

Quarterly rpt on consolidated results for the financial period ended 30 Apr 2020

ECO WORLD INTERNATIONAL BERHAD

Financial Year End	31 Oct 2020
Quarter	2 Qtr
Quarterly report for the financial period ended	30 Apr 2020
The figures	have not been audited

Attachments

 [EWI Q2-2020 results.pdf](#)
510.7 kB

Default Currency	Other Currency
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Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Apr 2020

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Apr 2020	30 Apr 2019	30 Apr 2020	30 Apr 2019
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	113	0	164	0
2 Profit/(loss) before tax	20,274	-11,994	26,675	12,125
3 Profit/(loss) for the period	20,491	-11,594	26,477	12,750
4 Profit/(loss) attributable to ordinary equity holders of the parent	20,063	-11,981	25,253	10,777
5 Basic earnings/(loss) per share (Subunit)	0.84	-0.50	1.05	0.45
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 (\$\$)	1.1200		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	25 Jun 2020
Category	Financial Results
Reference Number	FRA-24062020-00041

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

Interim Financial Report
30 April 2020

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

Interim Financial Report - 30 April 2020

	Page No.
Condensed Consolidated Statement of Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2-3
Condensed Consolidated Statement of Changes In Equity	4
Condensed Consolidated Statement of Cash Flows	5-6
Notes to the Interim Financial Report	7-13
Additional Information Required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad	14-21

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 APRIL 2020
(The figures have not been audited)

	3 MONTHS ENDED		6 MONTHS ENDED	
	30 APRIL 2020	30 APRIL 2019	30 APRIL 2020	30 APRIL 2019
	RM'000	RM'000	RM'000	RM'000
Revenue	113	-	164	-
Direct expenses	-	-	-	-
Gross profit	<u>113</u>	<u>-</u>	<u>164</u>	<u>-</u>
Other income	3,873	2,790	7,899	5,819
Marketing expenses	(541)	(1,038)	(1,611)	(2,043)
Administrative and general expenses	(13,441)	(13,534)	(21,524)	(26,894)
Unrealised (loss)/gain on foreign exchange	(79)	(1,585)	4,748	71
Finance costs	(2,165)	(12,452)	(18,184)	(25,307)
Share of results in joint ventures	32,514	13,825	55,183	60,479
Profit/(Loss) before tax	<u>20,274</u>	<u>(11,994)</u>	<u>26,675</u>	<u>12,125</u>
Taxation	217	400	(198)	625
Profit/(Loss) for the period	<u>20,491</u>	<u>(11,594)</u>	<u>26,477</u>	<u>12,750</u>
Other comprehensive income/(loss), net of tax				
<i>Items that may be reclassified to profit or loss subsequently:</i>				
Hedge of net investment	(2,919)	(365)	6,445	(1,786)
Exchange differences on translation of foreign operations	11,645	(6,664)	(30,694)	6,835
Total comprehensive income/(loss) for the period	<u>29,217</u>	<u>(18,623)</u>	<u>2,228</u>	<u>17,799</u>
Profit/(Loss) for the period attributable to:				
Owners of the Company	20,063	(11,981)	25,253	10,777
Non-controlling interests	428	387	1,224	1,973
	<u>20,491</u>	<u>(11,594)</u>	<u>26,477</u>	<u>12,750</u>
Total comprehensive income/(loss) for period attributable to:				
Owners of the Company	28,801	(18,691)	1,060	15,798
Non-controlling interests	416	68	1,168	2,001
	<u>29,217</u>	<u>(18,623)</u>	<u>2,228</u>	<u>17,799</u>
Earnings/(Loss) per share attributable to owners of the Company:				
Basic earnings per share (sen)	<u>0.84</u>	<u>(0.50)</u>	<u>1.05</u>	<u>0.45</u>
Diluted earnings per share (sen)	<u>0.84</u>	<u>(0.50)</u>	<u>1.05</u>	<u>0.45</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))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2020

(The figures have not been audited)

