

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 2013
(UNAUDITED)

This Report is dated 26 August 2013

Company No. 625034 X

GROMUTUAL BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

QUARTERLY REPORT

CONTENTS	PAGE(S)
Condensed Consolidated Statements of Financial Position	1
Condensed Consolidated Statements of Comprehensive Income	2
Condensed Consolidated Statements of Changes in Equity	3
Condensed Consolidated Statements of Cash Flows	4
Notes to the Financial Information	5-12

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2013
 (The figures have not been audited)

	As at 30 JUN 2013 (Unaudited)	As at 31 DEC 2012 (Audited)
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	2,116	2,364
Investment properties	83,479	83,479
Land held for property development	164,048	155,420
TOTAL NON-CURRENT ASSETS	<u>249,643</u>	<u>241,263</u>
Current Assets		
Inventories	4,640	5,384
Land and development expenditure	47,170	57,461
Receivables	38,796	39,868
Current tax assets	524	707
Cash and bank balances	26,604	13,983
TOTAL CURRENT ASSETS	<u>117,734</u>	<u>117,403</u>
TOTAL ASSETS	<u>367,377</u>	<u>358,666</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	187,804	187,804
Retained earnings	88,362	77,605
TOTAL EQUITY	<u>276,166</u>	<u>265,409</u>
Non-current liabilities		
Borrowings	13,072	19,455
Deferred tax liabilities	6,270	6,636
TOTAL NON-CURRENT LIABILITIES	<u>19,342</u>	<u>26,091</u>
Current Liabilities		
Payables	36,334	32,865
Borrowings	29,439	30,850
Current tax payables	6,096	3,451
TOTAL CURRENT LIABILITIES	<u>71,869</u>	<u>67,166</u>
TOTAL LIABILITIES	<u>91,211</u>	<u>93,257</u>
TOTAL EQUITY AND LIABILITIES	<u>367,377</u>	<u>358,666</u>
Net Assets (NA) per share (RM)	<u>0.74</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 30 JUNE 2013**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 JUN 2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 JUN 2012 RM'000	CURRENT YEAR TO DATE 30 JUN 2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 JUN 2012 RM'000
Revenue	38,621	30,228	69,528	50,588
Cost of sales	(24,348)	(18,028)	(45,024)	(31,212)
Gross Profit	14,273	12,200	24,504	19,376
Investment revenue	51	28	90	56
Other income	150	93	265	976
Administrative expenses	(4,400)	(3,229)	(7,097)	(5,540)
Finance costs	(199)	(208)	(437)	(514)
Other expenses	(18)	-	(24)	-
Profit before tax	9,857	8,884	17,301	14,354
Income tax expense	(2,635)	(2,410)	(4,666)	(3,687)
Profit for the period/Total comprehensive income for the period	7,222	6,474	12,635	10,667
Profit attributable to: Owners of the Company	7,222	6,474	12,635	10,667
Earnings per share (sen)				
- Basic	1.92	1.72	3.36	2.84
- 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 30 JUNE 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	-	12,635	12,635
Final dividend - Year Ended 31 December 2012	-	(1,878)	(1,878)
Balance as at 30 June 2013	187,804	88,362	276,166
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	187,804	77,605	265,409

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 30 JUNE 2013
 (The figures have not been audited)

	30 JUN 2013 (Unaudited)	31 DEC 2012 (Audited)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	80,710	111,545
Payments to suppliers and employees	<u>(34,104)</u>	<u>(66,629)</u>
Cash From Operations	46,606	44,916
Finance costs paid	(1,550)	(3,056)
Income taxes paid	(2,420)	(6,654)
Income taxes refund	<u>216</u>	<u>78</u>
Net Cash From Working Capital	42,852	35,284
Additions to Land held for property development	<u>(20,571)</u>	<u>(20,350)</u>
Net Cash From Operating Activities	<u>22,281</u>	<u>14,934</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment properties	-	6,375
Proceeds from disposal of PPE	-	-
Other investments	90	98
Additions to property, plant and equipment	(89)	(630)
Additions to investment properties	-	(276)
Net Cash From Investing Activities	<u>1</u>	<u>5,567</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from bank borrowings	-	2,108
Repayment of bank borrowings	(6,301)	(8,600)
Dividend paid	(1,878)	(5,634)
Net Cash Used In Financing Activities	<u>(8,179)</u>	<u>(12,126)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,103	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>(163)</u>	<u>(14,266)</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	855	845
Cash and bank balances	25,749	13,138
Bank overdraft	(25,912)	(27,404)
Less : Fixed deposits pledged to banks	<u>(855)</u>	<u>(845)</u>
	<u>(163)</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 SECOND QUARTER ENDED 30 JUNE 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 Malaysian Accounting Standards Board (“MASB”) has on 7 August 2013, announced that the transitional period to adopt the MFRS framework for transitional entities has been extended for an additional year. Therefore, the Group being the transitional entities will adopt the MFRS framework in their financial statements for the year ending 31 December 2015. 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 2015. 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 2012 which was approved by shareholders at the 10th Annual General Meeting held on 27 May 2013 had been paid on 27 June 2013 to shareholders whose names appeared in the Record of Depositors at the close of business on 12 June 2013.

