

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 2021
(UNAUDITED)

This Report is dated 22 February 2022

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 31 DECEMBER 2021
(The figures have not been audited)

	As at 31 DEC 2021 (Unaudited) RM'000	As at 31 DEC 2020 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,456	4,908
Investment properties	91,479	94,905
Land held for property development	199,787	188,384
TOTAL NON-CURRENT ASSETS	<u>295,722</u>	<u>288,197</u>
Current Assets		
Biological assets	70	42
Inventories	47,089	58,511
Land and development expenditure	55,113	47,376
Receivables	25,079	32,877
Current tax assets	1,050	1,033
Cash and bank balances	27,211	24,484
TOTAL CURRENT ASSETS	<u>155,612</u>	<u>164,323</u>
TOTAL ASSETS	<u>451,334</u>	<u>452,520</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	187,804	187,804
Retained earnings	186,722	177,986
TOTAL EQUITY	<u>374,526</u>	<u>365,790</u>
Non-current liabilities		
Borrowings	6,470	10,899
Deferred tax liabilities	7,152	7,421
TOTAL NON-CURRENT LIABILITIES	<u>13,622</u>	<u>18,320</u>
Current Liabilities		
Payables	8,216	16,939
Borrowings	54,322	48,997
Current tax payables	648	2,474
TOTAL CURRENT LIABILITIES	<u>63,186</u>	<u>68,410</u>
TOTAL LIABILITIES	<u>76,808</u>	<u>86,730</u>
TOTAL EQUITY AND LIABILITIES	<u>451,334</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 31 DECEMBER 2021**
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 DEC 2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 DEC 2020 RM'000	CURRENT YEAR 31 DEC 2021 RM'000	PRECEDING YEAR 31 DEC 2020 RM'000
Revenue	11,891	41,407	53,630	67,855
Cost of sales	(6,875)	(25,225)	(29,937)	(38,683)
Gross Profit	5,016	16,182	23,693	29,172
Investment revenue	26	21	72	103
Other income	465	249	5,159	978
Administrative expenses	(3,920)	(4,335)	(11,591)	(12,841)
Finance costs	(288)	(337)	(1,035)	(1,404)
Other expenses	(11)	-	(11)	(1)
Profit before tax	1,288	11,780	16,287	16,007
Income tax expense	(584)	(4,736)	(3,795)	(6,200)
Profit for the year	704	7,044	12,492	9,807
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	704	7,044	12,492	9,807
Profit attributable to: Owners of the Company	704	7,044	12,492	9,807
Earnings per share (sen)				
- Basic	0.19	1.88	3.33	2.61
- 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 31 DECEMBER 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 year	-	12,492	12,492
Interim dividend - Year Ended 31 December 2021	-	(3,756)	(3,756)
Balance as at 31 December 2021	<u>187,804</u>	<u>186,722</u>	<u>374,526</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))
 (Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2021
 (The figures have not been audited)

	31 DEC 2021 (Unaudited) RM'000	31 DEC 2020 (Audited) RM'000
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Receipts from customers	68,851	47,246
Payments to suppliers and employees	<u>(39,696)</u>	<u>(32,303)</u>
Cash From Operations	29,155	14,943
Finance costs paid	(1,894)	(2,716)
Income taxes paid	(6,157)	(2,960)
Income taxes refunded	<u>250</u>	<u>-</u>
Net Cash From Working Capital	21,354	9,267
Additions to Land held for property development	<u>(16,884)</u>	<u>(8,941)</u>
Net Cash From Operating Activities	<u>4,470</u>	<u>326</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of investment properties	1,200	-
Other investments	72	103
Additions to property, plant and equipment	<u>(132)</u>	<u>(92)</u>
Net Cash From Investing Activities	<u>1,140</u>	<u>11</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from bank borrowings	3,000	-
Repayment of bank borrowings	(5,014)	(5,313)
Dividend paid	<u>(3,756)</u>	<u>(1,878)</u>
Net Cash Used In Financing Activities	<u>(5,770)</u>	<u>(7,191)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(160)	(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 YEAR	<u>(2,227)</u>	<u>(2,067)</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	1,293	1,415
Cash and bank balances	25,918	23,069
Bank overdraft	(28,145)	(25,236)
Less : Fixed deposits pledged to banks	<u>(1,293)</u>	<u>(1,315)</u>
	<u>(2,227)</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 FOURTH QUARTER ENDED 31 DECEMBER 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, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendment to MFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021 (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 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
MFRS 17 & Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023

A1. Basis of Preparation (continued)

		<u>Effective Date</u>
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 a first 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.

