

Company No. 625034 X

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

QUARTERLY REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011
(UNAUDITED)

This Report is dated 11 November 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 SEPTEMBER 2011
 (The figures have not been audited)

	As at 30 SEP 2011 (Unaudited) RM'000	As at 31 DEC 2010 (Audited) RM'000
Assets		
Non-current assets		
Property, plant and equipment	2,218	1,622
Investment properties	87,626	76,170
Land held for property development	166,262	162,010
Joint venture projects held for property development	539	1,439
TOTAL NON-CURRENT ASSETS	<u>256,645</u>	<u>241,241</u>
Current Assets		
Inventories	6,471	14,638
Land and development expenditure	24,287	11,074
Joint venture development expenditure	8,267	8,893
Receivables	26,089	23,222
Current tax assets	1,148	788
Cash and bank balances	7,152	9,150
TOTAL CURRENT ASSETS	<u>73,414</u>	<u>67,765</u>
TOTAL ASSETS	<u>330,059</u>	<u>309,006</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	187,804	187,804
Retained earnings	57,204	42,853
TOTAL EQUITY	<u>245,008</u>	<u>230,657</u>
Non-current liabilities		
Borrowings	28,455	23,486
Deferred tax liabilities	7,354	7,525
TOTAL NON-CURRENT LIABILITIES	<u>35,809</u>	<u>31,011</u>
Current Liabilities		
Payables	25,628	20,498
Borrowings	21,002	25,491
Current tax payables	2,612	1,349
TOTAL CURRENT LIABILITIES	<u>49,242</u>	<u>47,338</u>
TOTAL LIABILITIES	<u>85,051</u>	<u>78,349</u>
TOTAL EQUITY AND LIABILITIES	<u>330,059</u>	<u>309,006</u>
Net Assets (NA) per share (RM)	<u>0.65</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 SEPTEMBER 2011**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 SEP 2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 SEP 2010 RM'000	CURRENT YEAR TO DATE 30 SEP 2011 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30 SEP 2010 RM'000
Revenue	23,262	14,478	69,594	50,092
Cost of sales	(14,230)	(8,586)	(45,729)	(32,536)
Gross Profit	9,032	5,892	23,865	17,556
Investment revenue	18	26	83	124
Other income	4,621	68	4,969	974
Administrative expenses	(3,390)	(2,722)	(8,353)	(6,709)
Finance costs	(262)	(134)	(397)	(509)
Other expenses	(7)	(20)	(9)	(1,258)
Profit before tax	10,012	3,110	20,158	10,178
Income tax expense	(1,722)	(897)	(4,399)	(3,012)
Profit for the year	8,290	2,213	15,759	7,166
Other comprehensive income for the year (net of tax)	-	-	-	-
Total comprehensive income for the year	8,290	2,213	15,759	7,166
Attributable to: Owners of the Company	8,290	2,213	15,759	7,166
Earnings per share (sen)				
- Basic	2.21	0.59	4.20	1.91
- 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 2010 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 SEPTEMBER 2011
 (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 2011	187,804	42,853	230,657
Total comprehensive income for the period	-	15,759	15,759
Final dividend - Year Ended 31 December 2010	-	(1,408)	(1,408)
Balance as at 30 September 2011	187,804	57,204	245,008
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	187,804	42,853	230,657

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 SEPTEMBER 2011
 (The figures have not been audited)

	30 SEP 2011 (Unaudited)	31 DEC 2010 (Audited)
	RM'000	RM'000
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Cash From Operations	35,927	30,952
Finance costs paid	(1,977)	(1,964)
Income taxes paid	(3,682)	(4,565)
Income taxes refund	16	-
	<u>30,284</u>	<u>24,423</u>
Net Cash From Working Capital	(23,943)	(34,910)
Additions to Land held for property development	(439)	(1,943)
	<u>5,902</u>	<u>(12,430)</u>
Net Cash From (Used In) Operating Activities		
CASH FLOWS USED IN INVESTING ACTIVITIES		
Proceeds from disposal of investment properties	-	3,048
Proceeds from disposal of investment held for trading	-	139
Proceeds from disposal of PPE	195	70
Other investments	88	150
Additions to property, plant and equipment	(997)	(287)
Additions to investment properties	(6,194)	(9,814)
	<u>(6,908)</u>	<u>(6,694)</u>
Net Cash Used In Investing Activities		
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from bank borrowings	9,676	19,776
Repayment of bank borrowings	(6,625)	(10,838)
Dividend paid	(1,408)	(2,817)
	<u>1,643</u>	<u>6,121</u>
Net Cash From (Used In) Financing Activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	637	(13,003)
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR	<u>(12,146)</u>	<u>857</u>
CASH AND CASH EQUIVALENTS AS OF END OF PERIOD/YEAR	<u>(11,509)</u>	<u>(12,146)</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	403	426
Cash and bank balances	6,749	8,724
Bank overdraft	(18,258)	(20,970)
Less : Fixed deposits pledged to banks	(403)	(326)
	<u>(11,509)</u>	<u>(12,146)</u>

