b>	<u>25,329</u>	<u>71,253</u>	<u>73,152</u>	<u>164,576</u>
<b>Profit net of tax attributable to:</b>				
Owners of the Company	45,674	42,321	109,038	104,755
Non-controlling interests	-	-	-	-
	<u>45,674</u>	<u>42,321</u>	<u>109,038</u>	<u>104,755</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	25,329	71,253	73,152	164,576
Non-controlling interests	-	-	-	-
	<u>25,329</u>	<u>71,253</u>	<u>73,152</u>	<u>164,576</u>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic earnings per share (sen)	<u>1.55</u>	<u>1.44</u>	<u>3.70</u>	<u>3.56</u>
Diluted earnings per share (sen) *	<u>1.55</u>	<u>1.44</u>	<u>3.70</u>	<u>3.56</u>

\* Anti-dilutive

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 October 2021 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 30 APRIL 2022**

	As At 30 APRIL 2022 RM'000 UNAUDITED	As At 31 OCTOBER 2021 RM'000 AUDITED
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	157,335	166,454
Investment property	19,781	19,740
Inventories - land held for property development	3,941,622	4,168,395
Investment in associates	70,538	96,158
Investment in joint ventures	1,347,505	1,373,089
Trade receivables	81,135	90,244
Lease receivables	2,029	2,631
Amount due from joint ventures	948,862	904,937
Deferred tax assets	106,102	108,207
	<u>6,674,909</u>	<u>6,929,855</u>
<b>Current assets</b>		
Inventories - property under development	659,232	665,854
Inventories - completed properties	468,942	608,971
Contract assets	71,320	78,844
Current tax assets	43,784	48,189
Trade and other receivables	481,522	631,717
Lease receivables	1,107	1,108
Deposits	538,673	314,405
Cash and bank balances	365,747	470,319
	<u>2,630,327</u>	<u>2,819,407</u>
<b>TOTAL ASSETS</b>	<u>9,305,236</u>	<u>9,749,262</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	3,614,868	3,614,865
Warrants reserve	-	194,395
Foreign currency translation reserve	1,045	36,966
Cash flow hedge reserve	(320)	(355)
Retained earnings	1,163,978	919,433
<b>Total equity</b>	<u>4,779,571</u>	<u>4,765,304</u>
<b>Non-current liabilities</b>		
Loans and borrowings	1,183,991	1,313,219
Lease liabilities	6,291	8,595
Other payables	289,674	313,160
Deferred tax liabilities	38,666	41,296
	<u>1,518,622</u>	<u>1,676,270</u>
<b>Current liabilities</b>		
Trade and other payables	941,783	975,045
Contract liabilities	625,117	754,006
Bank overdrafts	27,103	24,018
Loans and borrowings	1,396,654	1,542,795
Lease liabilities	3,414	4,066
Current tax liabilities	12,972	7,758
	<u>3,007,043</u>	<u>3,307,688</u>
<b>Total liabilities</b>	<u>4,525,665</u>	<u>4,983,958</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>9,305,236</u>	<u>9,749,262</u>
<b>Net Assets Per Share Attributable to Owners of the Company (RM)</b>	<u>1.62</u>	<u>1.62</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 October 2021 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 30 APRIL 2022**  
*(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 2021</b>	3,614,865	194,395	36,966	(355)	919,433	4,765,304
Profit for the period	-	-	-	-	109,038	109,038
Other comprehensive (loss)/income	-	-	(35,921)	35	-	(35,886)
Transactions with owners:						
- Conversion of Warrants	3	(1)	-	-	-	2
- Transfer of Warrants reserves to retained earnings upon expiry of Warrants	-	(194,394)	-	-	194,394	-
- Dividend paid	-	-	-	-	(58,887)	(58,887)
<b>At 30 April 2022</b>	<b>3,614,868</b>	<b>-</b>	<b>1,045</b>	<b>(320)</b>	<b>1,163,978</b>	<b>4,779,571</b>
<b>At 1 November 2020</b>	3,614,865	194,395	(18,487)	(89)	880,253	4,670,937
Effects of adoption of the Agenda Decision	-	-	-	-	(25,786)	(25,786)
<b>At 1 November 2020 (restated)</b>	<b>3,614,865</b>	<b>194,395</b>	<b>(18,487)</b>	<b>(89)</b>	<b>854,467</b>	<b>4,645,151</b>
Profit for the period	-	-	-	-	104,755	104,755
Other comprehensive income/(loss)	-	-	61,063	(1,242)	-	59,821
Transactions with owners:						
- Dividend paid	-	-	-	-	(58,887)	(58,887)
<b>At 30 April 2021</b>	<b>3,614,865</b>	<b>194,395</b>	<b>42,576</b>	<b>(1,331)</b>	<b>900,335</b>	<b>4,750,840</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 2021 and the accompanying explanatory notes.)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 APRIL 2022

