



GLOMAC BERHAD
NOTES TO THE UNAUDITED INTERIM REPORT FOR THE FINANCIAL PERIOD
ENDED 31 OCTOBER 2010

A. EXPLANATORY NOTES

A1. Accounting Policies and Methods of Computation

The interim financial statements are prepared in compliance with FRS 134 "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 2010.

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 2010, except for the adoption of new FRS, Interpretation and Amendments to FRS effective on or after 1 July 2009 and 1 January 2010 as listed below:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate) ²
FRS 2	Share-based Payment (Amendments relating to vesting conditions and cancellations) ²
FRS 4	Insurance Contracts ²
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary) ³
FRS 7	Financial Instruments: Disclosures ²
FRS 7	Financial Instruments: Disclosures (Amendments relating to reclassification of financial assets and reclassification of financial assets - effective date and transition) ²
FRS 8	Operating Segments ¹
FRS 101	Presentation of Financial Statements (Revised in 2009) ²
FRS 123	Borrowing Costs (Revised) ²
FRS 127	Consolidated and Separate Financial Statements (Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate) ²
FRS 132	Financial Instruments: Presentation (Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation and transitional provision relating to compound instruments) ²
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to eligible hedged items, reclassification of financial assets, reclassification of financial assets - effective date and transition, embedded derivatives and revised FRS 3 and revised FRS 127) ²



A1. Accounting Policies and Methods of Computation (cont'd)

Improvements to FRSs (2009)²

IC Int. 9	Reassessment of Embedded Derivatives ²
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives) ²
IC Int. 10	Interim Financial Reporting and Impairment ²
IC Int. 11	FRS 2 - Group and Treasury Share Transactions ²
IC Int. 13	Customer Loyalty Programmes ²
IC Int. 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction ²

¹ Effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2010

The adoption of these new FRS, Interpretation and Amendments to FRS is not expected to have significant impact on the financial position or performance of the Group except for the following:

FRS 8: Operating segments

FRS 8 replaces FRS 114₂₀₀₄: Segment Reporting and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "Chief Operating Decision Maker", who makes decisions on the allocation of resources and assess the performance of the reportable segments.

This is a disclosure standard with no impact on the financial position or performance of the Group.

FRS 101 (revised): Presentation of financial statements

The following components of the interim financial statements have been re-named:

Pre-FRS 101 Revision	Post-FRS 101 Revision
Balance Sheet	Statement of Financial Position
Income Statement	Statement of Comprehensive Income

The revised FRS 101 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity includes only transactions with owners. All non-owner changes in equity are presented as a one-line item labelled as total comprehensive income in the statement of changes in equity. In addition, the revised standard introduces the statement of comprehensive income. The statement of comprehensive income presents all items of income and expense recognised in profit or loss together with all gains and losses that were recognised directly in equity previously, either in one single statement, or in two linked statements.

The Group has opted for the single statement disclosure.



A1. Accounting Policies and Methods of Computation (cont'd)

FRS 101 (revised): Presentation of financial statements

The effects on the comparatives to the Group on adoption of FRS 101 are as follows:

	Quarter ended 31/10/09 RM'000	Year to date ended 31/10/09 RM'000
Profit for the period as previously stated	12,264	24,295
Other comprehensive income:		
Foreign currency translation	(201)	(194)
Total comprehensive income	12,063	24,101
Total comprehensive income attributable to:		
Owners of the company	9,101	17,449
Minority interest	2,962	6,652
	12,063	24,101

FRS 139: Financial Instruments: Recognition and Measurement

This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The effects of measuring the financial instruments for period before 1 May 2010 are adjusted against the retained earnings as disclosed in the statement of changes in equity.

The effects arising from the adoption of FRS 139 are as follows:

	Increase/(Decrease)	
	As at 31 October 2010 RM'000	As at 1 May 2010 RM'000
Equity holders of the Company		
Short-term investments at fair value through profit or loss	70	(96)
Retention sum	784	352
Effect of FRS 139 before taxation and minority interest	854	256
Taxation	(196)	(88)
Minority interest	215	134
Effect of FRS 139 after taxation and minority interest	873	302

A2. Audit Qualification

There were no audit qualifications on the annual financial statements for the year ended 30 April 2010.

