

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 2022
(UNAUDITED)

This Report is dated 22 August 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 30 JUNE 2022**

(The figures have not been audited)

	As at 30 JUN 2022 (Unaudited) RM'000	As at 31 DEC 2021 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,428	4,456
Investment properties	91,479	91,479
Land held for property development	197,246	199,787
TOTAL NON-CURRENT ASSETS	<u>293,153</u>	<u>295,722</u>
Current Assets		
Biological assets	107	70
Inventories	52,095	47,089
Land and development expenditure	52,453	55,113
Receivables	25,629	25,079
Current tax assets	1,368	1,050
Cash and bank balances	46,333	27,211
TOTAL CURRENT ASSETS	<u>177,985</u>	<u>155,612</u>
TOTAL ASSETS	<u>471,138</u>	<u>451,334</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	187,804	187,804
Retained earnings	193,508	186,722
TOTAL EQUITY	<u>381,312</u>	<u>374,526</u>
Non-current liabilities		
Borrowings	17,761	6,470
Deferred tax liabilities	7,148	7,152
TOTAL NON-CURRENT LIABILITIES	<u>24,909</u>	<u>13,622</u>
Current Liabilities		
Payables	9,856	8,216
Borrowings	54,082	54,322
Current tax payables	979	648
TOTAL CURRENT LIABILITIES	<u>64,917</u>	<u>63,186</u>
TOTAL LIABILITIES	<u>89,826</u>	<u>76,808</u>
TOTAL EQUITY AND LIABILITIES	<u>471,138</u>	<u>451,334</u>
Net Assets (NA) per share (RM)	<u>1.02</u>	<u>1.00</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 JUNE 2022
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 JUN 2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUN 2021 RM'000	CURRENT YEAR TO DATE 30 JUN 2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 JUN 2021 RM'000
Revenue	23,382	8,069	30,794	26,078
Cost of sales	(13,585)	(4,067)	(17,005)	(15,176)
Gross Profit	9,797	4,002	13,789	10,902
Investment revenue	15	16	34	37
Other income	765	169	980	322
Administrative expenses	(2,744)	(2,668)	(5,356)	(5,193)
Finance costs	(283)	(246)	(554)	(549)
Other expenses	-	-	-	-
Profit before tax	7,550	1,273	8,893	5,519
Income tax expense	(1,809)	(330)	(2,107)	(1,560)
Profit for the period	5,741	943	6,786	3,959
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	5,741	943	6,786	3,959
Profit attributable to: Owners of the Company	5,741	943	6,786	3,959
Earnings per share (sen)				
- Basic	1.53	0.25	1.81	1.05
- 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 2021 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 2022
 (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 2022	187,804	186,722	374,526
Total comprehensive income for the period	-	6,786	6,786
Balance as at 30 June 2022	<u>187,804</u>	<u>193,508</u>	<u>381,312</u>
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	<u>187,804</u>	<u>181,945</u>	<u>369,749</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 2021 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 JUNE 2022**

(The figures have not been audited)

	30 JUN 2022 RM'000	30 JUN 2021 RM'000
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Receipts from customers	28,386	39,476
Payments to suppliers and employees	<u>(16,514)</u>	<u>(24,573)</u>
Cash From Operations	11,872	14,903
Finance costs paid	(1,032)	(1,137)
Income taxes paid	(2,098)	(1,301)
Income taxes refunded	<u>-</u>	<u>43</u>
Net Cash From Working Capital	8,742	12,508
Additions to Land held for property development	(6,756)	(963)
Net Cash From Operating Activities	<u>1,986</u>	<u>11,545</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of investment property	6,300	-
Other investments	34	37
Additions to property, plant and equipment	(113)	(12)
Net Cash From Investing Activities	<u>6,221</u>	<u>25</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from bank borrowings	14,500	-
Repayment of bank borrowings	(6,118)	(2,663)
Dividend paid	-	-
Net Cash From (Used In) Financing Activities	<u>8,382</u>	<u>(2,663)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,589	8,907
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR	<u>(2,227)</u>	<u>(2,067)</u>
CASH AND CASH EQUIVALENTS AS OF END OF PERIOD	<u>14,362</u>	<u>6,840</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	1,307	1,335
Cash and bank balances	45,026	30,988
Bank overdraft	(30,664)	(24,198)
Less : Fixed deposits pledged to banks	(1,307)	(1,285)
	<u>14,362</u>	<u>6,840</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022

A EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

These interim financial statements are unaudited and are 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 2021.

