



GLOMAC BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2020

GLOMAC BERHAD
Company No. 198301015139 (110532 - M)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2020**

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GLOMAC BERHAD (198301015139 (110532 - M))

**Quarterly Report On Consolidated Results
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2020**

(The figures have not been audited)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT
OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/04/2020 RM'000	30/04/2019 RM'000	30/04/2020 RM'000	30/04/2019 RM'000
Revenue	58,389	80,951	245,795	273,353
Cost of sales	(27,915)	(52,060)	(156,695)	(190,642)
Gross profit	30,474	28,891	89,100	82,711
Investment income	1,638	2,272	4,591	5,351
Other operating income	1,580	10,221	3,731	11,547
Share of losses of associated companies	(75)	(160)	(531)	(341)
Marketing expenses	(1,112)	(2,739)	(5,952)	(6,708)
Administrative expenses	(5,805)	(1,899)	(19,322)	(22,054)
Other operating expenses	(25,995)	(5,253)	(31,018)	(10,654)
Finance costs	(5,950)	(7,092)	(20,629)	(22,050)
(Loss)/Profit before tax	(5,245)	24,241	19,970	37,802
Income tax expense	(1,751)	(13,611)	(2,596)	(23,083)
(Loss)/Profit for the financial period	(6,996)	10,630	17,374	14,719
Other Comprehensive Income:				
Foreign currency translation	36	(29)	(85)	(23)
Total comprehensive (loss)/income for the financial period	(6,960)	10,601	17,289	14,696



	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/04/2020 RM'000	30/04/2019 RM'000	30/04/2020 RM'000	30/04/2019 RM'000
(Loss)/Profit attributable to:-				
Owners of the Company	(8,615)	11,217	12,574	14,719
Non-controlling interests	1,619	(587)	4,800	-
	(6,996)	10,630	17,374	14,719
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(8,579)	11,188	12,489	14,696
Non-controlling interests	1,619	(587)	4,800	-
	(6,960)	10,601	17,289	14,696
(Loss)/Earnings per share (sen)				
(i) Basic	(1.11)	1.44	1.62	1.88
(ii) Diluted	(1.11)	1.44	1.62	1.88

(This Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 April 2019)



GLOMAC BERHAD (198301015139 (110532 - M))
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2020

	As at 30/04/2020 RM'000 (Unaudited)	As at 30/04/2019 RM'000 (Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	44,674	47,426
Rights of use of lease assets	8,842	-
Prepaid lease payments on leasehold land	44	48
Investment properties	350,856	375,475
Inventories - land held for property development	763,765	784,908
Investment in associated companies	28,095	29,204
Other investments	4,000	4,000
Goodwill on consolidation	395	395
Deferred tax assets	59,197	35,798
Total Non-current Assets	1,259,868	1,277,254
CURRENT ASSETS		
Inventories - completed units	125,993	132,750
Inventories - property development costs	101,850	77,911
Contract assets	77,482	70,643
Contract costs	10,582	5,860
Trade receivables	93,357	124,970
Other receivables	29,350	28,905
Tax recoverable	22,516	26,783
Fixed deposits and short term placements	27,016	24,340
Cash and bank balances	149,577	130,276
Total Current Assets	637,723	622,438
TOTAL ASSETS	1,897,591	1,899,692
EQUITY AND LIABILITIES		
EQUITY		
Issued capital	418,632	418,632
Reserves:-		
Capital reserve	300	300
Equity-settled employee benefits reserve	3,508	4,686
Foreign currency translation reserve	630	715
Retained earnings	685,580	678,215
Reserves	690,018	683,916
Treasury shares	(12,518)	(10,413)
Restricted shares grant reserve	(1,387)	(1,387)
Equity attributable to owners of the Company	1,094,745	1,090,748
Non-controlling interests	38,912	34,112
TOTAL EQUITY	1,133,657	1,124,860



	As at 30/04/2020 RM'000 (Unaudited)	As at 30/04/2019 RM'000 (Audited)
NON-CURRENT LIABILITIES		
Borrowings	240,316	248,684
Lease liabilities	5,144	-
Deferred tax liabilities	1,165	1,678
Contract liabilities	252	108
Total Non-current Liabilities	246,877	250,470
CURRENT LIABILITIES		
Trade payables	96,360	118,809
Other payables and accrued expenses	51,779	42,867
Provisions	93,549	97,181
Contract liabilities	15,299	4,311
Borrowings	247,372	259,848
Lease liabilities	3,897	-
Tax liabilities	8,801	1,346
Total Current Liabilities	517,057	524,362
Total Liabilities	763,934	774,832
TOTAL EQUITY AND LIABILITIES	1,897,591	1,899,692
Net assets per share attributable to owners of the Company - RM	1.42	1.40

