

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 2012**  
**(UNAUDITED)**

This Report is dated 30 August 2012

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 2012**  
 (The figures have not been audited)

	As at 30 JUN 2012 (Unaudited)	As at 31 DEC 2011 (Audited)
	RM'000	RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,898	1,988
Investment properties	86,457	87,626
Land held for property development	171,793	170,515
Joint venture projects held for property development	353	581
<b>TOTAL NON-CURRENT ASSETS</b>	<u>260,501</u>	<u>260,710</u>
<b>Current Assets</b>		
Inventories	7,478	6,179
Land and development expenditure	26,861	25,749
Joint venture development expenditure	7,193	6,540
Receivables	26,578	31,091
Current tax assets	805	940
Cash and bank balances	17,954	9,364
<b>TOTAL CURRENT ASSETS</b>	<u>86,869</u>	<u>79,863</u>
<b>TOTAL ASSETS</b>	<u>347,370</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	69,760	60,971
<b>TOTAL EQUITY</b>	<u>257,564</u>	<u>248,775</u>
<b>Non-current liabilities</b>		
Borrowings	23,540	26,103
Deferred tax liabilities	6,941	7,267
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>30,481</u>	<u>33,370</u>
<b>Current Liabilities</b>		
Payables	28,495	21,579
Borrowings	26,755	34,541
Current tax payables	4,075	2,308
<b>TOTAL CURRENT LIABILITIES</b>	<u>59,325</u>	<u>58,428</u>
<b>TOTAL LIABILITIES</b>	<u>89,806</u>	<u>91,798</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>347,370</u>	<u>340,573</u>
Net Assets (NA) per share (RM)	<u>0.69</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.

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 FOR THE QUARTER ENDED 30 JUNE 2012**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 JUN 2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUN 2011 RM'000	CURRENT YEAR TO DATE 30 JUN 2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 JUN 2011 RM'000
Revenue	30,228	23,125	50,588	46,332
Cost of sales	(18,028)	(15,147)	(31,212)	(31,499)
Gross Profit	12,200	7,978	19,376	14,833
Investment revenue	28	41	56	65
Other income	93	194	976	348
Administrative expenses	(3,229)	(2,700)	(5,540)	(4,963)
Finance costs	(208)	(60)	(514)	(135)
Other expenses	-	(2)	-	(2)
<b>Profit before tax</b>	<b>8,884</b>	<b>5,451</b>	<b>14,354</b>	<b>10,146</b>
Income tax expense	(2,410)	(1,398)	(3,687)	(2,677)
<b>Profit for the period</b>	<b>6,474</b>	<b>4,053</b>	<b>10,667</b>	<b>7,469</b>
<b>Other comprehensive income for the period (net of tax)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>6,474</b>	<b>4,053</b>	<b>10,667</b>	<b>7,469</b>
<b>Profit attributable to: Owners of the Company</b>	<b>6,474</b>	<b>4,053</b>	<b>10,667</b>	<b>7,469</b>
<b>Earnings per share (sen)</b>				
- Basic	1.72	1.08	2.84	1.99
- 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**

(Company No. 625034 X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 30 JUNE 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	-	10,667	10,667
Final dividend - Year Ended 31 December 2011	-	(1,878)	(1,878)
	<hr/>		
Balance as at 30 June 2012	187,804	69,760	257,564
	<hr/>		
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)
	<hr/>		
Balance as at 31 December 2011	187,804	60,971	248,775
	<hr/>		

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 30 JUNE 2012**  
 (The figures have not been audited)

