

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

Interim Financial Report
31 July 2023

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(Incorporated in Malaysia)

Interim Financial Report - 31 July 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 31 JULY 2023

(The figures have not been audited)

	3 MONTHS ENDED		9 MONTHS ENDED	
	31 JULY 2023	31 JULY 2022	31 JULY 2023	31 JULY 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	476,850	443,971	1,382,406	1,484,288
Cost of sales	(347,288)	(339,642)	(1,018,907)	(1,148,666)
Gross profit	129,562	104,329	363,499	335,622
Other income	24,303	18,091	68,449	51,315
Selling and marketing expenses	(8,982)	(7,180)	(23,434)	(24,144)
Administrative expenses	(42,311)	(43,320)	(121,209)	(120,243)
Finance costs	(30,351)	(25,089)	(89,437)	(75,528)
Share of results in joint ventures, net of tax	22,145	15,200	64,629	43,233
Share of results in associates, net of tax	(3,022)	(2,729)	(12,531)	(7,524)
Profit before tax	91,344	59,302	249,966	202,731
Income tax expense	(25,007)	(12,910)	(63,936)	(47,301)
Profit net of tax	66,337	46,392	186,030	155,430
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	(181)	(248)	(163)	(471)
Share of other comprehensive income/(loss) of a joint venture	18,202	(4,226)	25,222	(39,889)
Total comprehensive income for the period	84,358	41,918	211,089	115,070
Profit net of tax attributable to:				
Owners of the Company	66,337	46,392	186,030	155,430
Non-controlling interests	-	-	-	-
	66,337	46,392	186,030	155,430
Total comprehensive income attributable to:				
Owners of the Company	84,358	41,918	211,089	115,070
Non-controlling interests	-	-	-	-
	84,358	41,918	211,089	115,070
Earnings per share attributable to owners of the Company:				
Basic earnings per share (sen)	2.25	1.58	6.32	5.28
Diluted earnings per share (sen) *	2.25	1.58	6.32	5.28

* Anti-dilutive

(The Condensed Consolidated Statement of Comprehensive Income 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 31 JULY 2023

	As At 31 JULY 2023 RM'000 UNAUDITED	As At 31 OCTOBER 2022 RM'000 AUDITED
ASSETS		
Non-current assets		
Property, plant and equipment	149,821	149,986
Investment property	20,379	19,973
Inventories - land held for property development	3,291,771	3,789,092
Investment in associates	58,671	67,448
Investment in joint ventures	1,335,409	1,292,396
Trade receivables	39,066	61,665
Lease receivables	731	1,710
Amount due from joint ventures	1,063,248	982,167
Deferred tax assets	93,283	102,911
Deposits	20,000	20,000
	<u>6,072,379</u>	<u>6,487,348</u>
Current assets		
Inventories - property under development	1,020,921	596,879
Inventories - completed properties	247,104	360,760
Contract assets	194,465	97,391
Current tax assets	84,120	81,087
Trade and other receivables	624,820	458,973
Lease receivables	1,316	1,326
Short-term funds	311,035	-
Deposits	217,540	229,727
Cash and bank balances	427,782	1,086,235
	<u>3,129,103</u>	<u>2,912,378</u>
TOTAL ASSETS	<u>9,201,482</u>	<u>9,399,726</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	3,614,868	3,614,868
Foreign currency translation reserve	24,844	10
Cash flow hedge reserve	-	(225)
Retained earnings	1,192,073	1,123,818
Total equity	<u>4,831,785</u>	<u>4,738,471</u>
Non-current liabilities		
Loans and borrowings	1,641,036	1,726,987
Lease liabilities	4,652	7,151
Other payables	152,460	289,674
Deferred tax liabilities	105,731	81,284
	<u>1,903,879</u>	<u>2,105,096</u>
Current liabilities		
Trade and other payables	832,441	893,741
Contract liabilities	809,145	579,421
Bank overdrafts	19,988	21,432
Loans and borrowings	794,426	1,056,312
Lease liabilities	4,325	3,879
Current tax liabilities	5,493	1,374
	<u>2,465,818</u>	<u>2,556,159</u>
Total liabilities	<u>4,369,697</u>	<u>4,661,255</u>
TOTAL EQUITY AND LIABILITIES	<u>9,201,482</u>	<u>9,399,726</u>
Net Assets Per Share Attributable to Owners of the Company (RM)	<u><u>1.64</u></u>	<u><u>1.61</u></u>

