



GLOMAC BERHAD
NOTES TO THE UNAUDITED INTERIM REPORT FOR THE FINANCIAL PERIOD
ENDED 31 JANUARY 2007

A. EXPLANATORY NOTES

A1. Accounting Policies and Methods of Computation

The interim financial statements are prepared in compliance with FRS 134 (MASB 26) "Interim Financial Reporting" and Chapter 9 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the Group's annual financial statements for the year ended 30 April 2006.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted in the financial statements for the year ended 30 April 2006 except for the mandatory adoption of the following new or revised Financial Reporting Standards ("FRS") effective for the annual financial periods beginning on or after 1 January 2006.

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 131	Interest in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the new/revised FRSs does not have significant financial impact to the Group other than the effect of the following FRSs:-

(a) FRS 3 : Business Combinations & FRS 136 Impairment of Assets

Prior to adoption of these FRSs, goodwill and reserves on consolidation are amortised on a straight-line basis over its estimated useful economic life not exceeding 25 years, subject to annual review for any impairment.

The adoption of FRS 3 and FRS 136 have resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit or loss and subsequent reversal is not allowed.



The carrying amount of goodwill as at 1 May 2006 of RM4.9m ceased to be amortised. This has the effect of reducing the amortisation charges by RM0.42m in the current financial period ended 31 January 2007.

FRS 3 requires any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "reserve on consolidation"), to be recognised immediately in profit or loss. In accordance with the transitional provision of FRS 3, the remaining balance of reserve on consolidation brought forward of RM8.4m was derecognised with a corresponding adjustment to the opening balance of retained earnings.

(b) FRS 101 : Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of results in associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity where it requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately, the amounts attributable to equity holders of the Company and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation where applicable.

(c) FRS 140 : Investment Property

The adoption of FRS 140 has resulted in a change in accounting policy for investment properties. The Group regards as investment properties any land and buildings that are held for their investment potential and rental income. Investment properties are now stated at fair value, representing open-market value determined by external valuers or as assessed by directors. Gain or losses arising from changes in the fair values of investment properties are recognised in income statement.

Prior to the adoption of FRS 140, investment properties were stated at valuation. In accordance with the transitional provisions of FRS 140, this change in accounting policy is applied retrospectively and the difference between the carrying amounts of the properties and their fair values less applicable deferred tax liabilities is recognised as an adjustment to the opening retained profits. The adoption of this FRS has resulted in changes which have been accounted for by restating the opening balance of the following accounts in the balance sheet.

	As at 1 May 2006 RM'000
Increase in retained earnings	8,006
Decrease in revaluation reserve	(8,006)
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(d) The effect to the Group's comparative figures on adoption of the above FRSs is as follows:-

	As previously stated RM'000	Effects on adoption of FRSs RM'000	As restated RM'000
As at 1 May 2006			
Revaluation reserve	8,006	(8,006)	-
Reserve on consolidation	8,415	(8,415)	-
Retained earnings	126,540	16,421	142,961
	=====	=====	=====

A2. Audit Qualification

There were no audit qualifications on the annual financial statements for the year ended 30 April 2006.

A3. Seasonality or Cyclicity of Operations

Our business operations are not significantly affected by seasonality or cyclicity of operations.

A4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the current financial period to date.

A5. Material Changes in Estimates of Amounts Reported

There were no changes in estimates of amounts reported in prior interim period of the current financial year which have material effect in the financial statements under review.

A6. Debt and Equity Securities

There were no issuance, cancellation, repurchases, resale and repayment of debt and equity securities except for the repurchases of shares.

On 20 September 2006, the shareholders of the Company renewed their approval for the Company's plan to repurchase its own ordinary shares. During the financial period ended 31 January 2007, the Company repurchased 2,355,000 of its issued ordinary shares from the open market at average price of RM1.18 per share. The repurchase transactions were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

A7. Dividends Paid

The final dividend of 4.0 sen per share less income tax of 28% and a special dividend of 1.0 sen per share less income tax of 28% in respect of the previous financial year ended 30 April 2006 was paid on 19 December 2006.

Share capital comprise of ordinary shares only.



