Quarterly rpt on consolidated results for the financial period ended 30 Jun 2020

GUOCOLAND (MALAYSIA) BERHAD

Financial Year End	30 Jun 2020
Quarter	4 Qtr
Quarterly report for the financial period ended	30 Jun 2020
The figures	have not been audited

Attachments

Q4 2020 Results.pdf
491.7 kB

Default Currency | Other Currency

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION
30 Jun 2020

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30 Jun 2020	30 Jun 2019	30 Jun 2020	30 Jun 2019
		$$'000	$$'000	$$'000	$$'000
1	Revenue	186,223	130,613	422,788	413,952
2	Profit/(loss) before tax	40,504	-5,325	10,537	-19,255
3	Profit/(loss) for the period	-1,911	-10,911	-33,910	-28,928
4	Profit/(loss) attributable to ordinary equity holders of the parent	-19,375	-11,949	-54,357	-32,780
5	Basic earnings/(loss) per share (Subunit)	-2.89	-1.78	-8.11	-4.89
6	Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7	Net assets per share attributable to ordinary equity holders of the parent ($$)	1.8306		1.9318	

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name	GUOCOLAND (MALAYSIA) BERHAD
Stock Name	GUOCO
Date Announced	19 Aug 2020
Category	Financial Results
Reference Number	FRA-18082020-00046

GuocoLand (Malaysia) Berhad (192001000022 (300-K))
A Member of the Hong Leong Group

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FORTH QUARTER ENDED 30 JUNE 2020

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	3 months ended		Year-to-date ended	
	30.06.2020	**30.06.2019**	**30.06.2020**	**30.06.2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	186,223	130,613	422,788	413,952
Cost of sales	(103,854)	(106,439)	(276,896)	(317,499)
Gross profit	82,369	24,174	145,892	96,453
Selling and marketing expenses	(2,483)	(3,301)	(13,775)	(14,520)
Administrative expenses	(15,870)	(24,813)	(67,643)	(73,192)
Other net operating (expenses)/income	(17,410)	6,881	(14,200)	7,770
Profit from operations	46,606	2,941	50,274	16,511
Finance income	1,557	2,455	5,033	7,480
Finance costs	(10,712)	(16,304)	(45,346)	(49,640)
Share of results of associates and joint ventures	3,053	5,583	576	6,394
Profit/(Loss) before tax	40,504	(5,325)	10,537	(19,255)
Income tax	(42,415)	(5,586)	(44,447)	(9,673)
Loss for the period	**(1,911)**	**(10,911)**	**(33,910)**	**(28,928)**
Profit/(Loss) attributable to:				
Owners of the parent	(19,375)	(11,949)	(54,357)	(32,780)
Non-controlling interests	17,464	1,038	20,447	3,852
Loss for the period	**(1,911)**	**(10,911)**	**(33,910)**	**(28,928)**
Loss per share attributable to owners of the parent:				
a) Basic (sen)	(2.892)	(1.784)	(8.114)	(4.893)
b) Diluted (sen)	(2.892)	(1.784)	(8.114)	(4.893)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

	3 months ended		Year-to-date ended	
	30.06.2020 RM'000	30.06.2019 RM'000	30.06.2020 RM'000	30.06.2019 RM'000
Loss for the period	**(1,911)**	**(10,911)**	**(33,910)**	**(28,928)**
Other comprehensive income:				
Foreign currency translation	-	3	-	87
Total comprehensive loss for the period	**(1,911)**	**(10,908)**	**(33,910)**	**(28,841)**
Total comprehensive income/(loss) attributable to:				
Owners of the parent	(19,375)	(11,946)	(54,357)	(32,693)
Non-controlling interests	17,464	1,038	20,447	3,852
Total comprehensive loss for the period	**(1,911)**	**(10,908)**	**(33,910)**	**(28,841)**

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

GUOCOLAND (MALAYSIA) BERHAD (192001000022 (300-K))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FORTH QUARTER ENDED 30 JUNE 2020

