

Gamuda Berhad (29579-T)

Quarterly Report On Consolidated Results For The Financial Quarter Ended 31 October 2007

Notes To The Financial Statements

1. Basis of Preparation

- a) The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting.
- b) The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 July 2007.
- c) The accounting policies and methods of computation adopted by the Group are consistent with those adopted in the preparation of the financial statements for the year ended 31 July 2007 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) which are effective for the financial year beginning 1 August 2007 :

FRS 117 Leases
FRS 124 Related Party Disclosures
FRS 107 Cash Flow Statements
FRS 111 Construction Contracts
FRS 112 Income Taxes
FRS 118 Revenue
FRS 120 Accounting for Government Grants and Disclosure of Government Assistance
FRS 134 Interim Financial Reporting
FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The adoption of the FRS 124, 107, 111, 112, 118, 120, 134 and 137, do not have any significant financial impact on the results of the Group.

The principal effect of the changes in accounting policies resulting from the adoption of FRS 117, is as follows:

(i) FRS 117 : Leases

Prior to 1 August 2007, leasehold land held for own use was disclosed as property, plant and equipment and was stated at cost less accumulated depreciation and impairment loss.

With the revised FRS 117, the unamortised carrying amounts of leasehold land are now classified as prepaid lease payment and amortised over the period of its remaining lease term. The reclassification of leasehold land as prepaid lease payment has been accounted for retrospectively and the comparatives in the balance sheet have been restated.

	<u>As previously reported RM'000</u>	<u>Reclassification FRS 117 RM'000</u>	<u>As restated RM'000</u>
Balance Sheet			
<u>As at 31 July 2007</u>			
Property , plant and equipment	301,879	(7,727)	294,152
Prepaid lease payment	-	7,727	7,727

Gamuda Berhad (29579-T)

Quarterly Report On Consolidated Results For The Financial Quarter Ended 31 October 2007

Notes To The Financial Statements

2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's annual financial statements for the year ended 31 July 2007 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The business operations of the Group are not affected by any significant seasonal or cyclical factors.

4. Unusual Items

There are no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

5. Changes in Estimates

There are no changes in estimates of amounts reported previously that have any material effect in the current quarter under review.

6. Changes in Debt and Equity Securities

There were no cancellations, repurchases, resale and repayment of debts and equity securities during the financial period, except for the following:

- a) The issuance of 2,577,000 and 10,858,000 new ordinary shares of RM1 each, pursuant to the exercise of the Employees' Share Option Scheme and the conversion of warrants respectively. The Warrants 2001/2007 had expired on 21 August 2007.
- b) During the current quarter, the Company has increased its issued and paid-up share capital from its Bonus Issue of 994,963,054 new ordinary shares of RM1 on the basis of one (1) new ordinary share of RM1 each in Gamuda Berhad ("Bonus Shares") for every one (1) existing ordinary share of RM1 in Gamuda share held on the entitlement date of 25 October 2007. The Bonus Issue has been effected by capitalising the Company's share premium.
- c) Redeemable Unsecured Bonds of RM400 million was fully repaid on 28 September 2007 by utilising internal generated funds.

Gamuda Berhad (29579-T)

Quarterly Report On Consolidated Results For The Financial Quarter Ended 31 October 2007

Notes To The Financial Statements

7. Segmental Reporting

Segment information is presented in respect of the Group's business segment.

Engineering and Construction	Property Development	Water related and Expressway Concessions	Inter- segment Elimination	Total
RM'000	RM'000	RM'000	RM'000	RM'000

3 months period ended 31 October 2007

Revenue

External	343,147	104,203	26,144	-	473,494
Inter segment	5,322	-	-	(5,322)	-
	<u>348,469</u>	<u>104,203</u>	<u>26,144</u>	<u>(5,322)</u>	<u>473,494</u>

Segment results

Profit from operations	32,458	28,221	11,602	-	72,281
Finance costs	(1,602)	(534)	(534)	-	(2,670)
Share of results of associated companies	-	4,515	32,350	-	36,865
Profit before tax	<u>30,856</u>	<u>32,202</u>	<u>43,418</u>	<u>-</u>	<u>106,476</u>
<i>Percentage of segment results</i>	<i>29%</i>	<i>30%</i>	<i>41%</i>		
Income tax expense					<u>(16,073)</u>
Profit for the period					<u><u>90,403</u></u>

Attributable to:-

Equity holders of the Company					88,063
Minority interests					<u>2,340</u>
					<u><u>90,403</u></u>

8. Dividend

- a) The Board of Directors has declared an interim dividend in respect of financial year ending 31 July 2008 as follows:
- An interim dividend of 12.50 sen per ordinary share less 26% taxation;
 - No interim dividend was declared in previous corresponding period;
 - Expected date of dividend payment is 30 January 2008;
 - In respect of deposited securities, entitlement to dividends to be determined on the basis of the record of depositors as at book closure date to be determined later.
- b) The total dividend per share for the current financial year is 12.50 sen less 26% taxation.

