

ECO WORLD INTERNATIONAL BERHAD
(Registration No: 201301030020 (1059850-A))
(Incorporated in Malaysia)

Interim Financial Report
31 October 2022

ECO WORLD INTERNATIONAL BERHAD
(Registration No: 201301030020 (1059850-A))
(Incorporated in Malaysia)

Interim Financial Report - 31 October 2022

	Page No.
Condensed Consolidated Statement of Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2-3
Condensed Consolidated Statement of Changes In Equity	4
Condensed Consolidated Statement of Cash Flows	5-6
Notes to the Interim Financial Report	7-12
Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad	13-19

ECO WORLD INTERNATIONAL BERHAD
(Registration No: 201301030020 (1059850-A))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2022
(The figures have not been audited)

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 OCTOBER 2022 RM'000	31 OCTOBER 2021 RM'000	31 OCTOBER 2022 RM'000	31 OCTOBER 2021 RM'000
Revenue	43,145	34,746	159,964	572,712
Direct expenses	(35,922)	(30,037)	(130,275)	(452,581)
Gross profit	<u>7,223</u>	<u>4,709</u>	<u>29,689</u>	<u>120,131</u>
Other income	909	8,602	8,958	34,536
Marketing expenses	(2,419)	(1,209)	(6,605)	(22,022)
Administrative and general expenses	(9,344)	(8,778)	(38,199)	(66,210)
Impairment loss on investment in a joint venture	(37,949)	-	(74,111)	-
Unrealised (loss)/gain on foreign exchange	(3,765)	6,907	(4,068)	(3,530)
Finance costs	(8,712)	(15,574)	(42,117)	(59,318)
Share of results in joint ventures	(40,588)	(50,180)	(102,907)	47,215
(Loss)/Profit before tax	<u>(94,645)</u>	<u>(55,523)</u>	<u>(229,360)</u>	<u>50,802</u>
Taxation	(778)	(143)	(3,896)	(34,927)
(Loss)/Profit for the period/year	<u>(95,423)</u>	<u>(55,666)</u>	<u>(233,256)</u>	<u>15,875</u>
Other comprehensive (loss)/income, net of tax				
<i>Items that may be reclassified to profit or loss subsequently:</i>				
Hedge of net investment	358	52	484	(987)
Exchange differences on translation of foreign operations	14,128	(113,477)	(134,296)	208,016
Total comprehensive (loss)/income for the period/year	<u>(80,937)</u>	<u>(169,091)</u>	<u>(367,068)</u>	<u>222,904</u>
(Loss)/Profit for the period/year attributable to:				
Owners of the Company	(95,729)	(56,256)	(234,418)	13,570
Non-controlling interests	306	590	1,162	2,305
	<u>(95,423)</u>	<u>(55,666)</u>	<u>(233,256)</u>	<u>15,875</u>
Total comprehensive (loss)/income for the period/year attributable to:				
Owners of the Company	(81,244)	(169,514)	(368,114)	220,226
Non-controlling interests	307	423	1,046	2,678
	<u>(80,937)</u>	<u>(169,091)</u>	<u>(367,068)</u>	<u>222,904</u>
(Loss)/Earnings per share attributable to owners of the Company:				
Basic (loss)/earnings per share (sen)	<u>(3.99)</u>	<u>(2.34)</u>	<u>(9.77)</u>	<u>0.57</u>
Diluted (loss)/earnings per share (sen)	<u>(3.99)</u>	<u>(2.34)</u>	<u>(9.77)</u>	<u>0.57</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 October 2021 and the accompanying explanatory notes)

ECO WORLD INTERNATIONAL BERHAD
(Registration No: 201301030020 (1059850-A))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2022

(The figures have not been audited)