*(The figures have not been audited)*

	6 MONTHS ENDED	
	30 APRIL 2022 RM'000	30 APRIL 2021 RM'000
<b>Operating activities</b>		
Profit before tax	143,429	130,295
Adjustments for :		
Non-cash items	(20,570)	(85,430)
Non-operating items	25,981	34,928
Operating cash flows before changes in working capital	148,840	79,793
Changes in inventories - property under development	197,778	248,816
Changes in inventories- completed properties	262,655	204,199
Changes in contract assets/contract liabilities	(121,365)	43,389
Changes in receivables	197,066	182,724
Changes in payables	(56,881)	(243,105)
Cash flows generated from operations	628,093	515,816
Interest received	1,044	1,292
Interest paid	(66,464)	(65,075)
Income taxes paid net of refunds	(26,756)	(15,845)
<b>Net cash flows generated from operating activities</b>	<b>535,917</b>	<b>436,188</b>
<b>Investing activities</b>		
Additions to inventories - land held for property development	(61,200)	(57,559)
Purchase of property, plant and equipment and investment properties	(2,809)	(1,970)
Proceeds from disposal of property, plant and equipment	171	147
Subscription of redeemable preference shares in an associate	-	(15,444)
Advances to joint ventures	(25,000)	(58,000)
Repayment of interest by a joint venture	10,687	31,165
(Placement)/Withdrawal of redemption and debt service reserve accounts	(179,225)	10,111
Dividends received from a joint venture	-	6,480
Interest received from deposits	3,269	2,353
<b>Net cash flows used in investing activities</b>	<b>(254,107)</b>	<b>(82,717)</b>
<b>Financing activities</b>		
Proceeds from conversion of warrants	2	-
Drawdown of bank borrowings	179,605	294,959
Repayment of bank borrowings and lease liabilities	(457,828)	(442,508)
Interest paid	(7,344)	(11,258)
Dividends paid on ordinary shares	(58,887)	(58,887)
<b>Net cash flows used in financing activities</b>	<b>(344,452)</b>	<b>(217,694)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(62,642)</b>	<b>135,777</b>
<b>Effect of exchange rate changes</b>	<b>29</b>	<b>16</b>
<b>Cash and cash equivalents at 1 November 2021 / 2020</b>	<b>514,492</b>	<b>264,314</b>
<b>Cash and cash equivalents at 30 April 2022 / 2021</b>	<b>451,879</b>	<b>400,107</b>
<b>Cash and cash equivalents comprise the following:</b>		
Deposits	538,673	261,113
Cash and bank balances	365,747	316,233
Bank overdrafts	(27,103)	(20,550)
	877,317	556,796
Less: Deposit pledged, Debt Service Reserve, Redemption Accounts and Escrow Accounts	(425,438)	(156,689)
	451,879	400,107

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 October 2021 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 2021.

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 2021 except for the adoption of the following new amendments/improvements to MFRSs which are relevant and mandatory for the current financial year:-

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform-Phase 2
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The adoption of the above amendments/improvements to MFRSs do not have any material financial impact to the Group.

### 2. Seasonal or Cyclical Factors

The business operations of the Group during the 6 months ended 30 April 2022 were not materially affected by any seasonal or cyclical factors.

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the 6 months ended 30 April 2022.

### 4. Changes in Estimates

There were no material changes in estimates for the 6 months ended 30 April 2022.

