

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 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 2013.
- 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 2013, except for the adoption of the following Revised Financial Reporting Standards (FRSs) and Amendments to FRSs and IC Interpretations:

#### Effective for annual periods beginning on or after 1 January 2013:

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investment in Associates and Joint Ventures
Amendments to FRS 1	Government Loans
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
IC interpretation 20	Stripping costs in the Production Phase of a Surface Mine
Amendments to FRSs	'Improvements to FRSs (2012)'
Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
Amendments to FRS 101	Presentation of Financial Statement (Improvements to FRSs (2012))
Amendments to FRS 116	Property, Plant and Equipment (Improvements to FRSs (2012))
Amendments to FRS 132	Financial Instruments: Presentation (Improvements to FRSs (2012))
Amendments to FRS 134	Interim Financial Reporting (Improvements to FRSs (2012))
Amendments to IC Interpretation 2	Member's shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))

The above Revised FRSs and Amendments to FRSs and IC Interpretations do not have any significant impact on the financial performance and position of the Group, except for:

#### FRS 11 Joint Arrangements

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC interpretation 113 Jointly-Controlled Entities-Non Monetary Contributions by Venturers for annual periods beginning on or after 1 January 2013. Therefore, the Group and the Company will be required to comply with the requirements of FRS 11 with effect from the financial statements for the year ending 31 July 2014.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 1. Basis of Preparation (cont'd)

##### 1.3) (cont'd)

##### FRS 11 Joint Arrangements (cont'd)

Pursuant to the previous accounting standard (FRS 131), the Group recognised its interests in joint ventures using proportionate consolidation instead of equity method (the allowed alternative method), as proportionate consolidation better reflects the Group's interests in the joint ventures. Under the proportionate consolidation, the Group combines its share of each of the assets, liabilities, income and expenses of the joint ventures in its consolidated financial statements.

Pursuant to the new accounting standard (FRS 11), a joint arrangement can be either a joint operation or a joint venture. A joint operator recognises and measures its assets, liabilities, revenue and expenses in accordance with the terms of the arrangement. A joint venturer recognises its interest in a joint venture using the equity method, whereby an investment is initially recognised at cost and the carrying amount is increased or decreased by the joint venturer's share of the profit and loss in the joint venture.

Some of the Group's joint arrangements met the characteristics of a joint operation and therefore, the Group continues to recognise its share of each of the assets, liabilities, income and expenses in its consolidated financial statements. However, some of the Group's joint arrangements met the characteristics of a joint venture and therefore, the Group recognises its interests in the joint venture using equity method. A change from proportionate consolidation to equity method would affect the Group's assets, liabilities, income and expenses but not the net profit or equity. This change would be applied retrospectively.

The following are the effects arising from the above change in accounting policy:

	Before FRS 11 RM'000	Effect of adopting FRS 11 RM'000	After FRS 11 RM'000
<b><u>For the quarter ended 30 April 2014</u></b>			
<b>Consolidated Income Statement</b>			
Revenue	1,273,476	(639,648)	633,828
Operating expenses	(1,078,905)	577,064	(501,841)
Other income	13,118	(960)	12,158
Profit from operations	207,689	(63,544)	144,145
Finance costs	(24,167)	1,935	(22,232)
Share of profits of joint ventures	-	44,903	44,903
Share of profits of associated companies	56,806	-	56,806
Profit before taxation	240,328	(16,706)	223,622
Taxation	(59,478)	16,706	(42,772)
Profit for the period	180,850	-	180,850
Profit attributable to :-			
Owners of the Company	177,918	-	177,918
Non-controlling interests	2,932	-	2,932
	180,850	-	180,850

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 1. Basis of Preparation (cont'd)

##### 1.3) (cont'd)

##### FRS 11 Joint Arrangements (cont'd)

The following are the effects arising from the above change in accounting policy: (cont'd)

	Before FRS 11 RM'000	Effect of adopting FRS 11 RM'000	After FRS 11 RM'000
<b><u>For 9 months ended 30 April 2014</u></b>			
<b><u>Consolidated Income Statement</u></b>			
Revenue	3,813,916	(2,176,340)	1,637,576
Operating expenses	(3,293,934)	1,987,557	(1,306,377)
Other income	45,827	(8,048)	37,779
Profit from operations	565,809	(196,831)	368,978
Finance costs	(63,697)	8,018	(55,679)
Share of profits of joint ventures	-	132,344	132,344
Share of profits of associated companies	170,239	-	170,239
Profit before taxation	672,351	(56,469)	615,882
Taxation	(149,876)	56,469	(93,407)
Profit for the period	522,475	-	522,475
Profit attributable to :-			
Owners of the Company	513,513	-	513,513
Non-controlling interests	8,962	-	8,962
	522,475	-	522,475

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## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 1. Basis of Preparation (cont'd)

