

Company No. 625034 X

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

**QUARTERLY REPORT**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2011**  
**(UNAUDITED)**

This Report is dated 22 August 2011

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 JUNE 2011**  
 (The figures have not been audited)

|  | As at<br>30 JUN 2011<br>(Unaudited) | As at<br>31 DEC 2010<br>(Audited) |
|--|-------------------------------------|-----------------------------------|
|  | RM'000                              | RM'000                            |
| <b>Assets</b>  |                                     |                                   |
| <b>Non-current assets</b>                            |                                     |                                   |
| Property, plant and equipment                        | 2,491                               | 1,622                             |
| Investment properties                                | 81,842                              | 76,170                            |
| Land held for property development                   | 168,714                             | 162,010                           |
| Joint venture projects held for property development | 1,027                               | 1,439                             |
| <b>TOTAL NON-CURRENT ASSETS</b>                      | <u>254,074</u>                      | <u>241,241</u>                    |
| <b>Current Assets</b>                                |                                     |                                   |
| Inventories  | 9,691                               | 14,638                            |
| Land and development expenditure                     | 13,400                              | 11,074                            |
| Joint venture development expenditure                | 8,348                               | 8,893                             |
| Receivables  | 27,892                              | 23,222                            |
| Current tax assets                                   | 775                                 | 788                               |
| Cash and bank balances                               | 7,393                               | 9,150                             |
| <b>TOTAL CURRENT ASSETS</b>                          | <u>67,499</u>                       | <u>67,765</u>                     |
| <b>TOTAL ASSETS</b>                                  | <u>321,573</u>                      | <u>309,006</u>                    |
| <b>EQUITY AND LIABILITIES</b>                        |                                     |                                   |
| <b>Equity attributable to owners of the Company</b>  |                                     |                                   |
| Share capital  | 187,804                             | 187,804                           |
| Retained earnings                                    | 48,914                              | 42,853                            |
| <b>TOTAL EQUITY</b>                                  | <u>236,718</u>                      | <u>230,657</u>                    |
| <b>Non-current liabilities</b>                       |                                     |                                   |
| Borrowings   | 28,432                              | 23,486                            |
| Deferred tax liabilities                             | 7,405                               | 7,525                             |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                 | <u>35,837</u>                       | <u>31,011</u>                     |
| <b>Current Liabilities</b>                           |                                     |                                   |
| Payables   | 23,358                              | 20,498                            |
| Borrowings   | 23,240                              | 25,491                            |
| Current tax payables                                 | 2,420                               | 1,349                             |
| <b>TOTAL CURRENT LIABILITIES</b>                     | <u>49,018</u>                       | <u>47,338</u>                     |
| <b>TOTAL LIABILITIES</b>                             | <u>84,855</u>                       | <u>78,349</u>                     |
| <b>TOTAL EQUITY AND LIABILITIES</b>                  | <u>321,573</u>                      | <u>309,006</u>                    |
| Net Assets (NA) per share (RM)                       | <u>0.63</u>                         | <u>0.61</u>                       |

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statement.

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 30 JUNE 2011**  
 (The figures have not been audited)

|   | INDIVIDUAL QUARTER                      |   | CUMULATIVE QUARTER                      |  |
|---|---|---|---|--|
|   | CURRENT YEAR QUARTER 30 JUN 2011 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 30 JUN 2010 RM'000 | CURRENT YEAR TO DATE 30 JUN 2011 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 30 JUN 2010 RM'000 |
| Revenue   | 23,125                                  | 22,209  | 46,332                                  | 35,614   |
| Cost of sales   | (15,147)                                | (15,517)  | (31,499)                                | (23,950)   |
| Gross Profit  | 7,978                                   | 6,692   | 14,833                                  | 11,664   |
| Investment revenue  | 41                                      | 13  | 65                                      | 98   |
| Other income  | 194                                     | 790   | 348                                     | 906  |
| Administrative expenses                                     | (2,700)                                 | (2,203)   | (4,963)                                 | (3,987)  |
| Finance costs   | (60)                                    | (171)   | (135)                                   | (375)  |
| Other expenses  | (2)                                     | (1,229)   | (2)                                     | (1,238)  |
| <b>Profit before tax</b>                                    | <b>5,451</b>                            | <b>3,892</b>  | <b>10,146</b>                           | <b>7,068</b>   |
| Income tax expense  | (1,398)                                 | (1,255)   | (2,677)                                 | (2,115)  |
| <b>Profit for the year</b>                                  | <b>4,053</b>                            | <b>2,637</b>  | <b>7,469</b>                            | <b>4,953</b>   |
| <b>Other comprehensive income for the year (net of tax)</b> | <b>-</b>                                | <b>-</b>  | <b>-</b>                                | <b>-</b>   |
| <b>Total comprehensive income for the year</b>              | <b>4,053</b>                            | <b>2,637</b>  | <b>7,469</b>                            | <b>4,953</b>   |
| <b>Attributable to:<br/>Owners of the Company</b>           | <b>4,053</b>                            | <b>2,637</b>  | <b>7,469</b>                            | <b>4,953</b>   |
| <b>Earnings per share (sen)</b>                             |   |   |   |  |
| - Basic   | 1.08                                    | 0.70  | 1.99                                    | 1.32   |
| - 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 2010 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 30 JUNE 2011**  
 (The figures have not been audited)