(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 31 JULY 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	-	-	-	-	186,030	186,030
Other comprehensive income	-	-	24,834	225	-	25,059
Transaction with owners:						
- Dividends paid	-	-	-	-	(117,775)	(117,775)
At 31 July 2023	3,614,868	-	24,844	-	1,192,073	4,831,785
At 1 November 2021	3,614,865	194,395	36,966	(355)	919,433	4,765,304
Profit for the period	-	-	-	-	155,430	155,430
Other comprehensive (loss)/income	-	-	(40,394)	34	-	(40,360)
Transactions with owners:						
- Conversion of Warrants 2015/2022	3	(1)	-	-	-	2
- Transfer of warrant reserve to retained earnings upon expiry of Warrants 2015/2022	-	(194,394)	-	-	194,394	-
- Dividends paid	-	-	-	-	(117,775)	(117,775)
At 31 July 2022	3,614,868	-	(3,428)	(321)	1,151,482	4,762,601

(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.)

ECO WORLD DEVELOPMENT GROUP BERHAD

(Company No: 197401000725 (17777 – V))

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 JULY 2023

(The figures have not been audited)

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	9 MONTHS ENDED	
	31 JULY 2023	31 JULY 2022 (RESTATED)
	RM'000	RM'000
Operating activities		
Profit before tax	249,966	202,731
Adjustments for :		
Non-cash items	(34,918)	(27,317)
Non-operating items	31,530	37,472
Operating cash flows before changes in working capital	246,578	212,886
Changes in inventories - property under development	235,687	321,731
Changes in inventories- completed properties	126,526	333,200
Changes in contract assets/contract liabilities	132,650	(118,681)
Changes in receivables	(124,235)	159,987
Changes in payables	(70,938)	(122,706)
Cash flows generated from operations	546,268	786,417
Interest received	6,409	1,833
Interest paid	(94,862)	(85,123)
Income taxes paid	(34,111)	(45,429)
Net cash flows generated from operating activities	423,704	657,698
Investing activities		
Additions to inventories - land held for property development	(296,262)	(89,286)
Purchase of property, plant and equipment and investment properties	(16,293)	(3,151)
Proceeds from disposal of property, plant and equipment	426	215
Subscription of shares in an associate	(3,754)	-
Net advances to joint ventures	(68,000)	(37,000)
Repayment of interest by joint ventures	38,200	21,200
Placement of deposit pledged and/or with maturity of more than 3 months and short-term funds	(264,933)	(335,665)
Dividend received from a joint venture	27,000	-
Interest received from deposits	13,450	4,743
Net cash flows used in investing activities	(570,166)	(438,944)
Financing activities		
Proceeds from conversion of warrants	-	2
Drawdown of borrowings	219,224	355,074
Repayment of borrowings and lease liabilities	(573,046)	(612,493)
Interest paid	(5,047)	(10,027)
Dividends paid on ordinary shares	(117,775)	(117,775)
Net cash flows used in financing activities	(476,644)	(385,219)
Net decrease in cash and cash equivalents	(623,106)	(166,465)
Effect of exchange rate changes	12	53
Cash and cash equivalents at 1 November 2022 / 2021	1,235,035	754,307
Cash and cash equivalents at 31 July 2023 / 2022	611,941	587,895
Cash and cash equivalents comprise the following:		
Deposits	237,540	615,118
Cash and bank balances	427,782	339,187
Bank overdrafts	(19,988)	(24,347)
	645,334	929,958
Less: Deposits pledged and/or with maturity of more than 3 months	(33,393)	(342,063)
	611,941	587,895

(The Condensed Consolidated Statement of Cash Flows 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			
9 months ended 31 July 2022			
Net cash flows used in investing activities	(377,268)	(61,676)	(438,944)
Cash and cash equivalents at 1 November 2021	514,492	239,815	754,307
Cash and cash equivalents at 31 July 2022	409,756	178,139	587,895

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 31 July 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 9 months ended 31 July 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 9 months ended 31 July 2023.

