

Company No. 625034 X

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

QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011
(UNAUDITED)

This Report is dated 27 February 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 31 DECEMBER 2011
 (The figures have not been audited)

	As at 31 DEC 2011 (Unaudited)	As at 31 DEC 2010 (Audited)
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	1,988	1,622
Investment properties	87,626	76,170
Land held for property development	170,515	162,010
Joint venture projects held for property development	581	1,439
TOTAL NON-CURRENT ASSETS	<u>260,710</u>	<u>241,241</u>
Current Assets		
Inventories	6,179	14,638
Land and development expenditure	25,749	11,074
Joint venture development expenditure	6,540	8,893
Receivables	31,091	23,222
Current tax assets	940	788
Cash and bank balances	9,364	9,150
TOTAL CURRENT ASSETS	<u>79,863</u>	<u>67,765</u>
TOTAL ASSETS	<u>340,573</u>	<u>309,006</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	187,804	187,804
Retained earnings	60,971	42,853
TOTAL EQUITY	<u>248,775</u>	<u>230,657</u>
Non-current liabilities		
Borrowings	26,103	23,486
Deferred tax liabilities	7,267	7,525
TOTAL NON-CURRENT LIABILITIES	<u>33,370</u>	<u>31,011</u>
Current Liabilities		
Payables	21,579	20,498
Borrowings	34,541	25,491
Current tax payables	2,308	1,349
TOTAL CURRENT LIABILITIES	<u>58,428</u>	<u>47,338</u>
TOTAL LIABILITIES	<u>91,798</u>	<u>78,349</u>
TOTAL EQUITY AND LIABILITIES	<u>340,573</u>	<u>309,006</u>
Net Assets (NA) per share (RM)	<u>0.66</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 31 DECEMBER 2011**
 (The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 DEC 2011 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 DEC 2010 RM'000	CURRENT YEAR 31 DEC 2011 RM'000	PRECEDING YEAR 31 DEC 2010 RM'000
Revenue	26,509	21,611	96,103	71,703
Cost of sales	(16,710)	(13,644)	(62,439)	(46,180)
Gross Profit	9,799	7,967	33,664	25,523
Investment revenue	11	31	94	155
Other income	141	31	5,110	1,005
Administrative expenses	(2,547)	(2,814)	(10,900)	(9,523)
Finance costs	(200)	(114)	(597)	(623)
Other expenses	(14)	-	(23)	(1,258)
Profit before tax	7,190	5,101	27,348	15,279
Income tax expense	(1,545)	(768)	(5,944)	(3,780)
Profit for the year	5,645	4,333	21,404	11,499
Other comprehensive income for the year (net of tax)	-	-	-	-
Total comprehensive income for the year	5,645	4,333	21,404	11,499
Profit attributable to: Owners of the Company	5,645	4,333	21,404	11,499
Earnings per share (sen)				
- Basic	1.50	1.15	5.70	3.06
- 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)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 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 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>
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	<u>187,804</u>	<u>42,853</u>	<u>230,657</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 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 31 DECEMBER 2011
 (The figures have not been audited)

	31 DEC 2011 (Unaudited)	31 DEC 2010 (Audited)
	RM'000	RM'000
CASH FLOWS USED IN OPERATING ACTIVITIES		
Receipts from customers	101,057	85,158
Payments to suppliers and employees	<u>(61,244)</u>	<u>(54,206)</u>
Cash From Operations	39,813	30,952
Finance costs paid	(2,659)	(1,964)
Income taxes paid	(5,413)	(4,565)
Income taxes refund	<u>19</u>	<u>-</u>
Net Cash From Working Capital	31,760	24,423
Additions to Land held for property development	(31,681)	(34,910)
Additions to Joint venture land held for property development	(490)	(1,943)
Net Cash Used In Operating Activities	<u>(411)</u>	<u>(12,430)</u>
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	200	70
Other investments	99	150
Additions to property, plant and equipment	(1,061)	(287)
Additions to investment properties	(6,932)	(9,814)
Net Cash Used In Investing Activities	<u>(7,694)</u>	<u>(6,694)</u>
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings	9,676	19,776
Repayment of bank borrowings	(8,780)	(10,838)
Dividend paid	(3,286)	(2,817)
Net Cash (Used In) From Financing Activities	<u>(2,390)</u>	<u>6,121</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,495)	(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 YEAR	<u>(22,641)</u>	<u>(12,146)</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	405	426
Cash and bank balances	8,959	8,724
Bank overdraft	(31,600)	(20,970)
Less : Fixed deposits pledged to banks	<u>(405)</u>	<u>(326)</u>
	<u>(22,641)</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 FOURTH QUARTER ENDED 31 DECEMBER 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.

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 Instruments: Disclosure (Amendments relating transfer of financial assets)	1 January 2012
FRS 9	Financial Instruments	1 January 2013
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 112	Income Tax (Amendments relating to Deferred Tax: Recovery of Underlying Assets)	1 January 2012
FRS 119	Employee Benefits	1 January 2013
FRS 124	Related Party Disclosures (revised)	1 January 2012
FRS 127	Separate Financial Statements (revised)	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.

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.

