



GLOMAC BERHAD
NOTES TO THE UNAUDITED INTERIM REPORT FOR THE FINANCIAL PERIOD
ENDED 31 OCTOBER 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 2014.

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 2014.

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 2014, except for the adoption of new FRSs, Interpretation and Amendments to FRSs effective for annual financial periods beginning on or after 1 May 2014 as listed below:

FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009) ¹
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010) ¹
FRS 9	Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139) ¹
IC Interpretation 21	Levies ²
Amendments to FRS 9 and FRS 7	Mandatory Effective Date of FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010, respectively) and Transition Disclosures ¹
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities ²
Amendments to FRS 119	Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions) ³
Amendments to FRS 132	Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities) ²
Amendments to FRS 136	Impairment of Assets (Amendments relating to Recoverable Amounts Disclosures for Non-Financial Assets) ³
Amendments to FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting) ³
Amendments to FRSs contained in the document entitled Annual Improvements to FRSs 2010 – 2012 cycle	
Amendments to FRSs contained in the document entitled Annual Improvements to FRSs 2011 – 2013 cycle	

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

- ¹ The mandatory effective date of FRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010, respectively) which was for annual periods beginning on or after 1 January 2015, has been removed with the issuance of FRS 9 Financial Instruments: Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139. The effective date of FRS 9 will be decided when IASB's IFRS 9 project is closer to completion. However, each version of the FRS 9 is available for early adoption
- ² Effective for annual periods beginning on or after 1 January 2014
- ³ Effective for annual periods beginning on or after 1 July 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 2017.

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 2018, 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 2014.

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 17 October 2014, the shareholders of the Company renewed their approval for the Company's plan to repurchase its own ordinary shares. As at 31 October 2014, the company is having 1,011,000 of its issued ordinary shares repurchased from open market at an overall average price at RM1.08 per share. These shares are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

During the current year-to-date ended 31 October 2014, the Company has also repurchased 1,400,000 of its issued ordinary shares from the open market at an overall average price of RM1.11 per share. These shares are being held as shares held-in-trust for issuance of Restricted Shares Grant ("RSG") to its employees in the future.

A7. Dividends Paid

The first interim single-tier dividend of 2.25 sen per ordinary share totaling RM16,353,232 in respect of previous financial year ended 30 April 2014 was paid on 23 June 2014.

The shareholders have approved the final single-tier dividend of 2.65 sen per share, totaling RM19,223,371 in respect of the previous financial year ended 30 April 2014 at the Annual General Meeting on 17 October 2014. The dividend was paid on 24 November 2014.

Share capital comprise of ordinary shares only.



A8. Segmental Reporting

The segmental analysis for the financial period ended 31 October 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
REVENUE						
External	187,602	-	5,090	137	-	192,829
Inter-segment	-	37,506	1,458	6,677	(45,641)	-
Total revenue	187,602	37,506	6,548	6,814	(45,641)	192,829
RESULTS						
Segment results	60,847	395	415	(235)	(396)	61,026
Unallocated corporate expenses						(9,427)
Operating profit						51,599
Interest expenses						(5,000)
Interest income						3,991
Share of results of associates	594	-	32	-	-	1,420
Taxation						(15,988)
Profit for the period						36,022
ASSETS						
Segment assets	1,013,483	37,178	14,077	123,949	-	1,188,687
Investment in equity method of Associates	27,668	-	30,283	-	-	57,951
Unallocated corporate assets						475,676
Consolidated total assets						1,722,314

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 2014.

A13. Capital Commitments

Capital commitments for the group as at 31 October 2014 are as follows:-

	31/10/2014 RM'000
Contractual commitments to purchase development land	27,651
Contractual commitments for acquisition of issued and share capital of a company	20,492
	<hr/>



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

B1. Review of Group Performance

The Group has recorded lower revenue as compared to previous corresponding quarter and corresponding year to date mainly due to completion of Damansara Residences and tail-end projects in Bandar Saujana Utama.

Nevertheless, gross profit margin for the quarter has improved from 29% to 41%, while gross profit margin for year to date has improved from 29% to 40%.

The Profit Attributable to Owners of the Group decreased by 46% compared to previous corresponding quarter due to lower revenue recorded. However, Net Assets Per Share Attributable to Ordinary Equity Holders improved from RM1.22 to RM1.24 from previous financial year end.

