

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 2023
(UNAUDITED)

This Report is dated 21 August 2023

Company No. 200301022614 (625034 X)

GROMUTUAL BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

QUARTERLY REPORT

CONTENTS	PAGE(S)
Condensed Consolidated Statements of Financial Position	1
Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income	2
Condensed Consolidated Statements of Changes in Equity	3
Condensed Consolidated Statements of Cash Flows	4
Notes to the Financial Information	5-12

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023
(The figures have not been audited)

	As at 30 JUN 2023 (Unaudited) RM'000	As at 31 DEC 2022 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,610	4,873
Investment properties	91,479	91,479
Land held for property development	225,182	221,493
Other receivables	1,798	1,798
TOTAL NON-CURRENT ASSETS	<u>323,069</u>	<u>319,643</u>
Current Assets		
Inventories	56,606	43,451
Land and development expenditure	31,564	60,431
Receivables	22,972	10,924
Current tax assets	1,538	2,017
Cash and bank balances	58,555	47,454
TOTAL CURRENT ASSETS	<u>171,235</u>	<u>164,277</u>
TOTAL ASSETS	<u>494,304</u>	<u>483,920</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	187,804	187,804
Retained earnings	203,474	193,954
TOTAL EQUITY	<u>391,278</u>	<u>381,758</u>
Non-current liabilities		
Borrowings	31,863	33,755
Deferred tax liabilities	6,991	7,024
TOTAL NON-CURRENT LIABILITIES	<u>38,854</u>	<u>40,779</u>
Current Liabilities		
Payables	13,726	14,471
Borrowings	49,207	46,043
Current tax payables	1,239	869
TOTAL CURRENT LIABILITIES	<u>64,172</u>	<u>61,383</u>
TOTAL LIABILITIES	<u>103,026</u>	<u>102,162</u>
TOTAL EQUITY AND LIABILITIES	<u>494,304</u>	<u>483,920</u>
Net Assets (NA) per share (RM)	<u>1.04</u>	<u>1.02</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 30 JUNE 2023**
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 JUN 2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUN 2022 RM'000	CURRENT YEAR TO DATE 30 JUN 2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 JUN 2022 RM'000
Revenue	23,035	23,382	43,438	30,794
Cost of sales	(13,380)	(13,585)	(25,338)	(17,005)
Gross Profit	9,655	9,797	18,100	13,789
Investment revenue	22	15	35	34
Other income	187	765	336	980
Administrative expenses	(3,205)	(2,744)	(5,672)	(5,356)
Finance costs	(262)	(283)	(494)	(554)
Other expenses	(15)	-	(15)	-
Profit before tax	6,382	7,550	12,290	8,893
Income tax expense	(1,315)	(1,809)	(2,770)	(2,107)
Profit for the period	5,067	5,741	9,520	6,786
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	5,067	5,741	9,520	6,786
Profit attributable to: Owners of the Company	5,067	5,741	9,520	6,786
Earnings per share (sen)				
- Basic	1.35	1.53	2.53	1.81
- 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 2022 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 2023**

(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 2023	187,804	193,954	381,758
Total comprehensive income for the period	-	9,520	9,520
Balance as at 30 June 2023	<u>187,804</u>	<u>203,474</u>	<u>391,278</u>
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>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 30 JUNE 2023**

(The figures have not been audited)

