

Gamuda Berhad (29579-T)

Quarterly Report On Consolidated Results For The Financial Quarter Ended 31 January 2009

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 2008.
- 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 2008.

2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group’s annual financial statements for the year ended 31 July 2008 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 of equity securities during the financial period, except for the issuance of 1,217,000 new ordinary shares of RM1 each, pursuant to the exercise of the Employees’ Share Option Scheme.

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7. Segmental Reporting

	Engineering and Construction	Property Development	Water related and Expressway Concessions	Inter- segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
6 months period ended 31 Jan 2009					
Revenue					
External	962,460	193,274	49,961	-	1,205,695
Inter segment	2,227	6,427	-	(8,654)	-
	<u>964,687</u>	<u>199,701</u>	<u>49,961</u>	<u>(8,654)</u>	<u>1,205,695</u>
Segment results					
Profit from operations	27,850	35,524	27,693	-	91,067
Finance costs	(12,646)	(2,567)	(6,993)	-	(22,206)
Share of results of associated companies	-	8,004	61,752	-	69,756
Profit before tax	<u>15,204</u>	<u>40,961</u>	<u>82,452</u>	<u>-</u>	<u>138,617</u>
<i>Percentage of segment results</i>	<i>11%</i>	<i>30%</i>	<i>59%</i>		
Income tax expense					<u>(30,295)</u>
Profit for the period					<u><u>108,322</u></u>
Attributable to:-					
Equity holders of the Company					104,092
Minority interests					<u>4,230</u>
					<u><u>108,322</u></u>

8. Valuation of Property, Plant and Equipment

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

9. Material Events Subsequent to Balance Sheet Date

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

10. Changes in Composition of the Group

There were no material changes in the composition of the Group during the financial period ended 31 January 2009.

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11. Dividends Paid

	6 months ended	
	31 January	
	2009	2008
	RM'000	RM'000
For the year ending 31 July 2009: Interim dividend of 4.00 sen less 25% taxation (2008 : Interim dividend of 12.50 sen less 26% taxation)	60,185	184,848

12. Changes in Contingent Liabilities or Contingent Assets

	<u>31 January 2009</u>	<u>31 July 2008</u>
	RM'000	RM'000
Performance and retention sum guarantees	1,015,587	1,013,329

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

13. Review of Performance

For the current quarter under review, the Group recorded revenue and profit before tax of RM591.7 million and RM66.6 million respectively as compared to RM495.2 million and RM113.4 million respectively in the corresponding preceding quarter. The decrease in profit before tax is mainly due to lower contributions from construction and property divisions.

14. Comparison with Immediate Preceding Quarter's Results

For the current quarter under review, the Group recorded profit before tax of RM66.6 million, which is slightly lower than the immediate preceding quarter's profit before tax of RM72.0 million.

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15. Current Year Prospects

(a) Construction Division

(i) Electrified Double Tracking Railway Project

The work progress achieved to-date is approximately 20%.

The contract sum for the project is worth RM12.5 billion with progress payments from the Government of Malaysia (“GOM”) in the following mode :-

Mode of payment	Contract sum (RM’billion)
Direct payment from GOM	5.8
Deferred payment basis via loan from Bank Pembangunan Malaysia Berhad (where the loan shall eventually be repaid by GOM)	6.7
Total	12.5

(ii) Nam Theun 1 Project (Laos)

The status of the negotiation with Electricity Generating Authority of Thailand (“EGAT”) for a new tariff agreement remains unchanged since the last quarter.

(iii) Yenso Park and Sewage Treatment Plant (Vietnam)

The works on Yen So Park is progressing well and the works on Sewage Treatment Plant is expected to accelerate in the coming months.

(b) Property Division

Notwithstanding the weakening property market, sale of properties of mature townships like Kota Kemuning and Valencia helped to cushion the overall drop in the property sales of the division. With the uncertainty in the economic outlook, the profit contribution from the property division is expected to remain weak for the rest of the year.

The development of a commercial and residential parcel within the Hanoi city zone encompassing an area of approximately 500 acres will kick off by end 2009. The first phase of landed residences comprising semi-detached houses, terrace houses and mid –range apartments is expected to be launched in mid 2010.

(c) Water related and Expressway Concessions

Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (“Splash”), the concession holder of Sungai Selangor Water Supply Scheme Phases 1 and 3, has rejected an offer by the Selangor State Government to take over the assets and operations of Splash. The rejection was made on grounds that the offer price was low.

Overall prospects

Overall, the Group’s performance is expected to remain satisfactory in the current financial year.

