

Quarterly rpt on consolidated results for the financial period ended 31 Oct 2020

ECO WORLD INTERNATIONAL BERHAD

Financial Year End	31 Oct 2020
Quarter	4 Qtr
Quarterly report for the financial period ended	31 Oct 2020
The figures	have not been audited

Attachments

 [EWI Q4-2020 results.pdf](#)
517.8 kB

Default Currency Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 31 Oct 2020

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31 Oct 2020	31 Oct 2019	31 Oct 2020	31 Oct 2019
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	57,384	254	672,985	478
2	Profit/(loss) before tax	22,146	120,583	113,891	190,305
3	Profit/(loss) for the period	17,861	118,803	82,580	190,282
4	Profit/(loss) attributable to ordinary equity holders of the parent	17,440	118,291	80,326	187,004
5	Basic earnings/(loss) per share (Subunit)	0.73	4.93	3.35	7.79
6	Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7	Net assets per share attributable to ordinary equity holders of the parent (\$\$)	1.1400		1.1200	

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

 Announcement Info

Company Name	ECO WORLD INTERNATIONAL BERHAD
Stock Name	EWINT
Date Announced	17 Dec 2020
Category	Financial Results
Reference Number	FRA-15122020-00003

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

Interim Financial Report
31 October 2020

ECO WORLD INTERNATIONAL BERHAD
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Interim Financial Report - 31 October 2020

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2020
(The figures have not been audited)

	3 MONTHS ENDED		12 MONTHS ENDED	
	31 OCTOBER 2020 RM'000	31 OCTOBER 2019 RM'000	31 OCTOBER 2020 RM'000	31 OCTOBER 2019 RM'000
Revenue	57,384	254	672,985	478
Direct expenses	(47,648)	-	(572,995)	-
Gross profit	<u>9,736</u>	<u>254</u>	<u>99,990</u>	<u>478</u>
Other income	11,641	8,820	26,122	19,227
Marketing expenses	(3,000)	(1,706)	(26,438)	(4,569)
Administrative and general expenses	(87,592)	(19,033)	(122,326)	(61,659)
Unrealised gain/(loss) on foreign exchange	5,111	(10,707)	960	(1,817)
Finance costs	(11,802)	(16,497)	(41,264)	(57,780)
Share of results in joint ventures	98,052	159,452	176,847	296,425
Profit before tax	<u>22,146</u>	<u>120,583</u>	<u>113,891</u>	<u>190,305</u>
Taxation	(4,285)	(1,780)	(31,311)	(23)
Profit for the period/year	<u>17,861</u>	<u>118,803</u>	<u>82,580</u>	<u>190,282</u>
Other comprehensive income/(loss), net of tax				
<i>Items that may be reclassified to profit or loss subsequently:</i>				
Hedge of net investment	8,564	(14,240)	1,682	(2,001)
Exchange differences on translation of foreign operations	(117,540)	195,340	(28,636)	28,917
Total comprehensive income/(loss) for the period/year	<u>(91,115)</u>	<u>299,903</u>	<u>55,626</u>	<u>217,198</u>
Profit for the period attributable to:				
Owners of the Company	17,440	118,291	80,326	187,004
Non-controlling interests	421	512	2,254	3,278
	<u>17,861</u>	<u>118,803</u>	<u>82,580</u>	<u>190,282</u>
Total comprehensive income/(loss) for period/year attributable to:				
Owners of the Company	(91,307)	298,780	53,431	213,786
Non-controlling interests	192	1,123	2,195	3,412
	<u>(91,115)</u>	<u>299,903</u>	<u>55,626</u>	<u>217,198</u>
Earnings per share attributable to owners of the Company:				
Basic earnings per share (sen)	<u>0.73</u>	<u>4.93</u>	<u>3.35</u>	<u>7.79</u>
Diluted earnings per share (sen)	<u>0.73</u>	<u>4.93</u>	<u>3.35</u>	<u>7.79</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 October 2019 and the accompanying explanatory notes)

ECO WORLD INTERNATIONAL BERHAD
(Registration No: 201301030020 (1059850-A))
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2020

(The figures have not been audited)