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 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 during the current financial period except for the following:-

i) Repurchase of shares

On 30 September 2010, the shareholders of the Company renewed their approval for the Company's plan to repurchase its own ordinary shares. During the current financial period ended 31 October 2010, the Company repurchased 1,502,600 of its issued ordinary shares from the open market at an overall average price of RM1.74 per share. These shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

ii) Renounceable Rights Issue

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 ("Rights Issue With Warrants").

On 30 October 2007, the Company completed the above proposal where 67,337,246 ordinary shares were issued at the issue price of RM1.10 per share together with 67,337,246 free detachable warrants.

To-date, 25,300 warrants were exercised at an exercised price of RM1.10 for each ordinary shares of RM1.00 each.

A7. Dividends Paid

The first interim dividend of 4.0 sen per ordinary share, less 25% tax totaling RM8,774,113 in respect of previous financial year ended 30 April 2010 were paid on 22 June 2010.

Share capital comprise of ordinary shares only.



A8. Segmental Reporting

The segmental analysis for the financial period ended 31 October 2010 was 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	260,062	1,323	4,933	889	-	267,207
Inter-segment	-	54,092	589	1,911	(56,592)	-
Total revenue	260,062	55,415	5,522	2,800	(56,592)	267,207
RESULTS						
Segment results	60,688	2,922	731	(101)	(2,049)	62,191
Unallocated corporate expenses						1,310
Operating profit						63,501
Provision for liabilities						(2,302)
Interest expenses						(3,377)
Interest income						2,707
Share of results of associates	573	-	406	-	-	979
Taxation						(15,322)
Profit for the period						46,186
ASSETS						
Segment assets	921,603	16,312	56,023	9,284	-	1,003,222
Investment in equity method of Associates	6,437	16,295	38,200	-	-	60,932
Unallocated corporate assets						48,046
Consolidated total assets						1,112,200

The financial information by geographical location was 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

There were no changes in the composition of the Group since the previous financial year ended 30 April 2010 except for the following:

The Company has on 30 August 2010, acquired 100% of the total issued and paid-up share capital of Berapit Properties Sdn Bhd by way of acquisition of 250,000 ordinary shares of RM1.00 each for a total cash consideration of RM250,000 from the following directors and major shareholders of the Company:

- 1) Tan Sri Dato' Mohamed Mansor bin Fateh Din – 125,000 shares (50%)
- 2) Dato' Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor – 125,000 shares (50%)

The Company has on 1 October 2010, acquired 100% of total issued and paid-up share capital of Kelana Property Services Sdn Bhd by way of acquisition of 2 ordinary shares of RM1.00 each for a total cash consideration of RM2.00 from the following persons:

- 1) Ong Shaw Ching – 1 share (50%)
- 2) Mohd Fauzi Bin Ab. Ghani – 1 share (50%)

The Company has on 22 October 2010, acquired 100% of the total issued and paid-up share capital of Berapit Pertiwi Sdn Bhd by way of acquisition of 2 ordinary shares of RM1.00 each for total consideration of RM2.00 from the following directors and major shareholders of the Company:

- 1) Tan Sri Dato' Mohamed Mansor bin Fateh Din – 1 share (50%)
- 2) Dato' Fateh Iskandar bin Tan Sri Dato' Mohamed Mansor – 1 share (50%)

A12. Changes in Contingent Liabilities

There were no significant changes in contingent liabilities since the last audited balance sheet date as at 30 April 2010.



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 period was higher by 98% compared to previous year corresponding period. The increase was due mainly to Glomac Tower, Glomac Damansara, Glomac Cyberjaya, Bandar Saujana Utama and Bandar Baru Bangi.

Consequent to the increase in the Group's Revenue, the Group's Profit Before Tax was higher by 87%.

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

The Group's Profit Before Tax for current quarter increased from RM16.4 million to RM32.0 million, mainly due to contributions from on-going progress completion from Glomac Tower and Glomac Cyberjaya. Bandar Saujana Utama continues to contribute to the increase in the Group's Profit Before Tax.

B3. Prospects for the Current 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 2011 is expected to improve.

