

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 2015**  
**(UNAUDITED)**

This Report is dated 23 November 2015

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 30 SEPTEMBER 2015**  
 (The figures have not been audited)

	As at 30 SEP 2015 (Unaudited)	As at 31 DEC 2014 (Audited)
	RM'000	RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,508	2,239
Investment properties	90,992	93,667
Land held for property development	172,910	157,640
<b>TOTAL NON-CURRENT ASSETS</b>	<u>266,410</u>	<u>253,546</u>
<b>Current Assets</b>		
Inventories	21,596	9,755
Land and development expenditure	64,495	56,868
Receivables	15,881	27,634
Current tax assets	919	497
Cash and bank balances	35,480	40,411
<b>TOTAL CURRENT ASSETS</b>	<u>138,371</u>	<u>135,165</u>
<b>TOTAL ASSETS</b>	<u>404,781</u>	<u>388,711</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	187,804	187,804
Retained earnings	126,083	117,340
<b>TOTAL EQUITY</b>	<u>313,887</u>	<u>305,144</u>
<b>Non-current liabilities</b>		
Borrowings	13,724	9,620
Deferred tax liabilities	5,820	6,145
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>19,544</u>	<u>15,765</u>
<b>Current Liabilities</b>		
Payables	33,729	30,446
Borrowings	34,700	34,892
Current tax payables	2,921	2,464
<b>TOTAL CURRENT LIABILITIES</b>	<u>71,350</u>	<u>67,802</u>
<b>TOTAL LIABILITIES</b>	<u>90,894</u>	<u>83,567</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>404,781</u>	<u>388,711</u>
Net Assets (NA) per share (RM)	<u>0.84</u>	<u>0.81</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 30 SEPTEMBER 2015**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 SEP 2015 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEP 2014 RM'000	CURRENT YEAR TO DATE 30 SEP 2015 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEP 2014 RM'000
Revenue	13,558	23,367	52,682	60,919
Cost of sales	(7,181)	(9,914)	(27,353)	(32,347)
Gross Profit	6,377	13,453	25,329	28,572
Investment revenue	153	78	435	272
Other income	1,558	260	3,085	552
Administrative expenses	(3,725)	(5,095)	(11,187)	(11,273)
Finance costs	(149)	(146)	(537)	(436)
Other expenses	-	(1)	(8)	(3)
Profit before tax	4,214	8,549	17,117	17,684
Income tax expense	(1,120)	(2,401)	(4,618)	(5,010)
Profit for the period	3,094	6,148	12,499	12,674
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	3,094	6,148	12,499	12,674
Profit attributable to: Owners of the Company	3,094	6,148	12,499	12,674
Earnings per share (sen)				
- Basic	0.82	1.64	3.33	3.37
- 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 2014 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 2015**  
 (The figures have not been audited)

	← Atributable 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 2015	187,804	117,340	305,144
Total comprehensive income for the period	-	12,499	12,499
Final dividend - Year Ended 31 December 2014	-	(3,756)	(3,756)
Balance as at 30 September 2015	<u>187,804</u>	<u>126,083</u>	<u>313,887</u>
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>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statement.

**GROMUTUAL BERTHAD**  
 (Company No. 625034 X)  
 (Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2015**  
 (The figures have not been audited)

	<b>30 SEP 2015</b> <b>(Unaudited)</b>	<b>31 DEC 2014</b> <b>(Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES</b>		
Receipts from customers	62,519	100,759
Payments to suppliers and employees	<u>(44,185)</u>	<u>(58,378)</u>
Cash From Operations	18,334	42,381
Finance costs paid	(1,713)	(2,123)
Income taxes paid	(5,497)	(8,610)
Income taxes refund	<u>282</u>	<u>93</u>
Net Cash (Used In) From Working Capital	11,406	31,741
Additions to Land held for property development	<u>(21,646)</u>	<u>(15,130)</u>
Net Cash (Used In) From Operating Activities	<u>(10,240)</u>	<u>16,611</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Proceeds from disposal of investment properties	6,580	-
Proceeds from disposal of PPE	60	259
Other investments	435	333
Additions to property, plant and equipment	(545)	(285)
Additions to investment properties	<u>(1,307)</u>	<u>(1,156)</u>
Net Cash From (Used In) Investing Activities	<u>5,223</u>	<u>(849)</u>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	14,583	-
Repayment of bank borrowings	(10,327)	(11,423)
Dividend paid	<u>(3,756)</u>	<u>(7,512)</u>
Net Cash From (Used In) Financing Activities	<u>500</u>	<u>(18,935)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,517)</b>	<b>(3,173)</b>
<b>CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR</b>	<b>6,649</b>	<b>9,822</b>
<b>CASH AND CASH EQUIVALENTS AS OF END OF PERIOD</b>	<b><u>2,132</u></b>	<b><u>6,649</u></b>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	1,116	886
Cash and bank balances	34,364	39,525
Bank overdraft	(32,232)	(32,876)
Less : Fixed deposits pledged to banks	<u>(1,116)</u>	<u>(886)</u>
	<u>2,132</u>	<u>6,649</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 THIRD QUARTER ENDED 30 SEPTEMBER 2015**

