



GLOMAC BERHAD
NOTES TO THE UNAUDITED INTERIM REPORT FOR THE FINANCIAL YEAR ENDED
30 APRIL 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 RM0.56m in the current financial year ended 30 April 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)
	=====



(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 following:-

- i) Employees' Share Option Scheme ("ESOS")
During the financial year ended 30 April 2007, the Company issued 2,143,500 new ordinary shares of RM1.00 each pursuant to the Company's ESOS.
- ii) Repurchase 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 year ended 30 April 2007, the Company repurchased 2,875,900 of its issued ordinary shares from the open market at average price of RM1.21 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 interim dividend of 4.0 sen per share less income tax of 27% in respect of the current financial year ended 30 April 2007 will be paid on 27 June 2007.

Share capital comprise of ordinary shares only.



A8. Segmental Reporting

The segmental analysis for the year ended 30 April 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	234,755	49,782	8,273	445	-	293,255
Inter-segment	1,121	56,526	2,642	2,604	(62,893)	-
Total revenue	<u>235,876</u>	<u>106,308</u>	<u>10,915</u>	<u>3,049</u>	<u>(62,893)</u>	<u>293,255</u>
RESULTS						
Segment results	44,772	3,523	3,223	(323)	(2,393)	48,802
Unallocated corporate expenses						(470)
Operating profit						<u>48,332</u>
Interest expenses						(1,168)
Interest income						2,894
Share of results of associates	(291)	908	-	-		617
Taxation						(17,315)
Profit for the period						<u><u>33,360</u></u>
ASSETS						
Segment assets	790,475	8,359	105,801	2,936		907,571
Investment in equity method of associates	6,840	14,547	35,756	-		57,143
Unallocated corporate assets						42,769
Consolidated total assets						<u><u>1,007,483</u></u>

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 year, 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
7)	30 Mar 2007	Berapit Utama Sdn Bhd	2	100	RM2.00

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 for the current financial year to date was marginally higher than the previous year. However, the Group's Profit After Tax for the current financial year to date was lower than the previous year due to lower profit contribution from the associates companies and 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 32% arising mainly from the higher profit contribution from Glomac Boulevard and Suria Stonor projects.

B3. Prospects for the Next Financial Year

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 2008 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 30/04/07 RM'000	Year To date Ended 30/04/07 RM'000
Current taxation	6,004	16,002
Tax in relation to prior years	(709)	3,500
Deferred taxation	(2,187)	(2,187)
	<u>3,108</u> =====	<u>17,315</u> =====

The current effective tax rates of the Group 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

- 1) Proposed Renounceable Rights Issue of up to 70,921,042 new ordinary shares of RM1.00 each in Glomac ("Rights Share") with up to 70,921,042 free Detachable Warrants ("Warrants"), on the basis of three Rights Shares with three Warrants for every ten existing ordinary shares of RM1.00 each in Glomac held on a date to be determined later at an issue price of RM1.10 per Rights Share ("Proposed Rights Issue With Warrants")

On 7 May 2007, the Board proposed to undertake the Proposed Rights Issue With Warrants in place of the Proposed Private Placement announced on 25 January 2007.

The proposal is currently pending approvals from the relevant authorities.

b) Status of Utilisation of Proceeds Raised From Corporate Proposal

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 in October 2006 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
	<u>115,000</u>
	=====



B9. Group Borrowings and Debt Securities

The Group borrowings as at 30 April 2007 are as follows:-

	Due within 12 months RM'000	Due after 12 months RM'000	Total as at 30/04/07 RM'000	<i>Total as at 31/01/07 RM'000</i>
<u>Secured</u>				
Hire Purchase and Lease Borrowings	1,034	2,344	3,378	2,302
Bank Borrowings	56,601	75,520	132,121	83,283
Islamic Private Debt Securities	20,000	155,000	175,000	175,000
	<u>77,635</u>	<u>232,864</u>	<u>310,499</u>	<u>260,585</u>
<u>Unsecured</u>				
Bonds	-	103,000	103,000	103,000
	<u>77,635</u>	<u>335,864</u>	<u>413,499</u>	<u>363,585</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 year ended 30 April 2007.

B11. Material Litigation

Differences have arisen between a wholly owned subsidiary, Glomac Alliance Sdn Bhd ("GASB") and Score Option Sdn Bhd ("SOSB") relating to the Joint Venture Agreement dated 17 January 2003. These differences are currently the subject matter of a legal suit in the High Court of Malaya at Kuala Lumpur. In this suit, GASB is seeking orders for the sale to it of the Project Land at the price of RM32m, stipulated in the Joint Venture Agreement.

SOSB, in turn, is cross-claiming for the delivery of vacant possession of the Project Land on the alleged ground that GASB is no longer entitled to occupy and develop the Project Land by reason of the termination of the Joint Venture Agreement by SOSB.

The application by GASB for injunctive relief to restrain SOSB from interfering with the development of the Project Land by GASB and the application of SOSB for an injunction restraining GASB from continuing in possession of the Project Land was heard on 21 June 2007 and adjourned to the next hearing date on 17 September 2007.

GASB has been advised by its lawyers that there is a good chance of a favourable outcome.

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



B12. Dividend

- a) (i) The Board of Directors has recommended a final dividend of 4.0 sen per share less income tax of 27% and a special dividend of 1.0 sen per share less income tax of 27% in respect of the financial year ended 30 April 2007. The dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting.
- (ii) Total amount per share : 5.0 sen less income tax of 27%
- (iii) Previous corresponding period : 5.0 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 year todate is 9.0 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 30/04/07	Preceding year corresponding quarter ended (Restated) 30/04/06	Current year todate ended 30/04/07	Preceding year corresponding period ended (Restated) 30/04/06
Profit attributable to equity holders of the Company (RM'000)	16,300	16,664	32,191	37,388
Weighted average number of ordinary shares in issue ('000)	207,410	210,448	207,933	212,510
Basic earning per share (sen)	7.86	7.92	15.48	17.59

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 year todate ended 30 April 2007 was anti-dilutive and has been ignored in the calculation of diluted earnings per share.



Description	Current quarter ended 30/04/07	Preceding year corresponding quarter ended (Restated) 30/04/06	Current year todate ended 30/04/07	Preceding year corresponding period ended (Restated) 30/04/06
Profit attributable to equity holders of the Company (RM'000)	16,300	16,664	32,191	37,388
Weighted average number of ordinary shares as per basic EPS	207,410	210,448	207,933	212,510
Effect of shares option ('000)	10,747	-	-	-
Weighted average number of ordinary shares (diluted)	218,157	210,448	207,933	212,510
Diluted earning per share (sen)	7.47	7.92	15.48	17.59

B14. Provision of Financial Assistance

- a) The additional financial assistance provided to the Group's non-wholly owned subsidiaries or associated companies during the current quarter is as follows:-

<u>Type of Financial Assistance</u>	Amount (RM' million)
Corporate Guarantee for:-	
1) Credit Facilities	47.1
2) Equipment Leasing Facilities	1.0
3) Profit Guarantee	16.5
	64.6
	=====

- b) The aggregate amount of financial assistance provided to such companies todate is as follows:-

<u>Type of Financial Assistance</u>	Amount (RM' million)
Corporate Guarantee for:-	
1) Credit Facilities	50.3
2) Equipment Leasing Facilities	3.0
3) Profit Guarantee	16.5
	69.8
	=====

As at 30 April 2007, RM47.4 million is outstanding in respect of the above guarantees.

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