



GLOMAC BERHAD
NOTES TO THE UNAUDITED INTERIM REPORT FOR THE FINANCIAL PERIOD
ENDED 31 OCTOBER 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 Paragraph 9.22 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 2011.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2011.

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 2011, except for the adoption of new FRSs, Interpretation and Amendments to FRSs effective on or after 1 July 2010 and 1 January 2011 as listed below:

FRS 1	First-time Adoption of Financial Reporting Standards (revised) ¹
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to limited exemption from Comparative FRS 7 Disclosures for First-time Adopters) ²
FRS 1	First-time Adoption of Financial Reporting Standards (Amendments relating to additional exemptions for First-time Adopters) ²
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3) ¹
FRS 2	Share-based Payment (Amendments relating to group cash-settled share based payment transaction) ²
FRS 3	Business Combinations (revised) ¹
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell the controlling interest in a subsidiary) ¹
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments) ²
FRS 127	Consolidated and Separate Financial Statements (revised) ¹
FRS 128	Investments in Associates (revised) ¹
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from FRS 3) ¹
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) ¹



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

Improvements to FRSs (2010)²

IC Int. 4	Determining whether an arrangement contains a lease ²
IC Int. 9	Reassessment of Embedded Derivatives (Amendments relating to scope of IC Interpretation 9 and revised FRS 3) ¹
IC Int. 12	Service Concession Arrangements ¹
IC Int. 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction ¹
IC Int. 16	Hedges of a Net Investment in a Foreign Operation ¹
IC Int. 17	Distributions of Non-cash Assets to Owners ¹

¹ Effective for annual periods beginning on or after 1 July 2010

² Effective for annual periods beginning on or after 1 January 2011

The adoption of the above revised FRSs, amendments to FRSs and Interpretations does not have any material impact on the financial statements of the Group.

A2. Audit Qualification

There were no audit qualifications on the annual financial statements for the year ended 30 April 2011.

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, resale and repayment of debt and equity securities during the current financial period except for the following:-

i) Repurchase of shares

On 28 September 2011, 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 2011, the Company repurchased 20,705,000 of its issued ordinary shares from the open market at an overall average price of RM0.81 per share. These shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.



A6. Debt and Equity Securities (cont'd)

ii) 5-year 2007/2012 warrants ("Warrants")

Pursuant to the adjustment made to the exercise price and number of outstanding Warrants, as a consequence of the subdivision of every one (1) Glomac shares into two (2) ordinary shares of RM0.50 each, a total of 62,009,946 new Warrants have been issued and credited to the holders of the Warrants whose names appear in Glomac's Record of Depositors for Warrants as at the 13 October 2011. The new Warrants have been listed and quoted on the Main Market of Bursa Securities on 14 October 2011. In accordance with the Deed Poll dated 5 September 2007, the exercise price of the Warrants has been adjusted from RM1.10 per Warrants to RM0.55 per Warrants.

To-date, a total of 11,023,600 Warrants have been exercised.

iii) Subdivision of the Company existing ordinary shares

On 13 October 2011, the Company subdivided its existing 302,471,721 ordinary shares of RM1.00 each into 604,943,442 ordinary shares of RM0.50 each. Accordingly, the subdivided shares have been listed and quoted on the Main Market of Bursa Securities on 14 October 2011.

A7. Dividends Paid

The first interim dividend of 4.5 sen per ordinary share, less 25% tax totaling RM9,903,454 in respect of previous financial year ended 30 April 2011 were paid on 22 June 2011.

The shareholders have approved the second and final dividend of 5.0 sen per share, less 25% tax totaling RM11,027,636 in respect of the previous financial year ended 30 April 2011 at the Annual General Meeting on 28 September 2011. The dividend was paid on 6 October 2011.

Share capital comprise of ordinary shares only.



A8. Segmental Reporting

The segmental analysis for the financial period ended 31 October 2011 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	256,821	120	5,213	510	-	262,664
Inter-segment	-	51,519	569	2,202	(54,290)	-
Total revenue	256,821	51,639	5,782	2,712	(54,290)	262,664
RESULTS						
Segment results	93,286	1,781	(1,174)	(137)	(35,175)	58,581
Unallocated corporate expenses						(2,900)
Operating profit						55,681
Interest expenses						(3,040)
Interest income						5,006
Gain on disposal of investment in associates						8,638
Share of results of associates	697	-	(351)	-	-	346
Taxation						(15,653)
Profit for the period						50,978
ASSETS						
Segment assets	1,124,516	23,840	99,403	2,568	-	1,250,327
Investment in equity method of Associates	6,174	17,096	18,395	-	-	41,666
Unallocated corporate assets						65,224
Consolidated total assets						1,357,217

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 2011.

A12. Changes in Contingent Liabilities

There were no significant changes in contingent liabilities since the last audited balance sheet date as at 30 April 2011.

A13. Capital Commitments

The Group has the following capital commitments:

	31/10/11 RM'000
Approved and contracted for:-	
Purchase of land for development	69,300
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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

Year-on-year (“YOY”) Group’s revenue decreased by 2% mainly due to completion of two projects namely Glomac Tower and Glomac Galleria.

Nevertheless, on-going projects particularly Glomac Damansara, Glomac Cyberjaya, Saujana Rawang and Bandar Saujana Utama have contributed stronger revenue in this period as compared to last corresponding period.

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

The Group’s Profit Before Tax (“PBT”) increased by 6% as compared to previous quarter mainly due to gain from the disposal of investment in WHA Glomac Alliance Company Limited (“WHA Glomac”).