B4. Variance of Actual Profit from Forecast Profit

Not applicable.

B5. Taxation

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

	Current Quarter Ended 31/10/10 RM'000	Year To-date Ended 31/10/10 RM'000
Current taxation	7,411	15,401
Deferred taxation	491	(79)
	<u>7,902</u>	<u>15,322</u>

The current effective tax rates of the Group were consistent with the statutory tax rate 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 period 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) Proposed Acquisition of approximately 7.62 acres of land in Pekan Kayu Ara, Daerah Petaling from Puncakdana Development Sdn Bhd and Motif Bakti Sdn Bhd for a cash consideration of RM31.2 million by Glomac Kristal Sdn Bhd and FDM Development Sdn Bhd, both wholly-owned subsidiaries of Glomac Berhad. ("Proposed Acquisition")

On 13 November 2009, Glomac Kristal Sdn Bhd ("Kristal") entered into a Sale and Purchase Agreement with Puncakdana Development Sdn Bhd and Motif Bakti Sdn Bhd for the acquisition of leasehold land in Pekan Kayu Ara, Daerah Petaling, Selangor Darul Ehsan for a total purchase consideration of RM19.7 million. As of 30 April 2010, the said acquisition was completed.

On 13 November 2009, FDM Development Sdn Bhd ("FDM") entered into a Sale and Purchase Agreement with Motif Bakti Sdn Bhd for the acquisition of leasehold land in Pekan Kayu Ara, Daerah Petaling, Selangor Darul Ehsan for a total purchase consideration of RM11.5 million. FDM has paid the 1st 10% deposit and the Sale and Purchase Agreement is subject to conditions precedent to be fulfilled by both parties.

- ii) Proposed Acquisition of approximately 7 acres of land in Mukim Dengkil, Daerah Sepang, Selangor from Cyberview Sdn Bhd and Setia Haruman Sdn Bhd for a cash consideration of RM27,442,800 by Berapit Properties Sdn Bhd, which newly acquired on 30 August 2010

On 30 August 2010, Berapit Properties Sdn Bhd ("BPS") entered into a Sale and Purchase Agreement with Cyberview Sdn Bhd and Setia Haruman Sdn Bhd for the acquisition of Enterprise Lot in Mukim Dengkil, Daerah Sepang, Selangor for a total purchase consideration of RM27.4 million. BPS has paid the 1st 10% deposit and the Sale and Purchase Agreement is subject to conditions precedent to be fulfilled by all party.



B8. Status of Corporate Proposals (cont'd)

- iii) Proposed acquisition of eighteen (18) units of apartment of the development project known as "Suria Stonor Condominium" for a total consideration of RM38.4 million by Berapit Pertiwi Sdn Bhd, which newly acquired on 22 October 2010

On 22 October 2010, Berapit Pertiwi Sdn Bhd ("BPTW") entered into a Sale and Purchase Agreement with Dekad Darat Sdn Bhd and Progressive Berg Sdn Bhd respectively for acquisition of eighteen (18) units of apartment for a total purchase consideration of RM38.4 million. BPTW has paid the 1st 10% deposit and the Sale and Purchase Agreements are subject to conditions precedent to be fulfilled by all party.

There was no other corporate proposal announced but not completed.

- b) Status of Utilisation of Proceeds Raised From Corporate Proposal
Not applicable.

B9. Group Borrowings and Debt Securities

The Group borrowings as at 31 October 2010 were as follows:-

	Due within 12 months RM'000	Due after 12 months RM'000	Total as at 31/10/10 RM'000	Total as at 31/10/09 RM'000
<u>Secured</u>				
Hire Purchase and Lease Borrowings	1,107	2,015	3,122	1,951
Bank Borrowings	34,197	130,135	164,332	117,680
Islamic Private Debt Securities	-	-	-	9,000
	35,304	132,150	167,454	141,578
<u>Unsecured</u>				
Bonds	-	78,000	78,000	78,000
	35,304	210,150	245,454	206,631

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 October 2010.