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Unaudited As at 30.06.2020 RM'000	Audited As at 30.06.2019 RM'000
Non-current assets		
Property, plant and equipment	336,588	349,175
Right-of-use assets	1,450	-
Investment properties	274,063	536,163
Land held for property development	150,826	302,489
Investments in associates	194,517	202,724
Investments in joint ventures	117,523	113,523
Goodwill	5,275	6,079
Deferred tax assets	17,149	17,454
	1,097,391	1,527,607
Current assets		
Inventories	684,657	912,817
Biological assets	227	360
Trade and other receivables	160,927	46,576
Contract assets	252,571	72,247
Contract cost assets	88,990	59,598
Other current assets	5,592	4,031
Tax recoverable	1,528	4,538
Other investments	15,400	8,900
Land held-for-sale	102,460	-
Asset held-for-sale	242,100	-
Cash and cash equivalents	189,513	208,116
	1,743,965	1,317,183
TOTAL ASSETS	2,841,356	2,844,790

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020 (cont'd)

	Unaudited As at 30.06.2020 RM'000	Audited As at 30.06.2019 RM'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	385,318	385,318
Reserves	864,881	932,636
Equity funds	1,250,199	1,317,954
Shares held by ESS Trust	(23,883)	(23,883)
	1,226,316	1,294,071
Non-controlling interests	149,151	138,116
TOTAL EQUITY	1,375,467	1,432,187
Non-current liabilities		
Trade and other payables	892	4,524
Loans and borrowings	918,919	878,042
Lease liabilities	1,115	-
Deferred tax liabilities	29,720	33,826
	950,646	916,392
Current liabilities		
Trade and other payables	149,206	137,003
Contract liabilities	12,354	14,391
Loans and borrowings	331,084	343,732
Lease liabilities	367	-
Tax payable	22,232	1,085
	515,243	496,211
TOTAL LIABILITIES	1,465,889	1,412,603
TOTAL EQUITY AND LIABILITIES	2,841,356	2,844,790
Net assets per share attributable to ordinary owners of the parent (RM)	1.8306	1.9318

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

GUOCOLAND (MALAYSIA) BERHAD (192001000022 (300-K))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FORTH QUARTER ENDED 30 JUNE 2020

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	← Attributable to owners of the parent →								
	← Non-Distributable →					Distributable			
	Share capital RM'000	Shares held by ESS Trust RM'000	Merger reserve RM'000	Exchange reserve RM'000	Other reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Current year-to-date									
At 1 July 2019	385,318	(23,883)	(24,028)	106	27	956,531	1,294,071	138,116	1,432,187
Total comprehensive income/(loss) for the period	-	-	-	-	-	(54,357)	(54,357)	20,447	(33,910)
Dividend paid	-	-	-	-	-	(13,398)	(13,398)	(9,412)	(22,810)
As At 30 June 2020	385,318	(23,883)	(24,028)	106	27	888,776	1,226,316	149,151	1,375,467

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

	← Attributable to owners of the parent →								
	← Non-Distributable →					Distributable			
	Share capital RM'000	Shares held by ESS Trust RM'000	Merger reserve RM'000	Exchange reserve RM'000	Other reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Cash flow (used in)/generated from operations									
At 1 July 2018	385,318	(23,883)	(24,028)	19	27	1,002,709	1,340,162	134,264	1,474,426
Total comprehensive income/(loss) for the period	-	-	-	87	-	(32,780)	(32,693)	3,852	(28,841)
Dividend paid	-	-	-	-	-	(13,398)	(13,398)	-	(13,398)
As At 30 June 2019	385,318	(23,883)	(24,028)	106	27	956,531	1,294,071	138,116	1,432,187

