

Company No. 625034 X

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

QUARTERLY REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2016
(UNAUDITED)

This Report is dated 23 May 2016

GROMUTUAL BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

QUARTERLY REPORT

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016
 (The figures have not been audited)

	As at 31 MAR 2016 (Unaudited)	As at 31 DEC 2015 (Audited)
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	2,119	2,318
Investment properties	93,089	92,301
Land held for property development	171,604	173,952
TOTAL NON-CURRENT ASSETS	<u>266,812</u>	<u>268,571</u>
Current Assets		
Inventories	14,934	20,141
Land and development expenditure	74,124	67,406
Receivables	24,324	19,586
Current tax assets	890	932
Cash and bank balances	43,644	39,907
TOTAL CURRENT ASSETS	<u>157,916</u>	<u>147,972</u>
TOTAL ASSETS	<u>424,728</u>	<u>416,543</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	187,804	187,804
Retained earnings	132,527	125,876
TOTAL EQUITY	<u>320,331</u>	<u>313,680</u>
Non-current liabilities		
Borrowings	11,442	12,292
Deferred tax liabilities	5,771	5,825
TOTAL NON-CURRENT LIABILITIES	<u>17,213</u>	<u>18,117</u>
Current Liabilities		
Payables	42,605	37,975
Borrowings	41,865	45,227
Current tax payables	2,714	1,544
TOTAL CURRENT LIABILITIES	<u>87,184</u>	<u>84,746</u>
TOTAL LIABILITIES	<u>104,397</u>	<u>102,863</u>
TOTAL EQUITY AND LIABILITIES	<u>424,728</u>	<u>416,543</u>
Net Assets (NA) per share (RM)	<u>0.85</u>	<u>0.84</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 MARCH 2016**
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 MAR 2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 MAR 2015 RM'000	CURRENT YEAR TO DATE 31 MAR 2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 MAR 2015 RM'000
Revenue	28,718	20,237	28,718	20,237
Cost of sales	(14,586)	(10,667)	(14,586)	(10,667)
Gross Profit	14,132	9,570	14,132	9,570
Investment revenue	159	144	159	144
Other income	8	1,351	8	1,351
Administrative expenses	(4,397)	(3,571)	(4,397)	(3,571)
Finance costs	(210)	(198)	(210)	(198)
Other expenses	(182)	(8)	(182)	(8)
Profit before tax	9,510	7,288	9,510	7,288
Income tax expense	(2,859)	(1,756)	(2,859)	(1,756)
Profit for the period	6,651	5,532	6,651	5,532
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	6,651	5,532	6,651	5,532
Profit attributable to: Owners of the Company	6,651	5,532	6,651	5,532
Earnings per share (sen)				
- Basic	1.77	1.47	1.77	1.47
- 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 2015 and the accompanying explanatory notes attached to the interim financial statement.

GROMUTUAL BERHAD

(Company No. 625034 X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2016**

(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 2016	187,804	125,876	313,680
Total comprehensive income for the period	-	6,651	6,651
Balance as at 31 March 2016	187,804	132,527	320,331
Balance as at 1 January 2015	187,804	117,340	305,144
Total comprehensive income for the year	-	16,048	16,048
Final dividend - Year Ended 31 December 2014	-	(3,756)	(3,756)
Interim dividend - Year Ended 31 December 2015	-	(3,756)	(3,756)
Balance as at 31 December 2015	187,804	125,876	313,680

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2016**

(The figures have not been audited)

	31 MAR 2016 (Unaudited)	31 DEC 2015 (Audited)
	RM'000	RM'000
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Receipts from customers	31,384	83,049
Payments to suppliers and employees	<u>(19,197)</u>	<u>(61,020)</u>
Cash From Operations	12,187	22,029
Finance costs paid	(629)	(2,176)
Taxes paid	(2,496)	(8,515)
Taxes refund	<u>95</u>	<u>353</u>
Net Cash From Working Capital	9,157	11,691
Additions to Land held for property development	<u>(602)</u>	<u>(21,601)</u>
Net Cash From (Used In) Operating Activities	<u>8,555</u>	<u>(9,910)</u>
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment properties	-	6,580
Proceeds from disposal of PPE	-	60
Other investments	159	517
Additions to property, plant and equipment	(5)	(562)
Additions to investment properties	<u>(788)</u>	<u>(2,616)</u>
Net Cash (Used In) From Investing Activities	<u>(634)</u>	<u>3,979</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from bank borrowings	1,600	16,586
Repayment of bank borrowings	(2,097)	(13,317)
Dividend paid	-	(7,512)
Net Cash Used In Financing Activities	<u>(497)</u>	<u>(4,243)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	7,424	(10,174)
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR	<u>(3,525)</u>	<u>6,649</u>
CASH AND CASH EQUIVALENTS AS OF END OF PERIOD	<u>3,899</u>	<u>(3,525)</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	1,495	1,118
Cash and bank balances	42,149	38,789
Bank overdraft	(38,600)	(42,314)
Less : Fixed deposits pledged to banks	<u>(1,145)</u>	<u>(1,118)</u>
	<u>3,899</u>	<u>(3,525)</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 FIRST QUARTER ENDED 31 MARCH 2016

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 2015.

