

any 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 2022
(UNAUDITED)

This Report is dated 27 February 2023.

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 2022
 (The figures have not been audited)

	As at 31 DEC 2022 (Unaudited) RM'000	As at 31 DEC 2021 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,873	4,456
Investment properties	91,479	91,479
Land held for property development	221,493	199,787
Other receivables	1,798	-
TOTAL NON-CURRENT ASSETS	<u>319,643</u>	<u>295,722</u>
Current Assets		
Biological assets	-	70
Inventories	43,451	47,089
Land and development expenditure	60,431	55,113
Receivables	10,924	25,079
Current tax assets	2,017	1,050
Cash and bank balances	47,454	27,211
TOTAL CURRENT ASSETS	<u>164,277</u>	<u>155,612</u>
TOTAL ASSETS	<u>483,920</u>	<u>451,334</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	187,804	187,804
Retained earnings	193,954	186,722
TOTAL EQUITY	<u>381,758</u>	<u>374,526</u>
Non-current liabilities		
Borrowings	33,755	6,470
Deferred tax liabilities	7,024	7,152
TOTAL NON-CURRENT LIABILITIES	<u>40,779</u>	<u>13,622</u>
Current Liabilities		
Payables	14,471	8,216
Borrowings	46,043	54,322
Current tax payables	869	648
TOTAL CURRENT LIABILITIES	<u>61,383</u>	<u>63,186</u>
TOTAL LIABILITIES	<u>102,162</u>	<u>76,808</u>
TOTAL EQUITY AND LIABILITIES	<u>483,920</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.

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 31 DECEMBER 2022**
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 DEC 2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 DEC 2021 RM'000	CURRENT YEAR 31 DEC 2022 RM'000	PRECEDING YEAR 31 DEC 2021 RM'000
Revenue	9,442	11,891	54,191	53,630
Cost of sales	(4,815)	(6,875)	(28,198)	(29,937)
Gross Profit	4,627	5,016	25,993	23,693
Investment revenue	14	26	60	72
Other income	188	465	1,865	5,159
Administrative expenses	(3,850)	(3,920)	(13,837)	(11,591)
Finance costs	(215)	(288)	(958)	(1,035)
Other expenses	(141)	(11)	(141)	(11)
Profit before tax	623	1,288	12,982	16,287
Income tax expense	(587)	(584)	(3,872)	(3,795)
Profit for the year	36	704	9,110	12,492
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	36	704	9,110	12,492
Profit attributable to: Owners of the Company	36	704	9,110	12,492
Earnings per share (sen)				
- Basic	0.01	0.19	2.43	3.33
- 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 31 DECEMBER 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 year	-	9,110	9,110
Interim dividend - Year Ended 31 December 2022	-	(1,878)	(1,878)
Balance as at 31 December 2022	<u>187,804</u>	<u>193,954</u>	<u>381,758</u>
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>

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

(Company No. 200301022614 (625034 X))

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2022**

(The figures have not been audited)

	31 DEC 2022 RM'000	31 DEC 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	60,240	68,851
Payments to suppliers and employees	<u>(27,886)</u>	<u>(39,696)</u>
Cash From Operations	32,354	29,155
Finance costs paid	(1,872)	(1,894)
Income taxes paid	(4,746)	(6,157)
Income taxes refunded	<u>-</u>	<u>250</u>
Net Cash From Working Capital	25,736	21,354
Additions to Land held for property development	<u>(11,672)</u>	<u>(16,884)</u>
Net Cash From Operating Activities	<u>14,064</u>	<u>4,470</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment property	6,300	1,200
Proceeds from disposal of property, plant and equipment	733	-
Other investments	60	72
Additions to property, plant and equipment	<u>(501)</u>	<u>(132)</u>
Net Cash From Investing Activities	<u>6,592</u>	<u>1,140</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from bank borrowings	14,500	3,000
Repayment of bank borrowings	(8,781)	(5,014)
Dividend paid	<u>(1,878)</u>	<u>(3,756)</u>
Net Cash From (Used In) Financing Activities	<u>3,841</u>	<u>(5,770)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,497	(160)
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 YEAR	<u>22,270</u>	<u>(2,227)</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	1,318	1,293
Cash and bank balances	46,136	25,918
Bank overdraft	(23,866)	(28,145)
Less : Fixed deposits pledged to banks	<u>(1,318)</u>	<u>(1,293)</u>
	<u>22,270</u>	<u>(2,227)</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 FOURTH QUARTER ENDED 31 DECEMBER 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	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 Standards 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
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023

A1. Basis of Preparation (continued)

		<u>Effective Date</u>
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
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 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.