	As At 31 OCTOBER 2022 RM'000	As At 31 OCTOBER 2021 RM'000
ASSETS		
Non-current assets		
Plant and equipment	1,691	2,290
Right-of-use assets	1,511	2,418
Goodwill	287	695
Investment in joint ventures	263,785	464,122
Inventories - land held for development	141,679	143,995
Amounts owing by joint ventures	941,258	1,394,946
Deferred tax assets	234	-
	<u>1,350,445</u>	<u>2,008,466</u>
Current assets		
Inventories - property development costs	114,437	250,375
Amounts owing by joint ventures	807,609	1,137,390
Trade and other receivables	22,549	4,721
Contract costs	807	2,038
Current tax assets	1,470	9,164
Cash, bank balances and deposits	655,343	336,115
	<u>1,602,215</u>	<u>1,739,803</u>
TOTAL ASSETS	<u>2,952,660</u>	<u>3,748,269</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	2,592,454	2,592,451
Warrant reserve	-	276,418
Hedging reserve	(832)	(1,316)
Exchange translation reserve	12	134,192
Accumulated losses	(144,447)	(186,447)
Equity attributable to owners of the Company	<u>2,447,187</u>	<u>2,815,298</u>
Non-controlling interests	1,001	1,976
Total equity	<u>2,448,188</u>	<u>2,817,274</u>
Non-current liabilities		
Borrowings	-	761,904
Lease liabilities	770	1,822
Deferred tax liabilities	1,184	3,855
Derivative financial liabilities	-	1,387
	<u>1,954</u>	<u>768,968</u>

ECO WORLD INTERNATIONAL BERHAD
(Registration No: 201301030020 (1059850-A))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2022 (continued)
(The figures have not been audited)

	As At 31 OCTOBER 2022 RM'000	As At 31 OCTOBER 2021 RM'000
Current liabilities		
Trade and other payables	14,255	17,080
Contract liabilities	621	1,389
Amounts owing to joint ventures	11	-
Borrowings	482,816	138,634
Lease liabilities	1,051	919
Derivative financial liabilities	832	-
Current tax liabilities	2,932	4,005
	<u>502,518</u>	<u>162,027</u>
Total liabilities	<u>504,472</u>	<u>930,995</u>
TOTAL EQUITY AND LIABILITIES	<u>2,952,660</u>	<u>3,748,269</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.02</u>	<u>1.17</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 INTERNATIONAL BERHAD
(Registration No: 201301030020 (1059850-A))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2022
(The figures have not been audited)

	←----- Attributable to owners of the Company -----→						Total	Non-controlling interests	Total equity
	←----- Non-distributable -----→								
	Share capital	Warrant reserve	Hedging reserve	Exchange translation reserve	Accumulated losses	Total	RM'000	RM'000	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 November 2021	2,592,451	276,418	(1,316)	134,192	(186,447)	2,815,298	1,976	2,817,274	
Other comprehensive (loss)/income for the year:									
- Hedge of net investment	-	-	484	-	-	484	-	484	
- Exchange differences on translation of foreign operations	-	-	-	(134,180)	-	(134,180)	(116)	(134,296)	
Loss for the year	-	-	-	-	(234,418)	(234,418)	1,162	(233,256)	
Total comprehensive (loss)/income for the year	-	-	484	(134,180)	(234,418)	(368,114)	1,046	(367,068)	
Transfer of reserves upon expiry of Warrants	-	(276,418)	-	-	276,418	-	-	-	
<i>Transactions with owners of the Company:</i>									
Issuance of ordinary shares pursuant to exercise of warrants	3	-	-	-	-	3	-	3	
Dividend declared to non-controlling interests of a subsidiary	-	-	-	-	-	-	(2,021)	(2,021)	
At 31 OCTOBER 2022	2,592,454	-	(832)	12	(144,447)	2,447,187	1,001	2,448,188	
At 1 November 2020	2,592,451	276,418	(329)	(73,451)	(56,017)	2,739,072	9,074	2,748,146	
Other comprehensive (loss)/income for the year:									
- Hedge of net investment	-	-	(987)	-	-	(987)	-	(987)	
- Exchange differences on translation of foreign operations	-	-	-	207,643	-	207,643	373	208,016	
Profit for the year	-	-	-	-	13,570	13,570	2,305	15,875	
Total comprehensive (loss)/income for the year	-	-	(987)	207,643	13,570	220,226	2,678	222,904	
<i>Transactions with owners of the Company:</i>									
Dividend declared to owners of the Company	-	-	-	-	(144,000)	(144,000)	-	(144,000)	
Dividend declared to non-controlling interests of a subsidiary	-	-	-	-	-	-	(9,776)	(9,776)	
At 30 OCTOBER 2021	2,592,451	276,418	(1,316)	134,192	(186,447)	2,815,298	1,976	2,817,274	

(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 INTERNATIONAL BERHAD
(Registration No: 201301030020 (1059850-A))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2022

(The figures have not been audited)