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Year-to-date ended	
	30.06.2020	**30.06.2019**
	RM'000	**RM'000**
Cash flows from operating activities		
Profit/(Loss) before tax	**10,537**	**(19,255)**
Adjustments for:		
Loss on biological assets	(310)	74
Gain on investment in cash funds	(446)	(389)
Reversal of impairment loss on land held for development	(508)	-
Depreciation of property, plant and equipment	10,710	11,501
Depreciation of right-of-use assets	2,184	-
Property, plant and equipment written off	11	5
Gain on disposal of property, plant and equipment	(34)	-
Realisation of goodwill	804	3,668
Net loss/(gain) on fair value adjustments of investment properties	20,000	(7,870)
Allowance for impairment on trade and other receivables	801	2,556
Dividend income	-	(60)
Interest expense	45,996	49,640
Interest income	(5,033)	(7,480)
Provision for foreseeable losses	1,298	990
Elimination of unrealised profit arising from transactions with an associate and joint ventures	1,635	1,418
Share of results of associates and joint ventures	(575)	(6,394)
Operating profit before working capital changes	87,070	28,404
Working capital changes:		
Inventories	53,569	88,468
Receivables	(146,674)	(3,207)
Payables	11,686	(34,075)
Joint ventures balances	(1,913)	(1,501)
Related company balances	4,872	(1,709)
Cash flow (used in)/generated from operations	8,610	76,380
Interest received	203	-
Interest paid	(52,913)	(56,166)
Tax paid	(17,493)	633
Net cash flows (used in)/generated from operating activities	(61,593)	20,847

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (cont'd)

	Year-to-date ended	
	30.06.2020	**30.06.2019**
	RM'000	**RM'000**
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(1,766)	(8,792)
Additions in investment properties	(12,270)	-
Proceeds from disposal in land held for development	49,203	-
Dividend income from associate	3,148	2,492
(Additions in)/Proceeds from disposals of:		
Investment securities	(6,500)	2,879
Proceeds from disposal of plant and equipment	34	-
Dividend income from investment securities	446	449
Interest received	5,276	7,480
Net cash flows generated from investing activities	37,571	4,508
Cash flows from financing activities		
Bank borrowings drawdown	283,085	262,848
Repayment of bank borrowings	(254,856)	(258,877)
Dividend paid	(22,810)	(13,398)
Net cash flow generated/(used in) from financing activities	5,419	(9,427)
Net (decrease)/increase in cash and cash equivalents	(18,603)	15,928
Effect of exchange rate changes on cash and cash equivalents	-	87
Cash and cash equivalents at beginning of the financial period	208,116	192,101
Cash and cash equivalents at end of the financial period	189,513	208,116

Cash and cash equivalents comprise the following:

	30.06.2020	**30.06.2019**
	RM'000	**RM'000**
Deposits, cash and bank balances	189,620	208,116
Bank overdrafts	(107)	-
	189,513	208,116

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

The figures have not been audited

NOTES

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2019. The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2019.

The accounting policies and presentation adopted for this Unaudited Condensed Consolidated Interim Financial Information are mainly consistent with those of the Group's audited financial statements for the financial year ended 30 June 2019, except for the following:

Effective for financial periods beginning on or after 1 January 2019:

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendment to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendment to MFRS 3 and MFRS 11	Previously Held Interest in a Joint Arrangements (Annual Improvements to MFRSs 2015-2017 Cycle)
Amendment to MFRS 112	Income on Financial Instruments Classified as Equity (Annual Improvements to MFRSs 2015-2017 Cycle)
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendment to MFRS 123	Borrowing Costs Eligible for Capitalisation (Annual Improvements to MFRSs 2015-2017 Cycle)

1. Basis of preparation (cont'd)

The accounting policies and presentation adopted for this Unaudited Condensed Consolidated Interim Financial Information are mainly consistent with those of the Group's audited financial statements for the financial year ended 30 June 2019, except for the following : (cont'd)

The adoption of the above do not have any significant impact to the Group other than as discussed below.

(a) **MFRS 16: Leases**

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Leases-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees is also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially unchanged from accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The Group has adopted MFRS 16 using the modified retrospective method. Accordingly, the Group has not restated the comparative information. The Group has elected to apply the standard to contracts that were previously identified as leases applying MFRS 117 and IC Interpretation 4. The Group therefore has not applied the standard to contracts that were not previously identified as containing a lease applying MFRS 117 and IC Interpretation 4.

