

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 2022**  
**(UNAUDITED)**

This Report is dated 28 November 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 SEPTEMBER 2022**  
 (The figures have not been audited)

	As at 30 SEP 2022 (Unaudited) RM'000	As at 31 DEC 2021 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,714	4,456
Investment properties	91,479	91,479
Land held for property development	198,861	199,787
<b>TOTAL NON-CURRENT ASSETS</b>	<u>295,054</u>	<u>295,722</u>
<b>Current Assets</b>		
Biological assets	77	70
Inventories	45,888	47,089
Land and development expenditure	58,011	55,113
Receivables	19,204	25,079
Current tax assets	1,796	1,050
Cash and bank balances	49,282	27,211
<b>TOTAL CURRENT ASSETS</b>	<u>174,258</u>	<u>155,612</u>
<b>TOTAL ASSETS</b>	<u>469,312</u>	<u>451,334</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	187,804	187,804
Retained earnings	195,796	186,722
<b>TOTAL EQUITY</b>	<u>383,600</u>	<u>374,526</u>
<b>Non-current liabilities</b>		
Borrowings	17,322	6,470
Deferred tax liabilities	7,140	7,152
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>24,462</u>	<u>13,622</u>
<b>Current Liabilities</b>		
Payables	9,644	8,216
Borrowings	50,130	54,322
Current tax payables	1,476	648
<b>TOTAL CURRENT LIABILITIES</b>	<u>61,250</u>	<u>63,186</u>
<b>TOTAL LIABILITIES</b>	<u>85,712</u>	<u>76,808</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>469,312</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 SEPTEMBER 2022  
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 SEP 2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEP 2021 RM'000	CURRENT YEAR TO DATE 30 SEP 2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEP 2021 RM'000
Revenue	13,955	15,661	44,749	41,739
Cost of sales	(6,378)	(7,886)	(23,383)	(23,062)
Gross Profit	7,577	7,775	21,366	18,677
Investment revenue	12	9	46	46
Other income	697	4,372	1,677	4,694
Administrative expenses	(4,631)	(2,478)	(9,987)	(7,671)
Finance costs	(189)	(198)	(743)	(747)
Other expenses	-	-	-	-
<b>Profit before tax</b>	<b>3,466</b>	<b>9,480</b>	<b>12,359</b>	<b>14,999</b>
Income tax expense	(1,178)	(1,651)	(3,285)	(3,211)
<b>Profit for the period</b>	<b>2,288</b>	<b>7,829</b>	<b>9,074</b>	<b>11,788</b>
Other comprehensive income, net of tax	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>2,288</b>	<b>7,829</b>	<b>9,074</b>	<b>11,788</b>
<b>Profit attributable to: Owners of the Company</b>	<b>2,288</b>	<b>7,829</b>	<b>9,074</b>	<b>11,788</b>
<b>Earnings per share (sen)</b>				
- Basic	0.61	2.08	2.42	3.14
- 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 SEPTEMBER 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	-	9,074	9,074
Balance as at 30 September 2022	<u>187,804</u>	<u>195,796</u>	<u>383,600</u>
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>

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 SEPTEMBER 2022**  
 (The figures have not been audited)

	30 SEP 2022 RM'000	30 SEP 2021 RM'000
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Receipts from customers	47,364	49,528
Payments to suppliers and employees	<u>(23,206)</u>	<u>(29,584)</u>
Cash From Operations	24,158	19,944
Finance costs paid	(1,397)	(1,485)
Income taxes paid	(3,216)	(1,848)
Income taxes refunded	<u>-</u>	<u>43</u>
Net Cash From Working Capital	19,545	16,654
Additions to Land held for property development	<u>(10,422)</u>	<u>(1,192)</u>
Net Cash From Operating Activities	<u>9,123</u>	<u>15,462</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Proceeds from disposal of investment property	6,300	750
Proceeds from disposal of property, plant and equipment	733	-
Other investments	46	46
Additions to property, plant and equipment	<u>(372)</u>	<u>(69)</u>
Net Cash From Investing Activities	<u>6,707</u>	<u>727</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	14,500	3,000
Repayment of bank borrowings	(8,262)	(5,086)
Dividend paid	-	(1,878)
Net Cash From (Used In) Financing Activities	<u>6,238</u>	<u>(3,964)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	22,068	12,225
<b>CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR</b>	<u>(2,227)</u>	<u>(2,067)</u>
<b>CASH AND CASH EQUIVALENTS AS OF END OF PERIOD</b>	<u>19,841</u>	<u>10,158</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	1,312	1,286
Cash and bank balances	47,970	33,462
Bank overdraft	(28,129)	(23,304)
Less : Fixed deposits pledged to banks	<u>(1,312)</u>	<u>(1,286)</u>
	<u>19,841</u>	<u>10,158</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 THIRD QUARTER ENDED 30 SEPTEMBER 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>
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
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 September 2022 is as follow:

