

Gamuda Berhad (29579-T)

Quarterly Report On Consolidated Results For The Year Ended 31 July 2015

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 2014.
- 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 2014, except for the adoption of the following Financial Reporting Standards (FRSs) and Amendments to FRSs and IC Interpretations:

Effective for annual periods beginning on or after 1 January 2014:

Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, 12 & 127	Investment Entities
FRS 136	Recoverable Amount Disclosures for Non-Financial Assets (Amendments to FRS 136)
FRS 139	Novation of Derivatives and Continuation of Hedge Accounting (Amendments to FRS 139)
IC Interpretation 21	Levies

Effective for annual periods beginning on or after 1 July 2014:

Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Amendments to FRSs	Annual Improvements to FRSs 2010 – 2012 Cycle
Amendments to FRSs	Annual Improvements to FRSs 2011 – 2013 Cycle

The above FRSs, Amendments to FRSs and IC interpretations do not have any significant impact on the financial performance and position of the Group.

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 five years and adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

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 its first MFRS financial statements for the year ending 31 July 2018. In presenting its first MFRS financial statements, the Group and the Company 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.

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1. Basis of Preparation (cont'd)

1.4) Additional information

With effect from 1 August 2013, the Group recognised its interests in joint ventures pursuant to FRS 11 Joint Arrangements.

The following are the impact of FRS 11 on the Group's Consolidated Income Statements:-

	Before FRS 11 RM'000	Effect of adopting FRS 11 RM'000	After FRS 11 RM'000
<u>For the quarter ended 31 July 2015</u>			
Consolidated Income Statement			
Revenue	1,320,246	(696,977)	623,269
Operating expenses	(1,163,644)	632,155	(531,489)
Other income	47,371	(4,345)	43,026
Profit from operations	203,973	(69,167)	134,806
Finance costs	(46,110)	2,519	(43,591)
Share of profits of associated companies	48,928	-	48,928
Share of profits of joint ventures	-	50,377	50,377
Profit before taxation	206,791	(16,271)	190,520
Taxation	(51,799)	16,271	(35,528)
Profit for the year	154,992	-	154,992
Profit attributable to :-			
Owners of the Company	153,678	-	153,678
Non-controlling interests	1,314	-	1,314
	154,992	-	154,992

	Before FRS 11 RM'000	Effect of adopting FRS 11 RM'000	After FRS 11 RM'000
<u>For 12 months ended 31 July 2015</u>			
Consolidated Income Statement			
Revenue	4,760,090	(2,360,172)	2,399,918
Operating expenses	(4,035,220)	2,136,760	(1,898,460)
Other income	122,843	(22,314)	100,529
Profit from operations	847,713	(245,726)	601,987
Finance costs	(133,054)	9,312	(123,742)
Share of profits of associated companies	199,044	-	199,044
Share of profits of joint ventures	-	180,900	180,900
Profit before taxation	913,703	(55,514)	858,189
Taxation	(188,245)	55,514	(132,731)
Profit for the year	725,458	-	725,458
Profit attributable to :-			
Owners of the Company	682,138	-	682,138
Non-controlling interests	43,320	-	43,320
	725,458	-	725,458

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1. Basis of Preparation (cont'd)

1.4) Additional information (cont'd)

As at 31 July 2015	Before	Effect of	After
Consolidated Statement of Financial Position	FRS 11	adopting	FRS 11
	RM'000	FRS 11	FRS 11
		RM'000	RM'000
ASSETS			
Property, plant and equipment	408,604	(96,322)	312,282
Land held for property development	2,806,557	(92,116)	2,714,441
Investment properties	179,974	(15,900)	164,074
Expressway development expenditure	2,003,223	(310,386)	1,692,837
Interests in joint arrangements	-	860,271	860,271
Deferred tax assets	49,026	(8,401)	40,625
Non current receivables	631,868	(85,254)	546,614
Property development costs	2,547,027	(399,043)	2,147,984
Inventories	212,108	(26,525)	185,583
Current receivables	1,718,226	(341,323)	1,376,903
Amount due from customers for construction contracts	-	78,273	78,273
Tax recoverable	6,718	(3,158)	3,560
Investment securities	97,952	(28,944)	69,008
Cash and bank balances	1,907,302	(538,608)	1,368,694
LIABILITIES			
Non current payables	684,937	(290,077)	394,860
Non current provision of liabilities	30,089	(30,089)	-
Deferred tax liabilities	421,776	(1,769)	420,007
Long term borrowings	3,380,608	(22,253)	3,358,355
Short term borrowings	963,591	(186,505)	777,086
Current payables	2,019,599	(664,412)	1,355,187
Amount due to customers for construction contracts	-	226,339	226,339
Provision for liabilities	85,361	(30,340)	55,021
Tax payable	53,962	(8,330)	45,632

2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group's annual financial statements for the year ended 31 July 2014 was not subject to any qualification.