The summary of the impact (increase/(decrease) from MFRS 16 adoption on the statement of financial position as at 1 July 2019 is as follows:

	Note	RM'000
Assets		
Right-of-use assets	a	1,951
Liabilities		
Lease liabilities	b	1,951

1. Basis of preparation (cont'd)

The accounting policies and presentation adopted for this Unaudited Condensed Consolidated Interim Financial Information are mainly consistent with those of the Group's audited financial statements for the financial year ended 30 June 2019, except for the following : (cont'd)

(b) **MFRS 16: Leases (cont'd)**

a) Recognition of right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments immediately before the date of initial application.

b) Recognition of lease liability at the date of initial application, measured at the present value of remaining lease payments, discounted at the Group's weighted average incremental borrowing rate of 5.20%.

Reconciliation of lease liabilities recognised from operating lease obligations:

	RM'000
Gross liabilities at 1 July 2019	2,173
Effect from discounting	(222)
Lease liabilities due to initial application of MFRS 16	1,951

2. Qualification of audit report of the preceding annual financial statements

The audit report for the preceding annual financial statements was not subject to any qualification.

3. Seasonality or cyclicality of interim operations

The Group's interim operations were not materially affected by any seasonal or cyclical factors for the current quarter under review.

4. Nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial year ended 30 June 2020, except for the additional provision for tax payable amounting to RM21.8 million arising from an on-going tax investigation for prior years of assessments. The provision was made on a preliminary basis and does not constitute any admission of the liability.

5. Changes in estimates of amounts reported in prior interim periods of the current financial year or in prior financial years

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial period.

6. Issues, repurchases and repayments of debt and equity securities

During the current quarter under review, there were no additional shares purchased by the trust set up for the Executive Share Scheme ("ESS Trust"). As at reporting date, a total of 30,578,100 shares of GuocoLand (Malaysia) Berhad ("GLM") were held by the ESS Trust.

As at the financial year ended 30 June 2019, options over 20,000,000 GLM shares had been granted to eligible executives of the Company pursuant to the Company's Value Creation Incentive Plan. There were no new options granted during the current quarter and the balance options for the financial period is 18,000,000 of GLM shares. The options granted are subject to the achievement of certain performance criteria by the option holders over two performance periods concluding at the end of the financial years ended 30 June 2019 and ending 30 June 2021 respectively. The achievement of the performance targets and the numbers of shares (if any) to be vested shall be determined following the end of the respective performance periods.

Save as detailed above, there were no other issues, repurchases and repayments of debts and equity securities during the current financial period.

7. Dividend paid

During the financial period ended 30 June 2020, a final dividend of 2 sen per ordinary share amounted to RM13.40 million in respect of the financial year ended 30 June 2019 was paid on 3 December 2019.

8. Segmental reporting

The Group's segmental report is as follows:

Financial Period Ended 30.06.2020

	Property development RM'000	Property investment RM'000	Hotel RM'000	Plantations RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External sales	343,646	27,434	30,404	14,076	7,228	-	422,788
Inter-segment sales	-	2,132	-	-	22,832	(24,964)	-
Total revenue	343,646	29,566	30,404	14,076	30,060	(24,964)	422,788
Results							
Segment results	88,964	(11,228)	(10,838)	6,886	(22,930)	-	50,854
Unallocated corporate expenses							(580)
Profit from operations							50,274
Interest income	1,813	531	1,175	882	632	-	5,033
Finance costs	(13,406)	(13,454)	(11,882)	(1)	(6,603)		(45,346)
Share of results of associates	-	1,681	-	(6,642)	-	-	(4,961)
Share of results of joint ventures	5,537	-	-	-	-	-	5,537
Income tax expense	(23,968)	925	-	(18,003)	(3,401)	-	(44,447)
Loss for the period							(33,910)

8. Segmental reporting (cont'd)

Segmental reporting by geographical location has not been prepared as the Group's operations are substantially carried out in Malaysia.

9. Valuations of property, plant and equipment and investment properties

The valuations of property, plant and equipment and investment properties were adjusted during the financial year as per Note 16 which was determined based on valuation reports by accredited independent valuers.

