

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

Interim Financial Report
31 July 2021

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Interim Financial Report - 31 July 2021

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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 2021
(The figures have not been audited)

	3 MONTHS ENDED		9 MONTHS ENDED	
	31 JULY 2021	31 JULY 2020	31 JULY 2021	31 JULY 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	127,134	615,437	537,966	615,601
Direct expenses	(99,688)	(525,347)	(422,544)	(525,347)
Gross profit	<u>27,446</u>	<u>90,090</u>	<u>115,422</u>	<u>90,254</u>
Other income	3,395	6,582	25,934	14,481
Marketing expenses	(3,235)	(21,827)	(20,813)	(23,438)
Administrative and general expenses	(12,336)	(13,210)	(57,432)	(34,734)
Unrealised loss on foreign exchange	(5,634)	(8,899)	(10,437)	(4,151)
Finance costs	(14,717)	(11,278)	(43,744)	(29,462)
Share of results in joint ventures	15,413	23,612	97,395	78,795
Profit before tax	<u>10,332</u>	<u>65,070</u>	<u>106,325</u>	<u>91,745</u>
Taxation	(7,340)	(26,828)	(34,784)	(27,026)
Profit for the period	<u>2,992</u>	<u>38,242</u>	<u>71,541</u>	<u>64,719</u>
Other comprehensive income/(loss), net of tax				
<i>Items that may be reclassified to profit or loss subsequently:</i>				
Hedge of net investment	3,563	(13,327)	(1,039)	(6,882)
Exchange differences on translation of foreign operations	92,603	119,598	321,493	88,904
Total comprehensive income for the period	<u>99,158</u>	<u>144,513</u>	<u>391,995</u>	<u>146,741</u>
Profit for the period attributable to:				
Owners of the Company	2,489	37,633	69,826	62,886
Non-controlling interests	503	609	1,715	1,833
	<u>2,992</u>	<u>38,242</u>	<u>71,541</u>	<u>64,719</u>
Total comprehensive income for period attributable to:				
Owners of the Company	98,504	143,678	389,740	144,738
Non-controlling interests	654	835	2,255	2,003
	<u>99,158</u>	<u>144,513</u>	<u>391,995</u>	<u>146,741</u>
Earnings per share attributable to owners of the Company:				
Basic earnings per share (sen)	<u>0.10</u>	<u>1.57</u>	<u>2.91</u>	<u>2.62</u>
Diluted earnings per share (sen)	<u>0.10</u>	<u>1.57</u>	<u>2.91</u>	<u>2.62</u>

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 October 2020 and the accompanying explanatory notes)

ECO WORLD INTERNATIONAL BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2021

(The figures have not been audited)

	As At 31 JULY 2021 RM'000	As At 31 OCTOBER 2020 RM'000
ASSETS		
Non-current assets		
Plant and equipment	2,512	3,098
Right-of-use assets	2,645	4,449
Goodwill	909	10,669
Investment in joint ventures	532,886	672,993
Inventories - land held for development	144,099	132,264
Amounts owing by joint ventures	946,368	739,835
Deferred tax assets	-	8,894
	1,629,419	1,572,202
Current assets		
Inventories - property development costs	281,350	652,243
Amounts owing by joint ventures	1,639,100	1,491,755
Trade and other receivables	1,750	52,970
Contract costs	2,398	11,069
Current tax assets	8,549	722
Derivative financial assets	-	2,487
Cash, bank balances and deposits	540,690	284,014
	2,473,837	2,495,260
TOTAL ASSETS	4,103,256	4,067,462
EQUITY AND LIABILITIES		
Equity		
Share capital	2,592,451	2,592,451
Warrant reserve	276,418	276,418
Hedging reserve	(1,368)	(329)
Exchange translation reserve	247,502	(73,451)
Accumulated losses	(130,191)	(56,017)
Equity attributable to owners of the Company	2,984,812	2,739,072
Non-controlling interests	4,751	9,074
Total equity	2,989,563	2,748,146
Non-current liabilities		
Borrowings	576,085	448,371
Lease liabilities	2,038	3,668
Deferred tax liabilities	4,771	2,576
Derivative financial liabilities	1,530	602
	584,424	455,217

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2021 (continued)
(The figures have not been audited)

