



## **GLOMAC BERHAD**

### **NOTES TO THE UNAUDITED INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2014**

#### **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 2013.

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 2013.

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 2013, except for the adoption of new FRSs, Interpretation and Amendments to FRSs effective for annual financial periods beginning on or after 1 May 2013 as listed below:

FRS 1	First-time Adoption of Financial Reporting Standards (Amendments to Government Loans) <sup>1</sup>
FRS 1	First-time Adoption of Financial Reporting Standards (Amendment to Improvements to FRSs (2012)) <sup>1</sup>
FRS 7	Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Financial Liabilities) <sup>1</sup>
FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) <sup>2</sup>
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) <sup>2</sup>
FRS 10	Consolidated Financial Statements <sup>1</sup>
FRS 10	Consolidated Financial Statements (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance) <sup>1</sup>
FRS 10	Consolidated Financial Statements (Amendments relating to Investment Entities) <sup>3</sup>
FRS 11	Joint Arrangements <sup>1</sup>
FRS 11	Joint Arrangements (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance) <sup>1</sup>
FRS 12	Disclosures of Interests in Other Entities <sup>1</sup>
FRS 12	Disclosures of Interests in Other Entities (Amendments relating to Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance) <sup>1</sup>
FRS 12	Disclosures of Interests in Other Entities (Amendments relating to Investment Entities) <sup>3</sup>



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

FRS 13	Fair Value Measurement <sup>1</sup>
FRS 101	Presentation of Financial Statements (Improvements to FRSs (2012)) <sup>1</sup>
FRS 116	Property, Plant and Equipment (Improvements to FRSs (2012)) <sup>1</sup>
FRS 119	Employee Benefits (2011) <sup>1</sup>
FRS 127	Separate Financial Statements (2011) <sup>1</sup>
FRS 127	Separate Financial Statements (2011) (Amendments relating to Investment Entities) <sup>3</sup>
FRS 128	Investments in Associates and Joint Ventures (2011) <sup>1</sup>
FRS 132	Financial Instruments: Presentation (Amendment relating to Improvements to FRSs (2012)) <sup>1</sup>
FRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) <sup>3</sup>
FRS 134	Interim Financial Reporting (Amendment to Improvements to FRSs (2012)) <sup>1</sup>
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments (Amendments relating to Improvements to FRSs (2012)) <sup>1</sup>
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2013

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2015

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2014

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.

### Adoption of the Malaysian Financial Reporting Standards

On 19 November 2011, the MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standard Framework ("MFRS Framework"), a fully-IFRS compliant framework. Entities other than private entities shall apply the MFRS Framework for annual periods beginning on or after 1 January 2012, with the exception of Transitioning Entities ("TEs").

TEs, being entities within the scope of MFRS 141 Agriculture and/or IC Interpretation 15: Agreements for the Construction of Real Estate, including its parents, significant investors and venturers were given a transitional period of two years, within which the MFRS Framework is mandatory to be adopted by the TEs. Following the announcement by the MASB on 7 August 2013, the transitional period for TEs has been extended for an additional year. Therefore, the mandatory adoption date of the MFRS Framework for TEs has been extended from annual periods beginning on or after 1 January 2014 to annual periods beginning on or after 1 January 2015.

The Group being TEs have availed themselves of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 First-time adoption of Malaysian Financial Reporting Standards in their financial statements for the financial year ending 30 April 2016, being the first set of financial statements prepared in accordance with 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 2013.

**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) Disposal and repurchase of shares

On 1 July 2013, the Company has resold all treasury shares of 19,213,300 units at an average price of RM1.18 per share. The difference of RM6,596,302 between the sale consideration and the carrying amount of the shares has been credited to the Share Premium Account.

On 24 October 2013, 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 31 January 2014, the Company repurchased 1,011,000 of its issued ordinary shares from the open market at an overall average price of RM1.08 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 shareholders have approved the final dividend of 3.5 sen per share, less 25% tax totaling RM19,078,769 in respect of the previous financial year ended 30 April 2013 at the Annual General Meeting on 24 October 2013. The dividend was paid on 9 December 2013.

Share capital comprise of ordinary shares only.



## A8. Segmental Reporting

The segmental analysis for the financial period ended 31 January 2014 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
<b>REVENUE</b>						
External	493,833	-	7,375	585	-	501,793
Inter-segment	-	110,574	1,937	15,111	(127,622)	-
Total revenue	493,833	110,574	9,312	15,696	(127,622)	501,793
<b>RESULTS</b>						
Segment results	111,615	3,840	14,793	(226)	(3,843)	126,179
Unallocated corporate expenses						(24,465)
Operating profit						101,714
Interest expenses						(5,864)
Interest income						5,308
Share of results of associates	2,888	-	14,824	-	-	17,712
Taxation						(30,314)
Profit for the period						88,556
<b>ASSETS</b>						
Segment assets	1,014,401	43,203	17,946	97,429	-	1,172,979
Investment in equity method of Associates	25,356	-	31,304	-	-	56,660
Unallocated corporate assets						407,830
Consolidated total assets						1,637,469

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 2013.

**A13. Capital Commitments**

There were no outstanding capital commitments for the group as at 31 January 2014.