(This Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 April 2019)

GLOMAC BERHAD (198301015139 (110532 - M))
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2020

	Attributable to owners of the Company									
	Non-distributable reserves						Distributable reserve		Non-controlling interest	Total equity
	Issued capital	Capital reserve	Equity-settled employee benefits reserve	Foreign currency translation reserve	Treasury shares	Restricted shares grant reserve	Retained earnings	Sub-total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 May 2019	418,632	300	4,686	715	(10,413)	(1,387)	678,215	1,090,748	34,112	1,124,860
Profit for the period	-	-	-	-	-	-	12,574	12,574	4,800	17,374
Other comprehensive loss for the period	-	-	-	(85)	-	-	-	(85)	-	(85)
Total comprehensive income for the period	-	-	-	(85)	-	-	12,574	12,489	4,800	17,289
Dividend to owners of the Company	-	-	-	-	-	-	(6,209)	(6,209)	-	(6,209)
Effect of expiration of Employees' Shares Option Scheme ("ESOS")	-	-	(1,000)	-	-	-	1,000	-	-	-
Share-based payment under Employees' Share Scheme ("ESS")	-	-	(178)	-	-	-	-	(178)	-	(178)
Repurchase of treasury shares	-	-	-	-	(2,105)	-	-	(2,105)	-	(2,105)
Balance as at 30 April 2020	418,632	300	3,508	630	(12,518)	(1,387)	685,580	1,094,745	38,912	1,133,657
Balance as at 1 May 2018	418,632	300	6,027	738	(5,349)	(1,387)	673,326	1,092,287	37,155	1,129,442
Profit for the period	-	-	-	-	-	-	14,719	14,719	-	14,719
Other comprehensive loss for the period	-	-	-	(23)	-	-	-	(23)	-	(23)
Total comprehensive income for the period	-	-	-	(23)	-	-	14,719	14,696	-	14,696
Dividend to non-controlling shareholders of subsidiary companies	-	-	-	-	-	-	-	-	(3,043)	(3,043)
Dividend to owners of the Company	-	-	-	-	-	-	(11,731)	(11,731)	-	(11,731)
Effect of expiration of Employees' Shares Option Scheme ("ESOS")	-	-	(1,901)	-	-	-	1,901	-	-	-
Share-based payment under Employees' Share Scheme ("ESS")	-	-	560	-	-	-	-	560	-	560
Repurchase of treasury shares	-	-	-	-	(5,064)	-	-	(5,064)	-	(5,064)
Balance as at 30 April 2019	418,632	300	4,686	715	(10,413)	(1,387)	678,215	1,090,748	34,112	1,124,860

(This Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 April 2019)



GLOMAC BERHAD (198301015139 (110532 - M))
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2020

	Period Ended 30/04/2020 RM'000	Period Ended 30/04/2019 RM'000
Operating Activities		
Profit before tax	19,970	37,802
Adjustments for non-cash and non-operating items	47,261	16,525
Operating profit before working capital changes	67,231	54,327
Net changes in working capital	18,175	9,140
Cash generated from operations	85,406	63,467
Income tax paid	(14,785)	(36,192)
Finance costs paid	(21,274)	(29,132)
Net cash flows generated from/(used in) operating activities	49,347	(1,857)
Investing Activities		
Purchase of property, plant and equipment	(320)	(289)
Proceed from disposal of property, plant and equipment	-	5
Dividend received from investment in associated companies	578	1,155
Drawdown of deposits with maturity in excess of 90 days and deposits pledged	151	8,175
Interest received	6,101	5,845
Net cash flows generated from investing activities	6,510	14,891
Financing Activities		
Repurchase of treasury shares	(2,105)	(5,064)
Repayment of bank borrowings	(20,421)	(5,926)
Repayment of lease liabilities	(4,529)	-
Repayment of hire-purchase and lease payables	(425)	(530)
Dividend paid to owners of the Company	(6,209)	(11,731)
Dividend paid to non-controlling interest	-	(3,043)
Net cash flows used in financing activities	(33,689)	(26,294)
Net increase/(decrease) in cash and cash equivalents	22,168	(13,260)
Cash and cash equivalents at beginning of period	133,271	146,554
Effect of currency translation	(40)	(23)
Cash and cash equivalents at end of period	155,399	133,271
Cash and cash equivalents consist of:-		
Cash in hand and at banks	149,577	130,276
Fixed and short term deposits	27,016	24,340
Cash and bank balances	176,593	154,616
Fixed deposits with maturity in excess of 90 days	(11,973)	(11,511)
Deposits pledged	(9,221)	(9,834)
	155,399	133,271