### 5. Debts and Equity Securities

There were no issuance or repayment of debt or equity securities, share buy-backs, share cancellations, shares held as treasury shares or resale of treasury shares during the 6 months ended 30 April 2022, except for the following:

- (a) Issuance of 1,000 new ordinary shares (“New Ordinary Shares”) pursuant to the conversion of Warrants 2015/2022 at an issue price of RM2.08 per ordinary share. The New Ordinary Shares were listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on 4 April 2022; and
- (b) Bonus issue of 588,873,836 warrants on the basis of 1 new warrant for every 5 existing ordinary shares in the Company (“Warrants 2022/2029”). The Warrants 2022/2029 were listed on the Main Market of Bursa Malaysia on 18 April 2022.

## 6. Dividends Paid

On 28 February 2022, the Company paid a single tier interim dividend of 2 sen per ordinary share amounting to RM58,887,368 in respect of the financial year ended 31 October 2021.

## 7. Segmental Reporting

No segmental reporting is presented as the Group is primarily engaged in the business of property development in Malaysia.

## 8. Events after the End of the Interim Financial Period

There were no significant events after 30 April 2022 till 9 June 2022 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report).

## 9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the 6 months ended 30 April 2022 except for the following:

- (a) The incorporation of Eco World Strategic Capital 1 Sdn. Bhd. ("EWSC 1") as a wholly-owned subsidiary of the Company on 11 November 2021. EWSC 1 has an issued and paid-up share capital of RM2.00; and
- (b) The dissolution of Focal Aims Realty Sdn. Bhd. ("FAR"), an indirect wholly-owned subsidiary of the Company, on 3 February 2022. FAR was placed under Member's Voluntary Winding-Up on 9 October 2020 and held its final meeting on 29 October 2021.

## 10. Contingent Liabilities

There were no contingent liabilities that has arisen as at 9 June 2022 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report).

## 11. Fair value of Financial Instruments

- (a) There were no derivative financial instruments as at 30 April 2022.
- (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>Location</b>	<b>6 MONTHS ENDED</b>	
	<b>30/04/2022</b>	<b>30/04/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Klang Valley	456,170	433,839
Iskandar Malaysia	561,336	407,008
Penang	22,811	86,961
	<u>1,040,317</u>	<u>927,808</u>

## 13. Commitments

	<b>As at</b>
	<b>30/04/2022</b>
	<b>RM'000</b>
Approved and contracted for:-	
Commitment to subscribe for additional shares in an associate	6,552
Commitment to acquire property, plant and equipment	2,674
Commitment to fund development costs of joint ventures	<u>137,000</u>

## 14. Significant Related Party Transactions

	<b>6 MONTHS</b>
	<b>ENDED</b>
	<b>30/04/2022</b>
	<b>RM'000</b>
(i) Transactions with directors of the Company and of its subsidiary companies	
- Legal fees paid and payable to a firm of an immediate family member	41
- Stay2Own rental received	<u>68</u>
(ii) Transactions with joint ventures	
- Advances given	25,000
- Interest received and receivable	29,612
- Development management fees received and receivable	39,186
- Other resources fees received and receivable	9,601
- Brand licensing fees received and receivable	3,823
- Commission received and receivable	335
- Rental received and receivable	90
- Advisory fees received and receivable	108
- Support service fees received and receivable	74
- Commitment fees received and receivable	<u>150</u>
(iii) Transactions with associates	
- Secondment fees paid and payable	60
- Support service fees received and receivable	164
- Undertaking fees received and receivable	<u>60</u>

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

**1. Review of Group Performance**

	3 MONTHS ENDED			6 MONTHS ENDED		
	30/04/2022 RM'000	30/04/2021 RM'000	Changes RM'000	30/04/2022 RM'000	30/04/2021 RM'000	Changes RM'000
Revenue	506,894	420,455	86,439	1,040,317	927,808	112,509
Gross profit	116,906	75,516	41,390	231,293	176,564	54,729
Share of results of joint ventures						
- Malaysia	16,315	38,602	(22,287)	45,154	58,311	(13,157)
- International	(15,561)	9,518	(25,079)	(17,121)	31,374	(48,495)
	754	48,120	(47,366)	28,033	89,685	(61,652)
Profit before interest and tax	90,331	89,089	1,242	193,868	189,296	4,572
Profit before tax (PBT)	64,152	57,183	6,969	143,429	130,295	13,134
Profit after tax (Malaysian operations)	61,235	32,803	28,432	126,159	73,381	52,778
Profit after tax (PAT)	45,674	42,321	3,353	109,038	104,755	4,283
Profit attributable to owners of the Company	45,674	42,321	3,353	109,038	104,755	4,283

**(a) 2Q 2022 vs 2Q 2021**

The main projects which contributed to revenue and gross profit in 2Q 2022 were *Eco Majestic*, *Eco Forest* and *Eco Sanctuary* in the Klang Valley, *Eco Botanic*, *Eco Botanic 2*, *Eco Spring*, *Eco Summer*, *Eco Business Park I*, *Eco Business Park II*, *Eco Tropics* and *Eco Business Park III* in Iskandar Malaysia and *Eco Terraces* in Penang.