|  | ← Attributable to owners of the Company → |  |                               |
|--|---|--|-------------------------------|
|  | Share<br>Capital<br>RM'000                | Distributable Reserve<br>Retained Earnings<br>RM'000 | Total/Net<br>Equity<br>RM'000 |
| Balance as at 1 January 2011                   | 187,804                                   | 42,853   | 230,657                       |
| Total comprehensive income for the period      | -   | 7,469  | 7,469                         |
| Final dividend - Year Ended 31 December 2010   | -   | (1,408)  | (1,408)                       |
| Balance as at 30 June 2011                     | <u>187,804</u>                            | <u>48,914</u>  | <u>236,718</u>                |
| Balance as at 1 January 2010                   | 187,804                                   | 34,171   | 221,975                       |
| Total comprehensive income for the year        | -   | 11,499   | 11,499                        |
| Final dividend - Year Ended 31 December 2009   | -   | (1,409)  | (1,409)                       |
| Interim dividend - Year Ended 31 December 2010 | -   | (1,408)  | (1,408)                       |
| Balance as at 31 December 2010                 | <u>187,804</u>                            | <u>42,853</u>  | <u>230,657</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 2010 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 30 JUNE 2011**  
 (The figures have not been audited)

|   | 30 JUN 2011<br>(Unaudited) | 31 DEC 2010<br>(Audited) |
|---|----------------------------|--------------------------|
|   | RM'000                     | RM'000                   |
| <b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>         |                            |                          |
| Cash From Operations  | 23,342                     | 30,952                   |
| Finance costs paid  | (1,149)                    | (1,964)                  |
| Income taxes paid   | (1,713)                    | (4,565)                  |
| Income taxes refund   | -                          | -                        |
|   | <hr/>                      | <hr/>                    |
| Net Cash From Working Capital                                 | 20,480                     | 24,423                   |
| Additions to Land held for property development               | (16,601)                   | (34,910)                 |
| Additions to Joint venture land held for property development | (373)                      | (1,943)                  |
|   | <hr/>                      | <hr/>                    |
| Net Cash From (Used In) Operating Activities                  | 3,506                      | (12,430)                 |
| <b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>                |                            |                          |
| Proceeds from disposal of investment properties               | -                          | 3,048                    |
| Proceeds from disposal of investment held for trading         | -                          | 139                      |
| Proceeds from disposal of PPE                                 | 81                         | 70                       |
| Other investments   | 67                         | 150                      |
| Additions to property, plant and equipment                    | (1,013)                    | (287)                    |
| Additions to investment properties                            | (5,620)                    | (9,814)                  |
|   | <hr/>                      | <hr/>                    |
| Net Cash Used In Investing Activities                         | (6,485)                    | (6,694)                  |
| <b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>         |                            |                          |
| Proceeds from bank borrowings                                 | 7,571                      | 19,776                   |
| Repayment of bank borrowings                                  | (4,776)                    | (10,838)                 |
| Dividend paid   | (1,408)                    | (2,817)                  |
|   | <hr/>                      | <hr/>                    |
| Net Cash From (Used In) Financing Activities                  | 1,387                      | 6,121                    |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>              | <b>(1,592)</b>             | <b>(13,003)</b>          |
| <b>CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR</b>      | <b>(12,146)</b>            | <b>857</b>               |
| <b>CASH AND CASH EQUIVALENTS AS OF END OF PERIOD/YEAR</b>     | <b>(13,738)</b>            | <b>(12,146)</b>          |
| <b>Cash and cash equivalents comprise of:</b>                 |                            |                          |
| Fixed deposits with licenced bank                             | 401                        | 426                      |
| Cash and bank balances  | 6,992                      | 8,724                    |
| Bank overdraft  | (20,730)                   | (20,970)                 |
| Less : Fixed deposits pledged to banks                        | (401)                      | (326)                    |
|   | <hr/>                      | <hr/>                    |
|   | <b>(13,738)</b>            | <b>(12,146)</b>          |

