

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 2013
(UNAUDITED)

This Report is dated 27 May 2013

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 31 MARCH 2013
 (The figures have not been audited)

	As at 31 MAR 2013 (Unaudited)	As at 31 DEC 2012 (Audited)
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	2,198	2,364
Investment properties	83,479	83,479
Land held for property development	167,537	155,420
TOTAL NON-CURRENT ASSETS	<u>253,214</u>	<u>241,263</u>
Current Assets		
Inventories	5,050	5,384
Land and development expenditure	52,403	57,461
Receivables	42,959	39,868
Current tax assets	541	707
Cash and bank balances	18,736	13,983
TOTAL CURRENT ASSETS	<u>119,689</u>	<u>117,403</u>
TOTAL ASSETS	<u>372,903</u>	<u>358,666</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	187,804	187,804
Retained earnings	83,018	77,605
TOTAL EQUITY	<u>270,822</u>	<u>265,409</u>
Non-current liabilities		
Borrowings	17,688	19,455
Deferred tax liabilities	6,554	6,636
TOTAL NON-CURRENT LIABILITIES	<u>24,242</u>	<u>26,091</u>
Current Liabilities		
Payables	33,695	32,865
Borrowings	39,977	30,850
Current tax payables	4,167	3,451
TOTAL CURRENT LIABILITIES	<u>77,839</u>	<u>67,166</u>
TOTAL LIABILITIES	<u>102,081</u>	<u>93,257</u>
TOTAL EQUITY AND LIABILITIES	<u>372,903</u>	<u>358,666</u>
Net Assets (NA) per share (RM)	<u>0.72</u>	<u>0.71</u>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 MAR 2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 MAR 2012 RM'000	CURRENT YEAR TO DATE 31 MAR 2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31 MAR 2012 RM'000
Revenue	30,907	20,360	30,907	20,360
Cost of sales	(20,676)	(13,184)	(20,676)	(13,184)
Gross Profit	10,231	7,176	10,231	7,176
Investment revenue	39	28	39	28
Other income	115	883	115	883
Administrative expenses	(2,697)	(2,311)	(2,697)	(2,311)
Finance costs	(238)	(306)	(238)	(306)
Other expenses	(6)	-	(6)	-
Profit before tax	7,444	5,470	7,444	5,470
Income tax expense	(2,031)	(1,277)	(2,031)	(1,277)
Profit for the period/Total comprehensive income for the period	5,413	4,193	5,413	4,193
Profit attributable to: Owners of the Company	5,413	4,193	5,413	4,193
Earnings per share (sen)				
- Basic	1.44	1.12	1.44	1.12
- 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 2012 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 CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2013
 (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 2013	187,804	77,605	265,409
Profit for the period/Total comprehensive income for the period	-	5,413	5,413
Balance as at 31 March 2013	<u>187,804</u>	<u>83,018</u>	<u>270,822</u>
Balance as at 1 January 2012	187,804	60,971	248,775
Profit for the year/Total comprehensive income for the year	-	22,268	22,268
Final dividend - Year Ended 31 December 2011	-	(1,878)	(1,878)
Interim dividend - Year Ended 31 December 2012	-	(3,756)	(3,756)
Balance as at 31 December 2012	<u>187,804</u>	<u>77,605</u>	<u>265,409</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 2012 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 2013
 (The figures have not been audited)

