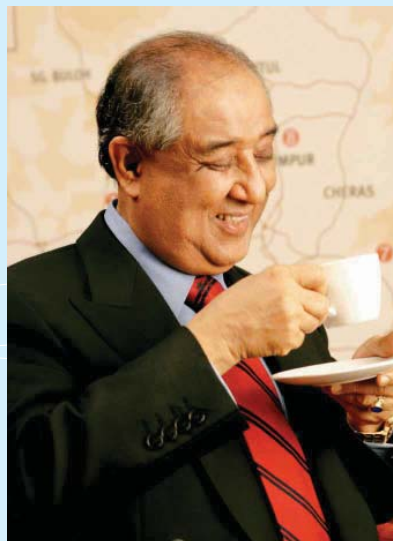




Bandar Saujana Utama

With Glomac, choices are always wide,
and the possibilities, always exciting.

ON BEHALF OF THE BOARD, IT IS MY GREAT PLEASURE TO PRESENT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF GLOMAC BERHAD AND THE GROUP FOR THE FINANCIAL YEAR ENDED 30 APRIL 2006.



FINANCIAL RESULTS

For the financial year under review, the Group recorded revenue of RM285.5 million compared with RM261.9 million in the previous corresponding period.

Pre-tax profit was RM59.8 million compared with RM54.5 million previously, while net profit decreased marginally to RM38.1 million from RM40.1 million in the previous corresponding period.

The Group's net earnings per share (EPS) was 17.9sen (based on a weighted share base of 212.5 million) compared with 18.6sen (based on a weighted share base of RM 215.6 million) last year.

The property development unit remained as the major profit contributor accounting for about 85% of Group earnings before tax and minority interests.



Suria Stonor



Suria Stonor

HIGHLIGHTS FOR THE FINANCIAL YEAR ENDED 30 APRIL

	2006	2005	+/- (%)
Revenue (RMmil)	285.5	261.9	+9.0
Pretax Profit (RMmil)	59.8	54.5	+9.7
Net Profit (RMmil)	38.1	40.1	- 4.8
EPS (sen)	17.9	18.6	- 3.4

DIVIDEND

Your Board is pleased to recommend a final dividend of 5sen per share (4sen final dividend plus 1sen special dividend) less tax of 28%. Together with the interim dividend of 4sen per share less tax of 28%, this translates into a total dividend of 9sen per share for the year ended 30 April 2006, comparable to the dividend for 2005.

OPERATING BACKGROUND

The year under review was indeed a challenging year. Twice during the year under review, domestic fuel prices were raised due to the sharp rise in global oil prices. The growth in GDP slowed down to 5.3% in 2005 from 7.1% in 2004. Higher transportation and materials costs, rising interest rates and inflationary expectations impacted economic conditions and consumer sentiments in 2005. Against this backdrop, we have strived to contain operating costs and remain profitable. During the period under review, we embarked on a branding exercise to remain relevant and unique to the market, while staying focused on our strengths to capitalise on the opportunities in a highly competitive market.

The residential and non-residential segments of the property market continued to expand due to resilient demand for houses and strong interest for office and retail space. Demand for residential housing continues to be underpinned by Malaysia's favourable demographics. Out of Malaysia's 26 million population, some 29%, or 7.5 million people fall under the 25 – 44 age group bracket, forming a strong base of potential home owners.

Demand for housing remained resilient due to sustained income growth and stable job prospects. In addition, more innovative financial products for property loans have helped cushion the impact of rising interest rates and continued to support demand.



Aman Suria Damansara



Aman Suria Damansara

REVIEW OF OPERATIONS

During the year under review, the Group continued to record commendable sales in its property launches. A total of RM507 million worth of properties were launched namely:

- Suria Stonor, our flagship freehold condominium project in the heart of Kuala Lumpur;
- Glomac Boulevard, our latest commercial development in Kelana Jaya;
- Plaza KJ Phase Two, a commercial development in Kelana Jaya;
- Lakeside Residences, a mixed development in Puchong;
- Taman Kota Laksamana Section 3, Melaka; and
- On-going township developments in Bandar Saujana Utama and Sri Saujana.

