

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

Interim Financial Report
31 October 2022

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(Incorporated in Malaysia)

Interim Financial Report - 31 October 2022

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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	31 OCTOBER 2021	31 OCTOBER 2022	31 OCTOBER 2021
	RM'000	RM'000	RM'000	RM'000
Revenue	559,282	666,050	2,043,570	2,042,767
Cost of sales	(404,460)	(504,778)	(1,553,126)	(1,619,505)
Gross profit	154,822	161,272	490,444	423,262
Other income	22,866	25,724	74,181	67,184
Selling and marketing expenses	(10,547)	(16,083)	(34,691)	(41,677)
Administrative expenses	(68,330)	(53,874)	(188,573)	(182,791)
Impairment loss on investment in a joint venture	(81,000)	(57,300)	(81,000)	(57,300)
Finance costs	(21,345)	(22,976)	(96,873)	(112,049)
Share of results in joint ventures, net of tax	30,202	37,803	73,435	145,007
Share of results in associates, net of tax	(3,638)	(1,268)	(11,162)	(2,320)
Profit before tax	23,030	73,298	225,761	239,316
Income tax expense	(21,251)	(30,460)	(68,552)	(56,576)
Profit net of tax	1,779	42,838	157,209	182,740
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	(380)	124	(851)	(77)
Share of other comprehensive income/(loss) of a joint venture	3,914	(30,410)	(35,975)	55,264
Total comprehensive income for the period/year	5,313	12,552	120,383	237,927
Profit net of tax attributable to:				
Owners of the Company	1,779	42,838	157,209	182,740
Non-controlling interests	-	-	-	-
	1,779	42,838	157,209	182,740
Total comprehensive income attributable to:				
Owners of the Company	5,313	12,552	120,383	237,927
Non-controlling interests	-	-	-	-
	5,313	12,552	120,383	237,927
Earnings per share attributable to owners of the Company:				
Basic earnings per share (sen)	0.06	1.45	5.34	6.21
Diluted earnings per share (sen) *	0.06	1.45	5.34	6.21

* 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 OCTOBER 2022

	As At 31 OCTOBER 2022 RM'000 UNAUDITED	As At 31 OCTOBER 2021 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, plant & equipment	149,986	166,454
Investment property	19,973	19,740
Inventories - land held for property development	3,789,092	4,168,395
Investment in associates	67,448	96,158
Investment in joint ventures	1,292,396	1,373,089
Trade receivables	61,665	90,244
Lease receivables	1,710	2,631
Amount due from joint ventures	982,167	904,937
Deferred tax assets	102,911	108,207
Deposits	20,000	-
	<u>6,487,348</u>	<u>6,929,855</u>
Current assets		
Inventories - property under development	596,879	665,854
Inventories - completed properties	360,760	608,971
Contract assets	97,391	78,844
Current tax assets	81,087	48,189
Trade and other receivables	458,973	631,717
Lease receivables	1,326	1,108
Deposits	229,727	314,405
Cash and bank balances	1,086,235	470,319
	<u>2,912,378</u>	<u>2,819,407</u>
TOTAL ASSETS	<u>9,399,726</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	10	36,966
Cash flow hedge reserve	(225)	(355)
Retained earnings	1,123,818	919,433
Total equity	<u>4,738,471</u>	<u>4,765,304</u>
Non-current liabilities		
Loans and borrowings	1,726,987	1,313,219
Lease liabilities	7,151	8,595
Other payables	289,674	313,160
Deferred tax liabilities	81,284	41,296
	<u>2,105,096</u>	<u>1,676,270</u>
Current liabilities		
Trade and other payables	893,741	975,045
Contract liabilities	579,421	754,006
Bank overdrafts	21,432	24,018
Loans and borrowings	1,056,312	1,542,795
Lease liabilities	3,879	4,066
Current tax liabilities	1,374	7,758
	<u>2,556,159</u>	<u>3,307,688</u>
Total liabilities	<u>4,661,255</u>	<u>4,983,958</u>
TOTAL EQUITY AND LIABILITIES	<u>9,399,726</u>	<u>9,749,262</u>
Net Assets Per Share Attributable to Owners of the Company (RM)	<u>1.61</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 YEAR ENDED 31 OCTOBER 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
At 1 November 2021	3,614,865	194,395	36,966	(355)	919,433	4,765,304
Profit for the year	-	-	-	-	157,209	157,209
Other comprehensive (loss)/income	-	-	(36,956)	130	-	(36,826)
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	-	-	-	-	(147,218)	(147,218)
At 31 October 2022	3,614,868	-	10	(225)	1,123,818	4,738,471
At 1 November 2020	3,614,865	194,395	(18,487)	(89)	854,467	4,645,151
Profit for the year	-	-	-	-	182,740	182,740
Other comprehensive income/(loss)	-	-	55,453	(266)	-	55,187
Transactions with owners:						
- Dividend paid	-	-	-	-	(117,774)	(117,774)
At 31 October 2021	3,614,865	194,395	36,966	(355)	919,433	4,765,304