	12 MONTHS ENDED	
	31 OCTOBER 2022	31 OCTOBER 2021
	RM'000	RM'000
Cash Flows From Operating Activities		
(Loss)/Profit before tax	(229,360)	50,802
Adjustments for:		
Non-cash items	182,950	(9,418)
Non-operating items	37,336	49,011
Operating (loss)/profit before working capital changes	<u>(9,074)</u>	<u>90,395</u>
Changes in inventories	127,139	442,961
Changes in receivables and other current assets	(9,074)	44,743
Changes in payables and other current liabilities	(1,164)	(9,360)
Changes in contract liabilities	(763)	(46,111)
Changes in derivatives	-	(22,043)
Cash generated from operations	<u>107,064</u>	<u>500,585</u>
Interest received	229	6,040
Tax paid	(8,679)	(39,327)
Tax refund	8,585	-
Net cash generated from operating activities	<u>107,199</u>	<u>467,298</u>
Cash Flows From Investing Activities		
Purchase of plant and equipment	(31)	(613)
Proceeds from disposal of plant and equipment	2	2
Repayment from/(Advances to) joint ventures	660,967	(162,560)
Placement of deposits, debt service reserve and interest service reserve accounts	(30,364)	(4,721)
Dividend received from joint venture	-	299,297
Interest received	4,553	4,267
Net cash generated from investing activities	<u>635,127</u>	<u>135,672</u>
Cash Flows From Financing Activities		
Drawdown of borrowings	272,446	458,816
Repayment of borrowings	(690,383)	(816,455)
Proceeds from issuance of ordinary shares	3	-
Dividend paid to owners of the Company	-	(144,000)
Dividend paid to non-controlling interests of a subsidiary	(2,021)	(9,776)
Repayment of lease liabilities	(919)	(842)
Interest paid in relation to lease liabilities	(117)	(169)
Interest paid	(40,851)	(61,278)
Net cash used in financing activities	<u>(461,842)</u>	<u>(573,704)</u>

ECO WORLD INTERNATIONAL BERHAD
(Registration No: 201301030020 (1059850-A))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2022 (continued)

(The figures have not been audited)

	12 MONTHS ENDED	
	31 OCTOBER 2022	31 OCTOBER 2021
	RM'000	RM'000
Net changes in cash and cash equivalents	280,484	29,266
Cash and cash equivalents at 1 November 2021/ 2020	317,355	269,975
Effect of exchange rate changes	8,381	18,114
Cash and cash equivalents at 31 October 2022/ 2021	606,220	317,355
 Cash and cash equivalents comprise the following:		
Deposits	611,543	147,595
Cash and bank balances	43,800	188,520
	655,343	336,115
Less: Deposit pledged, debt service reserve and interest service reserve accounts	(49,123)	(18,760)
	606,220	317,355

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 October 2021 and the accompanying explanatory notes)

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting, International Accounting Standard (“IAS”) 34, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

This 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 interim financial report does not include all of the information required for a complete set of MFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 October 2021, except for the adoption of the following new MFRSs, Amendments to MFRSs and Issues Committee Interpretations (“IC Interpretations”), which are relevant to the Group and effective for annual periods beginning on or after 1 November 2021:

Amendments to MFRS 9	Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases – Interest Rate Benchmark Reform – Phase 2
Amendment to MFRS 16	Leases – Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of the above new MFRSs, Amendments to MFRSs and IC Interpretations does not have any impact to the Interim Financial Statements of the Group.

A2. Seasonal or Cyclical Factors

The business operations of the Group during the financial year ended 31 October 2022 have not been materially affected by any seasonal or cyclical factors.

A3. 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 financial year ended 31 October 2022.

A4. Changes in Estimates

There were no material changes in estimates during the financial year ended 31 October 2022.

A5. Debt and Equity Securities

There were no issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares or resale of treasury shares during the financial year ended 31 October 2022, except for the issuance of 1,780 new ordinary shares pursuant to the conversion of warrants.

A6. Dividends Paid

There was no payment of dividend during the financial year ended 31 October 2022.

A7. Segmental Reporting

The Group's operating and reportable segments are business units operating in different geographical locations:

- (i) United Kingdom - the areas of operation are principally property development activities and provision of advisory and project monitoring services;
- (ii) Australia - the area of operation is principally property development activities; and
- (iii) Malaysia - the areas of operation are investment holding and promotional and marketing services.

