

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

## **Quarterly Report On Consolidated Results For The Financial Quarter Ended 31 July 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 year, except for the issuance of 4,241,000 new ordinary shares of RM1 each, pursuant to the exercise of the Employees’ Share Option.

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#### 7. Segmental Analysis

	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>12 months period ended 31 July 2009</b>					
<b>Revenue</b>					
External	2,219,518	407,364	100,420	-	2,727,302
Inter segment	7,445	-	-	(7,445)	-
	<u>2,226,963</u>	<u>407,364</u>	<u>100,420</u>	<u>(7,445)</u>	<u>2,727,302</u>
<b>Segment results</b>					
Profit from operations	63,150	70,173	50,717	(259)	183,781
Finance costs	(24,058)	(10,199)	(10,836)	259	(44,834)
Share of results of associated companies	-	14,147	129,063	-	143,210
Profit before tax	<u>39,092</u>	<u>74,121</u>	<u>168,944</u>	<u>-</u>	<u>282,157</u>
<b>Percentage of segment results</b>	14%	26%	60%		
Income tax expense					<u>(78,003)</u>
Profit for the year					<u>204,154</u>
Attributable to:-					
Equity holders of the Company					193,689
Minority interests					<u>10,465</u>
					<u>204,154</u>
<b>12 months period ended 31 July 2008</b>					
<b>Revenue</b>					
External	1,825,161	472,810	105,689	-	2,403,660
Inter segment	26,203	-	-	(26,203)	-
	<u>1,851,364</u>	<u>472,810</u>	<u>105,689</u>	<u>(26,203)</u>	<u>2,403,660</u>
<b>Segment results</b>					
Profit from operations	142,896	123,575	57,177	(1,346)	322,302
Finance costs	(13,350)	(2,136)	(10,800)	1,346	(24,940)
Share of results of associated companies	-	30,755	142,697	-	173,452
Profit before tax	<u>129,546</u>	<u>152,194</u>	<u>189,074</u>	<u>-</u>	<u>470,814</u>
<b>Percentage of segment results</b>	28%	32%	40%		
Income tax expense					<u>(131,886)</u>
Profit for the year					<u>338,928</u>
Attributable to:-					
Equity holders of the Company					325,078
Minority interests					<u>13,850</u>
					<u>338,928</u>

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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

On 23 July 2009, Gamuda has acquired the entire issued and paid up capital of Klasik Mentari Sdn Bhd ("KMSB"), comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00. KMSB was incorporated on 23 June 2009 and is presently dormant.

#### 11. Dividends

- a) The Board of Directors does not recommend the payment of any final dividend in respect of the financial year ended 31 July 2009.
- b) The total dividend per share for the current financial year 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>12 months ended</b>	
	<b>31 July</b>	
	<b>2009</b>	<b>2008</b>
	<b>RM'000</b>	<b>RM'000</b>
For the year ended 31 July 2009: Interim dividend of 4.00 sen less 25% taxation (2008 : Interim dividend of 25.00 sen less 26% taxation)	60,185	370,312

For the year ended 31 July 2009, an approved second interim dividend of 4.00 sen less 25% taxation was paid on 18 Aug 2009, amounting to RM60,405,000.

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

	<b><u>31 July 2009</u></b>	<b><u>31 July 2008</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Performance and retention sum guarantees	842,307	1,013,329

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

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### Notes To The Financial Statements

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#### 14. Review of Performance

For the current quarter under review, the Group recorded revenue and profit before tax of RM942.2 million and RM80.4 million respectively as compared to RM851.3 million and RM136.2 million respectively in the corresponding preceding quarter. For the current year to date, the group recorded revenue and profit before tax of RM2,727.3 million and RM282.2 million respectively as compared to RM2,403.7 million and RM470.8 million respectively in the corresponding preceding year. The decrease in profit before tax is primarily due to lower contributions from all divisions arising from the challenging economic environment.

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

For the current quarter under review, the Group recorded profit before tax of RM80.4 million, which is higher than the immediate preceding quarter's profit before tax of RM63.1 million. The higher profit before tax is primarily due to the contract price adjustments from the New Doha International Airport Project (Qatar).