##### 1.3) (cont'd)

##### FRS 11 Joint Arrangements (cont'd)

The following are the effects arising from the above change in accounting policy: (cont'd)

<b>As at 30 April 2014</b>	Before	Effect of	After
<b>Consolidated Statement of Financial Position</b>	FRS 11	adopting	FRS 11
	RM'000	FRS 11	FRS 11
		RM'000	RM'000
<b>ASSETS</b>			
Property, plant and equipment	382,447	(102,029)	280,418
Land held for property development	1,045,198	(40,693)	1,004,505
Investment properties	98,527	(8,735)	89,792
Motorway development expenditure	314,612	(314,612)	-
Interests in joint ventures	-	577,125	577,125
Deferred tax assets	22,316	(4,001)	18,315
Non current receivables	474,184	(246,304)	227,880
Property development costs	1,674,421	(172,394)	1,502,027
Inventories	439,449	(5,601)	433,848
Current receivables	1,368,609	(253,740)	1,114,869
Amount due from customers for construction contracts	483,973	(210,701)	273,272
Tax recoverable	47,802	(2)	47,800
Investment securities	145,299	(73,534)	71,765
Cash and bank balances	1,638,545	(373,403)	1,265,142
<b>LIABILITIES</b>			
Non current payables	146,645	(55,807)	90,838
Deferred tax liabilities	83,146	(1,904)	81,242
Long term borrowings	2,033,998	(197,698)	1,836,300
Short term borrowings	788,366	(139,483)	648,883
Current payables	1,442,719	(672,198)	770,521
Amount due to customers for construction contracts	198,901	(127,694)	71,207
Provision for liabilities	50,994	(22,494)	28,500
Tax payable	54,641	(11,346)	43,295

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 1. Basis of Preparation (cont'd)

- 1.3) (cont'd)  
FRS 11 Joint Arrangements (cont'd)

The following comparatives have been restated:

	As previously stated RM'000	Effect of adopting FRS 11 RM'000	As Restated RM'000
<b><u>For the quarter ended 30 April 2013</u></b>			
<b><u>Consolidated Income Statement</u></b>			
Revenue	905,573	(264,516)	641,057
Operating expenses	(741,184)	222,575	(518,609)
Arbitral awards	(113,004)	-	(113,004)
Other income	11,988	(1,417)	10,571
Profit from operations	63,373	(43,358)	20,015
Finance costs	(15,285)	4,127	(11,158)
Share of profits of joint ventures	-	32,548	32,548
Share of profits of associated companies	58,935	-	58,935
Profit before taxation	107,023	(6,683)	100,340
Taxation	(35,301)	6,683	(28,618)
Profit for the period	71,722	-	71,722
Profit attributable to :-			
Owners of the Company	71,394	-	71,394
Non-controlling interests	328	-	328
	71,722	-	71,722
<b><u>For 9 months ended 30 April 2013</u></b>			
<b><u>Consolidated Income Statement</u></b>			
Revenue	2,552,137	(957,636)	1,594,501
Operating expenses	(2,107,470)	836,938	(1,270,532)
Arbitral awards	(113,004)	-	(113,004)
Other income	37,048	612	37,660
Profit from operations	368,711	(120,086)	248,625
Finance costs	(52,114)	8,857	(43,257)
Share of profits of joint ventures	-	80,494	80,494
Share of profits of associated companies	174,940	-	174,940
Profit before taxation	491,537	(30,735)	460,802
Taxation	(110,681)	30,735	(79,946)
Profit for the period	380,856	-	380,856
Profit attributable to :-			
Owners of the Company	373,722	-	373,722
Non-controlling interests	7,134	-	7,134
	380,856	-	380,856

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## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 1. Basis of Preparation (cont'd)

##### 1.3) (cont'd)

##### FRS 11 Joint Arrangements (cont'd)

The following comparative have been restated: (cont'd)

<b>As at 31 July 2013</b>	<b>As previously stated RM'000</b>	<b>Effect of adopting FRS 11 RM'000</b>	<b>As Restated RM'000</b>
<b>Consolidated Statement of Financial Position</b>			
<b>ASSETS</b>			
Property, plant and equipment	395,050	(95,511)	299,539
Land held for property development	1,101,703	(52,968)	1,048,735
Investment properties	66,822	(7,500)	59,322
Motorway development expenditure	316,440	(316,440)	-
Interests in joint ventures	-	500,798	500,798
Deferred tax assets	49,854	(4,388)	45,466
Non current receivables	260,044	(55,044)	205,000
Property development costs	1,912,009	(122,543)	1,789,466
Inventories	96,266	(14)	96,252
Current receivables	1,183,338	(331,259)	852,079
Amount due from customers for construction contracts	732,648	(486,465)	246,183
Tax recoverable	47,155	(4,060)	43,095
Investment securities	514,922	(3,479)	511,443
Cash and bank balances	1,230,210	(435,569)	794,641
<b>LIABILITIES</b>			
Non current payables	414,282	(253,434)	160,848
Deferred tax liabilities	83,228	(2,213)	81,015
Long term borrowings	1,717,265	(204,196)	1,513,069
Short term borrowings	741,435	(281,731)	459,704
Current payables	1,367,889	(468,780)	899,109
Amount due to customers for construction contracts	289,449	(183,517)	105,932
Provision for liabilities	44,078	(13,722)	30,356
Tax payable	35,263	(6,849)	28,414