3. Seasonal or Cyclical Factors

The business operations of the Group are not significantly affected by 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.

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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 82,547,576 new ordinary shares of RM1 each, pursuant to the conversion of warrants.

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7. Segmental Analysis

	Engineering and Construction	Property Development and Club Operations	Water and Expressway Concessions	Total
	RM'000	RM'000	RM'000	RM'000
12 months period ended 31 July 2015				
REVENUE				
Revenue as reported	1,157,740	841,549	400,629	2,399,918
Share of joint venture companies' revenue	2,015,715	323,372	21,085	2,360,172
Total revenue	<u>3,173,455</u>	<u>1,164,921</u>	<u>421,714</u>	<u>4,760,090</u>
RESULTS				
Profit from operations	177,387	169,950	254,650	601,987
Finance costs	(20,474)	(31,449)	(71,819)	(123,742)
Share of profits of associated companies	406	5,112	193,526	199,044
Share of profits of joint ventures	64,959	114,090	1,851	180,900
Profit before taxation	<u>222,278</u>	<u>257,703</u>	<u>378,208</u>	<u>858,189</u>
Percentage of segment results	26%	30%	44%	
Taxation				<u>(132,731)</u>
Profit for the year				<u><u>725,458</u></u>
12 months period ended 31 July 2014				
REVENUE				
Revenue as reported	1,180,137	895,146	154,289	2,229,572
Share of joint venture companies' revenue	1,977,071	411,486	18,309	2,406,866
Total revenue	<u>3,157,208</u>	<u>1,306,632</u>	<u>172,598</u>	<u>4,636,438</u>
RESULTS				
Profit from operations	229,590	111,905	146,845	488,340
Finance costs	(33,749)	(13,884)	(18,806)	(66,439)
Share of profits of associated companies	-	5,611	238,061	243,672
Share of profits of joint ventures	63,926	121,661	485	186,072
Profit before taxation	<u>259,767</u>	<u>225,293</u>	<u>366,585</u>	<u>851,645</u>
Percentage of segment results	31%	26%	43%	
Taxation				<u>(116,562)</u>
Profit for the year				<u><u>735,083</u></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 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 year ended 31 July 2015, except for the following:-

- a) On 29 August 2014, the Company acquired the entire issued and paid-up share capital of Semarak Kuasa Sdn Bhd ("SKSB") comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00. SKSB is currently dormant and its intended principal activity is property development.
- b) On 14 November 2014, the Company incorporated a wholly-owned subsidiary by the name of Gamuda (Australia) Pty Ltd ("Gamuda Australia") with an issued and paid up capital of AUD1.00 comprising of 1 ordinary share of AUD1.00. Its intended principal activity is property development.
- c) On 9 March 2015, the Company has completed the acquisition of Salak Park Sdn Bhd ("Salak Land") for a total cash consideration of RM784,328,031 and became a wholly-owned subsidiary. Its principal activity is property development. Salak Land holds a piece of leasehold land, adjacent to the Expressway Lingkaran Tengah between kilometre 24 and 26.4 measuring approximately 619 hectares.
- d) On 22 June 2015, the Company incorporated a wholly-owned subsidiary by the name of Gamuda (Singapore) Pte Ltd ("Gamuda Singapore") with an issued and paid up capital of SGD 1.00 comprising of 1 ordinary share of SGD 1.00. Its intended principal activity is investment holding.
- e) On 30 June 2015, Gamuda Land (HCMC) Sdn Bhd (GLHCMC), a subsidiary of the Company, acquired the remaining 40% of the issued and paid up share capital of Sai Gon Thuong Tin Tan Thang Investment Real Estate Joint Stock Company (TTJSC) not owned by GLHCMC for a total cash consideration of VND1,014.0 billion (RM174.6 million). TTJSC becomes a wholly owned subsidiary of GLHCMC.

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 2015.
- b) The total dividend per share for the current financial year ended 31 July 2015 was single tier interim dividend of 12.00 sen per ordinary share.
- c) The total dividend per share for the previous financial year ended 31 July 2014 was also single tier interim dividend of 12.00 sen per ordinary share.