	30 JUN 2012 (Unaudited)	31 DEC 2011 (Audited)
	RM'000	RM'000
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Receipts from customers	60,583	101,057
Payments to suppliers and employees	<u>(26,376)</u>	<u>(61,244)</u>
Cash From Operations	34,207	39,813
Finance costs paid	(1,652)	(2,659)
Income taxes paid	(2,112)	(5,413)
Income taxes refund	<u>-</u>	<u>19</u>
Net Cash From Working Capital	30,443	31,760
Additions to Land held for property development	(11,443)	(31,681)
Additions to Joint venture land held for property development	(153)	(490)
Net Cash From (Used In) Operating Activities	<u>18,847</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	56	99
Additions to property, plant and equipment	(194)	(1,061)
Additions to investment properties	(276)	(6,932)
Net Cash From (Used In) Investing Activities	<u>1,761</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	(4,296)	(8,780)
Dividend paid	(1,878)	(3,286)
Net Cash From (Used In) Financing Activities	<u>(4,066)</u>	<u>(2,390)</u>
<b>NET INCREASE (DECREASE )IN CASH AND CASH EQUIVALENTS</b>	16,542	(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>(6,099)</u>	<u>(22,641)</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	613	405
Cash and bank balances	17,341	8,959
Bank overdraft	(23,440)	(31,600)
Less : Fixed deposits pledged to banks	(613)	(405)
	<u>(6,099)</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 SECOND QUARTER ENDED 30 JUNE 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:

- (a) Changes to the definition of a related party and
- (b) 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 exemption does 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 following any changes to the definition of a related party when the revised version of the Standard is applied in future accounting periods.

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

The Group and the Company have not early adopted the following FRSs, amendments to FRSs and Improvement 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 10, 11 & 12	Consolidated Financial Statements, Joint Arrangement and Disclosure of Interest in Other Entities: Transition Guidance (Amendments to FRS 10, FRS 11 and FRS 12)	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
<b>Improvements to FRSs 2012</b>		
FRS 101	Presentation of Financial Statements (Amendments to FRS 101)	1 January 2013
FRS 134	Interim Financial Reporting (Amendments to FRS 134)	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 their financial statements for the year ending 31 December 2013. The MFRS framework was introduced by MASB to 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**

The single tier final dividend of 1%, amounting to RM1,878,040 in respect of the financial year ended 31 December 2011 which was approved by shareholders at the 9<sup>th</sup> Annual General Meeting held on 28 May 2012 had been paid on 27 June 2012 to shareholders whose names appeared in the Record of Depositors at the close of business on 15 June 2012.

**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 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	45,825,599	3,949,821	812,143	-	50,587,563
Inter-segment income	-	108,000	3,947,200	(4,055,200)	-
<b>Total revenue</b>	<b>45,825,599</b>	<b>4,057,821</b>	<b>4,759,343</b>	<b>(4,055,200)</b>	<b>50,587,563</b>
<b>Results</b>					
Investment revenue	35,958	5,130	14,561	-	55,649
Finance costs	121,825	386,622	5,387	-	513,834
Fair value gain on investment property	-	14,127	-	-	14,127
Depreciation	66,174	104,747	113,543	-	284,464
Unallocated corporate expenses	-	-	610,788	-	610,788
Profit before tax	11,988,851	2,901,054	1,063,803	(1,600,000)	14,353,708
<b>Assets</b>					
Addition to investment property	-	275,669	-	-	275,669
Addition to property, plant and equipment	16,248	175,251	3,117	-	194,616
Segment assets	259,340,699	99,765,099	32,232,213	(46,538,368)	344,799,643
Unallocated corporate assets					2,569,807
Consolidated assets					347,369,450
<b>Liabilities</b>					
Segment liabilities	106,428,890	33,065,902	2,904,971	(52,674,668)	89,725,095
Unallocated liabilities					80,733
Consolidated liabilities					89,805,828

**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**

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

**Year to Date  
30 June 2012  
RM'000**

105

**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  
30 June 2012  
RM'000**

Rental income

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The above transaction has been entered into in the normal course of business of a subsidiary company and has been established under commercial terms on willing buyer and willing seller basis that are not materially different from those obtainable in transactions with independent parties.

**B EXPLANATORY NOTES IN COMPLIANCE WITH LISTING REQUIREMENTS OF THE BURSA SECURITIES**

**B1. Review of the Performance**

(a) Performance of the current quarter against the preceding year corresponding quarter

For the current quarter under review, the Group recorded a revenue of RM30.228 million and profit before tax of RM8.884 million as compared to revenue of RM23.125 million and profit before tax of RM5.451 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 an increase in revenue by RM6.962 million to RM27.850 million and profit before tax of RM4.124 million to RM8.500 million as compared to revenue of RM20.888 million and profit before tax of RM4.376 million registered in the preceding year corresponding quarter. The improved revenue and profit before tax was mainly due to the higher sales of industrial lands in the current quarter.

