

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

Interim Financial Report
30 April 2023

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Interim Financial Report - 30 April 2023

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

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 APRIL 2023

(The figures have not been audited)

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 APRIL 2023	30 APRIL 2022	30 APRIL 2023	30 APRIL 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	420,822	506,894	905,556	1,040,317
Cost of sales	(313,217)	(389,988)	(671,619)	(809,024)
Gross profit	107,605	116,906	233,937	231,293
Other income	22,507	19,140	44,146	33,224
Selling and marketing expenses	(8,149)	(8,505)	(14,452)	(16,964)
Administrative expenses	(35,809)	(34,990)	(78,898)	(76,923)
Finance costs	(28,778)	(26,179)	(59,086)	(50,439)
Share of results in joint ventures, net of tax	24,327	754	42,484	28,033
Share of results in associates, net of tax	(2,882)	(2,974)	(9,509)	(4,795)
Profit before tax	78,821	64,152	158,622	143,429
Income tax expense	(16,128)	(18,478)	(38,929)	(34,391)
Profit net of tax	62,693	45,674	119,693	109,038
Other comprehensive (loss)/income, net of tax				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	(347)	(191)	18	(223)
Share of other comprehensive income/(loss) of a joint venture	25,335	(20,154)	7,020	(35,663)
Total comprehensive income for the period	87,681	25,329	126,731	73,152
Profit net of tax attributable to:				
Owners of the Company	62,693	45,674	119,693	109,038
Non-controlling interests	-	-	-	-
	62,693	45,674	119,693	109,038
Total comprehensive income attributable to:				
Owners of the Company	87,681	25,329	126,731	73,152
Non-controlling interests	-	-	-	-
	87,681	25,329	126,731	73,152
Earnings per share attributable to owners of the Company:				
Basic earnings per share (sen)	2.13	1.55	4.07	3.70
Diluted earnings per share (sen) *	2.13	1.55	4.07	3.70

* Anti-dilutive

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 October 2022 and the accompanying explanatory notes.)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2023

	As At 30 APRIL 2023 RM'000 UNAUDITED	As At 31 OCTOBER 2022 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, plant and equipment	142,949	149,986
Investment property	20,299	19,973
Inventories - land held for property development	3,248,671	3,789,092
Investment in associates	60,765	67,448
Investment in joint ventures	1,323,575	1,292,396
Trade receivables	46,389	61,665
Lease receivables	1,027	1,710
Amount due from joint ventures	1,040,720	982,167
Deferred tax assets	96,302	102,911
Deposits	20,000	20,000
	6,000,697	6,487,348
Current assets		
Inventories - property under development	1,050,962	596,879
Inventories - completed properties	275,245	360,760
Contract assets	149,384	97,391
Current tax assets	96,556	81,087
Trade and other receivables	586,919	458,973
Lease receivables	1,352	1,326
Short-term funds	456,029	-
Deposits	168,665	229,727
Cash and bank balances	418,759	1,086,235
	3,203,871	2,912,378
TOTAL ASSETS	9,204,568	9,399,726
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	3,614,868	3,614,868
Foreign currency translation reserve	6,986	10
Cash flow hedge reserve	(163)	(225)
Retained earnings	1,184,624	1,123,818
Total equity	4,806,315	4,738,471
Non-current liabilities		
Loans and borrowings	1,681,631	1,726,987
Lease liabilities	6,775	7,151
Other payables	199,822	289,674
Deferred tax liabilities	105,432	81,284
	1,993,660	2,105,096
Current liabilities		
Trade and other payables	790,001	893,741
Contract liabilities	733,658	579,421
Bank overdrafts	22,464	21,432
Loans and borrowings	849,854	1,056,312
Lease liabilities	4,284	3,879
Current tax liabilities	4,332	1,374
	2,404,593	2,556,159
Total liabilities	4,398,253	4,661,255
TOTAL EQUITY AND LIABILITIES	9,204,568	9,399,726
Net Assets Per Share Attributable to Owners of the Company (RM)	1.63	1.61

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 October 2022 and the accompanying explanatory notes.)