	As At 30 APRIL 2020 RM'000	As At 31 OCTOBER 2019 RM'000
ASSETS		
Non-current assets		
Plant and equipment	3,131	4,243
Right-of-use assets	4,891	-
Goodwill	109,527	109,527
Investment in joint ventures	557,935	505,773
Inventories - land held for development	120,667	122,163
Deferred tax assets	20,516	20,066
Derivative financial assets	7,157	-
	<u>823,824</u>	<u>761,772</u>
Current assets		
Inventories - property development costs	1,080,877	909,964
Amounts owing by joint ventures	2,159,652	2,101,102
Trade and other receivables	122,727	125,432
Contract costs	23,916	23,661
Current tax assets	1,026	917
Cash, bank balances and deposits	283,730	439,995
	<u>3,671,928</u>	<u>3,601,071</u>
TOTAL ASSETS	<u>4,495,752</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	4,434	(2,011)
Exchange translation reserve	(75,512)	(44,874)
Accumulated losses	(111,090)	(136,343)
Equity attributable to owners of the Company	<u>2,686,701</u>	<u>2,685,641</u>
Non-controlling interests	8,047	8,896
Total equity	<u>2,694,748</u>	<u>2,694,537</u>
Non-current liabilities		
Borrowings	1,104,377	1,356,665
Lease liabilities	3,986	-
Deferred tax liabilities	1,734	1,800
Derivative financial liabilities	-	2,205
	<u>1,110,097</u>	<u>1,360,670</u>

ECO WORLD INTERNATIONAL BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2020 (continued)
(The figures have not been audited)

	As At	As At
	30 APRIL 2020	31 OCTOBER 2019
	RM'000	RM'000
Current liabilities		
Trade and other payables	43,997	85,697
Contract liabilities	118,251	113,884
Borrowings	526,474	107,080
Lease liabilities	1,046	130
Current tax liabilities	1,139	845
	690,907	307,636
Total liabilities	1,801,004	1,668,306
TOTAL EQUITY AND LIABILITIES	4,495,752	4,362,843
Net assets per share attributable to owners of the Company (RM)	1.12	1.12

(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 30 APRIL 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 period:								
- Hedge of net investment	-	-	6,445	-	-	6,445	-	6,445
- Exchange differences on translation of foreign operations	-	-	-	(30,638)	-	(30,638)	(56)	(30,694)
Profit for the period	-	-	-	-	25,253	25,253	1,224	26,477
Total comprehensive income/(loss) for the period	-	-	6,445	(30,638)	25,253	1,060	1,168	2,228
<i>Transactions with owners of the Company:</i>								
Dividend declared to non-controlling interests of a subsidiary	-	-	-	-	-	-	(2,017)	(2,017)
At 30 APRIL 2020	2,592,451	276,418	4,434	(75,512)	(111,090)	2,686,701	8,047	2,694,748
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 (loss)/income for the period:								
- Hedge of net investment	-	-	(1,786)	-	-	(1,786)	-	(1,786)
- Exchange differences on translation of foreign operations	-	-	-	6,807	-	6,807	28	6,835
Profit for the period	-	-	-	-	10,777	10,777	1,973	12,750
Total comprehensive (loss)/income for the period	-	-	(1,786)	6,807	10,777	15,798	2,001	17,799
<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 30 APRIL 2019	2,592,451	276,418	(1,796)	(66,850)	(312,570)	2,487,653	7,485	2,495,138

(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
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 APRIL 2020

(The figures have not been audited)

	6 MONTHS ENDED	
	30 APRIL 2020	30 APRIL 2019
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	26,675	12,125
Adjustments for:		
Non-cash items	(58,347)	(59,464)
Non-operating items	11,054	19,600
Operating loss before working capital changes	<u>(20,618)</u>	<u>(27,739)</u>
Changes in inventories	(170,345)	(273,584)
Changes in receivables and other current assets	(766)	1,818
Changes in payables and other current liabilities	(35,791)	9,574
Contract liabilities	4,367	-
Cash used in operations	<u>(223,153)</u>	<u>(289,931)</u>
Interest received	2,916	2,571
Tax paid	(952)	(1,093)
Net cash used in operating activities	<u>(221,189)</u>	<u>(288,453)</u>
Cash Flows From Investing Activities		
Purchase of plant and equipment	(8)	(31)
Proceeds from disposal of plant and equipment	91	-
Advances to/(Repayment by) joint ventures	(72,175)	91,225
Investment in joint ventures	-	(11,726)
Acquisition of non-controlling interests	-	(13,156)
Withdrawal/(Placements) of deposits, debt service reserve and interest service reserve accounts	1,008	(2,293)
Interest received	4,225	3,135
Net cash (used in)/generated from investing activities	<u>(66,859)</u>	<u>67,154</u>
Cash Flows From Financing Activities		
Drawdown of borrowings	178,305	242,007
Repayment to a corporate shareholder of a subsidiary	-	(15,826)
Finance costs	(41,003)	(29,503)
Dividend paid to non-controlling interests of a subsidiary	(2,017)	(1,333)
Payment of lease liabilities	(702)	(23)
Net cash generated from financing activities	<u>134,583</u>	<u>195,322</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 APRIL 2020 (continued)