(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)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2022

(The figures have not been audited)

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	12 MONTHS ENDED	
	31 OCTOBER 2022	31 OCTOBER 2021 (RESTATED)
	RM'000	RM'000
Operating activities		
Profit before tax	225,761	239,316
Adjustments for :		
Non-cash items	32,631	(69,350)
Non-operating items	39,743	55,796
Operating cash flows before changes in working capital	298,135	225,762
Changes in inventories - property under development	426,285	474,874
Changes in inventories- completed properties	447,555	485,679
Changes in contract assets/contract liabilities	(193,132)	(214,131)
Changes in receivables	249,068	270,675
Changes in payables	(106,120)	(78,974)
Cash flows generated from operations	1,121,791	1,163,885
Interest received	5,326	2,689
Interest paid	(125,551)	(139,577)
Income taxes paid net of refunds	(65,594)	(56,064)
Net cash flows generated from operating activities	935,972	970,933
Investing activities		
Additions to inventories - land held for property development	(130,581)	(96,341)
Purchase of property, plant and equipment and investment properties	(3,352)	(5,465)
Proceeds from disposal of property, plant and equipment	251	396
Net cash inflow from liquidation of an associate	-	33
Subscription of shares in associates	(3,277)	(39,645)
Advances to joint ventures	(37,000)	(149,500)
Repayment from joint ventures	-	81,500
Repayment of interest by joint ventures	21,200	92,344
Placement of deposit pledged and with maturity of more than 3 months	(73,096)	(128)
Dividends received from joint ventures	-	48,880
Interest received from deposits	7,672	4,672
Net cash flows used in investing activities	(218,183)	(63,254)
Financing activities		
Proceeds from conversion of warrants	2	-
Drawdown of borrowings	926,280	324,362
Repayment of borrowings and lease liabilities	(1,003,026)	(766,004)
Interest paid	(13,181)	(18,802)
Dividends paid on ordinary shares	(147,218)	(117,774)
Net cash flows used in financing activities	(237,143)	(578,218)
Net increase in cash and cash equivalents	480,646	329,461
Effect of exchange rate changes	82	3
Cash and cash equivalents at 1 November 2021 / 2020	754,307	424,843
Cash and cash equivalents at 31 October 2022 / 2021	1,235,035	754,307
Cash and cash equivalents comprise the following:		
Deposits	249,727	314,405
Cash and bank balances	1,086,235	470,319
Bank overdrafts	(21,432)	(24,018)
	1,314,530	760,706
Less: Deposits pledged	(484)	(1,274)
Deposits with maturity of more than 3 months	(79,011)	(5,125)
	1,235,035	754,307

(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 IFRS Interpretations Committee (“IFRIC”)’s Agenda Decision on IAS 7 Statement of Cash Flows (“the Agenda Decision”) and the following amendments/improvements to MFRSs which are relevant and mandatory for the current financial year:-

Amendments to MFRS 9, MFRS 139, Interest Rate Benchmark Reform-Phase 2
MFRS 7, MFRS 4 and MFRS 16

The adoption of the above amendments/improvements to MFRSs does not have any material financial impact to the Group. The impact arising from the adoption of the Agenda Decision is discussed below.

In April 2022, IFRIC concluded that restrictions on the use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash in IAS 7. Therefore, the demand deposit shall be included as a component of ‘cash and cash equivalents’ in the statement of cash flows.