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 April 2019)



GLOMAC BERHAD
NOTES TO THE UNAUDITED INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED
30 APRIL 2020

A. EXPLANATORY NOTES

A1. Accounting Policies and Methods of Computation

The unaudited interim financial report has been prepared in accordance with *MFRS 134 "Interim Financial Reporting"* and *Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad*.

The unaudited interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 30 April 2019.

The explanatory notes attached to the unaudited interim financial report 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 2019.

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 2019, except for the adoption of new MFRSs, amendments to MFRS and IC Interpretations effective for annual financial periods beginning on or after 1 May 2019 as listed below:

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015-2017 Cycle	

The adoption of these new MFRSs, amendments to MFRSs and IC interpretations did not have any material impact on the interim financial report of the Group, except for the following:

MFRS 16

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of lease. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases within a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use ("ROU") asset representing its right to use the underlying leased asset and lease liability representing its obligation to make lease payments.

The Group adopted the simplified transition approach without restating the comparatives. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balance of statement of financial position as at 1 May 2019.

At the date of initial application, 1 May 2019, all ROU assets are measured at an amount equal to the lease liabilities measured at the present value of the remaining lease payments discounted using the incremental borrowing rate at the date of initial application.



On a lease-by-lease basis, the Group has applied the following practical expedients:

- (a) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- (b) Reliance on previous assessments on whether leases are onerous.
- (c) The accounting for operating leases with a remaining lease term of less than 12 months as at 1 May 2019 as short-term leases
- (d) The exclusion of initial direct costs for the measurement of the right-of-use of asset at the date of initial application.
- (e) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The table below shows the impact of changes to the condensed consolidated statement of financial position of the Group resulting from the adoption of MFRS 16 as at 1 May 2019.

The Group	As at 30 April 2019 RM'000	Effects of MFRS 16 RM'000	As at 1 May 2019 RM'000
Non-current assets			
Rights of use of lease assets	-	9,233	9,233
Non-current liabilities			
Lease liabilities	-	5,594	5,594
Current liabilities			
Lease liabilities	-	3,639	3,639

A2. Audit Qualification

There were no audit qualifications on the annual financial statements for the financial year ended 30 April 2019.

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

a. Treasury shares

On 23 October 2019, the shareholders of the Company renewed their approval for the Company's plan to repurchase its own ordinary shares. During the year-to-date financial period, the Company has repurchased 6,353,200 units of its own ordinary shares with total amount paid amounted to RM2,105,845. As at 30 April 2020, the Company holds 26,054,000 of its issued ordinary shares repurchased from open market at an overall average price at RM0.48 per share. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

b. Restricted Shares Grant ("RSG") Reserve

As at 30 April 2020, the Company has repurchased a total of 14,993,000 of its issued ordinary shares from the open market at an average price of RM0.90 per share. A total of 224,675 shares are being granted under bonus issue during financial year 2018. These shares are being held in trust by the Company and recorded as restricted shares grant ("RSG") reserve for the purpose of granting restricted shares to eligible employees in future. The first, second and third tranches of RSG under ESS scheme totalling 12,746,250 shares have been vested and awarded to a selected group of eligible employees. The balance shares held in trust by the Company as at 30 April 2020 is amounted to 2,471,425 shares at an average price of RM0.56 per share. There is no movement in the balance of shares held in trust during the current financial period.

A7. Dividend Paid

The shareholders have approved the single-tier final dividend of 0.8 sen per ordinary shares in respect of the previous financial year ended 30 April 2019 at the Annual General Meeting held on 23 October 2019. The dividend of RM6,209,173 was paid on 27 December 2019.