(The figures have not been audited)

	6 MONTHS ENDED	
	30 APRIL 2020	30 APRIL 2019
	RM'000	RM'000
Net changes in cash and cash equivalents	(153,465)	(25,977)
Cash and cash equivalents at 1 November 2019/ 2018	419,620	427,597
Effect of exchange rate changes	(1,792)	(222)
Cash and cash equivalents at 30 April 2020/ 2019	264,363	401,398
 Cash and cash equivalents comprise the following:		
Deposits	246,058	296,660
Cash and bank balances	37,672	116,394
	283,730	413,054
Less: Deposit pledged, debt service reserve and interest service reserve accounts	(19,367)	(11,656)
	264,363	401,398

(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 period ended 30 April 2020 have not been materially affected by any seasonal or cyclical factors.

A3. 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 financial period ended 30 April 2020.

A4. Changes in Estimates

There were no material changes in estimates during the financial period ended 30 April 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 period ended 30 April 2020.

A6. Dividends Paid

There was no payment of dividend during the financial period ended 30 April 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 6 months ended 30 April 2020 is as follows:

	United Kingdom RM'000	Australia RM'000	Malaysia RM'000	Eliminations RM'000	Total RM'000
Revenue					
External revenue	-	-	652	(488)	164
Inter-segment revenue	8,945	-	78	(9,023)	-
Total revenue	<u>8,945</u>	<u>-</u>	<u>730</u>	<u>(9,511)</u>	<u>164</u>
Segment results	(3,588)	(6,149)	(11,679)	-	(21,416)
Share of results in joint ventures	55,183	-	-	-	55,183
Depreciation	(139)	(298)	(1,118)	-	(1,555)
Unrealised gain/(loss) on foreign exchange	1	(7)	4,754	-	4,748
Other income	-	183	585	-	768
Finance income	149	46	6,936	-	7,131
Finance costs	-	(1)	(18,183)	-	(18,184)
Profit/(Loss) before tax	<u>51,606</u>	<u>(6,226)</u>	<u>(18,705)</u>	<u>-</u>	<u>26,675</u>
Taxation	(1,120)	922	-	-	(198)
Profit/(Loss) for the period	<u>50,486</u>	<u>(5,304)</u>	<u>(18,705)</u>	<u>-</u>	<u>26,477</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>5.3704</i>	<i>2.7415</i>	<i>1.0000</i>		
	United Kingdom RM'000	Australia RM'000	Malaysia RM'000	Eliminations RM'000	Total RM'000
Segment assets	<u>2,866,216</u>	<u>1,374,687</u>	<u>254,849</u>	<u>-</u>	<u>4,495,752</u>
Segment liabilities	<u>2,730</u>	<u>789,314</u>	<u>1,008,960</u>	<u>-</u>	<u>1,801,004</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>5.3701</i>	<i>2.8172</i>	<i>1.0000</i>		

Note:

⁽¹⁾ Average rates for the financial period ended 30 April 2020.

⁽²⁾ Closing rates as at 30 April 2020.

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

There were no significant events after 30 April 2020 until 22 June 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 6 months ended 30 April 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.
- (b) There were no changes in the composition of the Group during the period between 1 May 2020 until 22 June 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 30 April 2020 are as follows:

	Notional Amount RM’000	Fair Value Assets/ (Liabilities) RM’000
Cross currency swaps		
- Less than 1 year	-	-
- Between 1 to 5 years	338,179	7,157
	<u>338,179</u>	<u>7,157</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
30/04/2020
RM'000**

Approved and contracted for:	
- Commitment to purchase development land/ properties	5,634
- 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>)	158,674
(ii) EcoWorld London by way of shareholder’s loan (<i>Note b</i>)	348,232
(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 RM483.30 million based on the exchange rate of GBP1.00 : RM5.3701 as at 30 April 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