	As At 31 OCTOBER 2020 RM'000	As At 31 OCTOBER 2019 RM'000
ASSETS		
Non-current assets		
Plant and equipment	3,098	4,243
Right-of-use assets	4,449	-
Goodwill	10,669	109,527
Investment in joint ventures	672,993	505,773
Inventories - land held for development	132,264	122,163
Amounts owing by joint ventures	739,835	-
Deferred tax assets	8,894	20,066
	<u>1,572,202</u>	<u>761,772</u>
Current assets		
Inventories - property development costs	652,243	909,964
Amounts owing by joint ventures	1,491,755	2,101,102
Trade and other receivables	52,970	125,432
Contract costs	11,069	23,661
Current tax assets	722	917
Derivative financial assets	2,487	-
Cash, bank balances and deposits	284,014	439,995
	<u>2,495,260</u>	<u>3,601,071</u>
TOTAL ASSETS	<u>4,067,462</u>	<u>4,362,843</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	2,592,451	2,592,451
Warrant reserve	276,418	276,418
Hedging reserve	(329)	(2,011)
Exchange translation reserve	(73,451)	(44,874)
Accumulated losses	(56,017)	(136,343)
Equity attributable to owners of the Company	<u>2,739,072</u>	<u>2,685,641</u>
Non-controlling interests	9,074	8,896
Total equity	<u>2,748,146</u>	<u>2,694,537</u>
Non-current liabilities		
Borrowings	448,371	1,356,665
Lease liabilities	3,668	-
Deferred tax liabilities	2,576	1,800
Derivative financial liabilities	602	2,205
	<u>455,217</u>	<u>1,360,670</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2020 (continued)
(The figures have not been audited)

	As At 31 OCTOBER 2020 RM'000	As At 31 OCTOBER 2019 RM'000
Current liabilities		
Trade and other payables	24,936	85,697
Contract liabilities	47,500	113,884
Borrowings	779,988	107,080
Lease liabilities	1,070	130
Derivative financial liabilities	1,035	-
Current tax liabilities	9,570	845
	<u>864,099</u>	<u>307,636</u>
Total liabilities	<u>1,319,316</u>	<u>1,668,306</u>
TOTAL EQUITY AND LIABILITIES	<u>4,067,462</u>	<u>4,362,843</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.14</u>	<u>1.12</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 October 2019 and the accompanying explanatory notes)

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 OCTOBER 2020
(The figures have not been audited)

	← Attributable to owners of the Company →					Total	Non-controlling interests	Total equity
	← Non-distributable →			Distributable				
	Share capital	Warrant reserve	Hedging reserve	Exchange translation reserve	Accumulated losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 November 2019	2,592,451	276,418	(2,011)	(44,874)	(136,343)	2,685,641	8,896	2,694,537
Other comprehensive income/(loss) for the year:								
- Hedge of net investment	-	-	1,682	-	-	1,682	-	1,682
- Exchange differences on translation of foreign operations	-	-	-	(28,577)	-	(28,577)	(59)	(28,636)
Profit for the year	-	-	-	-	80,326	80,326	2,254	82,580
Total comprehensive income/(loss) for the year	-	-	1,682	(28,577)	80,326	53,431	2,195	55,626
<i>Transactions with owners of the Company:</i>								
Dividend declared to non-controlling interests of a subsidiary	-	-	-	-	-	-	(2,017)	(2,017)
At 31 OCTOBER 2020	2,592,451	276,418	(329)	(73,451)	(56,017)	2,739,072	9,074	2,748,146
At 1 November 2018 (as previously reported)	2,592,451	276,418	(10)	(68,851)	(306,399)	2,493,609	15,873	2,509,482
Effects of MFRS 15 adoption	-	-	-	(3,865)	(14,723)	(18,588)	934	(17,654)
At 1 November 2018 (restated)	2,592,451	276,418	(10)	(72,716)	(321,122)	2,475,021	16,807	2,491,828
Other comprehensive income/(loss) for the year:								
- Hedge of net investment	-	-	(2,001)	-	-	(2,001)	-	(2,001)
- Exchange differences on translation of foreign operations	-	-	-	28,783	-	28,783	134	28,917
Profit for the year	-	-	-	-	187,004	187,004	3,278	190,282
Total comprehensive income/(loss) for the year	-	-	(2,001)	28,783	187,004	213,786	3,412	217,198
<i>Transactions with owners of the Company:</i>								
Dividend declared to non-controlling interests of a subsidiary	-	-	-	-	-	-	(1,333)	(1,333)
Acquisition of non-controlling interests in a subsidiary	-	-	-	(941)	(2,225)	(3,166)	(9,990)	(13,156)
At 31 OCTOBER 2019	2,592,451	276,418	(2,011)	(44,874)	(136,343)	2,685,641	8,896	2,694,537

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 October 2019 and the accompanying explanatory notes)

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 OCTOBER 2020

(The figures have not been audited)

