

Company No. 625034 X

**GROMUTUAL BERHAD**  
(Company No. 625034 X)  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**QUARTERLY REPORT**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**  
**(UNAUDITED)**

This Report is dated 29 November 2019

Company No. 625034 X

**GROMUTUAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**QUARTERLY REPORT**

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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**  
(The figures have not been audited)

	<b>As at 30 SEP 2019 (Unaudited) RM'000</b>	<b>As at 31 DEC 2018 (Audited) RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5,441	6,050
Investment properties	94,760	94,760
Land held for property development	193,090	186,310
<b>TOTAL NON-CURRENT ASSETS</b>	<u>293,291</u>	<u>287,120</u>
<b>Current Assets</b>		
Biological assets	27	20
Inventories	59,067	72,706
Land and development expenditure	46,001	28,298
Receivables	7,498	9,619
Current tax assets	1,331	2,096
Cash and bank balances	39,169	43,421
<b>TOTAL CURRENT ASSETS</b>	<u>153,093</u>	<u>156,160</u>
<b>TOTAL ASSETS</b>	<u>446,384</u>	<u>443,280</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	187,804	187,804
Retained earnings	169,182	162,318
<b>TOTAL EQUITY</b>	<u>356,986</u>	<u>350,122</u>
<b>Non-current liabilities</b>		
Borrowings	14,419	17,505
Deferred tax liabilities	5,734	5,763
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>20,153</u>	<u>23,268</u>
<b>Current Liabilities</b>		
Payables	17,248	17,502
Borrowings	51,111	51,916
Current tax payables	886	472
<b>TOTAL CURRENT LIABILITIES</b>	<u>69,245</u>	<u>69,890</u>
<b>TOTAL LIABILITIES</b>	<u>89,398</u>	<u>93,158</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>446,384</u>	<u>443,280</u>
Net Assets (NA) per share (RM)	<u>0.95</u>	<u>0.93</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statement.

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 SEP 2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEP 2018 RM'000	CURRENT YEAR TO DATE 30 SEP 2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEP 2018 RM'000
Revenue	18,143	12,826	44,577	38,495
Cost of sales	(9,161)	(6,324)	(22,764)	(18,295)
Gross Profit	8,982	6,502	21,813	20,200
Investment revenue	59	58	181	190
Other income	214	676	665	1,322
Administrative expenses	(4,451)	(3,672)	(12,231)	(12,200)
Finance costs	(283)	(243)	(817)	(728)
Other expenses	(1)	(11)	(3)	(15)
<b>Profit before tax</b>	4,520	3,310	9,608	8,769
Income tax expense	(1,201)	(884)	(2,744)	(2,685)
<b>Profit for the period</b>	3,319	2,426	6,864	6,084
<b>Other comprehensive income, net of tax</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	3,319	2,426	6,864	6,084
<b>Profit attributable to: Owners of the Company</b>	3,319	2,426	6,864	6,084
<b>Earnings per share (sen)</b>				
- Basic	0.88	0.65	1.83	1.62
- Diluted	N/A	N/A	N/A	N/A

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statement.

**GROMUTUAL BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
 FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

(The figures have not been audited)

	← Attributable to owners of the Company →		
	Share Capital RM'000	Distributable Reserve Retained Earnings RM'000	Total/Net Equity RM'000
Balance as at 1 January 2019	187,804	162,318	350,122
Total comprehensive income for the period	-	6,864	6,864
Balance as at 30 September 2019	<u>187,804</u>	<u>169,182</u>	<u>356,986</u>
Balance as at 1 January 2018	187,804	158,214	346,018
Total comprehensive income for the year	-	5,982	5,982
Interim dividend - Year Ended 31 December 2018	-	(1,878)	(1,878)
Balance as at 31 December 2018	<u>187,804</u>	<u>162,318</u>	<u>350,122</u>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statement.