A8. Segmental Reporting

The segmental analysis for the period ended 31 January 2007 is as follows:

Analysis by Activity

	Property Development RM'000	Construction RM'000	Property Investment RM'000	Other Operations RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE						
External	141,240	36,933	6,117	-	-	184,290
Inter-segment	-	37,146	-	-	(37,146)	-
Total revenue	141,240	74,079	6,117	-	(37,146)	184,290
RESULTS						
Segment results	27,367	3,413	2,504	(246)	(1,034)	32,004
Unallocated corporate expenses						(2,816)
Operating profit						29,188
Interest expenses						(809)
Interest income						2,170
Share of results of associates	(136)	743	-	-		607
Taxation						(14,207)
Profit for the period						16,949
ASSETS						
Segment assets	688,707	10,100	96,492	2,967		798,266
Investment in equity method of associates	7,099	14,354	-	-		21,453
Unallocated corporate assets						86,510
Consolidated total assets						906,229

The financial information by geographical location is not presented as the Group's activities are primarily conducted in Malaysia.



A9. Valuations of Property, Plant and Equipment

Valuation of property, plant and equipment have been brought forward without amendment from the last audited annual financial statements.

A10. Material Events Subsequent to the End of Financial Period

There were no material events subsequent to the end of the financial period reported that have not been reflected in this financial statements.

A11. Changes in Composition of the Group

During the current financial period, Glomac Berhad acquired the followings:-

	Date of Acquisition	Name of Company	No of Ordinary Shares	Equity Interest (%)	Total Consideration Paid
1)	3 July 2006	Glomac Australia Pty Ltd	100,000	100	AUD100,000.00
2)	11 Sept 2006	FDA Sdn Bhd	175,000	70	RM175,000.00
3)	2 Oct 2006	Glomac Property Services Sdn Bhd	100,000	100	RM2.00
4)	1 Nov 2006	Glomac Al Batha Sdn Bhd	51	51	RM51.00
5)	18 Dec 2006	Glomac Damansara Sdn Bhd	100,000	100	RM2.00
6)	29 Jan 2007	Glomac Thailand Sdn Bhd	90	90	RM90.00

A12. Changes in Contingent Liabilities

There were no significant changes in contingent liabilities since the last audited balance sheet date as at 30 April 2006.



B. ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. Review of the Performance of the Company and its Principal Subsidiaries

The Group's Revenue and Profit Before Tax for the current financial year to date were similar to the previous year. However, the Group's Profit After Tax was lower than the previous year by 22% mainly due to higher tax expenses.

B2. Comment on Material Change in the Profit Before Taxation for Current Quarter as Compared with Previous Quarter

The increase in Profit Before Tax for current quarter has increased by 49% mainly attributed to the profit contribution from the higher margin Glomac Boulevard and Suria Stonor projects.

B3. Commentary on Current Year Prospects

Barring any unforeseen circumstances, the directors are of the opinion that, based on the on-going development projects and the level of work targeted to be completed, the Group's performance for the financial year ending 30 April 2007 will remain satisfactory.

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Taxation

The taxation charge for the current quarter and financial year-to-date include the followings:

	Current Quarter Ended 31/01/07 RM'000	Year Todate Ended 31/01/07 RM'000
Current taxation	4,695	9,998
Tax in relation to prior years	2,306	4,209
	<u>7,001</u> =====	<u>14,207</u> =====

The effective tax rates of the Group for the current quarter and year to date were higher than the statutory tax rate mainly due to certain expenses which were disallowed by the Inland Revenue Board for taxation purposes.

B6. Profit on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investment or properties for the current quarter and financial year to date.



B7. Purchase or Disposal of Quoted Securities

- a) There was no purchase or disposal of quoted securities in the current financial year to date.
- b) There was no investment in quoted shares held as at end of the reporting period.

B8. Status of Corporate Proposals

a) Status of Corporate Proposal Announced But Not Completed

- i) On 15 November 2006, Glomac Al Batha Sdn Bhd, a subsidiary of Glomac Berhad entered into Sale and Purchase Agreements for the purchase of two pieces of freehold land identified as Lot No. 844 and Lot No. 845 in Section 57 Bandar Kuala Lumpur measuring 35,099 sq ft. and 21,926 sq ft. respectively for a total consideration of RM57,025,000.00. Lot 844 is located at the corner of Jalan Pinang directly opposite KLCC whilst Lot 845 is located along Jalan P Ramlee. Lot 844 is adjoined to Lot 845.
- ii) On 18 December 2006, Glomac Damansara Sdn Bhd, a wholly owned subsidiary of Glomac Berhad entered into a Sale and Purchase Agreement for the purchase of a piece of freehold land held under GM 2003, Lot 73, Tempat Pekan Sg Penchala, Mukim of Kuala Lumpur measuring approximately 6.8 acres for a purchase consideration of RM42,513,471.00. The land is located in Kuala Lumpur fronting Jalan Damansara in the proximity of Taman Tun Dr Ismail.