At the Board of Directors' meeting held on 11 November 2011, the Board of Directors declared a single tier interim dividend of 1%, amounting to RM1,878,040 for the financial year ending 31 December 2011. The interim dividend had been paid on 15 December 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 31 December 2011 is as follow:

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Revenue					
External sales	86,796,639	7,326,426	1,980,057	-	96,103,122
Inter-segment income	-	216,000	10,392,900	(10,608,900)	-
Total revenue	<u>86,796,639</u>	<u>7,542,426</u>	<u>12,372,957</u>	<u>(10,608,900)</u>	<u>96,103,122</u>
Results					
Investment revenue	64,189	6,282	23,393	-	93,864
Finance costs	97,728	491,884	7,561	-	597,173
Fair value gain on investment property	-	4,524,605	-	-	4,524,605
Depreciation	250,336	275,470	211,110	-	736,916
Unallocated corporate expenses	-	-	1,370,193	-	1,370,193
Profit before tax	<u>19,670,595</u>	<u>7,562,214</u>	<u>5,253,922</u>	<u>(5,139,200)</u>	<u>27,347,531</u>

A7. Segmental Reporting (continue)

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Assets					
Addition to investment property	-	6,931,869	-	-	6,931,869
Addition to property, plant and equipment	2,541	942,649	255,828	-	1,201,018
Segment assets	253,749,624	99,569,801	28,676,474	(42,163,353)	339,832,546
Unallocated corporate assets					740,095
Consolidated assets					340,572,641
Liabilities					
Segment liabilities	101,665,741	35,680,978	7,137,273	(52,927,653)	91,556,339
Unallocated liabilities					241,632
Consolidated liabilities					91,797,971

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 31 December 2011 RM'000
Rental income	344

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 RM26.509 million and profit before tax of RM7.190 million as compared to revenue of RM21.611 million and profit before tax of RM5.101 million respectively in the preceding year corresponding quarter. The performance of the respective operating segments was as follows:

Property Development

The property development segment registered an increase in revenue of RM4.233 million and profit before tax of RM1.443 million. The improved revenue and profit before tax was mainly due to the faster progress in the development works ahead of the planned schedules and good sales response from projects under construction in the current quarter.

Property Management

The property management segment has recorded a slightly increase in revenue of RM0.563 million and profit before tax of RM0.115 million for the current quarter. The improved revenue and profit before tax was due to the completion of a new student's apartments (Emerald Residence) which increased the capacity of student's accommodation. Despite the increased capacity, we manage to maintain full occupancy in the current quarter.

(b) Performance of the current year against the preceding year

For the current financial year to date, the Group recorded a revenue of RM96.103 million and profit before tax of RM27.348 million as compared to the revenue of RM71.703 million and profit before tax of RM15.279 million respectively in preceding corresponding financial year.

Property Development

Good sales response and faster progress in the development works ahead of the planned schedules have enabled the property development segment to register a significant increase in revenue of RM22.836 million and profit before tax of RM7.834 million for the current year.

Property Management

Letting of newly completed block of student's apartments (Emerald Residence) has increased the rental revenue from the property management segment by RM0.932 million. However, the rise in profit from the property management segment of RM 3.351 million was mainly due to the recognition of the fair value gain on the newly completed student's apartments (Emerald Residence) during the financial year.

B2. Comparison with Immediate Preceding Quarter's Results

The Group's revenue for the current quarter under review is RM26.509 million, which is RM3.247 million higher than the revenue for the immediate preceding quarter ended 30 September 2011 of RM23.262 million. Nevertheless, the Group's profit before tax of RM7.190 million for the current quarter under review was lower than the previous quarter ended 30 September 2011 of RM10.012 million because of the recognition of the fair value gain on the newly completed student's apartments (Emerald Residence) of approximately RM4.5 million in the preceding quarter.

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 coming financial year 2012.

B4. Profit for the year

	Current Quarter 31 December 2011 RM'000	Year To Date 31 December 2011 RM'000
Profit for the year is arrived at after crediting/(charging):-		
Interest income	11	94
Other income including investment income	141	5,110
Interest expense	(200)	(597)
Depreciation and amortization	<u>(288)</u>	<u>(737)</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 December 2011 RM'000	Year To Date 31 December 2011 RM'000
Income Tax		
- Current Year	(1,633)	(6,202)
Deferred Tax		
- Current Year	<u>88</u>	<u>258</u>
	<u>(1,545)</u>	<u>(5,944)</u>
Profit Before Tax	7,190	27,348
Effective tax rate	21.5%	21.7%

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 and the fair value gain on the investment property 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 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 from Ministry of International Trade and Industry ("MITI") stating that MITI had not received any interest from the Bumiputera investors to subscribe the Special Issue Shares since 4 June 2010. The Company had also received a letter dated 12 May 2011 from the Equity Compliance Unit of Securities Commission stating that the Company has been deemed to have complied with the Bumiputera equity condition. In view of this the Company has complied with the Bumiputera equity condition and the Special Issue Shares is no longer requirement.

B7. Borrowings

The Group's borrowings as of the end of the reporting quarter are as follows:

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Short term	34,541	-	34,541
Long term	26,103	-	26,103
Total	60,644	-	60,644

B8. Material Litigations

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

B9. Proposed Dividend

The Board of Directors proposes a single tier final dividend of 1%, amounting to RM1,878,040 for the financial year ended 31 December 2011. The proposed final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company. The date of entitlement and payment will be determined and announced at a later date.

B10. Earnings Per Share

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

	Current Quarter 31 December 2011	Year To Date 31 December 2011
Profit for the year	RM 5,644,238	RM 21,403,999
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)	1.50 sen	5.70 sen

B11. Audit Qualification

The audited financial statements of the Group for the financial year ended 31 December 2010 were not subject to any audit qualifications.

B12. Retained Earning

	As of 31 December 2011 RM'000	As of 31 December 2010 RM'000
Realised	120,268	105,325
Unrealised	30,688	26,312
	<hr/>	<hr/>
Consolidation adjustment	150,956 (89,985)	131,637 (88,784)
	<hr/>	<hr/>
Total Group retaining earnings as per consolidated accounts	<u>60,971</u>	<u>42,853</u>