	31 MAR 2013 (Unaudited)	31 DEC 2012 (Audited)
	RM'000	RM'000
CASH FLOWS USED IN OPERATING ACTIVITIES		
Receipts from customers	34,803	111,545
Payments to suppliers and employees	<u>(17,064)</u>	<u>(66,629)</u>
Cash From Operations	17,739	44,916
Finance costs paid	(823)	(3,056)
Income taxes paid	(1,382)	(6,654)
Income taxes refund	<u>151</u>	<u>78</u>
Net Cash From Working Capital	15,685	35,284
Additions to Land held for property development	<u>(18,330)</u>	<u>(20,350)</u>
Net Cash From (Used In) Operating Activities	<u>(2,645)</u>	<u>14,934</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of investment properties	-	6,375
Proceeds from disposal of PPE	-	-
Other investments	39	98
Additions to property, plant and equipment	(9)	(630)
Additions to investment properties	-	(276)
Net Cash From (Used In) Investing Activities	<u>30</u>	<u>5,567</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from bank borrowings	-	2,108
Repayment of bank borrowings	(1,744)	(8,600)
Dividend paid	-	(5,634)
Net Cash Used In Financing Activities	<u>(1,744)</u>	<u>(12,126)</u>
NET INCREASE (DECREASE)IN CASH AND CASH EQUIVALENTS	(4,359)	8,375
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF PERIOD/YEAR	<u>(14,266)</u>	<u>(22,641)</u>
CASH AND CASH EQUIVALENTS AS OF END OF PERIOD/YEAR	<u>(18,625)</u>	<u>(14,266)</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licnced bank	854	845
Cash and bank balances	17,882	13,138
Bank overdraft	(36,507)	(27,404)
Less : Fixed deposits pledged to banks	<u>(854)</u>	<u>(845)</u>
	<u>(18,625)</u>	<u>(14,266)</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013

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 2012.

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 2012, except for the following revised and amendments to Financial Reporting Standards ("FRSs") that are effective for annual periods beginning on or after 1 January 2013:

Adoption of revised and amendments to FRSs

FRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosures of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)
FRS 101	Presentation of Financial Statements (Amendments relating to Clarification of the Requirements for Comparative Information)
FRS116	Property, Plant and Equipments (Amendments relating to Classification of Servicing Equipment)
FRS 119	Employee Benefits (2011)
FRS 127	Separate Financial Statements (2011)
FRS 134	Interim Financial Reporting (Amendments relating to Interim Reporting to Segment Assets)

The adoption of abovementioned Standards does not have significant financial impact on the financial statements of the Group and of the Company.

Revised and Amendments to FRSs issued but not yet effective

The Group and the Company have not early 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 2015
FRS 132	Financial Instrument: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014

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 2014. 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 2014. 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 year ended 31 March 2013 is as follow:

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Revenue					
External sales	28,943,997	1,771,194	191,335	-	30,906,526
Inter-segment income	-	54,000	1,505,100	(1,559,100)	-
Total revenue	<u>28,943,997</u>	<u>1,825,194</u>	<u>1,696,435</u>	<u>(1,559,100)</u>	<u>30,906,526</u>
Results					
Investment revenue	30,659	1,759	6,843	-	39,261
Finance costs	1,134	231,081	5,919	-	238,134
Depreciation	26,301	72,756	75,099	-	174,156
Unallocated corporate expenses	-	-	328,817	-	328,817
Profit before tax	<u>6,832,200</u>	<u>604,873</u>	<u>6,954</u>	<u>-</u>	<u>7,444,027</u>

A7. Segmental Reporting (continue)

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Assets					
Addition to property, plant and equipment	1,500	6,444	1,799	-	9,743
Segment assets	286,297,720	96,236,902	26,561,255	(36,771,638)	372,324,239
Unallocated corporate assets					578,641
Consolidated assets					<u>372,902,880</u>
Liabilities					
Segment liabilities	120,411,981	25,674,497	2,245,617	(46,496,238)	101,835,857
Unallocated liabilities					245,052
Consolidated liabilities					<u>102,080,909</u>

A8. Subsequent Material Events

There is no material event subsequent to the end of the current quarter.

A9. Changes in the Composition of the Group

There is no change in the composition of the Group for the current quarter and financial year to date.

A10. Commitment for Expenditure

There is no outstanding capital commitment as at the end of the current quarter.

A11. Significant Related Party Transactions

The Group had the following transactions during the financial year-to-date with related parties in which certain directors of the Group have substantial financial interest:

	Year to Date 31 March 2013 RM'000
Rental income	<u>97</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 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 RM30.907 million and RM7.444 million respectively, representing a 51.8% increase in revenue and 36.1% increase in profit before tax over the previous year's corresponding quarter of RM20.360 million and RM5.470 million respectively.