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 2012 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 31/10/11 RM’000	Year To-date Ended 31/10/11 RM’000
Current taxation	6,802	16,266
Deferred taxation	128	(613)
	<u>6,930</u>	<u>15,653</u>

The current effective tax rate of the Group is lower than the statutory tax rate by the Inland Revenue Board is mainly due non-taxable income recognised.



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

On 14 September 2011, Glomac Thailand Sdn Bhd has entered into a Share Sale and Purchase Agreement (“SSPA”) with WHA Corporation Co Ltd (“Purchaser”) for disposal of Glomac Thailand’s entire 49% equity interest comprising 15,190,000 ordinary shares (Sale Shares”) held in WHA Glomac Alliance Company Limited, a company incorporated in Thailand (“WHA Glomac”), for a total consideration of Baht 285,403,997.14 or RM30,754,741.07 (based on Malayan Banking Berhad’s published exchanged rate dated 13 September 2011) (“Proposed Disposal”).

The Proposed Disposal was completed on 14 September 2011 and the Group’s gain from disposal of WHA Glomac amounting RM8,638,000 is recognised. Withholding tax of RM2,067,000 was incurred on the remittance of share sales proceed from Thailand.

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 conditions precedent pursuant to the Sale and Purchase Agreement have been fulfilled. The remaining balance was fully paid on 31 October 2011 and now pending registration of land title.



B8. Status of Corporate Proposals (cont'd)

- ii) 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 1st 10% deposit and the Sale and Purchase Agreements are subject to conditions precedent to be fulfilled by all party.

- iii) On 23 June 2011, the Company proposed the following:
 - (a) Subdivision of every one (1) ordinary share of RM1.00 each in the Company into two (2) ordinary shares of RM0.50 each in the Company (“Proposed Subdivision”); and
 - (b) Amendments to the Company’s Memorandum and Articles of Association to facilitate and allow for the implementation of the Proposed Subdivision.

(Collectively refer to as “Proposals”)

The Proposals are subject to and conditional upon approvals from the relevant authorities and shareholders of the Company.

The Proposals were completed on 13 October 2011.

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 2011 were as follows:-

	Due within 12 months RM'000	Due after 12 months RM'000	Total as at 31/10/11 RM'000	<i>Total as at 31/10/10 RM'000</i>
<u>Secured</u>				
Hire Purchase and Lease Borrowings	797	1,823	2,620	3,122
Bank Borrowings	32,755	176,757	209,512	164,332
	<u>33,552</u>	<u>178,580</u>	<u>212,132</u>	<u>167,454</u>
<u>Unsecured</u>				
Bonds	-	-	-	78,000
Bank Borrowings	45,000	78,000	123,000	-
	<u>78,552</u>	<u>256,580</u>	<u>335,132</u>	<u>245,454</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 October 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 Court has fixed the case for trial from 2 January 2012 to 6 January 2012.

The Claim, if it succeeds, 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

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 31/10/11	Preceding year corresponding quarter ended 31/10/10	Current year to date ended 31/10/11	Preceding year corresponding period ended 31/10/10
Profit attributable to equity holders of the Company (RM'000)	23,776	15,880	41,647	31,437
Weighted average number of ordinary shares in issue ('000)	582,372	584,338	584,235	584,751
Basic earning per share (sen)	4.08	* 2.72	7.13	* 5.38



B13. Earnings Per Share (cont'd)

b) Diluted Earnings Per Share

The diluted earnings per share for the current financial period ended 31 October 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
	31/10/11	31/10/10	31/10/11	31/10/10
Profit attributable to equity holders of the Company (RM'000)	23,776	15,880	41,647	31,437
Weighted average number of ordinary shares as per basic EPS	582,372	584,338	584,235	584,751
Effect of shares option ('000)	37,494	35,014	37,494	35,014
Weighted average number of ordinary shares (diluted)	619,866	619,352	621,729	619,765
Diluted earning per share (sen)	3.84	* 2.56	6.70	* 5.07

* In accordance with FRS 133 Earnings Per Share, the comparatives have been restated to account for the effects of the share split.

B14. Provision of Financial Assistance

- There has been no additional financial assistance provided pursuant to Paragraph 8.23 of the Main Market Listing Requirement during the current quarter.
- The aggregate amount of financial assistance provided as at 31 October 2011 was as follows:-

<u>Type of Financial Assistance</u>	Limit of Amount (RM' million)
1) Corporate Guarantee for Credit Facilities	9.4
2) Corporate Guarantee for Equipment Leasing Facilities	2.0
3) Profit Guarantee	16.5
	27.9

As at 31 October 2011, RM3.3 million was outstanding in respect of the above guarantees.

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



B15. Realised and Unrealised Profits

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Securities”) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format required.

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	31/10/11 RM ‘000	30/4/11 RM ‘000
Total retained profits of the Company and its subsidiaries:		
- Realised	329,496	297,998
- Unrealised	14,654	14,946
	<hr/> 344,150	<hr/> 302,736
Total share of retained profits from associated companies:		
- Realised	19,523	20,451
	<hr/> 363,673	<hr/> 333,395
Less: Consolidation adjustments	(68,182)	(68,591)
	<hr/>	<hr/>
Total Group retained profits as per consolidated accounts	295,489	264,804
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The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements* as issued by the Malaysian Institute of Accountants on 20 December 2010. A charge or a credit to the profit or loss of a legal entity is deemed realised when it is resulted from the consumption of resources of all types and form, regardless of whether it is consumed in the ordinary course of business or otherwise. A resource may be consumed through sale or use. Where a credit or a charge to the profit or loss upon initial recognition or subsequent measurement of an asset or a liability is not attributed to consumption of resource, such credit or charge should not be deemed as realised until the consumption of resource could be demonstrated.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.