4. Changes in Estimates

There were no material changes in estimates for the 9 months ended 31 July 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 9 months ended 31 July 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. Dividends Paid

On 19 January 2023, the Company paid a third interim dividend of 2 sen per ordinary share amounting to RM58,887,388 in respect of the financial year ended 31 October 2022.

On 20 July 2023, the Company paid a first interim dividend of 2 sen per ordinary share amounting to RM58,887,388 in respect of the financial year ending 31 October 2023.

7. Segmental Reporting

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

8. Events after the End of the Interim Financial Period

There were no significant events after 31 July 2023 till 14 September 2023 (the latest practicable date which is not earlier than 7 days from the date of issue of this interim financial report), except as disclosed below in Note 6 on page 14 and the 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 10 August 2023.

9. Changes in the Composition of the Group

There were no changes in the composition of the Group during the 9 months ended 31 July 2023.

10. Contingent Liabilities

There were no contingent liabilities that has arisen since the end of the financial quarter up till 14 September 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 31 July 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:-

	9 MONTHS ENDED	
	31/07/2023	31/07/2022
Location	RM'000	RM'000
Klang Valley	564,590	681,156
Iskandar Malaysia	805,404	770,319
Penang	12,412	32,813
	<u>1,382,406</u>	<u>1,484,288</u>

13. Commitments

	As at
	31/07/2023
	RM'000
Approved and contracted for:-	
Commitment to subscribe for additional shares in an associate	11,161
Commitment to acquire property, plant and equipment	5,497
Commitment to fund development costs of joint ventures	<u>125,000</u>

14. Significant Related Party Transactions

	9 MONTHS ENDED 31/07/2023 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	50
- Legal fees paid and payable to a firm, in which a director has interest	80
- Stay2Own rental received	28
	<hr/>
(ii) Transactions with joint ventures	
- Net advances given	68,000
- Interest received and receivable	51,281
- Development management fees received and receivable	48,777
- Other resources fees received and receivable	13,991
- Brand licensing fees received and receivable	5,016
- Commission received and receivable	125
- Rental received and receivable	135
- Advisory fees received and receivable	114
- Support service fees received and receivable	201
- Commitment fees received and receivable	337
- Secondment fees received and receivable	2,271
- Undertaking fees received and receivable	25
- Purchase of a development property	12,137
	<hr/>
(iii) Transactions with associates	
- Support service fees received and receivable	774
- Undertaking fees received and receivable	58
- Administration services fees paid and payable	94
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**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

1. Review of Group Performance

	3 MONTHS ENDED			9 MONTHS ENDED		
	31/07/2023 RM'000	31/07/2022 RM'000	Changes RM'000	31/07/2023 RM'000	31/07/2022 RM'000	Changes RM'000
Revenue	476,850	443,971	32,879	1,382,406	1,484,288	(101,882)
Gross profit	129,562	104,329	25,233	363,499	335,622	27,877
Share of results of joint ventures						
- Malaysia	23,044	27,234	(4,190)	70,472	72,388	(1,916)
- International	(899)	(12,034)	11,135	(5,843)	(29,155)	23,312
	22,145	15,200	6,945	64,629	43,233	21,396
Profit before interest and tax	121,695	84,391	37,304	339,403	278,259	61,144
Profit before tax (PBT)	91,344	59,302	32,042	249,966	202,731	47,235
Profit after tax (Malaysian operations)	67,236	58,426	8,810	191,873	184,585	7,288
Profit after tax (PAT)	66,337	46,392	19,945	186,030	155,430	30,600
Profit attributable to owners of the Company	66,337	46,392	19,945	186,030	155,430	30,600

(a) 3Q 2023 vs 3Q 2022

The main projects which contributed to revenue and gross profit in 3Q 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 in 3Q 2023 was higher than 3Q 2022 by 7.4%, whilst gross profit was higher by 24.2%. Gross profit margin also improved to 27.2% in 3Q 2023 from 23.5% in 3Q 2022.

The higher revenue was mainly due to improved site progress activities. Meanwhile, gross profit and gross profit margin improved due to improved product pricing, site progress achieved and cost savings realised upon finalisation of accounts of certain completed phases in 3Q 2023.

