

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

Interim Financial Report
31 July 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 31 JULY 2022

(The figures have not been audited)

	3 MONTHS ENDED		9 MONTHS ENDED	
	31 JULY 2022	31 JULY 2021	31 JULY 2022	31 JULY 2021
	RM'000	RM'000	RM'000	RM'000
Revenue	443,971	448,909	1,484,288	1,376,717
Cost of sales	(339,642)	(363,483)	(1,148,666)	(1,114,727)
Gross profit	104,329	85,426	335,622	261,990
Other income	18,091	14,275	51,315	41,460
Selling and marketing expenses	(7,180)	(8,032)	(24,144)	(25,594)
Administrative expenses	(43,320)	(42,925)	(120,243)	(128,917)
Finance costs	(25,089)	(30,072)	(75,528)	(89,073)
Share of results in joint ventures, net of tax	15,200	17,519	43,233	107,204
Share of results in associates, net of tax	(2,729)	(468)	(7,524)	(1,052)
Profit before tax	59,302	35,723	202,731	166,018
Income tax expense	(12,910)	(576)	(47,301)	(26,116)
Profit net of tax	46,392	35,147	155,430	139,902
Other comprehensive income, net of tax				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	(248)	(102)	(471)	(201)
Share of other comprehensive (loss)/income of a joint venture	(4,226)	25,754	(39,889)	85,674
Total comprehensive income for the period	41,918	60,799	115,070	225,375
Profit net of tax attributable to:				
Owners of the Company	46,392	35,147	155,430	139,902
Non-controlling interests	-	-	-	-
	46,392	35,147	155,430	139,902
Total comprehensive income attributable to:				
Owners of the Company	41,918	60,799	115,070	225,375
Non-controlling interests	-	-	-	-
	41,918	60,799	115,070	225,375
Earnings per share attributable to owners of the Company:				
Basic earnings per share (sen)	1.58	1.19	5.28	4.75
Diluted earnings per share (sen) *	1.58	1.19	5.28	4.75

* 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 31 JULY 2022

	As At 31 JULY 2022 RM'000 UNAUDITED	As At 31 OCTOBER 2021 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, plant & equipment	155,363	166,454
Investment property	19,922	19,740
Inventories - land held for property development	3,844,038	4,168,395
Investment in associates	67,810	96,158
Investment in joint ventures	1,346,974	1,373,089
Trade receivables	72,079	90,244
Lease receivables	1,835	2,631
Amount due from joint ventures	965,992	904,937
Deferred tax assets	106,819	108,207
	<u>6,580,832</u>	<u>6,929,855</u>
Current assets		
Inventories - property under development	669,455	665,854
Inventories - completed properties	399,990	608,971
Contract assets	83,796	78,844
Current tax assets	57,086	48,189
Trade and other receivables	532,539	631,717
Lease receivables	1,177	1,108
Deposits	615,118	314,405
Cash and bank balances	339,187	470,319
	<u>2,698,348</u>	<u>2,819,407</u>
TOTAL ASSETS	<u>9,279,180</u>	<u>9,749,262</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	3,614,868	3,614,865
Warrants reserve	-	194,395
Foreign currency translation reserve	(3,428)	36,966
Cash flow hedge reserve	(321)	(355)
Retained earnings	1,151,482	919,433
Total equity	<u>4,762,601</u>	<u>4,765,304</u>
Non-current liabilities		
Loans and borrowings	1,296,419	1,313,219
Lease liabilities	7,968	8,595
Other payables	289,674	313,160
Deferred tax liabilities	57,480	41,296
	<u>1,651,541</u>	<u>1,676,270</u>
Current liabilities		
Trade and other payables	887,800	975,045
Contract liabilities	640,277	754,006
Bank overdrafts	24,347	24,018
Loans and borrowings	1,305,594	1,542,795
Lease liabilities	3,836	4,066
Current tax liabilities	3,184	7,758
	<u>2,865,038</u>	<u>3,307,688</u>
Total liabilities	<u>4,516,579</u>	<u>4,983,958</u>
TOTAL EQUITY AND LIABILITIES	<u>9,279,180</u>	<u>9,749,262</u>
Net Assets Per Share Attributable to Owners of the Company (RM)	<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 31 JULY 2022
(The figures have not been audited)

