



Capital World Limited
(Incorporated in the Cayman Islands)
Company Registration Number: CT-276295

1 North Bridge Road, #24-09
High Street Centre
Singapore 179094

VARIANCE BETWEEN THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 AND THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 DATED 29 AUGUST 2019

The Board of Directors (the "Board") of Capital World Limited (the "Company") and together with its subsidiaries (the "Group") refers to the unaudited full year financial statements announcement for the financial year ended 30 June 2019 ("FY2019") dated 29 August 2019.

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Board wishes to highlight certain adjustments to the unaudited consolidated statement of comprehensive income, balance sheets and consolidated statement of cash flows for FY2019, following the finalization of the audit. The aforesaid adjustment and reclassification are set out in Appendix A of this announcement.

By the Order of the Board

Siow Chien Fu
Executive Director and Chief Executive Officer
14 October 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)

APPENDIX A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Financial year ended 30 June 2019				Note
	Audited	Unaudited	Variance		
	RM'000	RM'000	RM'000	%	
Revenue	141,200	137,177	4,023	3%	#
Cost of sales	(48,105)	(48,499)	394	-1%	#
Gross profit	93,095	88,678			
Other income	13,836	10,528	3,308	31%	1
Selling and distribution expenses	(2,871)	(7,494)	4,623	-62%	2
General and administrative expenses	(134,212)	(126,589)	(7,623)	6%	3
Finance costs	(23,172)	(19,659)	(3,513)	18%	4
Loss before tax	(53,324)	(54,536)			
Income tax income	7,719	6,965	754	11%	5
Loss for the year	(45,605)	(47,571)			
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Currency translation reserve released on disposal of a subsidiary company	306	306	-	0%	
Exchange differences arising from translation of foreign operations, net of tax	970	970	-	0%	
Total comprehensive income for the year	(44,329)	(46,295)			
Profit for year attributable to:					
Owners of the Company	(44,795)	(46,788)	1,993	-4%	#
Non-controlling interest	(810)	(783)	(27)	3%	#
	(45,605)	(47,571)			
Total comprehensive income for the year attributable to:					
Owners of the Company	(43,521)	(45,483)	1,962	-4%	#
Non-controlling interest	(808)	(812)	4	0%	
	(44,329)	(46,295)			

BALANCE SHEET FOR THE GROUP

	As at 30 June 2019			
	Audited	Unaudited	Variance	
	RM'000	RM'000	RM'000	%
Current assets				
Inventory properties	223,333	181,097	42,236	23%
Inventories	3,947	3,946	1	0%
Deferred expenditure	4,021	1,341	2,680	200%
Trade receivables	10,281	1,320	8,961	679%
Other receivables, deposits and prepayments	25,853	26,380	(527)	-2%
Deferred tax assets	-	1,903	(1,903)	-100%
Cash on hand and at banks	3,224	3,224	-	0%
	<u>270,659</u>	<u>219,211</u>	<u>51,448</u>	
Non-current assets				
Inventory properties	121,774	153,359	(31,585)	-21%
Trade receivables	14,495	11,487	3,008	26%
Property, plant and equipment	129,073	146,590	(17,517)	-12%
Investment property	231,162	251,561	(20,399)	-8%
Intangible assets	23,179	23,179	-	0%
Deferred tax asset	3,473	2,548	925	36%
	<u>523,156</u>	<u>588,724</u>	<u>(65,568)</u>	
Total assets	<u>793,815</u>	<u>807,935</u>	<u>(14,120)</u>	
Current liabilities				
Trade payables	70,838	129,929	(59,091)	-45%
Other payables and accruals	82,511	68,815	13,696	20%
Deferred revenue	3,068	6,928	(3,860)	-56%
Loans and borrowings	44,572	44,572	-	0%
Provision for taxation	12,942	35,268	(22,326)	-63%
	<u>213,931</u>	<u>285,512</u>	<u>(71,581)</u>	
Non-current liabilities				
Trade payables	247,424	215,225	32,199	15%
Other payables	5,306	2,506	2,800	112%
Provision for taxation	23,205	-	23,205	n.m.
Deferred tax liabilities	1,639	4,348	(2,709)	-62%
	<u>277,574</u>	<u>222,079</u>	<u>55,495</u>	
Total liabilities	<u>491,505</u>	<u>507,591</u>	<u>(16,086)</u>	
Equity attributable to owners of the Company				
Share capital	176,240	176,240	-	0%
Share premium	3,824	3,824	-	0%
Merger reserve	5,000	5,000	-	0%
Equity component of convertible bond	186	186	-	0%
Currency translation reserves	1,069	1,100	(31)	-3%
Retained earnings	116,819	114,826	1,993	2%
	<u>303,138</u>	<u>301,176</u>	<u>1,962</u>	
Non-controlling interest	(828)	(832)	4	0%
Total equity	<u>302,310</u>	<u>300,344</u>	<u>1,966</u>	
Total liability and equity	<u>793,815</u>	<u>807,935</u>		