In previous financial years, cash and bank balances with restricted use were not included as a component of ‘cash and cash equivalents’ in the Group’s consolidated statement of cash flows. Upon the adoption of the Agenda Decision, the Group reassessed its cash and bank balances according to the guidance set out therein and concluded that certain cash and bank balances qualify as cash and cash equivalents. Accordingly, the Group has reclassified these cash and bank balances as cash and cash equivalents and has applied this classification retrospectively.

The effects of the adoption of the Agenda Decision on the consolidated statement of cash flows are as follows:

	As previously reported RM’000	Adjustment RM’000	As restated RM’000
Condensed Consolidated Statement of Cash Flows			
12 months ended 31 October 2021			
Net cash flows used in investing activities	(142,540)	79,286	(63,254)
Cash and cash equivalents at 1 November 2020	264,314	160,529	424,843
Cash and cash equivalents at 31 October 2021	514,492	239,815	754,307

The adoption of the Agenda Decision did not have any financial impact on the consolidated statement of financial position as at 31 October 2021 and consolidated statement of comprehensive income for the financial year then ended.

2. Seasonal or Cyclical Factors

The business operations of the Group during the 12 months ended 31 October 2022 have not been 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 12 months ended 31 October 2022.

4. Changes in Estimates

There were no material changes in estimates for the 12 months ended 31 October 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 12 months ended 31 October 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 1,000 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;
- (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;
- (d) Redemption of the unrated Medium Term Notes of RM250 million in nominal value by Eco World Capital Assets Berhad, a wholly-owned subsidiary of the Company, on 12 August 2022; and
- (e) Issuance of rated Sukuk Wakalah with a nominal value of RM550 million under a rated Sukuk Wakalah Programme by Eco World Capital Berhad, a wholly-owned subsidiary of the Company, on 31 October 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 ended 31 October 2022.

On 20 October 2022, the Company paid a second interim single tier dividend of 1 sen per ordinary share amounting to 29,443,694 in respect of the financial year ended 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 October 2022 till 9 December 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 12 months ended 31 October 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, with 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 9 December 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 October 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	12 MONTHS ENDED	
	31/10/2022	31/10/2021
	RM'000	RM'000
Klang Valley	889,330	902,398
Iskandar Malaysia	1,095,991	979,782
Penang	58,249	160,587
	<u>2,043,570</u>	<u>2,042,767</u>

13. Commitments

	As at
	31/10/2022
	RM'000
Approved and contracted for:-	
Commitment to subscribe for additional shares in an associate	3,275
Commitment to acquire property, plant and equipment	1,413
Commitment to fund development costs of joint ventures	<u>125,000</u>

14. Significant Related Party Transactions

	12 MONTHS ENDED
	31/10/2022
	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	112
- Stay2Own rental received	<u>86</u>
(ii) Transactions with joint ventures	
- Advances given	37,000
- Interest received and receivable	61,430
- Development management fees received and receivable	68,067
- Other resources fees received and receivable	19,384
- Brand licensing fees received and receivable	6,989
- Commission received and receivable	509
- Rental received and receivable	180
- Advisory fees received and receivable	108
- Support service fees received and receivable	153
- Commitment fees received and receivable	375
- Disposal of property, plant and equipment	<u>19</u>
(iii) Transactions with associates	
- Secondment fees paid and payable	60
- Support service fees received and receivable	317
- Undertaking fees received and receivable	60
- Administration services fees paid and payable	<u>41</u>

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

1. 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
Revenue	559,282	666,050	(106,768)	2,043,570	2,042,767	803
Gross profit	154,822	161,272	(6,450)	490,444	423,262	67,182
Share of results of joint ventures						
- Malaysia	44,147	47,243	(3,096)	116,535	117,738	(1,203)
- International	(13,945)	(9,440)	(4,505)	(43,100)	27,269	(70,369)
	30,202	37,803	(7,601)	73,435	145,007	(71,572)
Profit before interest and tax	44,375	96,274	(51,899)	322,634	351,365	(28,731)
Profit before tax (PBT)	23,030	73,298	(50,268)	225,761	239,316	(13,555)
Profit after tax (Malaysian operations)	96,724	109,578	(12,854)	281,309	212,771	68,538
Profit after tax (PAT)	1,779	42,838	(41,059)	157,209	182,740	(25,531)
Profit attributable to owners of the Company	1,779	42,838	(41,059)	157,209	182,740	(25,531)

(a) 4Q 2022 vs 4Q 2021

The main projects which contributed to revenue and gross profit in 4Q 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 Meadows* in Penang.

