



**GLOMAC BERHAD**  
**NOTES TO THE UNAUDITED INTERIM REPORT FOR THE FINANCIAL PERIOD**  
**ENDED 31 JANUARY 2011**

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



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

- Improvements to FRSs (2009)<sup>2</sup>
- IC Int. 9 Reassessment of Embedded Derivatives<sup>2</sup>
- IC Int. 9 Reassessment of Embedded Derivatives (Amendments relating to embedded derivatives)<sup>2</sup>
- IC Int. 10 Interim Financial Reporting and Impairment<sup>2</sup>
- IC Int. 11 FRS 2 - Group and Treasury Share Transactions<sup>2</sup>
- IC Int. 13 Customer Loyalty Programmes<sup>2</sup>
- IC Int. 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction<sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>2</sup> 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 114<sub>2004</sub>: 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:

	<b>Quarter ended 31/1/10 RM'000</b>	<b>Year to date ended 31/1/10 RM'000</b>
Profit for the period as previously stated	13,806	38,101
Other comprehensive income:		
Foreign currency translation	195	1
<b>Total comprehensive income</b>	<b>14,001</b>	<b>38,102</b>
Total comprehensive income attributable to:		
Owners of the company	10,648	28,291
Minority interest	3,158	9,810
	<b>13,806</b>	<b>38,101</b>

### 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:

	<b>Increase/(Decrease)</b>	
	<b>As at 31 January 2011 RM'000</b>	<b>As at 1 May 2010 RM'000</b>
<b>Equity holders of the Company</b>		
Short-term investments at fair value through profit or loss	70	(96)
Retention sum	938	352
<b>Effect of FRS 139 before taxation and minority interest</b>	<b>1,008</b>	<b>256</b>
Taxation	(235)	(88)
Minority interest	261	134
<b>Effect of FRS 139 after taxation and minority interest</b>	<b>1,034</b>	<b>302</b>

## 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 January 2011, the Company repurchased 1,662,600 of its issued ordinary shares from the open market at an overall average price of RM1.33 per share. These shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

On 25 January 2011, the Company resold 5,010,300 shares at an average price of RM1.78 per share. The difference RM2.3 million between the sales consideration and the carrying amount of the shares has been credited to the Share Premium Account.

##### **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, 29,800 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.

The shareholders have approved the second and final dividend of 4.5 sen per share, less 25% tax totaling RM9,860,705 in respect of the previous financial year ended 30 April 2010 at the Annual General Meeting on 30 September 2010. The dividend was paid on 30 November 2010.

Share capital comprise of ordinary shares only.



## A8. Segmental Reporting

The segmental analysis for the financial period ended 31 January 2011 was as follows:

### Analysis by Activity

	<b>Property Development RM'000</b>	<b>Construction RM'000</b>	<b>Property Investment RM'000</b>	<b>Other Operations RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>REVENUE</b>						
External	432,702	2,405	7,480	1,155	-	443,742
Inter-segment	-	90,934	891	2,866	(94,691)	-
Total revenue	432,702	93,339	8,371	4,021	(94,691)	443,742
<b>RESULTS</b>						
Segment results	100,889	3,368	828	(124)	(2,669)	102,292
Unallocated corporate expenses						1,001
Operating profit						103,293
Provision for liabilities	(2,302)	-	-	-	-	(2,302)
Interest expenses						(4,768)
Interest income						3,734
Share of results of associates	810	-	861	-	-	1,671
Taxation						(28,216)
Profit for the period						73,412
<b>ASSETS</b>						
Segment assets	1,011,647	19,613	56,633	34,276	-	1,122,169
Investment in equity method of Associates	6,298	16,533	38,556	-	-	61,387
Unallocated corporate assets						56,978
Consolidated total assets						1,240,534

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 recorded strong revenue and profit before tax of approximately RM444 million and RM102 million respectively for the current period to date. As compared to the previous corresponding period, revenue and profit before tax has improved by 108% and 103% respectively.

The improvement is attributable to on-going sales and progressive recognition of development from Glomac Tower, Glomac Damansara, Glomac Cyberjaya, Bandar Saujana Utama and Bandar Baru Bangi.

**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 RM17.3 million to RM40.1 million, mainly due to contributions from on-going progress completion from Glomac Tower, and on-going sales from Glomac Cyberjaya and Bandar Saujana Utama.

**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 further.

**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 31/1/11 RM'000	Year To-date Ended 31/1/11 RM'000
Current taxation	13,286	28,486
Deferred taxation	(392)	(270)
	12,894	28,216
	12,894	28,216

The current effective tax rate of the Group is higher than the statutory tax rate by the Inland Revenue Board is mainly due to under provision in prior year and unrecognized deferred tax asset on tax losses.



