

Company No. 200301022614 (625034 X)

**GROMUTUAL BERHAD**  
(Company No. 200301022614 (625034 X))  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**QUARTERLY REPORT**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2020**  
**(UNAUDITED)**

This Report is dated 18 May 2020

Company No. 200301022614 (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 31 MARCH 2020**

(The figures have not been audited)

	<b>As at 31 MAR 2020 (Unaudited) RM'000</b>	<b>As at 31 DEC 2019 (Audited) RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5,319	5,503
Investment properties	94,905	94,905
Land held for property development	189,701	193,323
<b>TOTAL NON-CURRENT ASSETS</b>	<u>289,925</u>	<u>293,731</u>
<b>Current Assets</b>		
Biological assets	27	26
Inventories	52,124	53,866
Land and development expenditure	63,976	54,832
Receivables	10,983	13,212
Current tax assets	1,078	819
Cash and bank balances	26,801	33,223
<b>TOTAL CURRENT ASSETS</b>	<u>154,989</u>	<u>155,978</u>
<b>TOTAL ASSETS</b>	<u>444,914</u>	<u>449,709</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	187,804	187,804
Retained earnings	170,171	170,057
<b>TOTAL EQUITY</b>	<u>357,975</u>	<u>357,861</u>
<b>Non-current liabilities</b>		
Borrowings	13,504	13,512
Deferred tax liabilities	5,759	5,745
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>19,263</u>	<u>19,257</u>
<b>Current Liabilities</b>		
Payables	13,283	18,280
Borrowings	54,013	53,616
Current tax payables	380	695
<b>TOTAL CURRENT LIABILITIES</b>	<u>67,676</u>	<u>72,591</u>
<b>TOTAL LIABILITIES</b>	<u>86,939</u>	<u>91,848</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>444,914</u>	<u>449,709</u>
Net Assets (NA) per share (RM)	<u>0.95</u>	<u>0.95</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 31 MARCH 2020**  
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 MAR 2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 MAR 2019 RM'000	CURRENT YEAR TO DATE 31 MAR 2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 MAR 2019 RM'000
Revenue	6,831	11,054	6,831	11,054
Cost of sales	(2,909)	(5,781)	(2,909)	(5,781)
Gross Profit	3,922	5,273	3,922	5,273
Investment revenue	38	65	38	65
Other income	154	211	154	211
Administrative expenses	(3,277)	(3,698)	(3,277)	(3,698)
Finance costs	(374)	(252)	(374)	(252)
Other expenses	-	-	-	-
<b>Profit before tax</b>	463	1,599	463	1,599
Income tax expense	(349)	(562)	(349)	(562)
<b>Profit for the period</b>	114	1,037	114	1,037
<b>Other comprehensive income, net of tax</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	114	1,037	114	1,037
<b>Profit attributable to: Owners of the Company</b>	114	1,037	114	1,037
<b>Earnings per share (sen)</b>				
- Basic	0.03	0.28	0.03	0.28
- 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 2019 and the accompanying explanatory notes attached to the interim financial statement.

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 31 MARCH 2020**  
 (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	170,057	357,861
Total comprehensive income for the period	-	114	114
Balance as at 31 March 2020	<u>187,804</u>	<u>170,171</u>	<u>357,975</u>
Balance as at 1 January 2019	187,804	160,486	348,290
Total comprehensive income for the year	-	11,449	11,449
Interim dividend - Year Ended 31 December 2019	-	(1,878)	(1,878)
Balance as at 31 December 2019	<u>187,804</u>	<u>170,057</u>	<u>357,861</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 2019 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 31 MARCH 2020**  
 (The figures have not been audited)