	12 MONTHS ENDED	
	31 OCTOBER 2020	31 OCTOBER 2019
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	113,891	190,305
Adjustments for:		
Non-cash items	(89,489)	(292,446)
Non-operating items	28,518	43,185
Operating profit/(loss) before working capital changes	<u>52,920</u>	<u>(58,956)</u>
Changes in inventories	308,928	(566,656)
Changes in receivables and other current assets	85,082	(112,651)
Changes in payables and other current liabilities	(56,076)	35,688
Contract liabilities	(66,385)	113,884
Cash generated from/(used in) operations	<u>324,469</u>	<u>(588,691)</u>
Interest received	6,457	5,979
Tax paid	(10,402)	(2,308)
Tax refund	385	680
Net cash generated from/(used in) operating activities	<u><u>320,909</u></u>	<u><u>(584,340)</u></u>
Cash Flows From Investing Activities		
Purchase of plant and equipment	(839)	(63)
Proceeds from disposal of plant and equipment	91	-
(Advances to)/Repayment by joint ventures	(144,253)	46,424
Investment in joint ventures	-	(611)
Acquisition of non-controlling interests	-	(13,156)
Withdrawal/(Placements) of deposits, debt service reserve and interest service reserve accounts	6,336	(11,012)
Interest received	6,260	8,616
Net cash (used in)/generated from investing activities	<u><u>(132,405)</u></u>	<u><u>30,198</u></u>
Cash Flows From Financing Activities		
Drawdown of borrowings	387,356	758,090
Repayment of borrowings	(644,861)	(123,470)
Repayment to a corporate shareholder of a subsidiary	-	(15,137)
Finance costs	(75,463)	(65,631)
Dividend paid to non-controlling interests of a subsidiary	(2,017)	(1,333)
Payment of lease liabilities	(1,311)	(47)
Net cash (used in)/generated from financing activities	<u><u>(336,296)</u></u>	<u><u>552,472</u></u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 OCTOBER 2020 (continued)

(The figures have not been audited)

	12 MONTHS ENDED	
	31 OCTOBER 2020	31 OCTOBER 2019
	RM'000	RM'000
Net changes in cash and cash equivalents	(147,792)	(1,670)
Cash and cash equivalents at 1 November 2019/ 2018	419,620	427,597
Effect of exchange rate changes	(1,853)	(6,307)
Cash and cash equivalents at 31 October 2020/ 2019	269,975	419,620
 Cash and cash equivalents comprise the following:		
Deposits	132,098	374,422
Cash and bank balances	151,916	65,573
	284,014	439,995
Less: Deposit pledged, debt service reserve and interest service reserve accounts	(14,039)	(20,375)
	269,975	419,620

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 October 2019 and the accompanying explanatory notes)

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

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

This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 October 2019.

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

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 October 2019, except for the adoption of the following new MFRSs, Amendments to MFRSs and Issues Committee Interpretations (“IC Interpretations”), which are relevant to the Group and effective for annual periods beginning on or after 1 November 2019:

MFRS 16	Leases
Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 9	Financial Instruments - Prepayment Features with Negative Compensation
Amendments to MFRS 11	Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 112	Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 119	Employee Benefits - Plan Amendment, Curtailment or Settlement
Amendments to MFRS 123	Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 128	Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments

The adoption of the above new MFRSs, Amendments to MFRSs and IC Interpretations do not have any impact to the Interim Financial Statements of the Group except for MFRS 16 and Annual Improvements to MFRS 123, discussed as follows:

A1. Basis of Preparation (continued)

(a) MFRS 16 Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of application of 1 November 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group also elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 November 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4 at the date of initial application.

The Group elected to apply following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- Applied the exemptions to leases with lease terms that ends within twelve months as of the date of initial application and lease contracts for which the underlying asset is of low value, and
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(b) Annual Improvements to MFRS 123 Borrowing Costs

The Annual Improvements to MFRS 123 clarify that an entity treats any borrowing originally made to develop a qualifying asset as part of general borrowings when substantially all of the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Hence, instead of charging the borrowing costs to profit or loss, such borrowing costs are capitalised as part of other qualifying assets.

The Group adopted the amendment prospectively in accordance with the transitional provision of the Annual Improvements to MFRS 123. This has resulted in the capitalisation of finance costs incurred during the financial year for the Group as part of inventories. The adoption of the Annual Improvements to MFRS 123 did not have any impact to the Company.

A2. Seasonal or Cyclical Factors

The business operations of the Group during the financial year ended 31 October 2020 have not been materially affected by any seasonal or cyclical factors.