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

**B1. Review of Group Performance**

The Group recorded higher revenue as compared to previous corresponding quarter with continued contribution by projects in Puchong Lakeside Residences, Saujana Rawang, and Cyberjaya 2.

The Profit Attributable to Owners of the Group decreased by 10% compared to previous corresponding quarter. This is mainly due to higher new land conversion premium rates and construction costs.

**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 decreased by 27% compared to previous quarter. Lower Group's Profit Attributable to Owners for the quarter is mainly due to higher new land conversion premium rates and construction costs.

**B3. Prospects for the next Financial Year**

Going forward, the property market is challenging with higher land premium conversion rates and construction costs. 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 31/1/14 RM'000	Year To-date Ended 31/1/14 RM'000
Current taxation	11,889	29,766
Deferred taxation	19	548
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	11,908	30,314
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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 certain non-deductible expenses.

**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

#### i) Proposed establishment and implementation of employees' share scheme ("ESS")

On 26 September 2013, Maybank Investment Bank Berhad had, on behalf of the Board announced that the Company intended to establish and implement an employees' share scheme ("ESS") of up to eight percent (8%) of the issued and paid-up share capital (excluding treasury shares) of the Company at any point in time for the option(s) to subscribe for and/or award of ordinary shares of RM0.50 each in Glomac to the eligible employees and Executive Directors of Glomac and its subsidiaries, excluding subsidiaries which are dormant, who fulfill the criteria for eligibility, which will be stipulated in the by-laws governing the Proposed ESS.

On 30 September 2013, the listing application to Bursa Malaysia Securities Berhad pursuant to the Proposed ESS has been submitted. On 8 October 2013, Bursa Malaysia Securities Berhad had resolved to approve the listing of such number of the Company new shares, representing up to four percent (4%) of the issued and paid-up ordinary share capital of the Company (excluding treasury shares), to be issued pursuant to the exercise of ESOS Options under the Proposed ESOS. The proposed ESS was approved by the shareholders at the Company's EGM held on 24 October 2013.

#### ii) Proposed acquisition of land by Elmina Equestrian Centre (Malaysia) Sdn. Bhd. from Pertubuhan Peladang Kawasan Kuala Selangor (previously known as Pertubuhan Peladang Kawasan Kuala Selangor Selatan) for a total purchase consideration of RM23.0 million

On 14 March 2014, our wholly owned subsidiary Elmina Equestrian Centre (Malaysia) Sdn. Bhd. ("EEC") entered into a Sale and Purchase Agreement with Pertubuhan Peladang Kawasan Kuala Selangor for the acquisition of 62.58 acres of leasehold land at Mukim Ijuk, Daerah Kuala Selangor, Negeri Selangor for a total purchase consideration of RM23.0 million. EEC has paid the 10% deposit and the Sale and Purchase Agreement is subject to conditions precedent to be fulfilled by all parties.

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 2014 were as follows:-

	Due within 12 months RM'000	Due after 12 months RM'000	Total as at 31/1/14 RM'000	Total as at 30/4/13 RM'000
<u>Secured</u>				
Hire Purchase and Lease Borrowings	391	713	1,104	1,579
Bank Borrowings	1,568	354,483	356,051	384,300
	1,959	355,196	357,155	385,879
<u>Unsecured</u>				
Bank Borrowings	102,500	45,500	148,000	121,000
	104,459	400,696	505,155	506,879

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 2014.

## B11. Material Litigation

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

## B12. Dividend

The Board has on 19 March 2014, declared a single-tier interim dividend of 2.25 sen per ordinary share in respect of financial year ended 30 April 2014, 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 31/1/14	Preceding year corresponding quarter ended 31/1/13	Current year to date ended 31/1/14	Preceding year corresponding period ended 31/1/13
Profit attributable to equity holders of the Company (RM'000)	<b>22,710</b>	25,364	<b>86,044</b>	70,287
Weighted average number of ordinary shares in issue ('000)	<b>726,892</b>	722,394	<b>723,136</b>	683,043
Basic earnings per share (sen)	<b>3.12</b>	3.51	<b>11.90</b>	10.29





b) Diluted Earnings Per Share

There is no dilution effect to the earning per share for the current financial period.

**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>	<b>Limit of Amount RM' million</b>
Corporate Guarantee for Credit Facilities	4.4
Corporate Guarantee for Equipment Leasing Facilities	2.0
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	<b>RM' million</b>
Profit Guarantee	4.2
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As at 31 January 2014, RM1.5 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**

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:

	<b>30/1/14 RM'000</b>	<b>30/4/13 RM'000</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	495,100	437,375
- Unrealised	15,205	15,753
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	510,305	453,128
Total share of retained profits from associated companies:		
- Realised	37,785	21,462
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	548,090	474,590
Less: Consolidation adjustments	(84,325)	(77,790)
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<b>Total Group retained profits as per consolidated accounts</b>	<b>463,765</b>	<b>396,800</b>
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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.

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:-

	<b>Current Quarter Ended 31/1/14 RM'000</b>	<b>Year To-date Ended 31/1/14 RM'000</b>
Interest income	1,498	5,308
Other income including investment income	2,791	9,495
Interest expense	(2,251)	(5,864)
Depreciation and amortisation	(906)	(2,619)
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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.