	<b>31 MAR 2020</b> <b>(Unaudited)</b> <b>RM'000</b>	<b>31 DEC 2019</b> <b>(Audited)</b> <b>RM'000</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Receipts from customers	9,886	57,862
Payments to suppliers and employees	(12,143)	(48,909)
Cash (Used In) From Operations	(2,257)	8,953
Finance costs paid	(729)	(2,666)
Income taxes paid	(909)	(4,194)
Income taxes refunded	-	2,082
Net Cash (Used In) From Working Capital	(3,895)	4,175
Additions to Land held for property development	(2,952)	(10,032)
Net Cash Used In Operating Activities	(6,847)	(5,857)
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Proceeds from disposal of PPE	-	35
Other investments	38	229
Additions to property, plant and equipment	(9)	(130)
Additions to investment properties	-	(145)
Net Cash From (Used) In Investing Activities	29	(11)
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	-	1,282
Repayment of bank borrowings	(2,447)	(3,145)
Dividend paid	-	(1,878)
Net Cash Used In Financing Activities	(2,447)	(3,741)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(9,265)</b>	<b>(9,609)</b>
<b>CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR</b>	<b>4,787</b>	<b>14,396</b>
<b>CASH AND CASH EQUIVALENTS AS OF END OF PERIOD</b>	<b>(4,478)</b>	<b>4,787</b>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	1,447	1,482
Cash and bank balances	25,354	31,741
Bank overdraft	(29,982)	(27,154)
Less : Fixed deposits pledged to banks	(1,297)	(1,282)
	<b>(4,478)</b>	<b>4,787</b>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 FIRST QUARTER ENDED 31 MARCH 2020**

**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 2019.

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 2019, except for the following amendments to MFRS that are effective for annual periods beginning on or after 1 January 2020:

**Adoption of amendments to MFRS**

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, 139 and 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS	References to the Conceptual Framework in MFRS Standards

The adoption of abovementioned amendments to MFRS 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 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022

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

**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 period ended 31 March 2020 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	4,870,103	1,765,847	195,245	-	6,831,195
Inter-segment income	-	132,000	404,100	(536,100)	-
<b>Total revenue</b>	<b>4,870,103</b>	<b>1,897,847</b>	<b>599,345</b>	<b>(536,100)</b>	<b>6,831,195</b>



**A7. Segmental Reporting (continued)**

	<b>Property development RM</b>	<b>Property management RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Consolidated RM</b>
<b>Results</b>					
Investment revenue	31,749	2,150	210,853	(206,976)	37,776
Finance costs	243,488	171,221	61,521	(102,018)	374,212
Depreciation	54,137	92,506	31,970	13,301	191,914
Unallocated corporate expenses	-	-	83,193	-	83,193
Profit (Loss) before tax	<u>(113,476)</u>	<u>564,135</u>	<u>130,415</u>	<u>(118,259)</u>	<u>462,815</u>
<b>Assets</b>					
Addition to property, plant and equipment	<u>3,970</u>	<u>2,310</u>	<u>2,590</u>	<u>-</u>	<u>8,870</u>
Segment assets	335,541,258	109,096,573	17,963,775	(18,216,833)	444,384,773
Unallocated corporate assets					<u>528,890</u>
Consolidated assets					<u>444,913,663</u>
<b>Liabilities</b>					
Segment liabilities	91,909,309	24,941,587	12,715,805	(43,006,881)	86,559,820
Unallocated liabilities					<u>378,883</u>
Consolidated liabilities					<u>86,938,703</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	
	31.03.2020	Quarter		31.03.2020	Period	
	RM'000	31.03.2019		RM'000	31.03.2019	
		RM'000			RM'000	
<b>Revenue</b>						
Property Development	4,870	9,188	(47.0)	4,870	9,188	(47.0)
Property Management	1,766	1,739	1.6	1,766	1,739	1.6
Others	195	127	53.5	195	127	53.5
	<u>6,831</u>	<u>11,054</u>		<u>6,831</u>	<u>11,054</u>	
<b>Profit (Loss) before tax</b>						
Property Development	302	1,695	(82.2)	302	1,695	(82.2)
Property Management	535	345	55.1	535	345	55.1
Others	(374)	(441)	15.2	(374)	(441)	15.2
	<u>463</u>	<u>1,599</u>		<u>463</u>	<u>1,599</u>	

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 RM6.831 million and RM0.463 million respectively, representing a 38.2% decline from previous year's corresponding quarter revenue of RM11.054 million and profit before tax 71.0% from RM1.599 million.

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

Property Development

The property development segment saw a decrease of 47.0% in revenue to RM4.870 million compared to RM9.188 million previously; whilst the segment's profit before tax declined by 82.2% to RM0.302 million, from RM1.695 million previously. The decrease was because of the weak market sentiment in the property sector.