Property Management

The property management segment registered an increase in revenue by RM0.314 million to RM1.954 million and profit before tax of RM0.338 million to RM 1.065 million as compared to revenue of RM1.640 million and profit before tax of RM0.727 million recorded in the preceding year corresponding quarter. The improved revenue and profit before tax was mainly due to letting of new block of student's apartment (Emerald Residence) since June 2011.

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

For the current financial period to date, the Group recorded a revenue of RM50.588 million and profit before tax of RM14.354 million as compared to the revenue of RM46.332 million and profit before tax of RM10.146 million respectively in preceding corresponding financial period.

Property Development

The higher sales of industrial lands have enabled the property development segment to register an increase in revenue of RM3.812 million from RM42.014 million to RM45.826 million and profit before tax for of RM3.962 million from RM8.027 million to RM11.989 million for the current period.

Property Management

The rise in profit from the property management segment of RM1.366 million for the current period from RM1.535 million to RM 2.901 million was mainly due to the gain on disposal of an investment property of around RM0.730 million. The increase in revenue is RM0.742 million from RM3.208 million to RM3.950 million.

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

The Group's revenue for the current quarter under review is RM30.228 million, which is RM9.868 million higher than the revenue for the immediate preceding quarter ended 31 March 2012 of RM20.360 million. This was mainly due to higher sales of industrial land during the current quarter. Correspondingly, the Group recorded an increase in profit before tax by RM3.414 million to RM8.884 million for the current quarter under review as compared to the immediate preceding quarter of RM5.470 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 30 June 2012 RM'000</b>	<b>Year To Date 30 June 2012 RM'000</b>
Profit for the year is arrived at after crediting/(charging):-		
Interest income	28	56
Other income including investment income	93	246
Gain on disposal of investment property	-	730
Interest expense	(208)	(514)
Depreciation and amortization	(136)	(284)
	<u>                    </u>	<u>                    </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, 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 30 June 2012 RM'000</b>	<b>Year To Date 30 June 2012 RM'000</b>
Income Tax		
- Current Year	(2,692)	(4,013)
Deferred Tax		
- Current Year	282	326
	<u>(2,410)</u>	<u>(3,687)</u>
Profit Before Tax	8,884	14,354
Effective tax rate	27.1%	25.7%

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.

**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	26,755	-	26,755
Long term	23,540	-	23,540
Total	<u>50,295</u>	<u>-</u>	<u>50,295</u>

**B8. Material Litigations**

There was no material litigation as of the date of this announcement other than the following:

The Company (or GMUTUAL) had through its solicitors instituted legal proceedings against the Vendor, Ladang SPK Sdn. Bhd. ("SPK or the Vendor") on 30 July 2012, via the filing of the Writ of Summons and Statement of Claim dated 30 July 2012 for inter alia specific performance of the Sale and Purchase Agreement ("SPA") dated 7 June 2011 and the Deed of Novation dated 13 February 2012. SPK as the Vendor in the SPA and the Deed of Novation, Rainbow Entity Sdn Bhd ("RESB") as Original Purchaser and GMUTUAL as New Purchaser, agreed to sell and the New Purchaser agreed to purchase 2 pieces of freehold land in township of Johor Bahru; and SPK as vendor do execute and thereafter, specifically perform the terms and conditions agreed to by SPK as evidenced in writing in the SPA and Deed of Novation between RESB and GMUTUAL that SPK has agreed.

The above matter is fixed for case management on 30 August 2012.

**B9. 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 2012. The dividend to be paid on 5 October 2012 to shareholders whose names appears in the Record of Depositors at the close of business on 21 September 2012.

**B10. Earnings Per Share**

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

	<b>Current Quarter 30 June 2012</b>	<b>Year To Date 30 June 2012</b>
Profit for the year	RM 6,473,765	RM 10,666,992
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)	1.72 sen	2.84 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 30 June 2012 RM'000</b>	<b>As of 31 December 2011 RM'000</b>
Realised	135,320	120,268
Unrealised	25,267	30,688
	<hr/>	<hr/>
Consolidation adjustment	160,587 (90,827)	150,956 (89,985)
	<hr/>	<hr/>
Total Group retaining earnings as per consolidated accounts	69,760	60,971