

Company No. 625034 X

GROMUTUAL BERHAD
(Company No. 625034 X)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2013
(UNAUDITED)

This Report is dated 24 February 2014

Company No. 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 2013
(The figures have not been audited)

	As at 31 DEC 2013 (Unaudited)	As at 31 DEC 2012 (Audited)
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	1,788	2,364
Investment properties	83,479	83,479
Land held for property development	161,792	155,420
TOTAL NON-CURRENT ASSETS	<u>247,059</u>	<u>241,263</u>
Current Assets		
Inventories	6,690	5,384
Land and development expenditure	47,944	57,461
Receivables	29,802	39,868
Current tax assets	266	707
Cash and bank balances	38,872	13,983
TOTAL CURRENT ASSETS	<u>123,574</u>	<u>117,403</u>
TOTAL ASSETS	<u>370,633</u>	<u>358,666</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	187,804	187,804
Retained earnings	98,794	77,605
TOTAL EQUITY	<u>286,598</u>	<u>265,409</u>
Non-current liabilities		
Borrowings	20,155	19,455
Deferred tax liabilities	5,877	6,636
TOTAL NON-CURRENT LIABILITIES	<u>26,032</u>	<u>26,091</u>
Current Liabilities		
Payables	23,810	32,865
Borrowings	30,183	30,850
Current tax payables	4,010	3,451
TOTAL CURRENT LIABILITIES	<u>58,003</u>	<u>67,166</u>
TOTAL LIABILITIES	<u>84,035</u>	<u>93,257</u>
TOTAL EQUITY AND LIABILITIES	<u>370,633</u>	<u>358,666</u>
Net Assets (NA) per share (RM)	<u>0.76</u>	<u>0.71</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statement.

GROMUTUAL BERHAD
 (Company No. 625034 X)
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE QUARTER ENDED 31 DECEMBER 2013**
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 DEC 2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 DEC 2012 RM'000	CURRENT YEAR 31 DEC 2013 RM'000	PRECEDING YEAR 31 DEC 2012 RM'000
Revenue	18,490	25,893	133,464	104,153
Cost of sales	(11,383)	(15,776)	(83,554)	(64,304)
Gross Profit	7,107	10,117	49,910	39,849
Investment revenue	59	23	228	98
Other income	225	1,269	622	2,470
Administrative expenses	(3,652)	(3,393)	(13,903)	(11,862)
Finance costs	(112)	(228)	(701)	(960)
Other expenses	(95)	(3)	(122)	(6)
Profit before tax	3,532	7,785	36,034	29,589
Income tax expense	(730)	(1,673)	(9,211)	(7,321)
Profit for the year	2,802	6,112	26,823	22,268
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	2,802	6,112	26,823	22,268
Profit attributable to: Owners of the Company	2,802	6,112	26,823	22,268
Earnings per share (sen)				
- Basic	0.75	1.63	7.14	5.93
- 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 2012 and the accompanying explanatory notes attached to the interim financial statement.

GROMUTUAL BERHAD
 (Company No. 625034 X)
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2013
 (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 2013	187,804	77,605	265,409	
Total comprehensive income for the year	-	26,823	26,823	
Final dividend - Year Ended 31 December 2012	-	(1,878)	(1,878)	
Interim dividend - Year Ended 31 December 2013	-	(3,756)	(3,756)	
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Balance as at 31 December 2013	187,804	98,794	286,598	
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Balance as at 1 January 2012	187,804	60,971	248,775	
Total comprehensive income for the year	-	22,268	22,268	
Final dividend - Year Ended 31 December 2011	-	(1,878)	(1,878)	
Interim dividend - Year Ended 31 December 2012	-	(3,756)	(3,756)	
	<hr/>			
Balance as at 31 December 2012	187,804	77,605	265,409	

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statement.

GROMUTUAL BERHAD
 (Company No. 625034 X)
 (Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2013
 (The figures have not been audited)

	31 DEC 2013 (Unaudited)	31 DEC 2012 (Audited)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	147,072	111,545
Payments to suppliers and employees	<u>(69,130)</u>	<u>(66,629)</u>
Cash From Operations	77,942	44,916
Finance costs paid	(2,382)	(3,056)
Income taxes paid	(9,572)	(6,654)
Income taxes refund	<u>602</u>	<u>78</u>
Net Cash From Working Capital	66,590	35,284
Additions to Land held for property development	<u>(36,223)</u>	<u>(20,350)</u>
Net Cash From Operating Activities	<u>30,367</u>	<u>14,934</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment properties	-	6,375
Proceeds from disposal of PPE	-	-
Other investments	228	98
Additions to property, plant and equipment	(101)	(630)
Additions to investment properties	-	(276)
Net Cash From Investing Activities	<u>127</u>	<u>5,567</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from bank borrowings	11,530	2,108
Repayment of bank borrowings	(12,302)	(8,600)
Dividend paid	(5,634)	(5,634)
Net Cash Used In Financing Activities	<u>(6,406)</u>	<u>(12,126)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,088	8,375
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR	<u>(14,266)</u>	<u>(22,641)</u>
CASH AND CASH EQUIVALENTS AS OF END OF YEAR	<u>9,822</u>	<u>(14,266)</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	859	845
Cash and bank balances	38,013	13,138
Bank overdraft	(28,191)	(27,404)
Less : Fixed deposits pledged to banks	<u>(859)</u>	<u>(845)</u>
	<u>9,822</u>	<u>(14,266)</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013

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

A1. Basis of Preparation

This interim financial statement is unaudited and is prepared in accordance with FRS 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 2012.

