

Company No. 200301022614 (625034 X)

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

**QUARTERLY REPORT**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**  
**(UNAUDITED)**

This Report is dated 30 November 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 SEPTEMBER 2020**  
 (The figures have not been audited)

	<b>As at 30 SEP 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	5,065	5,503
Investment properties	94,905	94,905
Land held for property development	187,763	193,323
<b>TOTAL NON-CURRENT ASSETS</b>	<u>287,733</u>	<u>293,731</u>
<b>Current Assets</b>		
Biological assets	41	26
Inventories	81,755	53,866
Land and development expenditure	37,160	54,832
Receivables	13,007	13,212
Current tax assets	1,075	819
Cash and bank balances	22,137	33,223
<b>TOTAL CURRENT ASSETS</b>	<u>155,175</u>	<u>155,978</u>
<b>TOTAL ASSETS</b>	<u>442,908</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	172,820	170,057
<b>TOTAL EQUITY</b>	<u>360,624</u>	<u>357,861</u>
<b>Non-current liabilities</b>		
Borrowings	11,788	13,512
Deferred tax liabilities	5,798	5,745
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>17,586</u>	<u>19,257</u>
<b>Current Liabilities</b>		
Payables	13,287	18,280
Borrowings	49,957	53,616
Current tax payables	1,454	695
<b>TOTAL CURRENT LIABILITIES</b>	<u>64,698</u>	<u>72,591</u>
<b>TOTAL LIABILITIES</b>	<u>82,284</u>	<u>91,848</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>442,908</u>	<u>449,709</u>
Net Assets (NA) per share (RM)	<u>0.96</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.

**GROMUTUAL BERHAD**

(Company No. 200301022614 (625034 X))

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 SEP 2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEP 2019 RM'000	CURRENT YEAR TO DATE 30 SEP 2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEP 2019 RM'000
Revenue	13,965	18,143	26,448	44,577
Cost of sales	(8,094)	(9,161)	(13,458)	(22,764)
Gross Profit	5,871	8,982	12,990	21,813
Investment revenue	21	59	82	181
Other income	345	214	729	665
Administrative expenses	(2,568)	(4,451)	(8,506)	(12,231)
Finance costs	(308)	(283)	(1,067)	(817)
Other expenses	-	(1)	(1)	(3)
<b>Profit before tax</b>	3,361	4,520	4,227	9,608
Income tax expense	(797)	(1,201)	(1,464)	(2,744)
<b>Profit for the period</b>	2,564	3,319	2,763	6,864
<b>Other comprehensive income, net of tax</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	2,564	3,319	2,763	6,864
<b>Profit attributable to: Owners of the Company</b>	2,564	3,319	2,763	6,864
<b>Earnings per share (sen)</b>				
- Basic	0.68	0.88	0.74	1.83
- 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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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 SEPTEMBER 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	-	2,763	2,763
Balance as at 30 September 2020	187,804	172,820	360,624
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 SEPTEMBER 2020**  
 (The figures have not been audited)

	<b>30 SEP 2020 (Unaudited) RM'000</b>	<b>31 DEC 2019 (Audited) RM'000</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Receipts from customers	27,024	57,862
Payments to suppliers and employees	<u>(26,326)</u>	<u>(48,909)</u>
Cash (Used In) From Operations	698	8,953
Finance costs paid	(1,902)	(2,666)
Income taxes paid	(909)	(4,194)
Income taxes refunded	<u>-</u>	<u>2,082</u>
Net Cash (Used In) From Working Capital	(2,113)	4,175
Additions to Land held for property development	<u>(3,609)</u>	<u>(10,032)</u>
Net Cash Used In Operating Activities	<u>(5,722)</u>	<u>(5,857)</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Proceeds from disposal of PPE	-	35
Other investments	82	229
Additions to property, plant and equipment	(86)	(130)
Additions to investment properties	-	(145)
Net Cash Used In Investing Activities	<u>(4)</u>	<u>(11)</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	-	1,282
Repayment of bank borrowings	(4,894)	(3,145)
Dividend paid	-	(1,878)
Net Cash Used In Financing Activities	<u>(4,894)</u>	<u>(3,741)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(10,620)</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>(5,833)</u></b>	<b><u>4,787</u></b>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	1,456	1,482
Cash and bank balances	20,681	31,741
Bank overdraft	(26,664)	(27,154)
Less : Fixed deposits pledged to banks	<u>(1,306)</u>	<u>(1,282)</u>
	<u>(5,833)</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 THIRD QUARTER ENDED 30 SEPTEMBER 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