As for our construction division, Glomac Bina Sdn Bhd secured contracts to the tune of RM168.85 million during the financial year.

Property Development

For the financial year under review, our projects in progress included Suria Stonor, our commercial developments Plaza KJ Phase Two and Glomac Square, Phase One of Lakeside Residences, Puchong and the on-going township projects in Bandar Saujana Utama in Sungai Buloh and Sri Saujana in Johor.

During the financial year, the group completed 515,000 square feet of commercial space with a total sales value of RM109 million and 1,022 residential units with a total sales value of RM148 million.

As to date, the Group has successfully completed approximately 5 million square feet of commercial space with a total sales value of RM1 billion. The Group has also completed more than 9,000 residential units with a total sales value of approximately RM2 billion.

Suria Stonor

Our flagship development of freehold luxurious high-end condominiums, comprising 138 units, was successfully launched in July 2005. The two exclusive tower blocks are ideally located within a 5-minute drive to the iconic Petronas Twin Towers in the heart of Kuala Lumpur.

In recognition of the project's appeal and Glomac's established reputation as a quality developer, an underwriting agreement was signed with a foreign real estate fund for the sale of 78 out of the 138 units available. As at 30 April 2006, a total of 109 units are sold inclusive of the underwritten portion.

We have completed around 70% of the overall substructure works. The construction of the main building is expected to commence in August 2006.



Bandar Saujana Utama

Bandar Saujana Utama

For the financial year under review, a total of 5 launches were staged, offering 353 units of both residential and commercial properties.

To provide purchasers with a better feel of the actual products, Glomac's newly completed show-village showcases the various designs and layouts of products available for sale at Bandar Saujana Utama.



Bandar Saujana Utama

The creation of a commercial hub at Saujana Square, centred around the proposed 200,000 square feet supermarket-cum-retail centre, is yet another milestone for Bandar Saujana Utama. The expected completion of the supermarket towards the early part of 2007 will be an added convenience to the residents of the township and its immediate vicinity.

The construction of the first phase of Saujana Square comprising of 41 units of shopoffices is now in full swing and is expected to be completed at least 12 months ahead of schedule. Similarly, construction of the Maple courtyard homes is also ahead of schedule and an early handover is envisaged.

We are glad to report that the final section of the dual-carriageway linking Kuala Selangor to the Shah Alam-Batu Arang Expressway is already under construction and will serve to further enhance the accessibility and appeal of this fast-maturing township.

As part of Glomac's commitment to provide a better community-living experience for the residents of Bandar Saujana Utama, a clubhouse called Kelab Saujana Utama has been constructed and is now fully operational offering facilities such as a swimming pool, gymnasium and karaoke facilities. In addition, the third outlet of Kelana Seafood also commenced operations at Kelab Saujana Utama, providing residents with a cosy place to dine with convenient recreational and entertainment facilities for the family.

Sri Saujana

Our on-going mixed-development township in Sri Saujana, Johor, continued to attract buyers despite a competitive environment and softer market sentiments. Located between Ulu Tiram and Kota Tinggi, the Group has launched 2,703 units of residential and commercial properties to date. Of this, 2,480 units have been handed over to the respective buyers and issued with Certificates of Fitness.

We have also successfully constructed and completed a new Primary Chinese School and petrol station. The township is now complete with amenities including Secondary and Primary schools, clinics, convenience shops, restaurants, a 20-acre award winning landscaped park and a beautifully landscaped environment with abundant greenery.

Glomac Square

I am pleased to report that we have fully completed the shop office units in Glomac Square and have to date handed over all units to our purchasers. This freehold commercial project comprises 75 units of three-storey shop offices, 22 units of two-storey shop offices and a basement parking complex located strategically in Kelana Jaya.



Plaza KJ



Plaza KJ

Plaza KJ

Phase One of Plaza KJ, comprising 18 units of both 3 and 4-storey shop offices was handed over in December 2005.

Phase Two was officially launched in January 2006, with an overall concept that offers an innovative dual frontage design with a two-shop and one office combination. The 48 units of modern commercial shops boast designs where the ground floor units open to a trendy lake-front promenade, whilst the first floor shops lead to a lively central piazza. Priced from RM1.4 million, Plaza KJ recorded bookings of 77% within a month of its pre-launch.