Gamuda Berhad (29579-T)

Quarterly Report On Consolidated Results For The Financial Quarter Ended 31 October 2007

Notes To The Financial Statements

9. Valuation of Property, Plant and Equipment

The valuation of land and buildings has been brought forward without amendment from the previous audited financial statements.

10. Material Events Subsequent to Balance Sheet Date

There are no material events subsequent to the end of the quarter under review.

11. Changes in Composition of the Group

The changes of the Group for the current quarter ending 31 October 2007 are as follows:

On 26 September 2007, Gamuda-NamLong Development Limited Liability (“Gamuda-NamLong”), a 70% subsidiary of Gamuda, in the Socialist Republic of Vietnam was incorporated and the present issued and paid-up capital is USD8,925,583. 70% or USD6,247,908 (approx. RM21,471,248) of the issued and paid-up capital is held by Gamuda and was subscribed in cash (“Subscription”). The remaining 30% of the issued and paid up capital of Gamuda-NamLong is held by Nam Long Investment Corporation.

The establishment of Gamuda-NamLong was approved by virtue of the Investment Certificate No. 411022000120 dated 26 September 2007 issued by the People’s Committee of Ho Chi Minh City, which translated certificate was received by the Company on 9 October 2007.

The principal activity of Gamuda-NamLong is that of development and sale of villas and houses in Ho Chi Minh City.

12. Changes in Contingent Liabilities or Contingent Assets

	<u>31 Oct 2007</u> RM’000	<u>31 July 2007</u> RM’000
Performance and retention sum guarantees	492,452	516,477

The contingent liabilities mainly relate to advance payment guarantees and performance bonds for the construction projects undertaken by the Group.

Gamuda Berhad (29579-T)

Quarterly Report On Consolidated Results For The Financial Quarter Ended 31 October 2007

Notes To The Financial Statements

13. Review of Performance

For the current quarter under review, the Group recorded revenue and profit before tax of RM473.5 million and RM106.5 million respectively as compared to RM365.8 million and RM63.2 million respectively in the corresponding preceding quarter. The increase in revenue and profit before tax is due to higher contributions from all divisions.

14. Comparison with Immediate Preceding Quarter's Results

For the current quarter under review, the Group recorded profit before tax of RM106.5 million as compared to RM85.0 million in the immediate preceding quarter. The higher profit before tax is mainly due to higher contributions from the construction division.

15. Current Year Prospects

On 14 December 2007, MMC Corporation Berhad-Gamuda Berhad Joint Venture received from the Government of Malaysia the Letter of Acceptance of the Joint Venture's proposal to carry out the Electrified Double Tracking Project from Ipoh to Padang Besar. The project is now commencing. On 11 December 2007, a ground breaking ceremony was held for the Yen So Park project which comprises the design, financing and construction of the Yen So Park Development, the Sewerage Treatment Plant and the development of a commercial and residential centre within the Hanoi city zone. The ceremony marks the commencement of preliminary works of the said project pending approvals from the relevant authorities. The commencement of the aforementioned projects and the ongoing construction progress of the existing projects in Malaysia, Middle East - Gulf States and Laos are expected to enhance the construction division's activities and earnings in the financial year.

The property development division has launched Jade Hills (366 acres freehold land in Kajang) and Madge Mansions (2 acres freehold land at Jalan Madge in Kuala Lumpur). Together with its ongoing property developments in Kota Kemuning, Valencia, Bandar Botanic and Horizon Hills, and the intention to further increase its landbank, the property development division is expected to contribute strongly to the Group's performance. With the impending launches of Yen So, the growth of the property development is expected to be very strong in the coming years.

The water related and expressway concessions division is expected to contribute positively to the Group's performance. The Government's decision not to increase the toll rates for the Sprint Highway but to compensate Sistem Penyuraian Trafik KL Barat Sdn Bhd in full for the loss of revenue will take effect from 1 January 2008. This move will not have any impact on its contribution to the Group.

Overall, the performance of the Group for this financial year is expected to be better than the previous year.

16. Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

Gamuda Berhad (29579-T)

Quarterly Report On Consolidated Results For The Financial Quarter Ended 31 October 2007

Notes To The Financial Statements

17. Tax Expense

The taxation is derived as below:

	3 months ended 31 October	
	2007 RM'000	2006 RM'000
Company and subsidiaries	16,073	11,070

The Group's effective tax rate (excluding the results of associates which is equity accounted net of tax) for the current period is lower than the statutory tax rate mainly due to utilisation of tax losses brought forward for some of its subsidiaries and also certain income from foreign joint ventures not subject to income tax.

18. Profits/(Losses) on Sale of Unquoted Investments/Properties

There is no sale of investments/properties for the current financial period under review.

19. Quoted Investments

There were no transactions on quoted investments in the current financial period under review.

20. Status of Corporate Proposal Announced

There is no corporate proposal announced but not completed at a date not earlier than 7 days from the issue of this report.