10. Material subsequent events not reflected in the financial statements

(a) On 2 March 2020, DC Offices Sdn Bhd ("DC Offices"), an indirect wholly-owned subsidiary of GLM, has entered into a conditional sale and purchase agreement with MTrustee Berhad ("MTrustee"), the trustee of Tower Real Estate Investment Trust, for the proposed disposal by DC Offices to MTrustee, of an office building known as Menara Guoco for a cash consideration of RM242,100,000.

(b) On 13 August 2020, GLM Emerald Industrial Park (Jasin) Sdn Bhd ("GLM EIPJ"), a 68%-owned indirect subsidiary of GLM, has entered into a conditional sale and purchase agreement with Scientex Heights Sdn Bhd ("SHSB") and IOI Corporation Berhad for the proposed disposal by GLM EIPJ to SHSB of 2 parcels of land located in the Mukim and District of Jasin, State of Melaka for a cash consideration of RM260,174,594.

11. Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review, including business combinations, acquisition or disposal of subsidiaries and long-term investments, and restructuring.

12. Review of performance

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

The Group recorded revenue of RM186.2 million for the current quarter under review as compared to RM130.6 million in the immediate preceding year corresponding quarter. The higher revenue for the current quarter was mainly due to the disposal of a parcel of land in Jasin, Melaka.

The Group recorded profit before tax of RM40.5 million as compared to a loss of RM5.3 million in the immediate preceding year corresponding quarter. The Group has provided for a fair value loss of RM20 milion on its investment in DC Mall, based on the valuation report accredited by an independent valuer. If the one-off fair value loss was excluded, the Group would record a profit before tax of RM60.5 million in the current quarter.

The Group incurred a lower selling and marketing expenses for the current quarter by RM0.8 million as compared to the immediate preceding year corresponding quarter mainly due to lesser sales and marketing activities on its on-going projects as a result of Movement Control Order ("MCO") implemented by the Malaysian Government. The administrative expenses reduced by RM8.9 million as compared to the immediate preceding year corresponding quarter due to lower staff expenses and lower site office and project related expenses in the current quarter. The finance costs incurred by the Group is lower as compared to the immediate preceding year corresponding quarter due to interest rate reduction which was announced by Bank Negara Malaysia in March 2020 and May 2020, respectively.

The Group has also made an additional provision for tax amounting to the total of RM21.8 million arising from an on-going tax investigation. The provision was made on a preliminary basis and does not constitute any admission of liability.

The figures have not been audited

12. Review of performance (cont'd)

(b) Performance of the current financial year ended against the preceding year corresponding financial year ended 30 June 2020

The Group recorded revenue of RM422.8 million for the current financial year as compared to RM413.9 million in the preceding year corresponding financial year mainly due to recognition of revenue from on-going projects and disposal of a parcel of land located in Jasin, Melaka.

The Group recorded a profit before tax of RM10.5 million compared to loss before tax of RM19.3 million of the preceding year corresponding financial year. The Group would record a profit before tax of RM30.5 million in the current financial year if the provision of one-off fair value loss of RM20 million on investment in DC Mall was excluded.

The Group incurred a lower expenses on selling and marketing, and administrative for the current financial year by RM6.3 million due to lesser sales and marketing activities from on-going projects, lower site office and project related expenses as a result of MCO.

The Group incurred lower finance cost by RM4.3 million as compared to preceding year corresponding financial year ended due to interest rate reduction by Bank Negara Malaysia. The share of loss from associates was mainly due to the additional tax and penalty imposed by Inland Revenue Board of Malaysia.

13. Material change in loss before tax for the current quarter compared with the immediate preceding quarter

The Group's profit before tax in the current quarter of RM40.5 million was higher by RM47.2 million as compared to the immediate preceding quarter of loss before tax of RM6.7 million. The increase in the profit generated in the current quarter was mainly due to the initial progressive revenue recognition from its on-going development project in Emerald 9 and disposal of a parcel of land in Jasin, Melaka.

The Group has also made an additional provision for tax amounting to the total of RM21.8 million arising from an on-going tax investigation. The provision was made on a preliminary basis and does not constitute any admission of the liability.