	Share capital	Warrants	Foreign	Cash flow	Retained	Total
	RM'000	reserve	currency	hedge reserve	earnings	Equity
	RM'000	RM'000	translation	RM'000	RM'000	RM'000
	RM'000	RM'000	reserve	RM'000	RM'000	RM'000
At 1 November 2021	3,614,865	194,395	36,966	(355)	919,433	4,765,304
Profit for the period	-	-	-	-	155,430	155,430
Other comprehensive (loss)/income	-	-	(40,394)	34	-	(40,360)
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	-	-	-	-	(117,775)	(117,775)
At 31 July 2022	3,614,868	-	(3,428)	(321)	1,151,482	4,762,601
At 1 November 2020	3,614,865	194,395	(18,487)	(89)	880,253	4,670,937
Effects of adoption of the Agenda Decision	-	-	-	-	(25,786)	(25,786)
At 1 November 2020 (restated)	3,614,865	194,395	(18,487)	(89)	854,467	4,645,151
Profit for the period	-	-	-	-	139,902	139,902
Other comprehensive income/(loss)	-	-	85,753	(280)	-	85,473
Transactions with owners:						
- Dividend paid	-	-	-	-	(117,774)	(117,774)
At 31 July 2021	3,614,865	194,395	67,266	(369)	876,595	4,752,752

(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.)

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

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JULY 2022
(The figures have not been audited)

	9 MONTHS ENDED	
	31 JULY 2022	31 JULY 2021
	RM'000	RM'000
Operating activities		
Profit before tax	202,731	166,018
Adjustments for :		
Non-cash items	(27,317)	(97,008)
Non-operating items	37,472	53,930
Operating cash flows before changes in working capital	<u>212,886</u>	<u>122,940</u>
Changes in inventories - property under development	321,731	442,915
Changes in inventories- completed properties	333,200	271,142
Changes in contract assets/contract liabilities	(118,681)	40,593
Changes in receivables	159,987	134,023
Changes in payables	(122,706)	(264,806)
Cash flows generated from operations	<u>786,417</u>	<u>746,807</u>
Interest received	1,833	2,485
Interest paid	(85,123)	(98,084)
Income taxes paid net of refunds	(45,429)	(30,393)
Net cash flows generated from operating activities	<u>657,698</u>	<u>620,815</u>
Investing activities		
Additions to inventories - land held for property development	(89,286)	(81,199)
Purchase of property, plant and equipment and investment properties	(3,151)	(3,071)
Proceeds from disposal of property, plant and equipment	215	311
Subscription of redeemable preference shares in an associate	-	(15,444)
Advances to joint ventures	(37,000)	(78,000)
Repayment of interest by a joint venture	21,200	92,344
(Placement)/Withdrawal of redemption and debt service reserve accounts	(273,989)	6,193
Dividends received from a joint venture	-	38,880
Interest received from deposits	4,743	3,505
Net cash flows used in investing activities	<u>(377,268)</u>	<u>(36,481)</u>
Financing activities		
Proceeds from conversion of warrants	2	-
Drawdown of bank borrowings	355,074	309,905
Repayment of bank borrowings and lease liabilities	(612,493)	(638,410)
Interest paid	(10,027)	(14,485)
Dividends paid on ordinary shares	(117,775)	(117,774)
Net cash flows used in financing activities	<u>(385,219)</u>	<u>(460,764)</u>
Net (decrease)/increase in cash and cash equivalents	(104,789)	123,570
Effect of exchange rate changes	53	22
Cash and cash equivalents at 1 November 2021 / 2020	<u>514,492</u>	<u>264,314</u>
Cash and cash equivalents at 31 July 2022 / 2021	<u>409,756</u>	<u>387,906</u>
Cash and cash equivalents comprise the following:		
Deposits	615,118	249,859
Cash and bank balances	339,187	320,369
Bank overdrafts	(24,347)	(21,715)
	<u>929,958</u>	<u>548,513</u>
Less: Deposit pledged, Debt Service Reserve, Redemption Accounts and Escrow Accounts	<u>(520,202)</u>	<u>(160,607)</u>
	<u>409,756</u>	<u>387,906</u>

(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 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 9 months ended 31 July 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 9 months ended 31 July 2022.

