

Company No. 625034 X

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

**QUARTERLY REPORT**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014**  
**(UNAUDITED)**

This Report is dated 24 November 2014

**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 2014**  
 (The figures have not been audited)

	As at 30 SEP 2014 (Unaudited)	As at 31 DEC 2013 (Audited)
	RM'000	RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,246	1,788
Investment properties	83,699	83,479
Land held for property development	155,678	161,792
<b>TOTAL NON-CURRENT ASSETS</b>	<u>241,623</u>	<u>247,059</u>
<b>Current Assets</b>		
Inventories	14,335	6,690
Land and development expenditure	56,892	47,944
Receivables	33,642	29,802
Current tax assets	804	266
Cash and bank balances	22,015	38,872
<b>TOTAL CURRENT ASSETS</b>	<u>127,688</u>	<u>123,574</u>
<b>TOTAL ASSETS</b>	<u>369,311</u>	<u>370,633</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	187,804	187,804
Retained earnings	107,712	98,794
<b>TOTAL EQUITY</b>	<u>295,516</u>	<u>286,598</u>
<b>Non-current liabilities</b>		
Borrowings	14,802	20,155
Deferred tax liabilities	5,793	5,877
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>20,595</u>	<u>26,032</u>
<b>Current Liabilities</b>		
Payables	23,926	23,810
Borrowings	26,452	30,183
Current tax payables	2,822	4,010
<b>TOTAL CURRENT LIABILITIES</b>	<u>53,200</u>	<u>58,003</u>
<b>TOTAL LIABILITIES</b>	<u>73,795</u>	<u>84,035</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>369,311</u>	<u>370,633</u>
Net Assets (NA) per share (RM)	<u>0.79</u>	<u>0.76</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2014**  
(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 SEP 2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEP 2013 RM'000	CURRENT YEAR TO DATE 30 SEP 2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEP 2013 RM'000
Revenue	23,367	45,446	60,919	114,974
Cost of sales	(9,914)	(27,147)	(32,347)	(72,171)
Gross Profit	13,453	18,299	28,572	42,803
Investment revenue	78	79	272	169
Other income	260	132	552	397
Administrative expenses	(5,095)	(3,154)	(11,273)	(10,251)
Finance costs	(146)	(152)	(436)	(589)
Other expenses	(1)	(3)	(3)	(27)
<b>Profit before tax</b>	8,549	15,201	17,684	32,502
Income tax expense	(2,401)	(3,815)	(5,010)	(8,481)
<b>Profit for the period</b>	6,148	11,386	12,674	24,021
<b>Other comprehensive income, net of tax</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	6,148	11,386	12,674	24,021
<b>Profit attributable to: Owners of the Company</b>	6,148	11,386	12,674	24,021
<b>Earnings per share (sen)</b>				
- Basic	1.64	3.03	3.37	6.40
- 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 2013 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 2014**  
 (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 2014	187,804	98,794	286,598
Total comprehensive income for the period	-	12,674	12,674
Final dividend - Year Ended 31 December 2013	-	(3,756)	(3,756)
<b>Balance as at 30 September 2014</b>	<b>187,804</b>	<b>107,712</b>	<b>295,516</b>
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)
<b>Balance as at 31 December 2013</b>	<b>187,804</b>	<b>98,794</b>	<b>286,598</b>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2014**  
 (The figures have not been audited)

