


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

ECO WORLD INTERNATIONAL BERHAD

Financial Year End	31 Oct 2020
Quarter	3 Qtr
Quarterly report for the financial period ended	31 Jul 2020
The figures	have not been audited

Attachments

 [EWI Q3-2020 results.pdf](#)
519.2 kB

Default Currency	Other Currency
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Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION 31 Jul 2020

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31 Jul 2020	31 Jul 2019	31 Jul 2020	31 Jul 2019
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	615,437	224	615,601	224
2	Profit/(loss) before tax	65,070	57,597	91,745	69,722
3	Profit/(loss) for the period	38,242	58,729	64,719	71,479
4	Profit/(loss) attributable to ordinary equity holders of the parent	37,633	57,936	62,886	68,713
5	Basic earnings/(loss) per share (Subunit)	1.57	2.41	2.62	2.86
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 (\$\$)	1.1800		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	24 Sep 2020
Category	Financial Results
Reference Number	FRA-24092020-00007

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

Interim Financial Report
31 July 2020

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

Interim Financial Report - 31 July 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 PERIOD ENDED 31 JULY 2020
(The figures have not been audited)

	3 MONTHS ENDED		9 MONTHS ENDED	
	31 JULY 2020	31 JULY 2019	31 JULY 2020	31 JULY 2019
	RM'000	RM'000	RM'000	RM'000
Revenue	615,437	224	615,601	224
Direct expenses	(525,347)	-	(525,347)	-
Gross profit	90,090	224	90,254	224
Other income	6,582	4,588	14,481	10,407
Marketing expenses	(21,827)	(820)	(23,438)	(2,863)
Administrative and general expenses	(13,210)	(15,732)	(34,734)	(42,626)
Unrealised (loss)/gain on foreign exchange	(8,899)	8,819	(4,151)	8,890
Finance costs	(11,278)	(15,976)	(29,462)	(41,283)
Share of results in joint ventures	23,612	76,494	78,795	136,973
Profit before tax	65,070	57,597	91,745	69,722
Taxation	(26,828)	1,132	(27,026)	1,757
Profit for the period	38,242	58,729	64,719	71,479
Other comprehensive income/(loss), net of tax				
<i>Items that may be reclassified to profit or loss subsequently:</i>				
Hedge of net investment	(13,327)	14,025	(6,882)	12,239
Exchange differences on translation of foreign operations	119,598	(173,258)	88,904	(166,423)
Total comprehensive income/(loss) for the period	144,513	(100,504)	146,741	(82,705)
Profit for the period attributable to:				
Owners of the Company	37,633	57,936	62,886	68,713
Non-controlling interests	609	793	1,833	2,766
	38,242	58,729	64,719	71,479
Total comprehensive income/(loss) for period attributable to:				
Owners of the Company	143,678	(100,792)	144,738	(84,994)
Non-controlling interests	835	288	2,003	2,289
	144,513	(100,504)	146,741	(82,705)
Earnings per share attributable to owners of the Company:				
Basic earnings per share (sen)	1.57	2.41	2.62	2.86
Diluted earnings per share (sen)	1.57	2.41	2.62	2.86

(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 31 JULY 2020

(The figures have not been audited)

	As At 31 JULY 2020 RM'000	As At 31 OCTOBER 2019 RM'000
ASSETS		
Non-current assets		
Plant and equipment	2,738	4,243
Right-of-use assets	4,598	-
Goodwill	103,757	109,527
Investment in joint ventures	596,942	505,773
Inventories - land held for development	129,752	122,163
Deferred tax assets	7,963	20,066
	<u>845,750</u>	<u>761,772</u>
Current assets		
Inventories - property development costs	700,120	909,964
Amounts owing by joint ventures	2,229,041	2,101,102
Trade and other receivables	71,394	125,432
Contract costs	12,216	23,661
Current tax assets	1,108	917
Cash, bank balances and deposits	397,328	439,995
	<u>3,411,207</u>	<u>3,601,071</u>
TOTAL ASSETS	<u>4,256,957</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	(8,893)	(2,011)
Exchange translation reserve	43,860	(44,874)
Accumulated losses	(73,457)	(136,343)
Equity attributable to owners of the Company	<u>2,830,379</u>	<u>2,685,641</u>
Non-controlling interests	8,882	8,896
Total equity	<u>2,839,261</u>	<u>2,694,537</u>
Non-current liabilities		
Borrowings	797,451	1,356,665
Lease liabilities	3,751	-
Deferred tax liabilities	4,204	1,800
Derivative financial liabilities	9,389	2,205
	<u>814,795</u>	<u>1,360,670</u>

