

# **Gamuda Berhad (29579-T)**

## **Quarterly Report On Consolidated Results For The Financial Quarter Ended 30 April 2009**

### **Notes To The Financial Statements**

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#### **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 1,246,000 new ordinary shares of RM1 each, pursuant to the exercise of the Employees’ Share Option Scheme.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Financial Quarter Ended 30 April 2009

### Notes To The Financial Statements

#### 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
<b>9 months period ended 30 April 2009</b>					
<b>Revenue</b>					
External	1,422,247	288,566	74,248	-	1,785,061
Inter segment	11,460	-	-	(11,460)	-
	<u>1,433,707</u>	<u>288,566</u>	<u>74,248</u>	<u>(11,460)</u>	<u>1,785,061</u>
<b>Segment results</b>					
Profit from operations	42,570	55,356	41,178	-	139,104
Finance costs	(21,248)	(5,327)	(9,632)	-	(36,207)
Share of results of associated companies	-	8,716	90,128	-	98,844
Profit before tax	<u>21,322</u>	<u>58,745</u>	<u>121,674</u>	<u>-</u>	<u>201,741</u>
<b>Percentage of segment results</b>	<i>11%</i>	<i>29%</i>	<i>60%</i>		
Income tax expense					<u>(44,668)</u>
Profit for the period					<u>157,073</u>
Attributable to:-					
Equity holders of the Company					150,395
Minority interests					<u>6,678</u>
					<u>157,073</u>
<b>9 months period ended 30 April 2008</b>					
<b>Revenue</b>					
External	1,161,284	311,568	79,509	-	1,552,361
Inter segment	44,666	-	-	(44,666)	-
	<u>1,205,950</u>	<u>311,568</u>	<u>79,509</u>	<u>(44,666)</u>	<u>1,552,361</u>
<b>Segment results</b>					
Profit from operations	110,252	83,603	40,504	-	234,359
Finance costs	(6,911)	(1,602)	(7,406)	-	(15,919)
Share of results of associated companies	-	23,891	92,283	-	116,174
Profit before tax	<u>103,341</u>	<u>105,892</u>	<u>125,381</u>	<u>-</u>	<u>334,614</u>
<b>Percentage of segment results</b>	<i>31%</i>	<i>32%</i>	<i>37%</i>		
Income tax expense					<u>(70,662)</u>
Profit for the period					<u>263,952</u>
Attributable to:-					
Equity holders of the Company					254,875
Minority interests					<u>9,077</u>
					<u>263,952</u>

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Financial Quarter Ended 30 April 2009

### Notes To The Financial Statements

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#### 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 30 April 2009.

#### 11. Dividends

- a) The Board of Directors declared a second interim dividend in respect of financial year ending 31 July 2009 as follows:
- i) A second interim dividend of 4.00 sen per ordinary share less 25% taxation;
  - ii) A second interim dividend of 12.5 sen per ordinary share less 26% was declared in previous corresponding period;
  - iii) Expected date of dividend payment is to be determined at a later date.
  - iv) 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 period is 8.00 sen less 25% taxation. For the preceding year's corresponding period, a total dividend per share of 25.00 sen less 26% taxation was declared.

#### 12. Dividends Paid

	<b>9 months ended</b>	
	<b>30 April</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
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

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Financial Quarter Ended 30 April 2009

### Notes To The Financial Statements

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#### 13. Changes in Contingent Liabilities or Contingent Assets

	<u>30 April 2009</u> RM'000	<u>31 July 2008</u> RM'000
Performance and retention sum guarantees	924,389	1,013,329

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

#### 14. Review of Performance

For the current quarter under review, the Group recorded revenue and profit before tax of RM579.4 million and RM63.1 million respectively as compared to RM574.7 million and RM114.7 million respectively in the corresponding preceding quarter. The decrease in profit before tax is due to lower contributions from all divisions.

#### 15. Comparison with Immediate Preceding Quarter's Results

For the current quarter under review, the Group recorded profit before tax of RM63.1 million, which is slightly lower than the immediate preceding quarter's profit before tax of RM66.6 million.