**GROMUTUAL BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

(The figures have not been audited)

	<b>30 SEP 2019</b> <b>(Unaudited)</b> <b>RM'000</b>	<b>31 DEC 2018</b> <b>(Audited)</b> <b>RM'000</b>
<b>CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES</b>		
Receipts from customers	45,519	58,048
Payments to suppliers and employees	<u>(33,045)</u>	<u>(32,875)</u>
Cash From Operations	12,474	25,173
Finance costs paid	(2,023)	(2,835)
Income taxes paid	(2,979)	(5,194)
Income taxes refunded	<u>1,384</u>	<u>110</u>
Net Cash From Working Capital	8,856	17,254
Additions to Land held for property development	(9,317)	(10,021)
Net Cash (Used In) From Operating Activities	<u>(461)</u>	<u>7,233</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Proceeds from disposal of PPE	-	255
Other investments	181	270
Additions to property, plant and equipment	(72)	(1,925)
Net Cash From (Used In) Investing Activities	<u>109</u>	<u>(1,400)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	-	9,920
Repayment of bank borrowings	(5,250)	(3,645)
Dividend paid	-	(1,878)
Net Cash (Used In) From Financing Activities	<u>(5,250)</u>	<u>4,397</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(5,602)</b>	<b>10,230</b>
<b>CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR</b>	<b>14,396</b>	<b>4,166</b>
<b>CASH AND CASH EQUIVALENTS AS OF END OF PERIOD</b>	<b><u>8,794</u></b>	<b><u>14,396</u></b>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	1,468	1,491
Cash and bank balances	37,701	41,930
Bank overdraft	(29,107)	(27,784)
Less : Fixed deposits pledged to banks	<u>(1,268)</u>	<u>(1,241)</u>
	<u>8,794</u>	<u>14,396</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statement.

**GROMUTUAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**UNAUDITED QUARTERLY REPORT**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019**

**A EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING**

**A1. Basis of Preparation**

This interim financial statement is unaudited and is prepared in accordance with MFRS 134: *Interim Financial Reporting* and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2018.

The accounting policies and presentation adopted by the Group in this financial statement are consistent with those adopted in the latest audited financial statements of the Group for the financial year ended 31 December 2018, except for the following new and amendments to MFRS and IC Interpretation (“IC Int.”) that are effective for annual periods beginning on or after 1 January 2019:

**Adoption of new and amendments to MFRS and IC Int.**

MFRS 16	Leases
Amendments to MFRS 9	Financial Instruments - Prepayment Features with Negative Compensation
MFRS 119	Employees Benefits - Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term interests in Associates and Joint Ventures
Amendments to MFRS	Annual Improvements to MFRS 2015 - 2017 Cycle: Amendments to MFRS 3 <i>Business Combination</i> , MFRS 11 <i>Joint Arrangement</i> , MFRS 112 <i>Income Taxes</i> and MFRS 123 <i>Borrowing Costs</i>
IC Int. 23	Uncertainty over Income Tax Payments

The adoption of abovementioned new and amendments to MFRS and IC Int. do not have material impact on the financial statements of the Group and of the Company.

**New and amendments to MFRS in issue but not yet effective**

The Group and the Company have not adopted the following new and amendments to MFRS which have been issued but not yet effective:

		Effective for annual periods beginning on or <u>after</u>
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 9, 139 and 7	Interest Rate Benchmark Reform	1 January 2020

**A1. Basis of Preparation (continued)**

		Effective for annual periods beginning on or <u>after</u>
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS	References to the Conceptual Framework in MFRS Standards	1 January 2020

The directors anticipate that the adoption of the MFRSs will have no material impact on the financial statements in the period of initial application.

**IFRS Interpretation Committee (“IFRIC”) Agenda Decisions (“AD”)**

The Malaysian Accounting Standard Board (“MASB”) had on 20 March 2019 announced the IFRIC’s AD on IAS 23 *Borrowing Costs* relating to over time transfer of constructed good. The IFRIC concluded that for those projects which meets “ready for sale” is not a qualifying asset (an asset that necessary takes a substantial period of time to get ready for its intended use or sale) as defined in IAS 23 and, therefore, cannot capitalise any directly attributable borrowing costs as this asset is ready for its intended sale in its current location - i.e the entity intends to sell the part-constructed units as soon as it finds suitable customers and, on signing a contract with a customer, will transfer control of any work-in progress relating to that unit to the customer.

