Notes To The Interim Financial Statements

1. Basis of Preparation

1.1) The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

1.2) The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2010.

1.3) The accounting policies and methods of computation adopted by the Group are consistent with those adopted in the audited financial statements for the year ended 31 July 2010 except for the adoption of the following new/revised Financial Reporting Standards (FRSs), Amendments to FRSs, Interpretations and Amendments to Interpretations:

<u>Effective for financial periods beginning on or after 1 January 2010:</u>

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements, Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendment to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendment to FRS 117	Leases
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives
Amendments to FRSs	Improvements to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for financial periods beginning on or after 1 March 2010:

Amendments to FRS 132	Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

The above new/revised FRSs, Amendments to FRSs, Interpretations and Amendments to Interpretations are expected to have no significant impact on the financial performance and position of the Group except for those discussed below:

(a) FRS 101: Presentation of Financial Statements (Revised)
The revised new FRS 101 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. Pursuant to the revised standard, the Group has elected to adopt the two linked statements.

This is a disclosure standard with no impact on the financial performance and position of the Group.

(b) FRS 139 Financial Instruments: Recognition and Measurement
FRS 139 establishes principles for recognizing and measuring of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments in the statement of financial position reflects the designation of the financial instruments. The Group has adopted FRS139 prospectively on 1 August 2010 in accordance with the transitional provisions. The effects arising from the adoption of the standard has been accounted for by adjusting the opening balance of the retained earnings as at 1 August 2010.

The details of changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

i. Receivables
Prior to 1 August 2010, trade and other receivables were stated at gross receivables less provision for doubtful debts. Upon adoption of FRS 139, the Group's receivables are initially measured at fair value, plus transaction costs and subsequently at amortised cost using the effective interest rate ("EIR") method.

ii. Short- term investments
Prior to 1 August 2010, the Group classified its investment in private debt securities and investment management funds as short term investments. Such investments were carried at cost less impairment losses.

Upon adoption of FRS 139, investment in private debt securites are designated at 1 August 2010, as held-to-maturity investments as the Group has the intention and ability to hold to maturity. Such investments are carried at amortised cost using the EIR method.

Investment management funds are designated as financial assets through profit or loss and carried at fair value with any gains or losses recognised in the profit or loss.

iii. Derivative financial instruments
Prior to 1 August 2010, all derivative financial instruments were recognized in the financial statements only upon settlement. Upon adoption of FRS 139, all derivatives are recognized at their fair value with any resultant gains or losses recognized through profit or loss except for derivatives that meet the hedge accounting criteria where, appropriate treatments are applied for effective hedge.

iv. The following are effects arising from the above changes in accounting policies:

Consolidated Statement of Financial Position	**Increase/(decrease) As at 1 August 2010 RM'000**
Non Current Assets	
Interests in associated companies	(12,174)
Other Investments	20,000
Receivables	(1,921)
Current Assets	
Receivables	(7,338)
Short term investments	(20,000)
Non current Liabilities	
Long term borrowings	(891)
Payables	(158)
Current Liabilities	
Short term borrowings	(62)
Payables	3,891
Equity	
Retained profits	(13,331)
Other reserves	(3,100)

In addition, the changes in accounting policies have the effect of decreasing the profit by RM520,000 for the current period.

(c) Amendment to FRS 117: Leases

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases and were classified and presented as prepaid lease payments in the statement of financial position. The Amendment to FRS 117, clarifies that lease of land and buildings are classified as operating or finance leases in the same way as leases of other leases of other assets, hence the Group has reclassified certain leasehold lands to property, plant and equipment. Pursuant to the Amendment to FRS 117, the Group has applied this change in accounting policy retrospectively and certain comparatives have been restated. The reclassification has no effect to the financial performance of the Group.

