



GLOMAC BERHAD
NOTES TO THE UNAUDITED INTERIM REPORT FOR THE FINANCIAL PERIOD
ENDED 31 JANUARY 2015

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 January 2015, the Company has also repurchased 4,400,000 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 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 January 2015 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 | 293,019 | - | 9,550 | 1,216 | - | 303,785 |
| Inter-segment | 242,952 | 62,169 | 434 | 13,209 | (318,764) | - |
| Total revenue | 535,971 | 62,169 | 9,984 | 14,425 | (318,764) | 303,785 |
| RESULTS | | | | | | |
| Segment results | 80,895 | 834 | 459 | (551) | (838) | 80,799 |
| Unallocated corporate expenses | | | | | | (16,304) |
| Operating profit | | | | | | 64,495 |
| Interest expenses | | | | | | (9,215) |
| Interest income | | | | | | 5,543 |
| Share of results of associates | 3,434 | - | - | - | - | 3,434 |
| Fair value gain on investment properties | - | - | 30,233 | - | - | 30,233 |
| Taxation | | | | | | (32,659) |
| Profit for the period | | | | | | 61,831 |
| ASSETS | | | | | | |
| Segment assets | 806,029 | 22,480 | 7,616 | 390,933 | - | 1,227,058 |
| Investment in equity method of Associates | 29,476 | - | 16,565 | - | - | 46,041 |
| Unallocated corporate assets | | | | | | 487,691 |
| Consolidated total assets | | | | | | 1,760,790 |

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 January 2015 are as follows:-

| | 31/1/2015 RM'000 |
|-------------------------------------------------------------------------------------|---------------------|
| Contractual commitments to purchase development land | 6,951 |
| 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 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.

The gross profit margin for the quarter decreased from 29% to 27%, while gross profit margin for year to date has improved from 29% to 35%.

Nevertheless, the Profit Attributable to Owners of the Group increased by 3% compared to previous corresponding quarter due to fair value gain on its investment properties. The Net Assets Per Share Attributable to Ordinary Equity Holders improved from RM1.22 to RM1.27 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 increased by 102% compared to previous quarter due to fair value gain on its investment properties.

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 31/1/15 RM'000 | Year To-date Ended 31/1/15 RM'000 |
|-------------------|-----------------------------------------------|--------------------------------------------|
| Current taxation | 16,634 | 32,852 |
| Deferred taxation | 37 | (193) |
| | 16,671 | 32,659 |

The Group's effective tax rate for the current financial period is higher than the statutory tax rate by the Inland Revenue Board mainly due to provision for tax in foreign jurisdiction and 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 remaining balance of purchase consideration has been fully settled on 27 January 2015 and thus the proposed acquisition was completed on 27 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 January 2015 were as follows:-

| | Due within 12 months RM'000 | Due after 12 months RM'000 | Total as at 31/1/15 RM'000 | Total as at 30/4/14 RM'000 |
|------------------------------------|-----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <u>Secured</u> | | | | |
| Hire Purchase and Lease Borrowings | 519 | 1,491 | 2,010 | 1,537 |
| Bank Borrowings | 17,348 | 368,545 | 385,893 | 358,853 |
| | <u>17,867</u> | <u>370,036</u> | <u>387,903</u> | <u>360,390</u> |
| <u>Unsecured</u> | | | | |
| Bank Borrowings | 149,500 | 39,000 | 188,500 | 168,500 |
| | <u>167,367</u> | <u>409,036</u> | <u>576,403</u> | <u>528,890</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 2015.

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.

The Board has on 18 March 2015, declared a single-tier interim dividend of 2 sen per ordinary share in respect of financial year ended 30 April 2015, 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 31/1/15 | Preceding year corresponding quarter ended 31/1/14 | Current year to date ended 31/1/15 | Preceding year corresponding period ended 31/1/14 |
|---------------------------------------------------------------|-------------------------------|----------------------------------------------------|------------------------------------|---------------------------------------------------|
| Profit attributable to equity holders of the Company (RM'000) | 23,397 | 22,710 | 57,414 | 86,044 |
| Weighted average number of ordinary shares in issue ('000) | 723,805 | 726,892 | 725,580 | 723,136 |
| Basic earnings per share (sen) | 3.23 | 3.12 | 7.91 | 11.90 |

b) Diluted Earnings Per Share

The diluted earnings per share for the current financial period ended 31 January 2015 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 31/1/15 | Preceding year corresponding quarter ended 31/1/14 | Current year to date ended 31/1/15 | Preceding year corresponding period ended 31/1/14 |
|--------------------------------------------------------------------|-------------------------------|----------------------------------------------------|------------------------------------|---------------------------------------------------|
| Profit attributable to equity holders of the Company (RM'000) | 23,397 | 22,710 | 57,414 | 86,044 |
| Weighted average number of ordinary shares as per basic EPS ('000) | 723,805 | 726,892 | 725,580 | 723,136 |
| Effect of ESS Option ('000) | 1,806 | - | 1,806 | - |
| Weighted average number of ordinary shares (diluted) ('000) | 725,611 | 726,892 | 727,386 | 723,136 |
| Diluted earning per share (sen) | 3.22 | 3.12* | 7.89 | 11.90* |

* 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 January 2015, RM0.7 million 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:

| | 31/1/15 RM'000 | 30/4/14 RM'000 |
|------------------------------------------------------------------|---------------------------|---------------------------|
| Total retained profits of the Company and its subsidiaries: | | |
| - Realised | 538,675 | 499,918 |
| - Unrealised | 51,666 | 21,240 |
| | <hr/> | <hr/> |
| | 590,341 | 521,158 |
| Total share of retained profits from associated companies: | | |
| - Realised | 27,166 | 37,424 |
| | <hr/> | <hr/> |
| | 617,507 | 558,582 |
| Less: Consolidation adjustments | (109,868) | (88,834) |
| | <hr/> | <hr/> |
| Total Group retained profits as per consolidated accounts | 507,639 | 469,748 |
| | <hr/> | <hr/> |

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 31/1/15 RM'000 | Year To-date Ended 31/1/15 RM'000 |
|------------------------------------------|---------------------------------------------------------|------------------------------------------------------|
| Interest income | 1,552 | 5,543 |
| Other income including investment income | 1,949 | 3,580 |
| Interest expense | (4,215) | (9,215) |
| Depreciation and amortisation | (925) | (2,666) |
| Fair value gain on investment properties | 30,233 | 30,233 |

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