4. Changes in Estimates

There were no material changes in estimates for the 9 months ended 31 July 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 9 months ended 31 July 2022, except for the following:

- (a) Early redemption of the unrated Medium Term Notes of RM20 million in nominal value by Eco Botanic Sdn. Bhd., a wholly owned subsidiary of the Company on 23 March 2022;
- (b) 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 on 4 April 2022; and

5. Debts and Equity Securities (continued)

- (c) 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 second interim single tier dividend of 2 sen per ordinary share amounting to RM58,887,368 in respect of the financial year ended 31 October 2021.

On 21 July 2022, the Company paid a first interim single tier dividend of 2 sen per ordinary share amounting to RM58,887,388 in respect of the financial year ending 31 October 2022.

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 2022 till 8 September 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 9 months ended 31 July 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;
- (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;
- (c) Eco World Capital (L) Ltd, a wholly-owned subsidiary of the Company, was struck off on 2 July 2022; and
- (d) The incorporation of Eco World Capital Sdn. Bhd. (“EWC”) as a wholly-owned subsidiary of the Company on 14 July 2022. EWC has an issued and paid-up share capital of RM2.00. EWC was converted into a public limited company and assumed the name of Eco World Capital Berhad on 15 July 2022.

10. Contingent Liabilities

There were no contingent liabilities that has arisen since the end of the financial quarter up till 8 September 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 31 July 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:-

Location	9 MONTHS ENDED	
	31/07/2022	31/07/2021
	RM'000	RM'000
Klang Valley	681,156	609,739
Iskandar Malaysia	770,319	646,230
Penang	32,813	120,748
	<u>1,484,288</u>	<u>1,376,717</u>

13. Commitments

	As at
	31/07/2022
	RM'000
Approved and contracted for:-	
Commitment to subscribe for additional shares in an associate	6,552
Commitment to acquire property, plant and equipment	2,713
Commitment to fund development costs of joint ventures	<u>125,000</u>

14. Significant Related Party Transactions

	9 MONTHS
	ENDED
	31/07/2022
	RM'000
(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	48
- Stay2Own rental received	<u>77</u>
(ii) Transactions with joint ventures	
- Advances given	37,000
- Interest received and receivable	45,255
- Development management fees received and receivable	55,225
- Other resources fees received and receivable	14,478
- Brand licensing fees received and receivable	5,479
- Commission received and receivable	359
- Rental received and receivable	135
- Advisory fees received and receivable	108
- Support service fees received and receivable	111
- Commitment fees received and receivable	<u>261</u>
(iii) Transactions with associates	
- Secondment fees paid and payable	60
- Support service fees received and receivable	242
- 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			9 MONTHS ENDED		
	31/07/2022 RM'000	31/07/2021 RM'000	Changes RM'000	31/07/2022 RM'000	31/07/2021 RM'000	Changes RM'000
Revenue	443,971	448,909	(4,938)	1,484,288	1,376,717	107,571
Gross profit	104,329	85,426	18,903	335,622	261,990	73,632
Share of results of joint ventures						
- Malaysia	27,234	12,184	15,050	72,388	70,495	1,893
- International	(12,034)	5,335	(17,369)	(29,155)	36,709	(65,864)
	15,200	17,519	(2,319)	43,233	107,204	(63,971)
Profit before interest and tax	84,391	65,795	18,596	278,259	255,091	23,168
Profit before tax (PBT)	59,302	35,723	23,579	202,731	166,018	36,713
Profit after tax (Malaysian operations)	58,426	29,812	28,614	184,585	103,193	81,392
Profit after tax (PAT)	46,392	35,147	11,245	155,430	139,902	15,528
Profit attributable to owners of the Company	46,392	35,147	11,245	155,430	139,902	15,528

(a) 3Q 2022 vs 3Q 2021

The main projects which contributed to revenue and gross profit in 3Q 2022 were *Eco Majestic*, *Eco Forest* and *Eco Sanctuary* in the Klang Valley and *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 .

Revenue in 3Q 2022 was lower than in 3Q 2021 by 1.1%, whilst gross profit in 3Q 2022 was higher than in 3Q 2021 by 22.1%. The Group's gross profit margin improved to 23.5% in 3Q 2022 vs 19.0% in 3Q 2021. The improvement was mainly due to realisation of cost savings of 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 *Eco Horizon*. Total contributions in 3Q 2022 were higher by 123.5% than in 3Q 2021. This was mainly due to higher site progress and realisation of cost savings of several completed and near completion phases.