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

	As At	As At
	31 JULY 2020	31 OCTOBER 2019
	RM'000	RM'000
Current liabilities		
Trade and other payables	81,897	85,697
Contract liabilities	64,216	113,884
Borrowings	443,940	107,080
Lease liabilities	1,046	130
Current tax liabilities	11,802	845
	<u>602,901</u>	<u>307,636</u>
Total liabilities	<u>1,417,696</u>	<u>1,668,306</u>
TOTAL EQUITY AND LIABILITIES	<u>4,256,957</u>	<u>4,362,843</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.18</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 JULY 2020
(The figures have not been audited)

	← Attributable to owners of the Company →					Non-controlling interests	Total equity	
	← Non-distributable →			Distributable				
	Share capital	Warrant reserve	Hedging reserve	Exchange translation reserve	Accumulated losses	Total		
	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	-	-	(6,882)	-	-	(6,882)	-	(6,882)
- Exchange differences on translation of foreign operations	-	-	-	88,734	-	88,734	170	88,904
Profit for the period	-	-	-	-	62,886	62,886	1,833	64,719
Total comprehensive income/(loss) for the period	-	-	(6,882)	88,734	62,886	144,738	2,003	146,741
<i>Transactions with owners of the Company:</i>								
Dividend declared to non-controlling interests of a subsidiary	-	-	-	-	-	-	(2,017)	(2,017)
At 31 JULY 2020	2,592,451	276,418	(8,893)	43,860	(73,457)	2,830,379	8,882	2,839,261
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 period:								
- Hedge of net investment	-	-	12,239	-	-	12,239	-	12,239
- Exchange differences on translation of foreign operations	-	-	-	(165,946)	-	(165,946)	(477)	(166,423)
Profit for the period	-	-	-	-	68,713	68,713	2,766	71,479
Total comprehensive income/(loss) for the period	-	-	12,239	(165,946)	68,713	(84,994)	2,289	(82,705)
<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 JULY 2019	2,592,451	276,418	12,229	(239,603)	(254,634)	2,386,861	7,773	2,394,634

(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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(Incorporated in Malaysia)

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

(The figures have not been audited)

	9 MONTHS ENDED	
	31 JULY 2020	31 JULY 2019
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	91,745	69,722
Adjustments for:		
Non-cash items	(64,346)	(144,239)
Non-operating items	19,672	30,988
Operating profit/(loss) before working capital changes	<u>47,071</u>	<u>(43,529)</u>
Changes in inventories	287,327	(379,074)
Changes in receivables and other current assets	65,474	(2,431)
Changes in payables and other current liabilities	(3,226)	(1,503)
Contract liabilities	(49,668)	-
Cash generated from/(used in) operations	<u>346,978</u>	<u>(426,537)</u>
Interest received	2,997	4,515
Tax paid	(1,541)	(1,787)
Net cash generated from/(used in) operating activities	<u><u>348,434</u></u>	<u><u>(423,809)</u></u>
Cash Flows From Investing Activities		
Purchase of plant and equipment	(20)	(50)
Proceeds from disposal of plant and equipment	91	-
(Advances to)/Repayment by joint ventures	(84,808)	77,616
Investment in joint ventures	-	(611)
Acquisition of non-controlling interests	-	(13,156)
Withdrawal/(Placements) of deposits, debt service reserve and interest service reserve accounts	6,363	(7,876)
Interest received	5,482	5,779
Net cash (used in)/generated from investing activities	<u><u>(72,892)</u></u>	<u><u>61,702</u></u>
Cash Flows From Financing Activities		
Drawdown of borrowings	341,760	612,274
Repayment of borrowings	(596,761)	-
Repayment to a corporate shareholder of a subsidiary	-	(15,826)
Finance costs	(55,532)	(38,900)
Dividend paid to non-controlling interests of a subsidiary	(2,017)	(1,333)
Payment of lease liabilities	(999)	(35)
Net cash (used in)/generated from financing activities	<u><u>(313,549)</u></u>	<u><u>556,180</u></u>