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 32% compared to previous quarter due to lower revenue.

B3. Prospects for the remaining Period to the End of Financial Year

The Directors are of the opinion that the environment going forward will be challenging. However, with the unbilled sales currently in hand and the future launches, we are hopeful the Group's performance for the financial year ending 30 April 2015 will be satisfactory.

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 31/10/14 RM'000	Year To-date Ended 31/10/14 RM'000
Current taxation	7,657	16,218
Deferred taxation	(727)	(230)
	6,930	15,988

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 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, a 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% of deposits upon signing of the Sale and Purchase Agreement. The conditions precedent have been fulfilled and the balance 90% of the purchase price is to be paid in January 2015.

- ii) Proposed acquisition of entire issued and paid-up capital of Precious Quest Sdn Bhd by Glomac Berhad for a total purchase consideration of RM22.8 million

On 21 March 2014, Glomac Berhad entered into a Sale and Purchase of Shares Agreement ("SSA") for the acquisition of the entire issued and paid-up capital of Precious Quest Sdn Bhd for a total purchase consideration of RM22,768,900. Glomac Berhad has paid the 10% deposit and the SSA is subject to conditions precedent to be fulfilled by all parties. The proposed acquisition is expected to be completed during the financial year ending 30 April 2015.

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 2014 were as follows:-

	Due within 12 months RM'000	Due after 12 months RM'000	Total as at 31/10/14 RM'000	Total as at 30/4/14 RM'000
<u>Secured</u>				
Hire Purchase and Lease Borrowings	405	854	1,259	1,537
Bank Borrowings	16,405	337,326	353,731	358,853
	16,810	338,180	354,990	360,390
<u>Unsecured</u>				
Bank Borrowings	145,000	45,500	190,500	168,500
	161,810	383,680	545,490	528,890

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 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 18 June 2014, proposed a single-tier final dividend of 2.65 sen per ordinary share in respect of financial year ended 30 April 2014. The shareholders have approved the dividend at the Annual General Meeting on 17 October 2014. The dividend has been paid on 24 November 2014.

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 31/10/14	Preceding year corresponding quarter ended 31/10/13	Current year to date ended 31/10/14	Preceding year corresponding period ended 31/10/13
Profit attributable to equity holders of the Company (RM'000)	13,173	39,201	34,018	63,334
Weighted average number of ordinary shares in issue ('000)	726,181	727,434	726,468	721,258
Basic earnings per share (sen)	1.81	5.39	4.68	8.78



b) Diluted Earnings Per Share

The diluted earnings per share for the current financial period ended 31 October 2014 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 ESS Options, adjusted for the number of such shares that would have been issued at fair value, calculated as below.

Description	Current quarter ended 31/10/14	Preceding year corresponding quarter ended 31/10/13	Current year to date ended 31/10/14	Preceding year corresponding period ended 31/10/13
Profit attributable to equity holders of the Company (RM'000)	13,173	39,201	34,018	63,334
Weighted average number of ordinary shares as per basic EPS ('000)	726,181	727,434	726,468	721,258
Effect of ESS Option ('000)	1,184	-	1,184	-
Weighted average number of ordinary shares (diluted) ('000)	727,365	727,434	727,652	721,258
Diluted earning per share (sen)	1.81	5.39*	4.67	8.78*

* The ESS Options have been granted in current financial period, thus no dilution impact to previous year earnings per share.

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
	<hr/>
	RM' million
Profit Guarantee	4.2
	<hr/>

As at 31 October 2014, RM1.8 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:

	31/10/14 RM'000	30/4/14 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	521,992	499,918
- Unrealised	21,471	21,240
	<hr/> 543,463	<hr/> 521,158
Total share of retained profits from associated companies:		
- Realised	39,076	37,424
	<hr/> 582,539	<hr/> 558,582
Less: Consolidation adjustments	(98,296)	(88,834)
Total Group retained profits as per consolidated accounts	<hr/> 484,243	<hr/> 469,748

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:-

	Current Quarter Ended 31/10/14 RM'000	Year To-date Ended 31/10/14 RM'000
Interest income	1,992	3,991
Other income including investment income	70	1,632
Interest expense	(3,084)	(5,000)
Depreciation and amortisation	(879)	(1,741)
	<hr/>	<hr/>

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.