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
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform -Phase 2	1 January 2021
Amendments to MFRS 3	References to the Conceptual Framework in MFRS Standards	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
MFRS 17 & Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 September 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	22,061,709	3,713,711	672,626	-	26,448,046
Inter-segment income	-	330,000	3,085,700	(3,415,700)	-
Total revenue	<u>22,061,709</u>	<u>4,043,711</u>	<u>3,758,326</u>	<u>(3,415,700)</u>	<u>26,448,046</u>
<b>Results</b>					
Investment revenue	57,416	7,540	778,090	(760,726)	82,320
Finance costs	712,030	479,236	201,077	(325,372)	1,066,971
Depreciation	114,865	272,690	95,931	39,902	523,388
Unallocated corporate expenses	-	-	208,907	-	208,907
Profit (Loss) before tax	<u>3,350,642</u>	<u>666,050</u>	<u>2,685,802</u>	<u>(2,475,256)</u>	<u>4,227,238</u>
<b>Assets</b>					
Addition to property, plant and equipment	<u>74,350</u>	<u>8,240</u>	<u>3,900</u>	-	<u>86,490</u>
Segment assets	337,401,480	109,364,633	14,306,732	(20,145,960)	440,926,885
Unallocated corporate assets					<u>1,980,619</u>
Consolidated assets					<u>442,907,504</u>
<b>Liabilities</b>					
Segment liabilities	93,251,527	25,189,171	8,705,066	(45,011,205)	82,134,559
Unallocated liabilities					<u>149,335</u>
Consolidated liabilities					<u>82,283,894</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 30.09.2020 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.09.2019 RM'000</b>	<b>Change %</b>	<b>Cumulative Quarter Current Year To Date 30.09.2020 RM'000</b>	<b>Preceding Year Corresponding Period 30.09.2019 RM'000</b>	<b>Change %</b>
<b>Revenue</b>						
Property Development	12,850	16,296	(21.1)	22,062	39,146	(43.6)
Property Management	836	1,693	(50.6)	3,714	5,016	(26.0)
Others	279	154	81.2	672	415	61.9
	<u>13,965</u>	<u>18,143</u>		<u>26,448</u>	<u>44,577</u>	
<b>Profit (Loss) before tax</b>						
Property Development	3,563	5,049	(29.4)	4,500	10,494	(57.1)
Property Management	33	(126)	126.2	616	423	45.6
Others	(235)	(403)	41.7	(889)	(1,309)	(32.1)
	<u>3,361</u>	<u>4,520</u>		<u>4,227</u>	<u>9,608</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 RM13.965 million and RM3.361 million respectively, representing a 23.0% decline from previous year's corresponding quarter revenue of RM18.143 million and profit before tax 25.6% from RM4.520 million.

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

**Property Development**

The property development segment saw a decrease of 21.1% in revenue to RM12.850 million compared to RM16.296 million previously; whilst the segment's profit before tax declined by 29.4% to RM3.563 million, from RM5.049 million previously. The decrease was mainly due to the higher recognition for sales of completed industrial and residential projects in preceding year corresponding quarter; slower construction progress for certain residential projects in 2020 due to Covid-19 Pandemic ("Covid-19") and that the new residential projects which commenced construction in 2020 were mainly undertaken on the build then sell basis.

**Property Management**

The property management segment saw a decrease of 50.6% in rental revenue to RM0.836 million during the quarter under review, compared to the previous corresponding quarter of RM1.693 million. The decrease in rental revenue was mainly due to Covid-19 which had resulted in the suspension of rental from student accommodation starting June 2020 since the university had been conducting virtual teaching and learning programme. Nevertheless, after certain cost control measures implemented following to the Covid-19, the segment's profit before tax increased by 126.2% to RM0.033 million compared to the loss before tax of RM0.126 million previously.

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

For the current financial period to date, the Group recorded a revenue of RM26.448 million and profit before tax of RM4.227 million, versus revenue of RM44.577 million and profit before tax of RM9.608 million of the preceding corresponding financial period.

