



CAPITAL WORLD LIMITED

(Company Registration No: CT-276295)

(Incorporated in the Cayman Islands on 15 March 2013)

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a). An income statement and statement of comprehensive income, or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	First quarter ended 30 September		
	2019	2018	Change
	(Unaudited)	(Unaudited)	
	RM'000	RM'000	%
Revenue	1,656	44,126	(96)
Cost of sales	(2,139)	(12,225)	(83)
Gross (loss)/profit	(483)	31,901	(102)
Other income	992	106	836
Selling and distribution expenses	(154)	(1,916)	(92)
General and administrative expenses	(7,590)	(11,596)	(35)
Finance costs	(628)	(3,223)	(81)
(Loss)/Profit before tax	(7,863)	15,272	(151)
Income tax income/(expense)	93	(4,963)	(102)
(Loss)/Profit after tax	(7,770)	10,309	(175)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising from translation of foreign operations	(928)	199	(566)
Other comprehensive (loss)/income, net of tax	(928)	199	(566)
Total comprehensive (loss)/income, net of tax	(8,698)	10,508	(183)
(Loss)/Profit attributable to:			
Owners of the Company	(7,620)	10,501	(173)
Non-controlling interests	(150)	(192)	(22)
	(7,770)	10,309	(175)
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(8,548)	10,702	(180)
Non-controlling interests	(150)	(194)	(23)
	(8,698)	10,508	(183)

1(a). An income statement and statement of comprehensive income, or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year. (continued)

Group		
First quarter ended 30 September		
2019	2018	Change
(Unaudited)	(Unaudited)	
RM'000	RM'000	%

Profit for the year is arrived at after (crediting) / charging :

Interest income	(251)	(59)	325
Depreciation of property, plant and equipment	1,385	717	93
Depreciation of investment properties	1,156	-	n.m.
Amortisation of intangible assets	392	766	(49)
Amortisation of deferred expenditure	-	1,744	(100)
Interest expense	628	3,223	(81)
Property, plant and equipment written off	142	-	n.m.

n.m. denotes not meaningful

1(b)(i). A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30.09.19	As at 30.06.19	As at 30.09.19	As at 30.06.19
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	RM'000	RM'000	RM'000	RM'000
Current assets				
Inventory properties	224,686	223,333	-	-
Inventories	3,177	3,947	-	-
Deferred expenditure	4,021	4,021	-	-
Trade receivables	8,932	10,281	-	-
Other receivables, deposits and prepayments	24,180	25,853	145	140
Amounts due from subsidiaries	-	-	98,918	101,401
Cash on hand and at banks	3,047	3,224	41	47
	268,043	270,659	99,104	101,588
Non-current assets				
Inventory properties	121,777	121,774	-	-
Trade receivables	14,495	14,495	-	-
Property, plant and equipment	127,612	129,073	76	190
Investment properties	230,006	231,162	-	-
Intangible assets	22,769	23,179	-	-
Deferred tax asset	3,473	3,473	-	-
Investment in subsidiaries	-	-	661,635	661,635
	520,132	523,156	661,711	661,825
Total assets	788,175	793,815	760,815	763,413
Current liabilities				
Trade payables	69,025	70,838	-	-
Other payables and accruals	92,412	82,511	12,845	10,343
Deferred revenue	3,003	3,068	-	-
Loans and borrowings	13,636	44,572	13,636	18,097
Provision for taxation	12,286	12,942	290	293
	190,362	213,931	26,771	28,733
Non-current liabilities				
Trade payables	247,424	247,424	-	-
Other payables	5,306	5,306	-	-
Loans and borrowings	26,720	-	-	-
Provision for taxation	23,205	23,205	-	-
Deferred tax liabilities	1,546	1,639	-	-
	304,201	277,574	-	-
Total liabilities	494,563	491,505	26,771	28,733
Equity				
Share capital	176,240	176,240	225,365	225,365
Reserves	118,350	126,898	508,679	509,315
Equity attributable to owners of the Company	294,590	303,138	734,044	734,680
Non-controlling interests	(978)	(828)	-	-
Total equity	293,612	302,310	734,044	734,680
Total equity and liabilities	788,175	793,815	760,815	763,413

1(b)(ii). In relation to the aggregate amount of the Group's borrowings and debt securities, specify the following at the end of the financial period reported on with comparative figures at the end of the immediately preceding financial year.