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 JUNE 2011**

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

**A1. Basis of Preparation**

This unaudited interim financial statement have been prepared under the historical-cost convention except for the revaluation of certain freehold land included in land held for property development and the investment properties that are stated at fair values.

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 2010.

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 2010, except for the following revised and amendments to Financial Reporting Standards ("FRSs") that are effective for annual periods beginning on or after 1 January 2011:

**Adoption of revised and amendments to FRSs**

|         |  |
|---------|--|
| FRS 1   | First-time Adoption of Financial Reporting Standards (revised)   |
| FRS 1   | First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS 7 Disclosures for First-time Adopters)     |
| FRS 1   | First time adoption of Financial Reporting Standards (Amendments relating to additional exemptions for first-time adopters)                                    |
| FRS 3   | Business Combinations (revised)  |
| FRS 7   | Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)  |
| FRS 127 | Consolidated and Separate Financial Statements (revised)   |
| FRS 139 | Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127) |

The adoption of abovementioned Standards does not have significant financial impact on the financial statements of the Group and of the Company except for the following:

FRS 3 – Business Combinations (revised)

The revised FRS 3:

- (i) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority interests') either at fair value or at the non-controlling interests' share of the fair value of the identifiable net assets of the acquiree;
- (ii) changes the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably; any subsequent adjustments to the contingent consideration were recognised against goodwill. Under the revised Standard, contingent consideration is measured at fair value at the acquisition date; subsequent adjustments to the consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss;
- (iii) requires the recognition of a settlement gain or loss where the business combination in effect settles a pre-existing relationship between the Group and the acquiree; and
- (iv) requires acquisition-related costs to be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in profit or loss as incurred, whereas previously they were accounted for as part of the cost of acquisition.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

FRS 127 – Consolidated and Separate Financial Statements (revised)

The revised Standard will affect the Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in a change in control. Previously, in the absence of specific requirements in FRSs, increases in interests in existing subsidiary companies were treated in the same manner as the acquisition of subsidiary companies, with goodwill or a bargain purchase gain being recognised, where appropriate; for decreases in interests in existing subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.



Under FRS 127 (revised), increases or decreases in ownership interests in subsidiary companies that do not result in the Group losing control over the subsidiary companies are dealt with in equity and attributed to the owners of the parent, with no impact on goodwill or profit or loss. When control of a subsidiary company is lost as a result of a transaction, event or other circumstance, FRS 127 (revised) requires that the Group derecognise all assets, liabilities and non-controlling interests at their carrying amounts. Any retained interest in the former subsidiary company is recognised at its fair value at the date when control is lost, with the resulting gain or loss being recognised in profit or loss.

Upon adoption, this Standard will be applied prospectively and therefore, no restatements will be required in respect of transactions prior to the date of adoption.

**Revised FRSs and IC Interpretation ("IC Int.") in issue but not yet effective**

The Group and the Company have not early adopted FRS 124 *Related Party Disclosures* and IC Int. 15 *Agreements for the Construction of Real Estate* which are effective for annual periods beginning on or after 1 January 2012. There will have no material impact on the financial statements of the Group and the Company in the period of initial application except as disclose below:

**IC Int. 15 -Agreements for the Construction of Real Estate**

This Interpretation requires that when the property developer is providing construction services to the buyer's specifications, revenue can be recorded as construction progresses. Otherwise, revenue should be recognised on completion of the relevant property development unit.