Revenue in 2Q 2022 was higher than in 2Q 2021 by 20.6%, whilst gross profit in 2Q 2022 was higher than in 2Q 2021 by 54.8%. This was mainly due to higher sales (qualifying for revenue and profit recognition) secured and higher percentage of completion achieved on site. The Group's gross profit margin also improved to 23.1% in 2Q 2022 vs 18.0% in 2Q 2021 as various measures implemented over the past two years to increase efficiency and control costs enabled savings to be realised on several completed and near completion phases.

The Group's share of the results of its Malaysian joint ventures came from *Eco Grandeur*, *Eco Business Park V*, *Eco Ardence* and *Bukit Bintang City Centre (BBCC)*. Total contributions were 57.7% lower in 2Q 2022 mainly due to:

- higher proportion of sales of newly launched products this year vs sales of near completed products last year which enabled a higher percentage of revenue and profit to be recognised in 2Q 2021; and
- cost savings realised in 2Q 2021 on several matured phases at *Eco Ardence* and *Eco Grandeur*.

Collectively the Malaysian joint ventures recorded a total of RM300.2 million in revenue in 2Q 2022 of which the Group's effective share, based on its equity stakes in the respective joint-ventures, amounted to RM149.1 million.

## 1. Review of Group Performance (continued)

### (a) 2Q 2022 vs 2Q 2021 (continued)

EcoWorld International Berhad (*EcoWorld International*) recorded a loss in 2Q 2022 as compared to a profit in 2Q 2021. This was mainly due to an impairment loss recognised on its investment in the Eco World Ballymore joint venture in London amounting to RM36.2 million and lower revenue and profit recognition from Yarra One and West Village due to fewer handovers of properties to customers in the current quarter. The revision of project profit margins and higher inventory holding costs on several completed projects as well as lower profit recognition from its Built-to-Rent projects also contributed to the loss in the current quarter.

Notwithstanding the share of EcoWorld International's loss, the Group's profit after tax still increased by 7.9% on the back of profit after tax contributed by its Malaysian operations which grew by 86.7% to RM61.2 million in 2Q 2022 as compared to RM32.8 million in 2Q 2021.

The substantially higher profit after tax in 2Q 2022 recorded by the Group's Malaysian operations was mainly due to the improved performance of its Malaysian subsidiaries mentioned above and lower finance costs incurred as borrowings continued to be pared down.

### (b) 2Q YTD 2022 vs 2Q YTD 2021

2Q YTD 2022 revenue and gross profit increased by 12.1% and 31.0%, respectively, as compared to 2Q YTD 2021. This was mainly due to higher sales and percentage of completion achieved as well as the realisation of cost savings of several completed and near completion phases as explained above.

The 68.7% lower share of profits of joint ventures was due to the lower profits of the Malaysian joint ventures in 2Q 2022, as explained above, and the losses recorded by EcoWorld International in 2Q YTD 2022 as compared to profits in 2Q YTD 2021.

Notwithstanding the share of EcoWorld International's loss, the Group was still able to achieve a higher PBT and PAT in 2Q YTD 2022 mainly due to the strong performance of its Malaysian projects and savings in finance costs following the ongoing repayments of borrowings during the financial period.

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

	3 MONTHS ENDED		Changes RM'000
	30/04/2022 RM'000	31/01/2022 RM'000	
Revenue	506,894	533,423	(26,529)
Gross profit	116,906	114,387	2,519
Share of results of joint ventures			
- Malaysia	16,315	28,839	(12,524)
- International	(15,561)	(1,560)	(14,001)
	754	27,279	(26,525)
Profit before interest and tax	90,331	103,537	(13,206)
Profit before tax (PBT)	64,152	79,277	(15,125)
Profit after tax (Malaysian operations)	61,235	64,924	(3,689)
Profit after tax (PAT)	45,674	63,364	(17,690)
Profit attributable to owners of the Company	45,674	63,364	(17,690)

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

The Group's revenue was 5.0% lower than the previous quarter. However its gross profit was 2.2% higher mainly due to the higher margin achieved in 2Q 2022 as explained above.