A7. Segmental Reporting (continued)

The segmental analysis for the financial year ended 31 October 2022 is as follows:

	United Kingdom RM'000	Australia RM'000	Malaysia RM'000	Eliminations RM'000	Total RM'000
Revenue					
External revenue	-	-	-	-	-
Inter-segment revenue	-	159,512	1,264	(812)	159,964
Total revenue	-	159,512	1,264	(812)	159,964
Segment results	905	11,523	(26,068)	-	(13,640)
Share of results in joint ventures	(102,907)	-	-	-	(102,907)
Impairment loss on investment in a joint venture	(74,111)	-	-	-	(74,111)
Depreciation	(273)	(167)	(1,035)	-	(1,475)
Unrealised loss on foreign exchange	-	-	(4,068)	-	(4,068)
Other income	-	757	3,420	-	4,177
Finance income	338	72	4,371	-	4,781
Finance costs	-	(3,836)	(38,281)	-	(42,117)
(Loss)/Profit before tax	(176,048)	8,349	(61,661)	-	(229,360)
Taxation	(1,034)	(2,863)	1	-	(3,896)
(Loss)/Profit for the year	(177,082)	5,486	(61,660)	-	(233,256)
<i>Main foreign currency</i>	<i>GBP</i>	<i>AUD</i>	<i>RM</i>		
<i>Exchange ratio of 1 unit of foreign currency to RM⁽¹⁾</i>	<i>5.4730</i>	<i>3.0588</i>	<i>1.0000</i>		
	United Kingdom RM'000	Australia RM'000	Malaysia RM'000	Eliminations RM'000	Total RM'000
Segment assets	2,331,885	273,807	346,968	-	2,952,660
Segment liabilities	2,363	40,424	461,685	-	504,472
<i>Main foreign currency</i>	<i>GBP</i>	<i>AUD</i>	<i>RM</i>		
<i>Exchange ratio of 1 unit of foreign currency to RM⁽²⁾</i>	<i>5.4594</i>	<i>3.0245</i>	<i>1.0000</i>		

Note:

⁽¹⁾ Average rates for the financial year ended 31 October 2022.

⁽²⁾ Closing rates as at 31 October 2022.

A8. Significant Events after the End of the Interim Financial Period

There were no significant events after 31 October 2022 until 13 December 2022, the latest practicable date from the date of issue of this interim financial report other than as disclosed in Note B6.

A9. Changes in the Composition of the Group

- (a) There were no changes in the composition of the Group during the financial year ended 31 October 2022 except as follows:
- (i) incorporation of Eco World-Ballymore Asset Management Company 2 Limited on 24 February 2022 as wholly-owned subsidiary of Eco World-Ballymore Holding Company Limited. As a result, Eco World-Ballymore Asset Management Company 2 Limited became an indirect 75% owned joint venture company of the Group; and
 - (ii) incorporation of Eco World-Ballymore Asset Management Company 3 Limited on 24 February 2022 as wholly-owned subsidiary of Eco World-Ballymore Holding Company Limited. As a result, Eco World-Ballymore Asset Management Company 3 Limited became an indirect 75% owned joint venture company of the Group; and
 - (iii) liquidation of ACE Capital S.à.r.l on 21 March 2022 as a wholly-owned subsidiary of Eco World-Ballymore Holding Company Limited.
- (b) There were no changes in the composition of the Group during the period between 1 November 2022 until 13 December 2022, being the latest practicable date from the date of issue of this interim financial report.

A10. Fair Value of Financial Instruments

- (a) Details of derivative financial instruments outstanding as at 31 October 2022 are as follows:

	Notional Amount RM'000	Fair Value Assets/ (Liabilities) RM'000
Cross currency swaps		
- Less than 1 year	10,935	(832)
	<u>10,935</u>	<u>(832)</u>

- (b) Fair value of financial liabilities

The carrying amounts of the Group's financial liabilities at amortised cost are reasonable approximations of fair values.

A11. Commitments and Contingencies

As at
31/10/2022
RM'000

Approved and contracted for:

-	Commitment to fund joint ventures	
	(i) Eco World-Ballymore Holding Company Limited (“EW-Ballymore”) by way of share subscription and shareholder’s loans (<i>Note a</i>)	161,312
	(ii) EcoWorld London by way of shareholder’s loan (<i>Note b</i>)	11,684
	(iii) EcoWorld London DMCo by way of shareholder’s loan (<i>Note b</i>)	<u>1,796</u>

Note a

The Group and the other joint venture partner are jointly committed to provide additional funding into EW-Ballymore Holding in the event of (i) an emergency giving rise to public liability of the EW-Ballymore Holding / its shareholders; (ii) damage or lack of repair to any of the joint venture projects which will cause a material diminution in value of the property; or (iii) an acceleration of or a default under any finance documents entered into by or on behalf of EW-Ballymore Holding. The Group and the other joint venture partner could agree to provide the additional funding in the ratio of 75:25 based on their current proportion of the existing equity interests in EW-Ballymore Holding. The likelihood for additional funding is low considering that construction of the joint venture projects are nearing completion and the development facility obtained by EW-Ballymore Holding has been repaid in full as at 30 April 2022. Furthermore, EW-Ballymore Holding has commenced repayment of shareholders’ advances in May 2022.