Collectively the Malaysian joint ventures recorded a total of RM331.1 million in revenue in 3Q 2022 of which the Group's effective share, based on its equity stakes in the respective joint ventures, amounted to RM182.1 million.

EcoWorld International Berhad (*EcoWorld International*) recorded a loss in 3Q 2022 as compared to a profit in 3Q 2021. This was mainly due to:

- Lower profit contribution from projects in Australia due to fewer units handed over to buyers, as the majority of units were already handed over in the last financial year; and
- Losses incurred by its joint ventures in 3Q 2022 compared to profits in 3Q 2021 due to revision of profit margins on the EcoWorld London joint venture's Build-to-Rent projects as a result of the extended construction programme.

1. Review of Group Performance (continued)

(a) 3Q 2022 vs 3Q 2021 (continued)

In spite of the share of EcoWorld International's loss, Group PAT still increased by 32.0%. This was due to the Malaysian operations whose PAT grew by 96.0% to RM58.4 million in 3Q 2022, from RM29.8 million in 3Q 2021.

The higher PAT in 3Q 2022 from the Malaysian operations was mainly due to the following:

- i) Improvement in gross profit margins and increased contributions from local joint ventures, as discussed above;
- ii) Cost savings achieved on selling and administrative expenses arising from process improvements and exercise of financial discipline; and
- iii) Lower finance costs incurred as borrowings continued to be pared down.

(b) 3Q YTD 2022 vs 3Q YTD 2021

3Q YTD 2022 revenue and gross profit increased by 7.8% and 28.1%, respectively, as compared to 3Q YTD 2021. These were mainly due to higher sales and percentage of completion achieved as well as the realisation of cost savings from several completed and near completion phases as explained above.

The losses recorded by EcoWorld International in 3Q YTD 2022 as compared to profits in 3Q YTD 2021, was mainly due to:

- i) Lower revenue and profit contribution from its Australian projects;
- ii) Losses incurred by joint ventures in 3Q YTD 2022, as compared to profits in 3Q YTD 2021;
- iii) Impairment of its investment in the EcoWorld Ballymore joint venture in London; and
- iv) Lower other income.

Notwithstanding the share of EcoWorld International's loss, the Group was still able to achieve a higher PBT and PAT in 3Q YTD 2022 mainly due to the improved performance of its Malaysian projects and savings in administrative expenses as well as 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
	31/07/2022 RM'000	30/04/2022 RM'000	
Revenue	443,971	506,894	(62,923)
Gross profit	104,329	116,906	(12,577)
Share of results of joint ventures			
- Malaysia	27,234	16,315	10,919
- International	(12,034)	(15,561)	3,527
	15,200	754	14,446
Profit before interest and tax	84,391	90,331	(5,940)
Profit before tax (PBT)	59,302	64,152	(4,850)
Profit after tax (Malaysian operations)	58,426	61,235	(2,809)
Profit after tax (PAT)	46,392	45,674	718
Profit attributable to owners of the Company	46,392	45,674	718

The Group's revenue and gross profit were lower by 12.4% and 10.8%, respectively, as compared to the previous quarter. This was mainly due to higher sales secured (qualifying for revenue and profit recognition) and higher percentage of completion achieved on site in the previous quarter.

The share of results of the Group's Malaysian joint ventures was higher in 3Q 2022 as compared to 2Q 2022 mainly due to realisation of cost savings of near completion phases at *Eco Grandeur* and *Eco Horizon* in the current quarter. Share of losses in EcoWorld International was also slightly lower in 3Q 2022 due to impairment of the EcoWorld Ballymore joint venture in London having been recognised in 2Q 2022.

Arising from the above, the Group's PAT in 3Q 2022 is broadly similar to the PAT recorded in 2Q 2022.

3. Prospects for the Current Financial Year

Location of projects	No. of launched projects ²	10 months ended 31.08.2022			Cumulative sales ^{1,2} RM'mil	As at 31.08.2022
		Units launched ²	Units sold ^{1,2}	Sales value ² RM'mil		Future revenue ³ RM'mil
Klang Valley	8	1,351	1,739	1,889	16,759	2,354
Iskandar Malaysia	8	866	1,187	1,062	9,087	1,276
Penang	3	597	550	489	2,009	323
Malaysia	19	2,814	3,476	3,440	27,855	3,953