The share of results of the Group's Malaysian joint ventures was lower in 2Q 2022 mainly due to realisation of cost savings in handed-over phases at *Eco Ardence* in the previous quarter.

The share of loss in EcoWorld International was higher in 2Q 2022 mainly due to the impairment of investment in Eco World Ballymore joint venture, revision of project profit margins and higher inventory holding costs and lower profit recognition from its Built-to-Rent projects. This was partially offset by a higher unrealised gain on foreign exchange on retranslation of foreign currency loans as a result of the weakening of the British Pound (GBP).

Accordingly, the Group's profit after tax in 2Q 2022 was lower than in 1Q 2022.

## 3. Prospects for the Current Financial Year

Location of projects	No. of launched projects <sup>2</sup>	7 months ended 31.05.2022			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		31.05.2022
						Future revenue <sup>3</sup> RM'mil
Klang Valley	8	993	1,247	1,229	16,099	2,315
Iskandar Malaysia	8	657	733	617	8,642	1,035
Penang	3	361	325	324	1,844	273
<b>Malaysia</b>	<b>19</b>	<b>2,011</b>	<b>2,305</b>	<b>2,170</b>	<b>26,585</b>	<b>3,623</b>

Location of projects	Land Bank Acres <sup>2</sup>	7 months ended 31.05.2022			Cumulative sales <sup>1,2</sup> RM'mil	As at
		Units sold <sup>1,2</sup>	Sales value <sup>2</sup> RM'mil			31.05.2022
						Future revenue <sup>3</sup> RM'mil
United Kingdom	50.7	207	1,019	14,405		295
Australia	2.4	38	123	1,565		12
<b>Overseas</b>	<b>53.1</b>	<b>245</b>	<b>1,142</b>	<b>15,970</b>		<b>307</b>

**Total future revenue attributable to EcoWorld Malaysia**

**3,930**

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

<sup>2</sup> Includes projects and sales 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

EcoWorld Malaysia recorded RM2.170 billion sales in seven months of FY2022 which places it well on track to achieve the full year sales target of RM3.5 billion. Sales performance continued to progress steadily with the Klang Valley making up 57% of total sales achieved to-date whilst projects in Iskandar Malaysia and Penang accounted for 28% and 15%, respectively.

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

The largest percentage increase in sales since the last reporting period came from Iskandar Malaysia which almost doubled its sales from RM315 million as at 28 February 2022 to RM617 million as at 31 May 2022. This was contributed by the following:

- recent launch of ***Forte*** and ***Forte+ Residences***, a new phase of 33' x 75' Cluster Homes at ***Eco Spring***, at average prices of RM1.2 and RM1.4 million per unit, respectively, to cater to the upgrader market at this matured township; and
- introduction of the ***Charmborough*** series of 22' x 70' terraces by ***Eco Botanic 2***, offering homes with larger built-ups at average prices of RM920,000 per unit to complement the starter homes series launched in FY2021

EcoWorld Malaysia's continued launches of higher-end residential products which began in 1Q 2022 is in line with the Group's focus on enhancing value for its customers and improving profitability for shareholders. The good response is testament to the strong following the EcoWorld brand continues to command in the upgrader and luxury homes segment across all three regions of the Group's operations.

The opening of the country's borders, particularly between Malaysia and Singapore also helped boost demand in Iskandar Malaysia as the many Malaysians working there were able to return home after 1 April 2022, with a renewed appetite to upgrade their homes. More notably, it has had a significant impact on the Group's business park sales. Total sales recorded as at 31 May 2022 by ***Eco Business Parks (EBP) I, II and III*** in Iskandar Malaysia as well as ***EBP V*** in the Klang Valley stands at RM447 million which is already 93% of the full year sales achieved by the Group's industrial division in FY2021. Based on the volume of enquiries received, management is confident that the positive effects of the border re-opening will continue to be felt in 3Q and 4Q 2022.