	As At	As At
	31 JULY 2021	31 OCTOBER 2020
	RM'000	RM'000
Current liabilities		
Trade and other payables	20,118	24,936
Contract liabilities	202	47,500
Borrowings	493,223	779,988
Lease liabilities	919	1,070
Derivative financial liabilities	-	1,035
Current tax liabilities	14,807	9,570
	529,269	864,099
Total liabilities	1,113,693	1,319,316
TOTAL EQUITY AND LIABILITIES	4,103,256	4,067,462
Net assets per share attributable to owners of the Company (RM)	1.24	1.14

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 October 2020 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 2021

(The figures have not been audited)

	← Attributable to owners of the Company →					Total	Non-controlling interests	Total equity
	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 2020	2,592,451	276,418	(329)	(73,451)	(56,017)	2,739,072	9,074	2,748,146
Other comprehensive (loss)/income for the period:								
- Hedge of net investment	-	-	(1,039)	-	-	(1,039)	-	(1,039)
- Exchange differences on translation of foreign operations	-	-	-	320,953	-	320,953	540	321,493
Profit for the period	-	-	-	-	69,826	69,826	1,715	71,541
Total comprehensive (loss)/income for the period	-	-	(1,039)	320,953	69,826	389,740	2,255	391,995
<i>Transactions with owners of the Company:</i>								
Dividend declared to owners of the Company	-	-	-	-	(144,000)	(144,000)	-	(144,000)
Dividend declared to non-controlling interests of a subsidiary	-	-	-	-	-	-	(6,578)	(6,578)
At 31 JULY 2021	2,592,451	276,418	(1,368)	247,502	(130,191)	2,984,812	4,751	2,989,563
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 (loss)/income 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 (loss)/income 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

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the period ended 31 October 2020 and the accompanying explanatory notes)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JULY 2021

(The figures have not been audited)

	9 MONTHS ENDED	
	31 JULY 2021	31 JULY 2020
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	106,325	91,745
Adjustments for:		
Non-cash items	(53,343)	(64,346)
Non-operating items	35,705	19,672
Operating profit before working capital changes	<u>88,687</u>	<u>47,071</u>
Changes in inventories	412,985	287,327
Changes in receivables and other current assets	50,975	65,474
Changes in payables and other current liabilities	(10,779)	(3,226)
Changes in contract liabilities	(47,298)	(49,668)
Changes in derivatives	(22,043)	-
Cash generated from operations	<u>472,527</u>	<u>346,978</u>
Interest received	6,091	2,997
Tax paid	(27,149)	(1,541)
Net cash generated from operating activities	<u>451,469</u>	<u>348,434</u>
Cash Flows From Investing Activities		
Purchase of plant and equipment	(599)	(20)
Proceeds from disposal of plant and equipment	2	91
Advances to joint ventures	(129,804)	(84,808)
(Placement)/Withdrawal of deposits, debt service reserve and interest service reserve accounts	(234,921)	6,363
Dividend received from joint venture	299,297	-
Interest received	2,048	5,482
Net cash used in investing activities	<u>(63,977)</u>	<u>(72,892)</u>
Cash Flows From Financing Activities		
Drawdown of borrowings	271,866	341,760
Repayment of borrowings	(466,455)	(596,761)
Finance costs	(42,032)	(55,532)
Dividend paid to owners of the Company	(144,000)	-
Dividend paid to non-controlling interests of a subsidiary	(6,578)	(2,017)
Payment of lease liabilities	(759)	(999)
Net cash used in financing activities	<u>(387,958)</u>	<u>(313,549)</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JULY 2021 (continued)

(The figures have not been audited)

	9 MONTHS ENDED	
	31 JULY 2021	31 JULY 2020
	RM'000	RM'000
Net changes in cash and cash equivalents	(466)	(38,007)
Cash and cash equivalents at 1 November 2020/ 2019	269,975	419,620
Effect of exchange rate changes	22,222	1,703
Cash and cash equivalents at 31 July 2021/ 2020	291,731	383,316
 Cash and cash equivalents comprise the following:		
Deposits	387,557	200,794
Cash and bank balances	153,133	196,534
	540,690	397,328
Less: Deposit pledged, debt service reserve and interest service reserve accounts	(248,959)	(14,012)
	291,731	383,316

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 October 2020 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 2020.

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 2020, 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 2020:

Amendments to MFRS 3	Business Combinations - Definition of a Business
Amendments to MFRS 9	Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures - Interest Rate Benchmark Reform
Amendment to MFRS 16	Leases - Covid-19-Related Rent Concessions
Amendments to MFRS 101	Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

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.

A2. Seasonal or Cyclical Factors

The business operations of the Group during the financial period ended 31 July 2021 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 B3 in relation to 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 2021.