	30 JUN 2023 RM'000	30 JUN 2022 RM'000
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Receipts from customers	31,636	28,386
Payments to suppliers and employees	<u>(15,528)</u>	<u>(16,514)</u>
Cash From Operations	16,108	11,872
Finance costs paid	(1,324)	(1,032)
Income taxes paid	(2,311)	(2,098)
Income taxes refunded	<u>356</u>	<u>-</u>
Net Cash From Working Capital	12,829	8,742
Additions to Land held for property development	(3,042)	(6,756)
Net Cash From Operating Activities	<u>9,787</u>	<u>1,986</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Other investments	35	34
Proceeds from disposal of property, plant and equipment	1	-
Proceeds from disposal of investment property	-	6,300
Additions to property, plant and equipment	(1)	(113)
Net Cash From Investing Activities	<u>35</u>	<u>6,221</u>
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from bank borrowings	2,073	14,500
Repayment of bank borrowings	(1,366)	(6,118)
Net Cash From Financing Activities	<u>707</u>	<u>8,382</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,529	16,589
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF PERIOD	<u>22,270</u>	<u>(2,227)</u>
CASH AND CASH EQUIVALENTS AS OF END OF PERIOD	<u>32,799</u>	<u>14,362</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	1,330	1,307
Cash and bank balances	57,225	45,026
Bank overdraft	(24,426)	(30,664)
Less : Fixed deposits pledged to banks	(1,330)	(1,307)
	<u>32,799</u>	<u>14,362</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2023

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 2022.

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 2022, except for the following amendments to MFRS:

Adoption of new and amendments to MFRS

		<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
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112	International Tax Reform: Pillar Two Model Rules	1 January 2023

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
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024

A1. Basis of Preparation (continued)

		<u>Effective Date</u>
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	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 period to date.

A4. Significant Changes in Accounting Estimates

There were no changes in estimates that have any material effect on the current quarter and financial period to date.

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 period to date.

A6. Dividend Paid

There are no dividends paid during the current quarter and the financial period 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 period ended 30 June 2023 is as follows:

	Property development RM'000	Property management RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External sales	39,303	3,524	611	-	43,438
Inter-segment income	-	264	744	(1,008)	-
Total revenue	<u>39,303</u>	<u>3,788</u>	<u>1,355</u>	<u>(1,008)</u>	<u>43,438</u>
Results					
Investment revenue	56	4	567	(592)	35
Finance costs	775	178	20	(479)	494
Depreciation	131	56	51	26	264
Unallocated corporate expenses	-	-	160	(60)	100
Profit before tax	<u>9,685</u>	<u>2,079</u>	<u>563</u>	<u>(37)</u>	<u>12,290</u>
Assets					
Addition to property, plant and equipment	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
Segment assets	380,282	112,365	14,480	(17,979)	489,148
Unallocated corporate assets					5,156
Consolidated assets					<u>494,304</u>
Liabilities					
Segment liabilities	118,036	26,584	9,629	(51,321)	102,928
Unallocated liabilities					98
Consolidated liabilities					<u>103,026</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 period 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 period 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	
	30.06.2023	Quarter		30.06.2023	Period	
	RM'000	30.06.2022		RM'000	30.06.2022	
		RM'000			RM'000	
Revenue						
Property Development	20,755	21,473	(3.3)	39,303	27,142	44.8
Property Management	1,927	1,219	58.1	3,524	2,350	50.0
Others	353	690	(48.8)	611	1,302	(53.1)
	<u>23,035</u>	<u>23,382</u>		<u>43,438</u>	<u>30,794</u>	
Profit (Loss) before tax						
Property Development	5,490	6,934	(20.8)	10,781	7,843	37.5
Property Management	1,167	522	123.6	2,031	844	140.6
Others	(275)	94	(392.5)	(522)	206	(353.4)
	<u>6,382</u>	<u>7,550</u>		<u>12,290</u>	<u>8,893</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 RM23.035 million and RM6.382 million respectively, representing a 1.5% drop from previous year's corresponding quarter revenue of RM23.382 million and decline profit before tax of 15.5% from RM7.550 million.

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

Property Development

The revenue for property development saw a decrease of 3.3% in revenue to RM20.755 million compared to RM21.473 million previously; whilst the segment's profit before tax declined by 20.8% to RM5.490 million, from RM6.934 million previously. The decrease was mainly due to the higher development and administrative costs.

Property Management

The property management segment saw an increase of 58.1% in rental revenue to RM1.927 million from the previous corresponding quarter of RM1.219 million; whilst the segment's profit before tax increased by 123.6% to RM1.167 million, from RM0.522 million previously. The increase in rental revenue and profit was mainly due to the improved occupancy rate for students and workers accommodation.