Accordingly, whilst the Board acknowledges that there are ongoing macroeconomic and sectoral concerns caused by rising inflation, supply chain disruptions and interest rate hikes, it remains optimistic that EcoWorld Malaysia is strongly positioned to ride out the storm based on the following:

- the bulk of the landbank located in Malaysia are now in the matured phase with primary infrastructure completed and comprehensive lifestyle amenities in place. Apart from mitigating against the impact of construction costs increases, this adds to the attractiveness and fundamental appeal of EcoWorld Malaysia's projects;
- concerted efforts over the last three years to expand the customer base and product offerings to include a wide range of starter, upgrader and high-rise homes as well as a growing industrial products division have provided EcoWorld Malaysia with a high degree of flexibility to quickly adapt its new launches and pricing strategies to suit market demand and to sustain profitability;
- the high levels of sales achieved, continued financial discipline and investments in efficiency to reduce operational and overhead costs have significantly improved the Group's financial strength. As at 30 April 2022, cash and bank balances increased to RM904.4 million whilst Net Borrowings and Net Gearing reduced to RM1.7 billion and 0.36 times – this effectively lowers EcoWorld Malaysia's exposure to potential further interest rate hikes going forward.

Outside Malaysia, ***EcoWorld International*** is also on track to achieve its sales target of RM2 billion for FY2022 with total sales of RM1.142 billion secured in seven months. Including reserves of RM391 million, this adds up to RM1.533 billion achieved as at 31 May 2022 which is 52% more than RM1.012 billion recorded in the same period of FY2021.

Its Embassy Gardens and London City Island projects which are part of the EW-Ballymore portfolio were the biggest contributors to sales. The funds generated from properties sold enabled EW-Ballymore to fully repay its bank loans in April 2022 and commence its maiden repayment of shareholder loans to EcoWorld International in May 2022.

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

EW-Ballymore currently has about £400 million worth of completed properties which, when monetised, can enable further distributions to EcoWorld International. Given present market conditions, EcoWorld International's Board has recognised an impairment of RM36 million on its investment in the EW-Ballymore portfolio based on current estimated selling prices for the remaining completed stock. EcoWorld International will continue to strive to accelerate sales in line with its monetisation strategy with a view towards generating improved overall returns for shareholders.

EcoWorld International also reiterated its aims to make further distributions to its shareholders within the next 1-2 years after it has monetised the completed properties at the EW-Ballymore and Australian projects and set aside a portion of the proceeds to be eventually reinvested in new projects for future growth. Whilst its Board noted that its current posture to be selective in land acquisition may limit its near-term earnings pipeline, it was of the view that a continued prudent and conservative stance is necessary for the times in view of increasing macroeconomic uncertainties compounded by geo-political tensions that may alter market conditions in the near to medium term.

Meanwhile, as regards its existing portfolio, EcoWorld International should be relatively well-insulated from concerns regarding escalation in construction costs and rising interest rates. This is because most of its active projects are either completed or close to completion and the bulk of its borrowings have been substantially repaid.

Premised on the improvement in the Group's cash position and balance sheet along with good earnings visibility offered by its healthy future revenue position of RM3.9 billion as at 31 May 2022, EcoWorld Malaysia has declared a 2 sen interim dividend in the current quarter – for further details refer to Note 9 below.

As at 31 May 2022, 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	2,128.2
Iskandar Malaysia	8	3,119.1	1,483.1
Penang	4	463.9	251.6
<b>The Group</b>	<b>20</b>	<b>8,318.3</b>	<b>3,862.9</b>

Whilst the undeveloped landbank is still sizeable, in the event a good opportunity arises in the near to mid-term, based on its current low net gearing levels, EcoWorld Malaysia is well-placed to take advantage of the same to enhance its future growth prospects.

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

There were no profit forecast published as at 30 April 2022.

## 5. Income Tax

Income Tax comprises:-

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2022	30/04/2021	30/04/2022	30/04/2021
	RM'000	RM'000	RM'000	RM'000
Current tax				
- for current quarter	16,479	7,343	33,662	19,036
- in respect of prior years	1,780	18,663	2,712	20,276
Deferred tax				
- for current quarter	3,038	2,468	2,737	2,058
- in respect of prior years	(2,819)	(13,612)	(4,720)	(15,830)
	<u>18,478</u>	<u>14,862</u>	<u>34,391</u>	<u>25,540</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

On 25 March 2022, the Company announced a bonus issue ("Bonus Issue") of 588,873,876 warrants ("New Warrants") on the basis of one (1) New Warrant for every five (5) existing ordinary shares in the Company held by entitled shareholders on 11 April 2022. The exercise price was fixed at RM1.16 per New Warrant.