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 APRIL 2023
(The figures have not been audited)

	Share capital RM'000	Warrant 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 2022	3,614,868	-	10	(225)	1,123,818	4,738,471
Profit for the period	-	-	-	-	119,693	119,693
Other comprehensive income	-	-	6,976	62	-	7,038
Transaction with owners:						
- Dividend paid	-	-	-	-	(58,887)	(58,887)
At 30 April 2023	3,614,868	-	6,986	(163)	1,184,624	4,806,315
At 1 November 2021	3,614,865	194,395	36,966	(355)	919,433	4,765,304
Profit for the period	-	-	-	-	109,038	109,038
Other comprehensive (loss)/income	-	-	(35,921)	35	-	(35,886)
Transactions with owners:						
- Conversion of Warrants 2015/2022	3	(1)	-	-	-	2
- Transfer of warrant reserve to retained earnings upon expiry of Warrants 2015/2022	-	(194,394)	-	-	194,394	-
- Dividend paid	-	-	-	-	(58,887)	(58,887)
At 30 April 2022	3,614,868	-	1,045	(320)	1,163,978	4,779,571

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 October 2022 and the accompanying explanatory notes.)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 APRIL 2023

(The figures have not been audited)

	6 MONTHS ENDED	
	30 APRIL 2023	30 APRIL 2022 (RESTATED)
	RM'000	RM'000
Operating activities		
Profit before tax	158,622	143,429
Adjustments for :		
Non-cash items	(21,386)	(20,570)
Non-operating items	20,739	25,981
Operating cash flows before changes in working capital	157,975	148,840
Changes in inventories - property under development	152,865	197,778
Changes in inventories- completed properties	97,795	262,655
Changes in contract assets/contract liabilities	102,245	(121,365)
Changes in receivables	(100,433)	197,066
Changes in payables	(76,087)	(56,881)
Cash flows generated from operations	334,360	628,093
Interest received	4,541	1,044
Interest paid	(72,953)	(66,464)
Income taxes paid	(24,890)	(26,756)
Net cash flows generated from operating activities	241,058	535,917
Investing activities		
Additions to inventories - land held for property development	(176,930)	(61,200)
Purchase of property, plant and equipment and investment properties	(2,391)	(2,809)
Proceeds from disposal of property, plant and equipment	74	171
Subscription of shares in an associate	(2,826)	-
Advances to joint ventures	(36,000)	(25,000)
Repayment of interest by a joint venture	10,687	10,687
Placement of deposit pledged and/or with maturity of more than 3 months and short-term funds	(406,121)	(202,876)
Dividend received from a joint venture	2,000	-
Interest received from deposits	9,331	3,269
Net cash flows used in investing activities	(602,176)	(277,758)
Financing activities		
Proceeds from conversion of warrants	-	2
Drawdown of borrowings	197,345	179,605
Repayment of borrowings and lease liabilities	(453,124)	(457,828)
Interest paid	(3,880)	(7,344)
Dividend paid on ordinary shares	(58,887)	(58,887)
Net cash flows used in financing activities	(318,546)	(344,452)
Net decrease in cash and cash equivalents	(679,664)	(86,293)
Effect of exchange rate changes	2	29
Cash and cash equivalents at 1 November 2022 / 2021	1,235,035	754,307
Cash and cash equivalents at 30 April 2023 / 2022	555,373	668,043
Cash and cash equivalents comprise the following:		
Deposits	188,665	538,673
Cash and bank balances	418,759	365,747
Bank overdrafts	(22,464)	(27,103)
	584,960	877,317
Less: Deposits pledged and/or with maturity of more than 3 months	(29,587)	(209,274)
	555,373	668,043

(The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the year ended 31 October 2022 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 Main Market 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 2022.

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 2022 except for the adoption of the following amendments/improvements to MFRSs which are relevant and mandatory for the current financial year:-

Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141	Annual Improvements to MFRSs 2018-2020
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 116	Property, Plant and Equipment
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above amendments/improvements to MFRSs does not have any material financial impact to the Group.

Adoption of IFRS Interpretations Committee (“IFRIC”) Agenda Decision on IAS 7 Statement of Cash Flows (“Agenda Decision”)

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 if it meets the definition of cash in IAS 7.