Revenue in 4Q 2022 was lower than 4Q 2021 by 16.0%, whilst gross profit was lower by 4.0% due to several active phases having been completed in the current quarter. Gross profit margin was higher however at 27.7% in 4Q 2022 as compared to 24.2% in 4Q 2021. The improvement was mainly due to realisation of cost savings on completed and near completion phases during the quarter.

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 4Q 2022 were lower by 6.6% than in 4Q 2021. This was mainly due to the near completion of certain phases in *Eco Grandeur* and *Eco Horizon*. The lower contribution of these phases was partially mitigated by higher site progress of on-going phases and realisation of cost savings of several completed and near completion phases. Additional tax payable by two of the Group's joint ventures due to the imposition of the Cukai Makmur (Prosperity Tax) for the year of assessment 2022 also reduced the share of results from Malaysian joint ventures.

Collectively the Malaysian joint ventures recorded a total of RM595.4 million in revenue in 4Q 2022 of which the Group's effective share, based on its equity stakes in the respective joint ventures, amounted to RM316.1 million.

Before accounting for its share of results of its international joint venture, namely, EcoWorld International Berhad ("*EWI*"), the Group's Malaysian operations recorded a PAT of RM96.7 million in 4Q 2022.

1. Review of Group Performance (continued)

(a) 4Q 2022 vs 4Q 2021 (continued)

This is the highest quarterly PAT achieved by the Malaysian operations in FY2022, accounting for 34.4% of the full year's PAT. However, it is 11.7% lower than the PAT achieved in 4Q 2021 mainly due to the following:

- completion or near completion of several active phases which reduced gross profit and share of results of Malaysian joint ventures by 4.0% and 6.6%, respectively, as explained above; and
- higher performance incentives and bonuses provided to reward the over-achievement of sales targets as well as the substantial improvement in the Group's balance sheet in FY2022.

EWI recorded a 47.7% higher loss in 4Q 2022 as compared to 4Q 2021 as a result of a further impairment of its investment in the EcoWorld Ballymore joint venture in London amounting to RM37.95 million recognised during the quarter. This was due to a longer period of time than previously expected for the joint venture to generate future cash flows and a higher weighted average cost of capital applied to discount these estimated future cash flows.

As a consequence of the above and the conservative stance being pursued by EWI in relation to new launches (discussed in greater detail under item 3 below), the Group in turn reassessed the carrying value of its investment in EWI. A higher weighted average cost of capital was applied to discount the estimated future cashflows from EWI, given the more than 200-basis point increase in the UK risk-free rates as at 31 October 2022 as compared to 31 October 2021.

Based on the reassessment, the Group in turn recognised an impairment of RM81.0 million on its investment in EWI in 4Q 2022, in addition to the RM57.3 million recognised in FY2021.

Arising from the impairment of investment and higher share of loss in EWI, the Group recorded a PAT of RM1.8 million in 4Q 2022 as compared to RM42.8 million in 4Q 2021.

(b) 4Q YTD 2022 vs 4Q YTD 2021

The Group recorded approximately the same amount of revenue in 4Q YTD 2022 and 4Q YTD 2021. Gross profit was 15.9% higher however, mainly due to higher margins achieved in 4Q YTD 2022 following the realisation of cost savings from several completed and near completion phases, as explained above.

The Group's share of results from its Malaysian joint ventures was RM116.5 million which is slightly lower than 4Q YTD 2021 for the reasons mentioned above.

The losses recorded by EWI in 4Q YTD 2022 as compared to profits in the prior year was mainly due to completion of its Australian projects in prior years, losses incurred by its UK joint ventures, impairment of its investment in its EcoWorld Ballymore joint venture in London and lower other income.

Notwithstanding the share of EWI's loss and the RM81.0 million impairment of investment recognised in 4Q 2022, the Group remained profitable with RM157.2 million PAT achieved in 4Q YTD 2022.

