

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 2021
(UNAUDITED)

This Report is dated 29 November 2021

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 2021

(The figures have not been audited)

	As at 30 SEP 2021 (Unaudited) RM'000	As at 31 DEC 2020 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,515	4,908
Investment properties	91,479	94,905
Land held for property development	183,781	188,384
TOTAL NON-CURRENT ASSETS	<u>279,775</u>	<u>288,197</u>
Current Assets		
Biological assets	75	42
Inventories	48,789	58,511
Land and development expenditure	53,157	47,376
Receivables	34,092	32,877
Current tax assets	657	1,033
Cash and bank balances	34,748	24,484
TOTAL CURRENT ASSETS	<u>171,518</u>	<u>164,323</u>
TOTAL ASSETS	<u>451,293</u>	<u>452,520</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	187,804	187,804
Retained earnings	187,896	177,986
TOTAL EQUITY	<u>375,700</u>	<u>365,790</u>
Non-current liabilities		
Borrowings	7,126	10,899
Deferred tax liabilities	7,003	7,421
TOTAL NON-CURRENT LIABILITIES	<u>14,129</u>	<u>18,320</u>
Current Liabilities		
Payables	8,789	16,939
Borrowings	48,753	48,997
Current tax payables	3,922	2,474
TOTAL CURRENT LIABILITIES	<u>61,464</u>	<u>68,410</u>
TOTAL LIABILITIES	<u>75,593</u>	<u>86,730</u>
TOTAL EQUITY AND LIABILITIES	<u>451,293</u>	<u>452,520</u>
Net Assets (NA) per share (RM)	<u>1.00</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.

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE QUARTER ENDED 30 SEPTEMBER 2021**
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 SEP 2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEP 2020 RM'000	CURRENT YEAR TO DATE 30 SEP 2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEP 2020 RM'000
Revenue	15,661	13,965	41,739	26,448
Cost of sales	(7,886)	(8,094)	(23,062)	(13,458)
Gross Profit	7,775	5,871	18,677	12,990
Investment revenue	9	21	46	82
Other income	4,372	345	4,694	729
Administrative expenses	(2,478)	(2,568)	(7,671)	(8,506)
Finance costs	(198)	(308)	(747)	(1,067)
Other expenses	-	-	-	(1)
Profit before tax	9,480	3,361	14,999	4,227
Income tax expense	(1,651)	(797)	(3,211)	(1,464)
Profit for the period	7,829	2,564	11,788	2,763
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	7,829	2,564	11,788	2,763
Profit attributable to: Owners of the Company	7,829	2,564	11,788	2,763
Earnings per share (sen)				
- Basic	2.08	0.68	3.14	0.74
- 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
 (Company No. 200301022614 (625034 X))
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 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	-	11,788	11,788
Interim dividend - Year Ended 31 December 2021	-	(1,878)	(1,878)
Balance as at 30 September 2021	<u>187,804</u>	<u>187,896</u>	<u>375,700</u>
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>

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))
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2021
 (The figures have not been audited)

	30 SEP 2021 (Unaudited) RM'000	31 DEC 2020 (Audited) RM'000
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Receipts from customers	49,528	47,246
Payments to suppliers and employees	<u>(29,584)</u>	<u>(32,303)</u>
Cash From Operations	19,944	14,943
Finance costs paid	(1,485)	(2,716)
Income taxes paid	(1,848)	(2,960)
Income taxes refunded	<u>43</u>	<u>-</u>
Net Cash From Working Capital	16,654	9,267
Additions to Land held for property development	<u>(1,192)</u>	<u>(8,941)</u>
Net Cash From Operating Activities	<u>15,462</u>	<u>326</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of investment properties	750	-
Other investments	46	103
Additions to property, plant and equipment	<u>(69)</u>	<u>(92)</u>
Net Cash From Investing Activities	<u>727</u>	<u>11</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from bank borrowings	3,000	-
Repayment of bank borrowings	(5,086)	(5,313)
Dividend paid	<u>(1,878)</u>	<u>(1,878)</u>
Net Cash Used In Financing Activities	<u>(3,964)</u>	<u>(7,191)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,225	(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>10,158</u>	<u>(2,067)</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	1,286	1,415
Cash and bank balances	33,462	23,069
Bank overdraft	(23,304)	(25,236)
Less : Fixed deposits pledged to banks	<u>(1,286)</u>	<u>(1,315)</u>
	<u>10,158</u>	<u>(2,067)</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 THIRD QUARTER ENDED 30 SEPTEMBER 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		1 January 2021
MFRS 139, MFRS 7, 2		
MFRS 4 and MFRS 16		