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

## **Quarterly Report On Consolidated Results For The Period Ended 30 April 2014**

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

(The figures have not been audited)

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#### **1. Basis of Preparation (cont'd)**

##### **Malaysian Financial Reporting Standards (“MFRS Framework”)**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). This is in line with the need for convergence with International Financial Reporting Standards (IFRS) in 2012.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called ‘Transitioning Entities’).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for three years and adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Company falls within the scope definition of Transitioning Entities and accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in the first MFRS financial statements for the year ending 31 July 2016. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

#### **2. Audit Report of Preceding Annual Financial Statements**

The audit report of the Group’s annual financial statements for the year ended 31 July 2013 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 for the current quarter, except for the issuance of 19,468,000 and 9,475,000 new ordinary shares of RM1 each, pursuant to the exercise of the Employees’ Share Option Scheme and the conversion of warrants respectively.

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## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 7. Segmental Analysis

	Engineering and Construction	Property Development and Club Operations	Water and Expressway Concessions	Total
	RM'000	RM'000	RM'000	RM'000
<b>9 months period ended 30 April 2014</b>				
<b>REVENUE</b>				
Total revenue	2,796,244	907,407	110,265	3,813,916
Less: Share of revenue of joint ventures	(1,865,259)	(297,321)	(13,760)	(2,176,340)
External revenue as reported	<u>930,985</u>	<u>610,086</u>	<u>96,505</u>	<u>1,637,576</u>
<b>RESULTS</b>				
Profit from operations	179,798	134,314	54,866	368,978
Finance costs	(16,864)	(24,777)	(14,038)	(55,679)
Share of profits of joint ventures	40,936	90,995	413	132,344
Share of profits of associated companies	-	5,713	164,526	170,239
Profit before taxation	<u>203,870</u>	<u>206,245</u>	<u>205,767</u>	<u>615,882</u>
Percentage of segment results	33%	34%	33%	
Taxation				(93,407)
Profit for the period				<u>522,475</u>
Profit attributable to:-				
Owners of the Company				513,513
Non-controlling interests				8,962
				<u>522,475</u>

#### **9 months period ended 30 April 2013**

<b>REVENUE</b>				
Total revenue	1,697,290	753,559	101,288	2,552,137
Less: Share of revenue of joint ventures	(736,784)	(207,738)	(13,114)	(957,636)
External revenue as reported	<u>960,506</u>	<u>545,821</u>	<u>88,174</u>	<u>1,594,501</u>
<b>RESULTS</b>				
Profit from operations	80,406	126,126	42,093	248,625
Finance costs	(22,550)	(9,046)	(11,661)	(43,257)
Share of profits of joint ventures	24,238	58,456	(2,200)	80,494
Share of profits of associated companies	-	2,007	172,933	174,940
Profit before taxation	<u>82,094</u>	<u>177,543</u>	<u>201,165</u>	<u>460,802</u>
Percentage of segment results	18%	38%	44%	
Taxation				(79,946)
Profit for the period				<u>380,856</u>
Profit attributable to:-				
Owners of the Company				373,722
Non-controlling interests				7,134
				<u>380,856</u>



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### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 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 were 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 for the period ended 30 April 2014, except for the following:-

On 3 December 2013, the Company has acquired the entire issued and paid-up share capital of Dinamik Atlantik Sdn Bhd ("DASB") comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

#### 11. Dividends

The Board of Directors declared a second interim dividend in respect of financial year ending 31 July 2014 as follows:

- i. A single tier second interim dividend of 6.00 sen per ordinary share;
- ii. A single tier second interim dividend of 6.00 sen per ordinary share was declared in previous corresponding period;
- iii. The payment date of the second interim dividend is 23 July 2014;
- iv. In respect of deposited securities, entitlement to dividends to be determined on the basis of the record of depositors as at 14 July 2014.

The total dividend for the current financial period is single tier dividend of 12.00 sen per ordinary share.

For the preceding year's corresponding period, the total dividend per share was single tier dividend of 12.00 sen per ordinary share was declared.