A3. Unusual items affecting Assets, Liabilities, Equity, Net Income or Cash Flows

Saved as disclosed in Note B1 and Note B3 in relation to the impact of Covid-19 outbreak, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial year ended 31 October 2020.

A4. Changes in Estimates

There were no material changes in estimates during the financial year ended 31 October 2020.

A5. Debt and Equity Securities

There were no issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares or resale of treasury shares during the financial year ended 31 October 2020.

A6. Dividends Paid

There was no payment of dividend during the financial year ended 31 October 2020.

A7. Segmental Reporting

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

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

A7. Segmental Reporting (continued)

The segmental analysis for the financial year ended 31 October 2020 is as follows:

	United Kingdom RM'000	Australia RM'000	Malaysia RM'000	Eliminations RM'000	Total RM'000
Revenue					
External revenue	-	672,480	2,005	(1,500)	672,985
Inter-segment revenue	15,426	-	127	(15,553)	-
Total revenue	<u>15,426</u>	<u>672,480</u>	<u>2,132</u>	<u>(17,053)</u>	<u>672,985</u>
Segment results	(82,120)	58,134	(21,795)	-	(45,781)
Share of results in joint ventures	176,847	-	-	-	176,847
Depreciation	(277)	(441)	(2,275)	-	(2,993)
Unrealised gain/(loss) on foreign exchange	1	(7)	966	-	960
Other income	-	12,574	802	-	13,376
Finance income	243	939	11,564	-	12,746
Finance costs	-	(1)	(41,263)	-	(41,264)
Profit/(Loss) before tax	<u>94,694</u>	<u>71,198</u>	<u>(52,001)</u>	<u>-</u>	<u>113,891</u>
Taxation	(2,112)	(28,828)	(371)	-	(31,311)
Profit/(Loss) for the year	<u>92,582</u>	<u>42,370</u>	<u>(52,372)</u>	<u>-</u>	<u>82,580</u>
<i>Main foreign currency</i>	<i>GBP</i>	<i>AUD</i>	<i>RM</i>		
<i>Exchange ratio of 1 unit of foreign currency to RM⁽¹⁾</i>	<i>5.3838</i>	<i>2.8704</i>	<i>1.0000</i>		
	United Kingdom RM'000	Australia RM'000	Malaysia RM'000	Eliminations RM'000	Total RM'000
Segment assets	<u>2,948,822</u>	<u>984,731</u>	<u>133,909</u>	<u>-</u>	<u>4,067,462</u>
Segment liabilities	<u>1,606</u>	<u>372,381</u>	<u>945,329</u>	<u>-</u>	<u>1,319,316</u>
<i>Main foreign currency</i>	<i>GBP</i>	<i>AUD</i>	<i>RM</i>		
<i>Exchange ratio of 1 unit of foreign currency to RM⁽²⁾</i>	<i>5.3709</i>	<i>2.9219</i>	<i>1.0000</i>		

Note:

⁽¹⁾ Average rates for the financial year ended 31 October 2020.

⁽²⁾ Closing rates as at 31 October 2020.

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

There were no significant events after 31 October 2020 until 14 December 2020, the latest practicable date from the date of issue of this interim financial report other than as disclosed in Note B6.

A9. Changes in the Composition of the Group

- (a) There were no changes in the composition of the Group during the financial year ended 31 October 2020, except as follows:
- (i) Acquisition by Eco World London Holdings Limited (“EcoWorld London”), being a 70% owned joint venture company of the Group, of the remaining 50% partnership interests in Prime Place (Woking Goldsworth Road Development) LLP (“GRN LLP”) from Southern Star Property Investments Limited on 3 March 2020. As a result, GRN LLP became an indirect 70% owned joint venture company of the Group.
 - (ii) Acquisition of 100% interests in Apo Group Limited by EcoWorld London on 7 September 2020. As a result, Apo Group Limited became an indirect 70% owned joint venture company of the Group.
 - (iii) Incorporation of Apo People Limited on 18 September 2020 as a wholly-owned subsidiary of Apo Group Limited. As a result, Apo People Limited became an indirect 70% owned joint venture company of the Group.
- (b) There were no changes in the composition of the Group during the period between 1 November 2020 until 14 December 2020, being the latest practicable date from the date of issue of this interim financial report.