Prior to financial year 2022, 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 in October 2022, 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 6 months ended 30 April 2022			
Net cash flows used in investing activities	(254,107)	(23,651)	(277,758)
Cash and cash equivalents at 1 November 2021	514,492	239,815	754,307
Cash and cash equivalents at 30 April 2022	451,879	216,164	668,043

1. **Basis of Preparation (Continued)**

The adoption of the Agenda Decision did not have any financial impact on the consolidated statement of financial position as at 30 April 2022 and consolidated statement of comprehensive income for the financial period then ended.

2. **Seasonal or Cyclical Factors**

The business operations of the Group during the 6 months ended 30 April 2023 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 6 months ended 30 April 2023.

4. **Changes in Estimates**

There were no material changes in estimates for the 6 months ended 30 April 2023.

5. **Debts and Equity Securities**

There were no issuance or repayment of debt or equity securities, share buy-backs, share cancellations, shares held as treasury shares or resale of treasury shares during the 6 months ended 30 April 2023 except for the redemption of the unrated Medium Term Notes of RM50 million in nominal value by Eco Botanic Sdn. Bhd., a wholly-owned subsidiary of the Company, on 22 March 2023.

6. **Dividend Paid**

On 19 January 2023, the Company paid a third 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.

7. **Segmental Reporting**

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

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

There were no significant events after 30 April 2023 till 15 June 2023 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report).

9. **Changes in the Composition of the Group**

There were no changes in the composition of the Group during the 6 months ended 30 April 2023.

10. Contingent Liabilities

There were no contingent liabilities that has arisen since the end of the financial quarter up till 15 June 2023 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report).

11. Fair Value of Financial Instruments

- (a) There were no derivative financial instruments as at 30 April 2023.
- (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	6 MONTHS ENDED	
	30/04/2023	30/04/2022
	RM'000	RM'000
Klang Valley	399,671	456,170
Iskandar Malaysia	497,606	561,336
Penang	8,279	22,811
	<u>905,556</u>	<u>1,040,317</u>

13. Commitments

	As at
	30/04/2023
	RM'000
Approved and contracted for:-	
Commitment to subscribe for additional shares in an associate	449
Commitment to acquire property, plant and equipment	2,346
Commitment to fund development costs of joint ventures	<u>125,000</u>

14. Significant Related Party Transactions

	6 MONTHS ENDED 30/04/2023 RM'000
(i) Transactions with directors of the Company and of its subsidiary companies	
- Legal fees paid and payable to a firm, in which an immediate family member of a director has interest	38
- Legal fees paid and payable to a firm, in which a director has interest	80
- Stay2Own rental received	19
	<hr/> <hr/>
(ii) Transactions with joint ventures	
- Advances given	36,000
- Interest received and receivable	33,240
- Development management fees received and receivable	29,230
- Other resources fees received and receivable	9,557
- Brand licensing fees received and receivable	3,295
- Commission received and receivable	124
- Rental received and receivable	90
- Advisory fees received and receivable	114
- Support service fees received and receivable	134
- Commitment fees received and receivable	223
- Secondment fees received and receivable	1,612
- Undertaking fees received and receivable	25
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(iii) Transactions with associates	
- Support service fees received and receivable	508
- Undertaking fees received and receivable	58
- Administration services fees paid and payable	49
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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

1. Review of Group Performance

	3 MONTHS ENDED			6 MONTHS ENDED		
	30/04/2023 RM'000	30/04/2022 RM'000	Changes RM'000	30/04/2023 RM'000	30/04/2022 RM'000	Changes RM'000
Revenue	420,822	506,894	(86,072)	905,556	1,040,317	(134,761)
Gross profit	107,605	116,906	(9,301)	233,937	231,293	2,644
Share of results of joint ventures						
- Malaysia	24,050	16,315	7,735	47,428	45,154	2,274
- International	277	(15,561)	15,838	(4,944)	(17,121)	12,177
	24,327	754	23,573	42,484	28,033	14,451
Profit before interest and tax	107,599	90,331	17,268	217,708	193,868	23,840
Profit before tax (PBT)	78,821	64,152	14,669	158,622	143,429	15,193
Profit after tax (Malaysian operations)	62,416	61,235	1,181	124,637	126,159	(1,522)
Profit after tax (PAT)	62,693	45,674	17,019	119,693	109,038	10,655
Profit attributable to owners of the Company	62,693	45,674	17,019	119,693	109,038	10,655