ECO WORLD INTERNATIONAL BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JULY 2020 (continued)

(The figures have not been audited)

	9 MONTHS ENDED	
	31 JULY 2020	31 JULY 2019
	RM'000	RM'000
Net changes in cash and cash equivalents	(38,007)	194,073
Cash and cash equivalents at 1 November 2019/ 2018	419,620	427,597
Effect of exchange rate changes	1,703	(19,426)
Cash and cash equivalents at 31 July 2020/ 2019	383,316	602,244
 Cash and cash equivalents comprise the following:		
Deposits	200,794	528,716
Cash and bank balances	196,534	90,767
	397,328	619,483
Less: Deposit pledged, debt service reserve and interest service reserve accounts	(14,012)	(17,239)
	383,316	602,244

(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 31 July 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 period ended 31 July 2020.

A4. Changes in Estimates

There were no material changes in estimates during the financial period ended 31 July 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 31 July 2020.

A6. Dividends Paid

There was no payment of dividend during the financial period ended 31 July 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 9 months ended 31 July 2020 is as follows:

	United Kingdom RM'000	Australia RM'000	Malaysia RM'000	Eliminations RM'000	Total RM'000
<u>Revenue</u>					
External revenue	-	615,428	686	(513)	615,601
Inter-segment revenue	12,050	-	127	(12,177)	-
Total revenue	<u>12,050</u>	<u>615,428</u>	<u>813</u>	<u>(12,690)</u>	<u>615,601</u>
Segment results	(3,736)	55,062	(16,952)	-	34,374
Share of results in joint ventures	78,795	-	-	-	78,795
Depreciation	(208)	(408)	(1,676)	-	(2,292)
Unrealised gain/(loss) on foreign exchange	1	15	(4,167)	-	(4,151)
Other income	-	4,089	602	-	4,691
Finance income	204	50	9,536	-	9,790
Finance costs	-	(1)	(29,461)	-	(29,462)
Profit/(Loss) before tax	<u>75,056</u>	<u>58,807</u>	<u>(42,118)</u>	<u>-</u>	<u>91,745</u>
Taxation	(1,676)	(24,979)	(371)	-	(27,026)
Profit/(Loss) for the period	<u>73,380</u>	<u>33,828</u>	<u>(42,489)</u>	<u>-</u>	<u>64,719</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>5.3696</i>	<i>2.9499</i>	<i>1.0000</i>

	United Kingdom RM'000	Australia RM'000	Malaysia RM'000	Eliminations RM'000	Total RM'000
Segment assets	<u>2,965,117</u>	<u>1,097,252</u>	<u>194,588</u>	<u>-</u>	<u>4,256,957</u>
Segment liabilities	<u>1,732</u>	<u>428,359</u>	<u>987,605</u>	<u>-</u>	<u>1,417,696</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>5.5104</i>	<i>3.0278</i>	<i>1.0000</i>

Note:

⁽¹⁾ Average rates for the financial period ended 31 July 2020.

⁽²⁾ Closing rates as at 31 July 2020.

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

There were no significant events after 31 July 2020 until 21 September 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 9 months ended 31 July 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 August 2020 until 21 September 2020, being the latest practicable date from the date of issue of this interim financial report, except as follows:
- (i) 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.

A10. Fair Value of Financial Instruments

- (a) Details of derivative financial instruments outstanding as at 31 July 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	(9,389)
	<u>338,179</u>	<u>(9,389)</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
31/07/2020
RM'000**

Approved and contracted for:

- Commitment to purchase development land/ properties	6,661
- 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>)	162,819
(ii) EcoWorld London by way of shareholder’s loan (<i>Note b</i>)	230,646
(iii) EcoWorld London DMCo by way of shareholder’s loan (<i>Note b</i>)	<u>1,813</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 RM495.94 million based on the exchange rate of GBP1.00 : RM5.5104 as at 31 July 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