This was due to the substantially stronger performance of the Malaysian projects during 4Q YTD 2022, which enabled the Group to record its highest ever PAT from Malaysian operations of RM281.3 million, 32.2% above the 4Q YTD 2021 PAT of RM212.8 million.

1. Review of Group Performance (continued)

(b) 4Q YTD 2022 vs 4Q YTD 2021 (continued)

A five-year summary of the Group's PAT from Malaysian operations is tabulated below:

Financial year	FY2022 RM'000	FY2021 RM'000	FY2020 RM'000	FY2019 * RM'000	FY2018 * RM'000
PAT (Malaysian operations)	281,309	212,771	106,168	144,225	96,509

* Excluded the effects from the adoption of the IFRS Interpretations Committee ("IFRIC") Agenda Decision on IAS 23 Borrowing Costs

The main factors contributing to the increase in PAT achieved in FY2022 are as follows:

- RM67.2 million increase in gross profit due to improvement in the gross profit margin from 20.7% in FY2021 to 24.0% in FY2022;
- RM7.0 million continued savings on selling and marketing expenses; and
- RM15.2 million reduction in finance costs as the Group's borrowings were repaid on or ahead of schedule following high levels of project loan redemptions based on sales achieved.

These combined cost savings and reduction were more than sufficient to offset the RM5.8 million increase in administrative costs due to the higher performance incentives and staff bonuses awarded in 4Q 2022, as mentioned above.

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

	3 MONTHS ENDED		Changes RM'000
	31/10/2022 RM'000	31/07/2022 RM'000	
Revenue	559,282	443,971	115,311
Gross profit	154,822	104,329	50,493
Share of results of joint ventures			
- Malaysia	44,147	27,234	16,913
- International	(13,945)	(12,034)	(1,911)
	30,202	15,200	15,002
Profit before interest and tax	44,375	84,391	(40,016)
Profit before tax (PBT)	23,030	59,302	(36,272)
Profit after tax (Malaysian operations)	96,724	58,426	38,298
Profit after tax (PAT)	1,779	46,392	(44,613)
Profit attributable to owners of the Company	1,779	46,392	(44,613)

The Group's revenue and gross profit were higher by 26.0% and 48.4%, respectively, as compared to the previous quarter. This was mainly due to higher sales secured (qualifying for revenue and profit recognition) from on-going and new launches, sales of bumiputera units released at Iskandar Malaysia projects as well as higher percentage of completion achieved on site in the current quarter.

The share of results of the Group's Malaysian joint ventures was higher in 4Q 2022 as compared to 3Q 2022 mainly due to higher revenue and profit from near completion/completed phases at *Eco Grandeur* and *Eco Ardence* in the current quarter.

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

Share of losses in EWI was slightly higher in 4Q 2022 due to further impairment of the investment in the EcoWorld Ballymore joint venture in London of RM37.95 million.

The Group's recorded a PAT of RM1.8 million in 4Q 2022 as compared to RM46.4 million in 3Q 2022 mainly due to the RM81.0 million impairment of the Group's investment in EWI in the current quarter.

3. Prospects for the Next Financial Year

The status of the Group's development projects as at 31 October 2022 is as follows:

Location of projects	No. of launched projects ²	12 months ended 31.10.2022			Cumulative sales ^{1,2} RM'mil	As at
		Units launched ²	Units sold ^{1,2}	Sales value ² RM'mil		31.10.2022 Future revenue ³ RM'mil
Klang Valley	8	1,447	1,907	2,018	16,888	1,996
Iskandar Malaysia	8	1,071	1,419	1,302	9,327	1,195
Penang	3	597	589	521	2,041	269
Malaysia	19	3,115	3,915	3,841	28,256	3,460

Location of projects	Land Bank Acres ²	12 months ended 31.10.2022			Cumulative sales ^{1,2} RM'mil	As at
		Units sold ^{1,2}	Sales value ² RM'mil	31.10.2022 Future revenue ³ RM'mil		
United Kingdom	50.7	539	1,995	15,222	116	
Australia	2.4	60	162	1,547	1	
Overseas	53.1	599	2,157	16,769	117	

Total future revenue attributable to EcoWorld Malaysia	3,577
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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

EcoWorld Malaysia achieved its highest ever sales of RM3.84 billion in FY2022, exceeding its sales target of RM3.5 billion and surpassing the Group's previous sales record of RM3.82 billion achieved in FY2016. The strong sales performance throughout the year contributed to the results attained, with 53% of sales derived from projects in the Klang Valley, 34% from Iskandar Malaysia and 13% from Penang.