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 2012, except for the following revised and amendments to Financial Reporting Standards ("FRSs") that are effective for annual periods beginning on or after 1 January 2013:

Adoption of revised and amendments to FRSs

FRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosures of Interests in Other Entities
FRS 13	Fair Value Measurements
FRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)
FRS 101	Presentation of Financial Statements (Amendments relating to Clarification of the Requirements for Comparative Information)
FRS116	Property, Plant and Equipments (Amendments relating to Classification of Servicing Equipment)
FRS 119	Employee Benefits (2011)
FRS 127	Separate Financial Statements (2011)
FRS 134	Interim Financial Reporting (Amendments relating to Interim Reporting to Segment Assets)

The adoption of abovementioned Standards does not have significant financial impact on the financial statements of the Group and of the Company.

Revised and Amendments to FRSs issued but not yet effective

The Group and the Company have not early adopted the following revised and amendments to FRSs which have been issued but not yet effective:

		Effective for annual periods beginning on or after
Amendments to FRS 9 and FRS 7	Mandatory Effective Date of FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures	will be decided when IASB's IFRS 9 project is closer to completion
Amendments to FRS 10, 12 & 127	Investment Entities	1 January 2014
Amendments to FRS 119	Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions)	1 July 2014
Amendments to FRS 132	Financial Instrument: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)	1 January 2014
Amendments to FRS 136	Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Asset)	1 January 2014

There will have no material impact on the financial statements of the Group and the Company in the period of initial application.

Malaysian Financial Reporting Standards

On 19 November 2011, MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities ("TEs").

TEs, being entities within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15: *Agreements for the Construction of Real Estate*, including its parents, significant investors and venturers were given a transitional period of two years, which allow these entities an option to continue with the FRS Framework. Following the announcement by the MASB on 7 August 2013, the transitional period for TEs has been extended for an additional year.

The Group and the Company being TEs have availed themselves of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group and the Company will be required to prepare its first set of MFRS financial statements when the MFRS Framework is mandated by MASB.

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

The single tier final dividend of 1%, amounting to RM1,878,040 in respect of the financial year ended 31 December 2012 which was approved by shareholders at the 10th Annual General Meeting held on 27 May 2013 had been paid on 27 June 2013 to shareholders whose names appeared in the Record of Depositors at the close of business on 12 June 2013.

At the Board of Directors' meeting held on 26 August 2013, the Board of Directors declared a single tier interim dividend of 2%, amounting to RM3,756,080 for the financial year ending 31 December 2013. The interim dividend had been paid on 10 October 2013.

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 2013 is as follow:

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Revenue					
External sales	124,680,217	7,718,448	1,065,607	-	133,464,272
Inter-segment income	-	216,000	24,669,520	(24,885,520)	-
Total revenue	<u>124,680,217</u>	<u>7,934,448</u>	<u>25,735,127</u>	<u>(24,885,520)</u>	<u>133,464,272</u>
Results					
Investment revenue	166,856	12,263	49,025	-	228,144
Finance costs	2,080	677,656	21,406	-	701,142
Depreciation	108,111	296,165	268,924	-	673,200
Unallocated corporate expenses	-	-	1,916,545	-	1,916,545
Profit before tax	<u>33,625,733</u>	<u>3,343,423</u>	<u>16,014,509</u>	<u>(16,949,520)</u>	<u>36,034,145</u>

A7. Segmental Reporting (continue)

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Assets					
Addition to property, plant and equipment	<u>58,779</u>	<u>28,744</u>	<u>13,430</u>	<u>-</u>	<u>100,953</u>
Segment assets	272,397,261	96,275,522	25,332,589	(37,467,659)	356,537,713
Unallocated corporate assets					<u>14,095,577</u>
Consolidated assets					<u>370,633,290</u>
Liabilities					
Segment liabilities	112,223,515	23,260,586	3,849,895	(55,555,979)	83,778,017
Unallocated liabilities					<u>257,597</u>
Consolidated liabilities					<u>84,035,614</u>

A8. Subsequent Material Events

There is no material event 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:

	Year to Date 31 December 2013 RM'000
Rental income	<u>388</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

(a) Performance of the current quarter against the preceding year corresponding quarter

For the current quarter ended 31 December 2013, the Group recorded revenue and profit before tax of RM18.490 million and RM3.532 million respectively, representing a 28.6% decline from previous year's corresponding quarter revenue of RM25.893 million and profit before tax 54.6% from RM7.785 million.