#### 16. Next Year's Prospects

##### (a) Construction Division

###### Electrified Double Tracking Railway Project

The work progress is slightly behind schedule due to late handover of land by the authorities. Under the terms of the contract signed by the project company and the Government of Malaysia, all land should be handed over to the project company early this year but, to-date, only 88% has been handed over. The progress is expected to pick up pace in the next financial year when the balance of the land is handed over.

###### New Doha International Airport Project (Qatar)

On 30 July 2009, Sinohydro-Gamuda-WCT Joint Venture was awarded a sum of RM740 million as additional works and settlement in respect of all the outstanding counter-proposals in respect of the variation orders, contractors' claims and scope changes. To-date the total contract value has now increased from the original contract sum of RM1,750 million to RM3,272 million.

###### Yenso Park and Sewage Treatment Plant Projects (Vietnam)

Yenso Park and Sewage Treatment Plant projects are progressing well on schedule.

##### (b) Property Division

The recent two quarters' results have improved compared to the first two quarters of the financial year. The property market is recovering well as product launches such as shop offices in Kota Kemuning and bungalows in Valencia were fully taken up. Stabilized by an improving economic outlook and affordable interest rate environment, the property sector is gaining momentum and is expected to perform better in the next financial year.

##### (c) Water-related Concession Division

Following the acceptance by Splash of Selangor State Government ("SSG")'s revised offer to take over its water-related assets and operations for an estimated gross price of RM2,975 million, SPLASH is currently waiting for the SSG's instruction to complete the transaction.

###### Overall prospects

Overall, the Group's performance is expected to improve in the next financial year.

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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 31 July		12 months ended 31 July	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Malaysia income tax	33,335	61,224	78,003	131,886

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 year under review.

#### 20. Quoted Investments

There were no transactions on quoted investments in the current financial year 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.

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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:

		Foreign Currency '000	At 31 July 09 RM Equivalent '000
<u>Short Term Borrowings</u>			
Revolving Credits:			
- denominated in US Dollar ("USD")		75,550	268,165
Commercial Papers (Horizon Hills)			35,000
Term Loan (Gamuda Water)			25,000
			<hr/> 328,165
<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)	1		161,500
Term Loan (Jade Homes)			169,000
			<hr/> 1,210,500
Total			<hr/> <hr/> 1,538,665

Note:

1. The term loan for Smart Project was obtained by a jointly controlled entity, Syarikat Mengurus Air Banjar & 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 interests in the jointly controlled entities are proportionately consolidated.

#### 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 13.06mil	Oct 2009 – Mar 2010

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

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##### **24. Material Litigations**

- 1) W&F filed the Writ of Summons and a Statement of Claim (“the Court Action”) 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.
- 2) On 15<sup>th</sup> May 2009, the Court allowed the JV’s application for stay of proceedings of the Court Action and unconditionally stayed the Court Action initiated by W&F.
- 3) On 1<sup>st</sup> June 2009, W&F filed an appeal against the Court’s decision to stay the proceedings.
- 4) The hearing date for W&F’s application for summary judgment and appeal against the stay of proceedings has been fixed for hearing on 30<sup>th</sup> October 2009.
- 5) 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. A preliminary meeting between the Arbitral Tribunal members and the parties’ respective solicitors was held on 17<sup>th</sup> September 2009 for the purpose of setting down time lines and directions for the conduct of the arbitration. The time lines and directions are now pending finalization.

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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#### 25. Earnings Per Share

	Current Quarter 31 July 2009	Current Year To Date 31 July 2009
<b>Basic</b>		
Net profit attributable to shareholders (RM'000)	43,294	193,689
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)	3,032	1,642
Weighted average number of ordinary shares in issue ('000)	2,008,048	2,006,658
Basic earnings per ordinary share (sen)	2.16	9.65
<b>Diluted</b>		
Net profit attributable to shareholders (RM'000)	43,294	193,689
Weighted average number of ordinary shares in issue ('000)	2,008,048	2,006,658
Assumed shares issued from exercise of ESOS ('000)	10,103	6,044
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	2,018,151	2,012,702
Fully diluted earnings per ordinary share (sen)	2.15	9.62