**Property Development**

The property development segment registered a 43.6% decrease in revenue to RM22.062 million compared to RM39.146 million previously; whilst the segment's profit before tax declined by 57.1% to RM4.500 million, from RM10.494 million previously due to the profit was mainly generated from the completed "build then sell" residential projects, slower construction progress for certain residential projects in 2020 due to Covid-19 and new residential projects which commenced construction in 2020 were mainly undertaken on the manner build then sell basis.

**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 to 26.0% lower rental revenue of RM3.714 million, compared to RM5.016 million of the previous corresponding financial period. Nevertheless, the segment's profit before tax increased by 45.6% to RM0.616 million, as compared to previous corresponding financial period of RM0.423 million after certain cost control measures have been implemented since June 2020.

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

	<b>Current Quarter 30.09.2020 RM'000</b>	<b>Immediate Preceding Quarter 30.06.2020 RM'000</b>	<b>Change %</b>
<b>Revenue</b>			
Property Development	12,850	4,342	195.9
Property Management	836	1,112	(24.8)
Others	279	198	40.9
	13,965	5,652	147.1
<b>Profit (Loss) before tax</b>			
Property Development	3,563	635	461.1
Property Management	33	48	(31.3)
Others	(235)	(280)	16.1
	3,361	403	734.0

Compared to the preceding quarter's results ended 30 June 2020, the Group's revenue recorded 147.1% higher revenue to RM13.965 million from RM5.652 million as a result of the higher recognition of sales for the completed "build then sell" residential projects. In tandem with this, profit before tax increased by 734.0% to RM3.361 million from RM0.403 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.

For property sector, the Group anticipates that our affordable housing development projects with selling price below RM500,000 will benefit from all recovery plan and initiatives from the Government.

As for the property management sector, the Group is confident the rental income from student accommodation would resume once students return to campus when the universities resume their in-campus teachings and activities.

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.

Notwithstanding the challenges as a result of Covid-19, with the good responses on the affordable housing schemes, the Group would be able to perform satisfactorily in 2020.

**B4. Profit for the period**

	<b>Current Quarter 30.09.2020 RM'000</b>	<b>Year to Date 30.09.2020 RM'000</b>
Profit for the period is arrived at after crediting/(charging):-		
Interest income	21	82
Other income including investment income	345	729
Interest expense	(308)	(1,067)
Depreciation and amortization	(161)	(523)
	<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 30.09.2020 RM'000</b>	<b>Year to Date 30.09.2020 RM'000</b>
Income Tax		
- Current Year	(773)	(1,411)
Deferred Tax		
- Current Year	(24)	(53)
	<u>                    </u>	<u>                    </u>
	<u>                    </u>	<u>                    </u>
Profit Before Tax	3,361	4,227
Effective tax rate	23.7%	34.6%

The effective rate of the Group for the 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 30.09.2020</b> RM'000	<b>As at 30.09.2019</b> RM'000
<b>Short term -Secured</b>		
Lease liabilities	134	125
Term loans	3,793	3,922
Revolving credits	3,000	3,000
Bank overdrafts	43,030	44,064
	<u>49,957</u>	<u>51,111</u>
<b>Long term -Secured</b>		
Lease liabilities	87	81
Term loans	11,701	14,338
	<u>11,788</u>	<u>14,419</u>
<b>Total</b>	<u>61,745</u>	<u>65,530</u>

All borrowings are denominated in Ringgit Malaysia.

As at 30 September 2020, the Group's borrowings declined by 5.8% to RM61.745 million as compared to RM65.530 million previously mainly due to repayment of term loans and lower utilisation of bank overdrafts for on-going projects developments.

The interest rates for the Group's borrowings range from 1.38% to 6.45% (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 has declared an interim single tier dividend of 0.50 sen per share, amounting to RM1,878,040 for the financial year ending 31 December 2020. The dividend is to be paid on 30 December 2020 to shareholders whose name appears in the Record of Depositors at the close of business on 15 December 2020.

**B11. Earnings Per Share**

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

	<b>Current Quarter</b> <b>30.09.2020</b>	<b>Year to Date</b> <b>30.09.2020</b>
Profit for the period	RM 2,563,247	RM 2,763,000
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)	0.68 sen	0.74 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.