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 2015, except for the following revised and amendments to Financial Reporting Standards (“FRSs”) that are effective for annual periods beginning on or after 1 January 2016:

Adoption of new and revised FRSs

FRS 14	Regulatory Deferral Account
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRSs	Annual Improvements to FRSs 2012 – 2014 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 and FRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 realistic 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

There are no dividends paid during the current quarter and the financial year 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 31 March 2016 is as follow:

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Revenue					
External sales	26,188,801	2,270,834	258,485	-	28,718,120
Inter-segment income	1,386,618	27,000	1,932,280	(3,345,898)	-
Total revenue	27,575,419	2,297,834	2,190,765	(3,345,898)	28,718,120
Results					
Investment revenue	148,223	23,012	147,236	(158,923)	159,548
Finance costs	8,591	208,326	36,937	(43,577)	210,277
Depreciation	73,374	81,719	47,307	-	202,400
Unallocated corporate expenses	-	-	225,949	-	225,949
Profit before tax	9,401,053	865,009	1,416,721	(2,172,299)	9,510,484
Assets					
Addition to investment properties	-	1,073,880	-	(285,946)	787,934
Addition to property, plant and equipment	73,374	81,719	47,307	-	202,400
Segment assets	316,992,824	105,842,701	18,464,904	(17,599,612)	423,700,817
Unallocated corporate assets					1,027,604
Consolidated assets					424,728,421
Liabilities					
Segment liabilities	87,578,132	26,082,416	9,751,698	(19,302,083)	104,110,163
Unallocated liabilities					287,500
Consolidated liabilities					104,397,663

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 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:

	Year to Date 31 March 2016 RM'000
<u>With a company in which certain directors have substantial interest</u>	
Rental income	<u>106</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

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 RM28.718 million and RM9.510 million respectively, representing a 41.9% increase in revenue and 30.5% increase in profit before tax over the previous year's corresponding quarter of RM20.237 million and RM7.288 million.

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

Property Development

The property development segment registered a 47.7% increase in revenue to RM26.189 million compared to RM17.736 million previously; whilst the segment's profit before tax increased by 61.2% to RM8.880 million, from RM5.510 million previously. The higher profit was mainly due to sales of industrial project and the good progress of its high rise project.

Property Management

The property management segment saw a marginal decrease of 0.3% in rental revenue to RM2.271 million during the quarter under review, compared to previous corresponding quarter's RM2.278 million; whilst this segment's profit before tax declined by 64.0% to RM0.862 million, compared to RM2.394 million previously due to the gain on disposal of an investment property of RM1.102 million recognised in previous corresponding quarter.

B2. Comparison with Immediate Preceding Quarter's Results

Compared to the preceding quarter's results ended 31 December 2015, the Group's revenue recorded 54.2% higher revenue, from RM18.629 million to RM28.718 million, as a result of the sales of industrial project and the good progress of its high rise project.

Correspondingly, the Group recorded 102.6% higher overall profit before tax to RM9.510 million for the current quarter under review, compared to the preceding quarter's RM4.694 million.

B3. Prospects

The property sector is anticipated to be still challenging for 2016. 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 2016.

B4. Profit for the period

	Current Quarter 31 March 2016 RM'000	Year to Date 31 March 2016 RM'000
Profit for the period is arrived at after crediting/(charging):-		
Interest income	159	159
Other income including investment income	8	8
Interest expense	(210)	(210)
Depreciation and amortization	<u>(202)</u>	<u>(202)</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 year.

B6. Taxation

	Current Quarter 31 March 2016 RM'000	Year to Date 31 March 2016 RM'000
Income Tax		
- Current Year	(2,913)	(2,913)
Deferred Tax		
- Current Year	54	54
	<u>(2,859)</u>	<u>(2,859)</u>
Profit Before Tax	9,510	9,510
Effective tax rate	30.1%	30.1%

The effective rate of the Group for the current quarter and period to date is higher than the statutory tax rate as certain expenses 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	41,865	-	41,865
Long term	11,442	-	11,442
Total	<u>53,307</u>	<u>-</u>	<u>53,307</u>

B9. Material Claims

The Kuala Lumpur High Court on 27 November 2015 had dismissed the Company's claim against a vendor for specific performance as per the Sales and Purchase Agreement dated 7 June 2011 in respect to the Company's purchase of land. The Company had filed the appeal against the High Court's judgement. The Board of Directors is of the view that the appeal would not have any material financial impact to the Group and the Company.

B10. Proposed Dividend

The Board of Directors do not propose any payment of interim dividend during the current quarter and the financial year to date.

B11. Earnings Per Share

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

	Current Quarter 31 March 2016	Year to Date 31 March 2016
Profit for the period	RM 6,651,014	RM 6,651,014
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)	1.77 sen	1.77 sen

B12. Audit Qualification

The audited financial statements of the Group for the financial year ended 31 December 2015 were not subject to any audit qualifications.

B13. Retained Earning

	As of 31 March 2016 RM'000	As of 31 December 2015 RM'000
Realised	196,533	189,058
Unrealised	32,164	32,168
	<hr/>	<hr/>
Consolidation adjustment	228,697 (96,170)	221,226 (95,350)
	<hr/>	<hr/>
Total Group retained earnings as per consolidated accounts	<u>132,527</u>	<u>125,876</u>