The Group's share of results of its Malaysian joint ventures came from *Eco Grandeur*, *Eco Business Park V*, *Eco Ardence*, *Bukit Bintang City Centre (BBCC)* and *Eco Horizon*. Total contributions in 3Q 2023 were 15.4% lower than in 3Q 2022. This was mainly due to substantial completion of several phases at *Eco Horizon* and *BBCC* in FY2022 resulting in lower contributions to results in 3Q 2023.

Collectively the Malaysian joint ventures recorded a total of RM399.0 million in revenue in 3Q 2023 of which the Group's effective share, based on its equity stakes in the respective joint ventures, amounted to RM226.3 million.

Despite lower contributions from the Malaysian joint ventures, total PAT from the Group's Malaysian operations amounted to RM67.2 million in 3Q 2023, which is 15.1% higher than the RM58.4 million recorded in 3Q 2022.

EcoWorld International Berhad (*EWI*) recorded a lower loss in 3Q 2023 as compared to 3Q 2022 mainly due to:

- i) foreign exchange gain arising from repayment of shareholder's advances from its joint venture in London and conversion of bank balances denominated in British Pound ("GBP") upon strengthening of GBP against Ringgit Malaysia ("RM"), as opposed to foreign exchange loss recorded in 3Q 2022;

1. Review of Group Performance (Continued)

(a) 3Q 2023 vs 3Q 2022 (Continued)

- ii) lower finance costs as a result of full settlement of all borrowings during the current quarter;
- iii) lower share of losses in the EcoWorld London joint venture in London; and
- iv) higher interest income from funds placed in unit trusts and fixed deposits following repayment of shareholder's advances from its joint ventures in London.

As a result of the above and after taking into account the share of EWI's results, the Group achieved RM66.3 million PAT for 3Q 2023, which is 43.0% higher than 3Q 2022.

(b) 3Q YTD 2023 vs 3Q YTD 2022

Revenue in 3Q YTD 2023 was lower than 3Q YTD 2022 by 6.9%. This was mainly due to lower contributions from several parcels which were substantially completed in FY2022. However, gross profit in 3Q YTD 2023 was higher than 3Q YTD 2022 by 8.3% and gross profit margin improved from 22.6% in 3Q YTD 2022 to 26.3% in 2Q YTD 2023, as a result of better site progress in active and on-going phases as well as realisation of cost savings upon finalisation of accounts on completed phases during the current financial period.

EWI recorded an 80% lower loss in 3Q YTD 2023 as compared to 3Q YTD 2022. The reduction in the loss was mainly due to the factors mentioned above as well as the recognition of impairment loss of its investment in the EcoWorld Ballymore joint venture in London having been made in the previous corresponding financial period.

The Group's Malaysian operations recorded PAT of RM191.9 million as at 3Q YTD 2023, which is higher than 3Q YTD 2022 by 3.9% mainly due to higher gross profit achieved and higher interest income earned.

After taking into consideration EWI's results, the Group's PAT for 3Q YTD 2023 is RM186.0 million, which is 19.7% higher than the PAT of RM155.4 million achieved in 3Q YTD 2022.

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

	3 MONTHS ENDED		
	31/07/2023	30/04/2023	Changes
	RM'000	RM'000	RM'000
Revenue	476,850	420,822	56,028
Gross profit	129,562	107,605	21,957
Share of results of joint ventures			
- Malaysia	23,044	24,050	(1,006)
- International	(899)	277	(1,176)
	22,145	24,327	(2,182)
Profit before interest and tax	121,695	107,599	14,096
Profit before tax (PBT)	91,344	78,821	12,523
Profit after tax (Malaysian operations)	67,236	62,416	4,820
Profit after tax (PAT)	66,337	62,693	3,644
Profit attributable to owners of the Company	66,337	62,693	3,644

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

The Group's revenue and gross profit in the current quarter were higher by 13.3% and 20.4%, respectively, as compared to the previous quarter. This was mainly due to better site progress on active and on-going phases.

The share of results of the Group's Malaysian joint ventures in the current quarter was lower by 4.2% as compared to the previous quarter, mainly due to higher realisation of cost savings on certain completed phases in the previous quarter.

