

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 2012**  
**(UNAUDITED)**

This Report is dated 28 May 2012

Company No. 625034 X

**GROMUTUAL BERHAD**  
(Incorporated in Malaysia)  
**AND ITS SUBSIDIARY COMPANIES**

**QUARTERLY REPORT**

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2012**  
 (The figures have not been audited)

	As at 31 MAR 2012 (Unaudited)	As at 31 DEC 2011 (Audited)
	RM'000	RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,857	1,988
Investment properties	86,374	87,626
Land held for property development	173,157	170,515
Joint venture projects held for property development	354	581
<b>TOTAL NON-CURRENT ASSETS</b>	<u>261,742</u>	<u>260,710</u>
<b>Current Assets</b>		
Inventories	5,018	6,179
Land and development expenditure	25,505	25,749
Joint venture development expenditure	6,323	6,540
Receivables	28,018	31,091
Current tax assets	778	940
Cash and bank balances	10,922	9,364
<b>TOTAL CURRENT ASSETS</b>	<u>76,564</u>	<u>79,863</u>
<b>TOTAL ASSETS</b>	<u>338,306</u>	<u>340,573</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	187,804	187,804
Retained earnings	65,164	60,971
<b>TOTAL EQUITY</b>	<u>252,968</u>	<u>248,775</u>
<b>Non-current liabilities</b>		
Borrowings	25,065	26,103
Deferred tax liabilities	7,222	7,267
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>32,287</u>	<u>33,370</u>
<b>Current Liabilities</b>		
Payables	22,546	21,579
Borrowings	28,234	34,541
Current tax payables	2,271	2,308
<b>TOTAL CURRENT LIABILITIES</b>	<u>53,051</u>	<u>58,428</u>
<b>TOTAL LIABILITIES</b>	<u>85,338</u>	<u>91,798</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>338,306</u>	<u>340,573</u>
Net Assets (NA) per share (RM)	<u>0.67</u>	<u>0.66</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statement.

**GROMUTUAL BERHAD**

(Company No. 625034 X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 MARCH 2012**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 MAR 2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 MAR 2011 RM'000	CURRENT YEAR TO DATE 31 MAR 2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 MAR 2011 RM'000
Revenue	20,360	23,207	20,360	23,207
Cost of sales	(13,184)	(16,352)	(13,184)	(16,352)
Gross Profit	7,176	6,855	7,176	6,855
Investment revenue	28	24	28	24
Other income	883	154	883	154
Administrative expenses	(2,311)	(2,263)	(2,311)	(2,263)
Finance costs	(306)	(75)	(306)	(75)
Other expenses	-	-	-	-
<b>Profit before tax</b>	5,470	4,695	5,470	4,695
Income tax expense	(1,277)	(1,279)	(1,277)	(1,279)
<b>Profit for the period</b>	4,193	3,416	4,193	3,416
<b>Other comprehensive income for the period (net of tax)</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	4,193	3,416	4,193	3,416
<b>Profit attributable to: Owners of the Company</b>	4,193	3,416	4,193	3,416
<b>Earnings per share (sen)</b>				
- Basic	1.12	0.91	1.12	0.91
- 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 2011 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 MARCH 2012**

(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 2012	187,804	60,971	248,775
Total comprehensive income for the period	-	4,193	4,193
Balance as at 31 March 2012	<u>187,804</u>	<u>65,164</u>	<u>252,968</u>
Balance as at 1 January 2011	187,804	42,853	230,657
Total comprehensive income for the year	-	21,404	21,404
Final dividend - Year Ended 31 December 2010	-	(1,408)	(1,408)
Interim dividend - Year Ended 31 December 2011	-	(1,878)	(1,878)
Balance as at 31 December 2011	<u>187,804</u>	<u>60,971</u>	<u>248,775</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 2011 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 31 MARCH 2012**  
 (The figures have not been audited)

