

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 2021
(UNAUDITED)

This Report is dated 30 August 2021

Company No. 200301022614 (625034 X)

GROMUTUAL BERHAD
(Incorporated in Malaysia)
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QUARTERLY REPORT

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021
 (The figures have not been audited)

	As at 30 JUN 2021 (Unaudited) RM'000	As at 31 DEC 2020 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,595	4,908
Investment properties	94,905	94,905
Land held for property development	184,725	188,384
TOTAL NON-CURRENT ASSETS	<u>284,225</u>	<u>288,197</u>
Current Assets		
Biological assets	62	42
Inventories	51,625	58,511
Land and development expenditure	54,392	47,376
Receivables	20,995	32,877
Current tax assets	969	1,033
Cash and bank balances	32,323	24,484
TOTAL CURRENT ASSETS	<u>160,366</u>	<u>164,323</u>
TOTAL ASSETS	<u>444,591</u>	<u>452,520</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	187,804	187,804
Retained earnings	181,945	177,986
TOTAL EQUITY	<u>369,749</u>	<u>365,790</u>
Non-current liabilities		
Borrowings	7,787	10,899
Deferred tax liabilities	7,450	7,421
TOTAL NON-CURRENT LIABILITIES	<u>15,237</u>	<u>18,320</u>
Current Liabilities		
Payables	8,513	16,939
Borrowings	48,409	48,997
Current tax payables	2,683	2,474
TOTAL CURRENT LIABILITIES	<u>59,605</u>	<u>68,410</u>
TOTAL LIABILITIES	<u>74,842</u>	<u>86,730</u>
TOTAL EQUITY AND LIABILITIES	<u>444,591</u>	<u>452,520</u>
Net Assets (NA) per share (RM)	<u>0.98</u>	<u>0.97</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 JUNE 2021**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 JUN 2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUN 2020 RM'000	CURRENT YEAR TO DATE 30 JUN 2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 JUN 2020 RM'000
Revenue	8,069	5,652	26,078	12,483
Cost of sales	(4,067)	(2,455)	(15,176)	(5,364)
Gross Profit	4,002	3,197	10,902	7,119
Investment revenue	16	23	37	61
Other income	169	230	322	384
Administrative expenses	(2,668)	(2,661)	(5,193)	(5,938)
Finance costs	(246)	(385)	(549)	(759)
Other expenses	-	(1)	-	(1)
Profit before tax	1,273	403	5,519	866
Income tax expense	(330)	(318)	(1,560)	(667)
Profit for the period	943	85	3,959	199
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	943	85	3,959	199
Profit attributable to: Owners of the Company	943	85	3,959	199
Earnings per share (sen)				
- Basic	0.25	0.02	1.05	0.05
- 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 2020 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 JUNE 2021**

(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 2021	187,804	177,986	365,790	
Total comprehensive income for the period	-	3,959	3,959	
Balance as at 30 June 2021	187,804	181,945	369,749	
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	187,804	177,986	365,790	

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 30 JUNE 2021**

(The figures have not been audited)

	30 JUN 2021 (Unaudited) RM'000	31 DEC 2020 (Audited) RM'000
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Receipts from customers	39,476	47,246
Payments to suppliers and employees	<u>(24,573)</u>	<u>(32,303)</u>
Cash From Operations	14,903	14,943
Finance costs paid	(1,137)	(2,716)
Income taxes paid	(1,301)	(2,960)
Income taxes refunded	<u>43</u>	<u>-</u>
Net Cash From Working Capital	12,508	9,267
Additions to Land held for property development	(963)	(8,941)
Net Cash From Operating Activities	<u>11,545</u>	<u>326</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of PPE	-	-
Other investments	37	103
Additions to property, plant and equipment	(12)	(92)
Additions to investment properties	-	-
Net Cash From Investing Activities	<u>25</u>	<u>11</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from bank borrowings	-	-
Repayment of bank borrowings	(2,663)	(5,313)
Dividend paid	-	(1,878)
Net Cash Used In Financing Activities	<u>(2,663)</u>	<u>(7,191)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,907	(6,854)
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR	<u>(2,067)</u>	<u>4,787</u>
CASH AND CASH EQUIVALENTS AS OF END OF PERIOD	<u><u>6,840</u></u>	<u><u>(2,067)</u></u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	1,335	1,415
Cash and bank balances	30,988	23,069
Bank overdraft	(24,198)	(25,236)
Less : Fixed deposits pledged to banks	<u>(1,285)</u>	<u>(1,315)</u>
	<u><u>6,840</u></u>	<u><u>(2,067)</u></u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 SECOND QUARTER ENDED 30 JUNE 2021

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 2020.