EWI recorded a loss in the current quarter as compared to a profit in previous quarter. This was mainly due to lower foreign exchange gains recognised in the current quarter as a result of lower bank balances denominated in GBP at the end of the current quarter.

Overall, the Group recorded a higher PAT of RM66.3 million in 3Q 2023 as compared to RM62.7 million in 2Q 2023.

3. Prospects for the Current Financial Year

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

Location of projects	No. of launched projects ²	10 months ended 31.08.2023			Cumulative sales ^{1,2} RM'mil	As at
		Units launched ²	Units sold ^{1,2}	Sales value ² RM'mil		31.08.2023 Future revenue ³ RM'mil
Klang Valley	8	1,839	1,326	1,442	18,330	2,076
Iskandar Malaysia	8	1,745	1,338	1,430	10,757	1,828
Penang	3	184	194	190	2,231	235
Malaysia	19	3,768	2,858	3,062	31,318	4,139

Location of projects	Land Bank Acres ²	10 months ended 31.08.2023			Cumulative sales ^{1,2} RM'mil	As at
		Units sold ^{1,2}	Sales value ² RM'mil	31.08.2023 Future revenue ³ RM'mil		
United Kingdom	50.7	173	915	17,285	73	
Australia	2.4	35	88	1,622	3	
Overseas	53.1	208	1,003	18,907	76	

Total future revenue attributable to EcoWorld Malaysia

4,215

¹ Includes sales of units from prior year launches

² Includes projects and sales of joint ventures

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

3. Prospects for the Current Financial Year (Continued)

EcoWorld Malaysia recorded RM3.06 billion sales in 10 months, representing 87.4% of its FY2023 sales target. A breakdown of sales by product category up to 31 August 2023 is set out below:

Product category	RM'mil	
<i>Non-Residential</i>		
- Business Parks	997	33%
- Commercial	432	14%
<i>Residential</i>		
- below RM650,000	221	7%
- above RM650,000	1,291	42%
<i>Residential - Duduk</i>		
- below RM650,000	121	4%
Total	3,062	100%

The Group's Eco Business Parks (EBPs) continued to see strong demand, with RM997 million sales achieved in 10 months, representing 132.4% of FY2022 full year industrial sales. The record-breaking sales by the EBPs contributed almost one-third of total Group sales achieved to-date.

Riding on the robust demand for the Group's industrial products, the proposed acquisition of the 403.78-acre land in Kulai, Iskandar Malaysia, presents an opportunity for EcoWorld Malaysia to develop its fifth business park, to be known as ***Eco Business Park VI***. This acquisition, which is expected to be completed in early-2024, will increase the Group's total industrial landbank to 2,416 acres and provide an estimated additional gross development value (GDV) of RM1.58 billion.

The acquisition augurs well for the Group's future prospects, in view of the sustained interest in this segment fuelled by both local and international industrialists, which is set to receive a further boost following the recent launch of the Government's New Industrial Masterplan 2030 (NIMP 2030). The growth momentum in Iskandar Malaysia in particular, is expected to continue unabated, anchored by extensive infrastructure improvement, most notably the ongoing construction of the Johor Bahru-Singapore Rapid Transit System (RTS Link). The reduction of the commute time between Johor Bahru and Singapore to a mere 6 minutes will significantly boost economic and commercial activities in the southern state which will drive increased demand not just for industrial properties but also commercial and residential properties as well.

On this note, sales of the Group's residential properties have exceeded RM1.63 billion as at 31 August 2023 representing 53.3% of total year-to-date sales achieved, with homes priced above RM650,000 continuing to be the largest contributor, making up 79.1% of sales from this segment. Commercial products achieved RM432 million sales in 10 months, mainly contributed by shop and office units launched during the year within EcoWorld Malaysia's matured townships.

The Group is also gearing up for the upcoming launches of new ***duduk*** apartments in Iskandar Malaysia and Penang following the sold-out reception received by its first two launches in the Klang Valley, namely ***Huni D' Eco Ardence*** and ***Se.Ruang D' Eco Sanctuary***. Likewise, a more recent launch in March 2023, ***Hana D' Eco Ardence*** is seeing very good take-ups, with more than half sold to-date.