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 2022 is as follows:

	Property development RM'000	Property management RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External sales	46,605	5,392	2,194	-	54,191
Inter-segment income	-	528	8,761	(9,289)	-
Total revenue	46,605	5,920	10,955	(9,289)	54,191
Results					
Investment revenue	103	5	1,013	(1,061)	60
Finance costs	1,202	387	189	(820)	958
Depreciation	188	180	118	53	539
Unallocated corporate expenses	-	-	711	(120)	591
Profit before tax	10,182	1,763	8,556	(7,519)	12,982
Assets					
Addition to property, plant and equipment	741	314	8	-	1,063
Segment assets	374,520	111,427	14,833	(18,376)	482,404
Unallocated corporate assets					1,516
Consolidated assets					483,920
Liabilities					
Segment liabilities	119,402	27,630	9,800	(55,130)	101,702
Unallocated liabilities					460
Consolidated liabilities					102,162

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		Change	Cumulative Quarter		Change
	Current	Preceding	%	Current	Preceding	%
	Year	Year		Year	Year	
	Quarter	Corresponding		Quarter	Quarter	
	31.12.2022	31.12.2021		31.12.2022	31.12.2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue						
Property Development	7,409	10,648	(30.4)	46,605	48,772	(4.4)
Property Management	1,662	810	105.2	5,392	3,308	63.0
Others	371	433	(14.3)	2,194	1,550	41.5
	<u>9,442</u>	<u>11,891</u>		<u>54,191</u>	<u>53,630</u>	
Profit (Loss) before tax						
Property Development	924	1,830	(49.5)	12,123	12,971	(6.5)
Property Management	453	(130)	448.5	1,635	4,050	(59.6)
Others	(754)	(412)	(83.0)	(776)	(734)	(5.7)
	<u>623</u>	<u>1,288</u>		<u>12,982</u>	<u>16,287</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 RM9.442 million and RM0.623 million respectively, representing 20.6% drop from previous year's corresponding quarter revenue of RM11.891 million and decline profit before tax of 51.6% from RM1.288 million.

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

Property Development

The revenue for property development saw a decrease of 30.4% in revenue to RM7.409 million compared to RM10.648 million previously; whilst the segment's profit before tax declined by 49.5% to RM0.924 million, from RM1.830 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 105.2% in rental revenue to RM1.662 million from the previous corresponding quarter of RM0.810 million; whilst the segment's profit before tax surged by 448.5% to RM0.453 million, from loss before tax of RM0.130 million previously. The increase in rental revenue was mainly due to students returning to in campus learning and letting out of certain apartments as worker accommodation.

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

For the current year, the Group recorded a revenue of RM54.191 million and profit before tax of RM12.982 million, versus revenue of RM53.630 million and profit before tax of RM16.287 million of the preceding year.

Property Development

The property development segment registered a 4.4% decrease in revenue to RM46.605 million compared to RM48.772 million previously; whilst the segment's profit before tax declined by 6.5% to RM12.123 million, from RM12.971 million previously due to the delay in the new property launches in the year under review.

Property Management

The return of students to campus learning and the letting of certain apartments as workers' accommodation enabled the property management segment to record an increase in rental revenue of 63.0% to RM5.392 million, from RM3.308 million in the previous year. However, the segment's profit before tax declined by 59.6% to RM1.635 million, as compared to previous year of RM4.050 million due to a gain on disposal of an investment property in the previous year.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 30.09.2022 RM'000	Immediate Preceding Quarter 30.09.2022 RM'000	Change %
Revenue			
Property Development	7,409	12,054	(38.5)
Property Management	1,662	1,380	20.4
Others	371	521	(28.8)
	9,442	13,955	(32.3)
Profit (Loss) before tax			
Property Development	924	3,356	(72.5)
Property Management	453	338	34.0
Others	(754)	(228)	(230.7)
	623	3,466	(82.0)

Compared to the preceding quarter's results ended 30 September 2022, the Group recorded 32.3% decrease in revenue to RM9.422 million from RM13.955 million mainly due to the sales of a completed industrial project in the immediate preceding quarter. In tandem with this, the profit before tax declined by 82.0% to RM0.623 million from RM3.466 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 the progress and delivery of development projects. At the same time, the Group will actively look out for new tenants for its property management sector as well as providing quality services to our existing tenants at all times.

The Group is confident that the Group will achieve satisfactory performance for the financial year ending 31 December 2023.

B4. Profit for the year

	Current Quarter 31.12.2022 RM'000	Year to Date 31.12.2022 RM'000
Profit for the year is arrived at after crediting/(charging):-		
Interest income	14	60
Other income including investment income	188	1,865
Interest expense	(215)	(958)
Depreciation and amortization	(132)	(539)

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 31.12.2022 RM'000	Year to Date 31.12.2022 RM'000
Income Tax		
- Current Year	(273)	(3,506)
- Under provision in prior year	(430)	(494)
Deferred Tax		
- Current Year	116	128
	<u>(587)</u>	<u>(3,872)</u>
Profit Before Tax	623	12,982
Effective tax rate	25.2%	26.0%

The effective rate of the Group for the current quarter and financial year 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 31.12.2022 RM'000	As at 31.12.2021 RM'000
Short term -Secured		
Lease liabilities	94	67
Term loans	2,723	2,605
Revolving credits	8,000	6,000
Bank overdrafts	35,226	45,650
	<u>46,043</u>	<u>54,322</u>
Long term -Secured		
Lease liabilities	379	-
Term loans	33,376	6,470
	<u>33,755</u>	<u>6,470</u>
Total	<u>79,798</u>	<u>60,792</u>

B8. Borrowings (continued)

All borrowings are denominated in Ringgit Malaysia.

As at 31 December 2022, the Group's borrowings increased by 31.3% to RM79.798 million as compared to RM60.792 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 7.45% (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 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	Year to Date
	31.12.2022	31.12.2022
Profit for the year	RM 36,921	RM 9,110,334
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)	0.01 sen	2.43 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.