The effect of the reclassification to the comparatives of the prior year's statement of financial position is as follows:

As at 31 July 2010	As previously reported RM'000	Effects of adopting Amendment to FRS 117 RM'000	As restated RM'000
Consolidated Statement of Financial Position			
Property, plant and equipment	300,731	1,022	301,753
Prepaid land lease payments	6,205	(1,022)	5,183

(d) IC Interpretation I2: Service Concession Arrangements

The new IC Interpretation 12 applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. Consideration given by the grantor to the operator may be rights to a financial asset or an intangible asset. The operator shall recognize a financial asset model to the extent that it has an unconditional right to receive cash or another financial asset from or at the direction of the grantor for the construction services. The operator shall recognize an intangible asset to the extent that it receives a right (a licence) to charge users of the public service.

For financial asset model, the amount due from grantor is accounted as receivable under FRS 139, and requires interest calculated using the effective interest method to be recognized in profit or loss. Intangible asset with a finite useful life shall be amortised on a systematic basis over its useful life.

Where the operator has contractual obligations to maintain and restore infrastructure that it must fulfill as a condition of its licence, these obligations are recognized and measured at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period.

Pursuant to IC Interpretation 12, the Group has applied the Interpretation retrospectively, and the following are the effects arising from the above changes in accounting policies:

	As previously stated RM'000	Effects of adopting IC Interpretation 12 RM'000	As restated RM'000
As at 31 July 2010			
Consolidated Statement of Financial Position			
Interests in associated companies	1,310,515	187,443	1,497,958
Retained earnings as at 1 August 2009	987,796	144,923	1,132,719
For 3 months ended 30 April 2010			
Consolidated Income Statement			
Share of results of associated companies	33,819	10,500	44,319
For 9 months ended 30 April 2010			
Consolidated Income Statement			
Share of results of associated companies	113,163	32,108	145,271

In addition, the changes in accounting policies have the effect of increasing the profit by RM7,871,000 and RM23,789,000 for the current quarter and period ended 30 April 2011 respectively.

(e) Comparative figures
Certain comparative figures have been reclassified to be consistent with current period's presentation.

	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Assets			
Non-current assets			
Receivables	39,328	225,000	264,328
Other investments	733	20,000	20,733
Current assets			
Receivables	1,196,617	(225,000)	971,617
Short term investments	784,104	(20,000)	764,104
Liabilities			
Non-current liabilities			
Payables	17,184	42,905	60,089
Current liabilities			
Payables	804,648	(42,905)	761,743

2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's annual financial statements for the year ended 31 July 2010 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 were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

5. Changes in Estimates

There were 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 32,667,000 and 512,337 new ordinary shares of RM1 each, pursuant to the exercise of the Employees' Share Option Scheme and the conversion of warrants respectively.

7. Segmental Analysis

	Engineering and Construction	Property Development and Club Operations	Water and Expressway Concessions	Inter-segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
9 months period ended 30 April 2011					
Revenue					
External	1,288,547	481,325	92,726	-	1,862,598
Inter segment	14,020	-	-	(14,020)	-
	1,302,567	481,325	92,726	(14,020)	1,862,598
Segment results					
Profit from operations	123,117	115,161	52,052	-	290,330
Finance costs	(21,105)	(10,741)	(11,510)	-	(43,355)
Share of results of associated companies	-	6,633	139,789	-	146,422
Profit before taxation	102,012	111,053	180,332	-	393,397
Percentage of segment results	***26%***	***28%***	***46%***		
Taxation					(86,845)
Profit for the period					306,552
Profit attributable to:-					
Owners of the Company					299,190
Minority Interests					7,362
					306,552
9 months period ended 30 April 2010					
Revenue					
External	1,283,794	367,848	88,722	-	1,740,364
Inter segment	12,317	-	-	(12,317)	-
	1,296,111	367,848	88,722	(12,317)	1,740,364
Segment results					
Profit from operations	64,813	69,742	47,825	(2,139)	180,241
Finance costs	(14,031)	(7,877)	(8,675)	2,139	(28,444)
Share of results of associated companies	-	10,038	135,233	-	145,271
Profit before taxation	50,782	71,903	174,383	-	297,068
Percentage of segment results	***17%***	***24%***	***59%***		
Taxation					(52,782)
Profit for the period					244,286
Profit attributable to:-					
Owners of the Company					236,190
Minority Interests					8,096
					244,286