#### 12. Dividend Paid

	9 months ended 30 April	
	2014	2013
	RM'000	RM'000
<u>First Interim Dividends</u>		
First interim dividend comprising single tier dividend of 6.00 sen per ordinary share for the year ending 31 July 2014 was paid on 28 January 2014.	137,993	-
First interim dividend comprising single tier dividend of 6.00 sen per ordinary share for the year ended 31 July 2013 was paid on 23 January 2013.	-	125,337
	<u>137,993</u>	<u>125,337</u>

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## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 13. Review of Performance

##### Overall Performance

The Group's revenue and profit before taxation for the current quarter and current year to date can be analysed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Year Quarter 30-Apr-14 RM'000	(Restated) Comparative Quarter 30-Apr-13 RM'000	Current Year To Date 30-Apr-14 RM'000	(Restated) Preceding Year 30-Apr-13 RM'000
Revenue	633,828	641,057	1,637,576	1,594,501
Profit before taxation (excluding the Arbitral awards)	223,622	213,344	615,882	573,806
Less: Arbitral awards	-	(113,004)	-	(113,004)
Profit before taxation as reported	223,622	100,340	615,882	460,802

##### Current Quarter

The decrease in revenue resulted from the substantial completion of the Electrified Double Tracking Railway Project. The increase in profit before taxation (excluding Arbitral awards) resulted from higher contribution from property and water and expressway concessions divisions.

##### Current Year to Date

The increase in revenue resulted from higher contribution from the property division. The increase in profit before taxation (excluding Arbitral awards) resulted from higher contribution from all divisions.

The performances of the respective divisions of the Group are as follows:

##### (a) CONSTRUCTION DIVISION

The increase in profit before taxation for the current year to date resulted from higher work progress from the Klang Valley Mass Rapid Transit Project.

##### (b) PROPERTY DIVISION

The increase in profit before taxation for the current year to date resulted from higher profit contribution from on-going projects.

##### (c) WATER AND EXPRESSWAY CONCESSIONS DIVISION

The increase in profit before taxation for the current year to date resulted from higher contribution from the Group's various expressways.

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### Notes To The Interim Financial Statements

(The figures have not been audited)

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#### 14. Comparison with immediate Preceding Quarter's Results

The Group recorded profit before taxation of RM223.6 million for the current quarter which was higher than the immediate preceding quarter's profit before taxation of RM200.8 million due to higher contribution from all divisions.

#### 15. Current Year Prospects

##### Overall Prospects

The Group anticipates an improved performance this year from on-going construction projects, substantial unbilled sales of the property division and steady earnings from the water and expressway concessions division.

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

##### (a) CONSTRUCTION DIVISION

##### Klang Valley Mass Rapid Transit Project: Sungai Buloh – Kajang Line

##### **Project Delivery Partner ("PDP"):**

Through MMC Gamuda KVMRT (PDP) Sdn Bhd, our role as PDP is to deliver to the owner, Mass Rapid Transit Corporation Sdn Bhd, a fully operational railway system within the agreed target cost and completion date.

Construction achieved significant progress as works on elevated viaducts, stations and underground tunnels picked up pace. Besides foundation works and pier construction, segmental box girders are being launched to form the elevated guideway of the twin rail tracks. The designs for the systems works continue to progress well. Working beside live traffic in congested urban areas is always difficult, more so when public safety is concerned. This requires careful planning and stringent enforcement to ensure works are done safely, yet with minimum inconvenience to the public.

Cumulative progress at the end of May 2014 was 46% completion. The project is on target for Phase 1 completion in December 2016 and full completion by July 2017, with no significant cost overruns so far.

##### **Underground Works Package:**

Of the ten TBMs, four completed their drives. Five other TBMs are still tunnelling underground in Bukit Bintang, Pasar Seni, KL Sentral and Pudu. The final TBM will be launched by August 2014 to tunnel from Pudu Launch Shaft to Merdeka Station.

By the end of this year, eight of the ten tunnel drives will be completed. TBMs that have completed their drives will be retrieved and refurbished, ready for use in the next project.

The project company has completed the tunnelling works in the high-risk Karstic limestone geological zone. All remaining tunnelling works are in the relatively stable and straightforward Kenny Hill formation, and is scheduled for completion by early 2015.

Construction of the seven underground stations is also progressing well. Major works are centered on the construction of the superstructures of the multi-level stations such as the station box and floor slabs.

Cumulative progress at the end of May 2014 was 62% completion.

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#### 15. Current Year Prospects (cont'd)

##### Overall Prospects (cont'd)

##### (a) CONSTRUCTION DIVISION (cont'd)

###### Electrified Double Tracking Railway Project

The section from Padang Besar to Ipoh (Spine line) was completed and handed over to the client ahead of time.

Civil works and track works for the remaining section i.e. Bukit Mertajam to Butterworth (Spur Line) are substantially completed and systems installation is currently in progress. Cumulative progress for this final section of the project at the end of May 2014 was 99% completion with full completion by November 2014.

##### (b) PROPERTY DIVISION

For the nine months of this financial year, the division achieved sales of RM 1.5 billion, a 46% increase over the nine months of the previous financial year. Unbilled sales at the end of this quarter was RM 1.8 billion.