An analysis of the FY2022 sales by product category is set out below:

Product category	RM'mil	
Non-Residential		
- Business Parks	753	20%
- Commercial	446	12%
- Hotel Building (BBCC) *	295	7%
Residential		
- below RM650,000	649	17%
- above RM650,000	1,698	44%
Total	3,841	100%

* sold to UDA Holdings Bhd as reported in the Group's 3Q 2022 results announcement

3. Prospects for the Next Financial Year (continued)

The Group's four business parks – *Eco Business Parks I, II & III* in Iskandar Malaysia and *Eco Business Park V* closed off the year with combined sales of RM753.3 million. This is 156% of FY2021 business park sales and more than triple the amount recorded in FY2020 which was RM220.4 million.

The substantial growth in the Group's business park segment over the last two years is due to the following:

- Sustained broad-based economic recovery as Covid-19 pandemic restrictions were lifted and the country's borders reopened. This fueled demand for strategically located industrial parks with good accessibility to major highways and proximity to other supportive infrastructure and amenities; and
- Strategic and targeted marketing and networking efforts over many years. As a result, the Group now enjoys the attention of a sizeable and growing base of local and international business owners and investors who appreciate the unique value proposition that EcoWorld is able to offer, especially:
 - its highly flexible and customisable industrial units suitable for small- to medium-sized businesses as well as industrial land sales with the option to construct built-to-suit factories that have drawn in many larger industrialists;
 - the well-secured environs of the Eco Business Parks that are clean, green and conducive for all types of businesses from light industrial, office, warehousing, retail and even F&B activities; and
 - EcoWorld's One Stop Business Solution offering a wide range of services to help owners set up their business and settle down quickly and easily at the Eco Business Park of their choice.

During the year, RM446.3 million of commercial properties were sold. These mainly comprised shop-offices such as *Utopia* and *Eco Boulevard 2*, launched to serve the growing population at *Eco Grandeur* and *Eco Botanic 2*, respectively, as well as shops at *Se.Ruang Square* and *Hana Square* that will offer lifestyle amenities at the doorsteps of the Group's highly popular *duduk* apartments at *Eco Sanctuary* and *Eco Ardence*.

On the residential front, the Group's strategic decision to launch more upgrader and luxury homes in FY2022, across all three regions of the Group's operations, yielded very positive results. Close to RM1.7 billion of homes priced above RM650,000 were sold, representing 44% of total Group sales. Homes priced below RM650,000 also made up a sizeable component of the Group's portfolio with RM648.9 million sales achieved this year.

EcoWorld's flexibility in adjusting and adapting its product range is largely due to the Group's township development model. It is also testament to the strong multi-generational and multi-ethnic customer following that the EcoWorld brand has garnered for its expanding range of residential products comprising landed (terrace, cluster, garden, semi-detached homes and bungalows), semi-landed (co-homes) and high-rise homes (*duduk* apartments in its matured townships and BBCC in Kuala Lumpur).

As a result of the sales achieved, amplified by the majority of the Group's projects having reached maturity, cash generative phases with infrastructure and amenities substantially completed in prior years, EcoWorld Malaysia's balance sheet and financials have continued to strengthen. Total future revenue remains high at RM3.577 billion as at 31 October 2022, thus providing clear earnings visibility going forward.

Based on the above, the Board has declared a third interim dividend of 2 sen per share in the current quarter. This brings total dividends declared for FY2022 to 5 sen per share. For further details refer to Note 9 below.

3. Prospects for the Next Financial Year (continued)

The marked improvement in key balance sheet metrics over the last three years, that have enabled the Group to realise its goal of paying more dividends to shareholders, is summarised below:

EcoWorld Malaysia	31 October 2022	31 October 2021	31 October 2020
Cash & Bank Balances (RM'mil)	1,336	785	456
Borrowings (RM'mil)	(2,805)	(2,880)	(3,317)
Net Borrowings (RM'mil)	(1,469)	(2,095)	(2,861)
Net Gearing	0.31	0.44	0.62
Dividend (sen)	5	4	2

The Company has an existing shareholders' mandate to purchase its own shares. To further enhance value for shareholders, the Board will be considering potential share buy-back opportunities under the said mandate, subject to compliance with the relevant regulatory requirements including the Malaysian Code on Take-Over and Mergers.