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 THIRD QUARTER ENDED 30 SEPTEMBER 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 8th 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 September 2011 is as follow:

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Revenue					
External sales	62,902,138	5,143,748	1,548,082	-	69,593,968
Inter-segment income	-	162,000	3,518,100	(3,680,100)	-
Total revenue	<u>62,902,138</u>	<u>5,305,748</u>	<u>5,066,182</u>	<u>(3,680,100)</u>	<u>69,593,968</u>
Results					
Investment revenue	57,095	4,570	21,313	-	82,978
Finance costs	73,089	318,996	4,603	-	396,688
Fair value gain on investment property	-	4,474,521	-	-	4,474,521
Depreciation	187,754	106,957	154,537	-	449,248
Unallocated corporate expenses	-	-	779,671	-	779,671
Profit before tax	<u>13,029,821</u>	<u>6,526,128</u>	<u>602,582</u>	<u>-</u>	<u>20,158,531</u>
Assets					
Addition to investment property	-	6,981,953	-	-	6,981,953
Addition to property, plant and equipment	2,541	903,471	231,273	-	1,137,285
Segment assets	249,267,208	103,036,194	21,096,594	(43,720,263)	329,679,733
Unallocated corporate assets					379,644
Consolidated assets					<u>330,059,377</u>
Liabilities					
Segment liabilities	93,360,161	35,555,577	8,683,547	(52,634,663)	84,964,622
Unallocated liabilities					86,283
Consolidated liabilities					<u>85,050,905</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 material commitment for expenditure for the Group for 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 September 2011 RM'000
Rental income	<u>248</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

The Group recorded the revenue of RM23.262 million and profit before tax of RM10.012 million for the third quarter ended 30 September 2011. This represents an increase of 61% and 222% as compared to the revenue of RM14.478 million and profit before tax of RM3.110 million respectively in the preceding year corresponding quarter. This was due to more development units sold and the fair value gain on the investment property amounted to about RM4.5 million recognised during the current quarter as compared to none in the preceding year corresponding quarter.

For the current financial period to date, the Group's revenue of RM69.594 million and profit before tax of RM20.158 million are approximately 39% and 98% higher than the revenue of RM50.092 million and profit before tax of RM10.178 million respectively in prior corresponding financial period ended 30 September 2010.

The higher progress work done and the good sales response from certain high profit margin projects and also the recognition of the fair value gain on the investment property have resulted in the improvement in revenue and profit before tax for the financial period to date of the Group.

B2. Comparison with Immediate Preceding Quarter's Results

The Group's turnover for the current quarter under review is RM23.262 million, which is RM0.137 million higher than the turnover for the immediate preceding quarter ended 30 June 2011 of RM23.125 million. Nevertheless, the Group's profit before tax of RM10.012 million for the current quarter under review was much higher than the previous quarter ended 30 June 2011 of RM5.451 million because of the recognition of the fair value gain on the investment property 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

	Current Quarter 30 September 2011 RM'000	Year To Date 30 September 2011 RM'000
Income Tax		
- Current Year	(1,772)	(4,569)
Deferred Tax		
- Current Year	50	170
	<u>(1,722)</u>	<u>(4,399)</u>
Profit Before Tax	10,012	20,158
Effective tax rate	17.2%	21.8%

The effective rate of the Group for the current quarter and period to date is lower than the statutory tax rate due to the fair value gain on the investment property is not assessable 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:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term	21,002	-	21,002
Long term	28,455	-	28,455
Total	<u>49,457</u>	<u>-</u>	<u>49,457</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 Board of Directors has declared an interim single tier dividend of 1%, amounting to RM1,878,040 for the financial year ending 31 December 2011. The dividend to be paid on 15 December 2011 to shareholders whose names appears in the Record of Depositors at the close of business on 1 December 2011.

B12. Earnings Per Share

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

	Current Quarter 30 September 2011	Year To Date 30 September 2011
Profit for the year	RM 8,290,665	RM 15,759,761
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)	2.21 sen	4.20 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

	As of 30 September 2011 RM'000	As of 31 December 2010 RM'000
Realised	116,267	105,325
Unrealised	30,644	26,312
	<hr/>	<hr/>
Consolidation adjustment	146,911 (89,707)	131,637 (88,784)
	<hr/>	<hr/>
Total Group retaining earnings as per consolidated accounts	57,204	42,853