Note b

The Group and the other joint venture partner are jointly committed to provide funding into EcoWorld London and/or EcoWorld London DMCo to prevent a breach of a covenant or undertaking by the EcoWorld London group of companies and/or EcoWorld London DMCo under any 3rd party finance agreement. Any funding provided shall be in the ratio of 70:30 based on the current proportion of the joint venture partners’ existing equity interests in EcoWorld London and EcoWorld London DMCo.

During the first quarter of this financial year, the approved and contracted funding to Eco World London had been fully utilised. Whilst the joint venture partner is unable to increase its funding to into EcoWorld London, the Group continues to make additional contribution to the joint venture (“Additional Funding”) to meet the funding requirements of the joint venture. The additional contribution by the Group was fully repaid in August 2022.

In the event of a non-compliance under the shareholders’ agreement, the compliant shareholder has an option to acquire all or a portion of the shares held by the non-compliant shareholder in EcoWorld London group of companies or EcoWorld London DMCo, as the case may be, at a discounted or a nominal price.

A12. Significant Related Party Transactions

	12 MONTHS ENDED 31/10/2022 RM'000
(i) Transactions with joint ventures	
- Advances to joint ventures	291,237
- Repayment of advances by joint ventures	(947,777)
- Sales commission received/receivable from joint ventures	1,264
(ii) Transactions with wholly-owned subsidiaries of Eco World Development Group Berhad (“EW Berhad”) where certain directors of the Company are also the directors of EW Berhad	
- Agent fees paid or payable	477
- Support service fees paid or payable	153
- Rental paid or payable	180
(iii) Transaction with a joint venture of EW Berhad where certain directors of the Company are also the directors of EW Berhad	
- Rental paid or payable	1,036
(iv) Transaction with a company where a subsidiary director has interest	
- Consultancy fee paid or payable	858

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Group Performance

	3 MONTHS ENDED			12 MONTHS ENDED		
	31/10/2022 RM'000	31/10/2021 RM'000	CHANGES RM'000	31/10/2022 RM'000	31/10/2021 RM'000	CHANGES RM'000
Gross profit	7,223	4,709	2,514	29,689	120,131	(90,442)
Share of results in joint ventures	(40,588)	(50,180)	9,592	(102,907)	47,215	(150,122)
(Loss)/Profit before interest and tax	(85,933)	(39,949)	(45,984)	(187,243)	110,120	(297,363)
(Loss)/ Profit before tax	(94,645)	(55,523)	(39,122)	(229,360)	50,802	(280,162)
(Loss)/ Profit for the period/year	(95,423)	(55,666)	(39,757)	(233,256)	15,875	(249,131)
(Loss)/Profit for the period/year attributable to owners of the Company	(95,729)	(56,256)	(39,473)	(234,418)	13,570	(247,988)

(a) 4Q 2022 vs. 4Q 2021

The Group's revenue comprises the property sales proceeds from its projects in Australia, namely West Village and Yarra One, and the fees for marketing services rendered by a subsidiary to the Group's joint venture in respect of property sales of its projects in the UK. The Group recorded a higher revenue in 4Q 2022 of RM43.15 million as compared to 4Q 2021 of RM34.75 million mainly due to higher number of units sold and handed over to customers. This had led to a higher gross profit recorded during the quarter of RM7.22 million.

Revenue recorded by the Group's joint-ventures totalled RM1,065.91 million (4Q 2021: RM 588.15 million), of which the Group's effective share (unconsolidated) amounted to RM704.09 million (4Q 2021: RM 415.97 million). Higher revenue during the quarter followed the commencement of handover in Kew Capital Court in 4Q 2022.