In ensuring consistent application of the MFRS, which are word-for-word the IFRS Standards, the MASB has decided that an entity shall apply the change in accounting policy as a result of the AD on IAS 23 *Borrowing Costs* to financial statements of annual periods beginning on or after 1 July 2020, with earlier application permitted. All borrowing costs subsequent to the date of ready for sales shall be identified and reversed in the opening balance of the earliest comparative period in the financial statements.

The directors of the Group and of the Company are currently assessing the impact on adoption of AD on IAS 23 on the amount reported and disclosures in the financial statements. However, it is not practical to provide a reasonable estimate of the impact of the capitalised borrowing costs until the Group and the Company had completed the detailed review.

**A2. Seasonal or Cyclical Factors**

The Group’s operations are not significantly affected by any seasonal or cyclical factors.

**A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group for the current quarter and financial year to date results.

**A4. Significant Changes in Accounting Estimates**

There were no changes in estimates that have any material effect on the current quarter and financial year to date results.



**A5. Issuance and Repayment of Debts and Equity Securities**

There are no issuance and repayment of debts and equity securities during the current quarter and the financial year to date.

**A6. Dividend Paid**

There are no dividends paid during the current quarter and the financial year to date.

**A7. Segmental Reporting**

For management purposes, the Group is organised into the following reportable operating segments based on their products and services and same similar economic characteristics:

- Property development (include construction contracts)
- Property management (include rental of properties)
- Others (includes small plantation business and Group-level corporate services and treasury functions)

Segment information in respect of the Group's business segments for the financial year ended 30 September 2019 is as follow:

	<b>Property development RM</b>	<b>Property management RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Consolidated RM</b>
<b>Revenue</b>					
External sales	39,146,318	5,015,681	415,084	-	44,577,083
Inter-segment income	-	396,000	8,022,700	(8,418,700)	-
Total revenue	<u>39,146,318</u>	<u>5,411,681</u>	<u>8,437,784</u>	<u>(8,418,700)</u>	<u>44,577,083</u>
<b>Results</b>					
Investment revenue	156,836	7,108	586,373	(569,440)	180,877
Finance costs	368,989	588,378	37,404	(178,226)	816,545
Depreciation	191,533	303,916	138,330	46,968	680,747
Unallocated corporate expenses	-	-	255,044	-	255,044
Profit before tax	<u>9,060,116</u>	<u>510,510</u>	<u>7,162,020</u>	<u>(7,124,728)</u>	<u>9,607,918</u>
<b>Assets</b>					
Addition to property, plant and equipment	3,404	44,671	24,114	-	72,189
Segment assets	329,044,451	109,052,893	14,913,358	(12,176,561)	440,834,141
Unallocated corporate assets					5,549,182
Consolidated assets					<u>446,383,323</u>
<b>Liabilities</b>					
Segment liabilities	88,052,596	25,092,319	9,913,721	(33,694,916)	89,363,720
Unallocated liabilities					34,025
Consolidated liabilities					<u>89,397,745</u>

**A8. Subsequent Material Events**

There were no material events subsequent to the end of the current quarter.

**A9. Changes in the Composition of the Group**

There is no change in the composition of the Group for the current quarter and financial year to date.

**A10. Commitment for Expenditure**

There is no outstanding capital commitment as at the end of the current quarter.

**A11. Significant Related Party Transactions**

There were no related party transactions for the current quarter and financial year to date.