Gamuda Berhad (29579-T)

Quarterly Report On Consolidated Results For The Financial Quarter Ended 31 October 2007

Notes To The Financial Statements

21. Group Borrowings and Debt Securities

The details of the Group's borrowings as at end of current quarter are as follows:

	Foreign Currency '000	At 31 Oct 07 RM Equivalent '000
<u>Short Term Borrowings</u>		
Revolving Credit Facility (Unsecured)		
- denominated in Taiwan Dollar ("TWD")	155,000	15,996
- denominated in US Dollar ("USD")	80,475	284,963
- denominated in Ringgit Malaysia ("RM")		60,000
Commercial Papers (Horizon Hills)		32,500
		<u>393,459</u>
<u>Long Term Borrowings</u>		
Medium Term Notes (Bandar Botanic)		300,000
Medium Term Notes (Horizon Hills)		35,000
Term Loan (Smart Project)*		161,500
		<u>496,500</u>
Total		<u>889,959</u>

* Note:

The term loan for Smart Project was obtained by a jointly controlled entity, Syarikat Mengurus Air Banjir & Terowong Sdn Bhd in relation to the motorway development of the Stormwater Channel and Motorway Works. The term loan is secured on the Smart Project and is on a non-recourse basis to Gamuda Group. The term loan is consolidated into Gamuda Group's borrowings as a result of the Group's adoption of the revised FRS 131-Interests in Joint Ventures whereby the interest in the jointly controlled entity is proportionately consolidated.

22. Off Balance Sheet Financial Instruments

The Group has no off balance sheet financial instruments at a date not earlier than 7 days from the date of issue of this report.

Gamuda Berhad (29579-T)

Quarterly Report On Consolidated Results For The Financial Quarter Ended 31 October 2007

Notes To The Financial Statements

23. Material Litigation

By a notice dated 23 January 2006, MMC-Gamuda JV (“Joint Venture”) terminated Wayss & Freytag (Malaysia) Sdn Bhd (“W&F”) as the sub-contractor for the North Tunnel of the Smart Tunnel Project. Following the termination, the Joint Venture demanded full payment of RM16,580,982 (“Guaranteed Sum”) on the guarantee given by W&F as the performance bond (“Performance Bond”).

On 26 January 2006, Gamuda Berhad (“Gamuda”) was served with an Ex-parte Interim Injunction Order (“Interim Order”) by the solicitors of W&F obtained pursuant to Kuala Lumpur High Court Civil Suit No. D-22-93-06 (“Civil Suit”). The Interim Order restrained Gamuda and MMC Engineering Berhad (“MMC Engineering”) whether jointly or severally from receiving monies under the Performance Bond issued by BNP Paribas Bank (“Bank”) until the disposal of the Civil Suit or further order from the Court. Alternatively, it required Gamuda and MMC Engineering whether jointly or severally within twelve days of receipt of the Interim Order to pay back to the Bank any monies which they received under the Performance Bond.

Under the Civil Suit W&F sought to obtain against the Joint Venture, *inter-alia* an injunction restraining the Joint Venture from receiving monies under the Performance Bond and for damages.

In response to the Interim Order, the Joint Venture on the same date made an application to the High Court to set it aside. The High Court on 6 February 2006 ordered that the Interim Order be stayed pending the full and final disposal of W&F’s claim and pending the said disposal, the Guaranteed Sum be placed with the Joint Venture’s solicitors as stakeholder. On 26 January 2007, the Interim Order was dismissed and discharged by the High Court. With the dismissal and discharge, the stakeholder released the Guaranteed Sum to the Joint Venture and the Joint Venture is now at liberty to utilise the said proceeds. On 6 February 2007, W&F filed an appeal against the dismissal.

Pending the case management of the Civil Suit, W&F filed an application under Order 14A, Rules of High Court 1980 for determination on a point of law or construction of the sub-contract. The application was dismissed with costs on 13 December 2007. The case management of the Civil Suit is now fixed on 22 February 2008.

Other than the above litigation, there is no other material litigation since the last annual balance sheet date to a date not earlier than 7 days from the date of issue of this report.

Gamuda Berhad (29579-T)

Quarterly Report On Consolidated Results For The Financial Quarter Ended 31 October 2007

Notes To The Financial Statements

24. Earnings Per Share

	Current Quarter To-Date 31 October 2007
Basic	
Net profit attributable to shareholders (RM'000)	<u>88,063</u>
Number of ordinary shares in issue as at 1 August 2007 ('000)	981,528
Effect of shares issued during the period ('000)	11,965
Effect of bonus issue shares during the period ('000)	994,963
Weighted average number of ordinary shares in issue ('000)	<u>1,988,456</u>
Basic earnings per ordinary share (sen)	<u>4.43</u>
Diluted	
Net profit attributable to shareholders (RM'000)	<u>88,063</u>
Weighted average number of ordinary shares in issue ('000)	1,988,456
- Assumed shares issued from exercise of ESOS ('000)	<u>16,097</u>
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	<u>2,004,553</u>
Fully diluted earnings per ordinary share (sen)	<u>4.39</u>

Report Dated: 17 December 2007