A4. Changes in Estimates

There were no material changes in estimates during the financial period ended 31 July 2021.

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 2021.

A6. Dividends Paid

During the financial period ended 31 July 2021, the Company paid the following dividends:

- a) On 28 April 2021, the Company paid interim dividend of 1 sen per share on the 2,400,000,000 ordinary shares in issue, amounting to RM24,000,000 in respect of the financial period ended 31 January 2021.
- b) On 23 July 2021, the Company paid special dividend of 5 sen per share on the 2,400,000,000 ordinary shares in issue, amounting to RM120,000,000 in respect of the financial period ended 30 April 2021.

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 2021 is as follows:

	United Kingdom RM'000	Australia RM'000	Malaysia RM'000	Eliminations RM'000	Total RM'000
Revenue					
External revenue	-	537,768	766	(568)	537,966
Inter-segment revenue	-	-	1,519	(1,519)	-
Total revenue	-	537,768	2,285	(2,087)	537,966
Segment results	(13,339)	86,198	(33,967)	-	38,892
Share of results in joint ventures	97,395	-	-	-	97,395
Depreciation	(214)	(121)	(1,380)	-	(1,715)
Unrealised loss on foreign exchange	-	(2)	(10,435)	-	(10,437)
Other income	-	12,490	5,405	-	17,895
Finance income	28	4,037	3,974	-	8,039
Finance costs	-	(921)	(42,823)	-	(43,744)
Profit/(Loss) before tax	83,870	101,681	(79,226)	-	106,325
Taxation	(1,637)	(32,667)	(480)	-	(34,784)
Profit/(Loss) for the period	82,233	69,014	(79,706)	-	71,541

<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>5.8323</i>	<i>3.1446</i>	<i>1.0000</i>

	United Kingdom RM'000	Australia RM'000	Malaysia RM'000	Eliminations RM'000	Total RM'000
Segment assets	3,137,569	488,623	477,064	-	4,103,256
Segment liabilities	1,468	23,913	1,088,312	-	1,113,693
Main foreign currency					
<i>Exchange ratio of 1 unit of foreign currency to RM⁽²⁾</i>	<i>5.9014</i>	<i>3.1247</i>	<i>1.0000</i>		

Note:

⁽¹⁾ Average rates for the financial period ended 31 July 2021.

⁽²⁾ Closing rates as at 31 July 2021.

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

There were no significant events after 31 July 2021 until 13 September 2021, 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 2021, except as follows:
- (i) Incorporation of Eco World-Ballymore Asset Management Company Limited on 19 November 2020 as a wholly owned subsidiary of Eco-World Ballymore Holding Company Limited. As a result, Eco World-Ballymore Asset Management Company Limited became an indirect 75% owned joint venture company of the Group; and
 - (ii) Incorporation of Eco World Holding Company (UK) Limited and Eco World Nominee (UK) Limited on 25 February 2021 as wholly-owned subsidiaries of Eco World Investment Co Ltd. As a result, both Eco World Holding Company (UK) Limited and Eco World Nominee (UK) Limited became wholly-owned subsidiaries of the Group.
- (b) There were no changes in the composition of the Group during the period between 1 August 2021 until 13 September 2021, being the latest practicable date from the date of issue of this interim financial report.

A10. Fair Value of Financial Instruments

- (a) Details of derivative financial instruments outstanding as at 31 July 2021 are as follows:

	Notional Amount RM'000	Fair Value Assets/ (Liabilities) RM'000
Cross currency swaps		
- Between 1 to 5 years	10,935	(1,530)
	<u>10,935</u>	<u>(1,530)</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
31/07/2021
RM'000

Approved and contracted for:

- Commitment to fund joint ventures	
(i) Eco World-Ballymore Holding Company Limited (“EW-Ballymore Holding”) by way of share subscription and shareholder’s loans (<i>Note a</i>)	174,372
(ii) EcoWorld London by way of shareholder’s loan (<i>Note b</i>)	48,715
(iii) EcoWorld London DMCo by way of shareholder’s loan (<i>Note b</i>)	1,942
	1,942

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 RM531.13 million based on the exchange rate of GBP1.00 : RM5.9014 as at 31 July 2021). 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 31/07/2021 RM'000
(i) Transactions with joint ventures	
- Advances to joint ventures	140,991
- Repayment of advances by joint ventures	(11,394)
- Dividend received from joint venture	299,297
- Sales commission	766
- Payment on behalf	207
(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	997
- Support service fees paid or payable	105
- Rental paid or payable	135
(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	759