A8. Segmental Reporting

The segmental analysis for the financial period ended 30 April 2020 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	217,316	-	25,722	2,757	-	245,795
Inter-segment	-	37,154	3,242	11,474	(51,870)	-
Total revenue	217,316	37,154	28,964	14,231	(51,870)	245,795
RESULTS						
Segment results	53,268	7,029	9,170	(495)	(5,605)	63,367
Unallocated corporate expenses						(2,138)
Operating profit						61,229
Interest expenses						(20,629)
Interest income						4,591
Fair value loss on investment properties	(909)	(1,424)	(28,287)	-	6,000	(24,620)
Allowance for impairment loss on receivables	(100)	-	-	-	-	(100)
Reversal of allowance for impairment loss on receivables no longer required	-	-	151	-	-	151
Bad debts written-off	-	-	(121)	-	-	(121)
Share of results of associates	(531)	-	-	-	-	(531)
Taxation						(2,596)
Profit for the period						17,374
ASSETS						
Segment assets	1,421,899	44,113	342,232	30,681	-	1,838,925
Investment in associated companies	28,095	-	-	-	-	28,095
Unallocated corporate assets						30,571
Consolidated total assets						1,897,591

The financial information by geographical location was not presented as the Group's activities are primarily conducted in Malaysia.



A8. Segmental Reporting (continued)

	Current Quarter Ended 30/04/2020 RM'000	Year-to-Date Ended 30/04/2020 RM'000
Revenue comprise the following:		
Revenue from contracts with customers	52,939	220,073
Revenue from other sources	5,450	25,722
	<u>58,389</u>	<u>245,795</u>
Timing of revenue recognition:		
- over time	52,630	199,751
- at a point in time	309	20,322
- others	5,450	25,722
	<u>58,389</u>	<u>245,795</u>

A9. Valuations of Property, Plant and Equipment

Valuations of property, plant and equipment have been brought forward without amendment from the last audited financial statements.

A10. Material Events Subsequent to the End of the Financial Period

There were no material events subsequent to the end of the financial period reported that have not been reflected in this interim financial report.

A11. Changes in Composition of the Group

There were no changes in the composition of the Group for the financial period ended 30 April 2020.

A12. Changes in Contingent Liabilities

Save for the item disclosed as material litigation, there were no significant changes in contingent liabilities since the last audited financial statements as at 30 April 2019.

A13. Capital Commitments

Capital commitments for the Group as at 30 April 2020 are as follows:

	30/04/2020 RM'000
Approved and contracted for:	
Purchase of land held for property development	2,000
	<u>2,000</u>



A14. Significant Related Party Transactions

**Year-to-Date ended
30/04/2020
RM'000**

Sale of properties to a company in which certain directors of the Company have direct interest and are also directors of the Company	1,834.4
Cancellation of sale of properties to a company in which certain directors of the Company have direct interest and are also directors of the Company	(3,036.6)
Sale of properties to a director of the Company	551.1
Rental income from a company in which certain director of the Company is also a director of the company	270.0
Rental expenses paid or payable to companies in which certain directors of the Company have direct interest and are also directors of the company	(258.0)
Provision of marketing services by a company in which certain director of the Company is also a director of the company	(88.1)
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B. ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1. Review of Group Performance

The Group's revenue for the quarter and cumulative year-to-date decreased by 28% and 10% respectively as compared to the previous corresponding period. The revenue for the Group mainly derived from property development segment.

Profit Attributable to Owners of the Group was substantially affected by the fair value loss on investment properties. Profit Attributable to Owners of the Group for the quarter and cumulative year-to-date reduced by 177% and 15% respectively as compared to the previous corresponding period.

An analysis of the results of each segment is as follows:

Property Development

Revenue from property development segment for the quarter and cumulative year-to-date declined by 30% and 12% respectively as compared to previous corresponding period, mainly due to the negative impact caused by the suspension of the physical construction work for ongoing project phases during the Movement Control Order ('MCO').

Revenue and profit from property development for the period were largely contributed by construction progress from ongoing phases at Saujana Perdana located at Bandar Saujana Utama, Plaza @ Kelana Jaya and Saujana Rawang. Cost savings achieved by certain project phases also further contributed to profit from property development.

Property Investment

Revenue from property investment segment mainly arose from carpark rental and mall rental income. General investment climate was impacted by the Covid-19 pandemic and MCO, which has contributed to the fair value loss of Glo Damansara mall.

Other Operations

Revenue for the segment comprises mainly from property management fees and operation of restaurant.

B2. Comment on Material Changes in the Profit Before Taxation for the Current Quarter as Compared to the Immediate Preceding Quarter

The Group's Profit Before Tax for current quarter decreased by 146% as compared to the immediate preceding quarter, mainly impacted by the fair value loss on investment properties, offset by the profit generated from further construction progress of the ongoing project phases.