	9 MONTHS ENDED 31/07/2020 RM'000
(i) Transactions with joint ventures	
- Advances to joint ventures	103,422
- Repayment of advances by joint ventures	(18,754)
- Sales commission	686
(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	412
- Support service fees paid or payable	105
- Rental paid or payable	112
(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	875
(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			9 MONTHS ENDED		
	31/07/2020 RM'000	31/07/2019 RM'000	CHANGES RM'000	31/07/2020 RM'000	31/07/2019 RM'000	CHANGES RM'000
Gross profit	90,090	224	89,866	90,254	224	90,030
Share of results in joint ventures	23,612	76,494	(52,882)	78,795	136,973	(58,178)
Profit before interest and tax	76,348	73,573	2,775	121,207	111,005	10,202
Profit/(Loss) before tax	65,070	57,597	7,473	91,745	69,722	22,023
Profit/(Loss) for the period	38,242	58,729	(20,487)	64,719	71,479	(6,760)
Profit/(Loss) for the period attributable to owners of the Company	37,633	57,936	(20,303)	62,886	68,713	(5,827)

(a) 3Q 2020 vs. 3Q 2019

Gross profit for 3Q 2020 was RM90.09 million, a substantial increase as compared to gross profit of RM0.22 mil reported for 3Q 2019. During the current quarter, the Group recorded a profit before tax ("PBT") of RM65.07 million, as compared to PBT of RM57.59 million reported for 3Q 2019.

The higher gross profit and PBT reported in 3Q 2020 was mainly due to commencement of revenue and profit recognition of the Group's maiden project in Australia, West Village following completion and commencement of handover of units sold to customers. A reduction in administrative costs following various cost savings measures implemented by the Group and lower finance cost due to capitalisation of finance cost on general borrowings also contributed to the higher profits achieved.

This increase in PBT was partly offset however by higher marketing expenses resulting from realisation of capitalised sales commission in tandem with completion and commencement of handover of units in West Village and unrealised foreign exchange loss as opposed to unrealised foreign exchange gain reported in the previous corresponding quarter.

Share of results in joint ventures in 3Q 2020 was lower due to higher number of units sold to customers having been handed over in the prior year corresponding quarter. As a result, profit after tax ("PAT") for the period was lower as compared to 3Q 2019. Site closure at Kew from end March to May 2020 arising from Covid-19 measures implemented had resulted in slower than expected progressive revenue recognition in 3Q 2020.

Revenue recorded by the Group's joint-ventures totalled RM341.92 million (3Q 2019: RM892.85 million), of which the Group's effective share (unconsolidated) amounted to RM245.09 million (3Q 2019: RM629.33 million).

Revenue for the Group for 3Q 2020 was RM615.43 million. The revenue arose from West Village following completion and commencement of 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 the United Kingdom.

B1. Review of Group Performance (continued)**(b) 3Q YTD 2020 vs. 3Q YTD 2019**

The Group recorded a PBT of RM91.74 million in the current financial period, as compared to PBT of RM69.72 million reported for 3Q YTD 2019.

The higher PBT reported in the current financial period was mainly due to commencement of revenue and profit recognition from West Village following completion and commencement of handover of units sold to customers, lower finance costs due to capitalisation of finance cost on general borrowings and a reduction of administrative and general expenses by RM13.66 million (excluding commencement of impairment of goodwill of RM5.77 million in 3Q 2020). This was partly offset by higher marketing expenses resulting from realisation of capitalised sales commission in tandem with completion and commencement of handover of units in West Village and unrealised foreign exchange loss as opposed to unrealised foreign exchange gain reported in previous corresponding financial period. 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 3Q YTD 2020.

Revenue recorded by the Group's joint-ventures totalled RM1,532.47 million (3Q 2019: RM2,091.55 million), of which the Group's effective share (unconsolidated) amounted to RM1,115.44 million (3Q 2019: RM1,456.29 million).

Revenue for the Group for 3Q YTD 2020 was RM615.60 million. The revenue arose from West Village following completion and commencement of 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 the United Kingdom.

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

	3 MONTHS ENDED		CHANGES
	31/07/2020	30/04/2020	
	RM'000	RM'000	RM'000
Gross profit	90,090	113	89,977
Share of results in joint ventures	23,612	32,514	(8,902)
Profit before interest and tax	76,348	22,439	53,909
Profit before tax	65,070	20,274	44,796
Profit for the period	38,242	20,491	17,751
Profit for the period attributable to owners of the Company	37,633	20,063	17,570

The Group's current quarter PBT was RM65.07 million, which was RM44.79 million higher than the PBT recorded in preceding quarter ended 30 April 2020 of RM20.27 million.