###### Malaysia

On-going projects at Bandar Botanic in Klang, Jade Hills in Kajang, Madge Mansions and The Robertson in Kuala Lumpur and Horizon Hills in the Iskandar Johor region, continue to achieve good take-up rates.

Projects still in the planning stage include a 5-acre high rise development at Kelana Jaya and two parcels of land, 724 acres at Serai and 89 acres at Kundang, which will be developed into a comprehensive integrated township comprising residential and commercial properties. The total Gross Development Value for these new projects is estimated at RM6 billion.

###### Vietnam

At Gamuda City in Hanoi, the first batch of residential landed properties was handed over to buyers in April 2014. We are seeing increased buying interest following the completion of the residential landed properties and the setting up of a reputable international school there.

At Celadon City in Ho Chi Minh City, the second block of apartments was handed over to buyers in April 2014. Following the successful opening of Aeon retail mall in January 2014, sales have continued to improve.

The sales outlook for these projects remain cautious due to the state of Vietnam's economy.

##### (c) WATER AND EXPRESSWAY CONCESSIONS DIVISION

###### (i) Expressway

Traffic volumes of the division's various expressways have been stable and resilient.

The Company had made offers to the remaining shareholders of Kesas Holdings Berhad ("Kesas Holdings"), namely, Perbadanan Kemajuan Negeri Selangor ("PKNS"), Permodalan Nasional Berhad ("PNB") and Amcorp Properties Berhad ("Amcorp Properties"), to acquire their entire equity interest, collectively representing 70% equity interest, in Kesas Holdings for RM 980 million. Kesas Holdings is the holding company of Kesas Sdn Bhd - the concession holder of Shah Alam Expressway.

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## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

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#### Current Year Prospects (cont'd)

##### Overall Prospects (cont'd)

#### (c) WATER AND EXPRESSWAY CONCESSIONS DIVISION (cont'd)

##### (i) Expressway (cont'd)

On 31 March 2014, the Company acquired Amcorp Properties' 20% equity interest in Kesas Holdings for RM280 million. However, PKNS and PNB did not accept the Company's offers.

Following the acquisition, the Company has extended a mandatory take-over offer to acquire all the remaining 50% equity interest in Kesas Holdings not already owned by the Company ("Take-over Offer") as required under the rules of the Malaysian Code on Take-Overs and Mergers, 2010 and the Capital Markets and Services Act, 2007.

On 19 June 2014, the Company acquired PNB's 20% equity interest in Kesas Holdings for RM290 million. Accordingly, the offer price for PKNS's 30% equity interest has been revised to RM435 million from RM420 million.

As the Company intends to seek an exemption from the Securities Commission from undertaking the Take-over Offer ("MGO Exemption"), the Company has obtained an undertaking from PKNS not to accept the Take-over Offer. The Company is currently in the process of applying for the MGO Exemption.

##### (ii) Water

On 26 February 2014, the Company received an offer from Kumpulan Darul Ehsan Berhad ("KDEB"), an entity wholly-owned by the Selangor State Government, to purchase 100% equity in Syarikat Pengeluar Air Selangor Holdings Berhad ("Splash Holdings"). Splash Holdings is the holding company of Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("Splash") - the concession holder of Sungai Selangor Water Supply Scheme Phase 1 and 3. The Company has a 40% equity interest in Splash Holdings. The offer was part of the Selangor State Government's effort to consolidate the various entities involved in the treatment, supply and distribution of water in the state of Selangor.

On 10 March 2014, the Company informed KDEB that it was constrained from accepting the said offer due to the adverse financial consequences on the Company. The net offer of RM250.6 million for Splash Holdings when compared to its net asset value ("NAV") of RM2.54 billion as at 31 December 2013 will result in a huge divestment loss of RM920 million to the Company. The offer of RM250.6 million is below 10% of Splash Holdings' NAV. The offer was therefore not reasonable for acceptance by the Company.

The Company informed KDEB that it was however, amenable to accepting an offer by KDEB to acquire the equity of Splash Holdings upon mutually agreed terms on a 'willing buyer – willing seller' basis, based on the following conditions which were already included in KDEB's earlier offers and accepted by the Company :

- (aa) Payment of Splash Holdings' NAV (as agreed by KDEB in its letter of offer dated 20 February 2013 page 6 item 2(vi) and the State's offer dated 15 July 2009 page 2 item 6).
- (bb) The retention of the operations and maintenance operators of Splash (Gamuda Water Sdn Bhd and Sungai Harmoni Sdn Bhd) at existing terms (as agreed by the State in its letter of offer dated 15 July 2009 page 2 item 4).