The accounting policies and presentation adopted by the Group in these financial statements are consistent with those adopted in the latest audited financial statements of the Group for the financial year ended 31 December 2021, except for the following amendments to MFRS:

Adoption of new and amendments to MFRS

		<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

The adoption of abovementioned amendments to MFRS do not have material impact on the financial statements of the Group.

New and amendments to MFRS in issue but not yet effective

The Group has not adopted the following new and amendments to MFRS which have been issued but not yet effective:

		<u>Effective Date</u>
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 112	1 January 2023
Amendments to MFRS 10 and MFRS 128	Deferred
Deferred Tax related to Assets and Liabilities arising from a Single Transaction	
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	

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 year ended 30 June 2022 is as follow:

	Property development RM'000	Property management RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External sales	27,142	2,350	1,302	-	30,794
Inter-segment income	-	264	3,902	(4,166)	-
Total revenue	27,142	2,614	5,204	(4,166)	30,794
Results					
Investment revenue	45	3	352	(366)	34
Finance costs	483	190	156	(275)	554
Depreciation	73	127	63	27	290
Unallocated corporate expenses	-	-	163	(60)	103
Profit before tax	7,058	924	4,240	(3,329)	8,893
Assets					
Addition to property, plant and equipment	212	47	3	-	262
Segment assets	368,234	110,376	13,917	(21,827)	470,700
Unallocated corporate assets					438
Consolidated assets					471,138
Liabilities					
Segment liabilities	103,998	29,458	10,010	(53,640)	89,826
Unallocated liabilities					-
Consolidated liabilities					89,826

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 significant 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 30.06.2022 RM'000	Preceding Year Corresponding Quarter 30.06.2021 RM'000	Change %	Cumulative Quarter Current Year To Date 30.06.2022 RM'000	Preceding Year Corresponding Period 30.06.2021 RM'000	Change %
Revenue						
Property Development	21,473	6,857	213.2	27,142	23,697	14.5
Property Management	1,219	824	47.9	2,350	1,695	38.6
Others	690	388	77.8	1,302	686	89.8
	23,382	8,069		30,794	26,078	
Profit (Loss) before tax						
Property Development	6,934	1,338	418.2	7,843	5,774	35.8
Property Management	522	55	849.1	844	44	1818.2
Others	94	(120)	178.3	206	(299)	168.9
	7,550	1,273		8,893	5,519	

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 RM23.382 million and RM7.550 million respectively, representing a 189.8% increase in revenue and 493.1% spike in profit before tax compared to the previous year's corresponding quarter of RM8.069 million and RM1.273 million.

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

Property Development

The revenue for property development registered a 213.2% increase in revenue to RM21.473 million compared to RM6.857 million previously; whilst the segment's profit before tax surged by 418.2% to RM6.934 million, from RM1.338 million previously. The higher revenue and profit were mainly due to the sales of completed residential and industrial projects as well as disposal of certain vacant lands.

Property Management

The property management segment saw an increase of 47.9% in rental revenue to RM1.219 million from the previous corresponding quarter of RM0.824 million; whilst the segment's profit before tax increased to RM0.522 million as compared RM0.055 million previously. The higher rental revenue and profit was mainly due to students returning to in campus learning, letting out of certain units as worker accommodation and lower finance costs.

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

For the current financial period to date, the Group recorded a revenue of RM30.794 million and profit before tax of RM8.893 million, versus revenue of RM26.078 million and profit before tax of RM5.519 million of the preceding corresponding financial period.