	6 MONTHS ENDED 30/04/2020 RM'000
(i) Transactions with joint ventures	
- Advances to joint ventures	90,657
- Repayment of advances by joint ventures	(18,754)
- Sales commission	652
(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	346
- Support service fees paid or payable	70
- Rental paid or payable	67
(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	578
(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			6 MONTHS ENDED		
	30/04/2020 RM'000	30/04/2019 RM'000	CHANGES RM'000	30/04/2020 RM'000	30/04/2019 RM'000	CHANGES RM'000
Gross profit	113	-	113	164	-	164
Share of results in joint ventures	32,514	13,825	18,689	55,183	60,479	(5,296)
Profit before interest and tax	22,439	458	21,981	44,859	37,432	7,427
Profit/(Loss) before tax	20,274	(11,994)	32,268	26,675	12,125	14,550
Profit/(Loss) for the period	20,491	(11,594)	32,085	26,477	12,750	13,727
Profit/(Loss) for the period attributable to owners of the Company	20,063	(11,981)	32,044	25,253	10,777	14,476

(a) 2Q 2020 vs. 2Q 2019

During the current quarter, the Group recorded a profit before tax (“PBT”) of RM20.27 million, as opposed to a loss before tax (“LBT”) of RM11.99 million reported for 2Q 2019.

The PBT reported in 2Q 2020 was mainly due to higher recognition of revenue and profit by its joint venture projects in the United Kingdom following higher completion and handover of units sold to customers, as well as revenue and profit recognition of EcoWorld London’s Built-to-Rent (“BtR”) sales. In addition, lower finance cost due to capitalisation of finance cost on general borrowings and lower unrealised foreign exchange loss also augmented the PBT during the quarter.

Revenue recorded by the Group’s joint-ventures totalled RM698.01 million (2Q 2019: RM346.41 million), of which the Group’s effective share (unconsolidated) amounted to RM511.69 million (2Q 2019: RM197.01 million).

Revenue for the Group for 2Q 2020 was RM113,000. The revenue arose from fees for marketing services rendered by a subsidiary to the Group’s joint venture in respect of property sales of its projects in the United Kingdom.

(b) 2Q YTD 2020 vs. 2Q YTD 2019

The Group recorded a PBT of RM26.67 million in the current financial period, as compared to PBT of RM12.12 million reported for 2Q YTD 2019.

The higher PBT reported in the current financial period was mainly due to higher other income by RM2.08 million, higher unrealised gain on foreign exchange by RM4.68 million and lower administrative and general expenses by RM5.37 million, being partly offset by lower share of results in joint ventures.

B1. Review of Group Performance (continued)**(b) 2Q YTD 2020 vs. 2Q YTD 2019 (continued)**

Revenue recorded by the Group's joint-ventures totalled RM1,190.69 million (2Q 2019: RM1,198.69 million), of which the Group's effective share (unconsolidated) amounted to RM870.40 million (2Q 2019: RM826.96 million).

Revenue for the Group for 2Q YTD 2020 was RM164,000. The revenue arose from fees for marketing services rendered by a subsidiary to the Group's joint venture in respect of property sales of its projects in the United Kingdom.

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

	3 MONTHS ENDED		CHANGES
	30/04/2020	31/01/2020	
	RM'000	RM'000	RM'000
Gross profit	113	51	62
Share of results in joint ventures	32,514	22,669	9,845
Profit before interest and tax	22,439	22,420	19
Profit before tax	20,274	6,401	13,873
Profit for the period	20,491	5,986	14,505
Profit for the period attributable to owners of the Company	20,063	5,190	14,873

The Group's current quarter PBT was RM20.27 million, which was RM13.87 million higher than the PBT recorded in preceding quarter ended 31 January 2020 of RM6.40 million.

The higher PBT recorded in the current quarter was mainly due to the higher share of results of joint venture projects in the United Kingdom due to higher handovers of units sold to customers, mainly from London City Island project coupled with revenue and profit recognition of Barking Wharf BtR and Kew Bridge BtR. The Group also recorded lower finance cost during the quarter due to capitalisation of finance cost on general borrowings.

B3. Sales Achieved and Prospects for the Next Financial Year

PROJECTS	LANDBANK AS AT 15/6/2020	YEAR-TO-DATE AS AT 15/6/2020			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	-	179	787	11,406	3,334
Sydney	1.9	-	(1)	4	817	809
Melbourne	0.5	-	6	17	474	474
Total	53.1	-	184	808	12,697	4,617

EcoWorld International's sales improved in the second quarter of FY2020 despite various Covid-19 measures imposed in both the UK and Australia during the quarter. As at 30 April 2020, year-to-date (YTD) sales were RM634 million, a substantial increase from the RM314 million achieved up to 31 Jan 2020. Sales momentum gained further strength in the first six weeks of the third quarter as the Group secured another RM174 million sales within this period, bringing YTD sales as at 15 June 2020 to RM808 million.