As at 31 October 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	2,061.4
Iskandar Malaysia	8	3,119.1	1,213.1
Penang	4	463.9	239.4
The Group	20	8,318.3	3,513.9

The Group still has sizeable matured lands in all three key geographic regions. Nevertheless, based on its healthy cash position and low gearing levels as at 31 October 2022, should a good opportunity arise in the near to mid-term, EcoWorld Malaysia is strongly positioned to be able to take advantage of the same to enhance its future growth prospects.

Moving ahead, the Board is maintaining its annual sales target at RM3.5 billion for FY2023. This target was derived in furtherance of the Group's strategic goals which include:

- Commitment to continue improving returns by launching products with higher profit margins or that can yield higher absolute profits per square foot of land to derive optimal returns from its valuable matured land bank; and
- Generating sufficient cashflows that will enable the Group to:
 - continue to comfortably meet all its on-going operational commitments;
 - achieve its targeted growth aspirations; and
 - maintain and improve on returns to shareholders.

EWI

EWI achieved RM2.158 billion sales in FY2022, 57% higher than FY2021 sales and 8% above its RM2 billion sales target on the back of improved market sentiments as well as relatively low supply of good-quality homes in the cities where it operates.

The higher sales in FY2022 enabled EWI to turn net cash positive earlier than anticipated with cash balances having exceeded total borrowings as at 31 October 2022. The following table sets out the movement in Cash and Borrowing levels as compared to 3Q 2022 and 4Q 2021:

EWI	31 October 2022	31 July 2022	31 October 2021
	RM'mil	RM'mil	RM'mil
Cash and Bank Balances	655	337	336
Total Borrowings	(482)	(511)	(900)
Net cash/(debt)	173	(174)	(564)

3. Prospects for the Next Financial Year (continued)

EWI has set a sales target of RM1.4 billion for FY2023 which does not include potential contribution from any new launches.

Given the continued uncertain macroeconomic conditions in the UK with cost pressures expected to outstrip property price increases in the near to mid-term, EWI will continue to review the feasibility of its remaining projects with a view towards proceeding with launches only after cost pressures have stabilised 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.

Whilst this cautious stance by EWI has deferred the generation of cashflows and anticipated profits from its future launches/ projects (thus requiring a reassessment by EcoWorld Malaysia of the carrying value of its investment in EWI as discussed above) its focus on cash preservation and generation is expected to substantially improve its balance sheet strength in FY2023.

With completed properties making up the bulk of its FY2023 sales target of RM1.4 billion, EWI expects to generate cash of more than RM1 billion from the sale of such properties. After setting aside funds for its working capital requirements (including that of the ongoing EcoWorld London joint-venture) the excess cash is targeted to be approximately RM900 million.*

Subject to achieving the sales target, EWI aims to distribute the excess cash within the EWI Group to its shareholders in the later part of 2023 following settlement of its Medium Term Notes (for which funds have been fully set aside as at 31 October 2022) and receipt of the necessary regulatory and shareholders approvals.

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

4. Variance of Actual Profit from Forecast Profit

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

5. Income Tax

Income Tax comprises:-

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/10/2022	31/10/2021	31/10/2022	31/10/2021
	RM'000	RM'000	RM'000	RM'000
Current tax				
- for current quarter	(5,618)	654	26,376	48,465
- in respect of prior years	(27)	(1,734)	(63)	8,353
Deferred tax				
- for current quarter	26,894	26,592	48,411	7,557
- in respect of prior years	2	4,948	(6,172)	(7,799)
	<u>21,251</u>	<u>30,460</u>	<u>68,552</u>	<u>56,576</u>

The Group's effective tax rate for the current quarter is higher than the statutory tax rate mainly due to non-tax deductibility of the impairment loss on the investment in a joint venture and other non-tax deductible expenses.