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 30 June 2013 is as follow:

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Revenue					
External sales	65,444,698	3,620,472	463,255	-	69,528,425
Inter-segment income	-	108,000	11,259,720	(11,367,720)	-
Total revenue	<u>65,444,698</u>	<u>3,728,472</u>	<u>11,722,975</u>	<u>(11,367,720)</u>	<u>69,528,425</u>
Results					
Investment revenue	66,919	3,515	19,181	-	89,615
Finance costs	1,636	423,533	11,460	-	436,629
Depreciation	53,216	145,930	134,775	-	333,921
Unallocated corporate expenses	-	-	833,006	-	833,006
Profit before tax	<u>16,100,517</u>	<u>1,285,359</u>	<u>8,164,248</u>	<u>(8,249,520)</u>	<u>17,300,604</u>

A7. Segmental Reporting (continue)

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Assets					
Addition to property, plant and equipment	58,140	20,274	9,842	-	88,256
Segment assets	271,450,420	95,934,783	23,577,965	(34,282,187)	356,680,981
Unallocated corporate assets					10,696,858
Consolidated assets					<u>367,377,839</u>
Liabilities					
Segment liabilities	113,985,482	24,604,671	2,227,616	(49,742,307)	91,075,462
Unallocated liabilities					136,453
Consolidated liabilities					<u>91,211,915</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 30 June 2013 RM'000
Rental income	<u>194</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

(a) 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 RM38.621 million and RM9.857 million respectively, representing a 27.8% increase in revenue and 11.0% increase in profit before tax over the previous year's corresponding quarter of RM30.228 million and RM8.884 million respectively.

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

Property Development

The property development segment registered a 31.1% increase in revenue to RM36.501 million, compared to RM27.850 million previously, while the segment's profit before tax increased by 9.0% to RM9.268 million from RM8.500 million previously. The improved revenue and profit before tax was mainly due to faster construction progress ahead of schedules for certain residential projects, as well as positive response from our Industrial Park.

Property Management

The property management segment registered rental revenue of RM1.849 million during the quarter under review, a 5.3% drop from previous year's RM1.954 million. Profit before tax for this segment declined 36.2% to RM0.680 million, as compared to RM1.065 million recorded previously. There is a decline in profit before tax despite relatively sustained revenue mainly because the upward occupancy rate of the new terms of tenancy begins to contribute only in June 2013 onwards.

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

For the current financial period to date, the Group recorded a revenue of RM69.528 million and profit before tax of RM17.301 million, versus revenue of RM50.588 million and profit before tax of RM14.354 million of the preceding corresponding financial period.

Property Development

The faster construction progress ahead of schedules for certain residential projects and good sales response for our Industrial Park have enabled the property development segment to register 42.8% higher in revenue of RM65.445 million, compared to RM45.826 million of the preceding corresponding financial period.

The higher revenue also helped to push the segment's profit before tax to RM16.101 million, 34.3% better than RM11.989 achieved in the preceding corresponding financial period.

Property Management

Rental revenue from the property management segment for the financial period to date decreased 8.4%, from RM3.950 million to RM3.620 million and profit before tax decreased 55.7%, from RM2.901 million to RM1.285 million. The lower profitability was because the upward occupancy rate of the new terms of tenancy only commence in June 2013 onwards. There is no gain on disposal of an investment property this quarter as compared to the amount of RM0.730 million as in the preceding corresponding financial period.

B2. Comparison with Immediate Preceding Quarter's Results

Compared to the preceding quarter's results ended 31 March 2013, the Group recorded 24.9% higher revenue, from RM30.907 million to RM38.621 million, as a result of faster construction progress ahead of schedules for certain residential projects as well as continued good response for our Industrial Park.

Correspondingly, the Group recorded 32.4% higher profit before tax to RM9.857 million for the current quarter under review, compared to the preceding quarter's RM7.444 million.

B3. Prospects

The Group will continue to align its property development offerings to market demand, and be prudent in its business strategies in 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 30 June 2013 RM'000	Year to Date 30 June 2013 RM'000
Profit for the year is arrived at after crediting/(charging):-		
Interest income	51	90
Other income including investment income	150	265
Interest expense	(199)	(437)
Depreciation and amortization	(160)	(334)
Write off of receivables	(4)	(4)
	(4)	(4)

Other than the above items, there were no 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 30 June 2013 RM'000	Year to Date 30 June 2013 RM'000
Income Tax		
- Current Year	(2,919)	(5,032)
Deferred Tax		
- Current Year	284	366
	<u>(2,635)</u>	<u>(4,666)</u>
Profit Before Tax	9,857	17,301
Effective tax rate	26.7%	27.0%

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:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term	29,439	-	29,439
Long term	13,072	-	13,072
Total	<u>42,511</u>	<u>-</u>	<u>42,511</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. 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 2013. The dividend to be paid on 10 October 2013 to shareholders whose names appear in the Records of Depositors at the close of business on 18 September 2013.

B10. Earnings Per Share

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

	Current Quarter 30 June 2013	Year to Date 30 June 2013
Profit for the year	RM 7,221,993	RM 12,635,062
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)	1.92 sen	3.36 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 30 June 2013 RM'000	As of 30 June 2012 RM'000
Realised	155,601	143,666
Unrealised	25,427	25,447
	<hr/>	<hr/>
Consolidation adjustment	181,028 (92,666)	169,113 (91,508)
	<hr/>	<hr/>
Total Group retaining earnings as per consolidated accounts	88,362	77,605