	30 SEP 2014 (Unaudited)	31 DEC 2013 (Audited)
	RM'000	RM'000
<b>CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES</b>		
Receipts from customers	67,538	147,072
Payments to suppliers and employees	<u>(48,210)</u>	<u>(69,130)</u>
Cash From Operations	19,328	77,942
Finance costs paid	(1,587)	(2,382)
Income taxes paid	(6,875)	(9,572)
Income taxes refund	<u>55</u>	<u>602</u>
Net Cash From Working Capital	10,921	66,590
Additions to Land held for property development	(14,257)	(36,223)
Net Cash (Used In) From Operating Activities	<u>(3,336)</u>	<u>30,367</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of investment properties	-	-
Proceeds from disposal of PPE	246	-
Other investments	272	228
Additions to property, plant and equipment	(265)	(101)
Additions to investment properties	<u>(220)</u>	<u>-</u>
Net Cash From Investing Activities	<u>33</u>	<u>127</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	-	11,530
Repayment of bank borrowings	(5,967)	(12,302)
Dividend paid	(3,756)	(5,634)
Net Cash Used In Financing Activities	<u>(9,723)</u>	<u>(6,406)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(13,026)</b>	<b>24,088</b>
<b>CASH AND CASH EQUIVALENTS AS OF BEGINNING OF PERIOD/YEAR</b>	<b>9,822</b>	<b>(14,266)</b>
<b>CASH AND CASH EQUIVALENTS AS OF END OF PERIOD/YEAR</b>	<b><u>(3,204)</u></b>	<b><u>9,822</u></b>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	884	859
Cash and bank balances	21,131	38,013
Bank overdraft	(24,335)	(28,191)
Less : Fixed deposits pledged to banks	<u>(884)</u>	<u>(859)</u>
	<u>(3,204)</u>	<u>9,822</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 SEPTEMBER 2014**

**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 2013.

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 2013, except for the following revised and amendments to Financial Reporting Standards ("FRSs") that are effective for annual periods beginning on or after 1 January 2014:

**Adoption of revised and amendments to FRSs**

Amendments to FRS 10, 12 & 127	Investment Entities
Amendments to FRS 132	Financial Instrument: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)
Amendments to FRS 136	Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Asset)

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 119	Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions)	1 July 2014
Annual Improvements to FRSs 2010 – 2012 cycle		1 July 2014
Annual Improvements to FRSs 2011 – 2013 cycle		1 July 2014
Amendments to FRS 116	Property, plant and equipment (Amendments relating to Clarification of Acceptable Methods of Depreciation and Amortisation)	1 Jan 2016

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. On 2 September 2014, MASB has announced that TEs shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017.

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 2%, amounting to RM3,756,080 in respect of the financial year ended 31 December 2013 which was approved by shareholders at the 11<sup>th</sup> Annual General Meeting held on 26 May 2014 had been paid on 26 June 2014 to shareholders whose names appeared in the Record of Depositors at the close of business on 10 June 2014.



**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 September 2014 is as follow:

	<b>Property development RM</b>	<b>Property management RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Consolidated RM</b>
<b>Revenue</b>					
External sales	53,725,626	6,242,490	950,477	-	60,918,593
Inter-segment income	<u>1,825,146</u>	<u>162,000</u>	<u>14,825,460</u>	<u>(16,812,606)</u>	<u>-</u>
Total revenue	<u><u>55,550,772</u></u>	<u><u>6,404,490</u></u>	<u><u>15,775,937</u></u>	<u><u>(16,812,606)</u></u>	<u><u>60,918,593</u></u>
<b>Results</b>					
Investment revenue	221,395	16,370	34,768	-	272,533
Finance costs	31,809	390,783	13,275	-	435,867
Depreciation	80,140	219,433	153,883	-	453,456
Unallocated corporate expenses	-	-	1,452,693	-	1,452,693
Profit before tax	<u>16,059,102</u>	<u>3,053,635</u>	<u>8,682,011</u>	<u>(10,110,640)</u>	<u>17,684,108</u>
<b>Assets</b>					
Addition to investment properties	-	780,300	-	(560,286)	220,014
Addition to property, plant and equipment	<u>601,173</u>	<u>3,979</u>	<u>400,083</u>	<u>-</u>	<u>1,005,235</u>
Segment assets	273,443,288	98,737,547	29,266,064	(32,574,756)	368,872,143
Unallocated corporate assets					438,630
Consolidated assets					<u><u>369,310,773</u></u>
<b>Liabilities</b>					
Segment liabilities	93,949,610	24,641,696	11,339,114	(56,282,376)	73,648,044
Unallocated liabilities					147,284
Consolidated liabilities					<u><u>73,795,328</u></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:

	<b>Year to Date 30 September 2014 RM'000</b>
Rental income	<u>298</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 under review, the Group recorded revenue and profit before tax of RM23.367 million and RM8.549 million respectively, representing a 48.6% decline from previous year's corresponding quarter revenue of RM45.446 million and profit before tax 43.8% from RM15.201 million.