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16. Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

17. Tax Expense

The taxation is derived as below:	3 months ended		6 months ended	
	31 January		31 January	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Malaysia income tax	15,792	19,655	30,295	35,728

The Group's effective tax rate (excluding the results of associates which is equity accounted net of tax) for the current period is higher than the statutory tax rate primarily due to certain expenses not being deductible for tax purposes.

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.

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21. Group Borrowings and Debt Securities

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

	Note	Foreign Currency '000	At 31 Jan 09 RM Equivalent '000
<u>Short Term Borrowings</u>			
Revolving Credits:			
- denominated in US Dollar ("USD")		144,580	478,986
- denominated in Ringgit Malaysia ("RM")	1		142,736
Commercial Papers (Horizon Hills)			35,000
Term Loan (Gamuda Water)			25,000
			<u>681,722</u>
<u>Long Term Borrowings</u>			
Medium Term Notes (Bandar Botanic)			300,000
Medium Term Notes (Horizon Hills)			100,000
Medium Term Notes (Gamuda Berhad)			480,000
Term Loan (Smart Project)	2		161,500
Term Loan (Gamuda Water)			12,500
			<u>1,054,000</u>
Total			<u>1,735 722</u>

Note:

1. The revolving credit for Electrified Double Tracking Railway Project was obtained by a jointly controlled entity, MMC-Gamuda Joint Venture Sdn. Bhd. in relation to design, construction, testing, commissioning and maintenance of the electrified double track between Ipoh and Padang Besar. The revolving credit is secured on the project and is on a non-recourse basis to Gamuda Group.
2. 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 revolving credit and term loan are 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 interests in the jointly controlled entities are proportionately consolidated.

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22. Off Balance Sheet Financial Instruments

The Group has entered into forward foreign currency contracts to limit its exposure to potential changes in foreign exchange rates with respect to estimated receipts and payments denominated in foreign currency.

The details of the outstanding forward foreign currency contracts are as follows:

	Contract amount	Maturity period
Forwards used to hedge receivables in USD	USD 38.20mil	March 2009 – Mar 2010
Forwards used to hedge payables in Vietnamese Dong	USD 1.87 mil	March 2009

There is minimal credit and market risk as the contracts are entered with a reputable bank.

23. Material Litigations

- 1) On 22nd January 2009, Wayss & Freytag (Malaysia) Sdn Bhd (“W&F”) withdrew the civil suit filed by them against MMC-Gamuda JV (“Joint Venture”) to restrain the Joint Venture from calling on the performance bond given by W&F to the Joint Venture to secure W&F’s performance under the sub-contract dated 16th April 2003. The Court has on 10th March 2009 ordered that taxed cost be paid to the Joint Venture. With the withdrawal, the civil suit has now come to an end.
- 2) The Writ of Summons and a Statement of Claim (“the Court Action”) filed by W&F against the JV for inter-alia, a court declaration that the JV is in breach of the sub-contract dated 16th April 2003 (“the Sub-Contract”) by failing to make payment for the sum of RM102,366,880.42 awarded by the Dispute Adjudication Board (“DAB”) to W& F in respect of various claims arising out of the Sub-Contract and for damages of the same amount is now fixed for hearing as follows:
 - (a) the JV’s application for stay of proceedings of the Court Action is fixed for hearing on 31st March 2009; and
 - (b) W&F’s application for summary judgment of the Court Action is fixed for mention on 12th May 2009.

On 17th December 2008, in accordance with the terms of the Sub-Contract the JV commenced arbitration proceedings by serving on W&F a notice of arbitration. W&F also commenced arbitration proceedings by filing its Notice of Arbitration on 15th January 2009. Parties have agreed that both the aforementioned arbitrations are to be heard together. Arbitration is now pending the constitution of the Arbitral Tribunal.

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

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24. Earnings Per Share

	Current Quarter 31 January 2009	Current Year To Date 31 January 2009
Basic		
Net profit attributable to shareholders (RM'000)	49,056	104,092
Number of ordinary shares in issue as at 1 August 2008 ('000)	2,005,016	2,005,016
Effect of shares issued during the period ('000)	1,180	1,155
Weighted average number of ordinary shares in issue ('000)	2,006,196	2,006,171
Basic earnings per ordinary share (sen)	2.45	5.19
Diluted		
Net profit attributable to shareholders (RM'000)	49,056	104,092
Weighted average number of ordinary shares in issue ('000)	2,006,196	2,006,171
- Assumed shares issued from exercise of ESOS ('000)	934	1,757
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	2,007,130	2,007,928
Fully diluted earnings per ordinary share (sen)	2.44	5.18