	Group			
	As at 30.09.19		As at 30.06.19	
	(Unaudited)		(Audited)	
	RM'000		RM'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable within one year	13,636	-	44,572	-
Amount repayable after one year	26,720	-	-	-
	40,356	-	44,572	-

The loans and borrowings are mainly secured by the following: -

1. Pledge and charge of certain shares by the controlling shareholders.

1(c). A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	First quarter ended 30 September	
	2019 (Unaudited) RM'000	2018 (Unaudited) RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(7,863)	15,272
Adjustments for:		
Depreciation of property, plant and equipment	1,385	717
Depreciation of investment properties	1,156	-
Amortisation of intangible assets	392	766
Amortisation of deferred expenditure	-	1,744
Disposal and Written off of property, plant & equipment	142	-
Interest income	(251)	(59)
Interest expense	628	3,223
Operating cash flows before changes in working capital	(4,411)	21,663
Changes in working capital:		
Inventory properties	(1,356)	(7,642)
Inventories	770	(125)
Trade and other receivables	3,022	10,549
Trade and other payables	8,375	(17,744)
	6,400	6,701
Interest paid	(742)	(925)
Interest received	251	59
Tax paid	(656)	(3,813)
Net cash flows generated from operating activities	5,253	2,022
Cash flows from investing activities		
Purchase of property, plant and equipment	(66)	(13,284)
Expenditure on investment property	-	(6,326)
Net cash flows used in investing activities	(66)	(19,610)
Cash flows from financing activities		
Proceeds from loans and borrowings	-	9,173
Repayment of loans and borrowings	(4,454)	(1,122)
Repayment of hire purchase payables	-	(13)
Net cash flows (used in) generated from financing activities	(4,454)	8,038
Net increase (decrease) in cash and cash equivalents	733	(9,550)
Cash and cash equivalents at beginning of financial year	2,399	23,454
Currency translation differences	(910)	299
Cash and cash equivalents at end of period	2,222	14,203
Cash and cash equivalents comprise:	As at 30 Sep 2019	As at 30 Sep 2018
Fixed deposits	-	5,351
Cash on hand and at banks	3,047	14,877
	3,047	20,228
Less: Bank balances not available for use	(825)	(6,025)
	2,222	14,203

1(d)(i). A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Share premium	Capital reserve	Merger reserve	Equity component of Convertible Bond	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group (Unaudited)										
Balance as at 1 July 2019	176,240	3,824	-	5,000	186	1,069	116,819	303,138	(828)	302,310
Issuance of new share	-	-	-	-	-	-	-	-	-	-
Equity component of convertible bond	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(928)	(7,620)	(8,548)	(150)	(8,698)
	-	-	-	-	-	(928)	(7,620)	(8,548)	(150)	(8,698)
Balance as at 30 September 2019	176,240	3,824	-	5,000	186	141	109,199	294,590	(978)	293,612
Balance as at 1 July 2018	112,085	15,413	-	5,000	200	(205)	169,421	301,914	86	302,000
Issuance of new shares	1,748	524	-	-	-	-	-	2,272	-	2,272
Equity component of convertible bond	-	-	-	-	100	-	-	100	-	100
Total comprehensive income for the year	-	-	-	-	-	201	10,501	10,702	(194)	10,508
Balance as at 30 September 2018	113,833	15,937	-	5,000	300	(4)	179,922	314,988	(108)	314,880
Company (Unaudited)										
	Share capital	Share premium	Capital reserve	Merger reserve	Equity component of Convertible Bond	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 July 2019	225,365	645,582	487	-	186	2,048	(138,988)	734,680	-	734,680
Issuance of new shares	-	-	-	-	-	-	-	-	-	-
Equity component of convertible bond	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	(620)	(16)	(636)	-	(636)
Balance as at 30 September 2019	225,365	645,582	487	-	186	1,428	(139,004)	734,044	-	734,044
Balance as at 1 Jul 2018	161,210	657,170	487	-	200	3,618	(28,028)	794,657	-	794,657
Issuance of new shares	1,748	524	-	-	-	-	-	2,272	-	2,272
Equity component of convertible bond	-	-	-	-	100	-	-	100	-	100
Total comprehensive loss for the year	-	-	-	-	-	8,232	(2,254)	5,978	-	5,978
Balance as at 30 September 2018	162,958	657,694	487	-	300	11,850	(30,282)	803,007	-	803,007

1(d)(ii). Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of issued shares	Share capital RM'000
As at 30 June 2019	1,832,094,554	225,365
As at 30 September 2019	1,832,094,554	225,365

There is no issuance of new ordinary shares during the financial period under review.

As at 30 September 2019, the Company had outstanding shares of 54,878,049 (121,951,219 as at 30 September 2018) to be issued pursuant to Convertible Bonds ("CB") Subscription Agreement entered by the Company in the event of conversion of the CB by the CB holders. Other than this, there were no other outstanding convertibles, options, treasury shares or subsidiary holding as at 30 September 2019 and 30 September 2018 respectively.