Property Development

Despite of the delay in the new property launches in the period under review, the sales of completed industrial project enable the property development segment registered a 14.5% increase in revenue to RM27.142 million compared to RM23.697 million previously; whilst the segment's profit before tax rose by 35.8% to RM7.843 million, from RM5.774 million previously.

Property Management

The students returning to in campus learning and letting out of certain units as worker accommodation enable the property management segment recorded a 38.6% increase in rental revenue to RM2.350 million, compared to RM1.695 million of the previous corresponding financial period; whilst the segment's profit before tax surged by 1,818.2% to RM0.844 million, as compared to previous corresponding financial period of RM0.044 million.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 30.06.2022 RM'000	Immediate Preceding Quarter 31.03.2022 RM'000	Change %
Revenue			
Property Development	21,473	5,669	278.8
Property Management	1,219	1,131	7.8
Others	690	612	12.7
	23,382	7,412	215.5
Profit (Loss) before tax			
Property Development	6,934	909	662.8
Property Management	522	322	62.1
Others	94	112	(16.1)
	7,550	1,343	462.2

Compared to the preceding quarter's results ended 31 March 2022, the Group recorded 215.5% higher revenue to RM23.382 million from RM7.550 million mainly due to the sales of completed residential and industrial projects as well as disposal of certain vacant lands. In tandem with this, the profit before tax surged by 462.2% to RM7.550 million from RM1.343 million.

B3. Prospects

As the economic recovers, under the endemic phase, there has been acute shortage in construction supplies and labour which are faced by all industries.

For property development, the Group will continue exercise prudence in planning its property launches to meet the market demand. The Group shall monitor closely our cash flow, the progress and delivery of development projects. 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 ahead, 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 30.06.2022 RM'000	Year to Date 30.06.2022 RM'000
Profit for the year is arrived at after crediting/(charging):-		
Interest income	15	34
Other income including investment income	765	980
Interest expense	(283)	(554)
Depreciation and amortization	<u>(148)</u>	<u>(290)</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 30.06.2022 RM'000	Year to Date 30.06.2022 RM'000
Income Tax		
- Current Year	(1,830)	(2,111)
Deferred Tax		
- Current Year	<u>21</u>	<u>4</u>
	<u>(1,809)</u>	<u>(2,107)</u>
Profit Before Tax	7,550	8,893
Effective tax rate	23.9%	23.7%

The effective rate of the Group for the current quarter and period to date is lower than the statutory tax rate as certain income of the subsidiary companies are not assessable for tax purposes.

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 at the end of the reporting quarter and preceding year corresponding quarter are as follows:

	As at 30.06.2022 RM'000	As at 30.06.2021 RM'000
Short term -Secured		
Lease liabilities	54	81
Term loans	2,659	2,789
Revolving credits	8,000	3,000
Bank overdrafts	43,369	42,539
	<u>54,082</u>	<u>48,409</u>
Long term -Secured		
Lease liabilities	115	26
Term loans	17,646	7,761
	<u>17,761</u>	<u>7,787</u>
Total	<u>71,843</u>	<u>56,196</u>

All borrowings are denominated in Ringgit Malaysia.

As at 30 June 2022, the Group's borrowings increased by 27.8% to RM71.843 million as compared to RM56.196 million previously mainly due to the increase in term loans and revolving credits balances, which were utilised for acquisition of lands or on-going projects developments.

The interest rates for the Group's borrowings range from 1.38% to 6.70% (1.38% to 6.45% in 2021) per annum.

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 2022. The dividend is to be paid on 6 October 2022 to shareholders whose name appears in the Record of Depositors at the close of business on 15 September 2022.

B11. Earnings Per Share

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

	Current Quarter 30.06.2022	Year to Date 30.06.2022
Profit for the year	RM 5,740,288	RM 6,785,603
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)	1.53 sen	1.81 sen

B12. Audit Qualification

The audited financial statements of the Group for the financial year ended 31 December 2021 were not subject to any audit qualifications.