#### 16. Current Year Prospects

##### (a) Construction Division

###### Electrified Double Tracking Railway Project

Out of the total contract sum of RM12.5 billion, RM6.7 billion shall be paid by the Government of Malaysia ("GOM") by way of a deferred payment loan from Bank Pembangunan Malaysia Berhad (where the loan shall eventually be repaid by GOM). The deferred payment loan was finalized in April 2009 and progress claims for work done were paid from the drawdown of this loan from April 2009 onwards.

###### Yen So Park and Sewage Treatment Plant (Vietnam)

The works on Yen So Park and Sewage Treatment Plant is progressing well.

##### (b) Property Division

There was a slight pick up in sales for the current quarter compared to the previous quarter. Nevertheless, the demand in property market remains weak and the profit contribution from the property division is expected to be weak for the remaining quarter of the year.

##### (c) Water related and Expressway Concessions

The Federal Government has set a target to complete the water restructuring in Selangor state by end of June 2009. SPLASH is currently in negotiation with the Government on this matter.

###### Overall prospects

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

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Financial Quarter Ended 30 April 2009

### Notes To The Financial Statements

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**17. Variance from Profit Forecast and Profit Guarantee**

This is not applicable to the Group.

**18. Tax Expense**

The taxation is derived as below:

	3 months ended 30 April		9 months ended 30 April	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysia income tax	14,373	34,934	44,668	70,662

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.

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

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

**20. Quoted Investments**

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

**21. 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 30 April 2009

### Notes To The Financial Statements

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#### 22. Group Borrowings and Debt Securities

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

			<b>At 30 Apr 09</b>
	<b>Note</b>	<b>Foreign Currency '000</b>	<b>RM Equivalent '000</b>
<u>Short Term Borrowings</u>			
Revolving Credits:			
- denominated in US Dollar ("USD")		98,830	355,254
- denominated in Ringgit Malaysia ("RM")	1		9,739
Commercial Papers (Horizon Hills)			35,000
Term Loan (Gamuda Water)			25,000
			<u>424,993</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)			6,250
Term Loan (Jade Homes)			169,000
			<u>1,216,750</u>
 Total			 <u>1,641 743</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.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Financial Quarter Ended 30 April 2009

### Notes To The Financial Statements

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#### 23. 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 24.61 mil	June 2009 – Mar 2010

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

#### 24. Material Litigations

- 1) 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 16<sup>th</sup> 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, was fixed for hearing of the following applications as below:
  - (a) the JV’s application for stay of proceedings of the Court Action on 15<sup>th</sup> May 2009; and
  - (b) W&F’s application for summary judgment of the Court Action for further mention on 14<sup>th</sup> July 2009.
- 2) Following the hearing on 15<sup>th</sup> May 2009, the Court has now allowed the JV’s application and unconditionally stayed the Court Action initiated by W&F.
- 3) On 17<sup>th</sup> 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 15<sup>th</sup> January 2009. Parties are in discussions for both the aforementioned arbitrations to be consolidated and heard together. At present, parties are awaiting 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.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Financial Quarter Ended 30 April 2009

### Notes To The Financial Statements

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#### 25. Earnings Per Share

	<b>Current Quarter 30 April 2009</b>	<b>Current Year To Date 30 April 2009</b>
<b>Basic</b>		
Net profit attributable to shareholders (RM'000)	46,303	150,395
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)	1,227	1,179
Weighted average number of ordinary shares in issue ('000)	2,006,243	2,006,195
Basic earnings per ordinary share (sen)	2.31	7.50
<b>Diluted</b>		
Net profit attributable to shareholders (RM'000)	46,303	150,395
Weighted average number of ordinary shares in issue ('000)	2,006,243	2,006,195
Assumed shares issued from exercise of ESOS ('000)	2,488	2,411
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	2,008,731	2,008,606
Fully diluted earnings per ordinary share (sen)	2.31	7.49