

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 2014
(UNAUDITED)

This Report is dated 26 February 2015

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 2014**

(The figures have not been audited)

	As at 31 DEC 2014 (Unaudited)	As at 31 DEC 2013 (Audited)
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	2,239	1,788
Investment properties	93,667	83,479
Land held for property development	157,640	161,792
TOTAL NON-CURRENT ASSETS	<u>253,546</u>	<u>247,059</u>
Current Assets		
Inventories	9,755	6,690
Land and development expenditure	56,868	47,944
Receivables	27,634	29,802
Current tax assets	497	266
Cash and bank balances	40,411	38,872
TOTAL CURRENT ASSETS	<u>135,165</u>	<u>123,574</u>
TOTAL ASSETS	<u>388,711</u>	<u>370,633</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	187,804	187,804
Retained earnings	117,340	98,794
TOTAL EQUITY	<u>305,144</u>	<u>286,598</u>
Non-current liabilities		
Borrowings	9,620	20,155
Deferred tax liabilities	6,145	5,877
TOTAL NON-CURRENT LIABILITIES	<u>15,765</u>	<u>26,032</u>
Current Liabilities		
Payables	30,446	23,810
Borrowings	34,892	30,183
Current tax payables	2,464	4,010
TOTAL CURRENT LIABILITIES	<u>67,802</u>	<u>58,003</u>
TOTAL LIABILITIES	<u>83,567</u>	<u>84,035</u>
TOTAL EQUITY AND LIABILITIES	<u>388,711</u>	<u>370,633</u>
Net Assets (NA) per share (RM)	<u>0.81</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 31 DECEMBER 2014**
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 DEC 2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 DEC 2013 RM'000	CURRENT YEAR 31 DEC 2014 RM'000	PRECEDING YEAR 31 DEC 2013 RM'000
Revenue	25,477	18,490	86,396	133,464
Cost of sales	(15,262)	(11,383)	(47,609)	(83,554)
Gross Profit	10,215	7,107	38,787	49,910
Investment revenue	61	59	333	228
Other income	9,764	225	10,316	622
Administrative expenses	(4,471)	(3,652)	(15,744)	(13,903)
Finance costs	(166)	(112)	(602)	(701)
Other expenses	(19)	(95)	(22)	(122)
Profit before tax	15,384	3,532	33,068	36,034
Income tax expense	(2,107)	(730)	(7,117)	(9,211)
Profit for the period	13,277	2,802	25,951	26,823
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	13,277	2,802	25,951	26,823
Profit attributable to: Owners of the Company	13,277	2,802	25,951	26,823
Earnings per share (sen)				
- Basic	3.53	0.75	6.91	7.14
- 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 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 31 DECEMBER 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 year	-	25,951	25,951
Final dividend - Year Ended 31 December 2013	-	(3,756)	(3,756)
Interim dividend - Year Ended 31 December 2014	-	(3,756)	(3,756)
Reversal of deferred tax liabilities	-	107	107
Balance as at 31 December 2014	<u>187,804</u>	<u>117,340</u>	<u>305,144</u>
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)
Balance as at 31 December 2013	<u>187,804</u>	<u>98,794</u>	<u>286,598</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 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 31 DECEMBER 2014**
 (The figures have not been audited)

	31 DEC 2014 (Unaudited)	31 DEC 2013 (Audited)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	100,759	147,072
Payments to suppliers and employees	<u>(58,378)</u>	<u>(69,130)</u>
Cash From Operations	42,381	77,942
Finance costs paid	(2,123)	(2,382)
Income taxes paid	(8,610)	(9,572)
Income taxes refund	<u>93</u>	<u>602</u>
Net Cash From Working Capital	31,741	66,590
Additions to Land held for property development	<u>(15,130)</u>	<u>(36,223)</u>
Net Cash From Operating Activities	<u>16,611</u>	<u>30,367</u>
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment properties	-	-
Proceeds from disposal of PPE	259	-
Other investments	333	228
Additions to property, plant and equipment	(285)	(101)
Additions to investment properties	<u>(1,156)</u>	<u>-</u>
Net Cash (Used In) From Investing Activities	<u>(849)</u>	<u>127</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from bank borrowings	-	11,530
Repayment of bank borrowings	(11,423)	(12,302)
Dividend paid	<u>(7,512)</u>	<u>(5,634)</u>
Net Cash Used In Financing Activities	<u>(18,935)</u>	<u>(6,406)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,173)	24,088
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR	9,822	(14,266)
CASH AND CASH EQUIVALENTS AS OF END OF YEAR	<u>6,649</u>	<u>9,822</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	886	859
Cash and bank balances	39,525	38,013
Bank overdraft	(32,876)	(28,191)
Less : Fixed deposits pledged to banks	<u>(886)</u>	<u>(859)</u>
	<u>6,649</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.

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UNAUDITED QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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.

New and Revised FRSs in issue 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
FRS 9	1 January 2018
Amendments to FRS 116	1 Jan 2016
Amendments to FRS 119	1 July 2014
Annual Improvements to FRSs 2010 – 2012 cycle	1 July 2014
Annual Improvements to FRSs 2011 – 2013 cycle	1 July 2014
Annual Improvements to FRSs 2012 – 2014 cycle	1 January 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 allowed to defer the adoption of MFRS Framework until such time as mandated by MASB. On 2 September 2014, MASB issues the MFRS 15 *Revenue from Contracts with Customers* and Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants* and announced that TEs which have chosen to continue with FRS Framework is now required to adopt the MFRS Framework latest by 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 for the financial ending 31 December 2017.