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 2011 except for the following :

a) On 9 September 2010, Gamuda Land (HCMC) Sdn Bhd, a wholly owned subsidiary of Gamuda Berhad completed the acquisition of Sai Gon Thuong Tin Tan Thang Investment Real Estate Joint Stock Company ("Tan Thang Company") and Tan Thang Company became a 60% owned subsidiary of Gamuda Land (HCMC) Sdn Bhd.

b) On 25 March 2011, Gamuda (India) Private Limited, a wholly owned subsidiary of Gamuda Berhad was struck off from the Register of Companies and was dissolved pursuant to the East Exit Scheme, 2011 under section 560 of the Companies Act,1956 of India.

11. Dividends

The Board of Directors declares a second interim dividend in respect of financial year ending 31 July 2011 as follows:

i) A single tier (exempt from tax) second interim dividend of 6.00 sen per ordinary share (Total cash payout is 6.00 sen per ordinary share);
ii) The payment date of the second interim dividend is 28 July 2011;
iii) In respect of deposited securities, entitlement to dividends to be determined on the basis of the record of depositors as at 12 July 2011.

The total dividend per share for the current financial period is 3.00 sen per ordinary share less 25% taxation and single tier (exempt from tax) dividend of 9.00 sen per ordinary share (Total cash payout is 11.25 sen per ordinary share).

For the previous corresponding period, second interim dividend of 6.00 sen per ordinary share less 25% taxation was declared (Total cash payout was 4.50 sen per ordinary share).

The total dividend of 12.00 sen less 25% taxation per ordinary share was declared for the preceding year's corresponding period (Total cash payout was 9.00 sen per ordinary share).

12. Dividends paid

	9 months ended 30 April	
	2011	2010
	RM'000	RM'000
Second Interim Dividends		
Second interim dividend for the year ended 31 July 2010, paid on 18 August 2010 : 6% less 25% taxation. (Second interim dividend for the year ended 31 July 2009, paid on 18 August 2009 : 4% less 25% taxation)	91,275	60,405
First Interim Dividends		
First Interim dividend for the year ending 31 July 2011, paid on 28 January 2011 : 3% less 25% taxation and single tier dividend (exempt from tax) of 3% per ordinary share (First interim dividend for the year ended 31 July 2010, paid on 8 February 2010 : 6% less 25% taxation)	107,951	90,787
	199,226	151,192

13. Review of Performance

For the current quarter under review, the Group recorded revenue and profit before taxation of RM621.2 million and RM158.4 million respectively as compared to RM511.2 million and RM101.8 million respectively in the preceding year comparative quarter. For the current year to-date, the Group recorded revenue and profit before taxation of RM1,862.6 million and RM393.4 million respectively as compared to RM1,740.4 million and RM297.1 million respectively in the preceding corresponding period.

The increase in profit before taxation for the current quarter and current year to-date resulted from higher contributions from all divisions.

14. Comparison with Immediate Preceding Quarter's Results

For the current quarter under review, the Group's profit before taxation of RM158.4 million is higher than the immediate preceding quarter's profit before taxation of RM125.3 million. The increase in profit before taxation resulted from higher contributions from the construction and property divisions.

15. Current Year Prospects

Overall Prospects

With the existing construction projects progressing on schedule and the strong performance of the property division, the Group's results are expected to further improve in the remaining quarter of the current financial year.

The status and prospects of the respective divisions of the Group are as follows:

(a) CONSTRUCTION DIVISION

Klang Valley Mass Rapid Transit Project
Pre-qualification exercises to shortlist prospective tenderers for the elevated civil works, stations and depots works packages ("elevated works packages") as well as the underground works package are currently underway. The tenders for the elevated works packages and the underground works package are expected to be called in the third quarter of 2011. The ground breaking ceremony for this project is scheduled on 8 July 2011.