The Group is currently assessing the impact of the adoption of this Interpretation.

**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 final dividend of 1% less 25% tax, amounting to RM1,408,530 (net) in respect of the financial year ended 31 December 2010 which was approved by shareholders at the 8<sup>th</sup> Annual General Meeting held on 23 May 2011 had been paid on 27 June 2011 to shareholders whose names appeared in the Record of Depositors at the close of business on 15 June 2011.

**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 June 2011 is as follow:

|   | Property<br>development<br>RM | Property<br>management<br>RM | Others<br>RM     | Elimination<br>RM  | Consolidated<br>RM |
|---|-------------------------------|------------------------------|------------------|--------------------|--------------------|
| <b>Revenue</b>                            |                               |                              |                  |                    |                    |
| External sales                            | 42,014,464                    | 3,207,528                    | 1,109,563        | -                  | 46,331,555         |
| Inter-segment income                      | -                             | 108,000                      | 2,255,400        | (2,363,400)        | -                  |
| Total revenue                             | <u>42,014,464</u>             | <u>3,315,528</u>             | <u>3,364,963</u> | <u>(2,363,400)</u> | <u>46,331,555</u>  |
| <b>Results</b>                            |                               |                              |                  |                    |                    |
| Investment revenue                        | 44,251                        | 3,018                        | 18,364           | -                  | 65,633             |
| Finance costs                             | 44,712                        | 89,035                       | 1,468            | -                  | 135,215            |
| Depreciation                              | 125,170                       | 59,426                       | 98,429           | -                  | 283,025            |
| Unallocated corporate expenses            | -                             | -                            | 540,189          | -                  | 540,189            |
| Profit before tax                         | <u>8,026,671</u>              | <u>1,534,819</u>             | <u>584,419</u>   | <u>-</u>           | <u>10,145,909</u>  |
| <b>Assets</b>                             |                               |                              |                  |                    |                    |
| Addition to investment property           | -                             | 5,672,459                    | -                | -                  | 5,672,459          |
| Addition to property, plant and equipment | <u>2,541</u>                  | <u>890,286</u>               | <u>260,569</u>   | <u>-</u>           | <u>1,153,396</u>   |
| Segment assets                            | 246,467,848                   | 97,072,647                   | 23,911,465       | (46,203,872)       | 321,248,088        |
| Unallocated corporate assets              |                               |                              |                  |                    | 325,367            |
| Consolidated assets                       |                               |                              |                  |                    | <u>321,573,455</u> |
| <b>Liabilities</b>                        |                               |                              |                  |                    |                    |
| Segment liabilities                       | 98,925,557                    | 32,892,010                   | 8,042,295        | (55,075,372)       | 84,784,490         |
| Unallocated liabilities                   |                               |                              |                  |                    | 71,158             |
| Consolidated liabilities                  |                               |                              |                  |                    | <u>84,855,648</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**

|  | <b>Year to Date<br/>30 June 2011<br/>RM'000</b> |
|--|---|
| Approved, contracted but not provided for:<br>Investment property under construction | <u>1,686</u>                                    |

**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<br/>30 June 2011<br/>RM'000</b> |
|---------------|---|
| Rental income | <u>152</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 of the 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**

For the current quarter ended 30 June 2011, the Group recorded the turnover of RM23.125 million and the profit before tax of RM5.451 million as compared to the revenue of RM22.209 million and profit before tax of RM3.892 million in the preceding year corresponding quarter.

For the current financial period to date, the Group's revenue of RM46.332 million and profit before tax of RM10.146 million are approximately 30% and 44% higher than the revenue of RM35.614 million and profit before tax of RM7.068 million respectively in prior corresponding financial period ended 30 June 2010.

The higher progress work done on certain high profit margin projects being completed during the current quarter have improved the revenue and profit before tax of the Group.

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

The Group's turnover for the current quarter under review is RM23.125 million, which is RM0.082 million lower than the turnover for the immediate preceding quarter ended 31 March 2011 of RM23.207 million. Nevertheless, the Group's profit before tax of RM5.451 million for the current quarter under review was higher than the previous quarter ended 31 March 2011 of RM4.695 million because of certain high margin development projects that have been completed during the current quarter.