At Board of Directors' meeting held on 29 November 2021, the Board of Directors had declared a second interim single tier dividend of 0.50 sen per share, amounting to RM1,878,039 for the financial year ending 31 December 2021. The dividend had been paid on 30 December 2021 to shareholders whose name appears in the Record of Depositors at the close of business on 15 December 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 year ended 31 December 2021 is as follow:

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Revenue					
External sales	48,772,034	3,307,927	1,549,828	-	53,629,789
Inter-segment income	-	528,000	3,838,000	(4,366,000)	-
Total revenue	<u>48,772,034</u>	<u>3,835,927</u>	<u>5,387,828</u>	<u>(4,366,000)</u>	<u>53,629,789</u>
Results					
Investment revenue	92,815	4,814	897,533	(923,489)	71,673
Finance costs	997,044	447,681	222,640	(632,838)	1,034,527
Depreciation	111,075	307,207	126,862	37,909	583,053
Unallocated corporate expenses	-	-	634,971	(120,000)	514,971
Profit before tax	<u>11,342,269</u>	<u>4,236,816</u>	<u>3,562,139</u>	<u>(2,853,744)</u>	<u>16,287,480</u>
Assets					
Addition to property, plant and equipment	<u>55,000</u>	<u>68,285</u>	<u>9,023</u>	-	<u>132,308</u>
Segment assets	347,053,723	113,534,395	4,700,714	(16,496,099)	448,792,733
Unallocated corporate assets					2,541,456
Consolidated assets					<u>451,334,189</u>
Liabilities					
Segment liabilities	86,921,517	27,455,113	10,781,024	(48,683,629)	76,474,025
Unallocated liabilities					334,000
Consolidated liabilities					<u>76,808,025</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

The Group had the following transactions during the financial year-to-date with related parties in which certain directors of the Group have substantial financial interest:

	Current Quarter 31.12.2021 RM'000	Year to Date 31.12.2021 RM'000
Project management fee	<u>71</u>	<u>71</u>

The above transaction has been entered into in the normal course of business of a subsidiary company and has been established under commercial terms on willing buyer and willing seller basis that are not materially different from those obtainable in transactions with independent parties.

B EXPLANATORY NOTES IN COMPLIANCE WITH LISTING REQUIREMENTS OF THE BURSA SECURITIES

B1. Review of the Performance

	Individual Quarter Preceding Year Corresponding Quarter 31.12.2021 RM'000	Change %	Cumulative Quarter Current Year 31.12.2021 RM'000	Preceding Year 31.12.2020 RM'000	Change %
Revenue					
Property Development	10,648	(73.6)	48,772	62,320	(21.7)
Property Management	810	(6.3)	3,308	4,578	(27.7)
Others	433	51.9	1,550	957	62.0
	<u>11,891</u>		<u>53,630</u>	<u>67,855</u>	
Profit (Loss) before tax					
Property Development	1,830	(86.2)	12,971	17,777	(27.0)
Property Management	(130)	72.2	4,050	149	2618.1
Others	(412)	60.0	(734)	(1,919)	61.8
	<u>1,288</u>		<u>16,287</u>	<u>16,007</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 RM11.891 million and RM1.288 million respectively, representing a 71.3% decrease in revenue and 89.1% in profit before tax compared to the previous year's corresponding quarter of RM41.407 million and RM11.780 million.

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

Property Development

The revenue for property development segment saw a decrease of 73.6% in revenue of RM10.648 million compared to RM40.248 million previously; whilst the segment's profit before tax declined by 86.2% to RM1.830 million, from RM13.277 million previously. The decrease was mainly because most sales from completed residential projects were already captured in the preceding year corresponding quarter.