During the second quarter, the Group introduced a series of digital marketing campaigns to maintain engagement with prospective home buyers and target the work-from-home populations. On top of that, some of the sales activities that were postponed at the height of the global lockdown during the second quarter recommenced after authorities in the Group's key markets began to loosen their Covid-19 measures in May. The Group's sales galleries in the UK and Australia have also re-opened recently. All these factors contributed to the encouraging uptick in sales performance achieved.

As regards construction activities, there was no mandatory lockdown imposed in both the UK and Australia. Sites were permitted to continue to operate but at substantially reduced activity levels to incorporate strict Covid-19 safety protocols and preventive measures. This enabled the Group's maiden project in Australia, West Village, to commence handover in early June 2020. The Board is also pleased to share that following 2-3 months slowdown in site progress at most of its other sites, works have fully resumed in June 2020. Accordingly, the Group expects to start handing over units in Wardian and Yarra One beginning in the 4th quarter of this financial year and continuing through the 1st quarter of FY2021. As such, a significant portion of the Group's RM4.62 billion effective future revenue is still expected to be realised within FY2020 and FY2021.

Looking ahead, although the adverse impact of the virus on the UK and Australian economy may cause some local buyers to defer their home-buying decisions, others will be drawn to the market due to the low interest rate environment. The prompt and extensive economic stimulus measures introduced by the Governments of both countries are also expected to provide some support to home prices in these markets.

In the case of EcoWorld International, its mid-market projects under EcoWorld London have enjoyed resilient local demand throughout. International demand is on the rise for its UK projects with recent strong buying from Hong Kong as well as growing interest from other global markets. This bodes well for the Group's sales prospects as international investors take advantage of the weak sterling to purchase UK residential properties, which continue to be highly sought after due to sustained tenancy demand and stable rents tracking inflation, particularly in London.

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

In addition, the Group has experienced increased institutional interest for its Build-to-Rent (BtR) properties in the UK. Following the Covid-19 outbreak, residential properties in London have emerged as a safer asset class given the resilience of end-user demand compared to commercial and retail properties. Lower interest rates across advanced economies have also reduced the return expectation on real estate assets, which bodes well for the valuation of the Group's BtR projects. Management is targeting to close a BtR deal within the current financial year – combined with the expected improvement in the Open Market Sale side of the business, this should contribute towards the steady growth of the Group's future revenue position and hence the sustainability of its earnings going forward.

Notes:

⁽¹⁾ Based on sales achieved.

⁽²⁾ Based on the exchange rate of GBP1.00 : RM5.3701 and AUD1.00 : RM2.8172 as at 30 April 2020.

⁽³⁾ Cumulative sales as at 15 June 2020 represent contracts exchanged of RM12,516 million and reserved units of RM181 million.

⁽⁴⁾ Share of future revenue based on effective stake in joint ventures and subsidiaries as at 15 June 2020 and excludes other reserved units.

B4. Variance of Actual Profit from Forecast Profit

There was no profit forecast published as at 30 April 2020.

B5. Taxation

Taxation comprises:

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2020	30/04/2019	30/04/2020	30/04/2019
	RM'000	RM'000	RM'000	RM'000
Current tax				
Foreign tax				
- current quarter/period	399	545	1,143	809
Deferred tax				
Malaysian tax				
- current quarter/period	-	(142)	-	(245)
Foreign tax				
- current quarter/period	(616)	(803)	(933)	(1,171)
- in respect of prior years	-	-	(12)	(18)
	<u>(217)</u>	<u>(400)</u>	<u>198</u>	<u>(625)</u>

The Group's effective 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.

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 22 June 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 and Bromley Sherman Road and Tesco Osterley due to amongst others, unsatisfactory planning conditions imposed. However, the Company plans to acquire the remaining two sites under Stage 2 namely the Tulse Hill and Ealing upon obtaining satisfactory planning consents from the respective local councils.

Acquisition of apartment units to be developed as “Macquarie Park Project” in Sydney, Australia

On 24 November 2017, EcoWorld Macquarie, an indirect wholly-owned subsidiary of the Company, entered into a conditional put and call option agreement (“Option Agreement”) with the owners of 25 apartment units (“Vendors”) in respect of the acquisition of such units in the strata scheme comprised by Strata Plan 6481 (“Strata Scheme”), located at 1-3 Lachlan Avenue, Macquarie Park, Sydney, NSW 2113, Australia (“Properties”).