6. Status of Corporate Proposals

There were no corporate proposals previously announced by the Company that remained uncompleted as at 9 December 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 October 2022 and 31 October 2021 were as follows:-

	As at 31 October 2022		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Revolving credits	147,247	199,964	347,211
Term loans	297,874	120,769	418,643
Bridging loans	284,644	19,713	304,357
Medium term notes	19,999	49,959	69,958
Sukuk	178,978	-	178,978
Hire purchase (included in lease liabilities)	-	48	48
	<u>928,742</u>	<u>390,453</u>	<u>1,319,195</u>
Unsecured			
Revolving credits	-	665,907	665,907
Medium term notes	249,504	-	249,504
Sukuk	548,741	-	548,741
Overdraft	-	21,432	21,432
	<u>798,245</u>	<u>687,339</u>	<u>1,485,584</u>
	<u>1,726,987</u>	<u>1,077,792</u>	<u>2,804,779</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 year were as follows:

	As at 31 October 2022	As at 31 October 2021
	%	%
Floating interest rate borrowings	4.83	4.21
Fixed interest rate borrowings	5.62	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 12 months ended 31 October 2022.

7. Group Borrowings and Debt Securities (continued)

The Group's gearing ratios are as follows:

	As at 31 October 2022	As at 31 October 2021
Gross Gearing	0.59	0.60
Net Gearing	0.31	0.44

8. Material Litigation

The Group was not engaged in any material litigation as at 9 December 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.

This matter has been discontinued on 23 November 2022 upon the satisfaction of the terms in the Consent Judgment for Suit No. WA-22NCC-181-04/2022 in item (c) below.

- (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 7 February 2023 with Trial fixed 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, which was paid on 1 November 2022.

As an investor then, HBSB was not involved in the management or day-to-day operations of MYSJ and based on current assessment, the Suit No. WA-22NCC-159-04/2022 in (b) above is 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 third interim dividend in respect of the financial year ended 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 : 19 January 2023
- (iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 4 January 2023.

(b) Total dividend for the current financial year: 5 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		12 MONTHS ENDED	
	31/10/2022	31/10/2021	31/10/2022	31/10/2021
Profit for the period/year attributable to owners of the Company (RM'000)	<u>1,779</u>	<u>42,838</u>	<u>157,209</u>	<u>182,740</u>
Weighted average number of ordinary shares ('000)	<u>2,944,369</u>	<u>2,944,369</u>	<u>2,944,369</u>	<u>2,944,369</u>
Basic Earnings Per Ordinary Share (sen)	<u>0.06</u>	<u>1.45</u>	<u>5.34</u>	<u>6.21</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		12 MONTHS ENDED	
	31/10/2022	31/10/2021	31/10/2022	31/10/2021
Profit for the period/year attributable to owners of the Company (RM'000)	<u>1,779</u>	<u>42,838</u>	<u>157,209</u>	<u>182,740</u>
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)	<u># @</u>	<u>#</u>	<u># @</u>	<u>#</u>
Weighted average number of ordinary shares ('000)	<u>2,944,369</u>	<u>2,944,369</u>	<u>2,944,369</u>	<u>2,944,369</u>
Diluted Earnings Per Ordinary Share (sen) *	<u>0.06</u>	<u>1.45</u>	<u>5.34</u>	<u>6.21</u>

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

	12 MONTHS ENDED
	31/10/2022
	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")	188,700
- Eco Horizon	54,600
	=====
	As at 31/10/2022
	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	438,706
- Eco Horizon	328,697
	=====

There has been no material impact on the earnings and net tangible assets of the Group for the 12 months ended 31 October 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 31/10/2022 RM'000	12 MONTHS ENDED 31/10/2022 RM'000
Interest income	18,451	55,151
Other income including investment income	4,415	19,030
Interest expense	(21,345)	(96,873)
Depreciation and amortisation	(5,392)	(21,591)
Net allowance for impairment of receivables	(516)	(1,564)
Reversal of write down of inventories	673	4,847
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Net reversal for impairment of right-of-use assets	133	2,556
Impairment loss on investment in a joint venture	(81,000)	(81,000)
Foreign exchange gain or (loss)	397	899
Gain or loss on derivatives	-	-
Exceptional items	-	-
	<u> </u>	<u> </u>

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