



GLOMAC BERHAD

NOTES TO THE UNAUDITED INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2013

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 2012.

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 2012.

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 2012, except for the adoption of new FRSs, Interpretation and Amendments to FRSs effective for annual financial periods beginning on or after 1 May 2012 as listed below:

FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments) ²
FRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures – Transfers of Financial Assets) ¹
FRS 7	Financial Instruments: Disclosures (Amendments relating to Mandatory Effective Date of FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) and Transition Disclosures) ²
FRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Financial Liabilities) ³
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) ⁴
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) ⁴
FRS 10	Consolidated Financial Statements ³
FRS 11	Joint Arrangements ³
FRS 12	Disclosures of Interests in Other Entities ³
FRS 13	Fair Value Measurement ³
FRS 101	Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income) ⁵
FRS 112	Income Taxes (Amendments relating to Deferred Tax - Recovery of Underlying Assets) ¹
FRS 119	Employee Benefits (2011) ³
FRS 124	Related Party Disclosures (Revised) ¹
FRS 127	Separate Financial Statements (2011) ³
FRS 128	Investments in Associates and Joint Ventures (2011) ³
FRS 132	Financial Instruments : Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) ⁶



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

IC Interpretation 14	FRS 119 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (Amendments relating to prepayments of a minimum funding requirement) ⁷
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments ⁷
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine ³

¹ Effective for annual periods beginning on or after 1 January 2012

² Effective immediately on issuance date of 1 March 2012

³ Effective for annual periods beginning on or after 1 January 2013

⁴ Effective for annual periods beginning on or after 1 January 2015 instead of 1 January 2013 immediately upon the issuance of Amendments to FRS 9 (IFRS 9 issued by IASB on November 2009 and October 2010 respectively) and FRS 7 relating to “Mandatory Effective Date of FRS 9 and Transition Disclosures” on 1 March 2012

⁵ Effective for annual periods beginning on or after 1 July 2012

⁶ Effective for annual periods beginning on or after 1 January 2014

⁷ Effective for annual periods beginning on or after 1 July 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.

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS Framework in conjunction with its planned convergence of FRSs with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board on 1 January 2012.

The MFRS Framework is a fully IFRS-compliant framework, equivalent to IFRSs which is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception for Transitioning Entities. Transitioning Entities, being entities which are subject to application of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for Construction of Real Estate are given an option to defer adoption of the MFRS Framework for an additional one year. Transitioning Entities also include those entities that consolidate, equity account or proportionately consolidate an entity that has chosen to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2012. Subsequently, on 30 June 2012, MASB extended the aforementioned transitional period for another one year. Thus, Transitioning Entities are given an additional option to continue to apply the FRS Framework for annual periods beginning on or after 1 January 2013. Consequently, the MFRS Framework will be mandatory for application for annual periods beginning on or after 1 January 2014.

Accordingly, the Group being Transitioning Entities, have availed themselves of this transitional arrangement and will continue to apply FRSs in their next set of financial statements. Therefore, the Group will be required to apply MFRS 1 First-time Adoption of Malaysian Financial Reporting Standard (“MFRS 1”) in its financial statements for the financial year ending 30 April 2015, being the first set of financial statements prepared in accordance with the new MFRS Framework. Further, an explicit and unreserved statement of compliance with IFRSs will be made in these financial statements.



A2. Audit Qualification

There were no audit qualifications on the annual financial statements for the year ended 30 April 2012.

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:-

Repurchase of shares

On 16 October 2012, the shareholders of the Company renewed their approval for the Company's plan to repurchase its own ordinary shares. For the current year-to-date ended 30 April 2013, the Company repurchased 16,990,200 of its issued ordinary shares from the open market at an overall average price of RM0.83 per share. These shares are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

A7. Dividends Paid

The first interim dividend of 2.75 sen per ordinary share, less 25% tax totaling RM13,834,540 in respect of previous financial year ended 30 April 2012 were paid on 20 June 2012.

The shareholders have approved the final dividend of 2.75 sen per share, less 25% tax totaling RM14,700,616 in respect of the previous financial year ended 30 April 2012 at the Annual General Meeting on 16 October 2012. The dividend was paid on 4 December 2012.

Share capital comprise of ordinary shares only.



A8. Segmental Reporting

The segmental analysis for the financial period ended 30 April 2013 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	653,232	-	9,118	3,521	-	665,871
Inter-segment	-	111,066	625	18,049	(129,740)	-
Total revenue	653,232	111,066	9,743	21,570	(129,740)	665,871
RESULTS						
Segment results	161,414	4,004	317	(315)	(4,006)	161,414
Unallocated corporate expenses						(13,176)
Operating profit						148,238
Interest expenses						(8,471)
Interest income						8,164
Share of results of associates	4,740	-	236	-	-	4,976
Taxation						(45,329)
Profit for the period						107,578
ASSETS						
Segment assets	988,443	31,301	34,800	92,818	-	1,147,362
Investment in equity method of Associates	22,131	-	16,577	-	-	38,708
Unallocated corporate assets						374,637
Consolidated total assets						1,560,707

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 quarter.

A12. Changes in Contingent Liabilities

There were no significant changes in contingent liabilities since the last audited balance sheet date as at 30 April 2012.

A13. Capital Commitments

There were no outstanding capital commitments for the group as at 30 April 2013.



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

B1. Review of Group Performance

The Group recorded an increase in revenue by 2% compared to previous corresponding period mainly contributed by projects in Glomac Damansara, Saujana Rawang and Bandar Saujana Utama.