14. Prospects

The Covid-19 pandemic has inevitably caused disruption in global business activities and has added further pressure to the property market. The market will remain challenging and lacklustre in the subsequent period of financial year 2020 due to weak market and consumer sentiments. Moving forward, the Group will continue to focus on monetising its inventories and timely completion of its development projects. New product launches will be phased according to prevailing market sentiments.

15. Loss forecast/Loss guarantee

Not applicable.

The figures have not been audited

16. Loss before Tax for the year

Included in loss for the financial period/year are:

	Current Quarter	Year-to-date
Allowance for impairment on trade and other receivables	(456)	801
Depreciation of property, plant and equipment	1,270	10,710
Gain on disposal of property, plant and equipment	-	(34)
Fair value loss of investment properties	20,000	20,000

Other than the above items, there were no allowance for impairment and write off of inventories, gain or loss on disposal of investment properties, impairment of assets and other exceptional items for the current quarter and financial year ended 30 June 2020.

17. Taxation

Taxation comprises:

	Current Quarter RM'000	Year-to-date RM'000
Current taxation		
- Malaysian income tax	22,468	26,462
- Deferred taxation	(1,773)	(3,531)
- Real Property Gains Tax	356	89
Prior year		
- Malaysian income tax	21,397	21,460
- Deferred taxation	(33)	(33)
	42,415	44,447

The Group's effective tax rate for the current quarter and current financial period were higher than the statutory tax rate mainly due to additional tax provision arising from an on-going tax investigation. The provision was made on a preliminary basis and does not constitute any admission(s) of liability.

18. Corporate proposals

(a) On 2 March 2020, DC Offices Sdn Bhd ("DC Offices"), an indirect wholly-owned subsidiary of GLM, has entered into a conditional sale and purchase agreement with MTrustee Berhad ("MTrustee"), the trustee of Tower Real Estate Investment Trust, for the proposed disposal by DC Offices to MTrustee, of an office building known as Menara Guoco for a cash consideration of RM242,100,000.

(b) On 13 August 2020, GLM Emerald Industrial Park (Jasin) Sdn Bhd ("GLM EIPJ"), a 68%-owned indirect subsidiary of GLM, has entered into a conditional sale and purchase agreement with Scientex Heights Sdn Bhd ("SHSB") and IOI Corporation Berhad for the proposed disposal by GLM EIPJ to SHSB of 2 parcels of land located in the Mukim and District of Jasin, State of Melaka for a cash consideration of RM260,174,594.

The figures have not been audited

19. Group's borrowings and debt securities

Particulars of the Group's borrowings as at 30 June 2020 are as follows:

	RM'000
Short term borrowings	
Secured	157,491
Unsecured	173,593
	331,084
Long term borrowings	
Secured	918,919
Total borrowings	1,250,003

The above borrowings are all denominated in Ringgit Malaysia.

20. Dividend

The Board does not recommend any interim dividend for the financial year ended 30 June 2020.

21. Loss per share

Basic EPS

The basic loss per share are calculated based on the net loss attributable to ordinary shareholders for the financial period divided by the weighted average number of ordinary shares:

	3 months ended		Year-to-date ended	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Net loss attributable to ordinary shareholders for the period (RM'000)	(19,375)	(11,949)	(54,357)	(32,780)
Weighted average number of shares ('000)	669,880	669,880	669,880	669,880
Basic Loss per share (sen)	(2.892)	(1.784)	(8.114)	(4.893)

Diluted EPS

The Group has no dilution in its EPS for the financial period under review as there are no dilutive potential ordinary shares.

The operational EPS after discounting the one-off and non-recurring additional provision for tax, of which is made on a preliminary basis and does not constitute any admission(s) of liability, that arising from an on-going tax investigation amounting to RM21.8 million, are as follows:

Basic Loss per share (sen)	0.374	(1.784)	(4.848)	(4.893)

The figures have not been audited

22. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 30 June 2019 was not subject to any qualification.

23. Comparative figures

Comparative figures, where applicable, have been modified to conform to the current year presentation.

By Order of the Board
GuocoLand (Malaysia) Berhad

CHIN MIN YANN
LEE SOW YEANG
Company Secretaries

Kuala Lumpur
19 August 2020