The Group recorded a loss before tax ("LBT") of RM94.64 million during the quarter as compared to LBT of RM55.52 million reported for 4Q 2021, mainly due to further impairment on its investment in EW-Ballymore. This was due to changes in market environment that led to the slowdown in sales, higher yield for valuation of commercial properties and higher weighted average cost of capital applied in determining the recoverable amount of its investment in EW-Ballymore. Hence the need for a further impairment in EW-Ballymore amounting to RM37.95 million in addition to the impairment recognised in 2Q 2022. Going forward, a longer time period may be required to generate future sales proceeds. However, the management will steadfastly proceed to clear the inventories.

This LBT was partly compensated by the following:

- Higher profit contribution from projects in Australia in line with higher revenue, as mentioned above;
- Lower Group's share of losses in joint ventures in 4Q 2022 following the commencement of handover in Kew Capital Court as mentioned above offset by declines in fair value of commercial properties in EW-Ballymore and revision of profit margin on EW London's Build-to Rent project as a result of an extended construction programme.

B1. Review of Group Performance (continued)**(b) 4Q YTD 2022 vs. 4Q YTD 2021**

The Group recorded revenue of RM159.96 million in the current financial year which was RM412.75 million lower than the previous year of RM572.71 million following lesser handover of the remaining units in West Village and Yarra One in the current year as compared to when Yarra One commenced handover in December 2020.

Revenue recorded by the Group's joint-ventures totalled RM2,710.91 million (4Q 2021: RM 2,964.59 million), of which the Group's effective share (unconsolidated) amounted to RM1,876.87 million (4Q 2021: RM2,156.21 million). Lower revenue was a result of fewer handovers in the current financial year as compared to 4Q YTD 2021 which recorded higher number of units handed over in Warden following its completion in September 2020. In addition, a lower progressive revenue was recognised from Built-to-Rent projects as the projects approached completion during the current financial year.

The Group recorded a LBT of RM229.36 million in the current financial year, as compared to profit before tax ("PBT") of RM50.80 million reported for 4Q YTD 2021.

The LBT reported in the current financial year was mainly due to a combination of factors, including the share of losses in joint ventures in the current financial year mainly as a result of escalation of costs, as compared with share of profits in joint ventures in the previous corresponding financial year, lower revenue and profit contribution from Yarra One and West Village, impairment of investment in EW-Ballymore and lower other income. The LBT was partly compensated by the following:

- Lower marketing expenses in tandem with lower completion and handover of units in Yarra One and West Village;
- Lower finance costs as a result of progressive repayment of loans;
- Non-recurring loss on hedging of net investment reported in the previous financial year; and
- Full impairment of goodwill in relation to the investment in EW-Ballymore having been charged out in the previous financial year.

B2. Material Changes in the Quarterly Results compared to the Results of the Preceding Quarter

	3 MONTHS ENDED		
	31/10/2022	31/07/2022	CHANGES
	RM'000	RM'000	RM'000
Gross profit	7,223	7,695	(472)
Share of results in joint ventures	(40,588)	(36,951)	(3,637)
Loss before interest and tax	(85,933)	(44,119)	(41,814)
Loss before tax	(94,645)	(55,449)	(39,196)
Loss for the period	(95,423)	(56,440)	(38,983)
Loss for the period attributable to owners of the Company	(95,729)	(56,678)	(39,051)

The Group's current quarter LBT of RM94.64 million, was RM39.19 million higher than the LBT recorded in preceding quarter ended 31 July 2022 of RM55.45 million.

The higher LBT recorded in the current quarter was mainly due to further impairment on investment in EW-Ballymore of RM37.95 million.

B3. Sales Achieved and Prospects for the Next Financial Year

PROJECTS	LANDBANK	CUMULATIVE SALES	12 MONTHS ENDED 31/10/2022 ⁽¹⁾		Effective Future Revenue ⁽³⁾
	As at 31/10/2022 (Acres)	As at 31/10/2022 RM'mil	Units Sold ⁽²⁾	Sales value RM'mil	RM'mil
London	50.7	15,222	539	1,995	428
Sydney	1.9	932	14	40	-
Melbourne	0.5	615	46	122	5
Total⁴	53.1	16,768	599	2,158	433

Notes:

- (1) Based on exchange rates of £1:RM5.4594 and A\$1:3.0245 as at Oct 31, 2022
(2) Refer to number of units exchanged only.
(3) Effective future revenue based on effective stake in joint ventures and subsidiaries as at 31 Oct, 2022
(4) Total may not add up because of rounding

EcoWorld International achieved RM2.158 billion sales in FY2022, 57% higher than the sales achieved in FY2021, and 8% above its RM2 billion sales target for FY2022. Embassy Gardens and London City Island were the biggest contributors to sales, securing RM749 million and RM328 million sales respectively in FY2022.