**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 2014.

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 2014, except for the following revised and amendments to Financial Reporting Standards ("FRSs") that are effective for annual periods beginning on or after 1 January 2015:

**Adoption of revised and amendments to FRSs**

Amendments to FRS 119	Defined Benefit Plan: Employee Contributions
Amendments to FRSs	Annual Improvements to FRSs 2010 – 2012 cycle
Amendments to FRSs	Annual Improvements to FRSs 2011 – 2013 cycle

The adoption of abovementioned Standards do 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 adopted the following revised and amendments to FRSs which have been issued but not yet effective:

		Effective for annual periods beginning on or <u>after</u>
FRS 9	Financial Instruments	1 January 2018
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101	Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
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 required to adopt the MFRS Framework latest by 1 January 2017. However, following the announcement by MASB on 28 October 2015, the effective date of MFRS 15 is now deferred to annual periods beginning on or after 1 January 2018.

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 year ending 31 December 2018.

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 Paid**

The single tier final dividend of 2%, amounting to RM3,756,080 in respect of the financial year ended 31 December 2014 which was approved by shareholders at the 12<sup>th</sup> Annual General Meeting held on 25 May 2015 had been paid on 9 July 2015 to shareholders whose names appeared in the Record of Depositors at the close of business on 15 June 2015.

**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 2015 is as follow:

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
<b>Revenue</b>					
External sales	44,930,202	6,950,999	801,046	-	52,682,247
Inter-segment income	2,222,154	81,000	6,914,200	(9,217,354)	-
<b>Total revenue</b>	<u>47,152,356</u>	<u>7,031,999</u>	<u>7,715,246</u>	<u>(9,217,354)</u>	<u>52,682,247</u>
<b>Results</b>					
Investment revenue	398,889	13,302	22,368	-	434,559
Finance costs	61,258	460,451	15,389	-	537,098
Depreciation	182,045	244,329	142,382	-	568,756
Unallocated corporate expenses	-	-	822,889	-	822,889
Profit before tax	<u>12,648,693</u>	<u>6,218,299</u>	<u>4,965,773</u>	<u>(6,715,409)</u>	<u>17,117,356</u>
<b>Assets</b>					
Addition to investment properties	-	1,377,498	-	(70,753)	1,306,745
Addition to property, plant and equipment	<u>575,017</u>	<u>250,380</u>	<u>19,492</u>	<u>-</u>	<u>844,889</u>
Segment assets	294,188,999	113,670,585	24,176,382	(28,689,924)	403,346,042
Unallocated corporate assets					1,434,958
Consolidated assets					<u>404,781,000</u>
<b>Liabilities</b>					
Segment liabilities	95,356,031	29,892,009	12,554,103	(46,908,546)	90,893,597
Unallocated liabilities					-
Consolidated liabilities					<u>90,893,597</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:

	<b>Year to Date 30 September 2015 RM'000</b>
<u>With a company in which certain directors have substantial interest</u>	
Rental income	298
<u>With companies in which certain directors and substantial shareholders have interest</u>	
Purchase of properties	10,210
<u>With directors or persons connected to directors</u>	
Sales of properties	<u>3,161</u>

The above transactions had been entered into in the normal course of business 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 RM13.558 million and RM4.214 million respectively, representing a 42.0% decline from previous year's corresponding quarter revenue of RM23.367 million and a 50.7% decline in profit before tax from RM8.549 million.