**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 1<sup>st</sup> 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 1<sup>st</sup> 10% deposit and the Sale and Purchase Agreement 's conditions precedent have been fulfilled by all party on 2 December 2010.





**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 1<sup>st</sup> 10% deposit and the Sale and Purchase Agreements are subject to conditions precedent to be fulfilled by all party.

- iv) Proposed acquisition of land by Glomac Alliance Sdn Bhd from Score Option Sdn Bhd (Receivers and Managers Appointed) for a purchase consideration of RM77.0 million

On 21 January 2011, Glomac Alliance Sdn Bhd (“GASB”) entered into a Sale and Purchase Agreement with Score Option Sdn Bhd (Receivers and Managers Appointed) acting through Messrs Ernst & Young (Receiver and Manager) for the proposed acquisition of 200 acres of leasehold land for a purchase consideration of RM77.0 million. GASB has paid the 1<sup>st</sup> 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 January 2011 were as follows:-

	Due within 12 months RM'000	Due after 12 months RM'000	Total as at 31/1/11 RM'000	<i>Total as at 31/1/10 RM'000</i>
<u>Secured</u>				
Hire Purchase and Lease Borrowings	1,167	1,692	2,859	1,739
Bank Borrowings	48,886	164,612	213,498	134,366
Islamic Private Debt Securities	-	-	-	9,000
	<u>50,053</u>	<u>166,304</u>	<u>216,357</u>	<u>145,105</u>
<u>Unsecured</u>				
Bonds	50,000	-	50,000	78,000
	<u>100,053</u>	<u>166,304</u>	<u>266,357</u>	<u>223,105</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 2011.

#### **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.

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 subsequently, 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 and the Court of Appeal has dismissed the appeal filed by SOSB. The Court only awarded one set of costs in the sum of RM5,000 to SOSB.

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, the Receivers and Managers for SOSB ("R&M") 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 with the R&M, 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 and the Judge has vacated the case management scheduled on 18 March 2011 and fixed the same on 11 April 2011 the same as the hearing of the interveners' application.



**B11. Material Litigation (cont'd)**

GASB had been served with Writ of Summons and Statement of Claims (“the Claim”) dated 21 March 2011 filed by SOSB and Austral Development Sdn Bhd (“the Plaintiffs”) against the R&M as the 1st and 2nd defendants, Malayan Banking Berhad as the 3rd defendant and GASB as the 4th defendant. The Claim against GASB inter alia the following:-

1. A declaration that the Sales & Purchase Agreement dated 24 January 2011 entered into between GASB and the SOSB (“SPA”) is null and void;
2. A declaration that the approval given to GASB to complete the 79 units (the development of 2½ storey houses) is null and void; and
3. Injunction order against GASB to enter the Land.

The Plaintiffs also sought interlocutory orders which are similar to the Claim and to be heard on 8 April 2011.

The Claim, if succeed, may have an impact on the completion of the SPA. However, the Company has sought the legal advice from its solicitors and they are of the view that the Plaintiffs are unlikely to succeed in their Claim.

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

**B12. Dividend**

The Board has on 31 March 2011, declared an interim dividend of 4.5 sen per ordinary share less tax at 25% in respect of financial year ended 30 April 2011, of which the entitlement date and payment date will be determined later.

**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
	31/1/11	31/1/10	31/1/11	31/1/10
Profit attributable to equity holders of the Company (RM'000)	<b>16,523</b>	10,648	<b>47,960</b>	28,291
Weighted average number of ordinary shares in issue ('000)	<b>292,531</b>	296,277	<b>292,427</b>	286,811
Basic earning per share (sen)	<b>5.65</b>	3.59	<b>16.40</b>	9.86



### B13. Earnings Per Share (cont'd)

#### b) Diluted Earnings Per Share

The diluted earnings per share for the current financial period ended 31 January 2011 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
	31/1/11	31/1/10	31/1/11	31/1/10
Profit attributable to equity holders of the Company (RM'000)	16,523	10,648	47,960	28,291
Weighted average number of ordinary shares as per basic EPS	292,531	286,277	292,427	286,811
Effect of shares option ('000)	23,586	10,646	23,586	606
Weighted average number of ordinary shares (diluted)	316,117	306,923	316,013	296,883
Diluted earning per share (sen)	5.23	3.47	15.18	9.53

### 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 as at 31 January 2011 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
	27.9

As at 31 January 2011, RM6.2 million was outstanding in respect of the above guarantees.

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