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 2020, except for the following amendments to MFRS:

Adoption of new and amendments to MFRS

	<u>Effective Date</u>
Amendments to MFRS 9, Interest Rate Benchmark Reform -Phase 2 MFRS 139, MFRS 7, MFRS 4 and MFRS 16	1 January 2021

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>
Amendment to MFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021 1 April 2021
Amendments to MFRS 3	References to the Conceptual Framework in MFRS Standards 1 January 2022
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

A1. Basis of Preparation (continued)

		<u>Effective Date</u>
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 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendment to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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 June 2021 is as follow:

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Revenue					
External sales	23,697,037	1,694,813	686,575	-	26,078,425
Inter-segment income	-	264,000	3,136,000	(3,400,000)	-
Total revenue	<u>23,697,037</u>	<u>1,958,813</u>	<u>3,822,575</u>	<u>(3,400,000)</u>	<u>26,078,425</u>
Results					
Investment revenue	39,024	2,526	405,798	(410,151)	37,197
Finance costs	443,842	248,437	122,311	(265,236)	549,354
Depreciation	55,381	178,788	63,438	26,601	324,208
Unallocated corporate expenses	-	-	152,682	(60,000)	92,682
Profit before tax	<u>5,025,374</u>	<u>157,404</u>	<u>3,021,036</u>	<u>(2,684,108)</u>	<u>5,519,706</u>
Assets					
Addition to property, plant and equipment	-	10,026	1,894	-	11,920
Segment assets	335,699,646	109,246,904	8,820,580	(13,044,356)	440,722,774
Unallocated corporate assets					3,868,759
Consolidated assets					<u>444,591,533</u>
Liabilities					
Segment liabilities	82,483,862	27,136,943	9,577,042	(44,394,868)	74,802,979
Unallocated liabilities					39,290
Consolidated liabilities					<u>78,842,269</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 Current Year Quarter 30.06.2021 RM'000	Preceding Year Corresponding Quarter 30.06.2020 RM'000	Change %	Cumulative Quarter Current Year To Date 30.06.2021 RM'000	Preceding Year Corresponding Period 30.06.2020 RM'000	Change %
Revenue						
Property Development	6,857	4,342	57.9	23,697	9,212	157.2
Property Management	824	1,112	(25.9)	1,695	2,878	(41.1)
Others	388	198	96.0	686	393	74.6
	<u>8,069</u>	<u>5,652</u>		<u>26,078</u>	<u>12,483</u>	
Profit (Loss) before tax						
Property Development	1,338	635	110.7	5,774	937	516.2
Property Management	55	48	14.6	44	583	(92.5)
Others	(120)	(280)	57.1	(299)	(654)	54.3
	<u>1,273</u>	<u>403</u>		<u>5,519</u>	<u>866</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 RM8.069 million and RM1.273 million respectively, representing a 42.8% increase in revenue and 215.9% increase in profit before tax over the previous year's corresponding quarter of RM5.652 million and RM0.403 million.

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

Property Development

The revenue for property development segment registered a 57.9% increase in revenue to RM6.857 million compared to RM4.342 million previously; whilst the segment's profit before tax rose by 110.7% to RM1.338 million, from RM0.635 million previously. The higher revenue and profit were mainly due to the better take up rate of completed and on-going residential projects before Full Movement Control Order ("FMCO") which was implemented from 1 June 2021 onwards.

Property Management

The property management segment saw a drop of 25.9% in rental revenue to RM0.824 million during the quarter under review, compared to the previous corresponding quarter of RM1.112 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 as well as some rental reduction for certain commercial tenants from June 2021. Nevertheless, the segment's profit before tax increased by 14.6% to RM0.055 million due to lower administrative expenses control, as compared to preceding year corresponding quarter of RM0.048 million.