On 5 February 2018, the Option Agreement has become unconditional. EcoWorld Macquarie had subsequently entered into a definitive sale and purchase agreement with each of the Vendors to acquire the Properties. The acquisition of the Properties was completed on 9 November 2018 following the full settlement of the total purchase consideration of AUD33.8 million (equivalent to RM102.45 million^(a)).

On 1 March 2019, EcoWorld Macquarie had entered into a conditional sale and purchase agreement with the owner to acquire the remaining 4 (out of 5) apartment units for a purchase consideration of AUD5.65 million (equivalent to RM16.43 million^(b)). The said acquisition was completed on 30 May 2019.

EcoWorld Macquarie has commenced the strata renewal process to acquire the remaining 1 apartment unit and is running this process in tandem with negotiation with its owner. The estimated total purchase consideration for all apartment units in the Strata Scheme is AUD41.0 million (equivalent to RM119.20 million^(b)).

Following acquisition of all apartment units in the Strata Scheme, EcoWorld Macquarie proposes to redevelop the land into a residential-led with a small commercial component development to be known as the “Macquarie Park Project”.

Notes:

- (a) Based on the exchange rate of AUD1.00 : RM3.0315 as at 8 November 2018, being the last full market day prior to the announcement dated 9 November 2018.
- (b) Based on the exchange rate of AUD1.00 : RM2.9073 as at 29 May 2019, being the last full market day prior to the completion date on 30 May 2019.

B7. Group Borrowings and Debt Securities

The total group borrowings and debt securities as at 30 April 2020 were as follows:

	As at 30/04/2020			As at 31/10/2019	
	Secured/ Unsecured	Foreign Currency '000		RM Equivalent '000	RM Equivalent '000
Short term borrowings					
- Term loan	Secured	AUD	148,876	419,412	-
- Term loan	Unsecured	GBP	19,937	107,062	107,080
				526,474	107,080
Long term borrowings					
- Term loans	Secured	AUD	79,226	223,196	474,065
- Term loan	Unsecured	AUD	29,794	83,935	85,894
- Medium term notes	Unsecured	RM	-	797,246	796,706
				1,104,377	1,356,665
Total borrowings					
- Term loans	Secured	AUD	228,102	642,608	474,065
- Term loan	Unsecured	AUD	29,794	83,935	85,894
- Term loan	Unsecured	GBP	19,937	107,062	107,080
- Medium term notes	Unsecured	RM	-	797,246	796,706
				1,630,851	1,463,745

As at 30 April 2020, the Group's medium term notes and term loans comprise facilities based on fixed and floating rates to finance the projects in United Kingdom and Australia and are denominated in RM, GBP and AUD.

B8. Material Litigation

The Group was not engaged in any material litigation as at 22 June 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 period ended 30 April 2020.

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

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

Basic earnings/(loss) per share has been calculated by dividing the Group's profit/(loss) for the period 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		6 MONTHS ENDED	
	30/04/2020	30/04/2019	30/04/2020	30/04/2019
Profit/(Loss) for the period attributable to owners of the Company (RM'000)	20,063	(11,981)	25,253	10,777
Weighted average number of ordinary shares ('000)	2,400,000	2,400,000	2,400,000	2,400,000
Basic Earnings/(Loss) Per Ordinary Share (sen)	0.84	(0.50)	1.05	0.45

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

Diluted earnings/(loss) per share has been calculated by dividing the Group's profit/(loss) for the period 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/(loss) per share, the potential exercise of the Warrants is not taken into account in calculating diluted earnings/(loss) per share.

	3 MONTHS ENDED		6 MONTHS ENDED	
	30/04/2020	30/04/2019	30/04/2020	30/04/2019
Profit/(Loss) for the period attributable to owners of the Company (RM'000)	20,063	(11,981)	25,253	10,777
Weighted average number of ordinary shares for Basic Earnings/(Loss) 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/(Loss) Per Ordinary Share (sen)	0.84	(0.50)	1.05	0.45

Notes:

The calculation of diluted earnings/(loss) per ordinary share does not assume the potential exercise of Warrants as the effect on profit/(loss) 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 30/04/2020 RM'000	6 MONTHS ENDED 30/04/2020 RM'000
Interest income	3,334	7,131
Interest expense	(2,165)	(18,184)
Depreciation and amortisation	(780)	(1,555)
Foreign exchange (loss)/gain		
- realised	(32)	103
- unrealised	(79)	4,748
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By order of the Board
Tan Ai Ning
Company Secretary
25 June 2020