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 15. Current Year Prospects (cont'd)

##### Overall Prospects (cont'd)

##### (c) WATER AND EXPRESSWAY CONCESSIONS DIVISION (cont'd)

##### (ii) Water

On 6 March 2014, Splash received a letter from Lembaga Urus Air Selangor ("LUAS") informing Splash that its existing license to extract raw water expiring on 30 June 2014 will not be renewed after its expiry ("LUAS' Decision"). On 24 April 2014, Splash filed an application in the Kuala Lumpur High Court for leave to issue Judicial Review proceedings ("JR proceedings") against LUAS' Decision. On 20 June 2014, the High Court Judge granted leave to SPLASH to issue JR proceedings and a stay order against LUAS' Decision.

#### 16. Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

#### 17. Taxation

The taxation is derived as below:

	3 months ended 30 April (Restated)		9 months ended 30 April (Restated)	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Malaysian & foreign income tax	42,772	28,618	93,407	79,946

The Group's effective tax rate (excluding the results of joint ventures and 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. Status of Corporate Proposals

##### 1) Expressway

The Company had made offers to the remaining shareholders of Kesas Holdings Berhad ("Kesas Holdings"), namely, Perbadanan Kemajuan Negeri Selangor ("PKNS"), Permodalan Nasional Berhad ("PNB") and Amcorp Properties Berhad ("Amcorp Properties"), to acquire their entire equity interest, collectively representing 70% equity interest, in Kesas Holdings for RM 980 million. Kesas Holdings is the holding company of Kesas Sdn Bhd - the concession holder of Shah Alam Expressway.

On 31 March 2014, the Company acquired Amcorp Properties' 20% equity interest in Kesas Holdings for RM280 million. However, PKNS and PNB did not accept the Company's offers.

Following the acquisition, the Company has extended a mandatory take-over offer to acquire all the remaining 50% equity interest in Kesas Holdings not already owned by the Company ("Take-over Offer") as required under the rules of the Malaysian Code on Take-Overs and Mergers, 2010 and the Capital Markets and Services Act, 2007.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

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#### 18. Status of Corporate Proposals (cont'd)

##### 1) Expressway (cont'd)

On 19 June 2014, the Company acquired PNB's 20% equity interest in Kesas Holdings for RM290 million. Accordingly, the offer price for PKNS's 30% equity interest has been revised to RM435 million from RM420 million.

As the Company intends to seek an exemption from the Securities Commission from undertaking the Take-over Offer ("MGO Exemption"), the Company has obtained an undertaking from PKNS not to accept the Take-over Offer. The Company is currently in the process of applying for the MGO Exemption.

##### 2) Water

On 26 February 2014, the Company received an offer from Kumpulan Darul Ehsan Berhad ("KDEB"), an entity wholly-owned by the Selangor State Government, to purchase 100% equity in Syarikat Pengeluar Air Selangor Holdings Berhad ("Splash Holdings"). Splash Holdings is the holding company of Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("Splash") - the concession holder of Sungai Selangor Water Supply Scheme Phase 1 and 3. The Company has a 40% equity interest in Splash Holdings. The offer was part of the Selangor State Government's effort to consolidate the various entities involved in the treatment, supply and distribution of water in the state of Selangor.

On 10 March 2014, the Company informed KDEB that it was constrained from accepting the said offer due to the adverse financial consequences on the Company. The net offer of RM250.6 million for Splash Holdings when compared to its net asset value ("NAV") of RM2.54 billion as at 31 December 2013 will result in a huge divestment loss of RM920 million to the Company. The offer of RM250.6 million is below 10% of Splash Holdings' NAV. The offer was therefore not reasonable for acceptance by the Company.

The Company informed KDEB that it was however, amenable to accepting an offer by KDEB to acquire the equity of Splash Holdings upon mutually agreed terms on a 'willing buyer – willing seller' basis, based on the following conditions which were already included in KDEB's earlier offers and accepted by the Company :

(aa) Payment of Splash Holdings' NAV (as agreed by KDEB in its letter of offer dated 20 February 2013 page 6 item 2(vi) and the State's offer dated 15 July 2009 page 2 item 6).

(bb) The retention of the operations and maintenance operators of Splash (Gamuda Water Sdn Bhd and Sungai Harmoni Sdn Bhd) at existing terms (as agreed by the State in its letter of offer dated 15 July 2009 page 2 item 4).