Electrified Double Tracking Railway Project
As the remaining land parcels were substantially handed over to the project company at the end of 2010, work progress is expected to improve further in future financial quarters. The project is scheduled for completion in November 2014.

New Doha International Airport Project (Qatar)
The project is progressing on schedule and is expected to be completed by the end of this year. Progress claims submitted to the Qatari Government continue to be paid on time.

Sewage Treatment Plant Project (Vietnam)
The Sewage Treatment Plant Project is scheduled for completion in the first half of 2012.

(b) PROPERTY DIVISION

Unbilled sales in Malaysia has improved substantially and has reached an all time high in excess of RM1 billion.

Anchored by the strong property sales in Malaysia, the Group's property earnings will grow strongly from additional property sales of Gamuda City in Hanoi and Celadon City in Ho Chi Minh City. Gamuda City, comprising mainly of landed properties, is expected to do well on the back of strong demand for landed properties in Hanoi.

Earthworks and infrastructure works in Gamuda City and Celadon City are now in full swing and building construction works will start soon. Property sales in Celadon City will commence in the last quarter of this financial year.

(c) WATER AND EXPRESSWAY CONCESSIONS DIVISION

(i) Expressway
The Group's expressway concessions continued to register strong traffic volumes, contributing to the stable and recurring earnings of the Group. In April 2009, the Government announced that it will provide a long term solution to the recurring issues related to toll increases. The decision from the Government is still pending.

(ii) Water
The ongoing water restructuring in Selangor remains unresolved as the Federal Government and the Selangor State Government have yet to arrive at an amicable solution.

16. Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

17. Taxation

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The taxation is derived as below:	3 months ended 30 April		9 months ended 30 April	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Malaysian & foreign income tax	39,230	15,320	86,845	52,782

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 quarter under review.

19. Quoted Investments

There was no transaction on quoted investment in the current quarter under review.

20. Status of Corporate Proposals

On 24 March 2010, Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("Splash"), an associated company of Gamuda Berhad made an offer of RM10,750 million to take over water assets and operations of the water services industry of the Selangor State/Federal Territory. The offer was submitted to the Federal Government ("FG") and the Selangor State Government ("SSG").

On 20 April 2010, Splash submitted a 're-aligned offer' to the FG and the SSG which is basically the same offer as the one dated 24 March 2010 except that the water assets purchased by Splash are now sold to Pengurusan Aset Air Bhd, and then leased back for operations. Splash will become 'asset light', and thus, "re-aligned" within the spirit of the Water Services Industry Act 2006.

On 17 May 2010, the FG wrote to inform Splash that they will be making new offers to all water players. As such the FG will not be considering Splash's offer as yet in order to allow new offers to be made to Splash and the other water players in Selangor.

On 2 July 2010, Splash wrote to the FG and the SSG to inform that they have yet to receive any new offer with respect to their letter dated 17 May 2010. In turn Splash stated that its current offer to the FG and the SSG will remain good until 31 December 2010.

On 6 January 2011, a conditional offer ("Offer") was made by the SSG to acquire all the voting shares in Splash at a cash offer price of RM5.95 per share.

On 28 January 2011, Splash replied that it was unable to accept the Offer as it undervalued the company and is also well below the previous offer made by the SSG to Splash dated 15 July 2009, which Splash had then accepted in good faith.

As at today, there has been no new development on this matter.

Other than the above corporate proposal, there is no other corporate proposal announced but not completed.

21. Group Borrowings and Debt Securities

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

	Notes	Foreign Currency '000	As at 30 April 2011 RM Equivalent '000
Short Term Borrowings			
Revolving Credits		100,000	296,181
- denominated in US Dollar			
Term Loan (Jade Homes)			15,867
Commercial Papers (Horizon Hills)			59,882
			371,930
Long Term Borrowings			
Medium Term Notes (Horizon Hills)			74,450
Term Loan (Smart project)	1		161,500
Term Loan (Jade Homes)			197,486
Term Loan (Tan Thang)			
- denominated in Vietnam Dong	2	1,062,750,000	153,780
Medium Term Notes (Gamuda)			800,000
			1,387,216
Total			1,759,146

Note:

1. 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.