Total sales achieved by the EcoWorld-Ballymore joint venture, which include those by Embassy Gardens and London City Island, grew 62% to RM1.289 billion while sales of the Eco World London joint venture increased by 46% to RM706 million. The Group's sales in Australia also increased by 63% to RM162 million in FY2022. Higher sales were achieved on the back of improvement in market sentiment as well as relatively low supply of good-quality homes in the cities where the Group operates.

Since the Group's debut in 2015, the Group has launched RM18.8 billion worth of properties with 89% of these launches sold by value. The Board has set a sales target of RM1.4 billion for FY2023 with the intention of selling most of the available units by October 2023.

The sales target for FY2023 does not include potential contribution from new launches, as the Group continues to maintain a cautious stance given ongoing macroeconomic uncertainties with cost pressures expected to outstrip property price increases in the near to mid-term. Accordingly, the focus for FY2023 will be on cash preservation and generation which is on track as evidenced by the positive movement in Group's Cash and Borrowing levels as compared to 3Q 2022 and 4Q 2021:

	As at 31 Oct 2022 RM'000	As at 31 Jul 2022 RM'000	As at 31 Oct 2021 RM'000
Cash and Bank Balances	655,343	336,884	336,115
Total Borrowings	482,816	510,754	900,538
Net cash/(debt)	172,527	(173,870)	(564,423)

The higher sales achieved in FY2022 has enabled the Group to turn into net cash position earlier than anticipated with cash balances having exceeded total borrowings as at 31 October 2022. Sufficient funds are now in place and set aside to fully settle the Company's Medium Term Notes (refer para B7 below) which mature in May 2023.

The Group's balance sheet strength is expected to substantially improve in FY2023. With completed properties making up the bulk of the FY2023 sales target of RM1.4 billion, the Group expects to generate cash of more than RM1 billion from the sale of such stocks. After setting aside funds for the Company and EcoWorld London's existing working capital requirements, the excess cash is targeted to be approximately RM900 million.*

Subject to achieving the sales target, the Board aims to distribute excess cash in the Group to shareholders in later part of 2023 following settlement of the Company's Medium Term Notes and receipt of the necessary regulatory and shareholders approvals.

B3. Sales Achieved and Prospects for the Next Financial Year (continued)

In the meantime, the Group will continue to review the feasibility of its remaining projects with a view towards proceeding with launches only after cost pressures stabilise and desired returns can be forecast with greater certainty. Similarly, potential acquisition of new landbank will also be evaluated stringently based on required rates of return before funds are committed for any purchase.

**The figures within the paragraph represent internal management targets and it is neither a financial estimate, forecast or projection nor has it been reviewed by any external auditors*

B4. Variance of Actual Profit from Forecast Profit

There was no profit forecast published as at 31 October 2022.

B5. Taxation

Taxation comprises:

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/10/2022 RM'000	31/10/2021 RM'000	31/10/2022 RM'000	31/10/2021 RM'000
Current tax				
Malaysian tax				
- current quarter/year	4	248	4	728
- in respect of prior years	-	-	(5)	-
Foreign tax				
- current quarter/year	1,508	(2,455)	6,619	20,593
- in respect of prior years	-	3,239	88	3,299
Deferred tax				
Foreign tax				
- current quarter/year	(734)	2,154	(2,753)	13,362
- in respect of prior years	-	(3,043)	(57)	(3,055)
	<u>778</u>	<u>143</u>	<u>3,896</u>	<u>34,927</u>

The Group's losses were mainly attributed by the equity accounting of share of losses in joint ventures and impairment loss on investment in a joint venture. Tax expenses are provided for profitable subsidiaries and losses in holding company and other subsidiaries were not available to set-off against the taxable profits in other companies within the Group.

B6. Status of Corporate Proposals

Save for the proposed acquisition of the remaining one Stage 2 site namely Tulse Hill under of the joint venture with Be Living Holdings Limited which is pending fulfilment of conditions precedent, there is no other corporate proposal that has been announced by the Company which is not yet completed as at 13 December 2022.