The Bonus Issue has since been completed in 2Q 2022 and the New Warrants were listed on the Main Market of Bursa Malaysia on 18 April 2022.

There were no corporate proposals previously announced by the Company that remained uncompleted as at 9 June 2022, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report.

## 7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 30 April 2022 and 31 October 2021 were as follows:-

	As at 30 April 2022		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
<b>Secured</b>			
Revolving credits	163,147	317,208	480,355
Term loans	299,102	99,344	398,446
Bridging loans	273,552	7,765	281,317
Medium term notes	19,999	49,906	69,905
Sukuk	178,826	-	178,826
Hire purchase (included in lease liabilities)	4	90	94
	<u>934,630</u>	<u>474,313</u>	<u>1,408,943</u>
<b>Unsecured</b>			
Revolving credits	-	672,463	672,463
Medium term notes	249,365	249,968	499,333
Overdraft	-	27,103	27,103
	<u>249,365</u>	<u>949,534</u>	<u>1,198,899</u>
	<u>1,183,995</u>	<u>1,423,847</u>	<u>2,607,842</u>

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

	As at 31 October 2021		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b>Secured</b>			
Revolving credits	132,018	395,239	527,257
Term loans	404,069	171,644	575,713
Bridging loans	259,376	9,767	269,143
Medium term notes	89,852	-	89,852
Sukuk	178,677	-	178,677
Hire purchase (included in lease liabilities)	48	92	140
	<u>1,064,040</u>	<u>576,742</u>	<u>1,640,782</u>
<b>Unsecured</b>			
Revolving credits	-	716,232	716,232
Medium term notes	249,227	249,913	499,140
Overdraft	-	24,018	24,018
	<u>249,227</u>	<u>990,163</u>	<u>1,239,390</u>
	<u>1,313,267</u>	<u>1,566,905</u>	<u>2,880,172</u>

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

	As at 30 April 2022	As at 31 October 2021
	%	%
Floating interest rate borrowings	4.07	4.21
Fixed interest rate borrowings	5.86	6.22

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 6 months ended 30 April 2022.

The Group's gearing ratios are as follows:

	As at 30 April 2022	As at 31 October 2021
Gross Gearing	0.55	0.60
Net Gearing	0.36	0.44



## 8. Material Litigation

The Group was not engaged in any material litigation as at 16 June 2022, except as follows:

- (a) On 24 February 2022, Hasrat Budi Sdn Bhd (“HBSB”) filed an originating summons in the Kuala Lumpur High Court vide Originating Summons No. WA-24NCC-118-02/2022 against Entomo Malaysia Sdn Bhd (“Entomo”), Revolusi Asia Sdn Bhd (“RASB”), Raveenderen a/l Ramamoothie (“Ravee”), Anuar bin Rozhan (“Anuar”), Tan Sri Dato’ Seri Shahril bin Shamsuddin (“TS Shahril”) and MYSJ Sdn Bhd (“MYSJ”) seeking amongst others:-
- a declaration pursuant to Clause 7.1.1 of the Shareholders’ Agreement (dated 27 August 2021 between HBSB and Entomo, RASB and Ravee) that the board of directors of MYSJ shall comprise of Ravee, an independent director satisfying the description in the Listing Requirements of Bursa Malaysia Securities Berhad and a HBSB representative;
  - the removal of TS Shahril and Anuar as directors of MYSJ and the appointment of Ravee as director of MYSJ; and
  - a declaration that the meetings of the board of directors of MYSJ called on 22 February 2022 and adjourned to 25 February 2022 pursuant to the Notices of 1st Board of Directors’ Meeting dated 18 February 2022 and 23 February 2022 are invalid.

The Hearing is fixed on 21 July 2022.

- (b) On 18 April 2022, HBSB filed a Writ of Summons in the Kuala Lumpur High Court vide Suit No. WA-22NCC-159-04/2022 against RASB, Entomo and Ravee (collectively, the “Defendants”) for breach of certain representations and warranties provided by the Defendants to HBSB under a share sale agreement entered into among the parties on 27 August 2021. HBSB is seeking to recover, amongst others, costs incurred totalling RM524,786.59 and general damages to be assessed by the Court.