A10. Fair Value of Financial Instruments

- (a) Details of derivative financial instruments outstanding as at 31 October 2020 are as follows:

	Notional Amount RM’000	Fair Value Assets RM’000	Fair Value (Liabilities) RM’000
Cross currency swaps			
- Less than 1 year	327,244	2,487	(1,035)
- Between 1 to 5 years	10,935	-	(602)
	<u>338,179</u>	<u>2,487</u>	<u>(1,637)</u>

- (b) Fair value of financial liabilities

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

A11. Commitments and Contingencies

As at
31/10/2020
RM'000

Approved and contracted for:

-	Commitment to fund joint ventures	
	(i) Eco World-Ballymore Holding Company Limited (“EW-Ballymore Holding”) by way of share subscription and shareholder’s loans (<i>Note a</i>)	158,697
	(ii) EcoWorld London by way of shareholder’s loan (<i>Note b</i>)	165,598
	(iii) EcoWorld London DMCo by way of shareholder’s loan (<i>Note b</i>)	<u>1,767</u>

Note a

The Group and the other joint venture partner are jointly committed to provide additional funding into EW-Ballymore Holding in the event that EW-Ballymore Holding is unable, on its own, to repay its banking facilities when due (“Increased Commitments”). The Increased Commitments shall be in the ratio of 75:25 based on the current proportion of the joint venture partners’ existing equity interests in EW-Ballymore Holding.

The Group’s share of the Increased Commitments is GBP90 million (equivalent to approximately RM483.38 million based on the exchange rate of GBP1.00 : RM5.3709 as at 31 October 2020). If funding in excess of the Increased Commitments is required to satisfy any claims from the banking facilities, the Company shall have the obligation to fund the excess amount should the other joint venture partner not fund its proportionate share. Any funding provided in excess of the Increased Commitments by one partner will result in a corresponding adjustment to the equity interest in the joint venture.

Note b

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

If a joint venture partner (“Funding Shareholder”) funds the other partner’s (“Non-Funding Shareholder”) share of the Additional Funding (“Shortfall”) and the Non-Funding Shareholder does not fund the Shortfall within the stipulated timeframe, the Funding Shareholder has an option to acquire all of the shares held by the Non-Defaulting Shareholder in EcoWorld London group of companies or EcoWorld London DMCo, as the case may be, at a discount or a portion of such shares at a nominal price.

A12. Significant Related Party Transactions

	12 MONTHS ENDED 31/10/2020 RM'000
(i) Transactions with joint ventures	
- Advances to joint ventures	163,041
- Repayment of advances by joint ventures	(18,697)
- Sales commission	2,005
(ii) Transactions with wholly-owned subsidiaries of Eco World Development Group Berhad (“EW Berhad”) where certain directors of the Company are also the directors of EW Berhad	
- Agent fees paid or payable	907
- Support service fees paid or payable	140
- Rental paid or payable	157
(iii) Transaction with a joint venture of EW Berhad where certain directors of the Company are also the directors of EW Berhad	
- Rental paid or payable	1,187
(iv) Transaction with a company where a director has interest	
- Rental paid or payable	23

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

B1. Review of Group Performance

	3 MONTHS ENDED			12 MONTHS ENDED		
	31/10/2020 RM'000	31/10/2019 RM'000	CHANGES RM'000	31/10/2020 RM'000	31/10/2019 RM'000	CHANGES RM'000
Gross profit	9,736	254	9,482	99,990	478	99,512
Share of results in joint ventures	98,052	159,452	(61,400)	176,847	296,425	(119,578)
Profit before interest and tax	33,948	137,080	(103,132)	155,155	248,085	(92,930)
Profit before tax	22,146	120,583	(98,437)	113,891	190,305	(76,414)
Profit for the period/year	17,861	118,803	(100,942)	82,580	190,282	(107,702)
Profit for the period/year attributable to owners of the Company	17,440	118,291	(100,851)	80,326	187,004	(106,678)

(a) 4Q 2020 vs. 4Q 2019

Gross profit for 4Q 2020 was RM9.73 million, a substantial increase as compared to gross profit of RM0.25 mil reported for 4Q 2019. The higher gross profit reported in 4Q 2020 was mainly due to revenue and profit recognition of the Group's maiden project in Australia, West Village following progressive handover of units sold to customers.

During the current quarter, the Group recorded a profit before tax ("PBT") of RM22.15 million, as compared to PBT of RM120.58 million reported for 4Q 2019. The lower PBT reported in 4Q 2020 was mainly due to lower share of results in joint ventures and impairment of goodwill in relation to the investment in a United Kingdom ("UK") joint venture and West Village project totalling RM77.23 million in the current quarter. The decrease in PBT was partly offset by revenue and profit recognition of West Village following progressive handover of units sold to customers, lower administrative and general expenses arising from cost saving measures, lower finance costs due to capitalisation of finance cost on general borrowings and unrealised foreign exchange gain as opposed to unrealised foreign exchange loss reported in the previous corresponding quarter.