1(d)(iii). Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30.09.19	As at 30.06.19
Total number of issued shares excluding treasury shares	1,832,094,554	1,832,094,554

The Company has no treasury shares as at 30 September 2019 and 30 June 2019 respectively.

1(d)(iv). A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

1(d)(v). A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which accounting standard or practice.

The figures have not been audited or reviewed by the Group's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable. The figures have not been audited or reviewed by the Group's auditors.

4. Whether the same accounting policies and methods of computation as in the Issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in preparation of the financial statements for the current reporting period as those used in the most recently audited annual financial statements for the financial year ended 30 June 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In the current reporting period, the Group adopted all of the new or revised International Financial Reporting Standards ("IFRS") that are relevant to its operations and are effective for first-time adoption during the current financial year beginning on or after 1 July 2019. The adoption of these new and/or revised IFRS did not result in any substantial changes to the Group's accounting policies and has no material effect on the financial results for the current financial period reported on.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	First quarter ended 30 September 2019	2018
(Loss)/Profit after tax attributable to owners of the Company (RM'000)	(7,620)	10,501
Weighted average number of ordinary shares in issue	1,832,094,554	1,312,004,416
(a) Basic (loss)/earnings per ordinary share (RM cents)	(0.42)	0.80
(b) Diluted (loss)/earnings per ordinary share (RM cents)	(0.42)	0.80

For the first quarter ended 30 September 2019, the computation of diluted EPS does not assume the conversion of the outstanding Convertible Bonds as it had anti-dilutive effect on the EPS calculation. The basic and diluted EPS were the same for the first quarter ended 30 September 2018 as there were no potentially dilutive ordinary shares in issue as at 30 September 2018.

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the Issuer at the end of the:-

	Group		Company	
	As at 30.09.19 (Unaudited)	As at 30.06.19 (Audited)	As at 30.09.19 (Unaudited)	As at 30.06.19 (Audited)
Net assets value (RM'000)	293,612	302,310	734,044	734,680
Number of ordinary shares in issue	1,832,094,554	1,832,094,554	1,832,094,554	1,832,094,554
Net asset value per ordinary share based on issued share capital (RM cents)	16.03	16.50	40.07	40.10

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-

- a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

REVIEW OF STATEMENT OF COMPREHENSIVE INCOME OF THE GROUP

First quarter ended 30 September 2019 ("1Q2020") vs first quarter ended 30 September 2018 ("1Q2019")

The Group's revenue has dropped mainly because the construction works for the Capital City Mall were completed in the prior financial year and there were no new sales of property units in 1Q2020. The Group derived its revenue mainly from the rental of its investment properties, provision of theme park services and sales from marble products.

The cost of sales in 1Q2020 mainly pertains to the provision of theme park services and sales of marble products. The cost of sales includes the fixed costs such as depreciation of property, plant and equipment and labour costs, and the costs for the marble products sold. Consequently, the Group recorded a gross loss during the period.

The increase in other income mainly pertains to the increase in i) interest income arising from the late payment interest on the trade receivables; and ii) expenses recoverable from the quarry operator on the quarry operation expenses mainly on utilities, upkeep of plant and equipment, quit rent and tributes. Such arrangement was only effective from March 2019.

The decrease in selling and distribution expenses is in line with the decrease in revenue of the quarter.

The decrease in general and administrative expenses was mainly due to i) reduction in maintenance and service fee for the mall units as a result of a decrease in service fee charges for the mall units by the Joint Management Body ("JMB") of the Capital City Mall; and ii) absence of amortization of deferred expenditure in 1Q2020 as Capital City Mall achieved 100% percentage of completion in the prior financial year; and partially offset by depreciation charge for the investment properties which depreciation has commenced from prior financial year as the Capital City Mall opened for business in October 2018.

Finance costs were mainly made up of interest expenses relating to loans and borrowings. The decrease in finance costs was due to the decrease in amortization of the arranger's facility fee for the convertible bonds and the repayment of the convertible bonds in 1Q2020.

There was an income tax income of RM0.09 million for 1Q2020 whereas it was an income tax expense of RM5.0 million in 1Q2019. The income tax credit in 1Q2020 was due to reversal of deferred tax liability relating to additional depreciation as a result of fair value upward adjustment for the property, plant and equipment during the reverse takeover ("RTO") in May 2017. There was no corporate income tax for the first quarter ended 30 September 2019 due to loss making of the Group.

As a result of the aforementioned, the Group recorded a loss after tax of RM7.8 million in 1Q2020 as compared to a profit after tax of RM10.3 million in 1Q2019.

The increase in depreciation of property, plant and equipment was due to the depreciation on the car park which only commenced in October 2018 when the Capital City Mall opened for the business.

