

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 2012
(UNAUDITED)

This Report is dated 25 February 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 DECEMBER 2012

(The figures have not been audited)

	As at 31 DEC 2012 (Unaudited)	As at 31 DEC 2011 (Audited)
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	2,364	1,988
Investment properties	83,479	87,626
Land held for property development	155,420	171,096
TOTAL NON-CURRENT ASSETS	<u>241,263</u>	<u>260,710</u>
Current Assets		
Inventories	5,384	6,179
Land and development expenditure	57,461	32,289
Receivables	39,868	31,091
Current tax assets	707	940
Cash and bank balances	13,983	9,364
TOTAL CURRENT ASSETS	<u>117,403</u>	<u>79,863</u>
TOTAL ASSETS	<u>358,666</u>	<u>340,573</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	187,804	187,804
Retained earnings	77,605	60,971
TOTAL EQUITY	<u>265,409</u>	<u>248,775</u>
Non-current liabilities		
Borrowings	19,455	26,103
Deferred tax liabilities	6,636	7,267
TOTAL NON-CURRENT LIABILITIES	<u>26,091</u>	<u>33,370</u>
Current Liabilities		
Payables	32,865	21,579
Borrowings	30,850	34,541
Current tax payables	3,451	2,308
TOTAL CURRENT LIABILITIES	<u>67,166</u>	<u>58,428</u>
TOTAL LIABILITIES	<u>93,257</u>	<u>91,798</u>
TOTAL EQUITY AND LIABILITIES	<u>358,666</u>	<u>340,573</u>
Net Assets (NA) per share (RM)	<u>0.71</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 YEAR ENDED 31 DECEMBER 2012**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 DEC 2012 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31 DEC 2011 RM'000	CURRENT YEAR 31 DEC 2012 RM'000	PRECEDING YEAR 31 DEC 2011 RM'000
Revenue	25,893	26,509	104,153	96,103
Cost of sales	(15,776)	(16,710)	(64,304)	(62,439)
Gross Profit	10,117	9,799	39,849	33,664
Investment revenue	23	11	98	94
Other income	1,269	141	2,470	5,110
Administrative expenses	(3,393)	(2,547)	(11,862)	(10,900)
Finance costs	(228)	(200)	(960)	(597)
Other expenses	(3)	(14)	(6)	(23)
Profit before tax	7,785	7,190	29,589	27,348
Income tax expense	(1,673)	(1,545)	(7,321)	(5,944)
Profit for the year/Total comprehensive income for the year	6,112	5,645	22,268	21,404
Profit attributable to: Owners of the Company	6,112	5,645	22,268	21,404
Earnings per share (sen)				
- Basic	1.63	1.50	5.93	5.70
- 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)
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 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
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
Balance as at 1 January 2011	187,804	42,853	230,657
Profit for the year/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	187,804	60,971	248,775

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)
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012
 (The figures have not been audited)

	31 DEC 2012 (Unaudited)	31 DEC 2011 (Audited)
	RM'000	RM'000
CASH FLOWS USED IN OPERATING ACTIVITIES		
Receipts from customers	111,545	101,057
Payments to suppliers and employees	<u>(66,629)</u>	<u>(61,244)</u>
Cash From Operations	44,916	39,813
Finance costs paid	(3,056)	(2,659)
Income taxes paid	(6,654)	(5,413)
Income taxes refund	<u>78</u>	<u>19</u>
Net Cash From Working Capital	35,284	31,760
Additions to Land held for property development	<u>(20,350)</u>	<u>(32,171)</u>
Net Cash From (Used In) Operating Activities	<u>14,934</u>	<u>(411)</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of investment properties	6,375	-
Proceeds from disposal of PPE	-	200
Other investments	98	99
Additions to property, plant and equipment	(630)	(1,061)
Additions to investment properties	<u>(276)</u>	<u>(6,932)</u>
Net Cash From (Used In) Investing Activities	<u>5,567</u>	<u>(7,694)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES		
Proceeds from bank borrowings	2,108	9,676
Repayment of bank borrowings	(8,600)	(8,780)
Dividend paid	<u>(5,634)</u>	<u>(3,286)</u>
Net Cash Used In Financing Activities	<u>(12,126)</u>	<u>(2,390)</u>
NET INCREASE (DECREASE)IN CASH AND CASH EQUIVALENTS	8,375	(10,495)
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR	<u>(22,641)</u>	<u>(12,146)</u>
CASH AND CASH EQUIVALENTS AS OF END OF YEAR	<u>(14,266)</u>	<u>(22,641)</u>
Cash and cash equivalents comprise of:		
Fixed deposits with licenced bank	845	405
Cash and bank balances	13,138	8,959
Bank overdraft	(27,404)	(31,600)
Less : Fixed deposits pledged to banks	<u>(845)</u>	<u>(405)</u>
	<u>(14,266)</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 FOURTH QUARTER ENDED 31 DECEMBER 2012

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 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 -Transfers of Financial Assets
FRS 112	Income Taxes -Deferred Tax: Recovery of Underlying Assets
FRS 124	Related Party Disclosures

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

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 - Offsetting Financial Assets and Financial Liabilities	1 January 2013
FRS 9	Financial Instruments	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 13	Fair Value Measurement	1 January 2013
FRS 101	Presentation of Financial Statements -Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 101	Presentation of Financial Statements -Comparative Information	1 January 2013
FRS116	Property, plant and equipment -Servicing Equipment	1 January 2013
FRS 119	Employee Benefits (2011)	1 January 2013
FRS 127	Separate Financial Statements (2011)	1 January 2013
FRS 132	Financial Instrument: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 134	Interim Financial Reporting - Interim Reporting to Segment Assets	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 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

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 9th 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.