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		
	31/07/2021 RM'000	31/07/2020 RM'000	CHANGES RM'000	31/07/2021 RM'000	31/07/2020 RM'000	CHANGES RM'000
Gross profit	27,446	90,090	(62,644)	115,422	90,254	25,168
Share of results in joint ventures	15,413	23,612	(8,199)	97,395	78,795	18,600
Profit before interest and tax	25,049	76,348	(51,299)	150,069	121,207	28,862
Profit before tax	10,332	65,070	(54,738)	106,325	91,745	14,580
Profit for the period	2,992	38,242	(35,250)	71,541	64,719	6,822
Profit for the period attributable to owners of the Company	2,489	37,633	(35,144)	69,826	62,886	6,940

(a) 3Q 2021 vs. 3Q 2020

Gross profit for 3Q 2021 was RM27.45 million, which was RM62.64 million lower than the gross profit recorded in 3Q 2020 of RM90.09 million. The lower gross profit reported in 3Q 2021 was mainly due to lower revenue and profit recognition from Yarra One and West Village due to lesser handover of units sold to customers.

During the current quarter, the Group recorded a profit before tax (“PBT”) of RM10.33 million, as compared to PBT of RM65.07 million reported for 3Q 2020. The lower PBT reported in 3Q 2021 was mainly due to lower share of results in joint venture and higher finance cost following cessation of capitalisation of finance cost on general borrowings in tandem with the completion and handover of units in Yarra One and West Village, partly offset by lower marketing expenses resulting from smaller number of handover of units sold to customers in Yarra One and West Village.

Share of results in joint ventures in 3Q 2021 was lower mainly due to the revision of project profit margin where the reduction in profit from EW Ballymore was more than the improvement in profit from EW London. As a result, the Group recorded a profit after tax of RM2.99 million for in 3Q 2021 as compared to a profit after tax of RM38.24 million in 3Q 2020.

Revenue recorded by the Group’s joint-ventures totalled RM420.63 million (3Q 2020: RM341.92 million), of which the Group’s effective share (unconsolidated) amounted to RM304.01 million (3Q 2020: RM245.09 million).

Revenue for the Group for 3Q 2021 was RM127.13 million. The revenue arose from West Village and Yarra One following progressive handover of units sold to customers and fees for marketing services rendered by a subsidiary to the Group’s joint venture in respect of property sales of its projects in the United Kingdom (“UK”).

B1. Review of Group Performance (continued)**(b) 3Q YTD 2021 vs. 3Q YTD 2020**

The Group recorded a PBT of RM106.33 million in the current financial period, as compared to PBT of RM91.75 million reported for 3Q YTD 2020.

The higher PBT reported in the current financial period was mainly due to higher profit contribution from Australia and UK joint ventures partly offset by higher expenses. Yarra One project that commenced handover during the current financial period has a higher profit margin than West Village project that was completed in the last financial period. Meanwhile, the share of results in joint ventures was higher mainly lifted by higher contribution from EW London partly offset by lower contribution from EW Ballymore. The higher expenses incurred in the current financial period was mainly due to hedging reserves being reclassified to profit and loss as administrative expenses upon unwinding of cross currency swaps, higher finance costs following cessation of capitalisation of finance cost on general borrowings in tandem with the completion and handover of units in Yarra One, higher unrealised foreign exchange loss as well as higher impairment of goodwill in relation to investment in a UK joint venture.

Revenue recorded by the Group's joint-ventures totalled RM2,376.45 million (3Q 2020: RM1,532.47 million), of which the Group's effective share (unconsolidated) amounted to RM1,740.24 million (3Q 2020: RM1,115.44 million).

Revenue for the Group for 3Q YTD 2021 was RM537.97 million. The revenue arose from West Village and Yarra One following completion and handover of units sold to customers and fees for marketing services rendered by a subsidiary to the Group's joint venture in respect of property sales of its projects in UK.

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

	3 MONTHS ENDED		CHANGES
	31/07/2021	30/04/2021	
	RM'000	RM'000	RM'000
Gross profit	27,446	18,332	9,114
Share of results in joint ventures	15,413	28,893	(13,480)
Profit before interest and tax	25,049	33,246	(8,197)
Profit before tax	10,332	18,523	(8,191)
Profit for the period	2,992	11,952	(8,960)
Profit for the period attributable to owners of the Company	2,489	11,303	(8,814)

The Group's current quarter PBT was RM10.33 million, which was RM8.19 million lower than the PBT recorded in preceding quarter ended 30 April 2021 of RM18.52 million.