The Group's Profit Before Tax decreased by 5% compared to previous corresponding period. It is to be noted in the previous year there is a one-off recognition of disposal gain from sale of investment in Thailand and additional billings in Glomac Tower.

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 the current quarter has increased by 31% compared to previous quarter mainly contributed by the on-going projects in Glomac Damansara, Bandar Saujana Utama, Saujana Rawang and Lakeside Residences.

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 2014 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 30/4/13 RM'000	Year To-date Ended 30/4/13 RM'000
Current taxation	16,500	42,125
Deferred taxation	(254)	3,204
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	16,246	45,329
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The Group's effective tax rate for the current financial period is higher than the statutory tax rate by the Inland Revenue Board due to non-recognition of deferred tax assets on tax losses and utilization of deferred tax asset.

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

There was no sale of unquoted investment or properties.



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

There was no 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 30 April 2013 were as follows:-

	Due within 12 months RM'000	Due after 12 months RM'000	Total as at 30/4/13 RM'000	Total as at 30/4/12 RM'000
<u>Secured</u>				
Hire Purchase and Lease Borrowings	377	1,201	1,578	2,031
Bank Borrowings	8,040	365,619	373,659	265,650
	8,418	366,820	375,237	267,681
<u>Unsecured</u>				
Bank Borrowings	51,000	78,000	129,000	148,000
	59,417	444,820	504,237	415,681

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 30 April 2013.



B11. Material Litigation

A wholly owned subsidiary, Glomac Alliance Sdn Bhd ("GASB") had been served with Writ of Summons and Statement of Claims ("the Claim") dated 21 March 2011 filed by both Score Option Sdn Bhd ("SOSB") and Austral Development Sdn Bhd ("ADSB") ("the Plaintiffs") against the Receivers and Managers ("R & M") as the 1st and 2nd defendants, Malayan Banking Berhad ("MBB") as the 3rd defendant and GASB as the 4th defendant. The Claim against GASB is inter alia the following:-

1. A declaration that the Sales & Purchase Agreement ("SPA") dated 24 January 2011 entered into between GASB and SOSB 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.

There is no pleaded claim for monetary or damages against GASB in this suit, only for an injunction to restrain the completion of the SPA entered into by GASB with SOSB for the purchase of the Land from SOSB acting through the R & M. On 21 March 2011, SOSB and ADSB filed a suit against the R & M, MBB and GASB. On 22 March 2011, SOSB filed summon in chambers for injunction application. On 13 July 2011, the court fixed for decision in which the injunction application was dismissed with costs to be paid by the directors of SOSB and R & M striking out application was allowed with costs.

On 11 August 2011, SOSB and ADSB filed notice of appeal to the Court of Appeal but were dismissed on 21 March 2012 with an order against the directors of SOSB & ADSB to pay the costs to each of the respondents.

On 18 April 2012, one of the directors of SOSB made an application by filing Notice of Motion for leave of appeal to the Federal Court. On 15 May 2013 the Federal Court dismissed SOSB's application for leave to Appeal to the Federal Court with costs to each of the respondents.

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

B12. Dividend

The Board has on 20 March 2013, declared an interim dividend of 3 sen per ordinary share less tax at 25% in respect of financial year ended 30 April 2013 which was paid on 12 June 2013.

The Board has on 25 June 2013, proposed a final dividend of 3.5 sen per ordinary share less tax at 25% in respect of financial year ended 30 April 2013, subject to shareholders' approval in the forthcoming Annual General Meeting.



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 30/4/13	Preceding year corresponding quarter ended 30/4/12	Current year to date ended 30/4/13	Preceding year corresponding period ended 30/4/12
Profit attributable to equity holders of the Company (RM'000)	31,191	21,626	101,479	85,160
Weighted average number of ordinary shares in issue ('000)	761,612	570,533	689,304	576,271
Basic earnings per share (sen)	4.10	3.79	14.72	14.78

b) Diluted Earnings Per Share

There is no dilution effect to the earning per share for the current financial period as the Warrants have expired on 24 October 2012.

B14. Provision of Financial Assistance

a) There has been no additional financial assistance provided pursuant to Paragraph 8.23 of the Main Market Listing Requirement during the current quarter.

b) The aggregate amount of financial assistance provided during the current quarter was as follows:-

<u>Type of Financial Assistance</u>	Limit of Amount RM' million
Corporate Guarantee for Credit Facilities	4.4
Corporate Guarantee for Equipment Leasing Facilities	2.0
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	RM' million
Profit Guarantee	4.2
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As at 30 April 2013, RM1.7 million was remained 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:

	30/4/13 RM ‘000	30/4/12 RM ‘000
Total retained profits of the Company and its subsidiaries:		
- Realised	425,080	367,035
- Unrealised	11,428	14,632
	<hr/> 436,508	<hr/> 381,667
Total share of retained profits from associated companies:		
- Realised	19,833	11,765
	<hr/> 456,341	<hr/> 393,432
Less: Consolidation adjustments	(60,339)	(68,265)
Total Group retained profits as per consolidated accounts	<hr/> 396,002	<hr/> 325,167

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.



B16. Notes to the Statement of Comprehensive Income

Notes to the Statement of Comprehensive Income comprises of the followings:-

	Current Quarter Ended 30/4/13 RM'000	Year To-date Ended 30/4/13 RM'000
Interest income	2,018	8,164
Other income including investment income	3,735	10,885
Gain on disposal of fixed assets	-	121
Interest expense	(3,514)	(8,471)
Depreciation and amortisation	(2,295)	(3,339)
Fixed assets written off	(44)	(44)
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Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.