The performance of the Group's 2 main operating segments was as follows:

Property Development

The property development segment registered a 66.0% increase in revenue to RM28.944 million, compared to RM17.976 million previously, while the segment's profit before tax increased by 95.8% to RM6.832 million from RM3.489 million previously. The improved revenue and profit before tax was mainly due to positive take-up rate to certain residential projects, as well as positive response from our Industrial Park.

Property Management

The property management segment registered rental revenue of RM1.771 million during the quarter under review, a 11.3% drop from previous year's RM1.996 million. Profit before tax for this segment declined 67.1% to RM0.605 million, as compared to RM1.836 million recorded previously. The drop in rental revenue and profit before tax was mainly due to the lower occupancy rate at our student apartments as the new terms of tenancy has not started in the current quarter and was also attributed to there being no gain on disposal of an investment property of RM0.730 million as in the preceding corresponding quarter.

B2. Comparison with Immediate Preceding Quarter's Results

Compared to the preceding quarter's results ended 31 December 2012, the Group recorded 19.4% higher revenue, from RM25.893 million to RM30.907 million, as a result of positive take-up rate to certain residential projects as well as good response for our Industrial Park.

However, the Group recorded 4.4% lower profit before tax to RM7.444 million for the current quarter under review, compared to the preceding quarter's RM7.785 million. The higher profit in preceding quarter was largely attributed to the gain on disposal of an investment property.

B3. Prospects

The Group will continue to undertake acquisition of suitable and strategic landbanks when opportunities arise in the future. At the same time, the Group will continue to be prudent in its business strategies in property development and property management services.

The Group is expected to achieve satisfactory performance for the financial year ending 31 December 2013.

B4. Profit for the year

	Current Quarter 31 March 2013 RM'000	Year to Date 31 March 2013 RM'000
Profit for the year is arrived at after crediting/(charging):-		
Interest income	39	39
Other income including investment income	115	115
Interest expense	(238)	(174)
Depreciation and amortization	(174)	(598)
	<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 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. Taxation

	Current Quarter 31 March 2013 RM'000	Year to Date 31 March 2013 RM'000
Income Tax		
- Current Year	(2,113)	(2,113)
Deferred Tax		
- Current Year	82	82
	<u> </u>	<u> </u>
	(2,031)	(2,031)
Profit Before Tax	7,444	7,444
Effective tax rate	27.3%	27.3%

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

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term	39,977	-	39,977
Long term	17,688	-	17,688
Total	<u>57,665</u>	<u>-</u>	<u>57,665</u>

B8. Material Claims

The Company has instituted a legal proceedings against a vendor for specific performance of the Sales and Purchase Agreement in respect the sales of land by the vendor on 30 July 2012. The legal case is pending for trial. The Board of Director is confident that the legal claim will be successful.

B9. Final Dividend

At Board of Directors' meeting held on 25 February 2013, the Board of Directors proposed a single tier final dividend of 1%, amounting to RM1,878,040 for the financial year ended 31 December 2012. The proposed final dividend has been approved by shareholders at the 10th Annual General Meeting held earlier today and will be payable on 27 June 2013 to shareholders whose names appears in the Record of Depositors at the close of business on 12 June 2013.

B10. Earnings Per Share

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

	Current Quarter 31 March 2013	Year to Date 31 March 2013
Profit for the year	RM 5,413,069	RM 5,413,069
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)	1.44 sen	1.44 sen

B11. Audit Qualification

The audited financial statements of the Group for the financial year ended 31 December 2012 were not subject to any audit qualifications.

B12. Retained Earning

	As of 31 March 2013 RM'000	As of 31 December 2012 RM'000
Realised	149,361	143,666
Unrealised	25,438	25,447
	<hr/>	<hr/>
Consolidation adjustment	174,799 (91,781)	169,113 (91,508)
	<hr/>	<hr/>
Total Group retaining earnings as per consolidated accounts	83,018	77,605
	<hr/>	<hr/>