

Company No. 200301022614 (625034 X)

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

**QUARTERLY REPORT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2020**  
**(UNAUDITED)**

This Report is dated 19 August 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 30 JUNE 2020**

(The figures have not been audited)

	<b>As at 30 JUN 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	5,155	5,503
Investment properties	94,905	94,905
Land held for property development	190,250	193,323
<b>TOTAL NON-CURRENT ASSETS</b>	<b>290,310</b>	<b>293,731</b>
<b>Current Assets</b>		
Biological assets	48	26
Inventories	63,786	53,866
Land and development expenditure	53,550	54,832
Receivables	12,107	13,212
Current tax assets	1,084	819
Cash and bank balances	20,367	33,223
<b>TOTAL CURRENT ASSETS</b>	<b>150,942</b>	<b>155,978</b>
<b>TOTAL ASSETS</b>	<b>441,252</b>	<b>449,709</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	187,804	187,804
Retained earnings	170,256	170,057
<b>TOTAL EQUITY</b>	<b>358,060</b>	<b>357,861</b>
<b>Non-current liabilities</b>		
Borrowings	12,771	13,512
Deferred tax liabilities	5,774	5,745
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>18,545</b>	<b>19,257</b>
<b>Current Liabilities</b>		
Payables	13,500	18,280
Borrowings	50,457	53,616
Current tax payables	690	695
<b>TOTAL CURRENT LIABILITIES</b>	<b>64,647</b>	<b>72,591</b>
<b>TOTAL LIABILITIES</b>	<b>83,192</b>	<b>91,848</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>441,252</b>	<b>449,709</b>
Net Assets (NA) per share (RM)	0.95	0.95

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 30 JUNE 2020**  
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 JUN 2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUN 2019 RM'000	CURRENT YEAR TO DATE 30 JUN 2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 JUN 2019 RM'000
Revenue	5,652	15,380	12,483	26,434
Cost of sales	(2,455)	(7,822)	(5,364)	(13,603)
Gross Profit	3,197	7,558	7,119	12,831
Investment revenue	23	57	61	122
Other income	230	240	384	451
Administrative expenses	(2,661)	(4,082)	(5,938)	(7,780)
Finance costs	(385)	(282)	(759)	(534)
Other expenses	(1)	(2)	(1)	(2)
<b>Profit before tax</b>	403	3,489	866	5,088
Income tax expense	(318)	(981)	(667)	(1,543)
<b>Profit for the period</b>	85	2,508	199	3,545
<b>Other comprehensive income, net of tax</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	85	2,508	199	3,545
<b>Profit attributable to: Owners of the Company</b>	85	2,508	199	3,545
<b>Earnings per share (sen)</b>				
- Basic	0.02	0.67	0.05	0.94
- 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.

**GROMUTUAL BERHAD**

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 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 2020	187,804	170,057	357,861
Total comprehensive income for the period	-	199	199
Balance as at 30 June 2020	187,804	170,256	358,060
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	187,804	170,057	357,861

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 30 JUNE 2020**  
 (The figures have not been audited)

	<b>30 JUN 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	13,188	57,862
Payments to suppliers and employees	<u>(16,656)</u>	<u>(48,909)</u>
Cash (Used In) From Operations	(3,468)	8,953
Finance costs paid	(1,422)	(2,666)
Income taxes paid	(909)	(4,194)
Income taxes refunded	<u>-</u>	<u>2,082</u>
Net Cash (Used In) From Working Capital	(5,799)	4,175
Additions to Land held for property development	(3,223)	(10,032)
Net Cash Used In Operating Activities	<u>(9,022)</u>	<u>(5,857)</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Proceeds from disposal of PPE	-	35
Other investments	61	229
Additions to property, plant and equipment	(15)	(130)
Additions to investment properties	-	(145)
Net Cash From (Used) In Investing Activities	<u>46</u>	<u>(11)</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	-	1,282
Repayment of bank borrowings	(4,719)	(3,145)
Dividend paid	-	(1,878)
Net Cash Used In Financing Activities	<u>(4,719)</u>	<u>(3,741)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13,695)</b>	<b>(9,609)</b>
<b>CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR</b>	<b><u>4,787</u></b>	<b><u>14,396</u></b>
<b>CASH AND CASH EQUIVALENTS AS OF END OF PERIOD</b>	<b><u>(8,908)</u></b>	<b><u>4,787</u></b>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	1,452	1,482
Cash and bank balances	18,915	31,741
Bank overdraft	(27,973)	(27,154)
Less : Fixed deposits pledged to banks	<u>(1,302)</u>	<u>(1,282)</u>
	<u>(8,908)</u>	<u>4,787</u>

