

Company No. 200301022614 (625034 X)

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

QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020
(UNAUDITED)

This Report is dated 24 February 2021

GROMUTUAL BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

QUARTERLY REPORT

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(The figures have not been audited)

	As at 31 DEC 2020 (Unaudited) RM'000	As at 31 DEC 2019 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,908	5,503
Investment properties	94,905	94,905
Land held for property development	188,384	193,323
TOTAL NON-CURRENT ASSETS	<u>288,197</u>	<u>293,731</u>
Current Assets		
Biological assets	42	26
Inventories	58,511	53,866
Land and development expenditure	47,376	54,832
Receivables	32,877	13,212
Current tax assets	1,033	819
Cash and bank balances	24,484	33,223
TOTAL CURRENT ASSETS	<u>164,323</u>	<u>155,978</u>
TOTAL ASSETS	<u>452,520</u>	<u>449,709</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	187,804	187,804
Retained earnings	177,986	170,057
TOTAL EQUITY	<u>365,790</u>	<u>357,861</u>
Non-current liabilities		
Borrowings	10,899	13,512
Deferred tax liabilities	7,421	5,745
TOTAL NON-CURRENT LIABILITIES	<u>18,320</u>	<u>19,257</u>
Current Liabilities		
Payables	16,939	18,280
Borrowings	48,997	53,616
Current tax payables	2,474	695
TOTAL CURRENT LIABILITIES	<u>68,410</u>	<u>72,591</u>
TOTAL LIABILITIES	<u>86,730</u>	<u>91,848</u>
TOTAL EQUITY AND LIABILITIES	<u>452,520</u>	<u>449,709</u>
Net Asscets (NA) per share (RM)	<u>0.97</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 31 DECEMBER 2020**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 DEC 2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 DEC 2019 RM'000	CURRENT YEAR 31 DEC 2020 RM'000	PRECEDING YEAR 31 DEC 2019 RM'000
Revenue	41,407	14,309	67,855	58,886
Cost of sales	(25,225)	(4,798)	(38,683)	(27,562)
Gross Profit	16,182	9,511	29,172	31,324
Investment revenue	21	48	103	229
Other income	249	257	978	922
Administrative expenses	(4,335)	(3,941)	(12,841)	(16,172)
Finance costs	(337)	(439)	(1,404)	(1,256)
Other expenses	-	(1)	(1)	(4)
Profit before tax	11,780	5,435	16,007	15,043
Income tax expense	(4,736)	(850)	(6,200)	(3,594)
Profit for the year	7,044	4,585	9,807	11,449
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	7,044	4,585	9,807	11,449
Profit attributable to: Owners of the Company	7,044	4,585	9,807	11,449
Earnings per share (sen)				
- Basic	1.88	1.22	2.61	3.05
- 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 31 DECEMBER 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 year	-	9,807	9,807
Interim dividend - Year Ended 31 December 2020	-	(1,878)	(1,878)
Balance as at 31 December 2020	<u>187,804</u>	<u>177,986</u>	<u>365,790</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

(Company No. 200301022614 (625034 X))

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2020**

(The figures have not been audited)

	31 DEC 2020 (Unaudited) RM'000	31 DEC 2019 (Audited) RM'000
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Receipts from customers	47,246	57,862
Payments to suppliers and employees	<u>(32,303)</u>	<u>(48,909)</u>
Cash From (Used In) From Operations	14,943	8,953
Finance costs paid	(2,716)	(2,666)
Income taxes paid	(2,960)	(4,194)
Income taxes refunded	<u>-</u>	<u>2,082</u>
Net Cash From (Used In) From Working Capital	9,267	4,175
Additions to Land held for property development	<u>(8,941)</u>	<u>(10,032)</u>
Net Cash From (Used In) Operating Activities	<u>326</u>	<u>(5,857)</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of PPE	-	35
Other investments	103	229
Additions to property, plant and equipment	(92)	(130)
Additions to investment properties	-	(145)
Net Cash From (Used) In Investing Activities	<u>11</u>	<u>(11)</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from bank borrowings	-	1,282
Repayment of bank borrowings	(5,313)	(3,145)
Dividend paid	(1,878)	(1,878)
Net Cash Used In Financing Activities	<u>(7,191)</u>	<u>(3,741)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,854)	(9,609)
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR	4,787	14,396
CASH AND CASH EQUIVALENTS AS OF END OF YEAR	<u>(2,067)</u>	<u>4,787</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	1,415	1,482
Cash and bank balances	23,069	31,741
Bank overdraft	(25,236)	(27,154)
Less : Fixed deposits pledged to banks	<u>(1,315)</u>	<u>(1,282)</u>
	<u>(2,067)</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 FOURTH QUARTER ENDED 31 DECEMBER 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:

Adoption of new and amendments to MFRS

		<u>Effective Date</u>
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 9, 139 and 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendments to MFRS	References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 16	Covid-19 Related Rent Concessions	1 June 2020 (early adopted)

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:

		<u>Effective Date</u>
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)

		<u>Effective Date</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	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

At Board of Directors' meeting held on 30 November 2020, the Board of Directors had declared an interim single tier dividend of 0.50 sen per share, amounting to RM1,878,040 for the financial year ending 31 December 2020. The dividend had been paid on 30 December 2020 to shareholders whose name appears in the Record of Depositors at the close of business on 15 December 2020.

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 December 2020 is as follow:

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Revenue					
External sales	62,320,182	4,577,670	956,833	-	67,854,685
Inter-segment income	<u>847,000</u>	<u>462,000</u>	<u>5,431,700</u>	<u>(6,740,700)</u>	<u>-</u>
Total revenue	<u><u>63,167,182</u></u>	<u><u>5,039,670</u></u>	<u><u>6,388,533</u></u>	<u><u>(6,740,700)</u></u>	<u><u>67,854,685</u></u>
Results					
Investment revenue	74,681	7,540	1,129,856	(1,108,884)	103,193
Finance costs	962,411	688,753	323,165	(570,078)	1,404,251
Depreciation	142,903	362,236	127,718	53,202	686,059
Unallocated corporate expenses	-	-	597,257	(106,500)	490,757
Profit before tax	<u>15,849,021</u>	<u>248,711</u>	<u>4,235,302</u>	<u>(4,326,145)</u>	<u>16,006,889</u>
Assets					
Addition to property, plant and equipment	<u>74,350</u>	<u>8,638</u>	<u>9,050</u>	<u>-</u>	<u>92,038</u>
Segment assets	347,912,307	109,403,444	6,768,987	(13,575,887)	450,508,851
Unallocated corporate assets					<u>2,011,102</u>
Consolidated assets					<u><u>452,519,953</u></u>
Liabilities					
Segment liabilities	95,154,648	28,469,033	9,373,165	(46,654,682)	86,342,164
Unallocated liabilities					<u>388,374</u>
Consolidated liabilities					<u><u>86,730,538</u></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 Year Quarter 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000		Current Year 31.12.2020 RM'000	Preceding Year 31.12.2019 RM'000	
Revenue						
Property Development	40,258	12,387	225.0	62,320	51,533	20.9
Property Management	864	1,738	(50.3)	4,578	6,754	(32.2)
Others	285	184	54.9	957	599	59.8
	<u>41,407</u>	<u>14,309</u>		<u>67,855</u>	<u>58,886</u>	
Profit (Loss) before tax						
Property Development	13,277	5,669	134.2	17,777	16,163	10.0
Property Management	(467)	512	(191.2)	149	935	(84.1)
Others	(1,030)	(746)	(38.1)	(1,919)	(2,055)	6.6
	<u>11,780</u>	<u>5,435</u>		<u>16,007</u>	<u>15,043</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 RM41.407 million and RM11.780 million respectively, representing a 189.4% jump in revenue and 116.7% jump in profit before tax over the previous year's corresponding quarter of RM14.309 million and RM5.435 million.

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

Property Development

The revenue for property development segment surged by 225.0% to RM40.258 million compared to RM12.387 million previously; whilst the segment's profit before tax rose by 134.2% to RM13.277 million, from RM5.669 million previously. The higher revenue and profit were mainly due to more sales from completed residential projects.