(a) 2Q 2023 vs 2Q 2022

The main projects which contributed to revenue and gross profit in 2Q 2023 were *Eco Majestic*, *Eco Forest* and *Eco Sanctuary* in the Klang Valley, *Eco Botanic*, *Eco Botanic 2*, *Eco Spring*, *Eco Business Park I*, *Eco Business Park II*, *Eco Tropics* and *Eco Business Park III* in Iskandar Malaysia and *Eco Terraces* in Penang.

Revenue and gross profit in 2Q 2023 were lower than 2Q 2022 by 17.0% and 8.0%, respectively, however, gross profit margin improved to 25.6% in 2Q 2023 from 23.1% in 2Q 2022.

The lower revenue and gross profit were mainly due to lower contributions in 2Q 2023 from several parcels which were substantially completed in FY2022. Meanwhile, gross profit margin improved arising from cost savings realised upon finalisation of accounts of certain completed phases in 2Q 2023.

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 2Q 2023 were 47.4% higher than in 2Q 2022. This was mainly due to:

- higher contributions from active phases as well as newly launched phases; and
- recognition of profits by *Eco Business Park V* upon vacant possession of several parcels.

Collectively the Malaysian joint ventures recorded a total of RM376.8 million in revenue in 2Q 2023 of which the Group's effective share, based on its equity stakes in the respective joint ventures, amounted to RM206.5 million.

The higher profits contributed by the Malaysian joint ventures enabled the Group's Malaysian operations to record a PAT of RM62.4 million in 2Q 2023, which was 1.9% higher than the RM61.2 million recorded in 2Q 2022.

1. Review of Group Performance (Continued)

(a) 2Q 2023 vs 2Q 2022 (Continued)

EcoWorld International Berhad (*EWI*) contributed a profit in 2Q 2023 as compared to a loss in 2Q 2022 which was mainly due to the impairment loss on investment in the EcoWorld Ballymore joint venture. The current quarter result is attributable to:

- i) higher foreign exchange gain on translation of foreign currency bank balances denominated in British Pound (“GBP”), as GBP strengthened against Ringgit Malaysia (“RM”);
- ii) higher interest income from unit trust and fixed deposit following capital contribution repayments from EWI’s UK joint venture companies; and
- iii) lower finance costs as a result of progressive repayment of loans.

As a result of the above and after taking into account the share of EWI’s results, the Group achieved RM62.7 million PAT for 2Q 2023 which is 37.3% higher than 2Q 2022.

(b) 2Q YTD 2023 vs 2Q YTD 2022

Revenue in 2Q YTD 2023 was lower than 2Q YTD 2022 by 13.0%. This was mainly due to lower contributions from several parcels which were substantially completed in FY2022. However, gross profit in 2Q YTD 2023 was slightly higher than 2Q YTD 2022 by 1.1% and gross profit margin improved from 22.2% in 2Q YTD 2022 to 25.8% in 2Q YTD 2023, as a result of realisation of cost savings upon finalisation of accounts on completed phases during the current financial period.

EWI recorded a lower loss in 2Q YTD 2023 by 71.1%, as compared to 2Q YTD 2022. The reduction in the loss was mainly due to the factors mentioned above and lower administrative expense.

The Group’s Malaysian operations recorded PAT of RM124.6 million as at 2Q YTD 2023. This was slightly lower than 2Q YTD 2022 by 1.2% mainly due to higher finance cost incurred in the current financial year following the issuance of the rated Sukuk Wakalah amounting to RM550 million in 4Q 2022.

After taking into consideration EWI’s results, the Group’s PAT for 2Q YTD 2023 is RM119.7 million, which is 9.8% higher than the PAT of RM109.0 million achieved in 2Q YTD 2022.