The decrease in amortization of intangible assets was due to the impairment made on the mining rights in prior financial year which resulted in a lower net book value.

Property, plant and equipment written off pertained to the shifting of Singapore office where the renovation costs incurred at old offices was written off.

REVIEW OF STATEMENT OF FINANCIAL POSITION OF THE GROUP

The decrease in total assets was mainly due to i) decrease in the property, plant and equipment and investment properties as a result of depreciation charge for this quarter; and ii) decrease in other receivables, deposits and prepayment as a result of offsetting receivables and payables pertaining to the same party.

The increase in total liabilities was mainly due to i) increase in other payables and accruals as a result of current quarter unpaid expenses mainly on the fees for liaising and sourcing tenants for the Capital City Mall, maintenance and service fee for the mall units, and the deposit of S\$2 million received from the proposed shares subscription as announced on 6 August 2019; and ii) partially offset by the decrease in convertible bonds, which was grouped under the loans and borrowings, and trade payables as a result of repayment during 1Q2020.

Following the extension of HK\$ loan for one more year till 31 October 2020 as announced on 30 September 2019, an amount of RM26.7 million was shown as non-current liability as at 30 September 2019.

REVIEW OF STATEMENT OF CASH FLOWS OF THE GROUP

Net cash flows generated from operating activities was mainly due to the management of the working capital requirements by negotiating with the vendors for the longer payment terms and closely follow-up for the collection of the receivables.

There was no significant cash flow for the net cash used in investing activities.

Net cash used in the financing activities was due to repayment of convertible bonds during 1Q2020.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

On 31 October 2019, Prime Minister Mahathir Mohamad announced that Malaysia will proceed with the construction of the Johor Bahru-Singapore Rapid Transit System (“RTS”) Link Project at a 36% cost cut. Recently, Malaysia has requested for a further extension of the suspension period by six months to April 2020 to restructure or review some details and ensure that the relevant agreements can be signed. The RTS is set to connect Bukit Chagar in Johor Bahru to Woodlands in Singapore, serving 10,000 passengers per hour each way is expected to significantly ease Causeway congestion and facilitate business and tourism¹.

Moving ahead, the Group will manage its business in a prudent manner given the weak market situation, while the Group is now in process of carrying out the preparation work for launching the sale of its Serviced Apartments of the Capital City Project.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

None.

(b)(i) Amount per share (cents)

(Optional) Rate (%)

Not applicable.

(b)(ii) Previous corresponding period (cents)

(Optional) Rate (%)

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers receive by the Group (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the first quarter ended 30 September 2019 as the funds are required for the Group's operations.

¹ ‘Good progress’ being made on RTS, Malaysia needs time to ‘review some details’: Vivian Balakrishnan, <https://www.channelnewsasia.com/news/singapore/vivian-balakrishnan-cna938-rcep-rt-s-hsr-malaysia-12075004>

13. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPT”) the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company had obtained a general mandate for IPTs from shareholders at the annual general meeting held on 30 October 2019.

Save as disclosed below, there were no IPTs that was equal to or had exceeded S\$100,000 during the first quarter ended 30 September 2019.

Name of Interested Persons and Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	RM’000	RM’000
RDC Arkitek Sdn. Bhd. <i>(an associate of Director and controlling shareholder of the Company, Mr Siow Chien Fu for the provision of architectural consultation services in respect of Project Capital City)</i>	363	-

14. Update on use of proceeds

As announced on 24 October 2019, out of S\$5.055 million net proceeds received from Dato’ Seri Chong Thim Pheng and Ong King Sin pursuant to a convertible loan agreement, an amount of S\$4.943 million was utilized.

As at the date of this announcement, S\$5.055 million has been fully utilized as follows:

S/N	Descriptions	Actual Usage (S\$’000)
1	Repayment of outstanding convertible bond pursuant to convertible bond subscription agreement as announced on 8 February 2018	4,802
2	Working capital (Note 1)	253
	Total	5,055

Note 1: The use for working capital includes payroll, payment of professional fees and to vendors.

The above utilisation is in accordance with the intended use of the net proceeds as stated in the Company’s announcement dated 3 October 2019.

15. Confirmation pursuant to Rule 705(5) of the Catalist Listing Rule

The Board of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come their attention which may render the unaudited financial statements for the first quarter ended 30 September 2019 to be false or misleading in any material aspect.

16. Confirmation pursuant to Rule 720(1) of the Catalist Listing Rule

The Company confirms that it has procured undertaking from all its Directors and Executive Officers pursuant to Rule 720(1) of the Catalist Listing Manual.

BY ORDER OF THE BOARD

Siow Chien Fu
Executive Director and Chief Executive Officer
13 November 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).