Property Management

The property management segment saw a drop of 50.3% in rental revenue to RM0.864 million during the quarter under review, compared to the previous corresponding quarter of RM1.738 million. The decrease in rental revenue was resulted from the suspension of tenancy from student accommodation starting June 2020 since the university had been conducting virtual teaching and learning programme amidst the Covid-19 pandemic; whilst the segment registered loss before tax of RM0.467 million, representing 191.2% decline in profit before tax from RM0.512 million previously.

(b) Performance of the current year against the preceding year

For the current year, the Group recorded a revenue of RM70.138 million and profit before tax of RM16.906 million, versus revenue of RM58.886 million and profit before tax of RM15.043 million of the preceding year.

Property Development

The higher sales of completed residential projects brought about 20.9% increase in revenue of property development segment to RM62.320 million compared to RM51.533 million previously; whilst the segment's profit before tax increased by 10.0% to RM17.777 million, from RM16.163 million previously.

Property Management

The three months rental reduction from April to June 2020 for commercial and industrial tenants and suspension of tenancy for student accommodation from June 2020 onward because Covid-19 pandemic had lowered the rental revenue by 32.2% to RM4.578 million, compared to RM6.754 million of the previous year; whilst the segment's profit before tax declined by 84.1% to RM0.149 million, as compared to previous year of RM0.935.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 31.12.2020 RM'000	Immediate Preceding Quarter 30.09.2020 RM'000	Change %
Revenue			
Property Development	40,258	12,850	213.3
Property Management	864	836	3.3
Others	285	279	2.2
	41,407	13,965	196.5
Profit (Loss) before tax			
Property Development	13,277	3,563	272.6
Property Management	(467)	33	(1515.2)
Others	(1,030)	(235)	(338.3)
	11,780	3,361	250.5

Compared to the preceding quarter's results ended 30 September 2020, the Group's revenue recorded a surge of 196.5% to RM41.407 million from RM13.965 million as a result of the good sales response for the completed residential projects. In tandem with this, profit before tax jump by 250.5% to RM11.780 million from RM3.361 million.

B3. Prospects

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

For property sector, the Group's housing development projects with selling price below RM500,000 will benefit from the recovery plan and initiatives of 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 reopen their in-campus teachings and activities.

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

Notwithstanding the challenges arising from Covid-19 pandemic, the Group is confident that with the new launches of the housing schemes, the Group will achieve satisfactory performance for the financial year ending 31 December 2021.

B4. Profit for the year

	Current Quarter 31.12.2020 RM'000	Year to Date 31.12.2020 RM'000
Profit for the year is arrived at after crediting/(charging):-		
Interest income	21	103
Other income including investment income	249	978
Interest expense	(337)	(1,404)
Depreciation and amortization	(163)	(686)

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

	Current Quarter 31.12.2020 RM'000	Year to Date 31.12.2020 RM'000
Income Tax		
- Current Year	(3,065)	(4,476)
- Underprovision in prior year	(48)	(48)
Deferred Tax		
- Current Year	(9)	(62)
- Underprovision in prior year	(1,614)	(1,614)
	<u>(4,736)</u>	<u>(6,200)</u>
Profit Before Tax	11,780	16,007
Effective tax rate	40.2%	38.7%

The effective rate of the Group for the current quarter and financial year 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:

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
Short term -Secured		
Lease liabilities	118	169
Term loans	3,720	4,013
Revolving credits	3,000	3,000
Bank overdrafts	42,159	46,434
	<u>48,997</u>	<u>53,616</u>
Long term -Secured		
Lease liabilities	67	186
Term loans	10,832	13,326
	<u>10,899</u>	<u>13,512</u>
Total	<u>59,896</u>	<u>67,128</u>

All borrowings are denominated in Ringgit Malaysia.

As at 31 December 2020, the Group's borrowings declined by 10.8% to RM59.896 million as compared to RM67.128 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 7.70% (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:

	Current Quarter 31.12.2020	Year to Date 31.12.2020
Profit for the year	RM 7,043,845	RM 9,806,845
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)	1.88 sen	2.61 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.