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

For the current financial period to date, the Group recorded a revenue of RM26.078 million and profit before tax of RM5.519 million, versus revenue of RM12.483 million and profit before tax of RM0.866 million of the preceding corresponding financial period.

Property Development

The property development segment registered a 157.2% increase in revenue to RM23.697 million compared to RM9.212 million previously; whilst the segment's profit before tax surged by 516.2% to RM5.774 million, from RM0.937 million previously due to the sales of completed residential project and disposal of certain vacant lands.

Property Management

The one month rental reduction for certain commercial tenants and suspension of rental from June 2020 for student accommodation because Covid-19 had continuously led the property management segment to register 41.1% lower rental revenue of RM1.695 million, compared to RM2.878 million of the previous corresponding financial period; whilst the segment's profit before tax declined by 92.5% to RM0.044 million, as compared to previous corresponding financial period of RM0.583 million.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 30.06.2021 RM'000	Immediate Preceding Quarter 31.03.2021 RM'000	Change %
Revenue			
Property Development	6,857	16,840	(59.3)
Property Management	824	871	(5.4)
Others	388	298	30.2
	8,069	18,009	(55.2)
Profit (Loss) before tax			
Property Development	1,338	4,436	(69.8)
Property Management	55	(11)	600.0
Others	(120)	(179)	33.0
	1,273	4,246	(70.0)

Compared to the preceding quarter's results ended 31 March 2021, the Group recorded 55.2% lower revenue to RM8.069 million from RM18.009 million as a result of the lower sales from the completed residential projects and no disposal of vacant lands as well as FMCO from 1 June 2021 onwards. In tandem with this, profit before tax declined by 70.0% to RM1.273 million from RM4.246 million.

B3. Prospects

The Covid-19 pandemic will continue to cause significant disruptions to Group's business activities and operations with the Group strict adherence to the guidelines issued by the Government.

For property sector, the Group's housing development projects with selling price below RM1,000,000 will benefit from the recovery plan and initiatives of the Government.

As for the property management sector, the rental income from student accommodation would only 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 the Group will achieve satisfactory performance for the financial year ending 31 December 2021.

B4. Profit for the period

	Current Quarter 30.06.2021 RM'000	Year to Date 30.06.2021 RM'000
Profit for the year is arrived at after crediting/(charging):-		
Interest income	16	37
Other income including investment income	169	322
Interest expense	(246)	(549)
Depreciation and amortization	(161)	(324)
	<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

	Current Quarter 30.06.2021 RM'000	Year to Date 30.06.2021 RM'000
Income Tax		
- Current Year	(316)	(1,531)
Deferred Tax		
- Current Year	(14)	(29)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Profit Before Tax	1,273	5,519
Effective tax rate	25.9%	28.3%

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:

	As at 30.06.2021 RM'000	As at 30.06.2020 RM'000
Short term -Secured		
Lease liabilities	81	144
Term loans	2,789	2,993
Revolving credits	3,000	3,000
Bank overdrafts	42,539	44,320
	<u>48,409</u>	<u>50,457</u>
Long term -Secured		
Lease liabilities	26	113
Term loans	7,761	12,658
	<u>7,787</u>	<u>12,771</u>
Total	<u><u>56,196</u></u>	<u><u>63,228</u></u>

All borrowings are denominated in Ringgit Malaysia.

As at 30 June 2021, the Group's borrowings declined by 11.1% to RM56.196 million as compared to RM63.228 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% (also 1.38% to 7.70% in 2020).

B9. Material Claims

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

B10. Dividend

At Board of Director's meeting held on 28 May 2021, 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 2021. The dividend had been paid on 7 July 2021 to shareholders whose name appears in the Record of Depositors at the close of business on 15 June 2021.

B11. Earnings Per Share

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

	Current Quarter 30.06.2021	Year to Date 30.06.2021
Profit for the period	RM 943,474	RM 3,959,849
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)	0.25 sen	1.05 sen

B12. Audit Qualification

The audited financial statements of the Group for the financial year ended 31 December 2020 were not subject to any audit qualifications.