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

For the current financial period to date, the Group recorded a revenue of RM43.438 million and profit before tax of RM12.290 million, versus revenue of RM30.794 million and profit before tax of RM8.893 million of the preceding corresponding financial period.

Property Development

The revenue for property development registered a 44.8% increase in revenue to RM39.303 million compared to RM27.142 million previously; whilst the segment's profit before tax increased by 37.5% to RM10.781 million, from RM7.843 million previously due to the higher take up rate and recognition for residential and industrial projects.

Property Management

The improved occupancy of student and worker accommodation enabled the property management segment to record a 50.0% increase in rental revenue to RM3.524 million, from RM2.350 million in the corresponding financial period last year; whilst the segment's profit before tax increased by 140.6% to RM2.031 million from RM0.844 million in the corresponding period last year.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter 30.06.2023 RM'000	Immediate Preceding Quarter 31.03.2023 RM'000	Change %
Revenue			
Property Development	20,755	18,548	17.6
Property Management	1,927	1,597	20.7
Others	353	258	36.8
	23,035	20,403	12.9
Profit (Loss) before tax			
Property Development	5,490	5,291	3.8
Property Management	1,167	864	35.1
Others	(275)	(247)	(11.3)
	6,382	5,908	8.0

Compared to the preceding quarter's results ended 31 March 2023, the Group recorded 12.9% increase in revenue to RM23.035 million from RM20.403 million mainly due to the higher sales of completed development projects as well as improved occupancy of student and worker accommodation. In tandem with this, the profit before tax increased by 8.0% to RM6.382 million from RM5.908 million.

B3. Prospects

For property development, the Group will continue to 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 business and continue to provide quality services to our existing tenants.

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

B4. Profit for the year

	Current Quarter 30.06.2023 RM'000	Year to Date 30.06.2023 RM'000
Profit for the year is arrived at after crediting/(charging):-		
Interest income	22	35
Other income including investment income	187	336
Interest expense	(262)	(494)
Depreciation and amortization	(129)	(264)
	(292)	(427)

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 period to date.

B5. Profit forecast or profit guarantee

No profit forecast or profit guarantee was issued for the financial year.

B6. Taxation

	Current Quarter 30.06.2023 RM'000	Year to Date 30.06.2023 RM'000
Income Tax		
- Current Year	(1,257)	(2,803)
Deferred Tax		
- Current Year	(58)	33
	<u>(1,315)</u>	<u>(2,770)</u>
Profit Before Tax	6,382	12,290
Effective tax rate	20.6%	22.5%

The effective rate of the Group for the current quarter and period to date is lower than the statutory tax rate as utilisation of business losses brought forward and deferred tax assets previously not recognised.

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 30.06.2023 RM'000	As at 30.06.2022 RM'000
Short term -Secured		
Lease liabilities	97	54
Term loans	3,251	2,659
Revolving credits	8,000	8,000
Bank overdrafts	37,859	43,369
	<u>49,207</u>	<u>54,082</u>
Long term -Secured		
Lease liabilities	330	115
Term loans	31,533	17,646
	<u>31,863</u>	<u>17,761</u>
Total	<u>81,070</u>	<u>71,843</u>

B8. Borrowings (continued)

All borrowings are denominated in Ringgit Malaysia.

As at 30 June 2023, the Group's borrowings increased by 12.8% to RM81.070 million as compared to RM71.843 million previously mainly due to the increase in term loans for acquisition of lands.

The interest rates for the Group's borrowings range from 2.27% to 7.70% (1.38% to 7.45% in 2022) 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 1 sen per share, amounting to RM3,756,080 for the financial year ending 31 December 2023. The dividend is to be paid on 9 October 2023 to shareholders whose name appears in the Record of Depositors at the close of business on 14 September 2023.

B11. Earnings Per Share

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

	Current Quarter	Year to Date
	30.06.2023	30.06.2023
Profit for the period	RM 5,066,504	RM 9,519,505
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)	1.35 sen	2.53 sen

B12. Audit Qualification

The audited financial statements of the Group for the financial year ended 31 December 2022 were not subject to any audit qualifications.