2. The term loan was obtained by Sai Gon Thuong Tin Tan Thang Investment Real Estate Joint Stock Company (Tan Thang Company), a 60% owned subsidiary of Gamuda Group. The term loan is on a recourse basis to Gamuda Group in proportion to the Group's shareholding in the Tan Thang Company.

22. Derivative Financial Instruments and Fair Value Changes in Financial Liabilities

The Group has entered into the following Interest Rate Swap ("IRS") contracts to hedge the payment of interest on bank borrowings from a floating rate to a fixed rate.

Interest Rate Swap	Interest		Contract amount in foreign currency USD'000	Maturities more than 3 years RM'000	Fair value of Derivative Liabilities RM'000	Contract date	Maturity dates
	From floating rate	To fixed rate					
USD	3-month LIBOR	1.845% to 2.495%	45,000	133,200	1,996	Nov 2009 to July 2010	Nov 2014 to July 2015

The basis of fair value measurement is the difference between the contracted IRS rates and the market IRS rates. The losses are due to the unfavourable fluctuation in market interest rates.

There is minimal credit risk as the IRS were entered into with reputable banks.

23. Changes in Contingent Liabilities or Contingent Assets

There is no significant contingent liabilities or contingent assets.

24. Capital Commitments

The amount of commitments for capital expenditure not provided for in the interim financial statements as at 30 April 2011 are as follows:

	RM'000
Approved and contracted for :	
- Property	133,100
- Land	211,231
- Others	1,800
	346,131

25. Realised and Unrealised Profit or Losses

The breakdown of retained profit of the Group as at 30 April 2011 into realised and unrealised profits or losses are as follows:

	Notes	As at 30 Apr 11 RM'000	As at 31 Jan 11 RM'000
Total share of retained profits of the Company and its subsidiary			
- Realised		1,021,599	894,567
- Unrealised	1	(12,885)	(10,785)
		1,008,714	883,782
Total share of retained profits from jointly controlled entities			
- Realised		250,258	107,500
- Unrealised	1	3,362	(2,714)
		253,620	104,786
Total share of retained profits from associated companies			
- Realised		536,213	629,326
- Unrealised	1	(127,430)	(138,593)
		408,783	490,733
Less : Consolidated adjustments	2	(219,339)	(144,156)
Total Group retained profits		1,451,778	1,335,145

Note 1 Unrealised profits/losses are mainly deferred tax provision and translation gains or losses of monetary items denominated in a currency other than the functional currency.

Note 2 Consolidation adjustments are mainly elimination of pre-acquisition profits or losses, minorities share of retained profits or accumulated losses and other adjustments arising from the business combination.

26. Material Litigations

a) On 31 October 2008 Wayss & Freytag (Malaysia) Sdn Bhd ("W&F") filed a Writ of Summons and a Statement of Claim ("the Court Action") against the MMC-Gamuda Joint Venture ("JV") for inter-alia, a court declaration that the JV is in breach of the sub-contract dated 16 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.

On 15 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.

On 1 June 2009, W&F filed an appeal against the Court's decision to stay the proceedings.

On 30 October 2009, the Court dismissed W&F's appeal against the Court's earlier decision to stay the Court Action.

In the meantime, while the Court Action has been stayed, W&F's application for summary judgment filed on 25 November 2008 has been fixed for mention on 3 August 2011 pending the arbitration between the JV and W&F.

On 17 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 January 2009. A preliminary meeting between the Arbitral Tribunal members and the parties' respective solicitors was held on 17 September 2009. At the preliminary meeting, the Arbitral Tribunal had set down various directions for the conduct of the arbitration. Among other things, it was directed that the arbitration proceedings commenced by both parties be heard together over the period 4 July 2011 till 15 July 2011. Subsequently, by mutual agreement of the parties and with the concurrence of the Arbitral Tribunal, the hearing dates have now been changed to 18 July 2011 till 29 July 2011. 1 August 2011 to 5 August 2011 are reserved dates for the hearing.