On 6 March 2014, Splash received a letter from Lembaga Urus Air Selangor ("LUAS") informing Splash that its existing license to extract raw water expiring on 30 June 2014 will not be renewed after its expiry ("LUAS' Decision"). On 24 April 2014, Splash filed an application in the Kuala Lumpur High Court for leave to issue Judicial Review proceedings ("JR proceedings") against LUAS' Decision. On 20 June 2014, the High Court Judge granted leave to SPLASH to issue JR proceedings and a stay order against LUAS' Decision.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 19 . Group Borrowings and Debt Securities

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

	Foreign Currency '000	As at 30-Apr-14 RM Equivalent '000
<u>Short Term Borrowings</u>		
Revolving Credits		
-denominated in US Dollar (Gamuda)	50,000	163,125
MTN (Gamuda)		320,000
Term Loan		
-denominated in US Dollar (Gamuda)	15,111	49,300
-denominated in Vietnamese Dong (Celadon City)	462,028,000	71,938
Term Loan (Jade Homes)		44,520
		<u>648,883</u>
<u>Long Term Borrowings</u>		
Medium Term Notes (Gamuda)		1,200,000
Term Loan		
-denominated in US Dollar (Gamuda)	118,667	387,150
-denominated in Vietnamese Dong (Celadon City)	1,370,161,860	213,334
Term Loan (Jade Homes)		35,816
		<u>1,836,300</u>
		<u>2,485,183</u>

#### 20. 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	Maturity		Fair value of Derivative Liabilities RM'000	Contract dates	Maturity dates
	From floating rate	To fixed rate		1 to 3 years RM'000	More than 3 years RM'000			
USD	3 month LIBOR	1.845% to 2.495%	45,000	146,813	-	2,688	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.



# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

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

There is no significant contingent liabilities or contingent assets.

#### 22. Provision of Financial Assistance

Pursuant to paragraph 8.23(1)(ii) of Bursa Malaysia Securities Berhad's Listing Requirements, the financial assistance provided by Gamuda Berhad ("Gamuda") is as follows:

MMC Corporation Berhad ("MMC") and Gamuda Berhad Joint Venture was awarded the RM8.28 billion underground works package of the Klang Valley Mass Rapid Transit Project. MMC and Gamuda established a special purpose vehicle ("SPV") known as MMC Gamuda KVMRT (T) Sdn Bhd to undertake the works package. The SPV is equally owned by MMC and Gamuda. As the works package is undertaken by a SPV, MMC and Gamuda issued Parent Company Guarantees to guarantee the due performance and obligations of the SPV.

Work on this package has commenced. The Parent Company Guarantees have not been called because the SPV has performed and met its obligations in compliance with the terms of the contract.

#### 23. Capital Commitments

The amount for commitments for capital expenditure not provided for in the interim financial statements as at 30 April 2014 are as follows:

	<b>RM'000</b>
Approved and contracted for :-	
Land for property development	649,249
Property, plant & equipments	16,689
Investment property	30,400
Others	184
	<u>696,522</u>

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 24. Realised and Unrealised Profit or Losses

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

	<u>Notes</u>	<u>As at 30 Apr 14</u>	<u>As at 31 Jan 14</u>
		<u>RM'000</u>	<u>RM'000</u>
Total retained profits of the Company and its subsidiaries			
- Realised		1,473,264	1,344,129
- Unrealised	1	<u>5,025</u>	<u>24,129</u>
		<u>1,478,289</u>	<u>1,368,258</u>
Total share of retained profits from joint arrangements			
- Realised		469,974	387,515
- Unrealised	1	<u>(20,517)</u>	<u>(880)</u>
		<u>449,457</u>	<u>386,635</u>
Total share of retained profits from associated companies			
- Realised		1,554,972	1,456,453
- Unrealised	1	<u>(401,627)</u>	<u>(364,052)</u>
		<u>1,153,345</u>	<u>1,092,401</u>
Less : Consolidated adjustments	2	(668,250)	(612,371)
Total Group retained profits		<u>2,412,841</u>	<u>2,234,923</u>

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.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

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#### 25. Material Litigations

- a) The arbitral award (“the Award”) in respect of the arbitration between Wayss & Freytag (Malaysia) Sdn Bhd (“W&F”) and MMC Gamuda Joint Venture (“JV”) was issued by the arbitral tribunal (“Tribunal”) on 16 April 2013.

In the Award, the Tribunal determined that the W&F’s claims against the JV succeeded in substantial part and dismissed the JV’s claims against W&F. The Tribunal thus awarded the following reliefs to W&F:

1. That the JV pays to W&F the sum of RM 96,297,229.03;
2. That the JV pays to W&F interest at a simple rate of 4% per annum on the sum of RM96,297,229.03 from date of termination (23 January 2006) to date of the Award (amounting to RM28,247,187.18);
3. That JV pays to W&F interest at the simple rate of 5% per annum on the sum of RM96,297,229.03 from the date of the Award until payment in full; and
4. That the JV pays to W&F costs of RM9,000,000.

Following requests for some clerical corrections made by both parties, the Tribunal issued a corrective award on 30 May 2013 (the “Corrective Award”) as follows:

1. The amount awarded to W&F has increased to RM97,574,035.39;
2. The amount of interest payable from the date of termination to date of Award now amounts to RM28,229,638.73;
3. The post award interest at the simple rate of 5% per annum from the date of the Award until payment in full is to be imposed on the sum of RM97,574,035.39; and
4. That the JV pays to W&F costs of RM9,000,000.