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

At Board of Directors' meeting held on 24 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.

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 2021 is as follow:

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Revenue					
External sales	38,123,474	2,498,426	1,116,793	-	41,738,693
Inter-segment income	-	396,000	3,487,000	(3,883,000)	-
Total revenue	<u>38,123,474</u>	<u>2,894,426</u>	<u>4,603,793</u>	<u>(3,883,000)</u>	<u>41,738,693</u>
Results					
Investment revenue	84,504	3,668	623,167	(665,372)	45,967
Finance costs	696,859	343,632	158,609	(452,012)	747,088
Depreciation	82,911	244,040	95,111	39,902	461,964
Unallocated corporate expenses	-	-	226,243	(90,000)	136,243
Profit before tax	<u>9,979,294</u>	<u>4,334,388</u>	<u>3,456,920</u>	<u>(2,772,150)</u>	<u>14,998,452</u>
Assets					
Addition to property, plant and equipment	-	67,026	1,894	-	68,920
Segment assets	342,127,507	113,284,389	8,532,367	(15,977,381)	447,966,882
Unallocated corporate assets					3,326,001
Consolidated assets					<u>451,292,883</u>
Liabilities					
Segment liabilities	83,269,715	27,487,349	9,856,291	(45,062,983)	75,550,372
Unallocated liabilities					43,005
Consolidated liabilities					<u>75,593,377</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	Preceding	%	Current	Preceding	%
	Year	Year		Year	Year	
	Quarter	Corresponding		To Date	Corresponding	
	30.09.2021	Quarter		30.09.2021	Period	
	RM'000	30.09.2020		RM'000	30.09.2020	
		RM'000			RM'000	
Revenue						
Property Development	14,427	12,850	12.3	38,124	22,062	72.8
Property Management	803	836	(3.9)	2,498	3,714	(32.7)
Others	431	279	54.5	1,117	672	66.2
	<u>15,661</u>	<u>13,965</u>		<u>41,739</u>	<u>26,448</u>	
Profit (Loss) before tax						
Property Development	5,367	3,563	50.6	11,141	4,500	147.6
Property Management	4,136	33	12433.3	4,180	616	578.6
Others	(23)	(235)	90.2	(322)	(889)	63.8
	<u>9,480</u>	<u>3,361</u>		<u>14,999</u>	<u>4,227</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 RM15.661 million and RM9.480 million respectively, representing a 12.1% increase in revenue and 182.1% spike in profit before tax compared to the previous year's corresponding quarter of RM13.965 million and RM3.361 million.

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

Property Development

The revenue for property development segment registered a 12.3% increase in revenue of RM14.427 million compared to RM12.850 million previously; whilst the segment's profit before tax rose by 50.6% to RM5.367 million, from RM3.563 million previously. Notwithstanding the suspension of property development operation followed by the Government imposed Full Movement Control Order ("FMCO") during the current quarter, the property development segment achieved higher revenue and profit from the completed industrial project which mitigated the lower take up rate for residential projects.

Property Management

The property management segment saw a drop of 3.9% in rental revenue to RM0.803 million from the previous corresponding quarter of RM0.836 million. The low rental revenue since June 2020 was mainly due to low occupancy rate of the student hostel as a result of virtual teaching conducted at the nearby university. In addition, rental reduction concessions were given to certain commercial tenants from June 2021 in view of the lock down on all social and economic sectors by the Government of Malaysia. Nevertheless, the segment's profit before tax jumped to RM4.136 million resulted from gain on disposal of investment property, as compared to preceding year corresponding quarter of RM0.033 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 RM41.739 million and profit before tax of RM14.999 million, versus revenue of RM26.448 million and profit before tax of RM4.227 million of the preceding corresponding financial period.