Property Management

The property management segment saw a marginal 1.6% increase in rental revenue to RM1.766 million during the quarter under review, compared to previous corresponding quarter's RM1.739 million; whilst the segment's profit before tax increased by 55.1% to RM0.535 million, from RM0.345 million previously due to the lower administrative and refurbishment expenses incurred in current quarter.

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

	<b>Current Quarter 31.03.2020 RM'000</b>	<b>Immediate Preceding Quarter 30.12.2019 RM'000</b>	<b>Change %</b>
<b>Revenue</b>			
Property Development	4,870	12,387	(60.7)
Property Management	1,766	1,738	1.6
Others	195	184	5.9
	6,831	14,309	(52.3)
<b>Profit (Loss) before tax</b>			
Property Development	302	5,669	(94.7)
Property Management	535	512	4.5
Others	(374)	(746)	49.9
	463	5,435	(91.5)

Compared to the preceding quarter's results ended 31 December 2019, the Group's revenue recorded 52.3% lower revenue to RM6.831 million from RM14.309 million as a result of the lower sales of completed industrial and residential projects. In tandem with this and due to the reversal of an impairment loss on land held for property development of RM1.140 million in the preceding period, profit before tax declined by 91.5% from RM5.435 million to R0.463 million.

**B3. Prospects**

The property sector will be challenging for 2020. The Covid-19 pandemic had disrupted our supply chains, manpower and business activities and operations. The Group has gradually resumed its project developments from 13 May 2020 with strict adherence to the guidelines issued by the Government.

The Group shall monitor closely our cash flow, the progress and delivery of the existing projects and shall endeavour to be within the annual budget as well as providing quality services to our tenants at all times.

**B4. Profit for the period**

	<b>Current Quarter 31.03.2020 RM'000</b>	<b>Year to Date 31.03.2020 RM'000</b>
Profit for the period is arrived at after crediting/(charging):-		
Interest income	38	38
Other income including investment income	154	154
Interest expense	(374)	(374)
Depreciation and amortization	(192)	(192)
	<u>                    </u>	<u>                    </u>

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 31.03.2020 RM'000</b>	<b>Year to Date 31.03.2020 RM'000</b>
Income Tax		
- Current Year	(335)	(335)
Deferred Tax		
- Current Year	(14)	(14)
	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>
Profit Before Tax	463	463
Effective tax rate	75.4%	75.4%

The effective rate of the Group for the current quarter and period to date is higher than the statutory tax rate as certain expense/income of the subsidiary companies are not deductible for tax purposes/taxable upon receipts in advance 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 31.03.2020</b> <b>RM'000</b>	<b>As at 31.03.2019</b> <b>RM'000</b>
<b>Short term -Secured</b>		
Lease liabilities	154	193
Term loans	2,910	3,336
Revolving credits	3,000	3,000
Bank overdrafts	47,949	42,498
	<u>54,013</u>	<u>49,027</u>
<b>Long term -Secured</b>		
Lease liabilities	150	130
Term loans	13,354	16,337
	<u>13,504</u>	<u>16,467</u>
<b>Total</b>	<u>67,517</u>	<u>65,494</u>

All borrowings are denominated in Ringgit Malaysia.

As at 31 March 2020, the Group's borrowings increased by 3.1% to RM67.517 million as compared to RM65.494 million previously mainly due to increased utilisation of bank overdrafts for on-going projects developments mitigated by repayment of term loans.

The interest rates for the Group's borrowings range from 1.38% to 7.20% (1.38% to 7.95% in 2019).

**B9. Material Claims**

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

**B10. Proposed Dividend**

The Board of Directors do not propose any payment of dividend during the current quarter and the financial year to date.

**B11. Earnings Per Share**

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

	<b>Current Quarter</b> <b>31.03.2020</b>	<b>Year to Date</b> <b>31.03.2020</b>
Profit for the period	RM 114,350	RM 114,350
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)	0.03 sen	0.03 sen

**B12. Audit Qualification**

The audited financial statements of the Group for the financial year ended 31 December 2019 were not subject to any audit qualifications.