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

Property Development

The property development segment saw a decrease of 48.1% in revenue to RM10.904 million compared to RM20.993 million previously; whilst the segment's profit before tax declined by 84.4% to RM1.389 million, from RM8.897 million previously. The decrease was because of the weak market sentiment in the property sector and the timing of the Group of its new property launches in the year under review.

Property Management

The property management segment registered a 15.0% increase in rental revenue at RM2.411 million during the quarter under review, compared to previous corresponding quarter's RM2.096 million; whilst this segment's profit before tax increased by 201.9% to RM2.874 million, compared to RM0.952 million previously. The increase was due to the better occupancy rate and the gain on disposal of an investment property of RM1.496 million in this quarter.

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

For the current financial period to date, the Group recorded a revenue of RM52.682 million and profit before tax of RM17.117 million, versus revenue of RM60.919 million and profit before tax of RM17.684 million of the preceding corresponding financial period.

Property Development

The fewer launches of residential and industrial properties and the weak market sentiment led to the property development segment's revenue to decrease by 16.4% to RM44.930 million from RM53.726 million previously. In tandem with this, profit before tax declined 26.0% to RM11.733 million, compared to previous corresponding financial period's RM15.859 million.

Property Management

The improved occupancy rate enabled the property management segment to register 11.3% higher rental revenue of RM6.951 million, compared to RM6.243 million of the previous corresponding financial period, whilst this segment's profit before tax increased by 103.6% to RM6.218 million, as compared to RM3.054 million previously. The higher profit was mainly due to the gain on disposal of two investment properties of RM2.589 million in this current financial period.

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

Compared to the preceding quarter's results ended 30 June 2015, the Group's revenue recorded 28.2% lower revenue, from RM18.887 million to RM13.558 million, as a result of overall soft demand of property market.

Correspondingly, the Group recorded 25.0% lower overall profit before tax to RM4.214 million for the current quarter under review, compared to the preceding quarter's RM5.615 million.

**B3. Prospects**

The property sector is 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 ending 31 December 2015.

**B4. Profit for the year**

	<b>Current Quarter 30 September 2015 RM'000</b>	<b>Year to Date 30 September 2015 RM'000</b>
Profit for the year is arrived at after crediting/(charging):-		
Interest income	153	435
Other income including investment income	62	487
Interest expense	(149)	(537)
Depreciation and amortization	(203)	(569)
Gain on disposal of investment property	<u>1,496</u>	<u>2,598</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. Profit forecast or profit guarantee**

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

**B6. Taxation**

	<b>Current Quarter 30 September 2015 RM'000</b>	<b>Year to Date 30 September 2015 RM'000</b>
Income Tax		
- Current Year	(1,291)	(4,943)
Deferred Tax		
- Current Year	<u>171</u>	<u>325</u>
	<u>(1,120)</u>	<u>(4,618)</u>
Profit Before Tax	4,214	17,117
Effective tax rate	26.6%	27.0%

The effective rate of the Group for the current quarter and period to date is higher than the statutory tax rate as certain expense of the subsidiary companies are not deductible for tax purposes.

**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 of the end of the reporting quarter are as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term	34,700	-	34,700
Long term	13,724	-	13,724
<b>Total</b>	<b>48,424</b>	<b>-</b>	<b>48,424</b>

**B9. Material Claims**

The Company has instituted legal proceedings 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 these cases would not have any material financial impact to the Group and the Company.

**B10. Proposed Dividend**

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 2015. The dividend is to be paid on 23 December 2015 to shareholders whose name appears in the Record of Depositors at the close of business on 8 December 2015.

**B11. Earnings Per Share**

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

	Current Quarter 30 September 2015	Year to Date 30 September 2015
Profit for the period	RM 3,094,666	RM 12,499,459
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)	0.82 sen	3.33 sen

**B12. Audit Qualification**

The audited financial statements of the Group for the financial year ended 31 December 2014 were not subject to any audit qualifications.

**B13. Retained Earning**

	<b>As of 30 September 2015 RM'000</b>	<b>As of 31 December 2014 RM'000</b>
Realised	188,382	176,921
Unrealised	32,173	33,951
	<hr/>	<hr/>
Consolidation adjustment	220,555 (94,472)	210,872 (93,532)
	<hr/>	<hr/>
Total Group retained earnings as per consolidated accounts	<u>126,083</u>	<u>117,340</u>