Property Management

The property management segment saw a drop of 6.3% in rental revenue to RM0.810 million from the previous corresponding quarter of RM0.864 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. Nevertheless, the segment recorded lower loss before tax to RM0.130 million as a result of lower administrative expenses and finance costs, as compared to preceding year corresponding quarter of RM1.030 million.

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

For the current year, the Group recorded a revenue of RM53.630 million and profit before tax of RM16.287 million, versus revenue of RM67.855 million and profit before tax of RM16.007 million of the preceding year.

Property Development

The property development segment registered a 21.7% decrease in revenue of RM48.772 million compared to RM62.320 million previously; whilst the segment's profit before tax declined by 27.7% to RM12.971 million, from RM17.777 million previously due to the higher sales of completed residential projects in the preceding year and the delay in the new property launches in the year under review.

Property Management

Amidst the Covid-19 pandemic, 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 registered 27.7% fall in rental revenue to RM3.308 million from RM4.578 million of the previous year. Nevertheless, the segment's profit before tax spiked by 2618.1% to RM4.050 million, as compared to previous year of RM0.149 million. The higher profit was mainly due to the gain on disposal of investment property during the year.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 31.12.2021 RM'000	Immediate Preceding Quarter 30.09.2021 RM'000	Change %
Revenue			
Property Development	10,648	14,427	(26.2)
Property Management	810	803	0.9
Others	433	431	0.5
	11,891	15,661	(24.1)
Profit (Loss) before tax			
Property Development	1,830	5,367	(65.9)
Property Management	(130)	4,136	(103.1)
Others	(412)	(23)	(1691.3)
	1,288	9,480	(86.4)

Compared to the preceding quarter's results ended 30 September 2021, the Group recorded 24.1% lower revenue to RM11.891 million from RM15.661 million as a result of the sales of completed industrial project in the immediate preceding quarter. In tandem with this and the gain on disposal of investment property in the immediate preceding quarter, profit before tax declined by 86.4% to RM1.288 million from RM9.480 million.

B3. Prospects

The Group continues to adapt and recover from the Covid-19 pandemic as it continues 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 will continue its launches appropriately and align its property development offerings to market demand. The Group shall monitor closely our cash flow, the progress and delivery of development projects and shall endeavour to meet our annual target. At the same time, the Group will actively look out for alternate sources of tenants for its property management sector 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 2022.

B4. Profit for the year

	Current Quarter 31.12.2021 RM'000	Year to Date 31.12.2021 RM'000
Profit for the year is arrived at after crediting/(charging):-		
Gain on disposal of investment property	-	4,074
Interest income	26	72
Other income including investment income	465	1,085
Interest expense	(288)	(1,035)
Depreciation and amortization	(121)	(583)
	<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 31.12.2021 RM'000	Year to Date 31.12.2021 RM'000
Income Tax		
- Current Year	(638)	(3,619)
Real Property Gains Tax		
- Current Year	203	(445)
Deferred Tax		
- Current Year	(149)	269
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
Profit Before Tax	1,288	16,287
Effective tax rate	45.3%	23.3%

The effective rate of the Group for the current quarter is higher than the statutory tax rate as certain expense of the subsidiary companies are not deductible for tax purposes. Nevertheless, the effective rate of the Group for the financial year 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 31.12.2021 RM'000	As at 31.12.2020 RM'000
Short term -Secured		
Lease liabilities	67	118
Term loans	2,605	3,720
Revolving credits	6,000	3,000
Bank overdrafts	45,650	42,159
	<u>54,322</u>	<u>48,997</u>
Long term -Secured		
Lease liabilities	-	67
Term loans	6,470	10,832
	<u>6,470</u>	<u>10,899</u>
Total	<u>60,792</u>	<u>59,896</u>

All borrowings are denominated in Ringgit Malaysia.

As at 31 December 2021, the Group's borrowings increased by 1.5% to RM60.792 million as compared to RM59.896 million previously mainly due to the increase in bank overdrafts and revolving credits balances, which were temporary utilised for acquisition of lands or on-going projects developments, net off the decrease in term loans balances after the repayments.

The interest rates for the Group's borrowings range from 1.38% to 6.45% (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 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 31.12.2021	Year to Date 31.12.2021
Profit for the year	RM 704,697	RM 12,492,828
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)	0.19 sen	3.33 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.