On 23 May 2013, the JV filed an application for a reference to the High Court in Kuala Lumpur on questions of law arising out of the Award and on determination of the said questions, for the Award to be set aside (“JV’s Section 42 Application”). The JV’s Section 42 Application was registered as Kuala Lumpur High Court Originating Summons No. 24C(ARB)-2-05/2013.

On 14 June 2013, a copy of W&F’s application for inter alia, recognition and enforcement of the Award under Section 38 of the Arbitration Act 2005 (“W&F’s Enforcement Application”) was served on the JV. W&F’s Enforcement Application was registered as Kuala Lumpur High Court Originating Summons No. 24NCC(ARB)-26-06/2013.

In addition to the JV’s Section 42 Application, on 4 July 2013 the JV filed another application to set aside the Award under Section 37 of the Arbitration Act 2005 whereby Mr Yusof Holmes was named as the 2<sup>nd</sup> Defendant (“JV’s Section 37 Application”). The JV’s Section 37 Application was registered as Kuala Lumpur High Court Originating Summons No. 24C(ARB)-3-07/2013. This application was made on the basis that there has been inter alia, a breach of Mr Holmes’ statutory duty under the Arbitration Act 2005 and that the Award is in conflict with the public policy in Malaysia.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

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#### 25. Material Litigations (cont'd)

On 21 August 2013, Mr Holmes filed a notice of application to stay the JV's Section 37 Application ("Holmes' Stay Application") pending the final disposal or conclusion of the following criminal proceeding against Mr Holmes:

- 1) Penang Sessions Court (1) Case No: 62(R)-141-6/2013; and
- 2) Kuala Lumpur Sessions Court Case No: 62R-005-07-2013.

On 6 September 2013, W&F filed an application under Order 15 rule 5(1) of the Rules of Court 2012 to bifurcate the JV's Section 37 Application against W&F and Mr. Holmes ("W&F's Order 15 Application").

The JV's Section 42 Application was heard before the Honourable Dato' Mary Lim Thiam Suan on 7 November 2013. Judgment was reserved.

On 9 June 2014, the learned Judge dismissed the JV's Section 42 Application with costs of RM75,000 to be paid to W&F. Following the dismissal of the JV's Section 42 Application, the learned Judge gave the following directions in respect of the JV's Section 37 Application:

- (i) Holmes' Stay Application and W&F's Order 15 Application are fixed for hearing on 30 June 2014 at 10.30am; and
- (ii) Further directions for the management of the JV's Section 37 Application will be provided after the abovementioned interlocutory applications have been disposed of.

Arising from the award rendered by the Tribunal in favour of W&F, costs incurred by the JV to complete the works that is not recovered amounting to RM50,319,000 has also been fully expensed off.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 26. Earnings Per Share

	<b>Current Quarter 30-Apr-14</b>	<b>Current Year To Date 30-Apr-14</b>
<b>Basic</b>		
Net profit attributable to shareholders (RM'000)	177,918	513,513
Number of ordinary shares in issue as at 1 Aug 2013 ('000)	2,276,644	2,276,644
Effect of shares issued during the period ('000)	22,151	16,945
Weighted average number of ordinary shares in issue ('000)	2,298,795	2,293,589
Basic earnings per ordinary share (sen)	7.74	22.39
<b>Diluted</b>		
Net profit attributable to shareholders (RM'000)	177,918	513,513
Weighted average number of ordinary shares in issue ('000)	2,298,795	2,293,589
- Assumed shares issued from the exercise of ESOS ('000)	11,293	11,614
- Assumed issued from exercise of Warrants 2010/2015 ('000)	35,255	36,007
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	2,345,343	2,341,210
Diluted earnings per ordinary share (sen)	7.59	21.93

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 30 April 2014

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 27. Notes to the Consolidated Statement of Comprehensive Income

Total comprehensive income for the period is arrived at after charging/(crediting) the following items:

	<b>Current Quarter 30-Apr-14 RM'000</b>	<b>Current Year To Date 30-Apr-14 RM'000</b>
Interest income	(11,134)	(26,560)
Other income	(702)	(9,737)
Interest expense	22,232	55,679
Depreciation and amortisation	5,349	15,532
Provision for and write-off of receivables	-	-
Provision for and write-off of inventories	-	-
Gain on disposal of quoted or unquoted investment	-	-
Gain on disposal of property, plant and equipment	(322)	(1,482)
Impairment of assets	-	-
(Gain)/loss on foreign exchange	8,133	8,711
Gain on derivatives	(730)	(1,712)

The above disclosure is prepared in accordance with paragraph 16 of Appendix 9B of the Main Listing Requirements ("MLR") issued by Bursa Malaysia Securities Berhad. Except for the above, the rest of the items required for disclosures pursuant to paragraph 16 of MLR are not applicable to the Group.