3. Prospects for the Current Financial Year (Continued)

The *duduk* series has enabled EcoWorld Malaysia to expand its capacity to serve the first-time homeowner market by offering homes priced below RM500,000 per unit. To build on the success achieved to-date, the Group recently acquired a 6.92-acre piece of land in Kajang, Selangor which is planned for the development of a new project to be known as *Se.Duduk D' Kajang* with an estimated GDV of RM500 million. The strategic location of the land which is adjacent to the matured township of Tropicana Heights and accessible within minutes from the SILK and LEKAS highways will enable the development of apartments with all the key *duduk* unique selling points. These include excellent connectivity and thoughtfully designed residential spaces at affordable prices with a wide range of amenities, thereby allowing young urbanites to own their ideal home without compromising their needs or lifestyles.

The steady sales progress across all segments has provided the Group with future revenue of RM4.22 billion as at 31 August 2023, thereby maintaining clear near and mid-term earnings and cashflow visibility.

In view of the Group's encouraging performance and prospects, the Board of Directors has declared a second interim dividend of 2 sen per share in 3Q 2023. This is higher than the 1 sen per share interim dividend declared in 3Q 2022. Total dividends declared to-date for FY2023 is 4 sen per share.

The Group's land bank as at 31 August 2023 (including the new lands mentioned above) is as follows:-

Location of projects	No of projects	Land bank (acres)	
		Original land size	Undeveloped
Klang Valley	9	4,742.3	1,808.8
Iskandar Malaysia *	9	3,522.9	1,380.2
Penang	4	463.9	223.6
The Group	22	8,729.1	3,412.6

* 403.78 acres in Kulai, Iskandar Malaysia is still pending completion

As at 31 July 2023, EcoWorld Malaysia's gross and net gearing levels are at 0.51 and 0.31, respectively, whilst bank borrowings have further reduced to RM2.5 billion versus RM2.8 billion at the start of FY2023. Accordingly, the Group remains well-positioned to continue to acquire more landbank, whether via acquisition or joint venture, to further enhance its future growth prospects.

EcoWorld International (EWI)

EWI is largely on track to achieve its full year sales target of RM1.4 billion with RM1.003 billion in sales and reserves of RM157 million, recorded in 10 months of FY2023 (combined total of RM1.161 billion). Its focused strategy of accelerating the monetisation of completed stocks has enabled the declaration of a dividend amounting to RM792 million, which will be paid to shareholders on 29 September 2023. EcoWorld Malaysia's share of this dividend, based on its 27% stake in EWI, is RM214 million.

Based on its Board's decision to continue to place new launches on hold until market conditions in the United Kingdom improve, EWI's immediate working capital requirements are expected to be lower than originally estimated. Further, the appreciation of the GBP since the date their intention to distribute excess cash back to shareholders was first announced in Q4 2022 has also increased the RM value of remaining unsold completed stocks. As at 31 August 2023, EWI has approximately RM1.1 billion of completed and nearly-completed stocks that are available for sale, of which its effective share is approximately RM800 million.

3. Prospects for the Current Financial Year (Continued)

Accordingly, subject to the completion of sales of these stocks and the continued strength of the GBP, it is presently expected that total dividends payable by EWI from its excess cash (including the RM792 million to be paid in September 2023) should exceed the original estimate of RM900 million earlier announced. In this regard, EWI is working towards declaring a 2nd tranche dividend of RM144 million[^] from its excess cash in December 2023 with potentially more to come in FY2024. Based on EcoWorld Malaysia's 27% stake in EWI, the Group's share of the 2nd tranche dividend will be RM38.88 million. All these dividends from EWI will further strengthen EcoWorld Malaysia's future cash and net gearing positions upon receipt.

[^] The figures within the paragraph represents EWI's internal management targets and it does not for all intents and purposes constitute a declaration of dividend by EWI under paragraph 8.26 of the Main Market Listing Requirements.

4. Variance of Actual Profit from Forecast Profit

There were no profit forecast published as at 31 July 2023.