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12. Dividend Paid

	12 months ended 31 July	
	2015	2014
	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 2015 was paid on 28 January 2015	140,889	-
(First interim dividend comprising single tier dividend of 6.00 sen per ordinary share for the year ended 31 July 2014 was paid on 28 January 2014)	-	137,993
<u>Second Interim Dividends</u>		
Second interim dividend comprising single tier dividend of 6.00 sen per ordinary share for the year ended 31 July 2015 was paid on 29 July 2015.	144,354	-
(Second interim dividend comprising single tier dividend of 6.00 sen per ordinary share for the year ended 31 July 2014 was paid on 23 July 2014.)	-	139,395
	<u>285,243</u>	<u>277,388</u>

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:

Current Quarter

The Group recorded revenue and profit before taxation of RM623.3 million and RM190.5 million respectively as compared to RM592.0 million and RM235.8 million respectively in the preceding year comparative quarter.

The decrease in profit before taxation mainly resulted from the completion of the Electrified-Double Tracking Railway Project in November 2014.

Current Year to date

The Group recorded revenue and profit before taxation of RM2,399.9 million and RM858.2 million respectively as compared to RM2,230.0 million and RM851.6 million respectively in the preceding year corresponding period.

The increase in revenue and profit before taxation for the current year to date mainly resulted from the additional stake in Kesas Sdn Bhd, the concession holder of Shah Alam Expressway.

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

(a) CONSTRUCTION DIVISION

The decrease in revenue and profit before taxation for the current quarter and current year to date resulted from the completion of the Electrified Double Tracking Railway Project in November 2014.

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13. Review of Performance (cont'd)

(b) PROPERTY DIVISION

The decrease in revenue for the current quarter and current year to date resulted from softening of Malaysia property market. Nevertheless, sales from properties in Vietnam continued to improve.

(c) WATER AND EXPRESSWAY CONCESSIONS DIVISION

The increase in revenue and profit before taxation for the current quarter and current year to date resulted from the additional stake in Kesas Sdn Bhd.

14. Comparison with immediate Preceding Quarter's Results

The Group's profit before taxation of RM190.5 million for the current quarter was lower than the immediate preceding quarter's profit before taxation of RM209.0 million.

15. Next Year Prospects

Overall Prospects

The Group anticipates a good performance next year from on-going construction projects and steady earnings from the water and expressway concessions division. However, with the softening residential and non-residential property market, weaker growth for the property division is expected over the coming quarters.

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

(a) CONSTRUCTION DIVISION

Klang Valley Mass Rapid Transit: Sungai Buloh – Kajang Line ("MRT Line 1")

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 ("MRT Corp"), a fully operational railway system within the agreed target cost and completion date.

Overall cumulative progress at the end of August 2015 was 69% 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.

Construction continues to achieve significant progress. The final span of the segmental box girders that will form the elevated guide way of the twin rail tracks was completed in August.

With the completion of the elevated guideways, the installation of rail tracks is progressing well, with 69% progress achieved. To date, a total of 12 electric trains have been delivered to the Sg Buloh Depot. Overall, the systems works are 58% completed.

Underground Works Package:

The underground works package has achieved a certified progress of 81% at the end of August 2015.

Architectural and M&E fit-out works are ramping up at all stations, and the tunnels are being primed to enable the track works contractor to commence laying of the rail tracks.

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15. Next Year Prospects (cont'd)

Klang Valley Mass Rapid Transit: Sungai Buloh – Serdang – Putrajaya Line (“MRT Line 2”)

MMC Corporation Berhad – Gamuda Berhad Joint Venture is the Project Delivery Partner for the implementation of MRT Line 2. The project delivery partner agreement was concluded on 13th July 2015. The 3-month Public Inspection for the Railway Scheme ended on 17th August 2015. Feedback from over 10,000 people was received, with 90% supporting the MRT project. There are no major changes to the alignment or railway facilities as a result of public feedback, and Final Railway Scheme approval is expected in mid-October 2015.

Prequalification of tenderers for elevated civil works packages, stations, depot and systems works is on-going. The first tender for viaduct works is expected to be called in October, with contract award planned for Q1, 2016.

Penang Transport Master Plan

On 14 August 2015, the Company's 60%-owned SRS Consortium received a Letter of Award ('LOA') from the Penang State Government appointing SRS Consortium as the Project Delivery Partner for the implementation of the Penang Transport Master Plan for the implementation of road and public transport projects.

Discussions on the scope, terms and conditions of the project delivery partner agreement has commenced and the agreement is expected to be executed within 6 months from the date of the LOA.