Share of results in joint ventures in 4Q 2020 was lower as a higher number of units sold to customers were handed over in the prior year corresponding quarter. As a result, profit after tax ("PAT") for the period was lower as compared to 4Q 2019.

Revenue recorded by the Group's joint-ventures totalled RM1,507.07 million (4Q 2019: RM1,666.95 million), of which the Group's effective share (unconsolidated) amounted to RM1,109.14 million (4Q 2019: RM1,205.45 million).

Revenue for the Group for 4Q 2020 was RM57.38 million. The revenue arose from West Village following progressive handover of units sold to customers and fees for marketing services rendered by a subsidiary to the Group's joint venture in respect of property sales of its projects in UK.

B1. Review of Group Performance (continued)**(b) 4Q YTD 2020 vs. 4Q YTD 2019**

Gross profit for 4Q YTD 2020 was RM99.99 million, a substantial increase as compared to gross profit of RM0.48 mil reported for 4Q YTD 2019. The higher gross profit reported in current financial year was mainly due to commencement of revenue and profit recognition of West Village following completion and commencement of handover of units sold to customers.

The Group recorded a PBT of RM113.89 million in the current financial year, as compared to PBT of RM190.30 million reported for 4Q YTD 2019. The lower PBT reported in the current financial year was mainly due to lower share of results in joint ventures, higher marketing expenses resulting from realisation of capitalised sales commission in tandem with completion and commencement of handover of units in West Village and commencement of impairment of goodwill in relation to the investment in a UK joint venture and West Village project of RM83 million in the current financial year. The decrease in PBT was partly offset by revenue and profit recognition of West Village, lower finance costs due to capitalisation of finance cost on general borrowings and lower administrative and general expenses arising from cost saving measures.

As noted in (a) above, share of results in joint ventures was lower due to higher number of units sold being handed over to customers in the previous financial year – this resulted in a lower PAT being achieved in current financial year. The lower handover in the current financial year was partly due to site closure at Kew from end March to May 2020 arising from Covid-19 measures implemented which had resulted in slower than expected progressive Build-to-Rent revenue recognition. Social distancing measures implemented at construction sites had caused slower construction progress resulting in lower number of units being completed for Wardian during 4Q 2020.

Revenue recorded by the Group's joint-ventures totalled RM3,039.55 million (4Q YTD 2019: RM3,758.50 million), of which the Group's effective share (unconsolidated) amounted to RM2,224.59 million (4Q YTD 2019: RM2,661.75 million).

Revenue for the Group for 4Q YTD 2020 was RM672.99 million following the same reasons set out above.

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

	3 MONTHS ENDED		
	31/10/2020	31/07/2020	CHANGES
	RM'000	RM'000	RM'000
Gross profit	9,736	90,090	(80,354)
Share of results in joint ventures	98,052	23,612	74,440
Profit before interest and tax	33,948	76,348	(42,400)
Profit before tax	22,146	65,070	(42,924)
Profit for the period	17,861	38,242	(20,381)
Profit for the period attributable to owners of the Company	17,440	37,633	(20,193)

The Group's current quarter PBT was RM22.15 million, which was RM42.92 million lower than the PBT recorded in preceding quarter ended 31 July 2020 of RM65.07 million.

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

The lower PBT recorded in the current quarter was mainly due to lower revenue and profit recognition from West Village due to smaller number of handover of units sold to customers and higher impairment of goodwill, partially offset by higher share of results in joint ventures and unrealised foreign exchange gain as opposed to unrealised foreign exchange loss in the preceding quarter.

B3. Sales Achieved and Prospects for the Next Financial Year

PROJECTS	LANDBANK AS AT 31/10/2020	YEAR-TO-DATE AS AT 31/10/2020			CUMULATIVE SALES	FUTURE REVENUE ⁽¹⁾
	Total (Acres)	Units launched	Units sold	Sales value RM'mil ⁽²⁾	Total achieved RM'mil ⁽³⁾	Effective stake RM'mil ⁽⁴⁾
London	50.7	273	350	1,462	12,082	2,358
Sydney	1.9	-	(36)	(84)	759	18
Melbourne	0.5	-	7	22	496	496
Total	53.1	273	321	1,400	13,337	2,872

EcoWorld International achieved another key milestone in the fourth quarter of FY2020 with the commencement of handover in Wardian London, despite a turbulent year caused by the Covid-19 pandemic. Launched in late 2015, Wardian comprises two residential towers of 50 and 55 storeys respectively. As at 31 October 2020, 249 private units have been handed over to the purchasers with a balance 293 private units sold to be handed over in the next few months. Including other projects in the Group's portfolio, the Group has delivered more than 2,000 private units to purchasers since 2018.