The higher PBT recorded in the current quarter was mainly due to commencement of revenue and profit recognition from West Village following completion and commencement of handover of units sold to customers, partially offset by higher marketing expenses, higher unrealised foreign exchange loss and lower share of results in joint ventures.

B3. Sales Achieved and Prospects for the Next Financial Year

PROJECTS	LANDBANK AS AT 31/8/2020	YEAR-TO-DATE AS AT 31/8/2020			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	17	255	1,099	12,058	3,296
Sydney	1.9	-	(18)	(41)	839	128
Melbourne	0.5	-	9	27	523	519
Total	53.1	17	246	1,085	13,420	3,943

EcoWorld International reported its maiden revenue from Australia in the third quarter of FY2020, enabled by commencement of handover of units in West Village. As at 31 August 2020, 313 keys have been delivered to purchasers of West Village. While there was a small percentage of rescissions recorded in the quarter, some of the rescinded units have been successfully resold to new purchasers subsequently.

Despite the lockdown situation in London from March 2020 to May 2020, handover of Wardian London has commenced in the fourth quarter of FY2020. The first batch of completion notices were issued to purchasers in August 2020 and more will follow in the next several months as the construction works of Wardian complete in stages.

In Melbourne, construction of Yarra One has been slightly delayed due to the reduced manpower permitted throughout the "Stage 4" movement restrictions in the city. As a result, the handover of units at Yarra One which was previously scheduled for 4Q 2020 is now targeted to commence in 1Q 2021. Meanwhile, in Sydney, the Group has exchanged a sales contract in August 2020 to acquire the remaining unit of the Macquarie Park site and the acquisition is expected to be completed in September 2020.

On the sales front, the Board is pleased to share that EcoWorld London has launched a new project named Third & Caird (formerly known as Moberly & Jubilee Phase 2) in London during the third quarter of FY2020. Comprising 37 private apartments and townhouses, Third & Caird is a small residential project located in the City of Westminster. 17 apartment units have been launched to date with close to 35% take-up rate achieved as at end of August 2020. Third & Caird is currently scheduled for completion in FY2022.

During the third quarter, the Group witnessed sustained interest in its London projects from both local and foreign purchasers. Buying interest was sparked by the stamp duty holiday which exempts the first £500,000 of the purchase price from stamp duty levy. Pent up demand for housing from local owner-occupiers and the city's desirability as the world's top property investment destination continued to drive property transactions in London. Based on this improved sentiment, the Group recorded £67 million sales in London in the third quarter of FY2020 and a further £19 million sales in August 2020, bringing year-to-date sales to £198 million. Embassy Gardens contributed the largest share of sales (£69 million), followed by London City Island (£51 million) and Wardian (£31 million). Including Australia, the Group's total sales as at 31 August 2020 has exceeded RM1 billion, 40% higher than the sales recorded in the same period of FY2019.

The Group expects the sales momentum to date to continue through 4Q2020. Management is also pursuing a sizeable Build-to-Rent (BtR) deal in the UK and hopes to close the deal in the near future. The resilient rental market in London remains a big draw for potential BtR investors. According to UK's Office for National Statistics, private rental rates in London continue to register positive growth in the first seven months of 2020 despite the ongoing Covid-19 pandemic. This, coupled with the low interest rate environment and potential for capital appreciation, is expected to attract more investments into UK BtR assets.

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

To further enhance its capacity to become a significant player in the UK BtR sector, EcoWorld London recently launched APO. APO is a new BtR management platform that provides end-to-end services for BtR investors in sourcing investment opportunities, supporting design & development, leasing and long-term property management. APO is also expected to generate stable property management income for the Group once more completed BtR projects are added into its portfolio.

Notes:

- (1) Based on sales achieved.
- (2) Based on the exchange rate of GBP1.00 : RM5.5417 and AUD1.00 : RM3.0524 as at 31 August 2020.
- (3) Cumulative sales as at 31 August 2020 represent contracts exchanged of RM13,142 million and reserved units of RM278 million.
- (4) Share of future revenue based on effective stake in joint ventures and subsidiaries as at 31 August 2020 and excludes other reserved units.