The lower PBT was mainly due to lower share of results in joint venture and lower other income partly offset by lower hedging reserves being reclassified to profit and loss as administrative expenses upon unwinding of cross currency swaps and higher results from West Village and Yarra One.

B3. Sales Achieved and Prospects for the Next Financial Year

PROJECTS	LANDBANK	CUMULATIVE SALES	10 MONTHS ENDED 31/8/2021 ⁽¹⁾				Effective Future Revenue ⁽³⁾
	As at 31/8/2021 (Acres)	As at 31/8/2021	Units Sold ⁽²⁾	Sales value RM'mil	Reserves as at 31/8/2021 RM'mil	Total Sales & Reserves RM'mil	RM'mil
London	50.7	13,556	204	968	279	1,247	1,354
Sydney	1.9	882	43	105	2	108	61
Melbourne	0.5	483	(20)	(33)	4	(29)	15
Total	53.1	14,920	227	1,041	285	1,326	1,431

Notes:

- (1) Sales values based on exchange rates of £1:RM5.7247 and A\$1:3.0352 as at 31 August 2021.
- (2) Refer to number of units exchanged only.
- (3) Effective future revenue based on effective stake in joint ventures and subsidiaries as at 31 August 2021 and excludes reserved units.
- (4) Source: UK Office for National Statistics
- (5) Source: Rightmove
- (6) Source: CoreLogic
- (7) Total may not add up because of rounding

Sales performance of the Group's projects in Australia and the UK continued to register improvement in the third quarter of FY2021. Although Yarra One experienced some rescissions, sales in West Village picked up substantially. On a net basis, sales of Australian projects jumped from A\$0.5 million in the second quarter to A\$16 million in the third quarter on the back of buoyant local demand. In the UK, the Group's sales grew by 5% in the third quarter compared to the second quarter. Demand from foreign and local buyers remained stable despite the introduction of an additional 2% stamp duty for foreign buyers in April 2021 and expiry of stamp duty holiday in June 2021. The Group recorded RM338 million¹ sales in the third quarter of the current financial year and a further RM81 million¹ in August 2021, bringing year-to-date sales to RM1,041 million. This, plus reserves of RM285 million, adds up to a total of RM1,326 million as at 31 August 2021.

Riding on the steady sales momentum, the Group launched the second phase of Block A03 (marketed as The Modern) in Embassy Gardens in June 2021. Comprising 153 private residential units, this represents the final phase of block A03 as well as the last remaining private residential units in the entire Embassy Gardens development. Block A03 is targeted for completion in the first quarter of FY2022. As a result, sales of units in this block will translate into significant cash inflows for the group in the next few months.

The Group's improved sales performance reflects the improving fundamentals of the broader property markets. House prices in Inner London as at June 2021 were 2.5%⁴ higher than one year ago, albeit price growth has slowed in the recent months due to higher stamp duty. The Board believes demand for residential property in London, a major employment centre, has room for further recovery, driven by gradual return of workers to offices. Already there are some anecdotal signs of stronger demand for residential property in London where rental rate growth turned positive in the second quarter of 2021 for the first time since before the pandemic⁵.

House prices in Sydney and Melbourne rose by 5%⁶ in the 12 months to July 2021. While the price growth momentum and property transaction volume may be affected by reintroduction of lockdown measures recently, low interest rates and lack of advertised supply could provide support to property prices. There are also hopes that the lockdown measures will be eased as the vaccination rate improves. The Australian Government is targeting to have 80% of its adult population fully vaccinated by late-November 2021.

With regards to construction, supply chain disruption and labour shortages are causing delays and driving cost pressures in the UK construction industry. However, construction progress of the Group's active projects in London are still largely on track. The Build-to-rent (BtR) developments in Barking Wharf and Kew Bridge are expected to be completed in 2021, while the Open Market Sales (OMS) units in Embassy Gardens Block A03 are scheduled to commence handover in the current financial year. Handover of OMS units in Millbrook Park Phase 2, Kew Bridge, Oxbow Phase 3B and Third & Caird are expected by FY2022.

B4. Variance of Actual Profit from Forecast Profit

There was no profit forecast published as at 31 July 2021.