	31 MAR 2012 (Unaudited)	31 DEC 2011 (Audited)
	RM'000	RM'000
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Receipts from customers	27,494	101,057
Payments to suppliers and employees	<u>(14,770)</u>	<u>(61,244)</u>
Cash From Operations	12,724	39,813
Finance costs paid	(923)	(2,659)
Income taxes paid	(1,197)	(5,413)
Income taxes refund	<u>-</u>	<u>19</u>
Net Cash From Working Capital	10,604	31,760
Additions to Land held for property development	(3,746)	(31,681)
Additions to Joint venture land held for property development	(154)	(490)
Net Cash From (Used In) Operating Activities	<u>6,704</u>	<u>(411)</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Proceeds from disposal of investment properties	2,175	-
Proceeds from disposal of PPE	-	200
Other investments	28	99
Additions to property, plant and equipment	(17)	(1,061)
Additions to investment properties	(193)	(6,932)
Net Cash From (Used In) Investing Activities	<u>1,993</u>	<u>(7,694)</u>
<b>CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings	2,108	9,676
Repayment of bank borrowings	(1,304)	(8,780)
Dividend paid	-	(3,286)
Net Cash From (Used In) Financing Activities	<u>804</u>	<u>(2,390)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,501	(10,495)
<b>CASH AND CASH EQUIVALENTS AS OF BEGINNING OF PERIOD/YEAR</b>	<u>(22,641)</u>	<u>(12,146)</u>
<b>CASH AND CASH EQUIVALENTS AS OF END OF PERIOD/YEAR</b>	<u>(13,140)</u>	<u>(22,641)</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	609	405
Cash and bank balances	10,312	8,959
Bank overdraft	(23,452)	(31,600)
Less : Fixed deposits pledged to banks	(609)	(405)
	<u>(13,140)</u>	<u>(22,641)</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 2012**

**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 2011.

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 2011, except for the following revised and amendments to Financial Reporting Standards ("FRSs") that are effective for annual periods beginning on or after 1 January 2012:

**Adoption of revised and amendments to FRSs**

- |         |   |
|---------|---|
| FRS 7   | Financial Instruments: Disclosures (Amendments relating to Disclosures – Transfers of Financial Assets) |
| FRS 112 | Income Tax (Amendments relating to Deferred Tax: Recovery of Underlying Assets)                         |
| FRS 124 | Related Party Disclosures (revised)   |

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 124 – Related Party Disclosures (Revised)**

FRS 124 (revised in 2010) has been revised on the following two aspects:

- Changes to the definition of a related party and
- Introduces a partial exemption from the disclosure requirements for government-related entities.

The Company and its subsidiary companies are not government-related entities, thus, the disclosure exemptions do not affect the Group and the Company. However, the disclosures relating to related party transactions and balances in the Group's and Company's financial statements may be affected when the revised version of the Standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

**Revised and Amendments to FRSs in issue but not yet effective**

The Group and the Company have not early adopted the following FRSs and amendments to FRSs which were in issue but not yet effective:

		Effective for annual periods beginning on or <u>after</u>
FRS 7	Financial Instrument: Disclosures (Amendments relating Offsetting Financial Assets and Financial Liabilities)	1 January 2013
FRS 9	Financial Instruments (IFRS issued by IASB in November 2009-Amendments relating to Mandatory Effective Date of FRS 9 and Transition Disclosures)	1 March 2012
FRS 9	Financial Instruments (IFRS issued by IASB in October 2010-Amendments relating to Mandatory Effective Date of FRS 9 and Transition Disclosures)	1 March 2012
FRS 9	Financial Instruments (IFRS issued by IASB in November 2009)	1 January 2015
FRS 9	Financial Instruments (IFRS issued by IASB in October 2010)	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 11	Joint Arrangements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)	1 July 2012
FRS 119	Employee Benefits (2011)	1 January 2013
FRS 127	Separate Financial Statements (2011)	1 January 2013

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 (“MFRS”)**

The Group being the transitional entities has opted to adopt the MFRS framework issued by Malaysian Accounting Standards Board (“MASB”) in thier financial statements for the year ending 31 December 2013. The MFRS framework was introduced by MASB in order to fully converge the Malaysia’s existing FRS framework with the International Financial Reporting Standards (“IFRS”) framework.

The Group is currently assessing the impact of the financial effects of the differences between FRSs and accounting standards under the MFRS framework. Should there be differences arose from the adoption of MFRS framework, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS in their financial period beginning on 1 January 2013. The adjustments will be made against the opening retained profits retrospectively and an explicit and unreserved statement of compliance with IFRSs will be made in the financial statements.



**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 2012 is as follow:

	<b>Property development RM</b>	<b>Property management RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Consolidated RM</b>
<b>Revenue</b>					
External sales	17,975,525	1,996,278	388,261	-	20,360,064
Inter-segment income	-	54,000	1,173,600	(1,227,600)	-
<b>Total revenue</b>	<u>17,975,525</u>	<u>2,050,278</u>	<u>1,561,861</u>	<u>(1,227,600)</u>	<u>20,360,064</u>
<b>Results</b>					
Investment revenue	19,301	1,706	7,184	-	28,191
Finance costs	113,517	189,808	2,782	-	306,107
Fair value gain on investment property	-	14,127	-	-	14,127
Depreciation	39,561	51,760	56,765	-	148,086
Unallocated corporate expenses	-	-	259,524	-	259,524
<b>Profit before tax</b>	<u>3,489,090</u>	<u>1,836,278</u>	<u>144,649</u>	<u>-</u>	<u>5,470,017</u>