B3. Prospects for the Next Financial Year

The Directors are of the opinion that the Group's performance for the financial year ending 30 April 2021 is expected to remain challenging and the industry is adversely impacted by Covid-19 and Movement Control Order ('MCO'). Notwithstanding the above, the Group has taken certain steps and will be taking further steps to circumvent and mitigate the challenges. Also, the Group is backed by sustainable level of unbilled sales of RM650 million and pipeline of new launches in the next financial year.

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 30/04/2020 RM'000	Year-to-Date Ended 30/04/2020 RM'000
Current taxation	4,702	26,508
Deferred taxation	(2,951)	(23,912)
Tax expense	<u>1,751</u>	<u>2,596</u>

The Group's current quarter and year-to-date effective tax rate is lower than the statutory tax rate by the Inland Revenue Board mainly due to overprovision of prior years' tax expense, offset by the effect of non-recognition of deferred tax assets on tax losses.

B6. Status of Corporate Proposals

a) Status of Corporate Proposal Announced But Not Completed

- i) Proposed disposal of vacant land by Glomac Alliance Sdn Bhd to Glomac Al Batha Sdn Bhd, for a total cash consideration of RM127,042,740 ("Proposed Disposal")

On 22 November 2019, Glomac Alliance Sdn Bhd, a wholly owned subsidiary of Glomac Berhad, has entered into a Sale and Purchase Agreement with Glomac Al Batha Sdn Bhd ("GABSB"), a 51% subsidiary of Glomac, for the disposal of vacant land held under Individual Title H.S.(D) 319254 PT 2914, Pekan Desa Puchong, District of Petaling, State of Selangor measuring approximately 6.213 hectares in area for a total cash consideration of RM127,042,740. The land is purchased by GABSB with the intention for future mixed development. The proposed disposal is made to a 51% owned subsidiary of Glomac and therefore the expected gain would be fully eliminated at Glomac Group's profit and loss.

Glomac Al Batha Sdn Bhd 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.

B7. Group Borrowings and Debt Securities

The Group borrowings as at 30 April 2020 were as follows:-

	Due within 12 months RM'000	Due after 12 months RM'000	Total as at 30/04/2020 RM'000	Total as at 30/04/2019 RM'000
<u>Secured</u>				
Hire Purchase and Lease Borrowings	61	341	402	827
Bank Borrowings	76,686	164,350	241,036	247,855
	<u>76,747</u>	<u>164,691</u>	<u>241,438</u>	<u>248,682</u>
<u>Unsecured</u>				
Bank Borrowings	170,625	75,625	246,250	259,850
	<u>247,372</u>	<u>240,316</u>	<u>487,688</u>	<u>508,532</u>

There were no borrowings in foreign currency.

B8. Material Litigation

i) Score Option Sdn Bhd v Glomac Alliance Sdn. Bhd. ("GASB")

On 16 August 2017, a subsidiary company, GASB, received an Amended Writ and Amended Statement of Claim dated 10 August 2017 from a former joint venture ("JV") partner of a property development project ("the Project"). The suit was inter alia based on the JV Agreement dated 17 January 2003, which was subsequently terminated and the underlying Project Land was acquired by GASB from the receiver of the said former JV partner. In the suit dated 10 August 2017, the said former JV partner is claiming for:

- (i) A compensation sum of RM107,800,000 for the loss of the Project Land;
- (ii) An unspecified amount of loss of expenses of the Project; and
- (iii) 22% of gross development value of the Project or a minimum of RM47,000,000, whichever the higher (collectively referred to as "Claim").

In 2011, similar claims were brought up by the said former JV partner in a civil suit whereby it has been struck off by the High Court and the Court of Appeal.

On 19 September 2017, GASB filed an application to strike out the Claim, but on 17 April 2018, the High Court dismissed GASB's striking out application. Thereafter, on 3 May 2018, GASB appealed to the Court of Appeal against the dismissal of GASB's striking out application ("Striking Out Appeal").

On 17 July 2019, the Court of Appeal unanimously allowed GASB's Striking Out Appeal with no order as to costs, thereby resulting in the Claim against GASB being struck out. Accordingly, on 31 July 2019, GASB filed a Notice of Withdrawal of Appeal in respect of the Security for Costs Appeal.

On 15 August 2019, the said former JV partner filed an application for leave to appeal to the Federal Court in respect of the Striking Out Appeal ("Federal Court Motion"). The Federal Court Motion is fixed for hearing on 27 July 2020.