Property Development

The property development segment registered a 72.8% jump in revenue of RM38.124 million compared to RM22.062 million previously; whilst the segment's profit before tax surged by 147.6% to RM11.141 million, from RM4.500 million previously mainly due to the sales of completed industrial project as well as disposal of certain vacant lands.

Property Management

Amidst the Covid-19 pandemic continue to upend the lives of people across the country, the occupancy rate of the student's hostel remains low while the nearby university has been conducting their courses by virtual means since June 2020. Furthermore, rental reduction has been given to certain commercial tenants easing their financial commitment. The property management segment register 32.7% fall in rental revenue to RM2.498 million from RM3.714 million of the previous corresponding financial period. Nevertheless, the segment's profit before tax spiked by 578.6% to RM4.180 million, as compared to previous corresponding financial period of RM0.616 million. The higher profit was mainly due to the gain on disposal of investment property in this current financial period.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 30.09.2021 RM'000	Immediate Preceding Quarter 30.06.2021 RM'000	Change %
Revenue			
Property Development	14,427	6,857	110.4
Property Management	803	824	(2.6)
Others	431	388	11.1
	15,661	8,069	94.1
Profit (Loss) before tax			
Property Development	5,367	1,338	301.1
Property Management	4,136	55	7420.0
Others	(23)	(120)	80.8
	9,480	1,273	644.7

Compared to the preceding quarter's results ended 30 June 2021, the Group recorded 94.1% higher revenue to RM15.661 million from RM8.069 million as a result of the sales of completed industrial project. In tandem with this and the gain on disposal of investment property during the current quarter, profit before tax surged by 644.7% to RM9.480 million from RM1.273 million.

B3. Prospects

The Covid-19 pandemic continued 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 will benefit from Home Ownership Campaign ("HOC").

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 existing 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 30.09.2021 RM'000	Year to Date 30.09.2021 RM'000
Profit for the year is arrived at after crediting/(charging):-		
Gain on disposal of investment property	4,074	4,074
Interest income	9	46
Other income including investment income	298	620
Interest expense	(198)	(747)
Depreciation and amortization	(138)	(462)
	<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 30.09.2021 RM'000	Year to Date 30.09.2021 RM'000
Income Tax		
- Current Year	(1,450)	(2,981)
Real Property Gains Tax		
- Current Year	(648)	(648)
Deferred Tax		
- Current Year	447	418
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Profit Before Tax	9,480	14,999
Effective tax rate	17.4%	21.4%

The effective rate of the Group for the current quarter and period to date is lower than the statutory tax rate mainly due to gain on disposal of investment property is subject to the 10% real property gains tax rate.

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 30.09.2021 RM'000	As at 30.09.2020 RM'000
Short term -Secured		
Lease liabilities	82	134
Term loans	2,637	3,793
Revolving credits	6,000	3,000
Bank overdrafts	40,034	43,030
	<u>48,753</u>	<u>49,957</u>
Long term -Secured		
Lease liabilities	6	87
Term loans	7,120	11,701
	<u>7,126</u>	<u>11,788</u>
Total	<u>55,879</u>	<u>61,745</u>

All borrowings are denominated in Ringgit Malaysia.

As at 30 September 2021, the Group's borrowings declined by 9.5% to RM55.879 million as compared to RM61.745 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. Proposed Dividend

The Board of Directors has declared a second 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 is to be paid on 30 December 2021 to shareholders whose name appears in the Record of Depositors at the close of business on 15 December 2021.

B11. Earnings Per Share

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

	Current Quarter 30.09.2021	Year to Date 30.09.2021
Profit for the period	RM 7,828,282	RM 11,788,131
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)	2.08 sen	3.14 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.