Separately, on 14 October 2010, W&F applied to the Arbitral Tribunal for its decision on 3 preliminary issues. The main issue raised by W&F is whether the JV is obliged to comply with the DAB's decisions by forthwith paying to W&F the amount of RM100,540,372.28 (as awarded by the DAB) and interest. The Arbitral Tribunal heard the parties on the preliminary issues on 16 February 2011. The Arbitral Tribunal has in its letter dated 7 March 2011 concluded that it does not have jurisdiction to entertain the preliminary issues raised by W&F. Consequently, the JV does not need to pay W&F the amount of RM100,540,372.28.

The Company is of the opinion that the JV has a good chance of succeeding in both W&F's application on the preliminary issues and in its claims against W&F in the arbitral proceedings.

26. Material Litigations (cont'd)

b) Bahrain Asphalt Establishment B.S.C (Closed) ("BAE") had on 4 March 2010 served a Request For Arbitration against Gamuda Berhad ("Company") (as the 1st Respondent), WCT Berhad (as the 2nd Respondent) and Gamuda-WCT Joint Venture, Qatar ("the JV") (as the 3rd Respondent), to refer certain alleged disputes to arbitration in Qatar. The Company's and WCT Berhad's interests in the JV are in the proportions of 51% and 49% respectively.

BAE was appointed as the sub-contractor for the works known as the granular sub-base and flexible pavement works ("Sub-contract Works") for the JV's project known as "Dukhan Highway From Shahaniya to Zekreet" which involves the construction of a 43 km new highway from Shahaniya to Zekreet in Qatar.

The Arbitral Tribunal has been constituted on 19 July 2010.

BAE's statement of claim was submitted on 10 February 2011, BAE claims from the Respndents, jointly and severally, a total quantified sum of QAR144,718,369.60 (RM117,771,809) comprising:-

(a) QAR110,178,160 for alleged prolongation, escalation, collateral and associated costs for 728 days delay in completion of the Sub-contract works;

(b) QAR13,400,205 for alleged Gabbro Aggregate overcharge/wrongful deductions;

(c) QAR964,970 for alleged wrongful deduction for supply of bitumen;

(d) QAR9,187,662.52 for alleged wrongful deductions from payments due to the Claimant for the supply of dune sand;

(e) QAR5,923,081 for alleged incorrect measurement of the subcontract works for the purpose of payment;

(f) QAR5,064,291.08 for retention money allegedly owed to BAE;

and further unquantified sums for legal costs, arbitration costs and interest (collectively referred to as "the Claims").

On 5 May 2011, the Respondents have submitted a counter claim of a total quantified sum of QAR34,940,773.34 (RM28,434,801) for breach of contract by BAE.

The Company is of the opinion that there are significant technical difficulties for BAE to overcome in pursuing its claims against the Respondents in the Request for Arbitration.

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 the issue of this report.

27. Earnings Per Share

	Current Quarter 30 April 2011	Current Year to date 30 April 2011
Basic		
Profit attributable to owners of the company (RM'000)	116,633	299,190
Number of ordinary shares in issue as at 1 August 2010 ('000)	2,025,888	2,025,888
Effect of shares issued during the period ('000)	32,464	21,601
Weighted average number of ordinary shares in issue ('000)	2,058,352	2,047,489
Basic earnings per ordinary share (sen)	5.67	14.61
Diluted		
Profit attributable to owners of the company (RM'000)	116,633	299,190
Weighted average number of ordinary shares in issue ('000)	2,058,352	2,047,489
Assumed shares issued from exercise of ESOS ('000)	19,622	19,056
Assumed shares issued from conversion of Warrant ('000)	73,644	72,228
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	2,151,618	2,138,773
Fully diluted earnings per ordinary share (sen)	5.42	13.99