The directors anticipate that the adoption of the other MFRSs will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 15 Revenue from Contracts with Customers

The directors of the Group and of the Company anticipate that the application of MFRS 15 in the future may have impact on the financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 at this early stage.

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 PaidFor the financial year ended 31 December 2013

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 11th 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.

For the financial year ended 31 December 2014

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

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Revenue					
External sales	76,797,104	8,403,851	1,195,494	-	86,396,449
Inter-segment income	3,257,307	216,000	17,948,060	(21,421,367)	-
Total revenue	80,054,411	8,619,851	19,143,554	(21,421,367)	86,396,449
Results					
Investment revenue	269,683	21,572	41,580	-	332,835
Finance costs	70,697	512,185	19,167	-	602,049
Depreciation	124,869	291,834	203,087	-	619,790
Fair value gain on investment properties	-	9,031,799	-	-	9,031,799
Unallocated corporate expenses	-	-	2,398,152	-	2,398,152
Profit before tax	21,898,851	12,800,277	8,975,522	(10,606,753)	33,067,897

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Assets					
Addition to investment properties	-	6,323,594	-	(5,167,532)	1,156,062
Addition to property, plant and equipment	<u>784,673</u>	<u>7,579</u>	<u>404,980</u>	<u>-</u>	<u>1,197,232</u>
Segment assets	287,722,649	109,550,035	36,701,408	(45,594,800)	388,379,292
Unallocated corporate assets					331,461
Consolidated assets					<u>388,710,753</u>
Liabilities					
Segment liabilities	103,972,832	25,970,310	18,221,816	(64,957,631)	83,207,327
Unallocated liabilities					359,402
Consolidated liabilities					<u>83,566,729</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 2014 RM'000
Rental income	<u>398</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 2014, the Group recorded revenue and profit before tax of RM25.477 million and RM15.384 million respectively, representing a 37.8% increase in revenue and 335.6% increase in profit before tax over the previous year's corresponding quarter of RM18.490 million and RM3.532 million.

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

Property Development

The property development segment registered a 43.2% increase in revenue to RM23.071 million, compared to RM16.114 million previously; whilst the segment's profit before tax increased by 100.0% to RM5.344 million, from RM2.672 million previously. The improved revenue was mainly due to higher take-up rates from the existing and newly completed residential and commercial projects while the faster growth in the profit before tax was mainly due to favorable product mix.

Property Management

The property management segment saw a marginal 4.1% increase in rental revenue at RM2.161 million during the quarter under review, compared to previous corresponding quarter's RM2.076 million, whilst this segment's profit before tax increased by 761.7% to RM9.746 million, as compared to RM1.131 million previously. The higher profit was due to fair value gain on investment properties recognised in this quarter.

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

For the current financial year ended 31 December 2014, the Group recorded a revenue of RM86.396 million and profit before tax of RM33.068 million, versus revenue of RM133.464 million and profit before tax of RM36.034 million of the previous financial year.

Property Development

In line with challenging market conditions following the financial institution's stringent control of end-financing to property buyers, the Group had fewer launches of residential and industrial properties which led the property development segment's revenue to decrease by 38.4% to RM76.797 million from RM124.680 million previously. In tandem with this, profit before tax declined 36.9% to RM21.203 million, compared to previous financial year's RM33.626 million.

Property Management

The improved occupancy rate enabled the property management segment to register 8.9% higher rental revenue of RM8.404 million, compared to RM7.718 million of the previous financial year. Profit before tax increased 282.9% to RM12.800 million from RM3.343 million previously as a result of the recognition of fair value gain on investment properties in the year.

B2. Comparison with Immediate Preceding Quarter's Results

Compared to the preceding quarter's results ended 30 September 2014, the Group's revenue recorded 9.0% higher revenue, from RM23.367 million to RM25.477 million, as a result of positive buyer response for completed residential and commercial projects.

The Group recorded 79.9% higher overall profit before tax to RM15.384 million for the current quarter under review, compared to the preceding quarter's RM8.549 million due to recognition of fair value gain on investment properties.

B3. Prospects

The property sector is anticipated to be still challenging for 2015. 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 continue to 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 2015.

B4. Profit for the year

	Current Quarter 31 December 2014 RM'000	Year to Date 31 December 2014 RM'000
Profit for the year is arrived at after crediting/(charging):-		
Interest income	61	333
Other income including investment income	174	726
Interest expense	(166)	(602)
Depreciation and amortization	(167)	(620)
Reversal of impairment loss for land held for property development	558	558
Fair value gain on investment properties	9,032	9,032
	<u>9,032</u>	<u>9,032</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

	Current Quarter 31 December 2014 RM'000	Year to Date 31 December 2014 RM'000
Income Tax		
- Current Year	(1,647)	(6,741)
Deferred Tax		
- Current Year	(460)	(376)
	<u>(2,107)</u>	<u>(7,117)</u>
Profit Before Tax	15,384	33,068
Effective tax rate	13.7%	21.5%

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	34,892	-	34,892
Long term	9,620	-	9,620
Total	<u>44,512</u>	<u>-</u>	<u>44,512</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 cases are pending and or ongoing for trials. 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 ended 31 December 2014. 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 2014	Year to Date 31 December 2014
Profit for the year	RM 13,277,187	RM 25,951,036
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)	3.53 sen	6.91 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

	As of 31 December 2014 RM'000	As of 31 December 2013 RM'000
Realised	176,921	165,561
Unrealised	33,951	26,379
	<hr/>	<hr/>
Consolidation adjustment	210,872 (93,532)	191,940 (93,146)
	<hr/>	<hr/>
Total Group retaining earnings as per consolidated accounts	117,340	98,794