Glomac Boulevard

Our latest commercial project in Kelana Jaya called Glomac Boulevard, comprises 58 units of 3-storey shop-offices with a total GDV of RM90 million. Since its official launch at the end of March 2006, the take-up rate has exceeded 50% as at the end of April 2006. This commercial development is ideally situated on a 4.73 acre land located alongside the Subang Airport Road and next to Glomac's headquarters at Kompleks Kelana Centre Point.

Lakeside Residences

This mixed-development project situated on a 90 acre site is expected to be developed in several phases over a five-year period.

We launched the first phase of this development comprising 102 units of double-storey link houses in December 2005. Its designs are based on modern contemporary themes with spacious built-up areas starting from 2,055 square feet. The residential units will be housed within an exclusive gated community, with concealed infrastructure and extensive landscaping, complete with a clubhouse and other recreational facilities.

Aman Suria Damansara

The Group successfully completed and handed over all phases of Aman Suria Damansara which comprised 347 units of link houses, semi detached homes, and bungalows. The two and three-storey shop offices are fully operational. We are happy to note that Aman Suria purchasers have already begun to enjoy the fruits of their investments with healthy capital appreciation of their units.

Taman Kota Laksamana

Located in the heart of Melaka city centre, Taman Kota Laksamana in Section 3 is Glomac's maiden project in the historical state.

The mixed-development projects sits on a 12.25 acre land. The first phase comprising 124 units of double-storey link houses was launched in May 2005. Amongst its unique features are its two master bedrooms dedicated to a concept of space to cater for three generations living under one roof.



Aman Suria Damansara

Innovative designs to inspire your lifestyle.



Glomac Boulevard



Glomac Boulevard

Update on the latest development of Glomac's landbank

The Group's current landbank for development is about 1,005 acres with a potential Gross Development Value of approximately RM2.8billion. This provides the Group with a sustainable pipeline of development projects and we foresee that the next five to six years will continue to be busy for the Group.

Suria Residen

As for our 52 acres of freehold land in Cheras, the Group has planned an upscale gated-residential enclave comprising only linked-bungalows and bungalows. To be launched in the second half of 2006, we believe the tastefully designed units nestled on the natural majestic rolling terrain bordering the pristine Hulu Langat forest environment will continue our success story in Aman Suria Damansara.

Saujana Rawang

Building on the success of Bandar Saujana Utama, the Group will be launching its third township development in June 2006. Strategically located within a short 10-minute drive from the Rawang toll exit on the North-South Expressway, Saujana Rawang will showcase landscaped thematic gardens within the 345-acre development including a 30-acre park and a 9 acre central lake.

Property Investment

The Group's portfolio of investment properties within the Kelana Jaya business and commercial hub continues to provide a steady stream of recurring rental income. On average, the occupancy rate for the Group's 250,000 square feet of commercial space has improved to about 90% from around 80% a year ago.

It is the Group's strategy to continue with the disposal of its investment properties at the most appropriate price and opportune time and channel the capital into higher-margin development activities.

Construction – Glomac Bina Sdn Shd

The construction division secured contracts valued at RM168.85 million of which 63% were in-house projects during the year under review.

Among the division's on-going internal projects are:

- a) Residential homes, including the construction of 526 units of 2-storey terrace houses, 68 units of two-storey semi-detached houses and 1 block of 5-storey medium-cost apartments in Bandar Saujana Utama, 18 units of double-storey terraces at OUG square, 27 units of exclusive bungalows in Aman Suria and 106 units 2-storey terraces in Sri Saujana, Johor.
- b) Commercial projects including 97 units of shop offices at Glomac Square and 25 units of shop offices at OUG Square.



Suria Residen



Suria Residen

External projects secured included the following:

- a) Residential homes - 273 units of 2-storey terrace houses in Bukit Raja, Klang and 238 units of 2-storey terrace houses in Bandar Pinggiran USJ and;
- b) Commercial projects including the completion of 18 units of shop offices in Kelana Jaya and 96 units of 3-5 storey shop offices in Ara Damansara.