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

	3 MONTHS ENDED		
	30/04/2023 RM'000	31/01/2023 RM'000	Changes RM'000
Revenue	420,822	484,734	(63,912)
Gross profit	107,605	126,332	(18,727)
Share of results of joint ventures			
- Malaysia	24,050	23,378	672
- International	277	(5,221)	5,498
	24,327	18,157	6,170
Profit before interest and tax	107,599	110,109	(2,510)
Profit before tax (PBT)	78,821	79,801	(980)
Profit after tax (Malaysian operations)	62,416	62,221	195
Profit after tax (PAT)	62,693	57,000	5,693
Profit attributable to owners of the Company	62,693	57,000	5,693

The Group's revenue and gross profit in the current quarter were lower by 13.2% and 14.8%, respectively, as compared to the previous quarter. This was mainly due to higher realisation of cost savings on certain completed phases and higher recognition on sales of completed stock in 1Q 2023.

There were no material changes in the share of results of the Group's Malaysian joint ventures in 2Q 2023.

Share of losses in EWI was lower in 2Q 2023 mainly due to the appreciation of the GBP which resulted in a foreign exchange gain recognised as opposed to foreign exchange loss in the previous quarter. Accordingly, the Group recorded a higher PAT of RM62.7 million in 2Q 2023 as compared to RM57.0 million in 1Q 2023.

3. Prospects for the Current Financial Year

The status of the Group's development projects as at 31 May 2023 is as follows:

Location of projects	No. of launched projects ²	7 months ended 31.05.2023			Cumulative sales ^{1,2} RM'mil	As at
		Units launched ²	Units sold ^{1,2}	Sales value ² RM'mil		31.05.2023 Future revenue ³ RM'mil
Klang Valley	8	1,703	1,036	1,110	17,998	2,144
Iskandar Malaysia	8	1,497	998	1,123	10,450	1,826
Penang	3	184	176	166	2,207	265
Malaysia	19	3,384	2,210	2,399	30,655	4,235

Location of projects	Land Bank Acres ²	7 months ended 31.05.2023			Cumulative sales ^{1,2} RM'mil	As at
		Units sold ^{1,2}	Sales value ² RM'mil	31.05.2023 Future revenue ³ RM'mil		
United Kingdom	50.7	112	556	16,477	54	
Australia	2.4	25	63	1,594	5	
Overseas	53.1	137	619	18,071	59	

Total future revenue attributable to EcoWorld Malaysia	4,294
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3. Prospects for the Current Financial Year (Continued)

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 RM2.399 billion sales in seven months of FY2023 which represents 68.5% of the Group's FY2023 sales target and is above the RM2.170 billion recorded in the same period of FY2022.

A breakdown of sales by product category for the 7 months ended 31 May 2023 is set out below:

Product category	RM'mil	
Non-Residential		
- Business Parks	838	35%
- Commercial	341	14%
Residential		
- below RM650,000	164	7%
- above RM650,000	955	40%
Residential - Duduk		
- below RM650,000	101	4%
Total	2,399	100%

Demand for the products of the Group's Eco Business Parks (EBP) remain very strong. New launches of single storey semi-detached factories by **EBP I**, shop offices within **EBP III**, cluster factories and sales of industrial lands for built-to-suit factories at **EBP V** enabled 7-month year-to-date sales to reach RM838 million, which is 111.3% of FY2022 full year Business Parks sales of RM753 million.

Sales of the Group's commercial products also performed well. The newly launched 2-storey shop offices, **SilverSquare @ EcoMajestic**, saw good demand. Continuing sales of shops and shop-offices at **Eco Sanctuary** and **Hana Square @ Eco Ardence** in the Klang Valley, various retail, shop and office units at Iskandar Malaysia, namely **Eco Galleria @ Eco Botanic**, **Eco Boulevard 2 @ Eco Botanic 2**, **Eco Palladium @ Eco Spring** as well as **Eco Biz 3 @ Eco Tropics** contributed to the total of RM341 million achieved year-to-date. This represents 76.5% of FY2022 full year sales from the Commercial segment. Increasingly more investors and business owners are drawn to the Group's matured townships with its relatively affluent, diverse and fast growing population as well as vibrant commercial precincts.