**A7. Segmental Reporting (continue)**

	<b>Property development RM</b>	<b>Property management RM</b>	<b>Others RM</b>	<b>Elimination RM</b>	<b>Consolidated RM</b>
<b>Assets</b>					
Addition to investment property	-	192,719	-	-	192,719
Addition to property, plant and equipment	1,699	15,330	-	-	17,029
Segment assets	252,409,263	99,777,832	30,138,778	(44,822,635)	337,503,238
Unallocated corporate assets					803,216
Consolidated assets					338,306,454
<b>Liabilities</b>					
Segment liabilities	100,935,404	33,310,113	2,041,108	(51,208,935)	85,077,690
Unallocated liabilities					260,867
Consolidated liabilities					85,338,557

**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**

**Year to Date  
31 March 2012  
RM'000**

Approved, contracted but not provided for:  
Acquisition of property, plant and equipment

268

**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 March 2012  
RM'000**

Rental income

96

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**

Performance of the current quarter against the preceding year corresponding quarter

For the current quarter under review, the Group recorded a revenue of RM20.360 million and profit before tax of RM5.470 million as compared to revenue of RM23.207 million and profit before tax of RM4.695 million respectively in the preceding year corresponding quarter. The performance of the respective operating segments was as follows:

Property Development

The property development segment recorded a decrease in revenue by RM3.150 million to RM17.976 million as compared to RM21.126 million registered in the preceding year corresponding quarter. This was mainly due to higher sales of inventories in the preceding year corresponding quarter. Nevertheless, the profit before tax was only decreased slightly by RM0.162 million due to the contribution from the higher profit margin projects under construction in the current quarter.

Property Management

The rise in profit from the property management segment of RM1.028 million for the current quarter was mainly due to the gain on disposal of an investment property of around RM0.730 million. The increase in revenue is about RM0.428 million.

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

The Group's revenue for the current quarter under review is RM20.360 million, which is RM6.149 million lower than the revenue for the immediate preceding quarter ended 31 December 2011 of RM26.509 million. This was mainly due to lesser properties sold during current quarter and slower progress in property development work done caused by shortage of construction workers. Correspondingly, the Group recorded the lower profit before tax by RM1.720 million to RM5.470 million for the current quarter under review as compared to the immediate preceding quarter of RM7.190 million

**B3. Prospects**

The Group will continue to be prudent in its business strategies by offering the right product in appropriate location at attractive prices and improving property management services. The Group is expected to achieve satisfactory performance for financial year 2012.

**B4. Profit for the year**

	<b>Current Quarter 31 March 2012 RM'000</b>	<b>Year To Date 31 March 2012 RM'000</b>
Profit for the year is arrived at after crediting/(charging):-		
Interest income	28	28
Other income including investment income	153	153
Gain on disposal of investment property	730	730
Interest expense	(306)	(306)
Depreciation and amortization	(148)	(148)
	(148)	(148)

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, impairment of assets, foreign exchange gain or loss, gain or loss on derivatives for the current quarter and financial year to date.

**B5. Taxation**

	<b>Current Quarter 31 March 2012 RM'000</b>	<b>Year To Date 31 March 2012 RM'000</b>
Income Tax		
- Current Year	(1,321)	(1,321)
Deferred Tax		
- Current Year	44	44
	(1,277)	(1,277)
Profit Before Tax	5,470	5,470
Effective tax rate	23.3%	23.3%

The effective rate of the Group for the current quarter and year to date 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:

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Short term	28,234	-	28,234
Long term	25,065	-	25,065
Total	53,299	-	53,299

**B8. Material Litigations**

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

**B9. Final Dividend**

At Board of Directors' meeting held on 28 February 2012, the Board of Directors proposed a single tier final dividend of 1%, amounting to RM1,878,040 for the financial year ended 31 December 2011. The proposed final dividend has been approved by shareholders at the 9<sup>th</sup> Annual General Meeting held earlier today and will be payable on 27 June 2012 to shareholders whose names appears in the Record of Depositors at the close of business on 15 June 2012.

**B10. Earnings Per Share**

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

	<b>Current Quarter 31 March 2012</b>	<b>Year To Date 31 March 2012</b>
Profit for the year	RM 4,193,227	RM 4,193,227
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)	1.12 sen	1.12 sen

**B11. Audit Qualification**

The audited financial statements of the Group for the financial year ended 31 December 2011 were not subject to any audit qualifications.

**B12. Retained Earning**

	<b>As of 31 March 2012 RM'000</b>	<b>As of 31 December 2011 RM'000</b>
Realised	130,064	120,268
Unrealised	25,221	30,688
	<hr/>	<hr/>
Consolidation adjustment	155,285 (90,121)	150,956 (89,985)
	<hr/>	<hr/>
Total Group retaining earnings as per consolidated accounts	65,164	60,971