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

Property Development

The property development segment saw a decrease of 51.3% in revenue to RM20.993 million, compared to RM43.121 million previously; whilst the segment's profit before tax declined 64.9% to RM8.897 million, from RM14.853 million previously. The decrease was in line with fewer launches of residential and industrial properties as property buyers faced more stringent evaluations for end-financing offered by financial institutions.

Property Management

The property management segment registered 3.7% increase in rental revenue at RM2.096 million during the quarter under review, compared to previous corresponding quarter's RM2.022 million, whilst this segment's profit before tax increased by 2.7% to RM0.952 million, as compared to RM0.922 previously. The improvement was resulted from the better occupancy rate.

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

For the current financial period to date, the Group recorded a revenue of RM60.919 million and profit before tax of RM17.684 million, versus revenue of RM114.974 million and profit before tax of RM32.502 million of the preceding corresponding financial period.

Property Development

The fewer launches of residential and industrial properties due to the financial institution's stringent control of end-financing to property buyers led the property development segment's revenue to decrease by 50.5% to RM53.726 million from RM108.566 million previously. In tandem with this, profit before tax declined 48.8% to RM15.859 million, compared to previous corresponding financial period's RM30.954 million.

Property Management

The improved occupancy rate enabled the property management segment to register 10.7% higher rental revenue of RM6.243 million, compared to RM5.642 million of the previous corresponding financial period. Profit before tax increased 38.1% to RM3.054 million from RM2.212 million previously.

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

Compared to the preceding quarter's results ended 30 June 2014, the Group's revenue recorded 29.1% higher revenue, from RM18.102 million to RM23.367 million, as a result of positive buyer response for our Industrial Park.

Correspondingly, the Group recorded 95.7% higher profit before tax to RM8.549 million for the current quarter under review, compared to the preceding quarter's RM4.369 million.

**B3. Prospects**

The property sector is anticipated to be challenging for the rest of 2014. Nonetheless, the Group will continue to time its launches appropriately and align its property development offerings to market demand.

At the same time, the Group will explore the necessary measures to further enhance the scope of property management services in order to tap into the captive demand.

Overall, the Group is expected to achieve satisfactory performance for the financial year 2014.

**B4. Profit for the year**

	<b>Current Quarter 30 September 2014 RM'000</b>	<b>Year to Date 30 September 2014 RM'000</b>
Profit for the year is arrived at after crediting/(charging):-		
Interest income	78	272
Other income including investment income	260	552
Interest expense	(146)	(436)
Depreciation and amortization	(153)	(453)
	<u>                    </u>	<u>                    </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. Taxation**

	<b>Current Quarter 30 September 2014 RM'000</b>	<b>Year to Date 30 September 2014 RM'000</b>
Income Tax		
- Current Year	(2,500)	(5,094)
Deferred Tax		
- Current Year	99	84
	<u>(2,401)</u>	<u>(5,010)</u>
Profit Before Tax	8,549	17,684
Effective tax rate	28.1%	28.3%

The effective rate of the Group for the current quarter and period to date is higher than the statutory tax rate as certain expenditure of the subsidiary companies are not allowable 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:

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Short term	26,452	-	26,452
Long term	14,802	-	14,802
Total	<u>41,254</u>	<u>-</u>	<u>41,254</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**

At Board of Directors' meeting held on 25 August 2014, the Board of Directors has declared an interim single tier dividend of 2%, amounting to RM3,756,080 for the financial year ending 31 December 2014. The dividend is to be paid on 16 October 2014 to shareholders whose name appears in the Record of Depositors at the close of business on 30 September 2014.

**B10. Earnings Per Share**

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

	<b>Current Quarter 30 September 2014</b>	<b>Year to Date 30 September 2014</b>
Profit for the year	RM 6,147,628	RM 12,673,849
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)	1.64 sen	3.37 sen

**B11. Audit Qualification**

The audited financial statements of the Group for the financial year ended 31 December 2013 were not subject to any audit qualifications.

**B12. Retained Earning**

	<b>As of 30 September 2014 RM'000</b>	<b>As of 31 December 2013 RM'000</b>
Realised	175,076	165,561
Unrealised	26,328	26,379
Consolidation adjustment	201,404 (93,692)	191,940 (93,146)
<b>Total Group retaining earnings as per consolidated accounts</b>	<b>107,712</b>	<b>98,794</b>