Location of projects	Land Bank Acres ²	10 months ended 31.08.2022			Cumulative sales ^{1,2} RM'mil	As at 31.08.2022
		Units sold ^{1,2}	Sales value ² RM'mil	Future revenue ³ RM'mil		
United Kingdom	50.7	458	1,577	14,314	245	
Australia	2.4	52	153	1,577	11	
Overseas	53.1	510	1,730	15,891	256	

Total future revenue attributable to EcoWorld Malaysia

4,209

¹ Includes sales of units from prior year launches

² Includes projects and sales of joint ventures

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

3. Prospects for the Current Financial Year (continued)

EcoWorld Malaysia's 10-month year-to-date (YTD) sales have reached RM3.440 billion against a full year sales target of RM3.5 billion. Sales performance in all three regions continued to grow with projects in the Klang Valley and Iskandar Malaysia accounting for 55% and 31% of total sales, respectively, whilst projects in Penang made up the balance of 14%.

Sales increased by RM1.270 billion over the 3 months of June through to August 2022. Key contributors to sales include the following:

Klang Valley

- *Eco Ardence* recorded RM119.86 million over the last 3 months following the launch of its *Ember* series of *Co-Homes* (priced above RM750,000) and *Cluster Semi-Dees* (circa RM1.8 million), which demonstrates the solid demand for higher-end homes in this matured corridor;
- *Eco Majestic's* sales increased by RM54.51 million bringing YTD sales to RM401.57 million. The substantial amount achieved, powered by continued sales of its *Stoneridge Semi-Dee*, *Cluster* and *Bungalow* homes as well as *Cheerywood Terraces* launched at the start of this year, is testament to the strong customer following the EcoWorld brand has built-up in the South-Eastern Semenyih growth corridor;
- *Eco Grandeur* achieved sales of RM72.02 million over the last 3 months, with YTD sales amounting to RM356.38 million. Close by, *Eco Business Park V's* YTD sales reached RM283.91 million, fueled by unabated demand for its industrial lands and built-to-suit factories. This brings total YTD sales in the North-Western Puncak Alam corridor to RM640.29 million, indicative of its fast-growing popularity with homebuyers as well as economic vibrancy as an industrial hub;
- *Bukit Bintang City Centre (BBCC)* entered into a RM295 million sale and purchase agreement with UDA Holdings Bhd in respect of the hotel building situated above the project's Entertainment Block. Apart from contributing to sales, the targeted completion of the tourist-focused hotel in 3Q 2024 will complement and further enhance the existing *Mitsui-Lalaport Shopping Centre*, *Malaysian Grand Bazaar* and *Sony Music Zepp Hall* retail-tainment offerings of this city-centre urban regeneration project.

Iskandar Malaysia

- Taken as a whole, the Group's township and business park projects in the Southern region recorded sales of RM444.75 million from June – August 2022, enabling total YTD sales to exceed RM1 billion;
- New launches of terrace houses in 3Q 2022, namely *Teno 3* and *Remy 3* at *Eco Spring* (circa RM1 million) and *Aranya* and *Caia* at *Eco Tropics* (priced below RM650,000) were very well-received contributing close to RM150 million in sales;
- Take-ups for the larger *Charmborough* terraces launched at the end of 2Q 2022 at *Eco Botanic 2* continued to steadily increase;
- The higher demand for more aspirational properties across the Group's projects in Iskandar Malaysia is mainly attributable to the return of many Malaysians working in Singapore following the reopening of the country's borders on 1 April 2022;
- The border reopening has also driven up demand for the Group's industrial properties – *Eco Business Parks I, II and III* experienced good take-ups for its *Cluster* and *Semi-Dee Factories* from both local and Singapore-based industrialists resulting in sales of RM225.97 million achieved in the 3 months and total YTD sales of RM446.13 million.

3. Prospects for the Current Financial Year (continued)

Penang

- *Eco Horizon* saw sales further increase by RM144.45 million from June - August 2022 as its second phase of *Co-Homes* (priced above RM527,000) were quickly snapped up;
- Total YTD sales from *Eco Horizon* stands at RM447.52 million. This is a sizeable sum from a single township, as an increasing number of Penangites are drawn to the Group's flagship on the mainland, boosted by the thriving Batu Kawan industrial hub located adjacent to the project.