Your Board recognizes that the construction market in Malaysia will continue to remain highly competitive. Nevertheless, the planned developments under the Ninth Malaysia Plan (9MP) coupled with a further RM20 billion of projects to be executed through the Private Funding Initiative (PFI), is expected to provide a boost to the sector.

Rising oil prices have undoubtedly resulted in higher costs in many major construction materials. Thus, there is a need for us to remain innovative and continue operating at the highest level of efficiency and effectiveness in the management of our projects. We are now more selective in our pursuit of contracts, without being overly aggressive in pricing as we seek to manage the risks associated with operating in a highly competitive market.

Car Park Management

The Car Park Management Division will continue to be nurtured with a view of pursuing steady expansion within Malaysia and beyond through constantly enhancing our level of services. Our hands-on experience in managing more than 3,000 parking bays, coupled with continuous research and development initiatives, gives us the advantage in evaluating as well as providing superior service to car park owners.

Quality System

Our commitment, resolve and professionalism in carrying out our business practices in accordance with ISO 9001:2000 standards continue as we speak. We were awarded the certificates in June 2003 for the property development division and in October 2004 for the construction division. We remain faithful to our commitment to continuously improve the effectiveness of our policies, systems, processes and people, while complying with statutory and regulatory requirements in the pursuit of our objectives and goals.

PROSPECTS

We remain steadfast in our vision to be recognized as a leading and reputable property developer in Malaysia and abroad. We have focused our efforts on ways to achieve sustainable differentiation from our competitors. The Group's culture is built on the timeless values of integrity, excellence, quality and the human spirit.

Our strong unbilled sales of RM343 million as at 30 April 2006 will continue to anchor our financial performance. Looking forward, total properties available for sale by the Group is approximately RM650 million, and this is expected to provide sustainable earnings growth for the next financial year. Growth going forward is however expected to be at a measured pace, given the current economic conditions. We strive and aspire to remain innovative, reliable and caring to our customers, whilst continuing to improve and optimize shareholders value.



Lakeside Residences



Lakeside Residences

We have also made a strategic decision to leverage on our corporate branding initiatives and track-record to pursue overseas projects, thereby enhancing our long-term growth prospects.

It goes without saying that the Group will continue its tireless efforts to identify and seek good potential land for development to sustain our expansion for future developments.

SOCIAL RESPONSIBILITIES

Glomac aims to promote the values of a caring multi-racial society and to encourage the practice of giving back and serving the community. With the encouragement of the Board of Directors, we continue to support programmes in aid of needy and charitable causes.

The Group is delighted to report that the construction of the third school in our development in Sri Saujana, Ulu Tiram, Johor, was successfully completed and enrollment of students started in early 2006. It is worthy to note that the Group generously donated five acres of land for the construction of the school.

In January 2006, we participated in The New Straits Times Sponsorship Programme for schools. We are proud to associate ourselves to this worthy cause by providing newspapers throughout the year to two schools each in Bandar Saujana Utama and Sri Saujana by promoting the use of newspapers as a tool in education.

Additionally, during the year under review, we also contributed to various orphanage homes and single mothers' support groups, the National Press club welfare fund and Mercy Malaysia.

ACKNOWLEDGEMENTS

I would like to place on record, on behalf of the Board of Directors, our sincere appreciation to the management team and dedicated staff. Our success rests on the quality and commitment of our people. They drive our vision and what we have achieved over the year is testimony to their performance.

I would also like to take this opportunity to express our heartfelt gratitude to our valued shareholders, purchasers, partners, associates, financiers, suppliers, contractors, consultants, mass media and relevant authorities for their loyalty, continued cooperation, support and encouragement to the Group.

Last but not least, I would like to thank from the bottom of my heart my fellow directors on the Board for their devoted friendship, outstanding wisdom and immeasurable contributions made during the course of the year under review. It is truly a privilege and an honour to have them on the Board. I am confident that we shall continue to enhance the value and profitability of the Group's business in the coming years for the benefit of the staff and shareholders alike, God willing.

DATO' F.D. MANSOR
Group Executive Chairman
31 July 2006