The next Case Management is fixed on 20 June 2022 to get pre-trial directions from the Court.

- (c) On 29 April 2022, HBSB filed a Writ of Summons in the Kuala Lumpur High Court vide Suit No. WA-22NCC-181-04/2022 against Entomo, Ravee and MYSJ to seek specific performance of the put option that requires Entomo and Ravee (collectively, the “Grantors”) to purchase all of HBSB’s shares in MYSJ which they have failed to do so on or before 28 April 2022 (“Due Date”). MYSJ is named as one of the defendants to this suit in order to bind it and to give effect to the specific performance sought by HBSB.

Parties are in the midst of exchanging pleadings and the next Case Management is fixed on 20 June 2022.

As an investor, HBSB is not involved in the management or day-to-day operations of MYSJ and based on current assessment, all the above legal actions are not expected to have any material impact on the financial position and operations of the Group.

## 9. Dividend Declared

- (a) The Board of Directors has declared an interim dividend in respect of the financial year ending 31 October 2022:

- |  |   |
|--|---|
| (i) Amount per share   | : Single tier dividend of 2 sen per share |
| (ii) Previous corresponding financial period   | : Single tier dividend of 2 sen per share |
| (iii) Date payable   | : 21 July 2022                            |
| (iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of record of depositors as at 7 July 2022. |   |

- (b) Total dividend for the current financial period: Single tier dividend of 2 sen per share

## 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		6 MONTHS ENDED	
	30/04/2022	30/04/2021	30/04/2022	30/04/2021
Profit for the period attributable to owners of the Company (RM'000)	<u>45,674</u>	<u>42,321</u>	<u>109,038</u>	<u>104,755</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>1.55</u>	<u>1.44</u>	<u>3.70</u>	<u>3.56</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 2022/2029 ("Warrants"), adjusted for the number of such shares that would have been issued at fair value.

However, in the event that the potential exercise of the Warrants gives rise to an anti-dilutive effect on earnings per share, the potential exercise of the Warrants is not taken into account in calculating diluted earnings per share.

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2022	30/04/2021	30/04/2022	30/04/2021
Profit for the period attributable to owners of the Company (RM'000)	<u>45,674</u>	<u>42,321</u>	<u>109,038</u>	<u>104,755</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>1.55</u>	<u>1.44</u>	<u>3.70</u>	<u>3.56</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

@ The Warrants 2015/2022 expired on 25 March 2022 and warrants not exercised were removed from the Official List of Bursa Malaysia on 28 March 2022.

On 13 April 2022, the Company issued Warrants 2022/2029 at an exercise price of RM1.16 per share, as disclosed in Note 6 above.

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

The preceding audited financial statements for the financial year ended 31 October 2021 were unqualified.

## 12. Provision of Financial Assistance

	<b>6 MONTHS ENDED</b>
	<b>30/04/2022</b>
	<b>RM'000</b>
i) Advances provided to:	
- BBCC Development Sdn Bhd	10,000
- Eco Horizon Sdn Bhd ("Eco Horizon")	15,000
ii) Guarantees given by the Company to secure the bank borrowings of:	
- Paragon Pinnacle Sdn Bhd ("Paragon Pinnacle")	72,800
- Eco Horizon	15,100
	=====
	<b>As at 30/04/2022</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	438,423
- Eco Horizon	328,487
	=====

There has been no material impact on the earnings and net tangible assets of the Group for the 6 months ended 30 April 2022 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>6 MONTHS</b>
	<b>ENDED</b>	<b>ENDED</b>
	<b>30/04/2022</b>	<b>30/04/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	12,553	23,635
Other income including investment income	6,587	9,589
Interest expense	(26,179)	(50,439)
Depreciation and amortisation	(4,977)	(9,897)
Allowance for impairment of receivables	-	-
Reversal of write down of inventories	1,924	3,740
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Reversal for impairment of right-of-use assets	754	754
Foreign exchange gain or (loss)	199	249
Gain or loss on derivatives	-	-
Exceptional items	-	-
	<u>                    </u>	<u>                    </u>

By order of the Board  
Chua Siew Chuan  
Company Secretary  
16 June 2022