The sustained demand for higher-valued residential properties experienced throughout FY2022 is very encouraging. On the industrial front, the collective 10 months YTD sales by *Eco Business Parks I, II, III and V* total RM730.04 million which is 151% higher than FY2021 full year sales. This is reflective of the 8.9% growth recorded by the Malaysian economy in the second quarter of 2022.

Going forward, Bank Negara Malaysia (BNM) highlighted in its 8 September 2022 Monetary Policy Statement that indicators point to continued growth with both labour market conditions and income prospects remaining positive. Whilst external demand is expected to moderate following softening global growth with increased volatility in the global financial and foreign exchange markets, these developments are not expected to derail Malaysia's growth.

With growth prospects of the Malaysian economy remaining intact, the overnight policy rate (OPR) was increased by BNM by a further 25 basis points to 2.50%. This is still below the 3.00% pre-pandemic levels and should be regarded as a return to normalcy as the economy recovers. From EcoWorld Malaysia's standpoint, the measured adjustment to the OPR is not expected to have a significant impact on either sales (based on the Group's customers' benign response to the earlier two OPR increases in 2022) or financing cost (given the Group's gross and net gearing levels have now decreased to 0.55 times and 0.35 times, respectively).

BNM also observed that headline inflation is projected to peak in 3Q 2022 before moderating thereafter, due to dissipating base effects and in line with the expected easing of global commodity prices. This accords with recent trends observed by the Group where prices of key construction materials such as steel bars and cement appear to be stabilising.

Source: Monetary Policy Statement – 8 September 2022 <https://www.bnm.gov.my/-/monetary-policy-statement-08092022>

Based on the above and the strong sales momentum achieved throughout FY2022, with good growth recorded across all three geographic regions and in every market segment, the outlook for EcoWorld Malaysia is bright. This is reflected in the Group's improving financials, cash position and balance sheet as at 31 July 2022. Total future revenue has also increased to RM4.209 billion as at 31 August 2022, thus providing the Group with clear future earnings visibility.

In view of the above, the Board has declared a second interim dividend of 1 sen per share in respect of FY2022. This brings total dividends declared to-date for FY2022 to 3 sen per share. For further details refer to Note 9 below.

EcoWorld International

Property sales activities in the UK and Australia have also improved, enabling EcoWorld International to record sales plus reserves of RM2.090 billion which is 58% more than RM1.326 billion recorded in the same period of FY2021.

This enabled good progress to be achieved on its strategy of monetising assets to accelerate cash generation. Notwithstanding the loss before tax incurred in 3Q 2022, EcoWorld International's balance sheet continued to strengthen with gross and net gearing levels further reduced to 0.20 and 0.07 times, respectively.

3. Prospects for the Current Financial Year (continued)

Based on what has been achieved to date, EcoWorld International expects to turn net cash positive by early FY2023. Whilst its near-term earnings prospects have been limited by the Board's decision to be selective in landbanking due to present macroeconomic uncertainties, it is well-positioned to reinvest for growth once the market enters recovery mode and inflationary pressures and supply chain issues normalise. EcoWorld International also reiterates its intention to return a portion of excess cash to its shareholders within the next 1-2 years, which would directly benefit EcoWorld Malaysia.

As at 31 August 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	2,097.3
Iskandar Malaysia	8	3,119.1	1,394.0
Penang	4	463.9	239.4
The Group	20	8,318.3	3,730.7

The undeveloped landbank is still sizeable. However, in the event a good opportunity arises in the near to mid-term, EcoWorld Malaysia would be in the position to take advantage of the same to enhance its future growth prospects based on its current gearing levels.

4. Variance of Actual Profit from Forecast Profit

There were no profit forecast published as at 31 July 2022.

5. Income Tax

Income Tax comprises:-

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2022	31/07/2021	31/07/2022	31/07/2021
	RM'000	RM'000	RM'000	RM'000
Current tax				
- for current quarter	(1,668)	28,775	31,994	47,811
- in respect of prior years	(2,748)	(10,189)	(36)	10,087
Deferred tax				
- for current quarter	18,780	(21,093)	21,517	(19,035)
- in respect of prior years	(1,454)	3,083	(6,174)	(12,747)
	<u>12,910</u>	<u>576</u>	<u>47,301</u>	<u>26,116</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

There were no corporate proposals previously announced by the Company that remained uncompleted as at 8 September 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 31 July 2022 and 31 October 2021 were as follows:-