All the necessary approvals have been obtained for both of the proposals.

b) Status of Utilisation of Proceeds Raised From Corporate Proposal

In the previous quarter, the documentation for our wholly owned subsidiary, Glomac Regal Sdn Bhd's ("GRSB") proposed Murabahah Underwritten Notes Issuance Facility and Murabahah Medium Term Notes Issuance Facility of up to RM175m was completed and available for utilisation.

Todate, RM115 million of the facility has been drawn down and the proceeds were for the following:-

	RM'000
Refinancing of existing borrowings	30,666
Pre-fund the Minimum Balance requirement under Debt Service Reserve Account	3,548
Payment of fees and expenses	1,596
Financing of GRSB's development cost till completion	79,190
	<hr/>
	115,000
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B9. Group Borrowings and Debt Securities

The Group borrowings as at 31 January 2007 are as follows:-

	Due within 12 months RM'000	Due after 12 months RM'000	Total as at 31/01/07 RM'000	Total as at 31/10/06 RM'000
<u>Secured</u>				
Hire Purchase and Lease Borrowings	962	1,340	2,302	2,639
Bank Borrowings	33,890	49,393	83,283	78,974
Islamic Private Debt Securities	20,000	155,000	175,000	150,000
	<u>54,852</u>	<u>205,733</u>	<u>260,585</u>	<u>231,613</u>
<u>Unsecured</u>				
Bonds	-	103,000	103,000	68,000
	<u>54,852</u>	<u>308,733</u>	<u>363,585</u>	<u>299,613</u>
	=====	=====	=====	=====

There are no borrowings in foreign currency.

B10. Financial Instruments With Off Balance Sheet Risk

There were no financial instruments with off balance sheet risk for the financial period ended 31 January 2007.

B11. Material Litigation

There is no material litigation which will adversely affect the position or business of the Group.

B12. Dividend

a) (i) For the current financial quarter, the Board of Directors has proposed an interim dividend of 4.0 sen per share less income tax at 27%.

(ii) Amount per share : 4.0 sen less income tax of 27%

(iii) Previous corresponding period : 4.0 sen less income tax of 28%

(iv) Date payable : To be determined at a later date

(v) Entitlement date : To be determined at a later date

b) The total dividend for the current financial period to date is 4.0 sen per share less income tax of 27%.



B13. Earnings Per Share

a) Basic Earnings Per Share

The basic earnings per share is calculated by dividing the net profits for the period and the weighted average number of ordinary shares in issue during the period.

Description	Current quarter ended 31/01/07	Preceding year corresponding quarter ended (Restated) 31/01/06	Current year todate ended 31/01/07	Preceding year corresponding period ended (Restated) 31/01/06
Profit attributable to equity holders of the Company (RM'000)	7,507	6,914	15,891	20,724
Weighted average number of ordinary shares in issue ('000)	207,498	212,275	208,100	213,175
Basic earning per share (sen)	3.62	3.26	7.64	9.72

b) Diluted Earnings Per Share

The diluted earnings per share has been calculated by dividing the Group's net profit for the period by the weighted average number of shares that would have been issued upon full exercise of the remaining option under the ESOS, adjusted for the number of such shares that would have been issued at fair value, calculated as below.

The effect of shares option for the current quarter and year todate ended 31 January 2007 was anti-dilutive and has been ignored in the calculation of diluted earnings per share.

Description	Current quarter ended 31/01/07	Preceding year corresponding quarter ended (Restated) 31/01/06	Current year todate ended 31/01/07	Preceding year corresponding period ended (Restated) 31/01/06
Profit attributable to equity holders of the Company (RM'000)	7,507	6,914	15,891	20,724
Weighted average number of ordinary shares as per basic EPS	207,498	212,275	208,100	213,175
Effect of shares option ('000)	-	-	-	-
Weighted average number of ordinary shares (diluted)	207,498	212,275	208,100	213,175
Diluted earning per share (sen)	3.62	3.26	7.64	9.72



B14. Provision of Financial Assistance

There has been no additional financial assistance provided to the Group's non-wholly owned subsidiaries or associated companies during the current quarter.

The aggregate amount of financial assistance provided to such companies to date is as follows:-

<u>Type of Financial Assistance</u>	Amount (RM' million)
Corporate Guarantee for:-	
1) Credit Facilities	5.6
2) Equipment Leasing Facilities	2.0
	<hr/>
	7.6
	=====

As at 31 January 2007, RM2.3 million is outstanding in respect of the above guarantees.

There is no financial impact on the Group arising from the financial assistance provided.