B4. Variance of Actual Profit from Forecast Profit

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

B5. Taxation

Taxation comprises:

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2020	31/07/2019	31/07/2020	31/07/2019
	RM'000	RM'000	RM'000	RM'000
Current tax				
Foreign tax				
- current quarter/period	10,867	714	12,010	1,523
- in respect of prior years	-	(116)	-	(116)
Deferred tax				
Malaysian tax				
- current quarter/period	371	(139)	371	(384)
- in respect of prior years	-	(2)	-	(2)
Foreign tax				
- current quarter/period	15,590	(1,772)	14,657	(2,943)
- in respect of prior years	-	183	(12)	165
	<u>26,828</u>	<u>(1,132)</u>	<u>27,026</u>	<u>(1,757)</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, while the effective foreign tax rate of the Group's subsidiaries in Australia is higher than the statutory tax rate of 30% mainly due to timing difference of tax deductible items. 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 21 September 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.

Following the conclusion of the negotiation with the owner of the remaining 1 unit in the Strata Scheme, the acquisition of the remaining unit is expected to complete by end of September 2020. This equates to a total purchase consideration of approximately AUD41.7 million (equivalent to RM125.6 million^(c)).

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.*
- (c) *Based on the exchange rate of AUD1.00 : RM3.0126 as at 14 September 2020, being the latest practicable date from the date of issue of this interim financial report.*

B7. Group Borrowings and Debt Securities

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

	As at 31/07/2020			As at 31/10/2019	
	Secured/ Unsecured	Foreign Currency '000		RM Equivalent '000	RM Equivalent '000
Short term borrowings					
- Term loan	Secured	AUD	92,944	281,417	-
- Term loan	Unsecured	AUD	14,912	45,151	-
- Term loan	Unsecured	GBP	-	-	107,080
- Revolving credit	Unsecured	GBP	21,300	117,372	-
				443,940	107,080
Long term borrowings					
- Term loans	Secured	AUD	-	-	474,065
- Term loan	Unsecured	AUD	-	-	85,894
- Medium term notes	Unsecured	RM	-	797,451	796,706
				797,451	1,356,665
Total borrowings					
- Term loans	Secured	AUD	92,944	281,417	474,065
- Term loan	Unsecured	AUD	14,912	45,151	85,894
- Term loan	Unsecured	GBP	-	-	107,080
- Revolving credit	Unsecured	GBP	21,300	117,372	-
- Medium term notes	Unsecured	RM	-	797,451	796,706
				1,241,391	1,463,745

As at 31 July 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 21 September 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 31 July 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 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		9 MONTHS ENDED	
	31/07/2020	31/07/2019	31/07/2020	31/07/2019
Profit for the period attributable to owners of the Company (RM'000)	<u>37,633</u>	<u>57,936</u>	<u>62,886</u>	<u>68,713</u>
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)	<u>1.57</u>	<u>2.41</u>	<u>2.62</u>	<u>2.86</u>

(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 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 per share, the potential exercise of the Warrants is not taken into account in calculating diluted earnings per share.

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2020	31/07/2019	31/07/2020	31/07/2019
Profit for the period attributable to owners of the Company (RM'000)	<u>37,633</u>	<u>57,936</u>	<u>62,886</u>	<u>68,713</u>
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)	<u>#</u>	<u>#</u>	<u>#</u>	<u>#</u>
Weighted average number of ordinary shares ('000)	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,400,000</u>
Diluted Earnings Per Ordinary Share (sen)	<u>1.57</u>	<u>2.41</u>	<u>2.62</u>	<u>2.86</u>

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 31/07/2020 RM'000	9 MONTHS ENDED 31/07/2020 RM'000
Interest income	2,659	9,790
Interest expense	(11,278)	(29,462)
Depreciation and amortisation	(737)	(2,292)
Foreign exchange (loss)/gain		
- realised	(3,076)	(2,973)
- unrealised	(8,899)	(4,151)
Impairment of goodwill	(5,770)	(5,770)

By order of the Board
Tan Ai Ning
Company Secretary
24 September 2020