The performance of the Group's 2 main operating segments was as follows:

Property Development

The property development segment saw a decrease of 32.0% in revenue to RM16.114 million, compared to RM23.711 million previously; whilst the segment's profit before tax declined 53.0% to RM2.672 million, from RM5.691 million previously. The decrease were largely attributed to lower sales of residential property in line with fewer new launches, in addition to slower construction progress in ongoing projects due to the rainy season at year end.

Property Management

The property management segment registered 11.5% higher rental revenue at RM2.076 million during the quarter under review, compared to previous corresponding quarter's RM1.862 million, as a result of the better occupancy rate of the tenancy. Nevertheless, this segment's profit before tax decreased 35.4% from RM1.752 million to RM1.131 million. The higher overall profit for the preceding quarter was mainly due to gain on disposal of investment property.

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

For the current financial year ended 31 December 2013, the Group recorded a revenue of RM133.464 million and profit before tax of RM36.034 million, versus revenue of RM104.153 million and profit before tax of RM29.589 million of the previous financial year.

Property Development

The increased sales from existing and completed residential projects and good sales response for our Industrial Park have enabled the property development segment to register 31.2% higher revenue of RM124.680 million, compared to RM95.049 million of the previous financial year.

The higher revenue also helped to push the segment's profit before tax to RM33.626 million, 35.6% better than RM24.797 achieved in the previous financial year.

Property Management

Rental revenue from the property management segment saw a marginal increase from RM7.564 million to RM7.718 million, as a result of overall better occupancy rate for the entire year. Nevertheless, profit before tax decreased 34.3%, from RM5.089 million to RM3.343 million. The higher overall profit for preceding year was mainly due to gain on disposal of investment property.

B2. Comparison with Immediate Preceding Quarter's Results

Compared to the preceding quarter's results ended 30 September 2013, the Group recorded 59.3% lower revenue, from RM45.446 million to RM18.490 million, as a result of lower sales of residential property in line with fewer new launches, in addition to slower construction progress due to the rainy season at year-end.

Correspondingly, the Group recorded 76.8% lower profit before tax to RM3.532 million for the current quarter under review, compared to the preceding quarter's R15.201 million.

B3. Prospects

The Group will continue to align its property development offerings to market demand, and be prudent in its business strategies in property management services.

The Group is expected to achieve satisfactory performance for the coming financial year 2014.

B4. Profit for the year

	Current Quarter 31 December 2013 RM'000	Year to Date 31 December 2013 RM'000
Profit for the year is arrived at after crediting/(charging):-		
Interest income	59	228
Other income including investment income	225	622
Interest expense	(112)	(701)
Depreciation and amortization	(180)	(673)
Impairment loss of land held for property development	(95)	(95)
Write off of receivables	-	(4)
	<hr/>	<hr/>

Other than the above items, there were no 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. Taxation

	Current Quarter 31 December 2013 RM'000	Year to Date 31 December 2013 RM'000
Income Tax		
- Current Year	(730)	(9,970)
Deferred Tax		
- Current Year	-	759
	<u>(730)</u>	<u>(9,211)</u>
Profit Before Tax	3,532	36,034
Effective tax rate	20.7%	25.6%

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

B6. Status of Corporate Proposals

There is no corporate proposal announced and not completed as of the date of this announcement.

B7. Borrowings

The Group's borrowings as of the end of the reporting quarter are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term	30,183	-	30,183
Long term	20,155	-	20,155
Total	<u>50,338</u>	<u>-</u>	<u>50,338</u>

B8. Material Claims

The Company has instituted a legal proceeding against a vendor for specific performance of the Sales and Purchase Agreement in respect to the Company's purchase of land on 30 July 2012. The legal case is pending for trial. The Board of Director is of the view that the outcome of this case would not have any material financial impact to the Group and the Company.

B9. Proposed Dividend

The Board of Directors proposed a single tier final dividend of 2%, amounting to RM3,756,080 for the financial year ending 31 December 2013. The proposed final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. The date of entitlement and payment will be determined and announced at a later date.

B10. Earnings Per Share

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

	Current Quarter 31 December 2013	Year to Date 31 December 2013
Profit for the year	RM 2,802,302	RM 26,822,893
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)	0.75 sen	7.14 sen

B11. Audit Qualification

The audited financial statements of the Group for the financial year ended 31 December 2012 were not subject to any audit qualifications.

B12. Retained Earning

	As of 31 December 2013 RM'000	As of 31 December 2012 RM'000
Realised	165,561	143,666
Unrealised	26,379	25,447
	<hr/>	<hr/>
Consolidation adjustment	191,940 (93,146)	169,113 (91,508)
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Total Group retaining earnings as per consolidated accounts	98,794	77,605