At the Board of Directors' meeting held on 30 August 2012, the Board of Directors declared a single tier interim dividend of 2%, amounting to RM3,756,080 for the financial year ending 31 December 2012. The interim dividend had been paid on 5 October 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 year ended 31 December 2012 is as follow:

	Property development RM	Property management RM	Others RM	Elimination RM	Consolidated RM
Revenue					
External sales	95,048,631	7,563,881	1,540,450	-	104,152,962
Inter-segment income	-	216,000	15,979,824	(16,195,824)	-
Total revenue	95,048,631	7,779,881	17,520,274	(16,195,824)	104,152,962
Results					
Investment revenue	55,421	9,553	33,332	-	98,306
Finance costs	127,235	819,731	12,744	-	959,710
Fair value gain on investment property	-	116,006	-	-	116,006
Depreciation	119,243	244,315	234,419	-	597,977
Unallocated corporate expenses	-	-	1,484,286	-	1,484,286
Profit before tax	24,796,709	5,089,151	9,834,865	(10,131,824)	29,588,901
Assets					
Addition to investment property	-	275,669	-	-	275,669
Addition to property, plant and equipment	17,993	526,446	435,941	-	980,380
Segment assets	270,504,468	96,181,618	30,551,515	(42,187,800)	355,049,801
Unallocated corporate assets					3,616,428
Consolidated assets					358,666,239
Liabilities					
Segment liabilities	114,075,551	27,214,923	3,562,941	(51,837,800)	93,015,615
Unallocated liabilities					241,722
Consolidated liabilities					93,257,337

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 Ended 31 December 2012 RM'000
Rental income	<u>386</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 ended 31 December 2012, the Group recorded revenue of RM25.893 million, a 2.3% decline from previous year's corresponding quarter revenue of RM26.509 million. Profit before tax for the quarter under review was however 8.3% higher at RM7.785 million, as compared RM7.190 million previously.

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

Property Development

The property development segment saw a marginal decrease of 0.8% in revenue to RM23.711 million, compared to RM23.895 million previously; whilst the segment's profit before tax declined 14.3% to RM5.691 million, from RM6.641 million previously. The decrease was largely due to the slower development works as a result of the raining season at year end.

Property Management

The property management segment registered a rental revenue of RM1.862 million during the quarter under review, a 14.7% drop from previous year's RM2.182 million. The drop in rental revenue was mainly due to the lower occupancy rate at our student apartments.

The overall profit before tax for the segment however rose 69.1% to RM 1.752 million, as compared to RM1.036 million recorded previously. The improved profit before tax was mainly arisen from the gain on disposal of an investment property during the current quarter under review.

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

For the current financial year ended 31 December 2012, the Group recorded a revenue of RM104.153 million and profit before tax of RM29.589 million, versus revenue of RM96.103 million and profit before tax of RM27.348 million of the previous financial year.

Property Development

For the year under review, the property development segment registered 9.5% higher in revenue at RM95.049 million, compared to RM86.797 million of the previous financial year. The growth was largely driven by higher take-up rates of the Group's existing projects and new sales launches in the year.

The higher revenue, coupled with the higher profit margin of the Group's certain projects, helped push the segment's profit before tax to RM24.797 million, 26.1% better than RM19.671 achieved in the previous year.

Property Management

Rental revenue from the property management segment increased 3.2%, from RM7.326 million to RM7.564 million, as a result of overall better occupancy rate for the entire year. Nevertheless, profit before tax decreased 32.7%, from RM7.562 million to RM5.089 million. The lower overall profit was due to recognition of fair value gain in investment property, amounting to RM4.525 million, in the previous year.

B2. Comparison with Immediate Preceding Quarter's Results

Compared to the preceding quarter's results ended 30 September 2012, the Group recorded 6.4% lower in revenue, from RM27.672 million to RM25.893 million, as a result of slower development work during the raining season at year end.

However, the Group recorded 4.5% higher profit before tax to RM7.785 million for the current quarter under review, compared to the preceding quarter's RM7.450 million. The higher profit 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 coming financial year 2013.

B4. Profit for the year

	Current Quarter 31 December 2012 RM'000	Year Ended 31 December 2012 RM'000
Profit for the year is arrived at after crediting/(charging):-		
Interest income	23	98
Other income including investment income	47	518
Gain on disposal of investment property	1,222	1,952
Interest expense	(228)	(960)
Depreciation and amortization	(167)	(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, 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 2012 RM'000	Year Ended 31 December 2012 RM'000
Income Tax		
- Current Year	(1,871)	(7,952)
Deferred Tax		
- Current Year	198	631
	<u>(1,673)</u>	<u>(7,321)</u>
Profit Before Tax	7,785	29,589
Effective tax rate	21.5%	24.7%

The effective rate of the Group for the current quarter and year is lower than the statutory tax rate as certain income of the subsidiary companies 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.

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	30,850	-	30,850
Long term	19,455	-	19,455
Total	50,305	-	50,305

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 of the view that the legal claim will be successful.

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 2012. 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 2012	Year Ended 31 December 2012
Profit for the year	RM 6,111,747	RM 22,268,351
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)	1.63 sen	5.93 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

	As of 31 December 2012 RM'000	As of 31 December 2011 RM'000
Realised	143,666	120,268
Unrealised	25,447	30,688
	<hr/>	<hr/>
Consolidation adjustment	169,113 (91,508)	150,956 (89,985)
	<hr/>	<hr/>
Total Group retaining earnings as per consolidated accounts	77,605	60,971