As at to-date, the said former JV partner has been unsuccessful in their attempts at pursuing and/or sustaining a claim against GASB.

No provision has been made in the financial statements of the Group in respect of this claim as it has been struck out earlier by the Court of Appeal, while the Federal Court Motion is currently at the preliminary stage whereby the outcome is not presently determinable.

ii) Soon Hoe Chuan v Glomac Berhad

On 22 May 2020, Glomac Berhad (“the Defendant”) has been served with a Writ of Summons and Statement of Claim dated 14 May 2020 from Soon Hoe Chuan (“the Plaintiff”) (“the Suit”).

The Plaintiff claimed to have been engaged by the Defendant on 19 October 2004 as the Chief Executive Officer (“CEO”) for Glomac Alliance Sdn. Bhd. (“GASB”), a wholly-owned subsidiary of Glomac Berhad. It was further alleged by the Plaintiff that he had undertaken the role of Project Manager for a particular development project (“the Project”).

Through the Suit, the Plaintiff seeks to recover, amongst others, the following relief from the Defendant: -

- i. Management fees amounting to RM5,301,910.90;
- ii. RM11,470,070, being 70% of the profit share due and payable at the present time;
- iii. Professional fees at 1.5% of gross development value (“GDV”) received by the Defendant and/or GASB from 14 June 2019 to the date of filing of the Suit;
- iv. An order that 30% of the 20% profit sharing on the profits in excess on Phase 1-7 of RM43,000,000 (alternatively RM56,700,000) made by GASB (alternatively the Plaintiff and GASB) in respect of the Project be held on trust in favour of the Plaintiff pending withdrawal of profit from the Housing Development Account;
- v. A declaration that the Plaintiff is entitled to professional fees at 1.5% of GDV and profit share at 20% for all profits in excess of RM43,000,000 (alternatively RM56,700,000) made by GASB (alternatively the Plaintiff and GASB) in respect of the Project;
- vi. An account of sales values and profits in respect of the entire Project;
- vii. An order for payment of the profit share and professional fees pursuant to the said account; and
- viii. Interest and costs.

The Defendant has filed its Statement of Defence on 15 June 2020. Further, the Plaintiff has filed an application for summary judgment (which is being resisted by the Defendant), and the Defendant has filed an application to strike out the Suit. Both applications as well as the Suit are fixed for case management on 17 July 2020.

At this juncture, the outcome of the Suit is not presently determinable.



B9. Dividend

The Board has on 14 July 2020, proposed a single-tier final dividend of 1.0 sen per ordinary shares in respect of financial year ended 30 April 2020, subject to shareholders' approval in the forthcoming Annual General Meeting.

B10. 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 30/04/2020	Preceding year corresponding quarter ended 30/04/2019	Current year-to-date ended 30/04/2020	Preceding year corresponding period ended 30/04/2019
(Loss)/ Profit attributable to owners of the Company (RM'000)	(8,615)	11,217	12,574	14,719
Weighted average number of ordinary shares in issue ('000)	773,934	778,474	775,872	784,954
Basic (loss)/ earnings per share (sen)	(1.11)	1.44	1.62	1.88

b) Diluted Earnings Per Share

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

B11. 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 Equipment Leasing Facilities	2.0

As at 30 April 2020, RM0.4 million remained outstanding in respect of the above guarantees.

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



B12. Notes to the Statement of Profit or Loss and Other Comprehensive Income

Notes to the Statement of Profit or Loss and Other Comprehensive Income comprises of the followings:-

	Current Quarter Ended 30/04/2020 RM'000	Year-to-Date Ended 30/04/2020 RM'000
Fair value loss on investment properties	(24,620)	(24,620)
Allowance for impairment loss on other receivables	(100)	(100)
Reversal of allowance for impairment loss on trade receivables no longer required	151	151
Bad debts written-off	(121)	(121)
Income recognised in respect of equity-settled share-based payments	27	178
Depreciation and amortisation	<u>(1,712)</u>	<u>(7,302)</u>

Save for the items disclosed in the Statement of Comprehensive Income and the note above, other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

B13. Derivatives Financial Instrument

As at 30 April 2020, the Group does not have any derivatives financial instruments.

B14. Fair Value Changes of Financial Liabilities

The fair value changes arising from discounting future retention sum payables to present value for the current quarter under review has been accounted accordingly. The net fair value gain for the year-to-date financial period amounted to approximately RM182,000.