	<b>Property development RM'000</b>	<b>Property management RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>					
External sales	39,196	3,730	1,823	-	44,749
Inter-segment income	-	396	8,269	(8,665)	-
Total revenue	<u>39,196</u>	<u>4,126</u>	<u>10,092</u>	<u>(8,665)</u>	<u>44,749</u>
<b>Results</b>					
Investment revenue	67	4	609	(634)	46
Finance costs	786	265	178	(486)	743
Depreciation	125	150	92	40	407
Unallocated corporate expenses	-	-	246	(90)	156
Profit before tax	<u>9,947</u>	<u>1,294</u>	<u>8,525</u>	<u>(7,407)</u>	<u>12,359</u>
<b>Assets</b>					
Addition to property, plant and equipment	<u>406</u>	<u>200</u>	<u>6</u>	<u>-</u>	<u>612</u>
Segment assets	356,922	110,804	18,079	(21,705)	464,100
Unallocated corporate assets					5,212
Consolidated assets					<u>469,312</u>
<b>Liabilities</b>					
Segment liabilities	100,034	28,578	9,966	(52,866)	85,712
Unallocated liabilities					-
Consolidated liabilities					<u>85,712</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 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 30.09.2022 RM'000	Preceding Year Corresponding Quarter 30.09.2021 RM'000	Change %	Cumulative Quarter Current Year To Date 30.09.2022 RM'000	Preceding Year Corresponding Period 30.09.2021 RM'000	Change %
<b>Revenue</b>						
Property Development	12,054	14,427	(16.4)	39,196	38,124	2.8
Property Management	1,380	803	71.9	3,730	2,498	49.3
Others	521	431	20.9	1,823	1,117	63.2
	<u>13,955</u>	<u>15,661</u>		<u>44,749</u>	<u>41,739</u>	
<b>Profit (Loss) before tax</b>						
Property Development	3,356	5,367	(37.5)	11,199	11,141	0.5
Property Management	338	4,136	(91.8)	1,182	4,180	(71.7)
Others	(228)	(23)	(891.3)	(22)	(322)	93.2
	<u>3,466</u>	<u>9,480</u>		<u>12,359</u>	<u>14,999</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 RM13.955 million and RM3.466 million respectively, representing 10.9% drop from previous year's corresponding quarter revenue of RM15.661 million and decline profit before tax of 63.4% from RM9.480 million.

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

Property Development

The revenue for property development saw a decrease of 16.4% in revenue to RM12.054 million compared to RM14.427 million previously; whilst the segment's profit before tax declined by 37.5% to RM3.356 million, from RM5.367 million previously. The decrease was mainly due to the delay in the new property launches during the current quarter.

Property Management

The property management segment saw an increase of 71.9% in rental revenue to RM1.380 million from the previous corresponding quarter of RM0.803 million. The increase in rental revenue was mainly due to students returning to in campus learning and letting out of certain units as worker accommodation. Nevertheless, the segment's profit before tax declined 91.8% to RM0.338 million as compared RM4.136 million previously due to there was a gain on disposal of investment property in the previous corresponding quarter.

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

For the current financial period to date, the Group recorded a revenue of RM44.749 million and profit before tax of RM12.359 million, versus revenue of RM41.739 million and profit before tax of RM14.999 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 residential and industrial projects enable the property development segment saw a marginal increase in revenue to RM39.196 million compared to RM38.124 million previously; whilst the segment's profit before tax rose to RM11.199 million, from RM11.141 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 49.3% increase in rental revenue to RM3.730 million, compared to RM2.498 million of the previous corresponding financial period. Nevertheless, the segment's profit before tax declined by 71.7% to RM1.182 million, as compared to previous corresponding financial period of RM4.180 million due to there was a gain on disposal of investment property in the previous corresponding financial period.

**B2. Comparison with Immediate Preceding Quarter's Results**

	<b>Current Quarter 30.09.2022 RM'000</b>	<b>Immediate Preceding Quarter 30.06.2022 RM'000</b>	<b>Change %</b>
<b>Revenue</b>			
Property Development	12,054	21,473	(43.9)
Property Management	1,380	1,219	13.2
Others	521	690	(24.5)
	<u>13,955</u>	<u>23,382</u>	(40.3)
<b>Profit (Loss) before tax</b>			
Property Development	3,356	6,934	(51.6)
Property Management	338	522	(35.2)
Others	(228)	94	(342.6)
	<u>3,466</u>	<u>7,550</u>	(54.1)

Compared to the preceding quarter's results ended 30 June 2022, the Group recorded 40.3% lower revenue to RM13.955 million from RM23.382 million mainly due to the lower sales of completed residential projects and no disposal of vacant lands as compared to the preceding quarter. In tandem with this, the profit before tax declined by 54.1% to RM3.466 million from RM7.550 million.

**B3. Prospects**

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 alternative 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**

	<b>Current Quarter 30.09.2022 RM'000</b>	<b>Year to Date 30.09.2022 RM'000</b>
Profit for the year is arrived at after crediting/(charging):-		
Interest income	12	46
Other income including investment income	697	1,677
Interest expense	(189)	(743)
Depreciation and amortization	<u>(117)</u>	<u>(407)</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**

	<b>Current Quarter 30.09.2022 RM'000</b>	<b>Year to Date 30.09.2022 RM'000</b>
Income Tax		
- Current Year	(1,186)	(3,297)
Deferred Tax		
- Current Year	8	12
	<u>(1,178)</u>	<u>(3,285)</u>
Profit Before Tax	3,466	12,359
Effective tax rate	34.0%	26.6%

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

	As at 30.09.2022 RM'000	As at 30.09.2021 RM'000
<b>Short term -Secured</b>		
Lease liabilities	78	82
Term loans	2,698	2,637
Revolving credits	8,000	6,000
Bank overdrafts	39,354	40,034
	<u>50,130</u>	<u>48,753</u>
<b>Long term -Secured</b>		
Lease liabilities	300	6
Term loans	17,022	7,120
	<u>17,322</u>	<u>7,126</u>
<b>Total</b>	<u>67,452</u>	<u>55,879</u>

All borrowings are denominated in Ringgit Malaysia.

As at 30 September 2022, the Group's borrowings increased by 20.7% to RM67.452 million as compared to RM55.879 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 2.27% 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. Dividend**

At Board of Director's meeting held on 22 August 2022, 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 2022. The dividend had been 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 30.09.2022	Year to Date 30.09.2022
Profit for the year	RM 2,287,810	RM 9,073,413
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)	0.61 sen	2.42 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.