CONSOLIDATED STATEMENT OF CASH FLOWS

	Financial year ended 30 June 2019			
	Audited	Unaudited	Variance	
	RM'000	RM'000	RM'000	%
Cash flows from operating activities				
(Loss)/profit before tax	(53,324)	(54,536)	1,212	-2%
Adjustments for:				
Depreciation of property, plant and equipment	5,229	8,243	(3,014)	-37%
Depreciation of investment properties	3,511	-	3,511	n.m.
Amortisation of intangible assets	3,648	3,692	(44)	-1%
Amortisation of deferred expenditure	4,528	4,517	11	0%
Amortisation of fulfillment cost	151	-	151	n.m.
Gain on disposal of a subsidiary	(3,641)	(3,640)	(1)	0%
Property, plant and equipment written off	306	280	26	9%
Provision of impairment of inventory	2,600	2,600	-	0%
Inventories written off	937	937	-	0%
Allowance of estimated credit losses/impairment of trade receivables	2,441	2,441	-	0%
Allowance for impairment of mining rights	57,495	57,495	-	0%
Allowance for impairment of goodwill	11,378	11,378	-	0%
Allowance for impairment of property, plant and equipment	3,129	3,129	-	0%
Fair value gain on derivatives	(5,249)	(1,737)	(3,512)	202%
Forfeiture of deposit due to cancellation of project	500	500	-	0%
Amortisation of facility fee on convertible bond	7,579	7,579	0	0%
Interest income	(2,527)	(533)	(1,994)	374%
Interest expense	23,172	19,659	3,513	18%
Operating cash flows before changes in working capital	61,863	62,004		
Changes in working capital:				
Change in inventories	1,578	642	936	146%
Change in inventory properties	(54,968)	(52,386)	(2,582)	5%
Change in deferred expenditure	(2,800)	(109)	(2,691)	2469%
Change in trade and other receivables	7,974	19,416	(11,442)	-59%
Change in trade and other payables and deferred revenue	42,905	62,467	(19,562)	-31%
Cash flows generated from operations	56,552	92,034		
Interest paid	(17,840)	(7,747)	(10,093)	130%
Interest received	2,527	533	1,994	374%
Tax paid	(8,593)	(8,242)	(351)	4%
Net cash flows generated from operating activities	32,646	76,578		
Cash flows from investing activities				
Purchase of property, plant and equipment	(31,779)	(53,323)	21,544	-40%
Purchase of intangible assets	(1,813)	(1,813)	-	0%
Costs incurred on investment properties	(41,002)	(58,982)	17,980	-30%
Net cash received from disposal of a subsidiary	1,099	(3,270)	4,369	-134%
Net cash flows used in investing activities	(73,495)	(117,388)		
Cash flows from financing activities				
Proceeds from loans and borrowings	9,173	9,173	0	0%
Repayment of loans and borrowings	(21,535)	(21,535)	(0)	0%
Proceeds from issuance of placement shares	25,943	25,943	-	0%
Repayment of hire purchase payables	(37)	(37)	-	0%
Withdrawal of secured deposit	5,200	5,200	-	0%
Net cash flows (used in)/generated from financing activities	18,744	18,744		
Net decrease in cash and cash equivalents	(22,105)	(22,066)		
Effect of exchange rate changes in cash and cash equivalents	1,050	1,011	39	4%
Cash and cash equivalents at beginning of year	23,454	23,454	-	0%
Cash and cash equivalents at end of period	2,399	2,399		

Notes:

Consolidated statement of comprehensive income

1. The increase in other income was due to taking up additional fair value gain of the derivatives relating to the convertible bonds.
2. The decrease in selling and distribution expenses was mainly due to reversal of over accrual of legal fees relating to sales.
3. The increase in general and administration expenses was mainly due to the accrual of late interest payment arising from the income tax installment for FY2018 and FY2019 income tax, and accrued payments from the potential late completion of the serviced suites.
4. The increase in finance costs was mainly due to additional fair value gain of the derivatives relating to the convertible bonds as mentioned in note 1 above.
5. The increase in income tax income was mainly due to reversal of over accrual of deferred tax liability in the prior financial year.
- #. Immaterial

Balance Sheet for the Group

6. The overall increase in current inventory properties was due to reclassification from non-current to current inventory properties and additional development costs relating to serviced suites recorded into current inventory properties.
7. The increase in deferred expenditure was mainly due to reversal of over accrued legal fees relating to the sales.
8. The overall increase in trade receivables was mainly due to reclassification of debit balances (representing assets) in other payables and accrual account (representing liabilities) to trade receivables account (representing assets), i.e. transfer of a negative amount in other payables and accruals to account to trade receivables account.
9. The overall decrease in current deferred tax assets was due to reclassification from current to non-current deferred tax assets and offsetting deferred tax assets against deferred tax liability.
10. The decrease in property, plant and equipment was mainly due to reversal of land unwinding cost which was over provided in the unaudited financial statement. Land winding cost is the difference between the net present value of the land cost and the maximum land cost of RM324 million under the joint venture agreement with the landowner of the Capital City Project.
11. The decrease in investment properties was mainly due to reclassification of development costs to inventory properties and reversal of land unwinding costs.
12. The overall decrease in trade payables was due to reclassification from current to non-current trade payables and the reversal of land unwinding cost.
13. The overall increase in other payables and accruals (representing liabilities) was mainly due to reclassification of debit balances (representing assets) to the trade receivables accounts (representing assets) and accrual of late payment interest for the income tax installment for FY2018 and 2019 income tax, and accrued payments from the potential late completion of the serviced suites.
14. The decrease in deferred revenue was mainly due to transfer to revenue account arising from under-recognition of the revenue.

15. The change in provision of taxation is due to the reclassification from current to non-current provision for taxation. There is no significant change to the total amount.

16. The decrease in deferred tax liability is due to reversal of over provision made in prior year and offsetting of deferred tax liability against the deferred tax assets.

#: Immaterial

n.m.: Not meaningful

Consolidated statement of cash flow

As a result of changes to the consolidated statement of comprehensive income and the balance sheets, corresponding changes have been made to the consolidated statement of cash flows, which shall be read in conjunction with the audited consolidated statement of comprehensive income and the balance sheets.