B7. Group Borrowings and Debt Securities

The total group borrowings and debt securities as at 31 October 2022 were as follows:

	As at 31/10/2022			As at 31/10/2021
	Secured/ Unsecured	Foreign Currency '000	RM Equivalent '000	RM Equivalent '000
Short term borrowings				
- Term loan	Secured	AUD	10,977	33,200
- Revolving credit	Unsecured	GBP	-	-
- Medium term notes	Unsecured	RM	-	449,616
				482,816
				138,634
Long term borrowings				
- Term loan	Secured	AUD	-	-
- Term loan	Unsecured	GBP	-	-
- Revolving credit	Unsecured	GBP	-	-
- Medium term notes	Unsecured	RM	-	-
				448,970
				-
				761,904
Total borrowings				
- Term loan	Secured	AUD	10,977	33,200
- Term loan	Unsecured	GBP	-	-
- Revolving credit	Unsecured	GBP	-	-
- Medium term notes	Unsecured	RM	-	449,616
				482,816
				900,538

As at 31 October 2022, the Group's medium term notes and term loans comprise facilities based on fixed and floating rates to finance the projects in UK and Australia and are denominated in RM and AUD.

B8. Material Litigation

The Group was not engaged in any material litigation as at 13 December 2022, being the latest practicable date from the date of issue of this interim financial report.

B9. Dividends Declared

No dividend has been declared or recommended for payment by the Company during the financial year ended 31 October 2022.

B10. Earnings Per Share Attributable to Owners of the Company

(a) Basic (loss)/earnings per share attributable to owners of the Company

Basic (loss)/earnings per share have been calculated by dividing the Group's (loss)/profit for the period/year attributable to owners of the Company by the weighted average number of ordinary shares in issue. The weighted average number of ordinary shares in issue is calculated as follows:

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/10/2022	31/10/2021	31/10/2022	31/10/2021
(Loss)/Profit for the period/year attributable to owners of the Company (RM'000)	<u>(95,729)</u>	<u>(56,256)</u>	<u>(234,418)</u>	<u>13,570</u>
Weighted average number of ordinary shares ('000)	2,400,000	2,400,000	2,400,000	2,400,000
Basic (Loss)/Earnings Per Ordinary Share (sen)	<u>(3.99)</u>	<u>(2.34)</u>	<u>(9.77)</u>	<u>0.57</u>

(b) Diluted (loss)/earnings per share attributable to owners of the Company

Diluted (loss)/earnings per share have been calculated by dividing the Group's (loss)/profit for the period/year attributable to owners of the Company by the weighted average number of ordinary 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 (loss)/earnings per share, the potential exercise of the Warrants is not taken into account in calculating diluted (loss)/earnings per share.

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/10/2022	31/10/2021	31/10/2022	31/10/2021
(Loss)/Profit for the period/year attributable to owners of the Company (RM'000)	<u>(95,729)</u>	<u>(56,256)</u>	<u>(234,418)</u>	<u>13,570</u>
Weighted average number of ordinary shares for Basic Earnings Per Ordinary Share ('000)	2,400,000	2,400,000	2,400,000	2,400,000
Effect of potential exercise of Warrants ('000)	<u>Nil @</u>	<u>#</u>	<u>Nil @</u>	<u>#</u>
Weighted average number of ordinary shares ('000)	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,400,000</u>
Diluted (Loss)/Earnings Per Ordinary Share (sen)	<u>(3.99)</u>	<u>(2.34)</u>	<u>(9.77)</u>	<u>0.57</u>

Notes:

The calculation of diluted (loss)/earnings per ordinary share does not assume the potential exercise of Warrants as the effect on (loss)/profit per ordinary share is anti-dilutive

@ *Up to the end of exercise period of the Warrants on 4 April 2022, only 1,780 Warrants out of the total Warrants of 960,000,000 were converted to 1,780 Ordinary Shares. The 959,998,220 Warrants not exercised were delisted from the Official List of Bursa Malaysia Securities Berhad on 5 April 2022*

B11. Auditors' Report on Preceding Annual Financial Statements

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

B12. Notes to the Statement of Comprehensive Income

Comprehensive (loss)/income has been arrived at after crediting/(charging):

	3 MONTHS ENDED 31/10/2022 RM'000	12 MONTHS ENDED 31/10/2022 RM'000
Interest income	2,129	4,781
Interest expense	(8,712)	(42,117)
Depreciation and amortisation	(362)	(1,475)
Foreign exchange gain/(loss)		
- realised	(1,565)	2,761
- unrealised	(3,765)	(4,068)
Impairment of goodwill	(81)	(389)
Impairment loss on investment in a joint venture	(37,949)	(74,111)

By order of the Board
Tan Ai Ning
Company Secretary
15 December 2022