B5. Taxation

Taxation comprises:

	3 MONTHS ENDED		9 MONTHS ENDED	
	31/07/2021	31/07/2020	31/07/2021	31/07/2020
	RM'000	RM'000	RM'000	RM'000
Current tax				
Malaysian tax				
- current quarter/period	30	-	480	-
Foreign tax				
- current quarter/period	9,182	10,867	23,048	12,010
- in respect of prior years	60	-	60	-
Deferred tax				
Malaysian tax				
- current quarter/period	-	371	-	371
Foreign tax				
- current quarter/period	(1,932)	15,590	11,208	14,657
- in respect of prior years	-	-	(12)	(12)
	<u>7,340</u>	<u>26,828</u>	<u>34,784</u>	<u>27,026</u>

The effective tax rate of Malaysia operations for the current quarter is lower than the statutory tax rate of 24% mainly due to the inclusion of certain non-taxable items in the income statement. Correspondingly, expenditure which relates to the derivation of non-taxable income by the Group has been treated as permanent losses for tax purposes. The effective foreign tax rate of the Group's subsidiaries in Australia and UK are approximately the statutory tax rate of 30% and 19% respectively.

B6. Status of Corporate Proposals

Save for the proposed acquisitions of the remaining two Stage 2 sites namely Tulse Hill and Ealing under of the joint venture with Be Living Holdings Limited which are pending fulfilment of conditions precedent, there are no other corporate proposals that have been announced by the Company which are not yet completed as at 13 September 2021.

B7. Group Borrowings and Debt Securities

The total group borrowings and debt securities as at 31 July 2021 were as follows:

	As at 31/07/2021			As at 31/10/2020
	Secured/ Unsecured	Foreign Currency '000	RM Equivalent '000	RM Equivalent '000
Short term borrowings				
- Term loan	Secured	AUD	-	300,037
- Revolving credit	Unsecured	GBP	24,300	130,513
- Medium term notes	Unsecured	RM	-	349,438
			493,223	779,988
Long term borrowings				
- Term loan	Unsecured	GBP	10,812	-
- Revolving credit	Unsecured	GBP	11,010	-
- Medium term notes	Unsecured	RM	-	448,371
			576,085	448,371
Total borrowings				
- Term loan	Secured	AUD	-	300,037
- Term loan	Unsecured	GBP	10,812	-
- Revolving credit	Unsecured	GBP	35,310	130,513
- Medium term notes	Unsecured	RM	-	797,809
			1,069,308	1,228,359

As at 31 July 2021, the Group's medium term notes and term loans comprise facilities based on fixed and floating rates to finance the projects in UK and Australia and are denominated in RM and GBP.

B8. Material Litigation

The Group was not engaged in any material litigation as at 13 September 2021, being the latest practicable date from the date of issue of this interim financial report.

B9. Dividends Declared

Other than the dividend as disclosed in note A6, no dividend has been proposed by the Board of Directors for the financial period ended 31 July 2021.

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 have 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	
	31/07/2021	31/07/2020	31/07/2021	31/07/2020
Profit for the period attributable to owners of the Company (RM'000)	2,489	37,633	69,826	62,886
Weighted average number of ordinary shares ('000)	2,400,000	2,400,000	2,400,000	2,400,000
Basic Earnings Per Ordinary Share (sen)	0.10	1.57	2.91	2.62

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

Diluted earnings per share have 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	
	31/07/2021	31/07/2020	31/07/2021	31/07/2020
Profit for the period attributable to owners of the Company (RM'000)	2,489	37,633	69,826	62,886
Weighted average number of ordinary shares for Basic Earnings Per Ordinary Share ('000)	2,400,000	2,400,000	2,400,000	2,400,000
Effect of potential exercise of Warrants ('000)	#	#	#	#
Weighted average number of ordinary shares ('000)	2,400,000	2,400,000	2,400,000	2,400,000
Diluted Earnings Per Ordinary Share (sen)	0.10	1.57	2.91	2.62

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 2020 were unqualified.

B12. Notes to the Statement of Comprehensive Income

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

	3 MONTHS ENDED 31/07/2021 RM'000	9 MONTHS ENDED 31/07/2021 RM'000
Interest income	1,212	8,039
Interest expense	(14,717)	(43,744)
Depreciation and amortisation	(538)	(1,715)
Foreign exchange gain/(loss)		
- realised	1,196	4,865
- unrealised	(5,634)	(10,437)
Hedge of net investment reclassified to profit and loss	(3,329)	(21,580)
Impairment of goodwill	(410)	(10,080)

By order of the Board
Tan Ai Ning
Company Secretary
17 September 2021