**B3. Prospects**

The Group will be prudent in its business strategies by offering the right product in appropriate location at attractive prices. The Group is expected to achieve satisfactory performance for financial year 2011.

**B4. Taxation**

|                    | <b>Current Quarter<br/>30 June 2011<br/>RM'000</b> | <b>Year To Date<br/>30 June 2011<br/>RM'000</b> |
|--------------------|--|---|
| Income Tax         |  |   |
| - Current Year     | (1,501)  | (2,797)   |
| Deferred Tax       |  |   |
| - Current Year     | 103  | 120   |
|                    | <u>(1,398)</u>                                     | <u>(2,677)</u>                                  |
| Profit Before Tax  | 5,451  | 10,146  |
| Effective tax rate | 25.6%  | 26.4%   |

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.

**B5. Purchases or Sales of Unquoted Investments and Investment Properties**

There are no significant purchases or sales of unquoted investments and investment properties during the current quarter and financial year to date.

**B6. Particulars of Purchase or Disposal of Investment Held for Trading**

There are no purchases or disposal of investment held for trading during the current quarter and financial year to date.

**B7. Status of Corporate Proposals**

There is no corporate proposal announced and not completed as of the date of this announcement other than as follow:

On 3 March 2010, the Company through its advisers, AmInvestment Bank announced that the Company had proposed to undertake a Bumiputera issue of 53,658,280 new Shares to Eligible Bumiputera Investor and/or Bumiputera Shareholders of the company ("Identified Bumiputera Investors") at an issue price to be determined after obtaining all the relevant approvals.

The Proposed Special Issue is being undertaken to enable the Company to comply with the Bumiputera equity condition imposed by the Securities Commission vide its letter dated 22 December 2009 which requires the Company to comply with the New Bumiputera Equity Requirement of 12.5% of the enlarged issued and paid-up capital of the Company.

The Circular for the Bumiputera issue had been issued to the shareholders of the Company on 6 May 2010 and approved at the Extraordinary General Meeting held on 24 May 2010.

The Company had received a letter dated 19 April 2011 of Ministry of International Trade and Industry ("MITI") stating that MITI had not received any interest from the Bumiputra investors to subscribe the Special Issue Shares since 4 June 2010. The Company also had received a letter dated 12 May 2011 from the Equity Compliance Unit of Securities Commission stating that the Company has complied with the Bumiputera equity condition. In view of this the Company has complied with the Bumiputra equity condition and the Special Issue Shares is no longer requirement.

**B8. Borrowings**

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

|            | <b>Secured</b> | <b>Unsecured</b> | <b>Total</b>  |
|------------|----------------|------------------|---------------|
|            | <b>RM'000</b>  | <b>RM'000</b>    | <b>RM'000</b> |
| Short term | 23,240         | -                | 23,240        |
| Long term  | 28,432         | -                | 28,432        |
| Total      | <u>51,672</u>  | <u>-</u>         | <u>51,672</u> |

**B9. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as of the date of this announcement.

**B10. Material Litigations**

There was no material litigation as of the date of this announcement.

**B11. Proposed Dividend**

The directors do not propose any payment of dividend for the current financial quarter ended 30 June 2011.

**B12. Earnings Per Share**

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

|   | <b>Current Quarter<br/>30 June 2011</b> | <b>Year To Date<br/>30 June 2011</b> |
|---|---|--------------------------------------|
| Profit for the year                                 | RM 4,052,776                            | RM 7,469,096                         |
| 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)                      | 1.08 sen                                | 1.99 sen                             |

**B13. Audit Qualification**

The audited financial statements of the Group for the financial year ended 31 December 2010 were not subject to any audit qualifications.

**B14. Retained Earning**

|   | <b>As of<br/>30 June 2011<br/>RM'000</b> | <b>As of<br/>31 December 2010<br/>RM'000</b> |
|---|--|--|
| Realised  | 111,906                                  | 105,325                                      |
| Unrealised  | 26,273                                   | 26,312                                       |
|   | <hr/>                                    | <hr/>  |
| Consolidation adjustment                                    | 138,179<br>(89,265)                      | 131,637<br>(88,784)                          |
|   | <hr/>                                    | <hr/>  |
| Total Group retaining earnings as per consolidated accounts | 48,914                                   | 42,853                                       |