**B EXPLANATORY NOTES IN COMPLIANCE WITH LISTING REQUIREMENTS OF THE BURSA SECURITIES**

**B1. Review of the Performance**

	Individual Quarter		Change	Cumulative Quarter		Change
	Current	Preceding	%	Current	Preceding	%
	Year	Year		Year	Year	
	Quarter	Corresponding		To Date	Corresponding	
	30.09.2019	Quarter		30.09.2019	Period	
	RM'000	30.09.2018		RM'000	30.09.2018	
		RM'000			RM'000	
<b>Revenue</b>						
Property Development	16,296	10,840	50.3	39,146	32,911	18.9
Property Management	1,693	1,771	(4.4)	5,016	5,037	(0.4)
Others	154	215	(28.4)	415	547	(24.1)
	<u>18,143</u>	<u>12,826</u>		<u>44,577</u>	<u>38,495</u>	
<b>Profit (Loss) before tax</b>						
Property Development	5,049	2,766	82.5	10,494	8,932	17.5
Property Management	(126)	855	(114.7)	423	917	(53.9)
Others	(403)	(311)	(29.6)	(1,309)	(1,080)	(21.2)
	<u>4,520</u>	<u>3,310</u>		<u>9,608</u>	<u>8,769</u>	

**B1. Review of the Performance (continued)**

**(a) Performance of the current quarter against the preceding year corresponding quarter**

For the current quarter under review, the Group recorded revenue and profit before tax of RM18.143 million and RM4.520 million respectively, representing a 41.5% increase in revenue and 36.6% increase in profit before tax over the previous year's corresponding quarter of RM12.826 million and RM3.310 million.

The performance of the Group's operating segments was as follows:

**Property Development**

The property development segment registered a 50.3% increase in revenue to RM16.296 million compared to RM10.840 million previously; whilst the segment's profit before tax increased by 82.5% to RM5.049 million, from RM2.766 million previously. The higher profit was mainly due to positive buyer response from completed industrial and residential projects.

**Property Management**

The property management segment saw a marginal 4.4% decrease in rental revenue to RM1.693 million during the quarter under review, compared to previous corresponding quarter's RM1.771 million; whilst the segment's profit before tax declined by 114.7% from profit before tax of RM0.855 million previously to loss before tax of RM0.126 million due to the higher repair and refurbishment expenses incurred in the current quarter following to the termination of tenancy agreement of certain leased out industrial buildings and higher miscellaneous income reimbursed by the tenant of student apartment in the preceding corresponding quarter.

**(b) Performance of the current period against the preceding corresponding period**

For the current financial period to date, the Group recorded a revenue of RM44.577 million and profit before tax of RM9.608 million, versus revenue of RM38.495 million and profit before tax of RM8.769 million of the preceding corresponding financial period.

**Property Development**

The higher recognition for sales of completed industrial and residential projects led the property development segment registered a 18.9% increase in revenue to RM39.146 million compared to RM32.911 million previously; whilst the segment's profit before tax increased by 17.5% to RM10.494 million, from RM8.932 million previously.

**Property Management**

The lower occupancy rate of leased out industrial buildings led the property management segment register 0.4% lower rental revenue of RM5.016 million, compared to RM5.037 million of the previous corresponding financial period. In tandem with this and higher repair and refurbishment expenses, profit before tax declined by 53.9% to RM0.423 million, as compared to previous corresponding financial period of RM0.917 million.

**B2. Comparison with Immediate Preceding Quarter's Results**

	<b>Current Quarter 30.09.2019 RM'000</b>	<b>Immediate Preceding Quarter 30.06.2019 RM'000</b>	<b>Change %</b>
<b>Revenue</b>			
Property Development	16,296	13,662	19.3
Property Management	1,693	1,584	6.9
Others	154	134	14.9
	18,143	15,380	18.0
<b>Profit (Loss) before tax</b>			
Property Development	5,049	3,750	34.6
Property Management	(126)	204	(161.8)
Others	(403)	(465)	13.3
	4,520	3,489	29.6

Compared to the preceding quarter's results ended 30 June 2019, the Group's revenue recorded 18.0% higher revenue to RM18.143 million from RM15.380 million as a result of the sales of completed industrial and residential projects. In tandem with this, profit before tax increased by 29.6% to RM4.520 million from RM3.489 million.