The Group is also targeting to commence handover of Yarra One in Melbourne in the first quarter of FY2021. While the construction progress of Yarra One was affected by the "Stage 4" movement restrictions imposed on the city of Melbourne from early August 2020 to late September 2020, the Board is pleased to share that Yarra One is now nearing completion and settlement notices are expected to be issued to purchasers in December 2020.

On the sales front, the Group launched The Modern, the final block of Embassy Gardens and Lily House, the third residential block in Verdo Kew Bridge in the fourth quarter of FY2020. Construction works of these two residential blocks are ongoing and the Group expects them to start contributing significant revenue upon completion in FY2022.

EcoWorld London also made some good progress with regard to the proposed sale of Build-to-Rent (BtR) blocks in Quayside Barking (formerly known as Tesco Barking). Major institutional investors continued to show keen interest in the asset following extensive discussions with management. However, due to additional initiatives taken to refine the development plans based on feedback provided by the local council and potential investors, the sale of Quayside Barking has been rescheduled to FY2021.

In the fourth quarter of FY2020, the Group continued to witness sustained international demand for its projects in London, especially the newly launched block in Embassy Gardens. Sales in the quarter totalled RM448 million, bringing the full-year sales to RM1.4 billion. Although the Group did not achieve its full year target of RM2.2 billion due to the rescheduling of the BtR sale to FY2021, it is worth noting that FY2020's open market sales are 25% higher than FY2019's despite the challenging market conditions and the disruption in marketing plans for many locations due to Covid-19. The substantially stronger sales clearly reaffirm London's position as a major property investment destination for global property investors.

Looking forward into FY2021, some sales agents expect the acute undersupply of residential properties in London to worsen in the coming years due to lower supply as a result of disruptions caused by Covid-19. This will provide some support to London's property prices and rental rates. Undersupply of homes will also sustain the demand for rental properties and attract more investment into the UK's BtR sector.

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

Down south in Australia, major local banks are predicting a recovery in housing sentiment on the back of improved economic conditions in 2021. A rollout of the Covid-19 vaccine may also enable cross-border travel to resume, which could improve the buying interest of foreign purchasers. Management has planned a series of marketing events for FY2021 to take advantage of the recovery in home buying interest and foreign demand for residential properties. The Group is hopeful that better sentiment will increase the sales rate of West Village in Sydney and Yarra One in Melbourne.

The Board has set a sales target of RM2.2 billion for FY2021. This takes into account the expected gradual economic recovery and market sentiment. This target will be revisited if the property market conditions change significantly. With the completion of Wardian London and Yarra One on the horizon, the Board intends to repatriate some profits from the Group's UK and Australia projects for dividend declaration in FY2021.

Notes:

- (1) *Based on sales achieved.*
 (2) *Based on the exchange rate of GBP1.00 : RM5.3709 and AUD1.00 : RM2.9219 as at 31 October 2020.*
 (3) *Cumulative sales as at 31 October 2020 represent contracts exchanged of RM13,053 million and reserved units of RM284 million.*
 (4) *Share of future revenue based on effective stake in joint ventures and subsidiaries as at 31 October 2020 and excludes other reserved units.*

B4. Variance of Actual Profit from Forecast Profit

There was no profit forecast published as at 31 October 2020.

B5. Taxation

Taxation comprises:

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/10/2020	31/10/2019	31/10/2020	31/10/2019
	RM'000	RM'000	RM'000	RM'000
Current tax				
Foreign tax				
- current quarter/year	6,951	478	18,961	2,001
- in respect of prior years	46	-	46	(116)
Deferred tax				
Malaysian tax				
- current quarter/year	-	1,700	371	1,316
- in respect of prior years	-	-	-	(2)
Foreign tax				
- current quarter/year	1,898	(282)	16,555	(3,225)
- in respect of prior years	(4,610)	(116)	(4,622)	49
	<u>4,285</u>	<u>1,780</u>	<u>31,311</u>	<u>23</u>

The Group's effective Malaysian tax rate for the current quarter is lower than the statutory tax rate of 24% mainly due to the inclusion of certain non-taxable items in the income statement. Correspondingly, expenditure which relates to the derivation of non-taxable income by the Group has been treated as permanent losses for tax purposes. The effective foreign tax rate of the Group's subsidiaries in Australia is approximately the statutory tax rate of 30%.