Sales of residential homes have exceeded RM1.22 billion as at 31 May 2023 representing 51% of total year-to-date sales achieved. The largest contributors continue to be homes priced above RM650,000, testament to the sustained demand for the Group's higher-end products. Recent launches catering to this segment of the market include:

- **Klang Valley - Birchpark** terrace & garden homes at **Eco Forest** and single storey **Courtyard Homes** at **Eco Grandeur**;
- **Iskandar Malaysia – Harris, Escot, Harlow & Wynd** cluster homes at **Eco Botanic 2**, **Chara & Theia** terrace homes at **Eco Spring** and **Aria & Nora** garden & terrace homes at **Eco Tropics**; and
- **Penang** – new phase of **Beldon** Semi-Dees at **Eco Horizon**.

EcoWorld Malaysia remains committed to meet the needs of first-time homeowners and those seeking to own homes at more attainable price points. Accordingly, a new phase of **duduk** apartments, **Hana@EcoArdence** was launched in March 2023. Response has been very strong with 245 units taken up in less than 2 months. More launches of EcoWorld's **duduk** series are planned for the rest of 2023, offering well-designed homes situated within the Group's matured townships with comprehensive amenities to cater to the needs of every generation.

3. Prospects for the Current Financial Year (Continued)

As a result of the above, EcoWorld Malaysia's future revenue now stands at RM4.294 billion as at 31 May 2023.

The Group's land bank as at 31 May 2023 is as follows:-

Location of projects	No of projects	Land bank (acres)	
		Original land size	Undeveloped
Klang Valley	8	4,735.3	1,833.2
Iskandar Malaysia	8	3,119.1	999.6
Penang	4	463.9	223.6
The Group	20	8,318.3	3,056.4

Based on the Group's low gross and net gearing levels as at 30 April 2023 of 0.53 and 0.31, respectively, EcoWorld Malaysia is actively seeking to add to its landbank, whether via acquisition or joint venture, to enhance its future growth prospects.

EWI

EWI continued with its strategy of monetising its completed stocks with RM619 million sales achieved as at 31 May 2023. These sales have generated substantial cash. Since turning net cash positive in 4Q FY2022, EWI's total cash, deposits and other investments as at 30 April 2023 have further increased to RM922 million (excluding cash held at JV entities). This exceeds their remaining borrowings by RM652 million. Including their effective share of net cash balances at its JV entities, EWI's total net cash balance stands at RM727 million as at 30 Apr 2023.

EWI's shareholders have recently approved a Capital Reduction exercise that paves the way for the planned distribution of excess cash back to shareholders in the form of dividends, after setting aside sufficient sums for their operations and working capital. Accordingly, EWI is on track to be able to declare a first tranche dividend amounting to at least RM300 million in the near term while it continues to work towards achieving its RM900 million total distribution target set for 2023.

4. Variance of Actual Profit from Forecast Profit

There were no profit forecast published as at 30 April 2023.

5. Income Tax

Income Tax comprises:-

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2023	30/04/2022	30/04/2023	30/04/2022
	RM'000	RM'000	RM'000	RM'000
Current tax				
- for current quarter	5,263	16,479	15,326	33,662
- in respect of prior years	(2,951)	1,780	(2,948)	2,712
Deferred tax				
- for current quarter	11,558	3,038	23,236	2,737
- in respect of prior years	2,258	(2,819)	3,315	(4,720)
	<u>16,128</u>	<u>18,478</u>	<u>38,929</u>	<u>34,391</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 15 June 2023, the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report.

7. Group Borrowings and Debt Securities

Total group borrowings and debt securities as at 30 April 2023 and 31 October 2022 were as follows:-

	As at 30 April 2023		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Revolving credits	114,370	157,000	271,370
Term loans	327,096	51,201	378,297
Bridging loans	242,532	21,998	264,530
Medium term notes	19,999	-	19,999
Sukuk	179,127	-	179,127
Hire purchase (included in lease liabilities)	-	4	4
	<u>883,124</u>	<u>230,203</u>	<u>1,113,327</u>
Unsecured			
Revolving credits	-	619,655	619,655
Medium term notes	249,641	-	249,641
Sukuk	548,866	-	548,866
Overdraft	-	22,464	22,464
	<u>798,507</u>	<u>642,119</u>	<u>1,440,626</u>
	<u>1,681,631</u>	<u>872,322</u>	<u>2,553,953</u>
	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>

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

	As at 30 April 2023	As at 31 October 2022
	%	%
Floating interest rate borrowings	5.07	4.83
Fixed interest rate borrowings	5.77	5.62

7. Group Borrowings and Debt Securities (Continued)

There were no bank borrowings denominated in foreign currencies as at the reporting date.