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 SECIND QUARTER ENDED 30 JUNE 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>
Amendments to MFRS 16	Covid-19 Related Rent Concessions	1 June 2020
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

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

		Effective for annual periods beginning on or <u>after</u>
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Amendments to MFRS	Annual Improvements to MFRS 2018 - 2020 Cycle: Amendments to MFRS 1 <i>Firs-time Adoption of MFRS</i> , MFRS 9 <i>Financial Instruments</i> , Illustrative Examples accompanying MFRS 16 <i>Leases</i> and MFRS 141 <i>Agriculture</i>	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 30 June 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	9,211,664	2,878,042	393,279	-	12,482,985
Inter-segment income	-	198,000	790,200	(988,200)	-
Total revenue	<u>9,211,664</u>	<u>3,076,042</u>	<u>1,183,479</u>	<u>(988,200)</u>	<u>12,482,985</u>
<b>Results</b>					
Investment revenue	47,498	4,253	515,893	(506,150)	61,494
Finance costs	462,218	402,358	130,566	(235,934)	759,208
Depreciation	88,898	182,701	63,996	26,601	362,196
Unallocated corporate expenses	-	-	132,726	-	132,726
Profit (Loss) before tax	<u>112,227</u>	<u>575,833</u>	<u>474,813</u>	<u>(296,817)</u>	<u>866,056</u>
<b>Assets</b>					
Addition to property, plant and equipment	<u>3,970</u>	<u>8,240</u>	<u>3,340</u>	-	<u>15,550</u>
Segment assets	335,142,561	108,925,765	15,302,526	(18,821,516)	440,549,336
Unallocated corporate assets					702,874
Consolidated assets					<u>441,252,210</u>
<b>Liabilities</b>					
Segment liabilities	91,598,000	24,691,986	9,874,523	(43,365,200)	82,799,309
Unallocated liabilities					392,538
Consolidated liabilities					<u>83,191,847</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**

	<b>Individual Quarter Current Year Quarter 30.06.2020 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2019 RM'000</b>	<b>Change %</b>	<b>Cumulative Quarter Current Year To Date 30.06.2020 RM'000</b>	<b>Preceding Year Corresponding Period 30.06.2019 RM'000</b>	<b>Change %</b>
<b>Revenue</b>						
Property Development	4,342	13,662	(68.2)	9,212	22,850	(59.7)
Property Management	1,112	1,584	(29.8)	2,878	3,323	(13.4)
Others	198	134	47.7	393	261	50.6
	<u>5,652</u>	<u>15,380</u>		<u>12,483</u>	<u>26,434</u>	
<b>Profit (Loss) before tax</b>						
Property Development	635	3,750	(83.1)	937	5,445	(82.8)
Property Management	48	204	(76.5)	583	549	6.2
Others	(280)	(465)	39.8	(654)	(906)	27.8
	<u>403</u>	<u>3,489</u>		<u>866</u>	<u>5,088</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 RM5.652 million and RM0.403 million respectively, representing a 63.3% decline from previous year's corresponding quarter revenue of RM15.380 million and profit before tax 88.4% from RM3.489 million.

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

**Property Development**

The property development segment saw a decrease of 68.2% in revenue to RM4.342 million compared to RM13.662 million previously; whilst the segment's profit before tax declined by 83.1% to RM0.635 million, from RM3.750 million previously. The decrease was because of Covid-19 which resulted in all of the project developments being temporarily suspended from mid of March to May 2020 in compliance with the Government's directive on Movement Control Order ("MCO") and had caused the weak market sentiment in the property sector.

**Property Management**

The property management segment saw a decrease of 29.8% in rental revenue to RM1.112 million during the quarter under review, compared to previous corresponding quarter's RM1.584 million; whilst the segment's profit before tax declined by 76.5% to RM0.048 million, from RM0.204 million previously. The decrease was mainly due to Covid-19 which had resulted in the suspension of rental from student accommodation starting June 2020 since the university is conducting virtual teaching and learning programme. In response to the short-term economic recovery plan of the Government, the rental for commercial and industrial tenants were also reduced from April to June 2020 as our contribution to ease the financial stress of small medium enterprises affected by Covid-19 and MCO.