B6. Status of Corporate Proposals

Save and except for the following corporate proposal, there are no other corporate proposals that have been announced by the Company which are not yet completed as at 14 December 2020:

Acquisition of 70% equity interest in 12 development projects and a development management entity in UK

On 8 November 2017, the Company has announced a joint venture in UK with Be Living Holdings Limited. The joint venture contemplates the proposed acquisition of a 70% equity interest in 12 development projects in Greater London and the South East of England which is slated to be carried out in two stages as well as a development management entity.

The Stage 1 acquisition involved 6 out of the 12 development projects has been completed on 19 March 2018. Acquisitions of Aberfeldy Village and Kew Bridge were the first Stage 2 projects which have been completed on 30 May 2018 and 20 August 2018, respectively. The Company will no longer be pursuing some of the Stage 2 sites namely the Bromley North, Bromley Sherman Road and Tesco Osterley due to amongst others, unsatisfactory planning conditions imposed.

B7. Group Borrowings and Debt Securities

The total group borrowings and debt securities as at 31 October 2020 were as follows:

	As at 31/10/2020			As at 31/10/2019
	Secured/ Unsecured	Foreign Currency '000	RM Equivalent '000	RM Equivalent '000
Short term borrowings				
- Term loan	Secured	AUD	102,686	300,037
- Term loan	Unsecured	GBP	-	-
- Revolving credit	Unsecured	GBP	24,300	130,513
- Medium term notes	Unsecured	RM	-	349,438
				779,988
				107,080
Long term borrowings				
- Term loans	Secured	AUD	-	-
- Term loan	Unsecured	AUD	-	-
- Medium term notes	Unsecured	RM	-	448,371
				448,371
				1,356,665
Total borrowings				
- Term loans	Secured	AUD	102,686	300,037
- Term loan	Unsecured	AUD	-	-
- Term loan	Unsecured	GBP	-	-
- Revolving credit	Unsecured	GBP	24,300	130,513
- Medium term notes	Unsecured	RM	-	797,809
				1,228,359
				1,463,745

As at 31 October 2020, the Group's medium term notes and term loans comprise facilities based on fixed and floating rates to finance the projects in UK and Australia and are denominated in RM, GBP and AUD.

B8. Material Litigation

The Group was not engaged in any material litigation as at 14 December 2020, being the latest practicable date from the date of issue of this interim financial report.

B9. Dividends Declared

No dividend has been declared or recommended for payment by the Company during the financial year ended 31 October 2020.

B10. Earnings Per Share Attributable to Owners of the Company

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

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

	3 MONTHS ENDED		12 MONTHS ENDED	
	31/10/2020	31/10/2019	31/10/2020	31/10/2019
Profit for the period/year attributable to owners of the Company (RM'000)	17,440	118,291	80,326	187,004
Weighted average number of ordinary shares ('000)	2,400,000	2,400,000	2,400,000	2,400,000
Basic Earnings Per Ordinary Share (sen)	0.73	4.93	3.35	7.79

B10. Earnings Per Share Attributable to Owners of the Company (continued)

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

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

However, in the event that the potential exercise of the Warrants gives rise to an anti-dilutive effect on 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	
	31/10/2020	31/10/2019	31/10/2020	31/10/2019
Profit for the period/year attributable to owners of the Company (RM'000)	17,440	118,291	80,326	187,004
Weighted average number of ordinary shares for Basic Earnings Per Ordinary Share ('000)	2,400,000	2,400,000	2,400,000	2,400,000
Effect of potential exercise of Warrants ('000)	#	#	#	#
Weighted average number of ordinary shares ('000)	2,400,000	2,400,000	2,400,000	2,400,000
Diluted Earnings Per Ordinary Share (sen)	0.73	4.93	3.35	7.79

Notes:

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

B11. Auditors' Report on Preceding Annual Financial Statements

The preceding audited financial statements for the year ended 31 October 2019 were unqualified.

B12. Notes to the Statement of Comprehensive Income

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

	3 MONTHS ENDED 31/10/2020 RM'000	12 MONTHS ENDED 31/10/2020 RM'000
Interest income	2,956	12,746
Interest expense	(11,802)	(41,264)
Depreciation and amortisation	(701)	(2,993)
Foreign exchange (loss)/gain		
- realised	(118)	(3,091)
- unrealised	5,111	960
Impairment of goodwill	(77,230)	(83,000)

By order of the Board
Tan Ai Ning
Company Secretary
17 December 2020