The decrease in borrowings is mainly due to repayments during the 6 months ended 30 April 2023.

The Group's gearing ratios were as follows:

	As at 30 April 2023	As at 31 October 2022
Gross Gearing (times)	0.53	0.59
Net Gearing (times)	0.31	0.31

8. Material Litigation

The Group was not engaged in any material litigation as at 15 June 2023 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report), except as follows:

On 18 April 2022, Hasrat Budi Sdn. Bhd ("HBSB"), a wholly-owned subsidiary of the Company, filed a Writ of Summons in the Kuala Lumpur High Court vide Suit No. WA-22NCC-159-04/2022 against Revolusi Asia Sdn. Bhd., Entomo Malaysia Sdn. Bhd. and Raveenderen a/l Ramamoothie (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 19 June 2023 with Trial fixed on 23 to 26 October 2023 and 30 October 2023.

As an investor then, HBSB was not involved in the management or day-to-day operations of MYSJ Sdn. Bhd. and based on current assessment, the Suit No. WA-22NCC-159-04/2022 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 an interim dividend in respect of the financial year ending 31 October 2023:

- (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 : 20 July 2023
- (iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 10 July 2023.

(b) Total dividend for the current financial period: 2 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		6 MONTHS ENDED	
	30/04/2023	30/04/2022	30/04/2023	30/04/2022
Profit for the period attributable to owners of the Company (RM'000)	<u>62,693</u>	<u>45,674</u>	<u>119,693</u>	<u>109,038</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>2.13</u>	<u>1.55</u>	<u>4.07</u>	<u>3.70</u>

Diluted earnings per share has been calculated by dividing the Group's profit after tax attributable to owners of the Company by the weighted average number of shares that would have been in issue upon full exercise of the Warrants 2022/2029 ("Warrants"), adjusted for the number of such shares that would have been issued at fair value.

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

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2023	30/04/2022	30/04/2023	30/04/2022
Profit for the period attributable to owners of the Company (RM'000)	<u>62,693</u>	<u>45,674</u>	<u>119,693</u>	<u>109,038</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>2.13</u>	<u>1.55</u>	<u>4.07</u>	<u>3.70</u>

The calculation of diluted earnings per share does not assume the potential exercise of Warrants as the effect on earnings per share is anti-dilutive

* Anti-dilutive

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

On 13 April 2022, the Company issued Warrants 2022/2029 at an exercise price of RM1.16 per share.

11. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the financial year ended 31 October 2022 were unqualified.

12. Provision of Financial Assistance

	6 MONTHS ENDED
	30/04/2023
	RM'000
i) Guarantees given by the Company to secure the bank borrowings of:	
- Paragon Pinnacle Sdn. Bhd. ("Paragon Pinnacle")	20,800
- Eco Horizon Sdn. Bhd. ("Eco Horizon")	20,000
	=====
	As at 30/04/2023
	RM'000
ii) Guarantees given by the Company to secure the repayment by the following joint venture companies of all sums of monies due, owing, unpaid or outstanding to Tanjung Wibawa Sdn. Bhd.:	
- Paragon Pinnacle	438,423
- Eco Horizon	328,487
	=====

There has been no material impact on the earnings and net tangible assets of the Group for the 6 months ended 30 April 2023 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	6 MONTHS
	ENDED	ENDED
	30/04/2023	30/04/2023
	RM'000	RM'000
Interest income	18,570	36,924
Other income including investment income	3,440	6,725
Interest expense	(28,778)	(59,086)
Depreciation and amortisation	(5,375)	(10,930)
Net allowance for impairment of receivables	(194)	272
Reversal of write down of inventories	267	614
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Net reversal for impairment of right-of-use assets	-	-
Foreign exchange gain or (loss)	455	(44)
Gain or loss on derivatives	-	-
Exceptional items	-	-
	=====	=====

By order of the Board
Chua Siew Chuan
Company Secretary
22 June 2023