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

For the current financial period to date, the Group recorded a revenue of RM12.483 million and profit before tax of RM0.866 million, versus revenue of RM26.434 million and profit before tax of RM5.088 million of the preceding corresponding financial period.

**Property Development**

The property development segment registered a 59.7% decrease in revenue to RM9.212 million compared to RM22.850 million previously; whilst the segment's profit before tax declined by 82.8% to RM0.937 million, from RM5.445 million previously due to the Covid-19 in the current quarter that had resulted in the temporary suspension of all project developments and weak market sentiment.

**Property Management**

The three months rental reduction for commercial and industrial tenants and suspension of rental from June 2020 for student accommodation because Covid-19 had led the property management segment to register 13.4% lower rental revenue of RM2.878 million, compared to RM3.323 million of the previous corresponding financial period. Nevertheless, the segment's profit before tax increased by 6.2% to RM0.583 million, as compared to previous corresponding financial period of RM0.549 million after certain cost control measures have been implemented since June 2020.

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

	<b>Current Quarter 30.06.2020 RM'000</b>	<b>Immediate Preceding Quarter 31.03.2020 RM'000</b>	<b>Change %</b>
<b>Revenue</b>			
Property Development	4,342	4,870	(10.8)
Property Management	1,112	1,766	(37.0)
Others	198	195	1.5
	5,652	6,831	(17.3)
<b>Profit (Loss) before tax</b>			
Property Development	635	302	1.10
Property Management	48	535	(91.0)
Others	(280)	(374)	25.1
	403	463	(13.0)

Compared to the preceding quarter's results ended 31 March 2020, the Group's revenue recorded 17.3% lower revenue to RM5.652 million from RM6.831 million as a result of the Covid-19 pandemic. In tandem with this, profit before tax declined by 13.0% to RM0.403 from RM0.463 million.

**B3. Prospects**

The Covid-19 pandemic has led to significant reductions and disruptions to Group's business activities and operations. The Group had suspended its operation since 18 March 2020 and has only gradually resumed from May 2020 in strict adherence to the guidelines issued by the Government.

To mitigate the impact of Covid-19 to Malaysia economy, the Government has implemented short term economic recovery plan to strengthen the local businesses and welfare of Malaysian. For property sector, the Group anticipates that our affordable housing development projects with selling price below RM500,000 will benefit from such recovery plan.

As for the property management sector, the rental income from student accommodation is expected to resume once students return to campus.

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 30.06.2020 RM'000</b>	<b>Year to Date 30.06.2020 RM'000</b>
Profit for the period is arrived at after crediting/(charging):-		
Interest income	23	61
Other income including investment income	230	384
Interest expense	(385)	(759)
Depreciation and amortization	<u>(170)</u>	<u>(362)</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 30.06.2020 RM'000</b>	<b>Year to Date 30.06.2020 RM'000</b>
Income Tax		
- Current Year	(303)	(638)
Deferred Tax		
- Current Year	<u>(15)</u>	<u>(29)</u>
	<u>(318)</u>	<u>(667)</u>
Profit Before Tax	403	866
Effective tax rate	78.9%	77.0%

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 30.06.2020</b> <b>RM'000</b>	<b>As at 30.06.2019</b> <b>RM'000</b>
<b>Short term -Secured</b>		
Lease liabilities	144	157
Term loans	2,993	3,840
Revolving credits	3,000	3,000
Bank overdrafts	44,320	43,991
	<u>50,457</u>	<u>50,988</u>
<b>Long term -Secured</b>		
Lease liabilities	113	-
Term loans	12,658	15,309
	<u>12,771</u>	<u>15,309</u>
<b>Total</b>	<u>63,228</u>	<u>66,297</u>

All borrowings are denominated in Ringgit Malaysia.

As at 30 June 2020, the Group's borrowings declined by 4.6% to RM63.228 million as compared to RM66.297 million previously mainly due to repayment of term loans.

The interest rates for the Group's borrowings range from 1.38% to 6.70% (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>30.06.2020</b>	<b>Year to Date</b> <b>30.06.2020</b>
Profit for the period	RM 85,403	RM 199,753
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)	0.02 sen	0.05 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.