5. Income Tax

Income Tax comprises:-

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2023	31/07/2022	31/07/2023	31/07/2022
	RM'000	RM'000	RM'000	RM'000
Current tax				
- for current quarter	21,130	(1,668)	36,456	31,994
- in respect of prior years	1,687	(2,748)	(1,261)	(36)
Deferred tax				
- for current quarter	(1,897)	18,780	21,339	21,517
- in respect of prior years	4,087	(1,454)	7,402	(6,174)
	<u>25,007</u>	<u>12,910</u>	<u>63,936</u>	<u>47,301</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 14 September 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 6 September 2023, Eco Business Park 6 Sdn. Bhd. ("Purchaser"), a wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement ("SPA") with IOI Prima Property Sdn. Bhd. for the Purchaser to purchase approximately 403.7826 acres of freehold land located in Mukim Senai, Daerah Kulai, Negeri Johor for a purchase consideration of RM211,065,240.67 to be settled in cash.

The SPA is conditional upon conditions precedent being fulfilled within the approval period of the SPA.

7. Group Borrowings and Debt Securities

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

	As at 31 July 2023		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Revolving credits	112,926	147,000	259,926
Term loans	313,332	1,897	315,229
Bridging loans	216,935	25,460	242,395
Medium term notes	19,999	-	19,999
Sukuk	179,203	-	179,203
	<u>842,395</u>	<u>174,357</u>	<u>1,016,752</u>
Unsecured			
Revolving credits	-	620,069	620,069
Medium term notes	249,712	-	249,712
Sukuk	548,929	-	548,929
Overdraft	-	19,988	19,988
	<u>798,641</u>	<u>640,057</u>	<u>1,438,698</u>
	<u>1,641,036</u>	<u>814,414</u>	<u>2,455,450</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 31 July 2023	As at 31 October 2022
	%	%
Floating interest rate borrowings	5.28	4.83
Fixed interest rate borrowings	5.77	5.62

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

The decrease in borrowings is mainly due to repayments during the 9 months ended 31 July 2023.

The Group's gearing ratios were as follows:

	As at 31 July 2023	As at 31 October 2022
Gross Gearing (times)	0.51	0.59
Net Gearing (times)	0.31	0.31

8. Material Litigation

The Group was not engaged in any material litigation as at 14 September 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 16 October 2023 with Trial fixed on 1 to 4 April 2024.

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 : Dividend of 2 sen per share
- (ii) Previous corresponding financial period : Dividend of 1 sen per share
- (iii) Date payable : 19 October 2023
- (iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 9 October 2023.

(b) Total dividend for the current financial period: 4 sen per share

10. Earnings Per Share Attributable to Owners of the Company

Earnings per share has been calculated by dividing the Group’s profit after tax attributable to owners of the Company by the weighted average number of shares in issue. The weighted average number of shares in issue is calculated as follows:

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2023	31/07/2022	31/07/2023	31/07/2022
Profit for the period attributable to owners of the Company (RM’000)	<u>66,337</u>	<u>46,392</u>	<u>186,030</u>	<u>155,430</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>2.25</u>	<u>1.58</u>	<u>6.32</u>	<u>5.28</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.

10. Earnings Per Share Attributable to Owners of the Company (Continued)

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

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2023	31/07/2022	31/07/2023	31/07/2022
Profit for the period attributable to owners of the Company (RM'000)	<u>66,337</u>	<u>46,392</u>	<u>186,030</u>	<u>155,430</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>2.25</u>	<u>1.58</u>	<u>6.32</u>	<u>5.28</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

	9 MONTHS ENDED
	31/07/2023
	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”)	61,300
	=====
	As at 31/07/2023
	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	430,020
- Eco Horizon	322,244
	=====

There has been no material impact on the earnings and net tangible assets of the Group for the 9 months ended 31 July 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	9 MONTHS
	ENDED	ENDED
	31/07/2023	31/07/2023
	RM'000	RM'000
Interest income	18,669	55,593
Other income including investment income	4,414	11,139
Interest expense	(30,351)	(89,437)
Depreciation and amortisation	(5,696)	(16,626)
Net allowance for impairment of receivables	436	708
Reversal of write down of inventories	227	841
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	156	112
Gain or loss on derivatives	-	-
Exceptional items	-	-
	<hr/>	<hr/>

By order of the Board
 Chua Siew Chuan
 Company Secretary
 21 September 2023