	As at 31 July 2022		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Revolving credits	155,145	257,404	412,549
Term loans	403,091	65,457	468,548
Bridging loans	289,848	13,200	303,048
Medium term notes	19,999	49,932	69,931
Sukuk	178,902	-	178,902
Hire purchase (included in lease liabilities)	-	71	71
	<u>1,046,985</u>	<u>386,064</u>	<u>1,433,049</u>
Unsecured			
Revolving credits	-	669,604	669,604
Medium term notes	249,434	249,997	499,431
Overdraft	-	24,347	24,347
	<u>249,434</u>	<u>943,948</u>	<u>1,193,382</u>
	<u>1,296,419</u>	<u>1,330,012</u>	<u>2,626,431</u>
As at 31 October 2021			
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
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>
Unsecured			
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 31 July 2022	As at 31 October 2021
	%	%
Floating interest rate borrowings	4.45	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 9 months ended 31 July 2022.

The Group's gearing ratios are as follows:

	As at 31 July 2022	As at 31 October 2021
Gross Gearing	0.55	0.60
Net Gearing	0.35	0.44

8. Material Litigation

The Group was not engaged in any material litigation as at 8 September 2022 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report), 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 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 5 December 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 26 September 2022. The Court has also fixed Trial dates on 23 October 2023, 24 October 2023, 25 October 2023, 26 October 2023 and 30 October 2023.

- (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.

On 28 July 2022, a Consent Judgment was entered with the Grantors agreeing to purchase all of HBSB’s shares in MYSJ and pay HBSB the option price within 3 months from the date of the Consent Judgment (i.e. on or before 28 October 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 a second interim dividend in respect of the financial year ending 31 October 2022:

- (i) Amount per share : Single tier dividend of 1 sen per share
- (ii) Previous corresponding financial period : Nil
- (iii) Date payable : 20 October 2022
- (iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 5 October 2022.

(b) Total dividend for the current financial period: 3 sen per share (single tier)

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	
	31/07/2022	31/07/2021	31/07/2022	31/07/2021
Profit for the period attributable to owners of the Company (RM'000)	46,392	35,147	155,430	139,902
Weighted average number of ordinary shares ('000)	2,944,369	2,944,369	2,944,369	2,944,369
Basic Earnings Per Ordinary Share (sen)	1.58	1.19	5.28	4.75

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		9 MONTHS ENDED	
	31/07/2022	31/07/2021	31/07/2022	31/07/2021
Profit for the period attributable to owners of the Company (RM'000)	46,392	35,147	155,430	139,902
Weighted average number of ordinary shares for basic Earnings Per Ordinary Share ('000)	2,944,369	2,944,369	2,944,369	2,944,369
Effect of potential exercise of Warrants ('000)	# @	#	# @	#
Weighted average number of ordinary shares ('000)	2,944,369	2,944,369	2,944,369	2,944,369
Diluted Earnings Per Ordinary Share (sen) *	1.58	1.19	5.28	4.75

10. Earnings Per Share Attributable To Owners of The Company (continued)

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.

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

	9 MONTHS ENDED
	31/07/2022
	RM'000
i) Advances provided to:	
- BBCC Development Sdn. Bhd.	22,000
- 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")	148,500
- Eco Horizon	33,100
	=====
	As at 31/07/2022
	RM'000
iii) Guarantees given by the Company to secure the repayment by the following joint venture companies of all sums of monies due, owing, unpaid or outstanding to Tanjung Wibawa Sdn. Bhd.:	
- Paragon Pinnacle	430,020
- Eco Horizon	322,244
	=====

There has been no material impact on the earnings and net tangible assets of the Group for the 9 months ended 31 July 2022 arising from the above-mentioned guarantees.

13. Notes to the Statement of Comprehensive Income

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

	3 MONTHS ENDED 31/07/2022 RM'000	9 MONTHS ENDED 31/07/2022 RM'000
Interest income	13,065	36,700
Other income including investment income	5,026	14,615
Interest expense	(25,089)	(75,528)
Depreciation and amortisation	(6,302)	(16,199)
Allowance for impairment of receivables	(1,048)	(1,048)
Reversal of write down of inventories	434	4,174
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Reversal for impairment of right-of-use assets	1,669	2,423
Foreign exchange gain or (loss)	253	502
Gain or loss on derivatives	-	-
Exceptional items	-	-
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By order of the Board
Chua Siew Chuan
Company Secretary
15 September 2022