B11. Material Litigation

A wholly owned subsidiary, Glomac Alliance Sdn Bhd ("GASB") had entered into a Joint Venture Agreement with Score Option Sdn Bhd ("SOSB") on 17 January 2003 to develop a land ("Project Land"). However, disputes have arisen between GASB and SOSB which are currently the subject matter of a legal suit in the High Court of Malaya at Kuala Lumpur. GASB is seeking court orders for the sale to itself of the Project Land at the price stipulated in the Joint Venture Agreement.



B11. Material Litigation (cont'd)

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.

GASB applied for injunctive relief to restrain SOSB from interfering with the development of the Project Land by GASB and SOSB applied for an injunction restraining GASB from continuing in possession of the Project Land.

The Court had on 30 May 2008 delivered its decision by dismissing SOSB's application for injunction and granting the Order of Injunction in favor of GASB.

SOSB has appealed to the Court of Appeal against the decision of the High Court and on 17 August 2009, the Court of Appeal dismissed the appeal filed by SOSB. The Court only awarded one set of costs in the sum of RM5,000. The case management is fixed on 22 October 2009.

The Federal Court had on 25 January 2010 delivered its decision by dismissing both applications by SOSB for injunction.

GASB has applied for an extension on discovery of documents until 14 December 2009 and subsequent to the hearing on 10 March 2010, the Court has fixed the case for decision on 8 April 2010.

On 22 March 2010, Receivers and Managers for Score Option Sdn Bhd ("SOSB") had advertised in The Star inviting interested parties to submit an offer or expression of interest for an outright purchase of a parcel of development land ("the Land") and other assets on an "as is where is" basis or a proposed development of the land ("the Land") with the Receivers and Managers, subject to the exclusion of all verifiable sold units and to the proper resolution of existing encumbrances and third party interest on the Land some of which are the subject matter of ongoing litigation.

SOSB has filed for appeal to Judge in Chambers against the decision in respect of the discovery application on 24 May 2010. The appeal is dismissed with costs of RM1,000.

SOSB has filed Stay Application and Variation Application, which fixed for case management on 14 October 2010. The Court has fixed the matter for final case management on 27 January 2011.

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

B12. Dividend

The board of directors has declared a second and final dividend of 4.5 sen per share, less 25% tax totaling approximately RM 9,861,000 in respect of the previous year ended 30 April 2010. The dividend was paid on 30 November 2010.

No dividend has been proposed for the current financial period.



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	Preceding year corresponding quarter ended	Current year to date ended	Preceding year corresponding period ended
	31/10/10	31/10/09	31/10/10	31/10/09
Profit attributable to equity holders of the Company (RM'000)	15,880	9,302	31,437	17,643
Weighted average number of ordinary shares in issue ('000)	292,169	284,976	292,375	282,078
Basic earning per share (sen)	5.44	3.26	10.75	6.25

b) Diluted Earnings Per Share

The diluted earnings per share for the current financial period ended 31 October 2010 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 Warrants, adjusted for the number of such shares that would have been issued at fair value, calculated as below.

Description	Current quarter ended	Preceding year corresponding quarter ended	Current year to date ended	Preceding year corresponding period ended
	31/10/10	31/10/09	31/10/10	31/10/09
Profit attributable to equity holders of the Company (RM'000)	15,880	9,302	31,437	17,643
Weighted average number of ordinary shares as per basic EPS	292,169	284,976	292,375	282,078
Effect of shares option ('000)	17,507	- ^	17,507	- ^
Weighted average number of ordinary shares (diluted)	309,676	284,976	309,882	282,078
Diluted earning per share (sen)	5.13	3.26	10.14	6.25

^ The effect of shares option for the previous corresponding quarter and year to-date ended 31 October 2009 was anti-dilutive and has been ignored in the calculation of diluted earnings per share.



B14. Provision of Financial Assistance

- a) There has been no additional financial assistance provided to the Group's non-wholly owned subsidiaries or associated companies during the current quarter.
- b) The aggregate amount of financial assistance provided to such companies as at 31 October 2010 was as follows:-

<u>Type of Financial Assistance</u>	Amount (RM' million)
Corporate Guarantee for:-	
1) Credit Facilities	9.4
2) Equipment Leasing Facilities	2.0
3) Profit Guarantee	16.5
	<hr/>
	27.9
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As at 31 October 2010, RM5.4million was outstanding in respect of the above guarantees.

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