**B3. Prospects**

The property sector is anticipated to be still challenging. Going forward, the Group will continue to time its launches appropriately and align its property development offerings to market demand.

At the same time, the Group will continue to explore the necessary measures to further enhance the scope of property management services in order to meet the demand. In addition, the Group will look for the alternative sources of tenants and other favourable-yielding investment portfolio to build up additional sustainable recurring rental income.

Overall, the Group should achieve satisfactory performance for the financial year ending 31 December 2019.

**B4. Profit for the period**

	<b>Current Quarter 30.09.2019 RM'000</b>	<b>Year to Date 30.09.2019 RM'000</b>
Profit for the period is arrived at after crediting/(charging):-		
Interest income	59	181
Other income including investment income	214	665
Interest expense	(283)	(817)
Depreciation and amortization	(208)	(681)

Other than the above items, there were no allowance for impairment and write off of receivables, allowance for impairment and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, foreign exchange gain or loss, gain or loss on derivatives for the current quarter and financial year to date.

**B5. Profit forecast or profit guarantee**

No profit forecast or profit guarantee was issued for the financial year.

**B6. Taxation**

	<b>Current Quarter 30.09.2019 RM'000</b>	<b>Year to Date 30.09.2019 RM'000</b>
Income Tax		
- Current Year	(1,145)	(2,773)
Deferred Tax		
- Current Year	(56)	29
	<u>(1,201)</u>	<u>(2,744)</u>
Profit Before Tax	4,520	9,608
Effective tax rate	26.6%	28.6%

The effective rate of the Group for the current quarter and period to date is higher than the statutory tax rate as certain expense of the subsidiary companies are not deductible for tax purposes and losses incurred by certain subsidiary companies.

**B7. Status of Corporate Proposals**

There is no corporate proposal announced and not completed as of the date of this announcement.

**B8. Borrowings**

The Group's borrowings as of the end of the reporting quarter and preceding year corresponding quarter are as follows:

	<b>As at 30.09.2019 RM'000</b>	<b>As at 30.09.2018 RM'000</b>
<b>Short term -Secured</b>		
Hire purchase payables	125	254
Term loans	3,922	2,664
Revolving credits	3,000	3,000
Bank overdrafts	44,064	49,605
	<u>51,111</u>	<u>55,523</u>
<b>Long term -Secured</b>		
Hire purchase payables	81	200
Term loans	14,338	18,098
	<u>14,419</u>	<u>18,298</u>
<b>Total</b>	<u>65,530</u>	<u>73,821</u>

All borrowings are denominated in Ringgit Malaysia.

As at 30 September 2019, the Group's borrowings declined by 11.2% to RM65.530 million as compared to RM73.821 million previously mainly due to lower utilisation of bank overdrafts for on-going projects developments.

The interest rates for the Group's borrowings range from 2.35% to 7.70% (2.35% to 7.95% in 2018).

**B9. Material Claims**

There was no material litigation as of the date of this announcement.

**B10. Dividend**

At Board of Directors' meeting held on 28 August 2019, the Board of Directors had declared an interim single tier dividend of 0.50 sen per share, amounting to RM1,878,040 for the financial year ending 31 December 2019. The dividend had been paid on 17 October 2019 to shareholders whose name appears in the Record of Depositors at the close of business on 25 September 2019.

**B11. Earnings Per Share**

The number of ordinary shares used in the computation of EPS is as follows:

	<b>Current Quarter 30.09.2019</b>	<b>Year to Date 30.09.2019</b>
Profit for the period	RM 3,318,734	RM 6,863,470
Issued and paid up share capital	RM 187,803,980	RM 187,803,980
Weighted average number of ordinary shares in issue	375,607,960	375,607,960
Basic earnings per share (sen)	0.88 sen	1.83 sen

**B12. Audit Qualification**

The audited financial statements of the Group for the financial year ended 31 December 2018 were not subject to any audit qualifications.