(b) **PROPERTY DIVISION**

The division sold RM 400 million worth of properties in the current quarter, resulting in a full year sales of RM 1.2 billion. Compared with the previous year's sales of RM1.8 billion, the drop in sales was wholly attributable to the Malaysian projects which suffered from the weak Malaysian property market especially in the Iskandar Johor Region. Unbilled sales at the end of the current quarter were RM 1.3 billion.

Malaysia

The demand for properties is expected to remain soft in the next financial year as a result of the various tightening measures imposed by Bank Negara Malaysia, rising cost of living following the implementation of the Goods and Services Tax and uncertainties in the economy due to the weakening Ringgit. On-going projects include Bandar Botanic in Klang, Jade Hills in Kajang, Madge Mansions and The Robertson in Kuala Lumpur and Horizon Hills in the Iskandar Johor Region.

The upcoming launch of the HighPark Suites in Kelana Jaya in October 2015 is expected to be well received following the good response to its pre-view sales initiative. By December 2015, the division will also be launching its maiden project in Kota Kinabalu, Sabah called Bukit Bantayan Residences. Both of these mid-range priced projects will generate a combined Gross Development Value (“GDV”) of about RM 1.4 billion.

Projects still in the planning stage include the Kundang Estates and Bandar Serai developments, both strategically located at the intersections of the North-South, Guthrie Corridor and LATAR Expressways, 1,530 acres of development land located opposite the Cyberjaya/Putrajaya interchange along Expressway Lingkar Tengah (ELITE Highway) and 257 acres of land which is adjacent to the Kota Kemuning Township.

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15. Next Year Prospects (cont'd)

(b) PROPERTY DIVISION (cont'd)

Overseas

Demand for the division's properties in Vietnam continued to grow. At Gamuda City in Hanoi, sales for the current quarter have doubled compared with previous quarter's sales and the first parcel of apartments launched was fully sold.

At Celadon City in Ho Chi Minh City, home owners have moved into the two completed blocks of apartments to enjoy the various amenities available including the Aeon retail mall. Sales at this project continued to improve.

In tandem with the robust outlook on Vietnam's economy and further liberalisation of foreign ownership of properties in Vietnam, we expect that sales will continue to improve.

The division acquired a 50% stake in a piece of leasehold land measuring 12,155 square meters in Toa Payoh, Singapore. A high rise development with GDV of RM 2 billion will be constructed on the land. The division has recently launched its maiden project in Australia. Chapel 661, located at Melbourne CBD, is a high rise development with a GDV of RM 400 million. These projects are part of the division's strategy to diversify internationally and increase share of non-Ringgīt revenue.

The remaining GDV of existing and new projects:

Projects	Balance Acreage	GDV (RM mil)
<u>Existing</u>	621	8,221
• Bandar Botanic		
• Horizon Hills		
• Jade Hills		
• Others		
<u>New</u>	2,711	30,781
• HighPark Suites (Kelana Jaya)		
• Kundang Estates and Bandar Serai (Rawang)		
• Tanjung Dua Belas		
• Others		
<u>Overseas</u>	571	18,125
• Gamuda City and Celadon City (Vietnam)		
• Melbourne		
• Singapore		
Total	3,903	57,127

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15. Next Year Prospects (cont'd)

(c) WATER AND EXPRESSWAY CONCESSIONS DIVISION

Expressway

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

Water

As 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, the Selangor State Government intends to take over the water assets and operations of Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ('Splash') – the concession holder of the Sungai Selangor Water Supply Scheme Phase 1 and 3.

Discussion with the Selangor State Government is currently ongoing.

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 31 July		12 months ended 31 July	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Malaysian & foreign income tax	35,528	23,155	132,731	116,562

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

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18 . Group Borrowings and Debt Securities

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

	Foreign Currency '000	As at 31-Jul-15 RM Equivalent '000
<u>Long Term Borrowings</u>		
Medium Term Notes (Gamuda)		1,500,000
Medium Term Notes (Kesas)		735,000
Medium Term Notes (Bandar Serai - Rawang)		300,000
<u>Term Loan</u>		
-denominated in Ringgit Malaysia (Gamuda)		379,500
-denominated in US Dollar (Gamuda City)	92,000	351,440
-denominated in Vietnamese Dong (Celadon City)	520,551,074	92,415
		<u>3,358,355</u>
<u>Short Term Borrowings</u>		
Revolving Credits		
-denominated in US Dollar (Gamuda City)	105,000	401,100
Commercial Papers (Gamuda)		150,000
Term Loan (Jade Homes)		28,922
Term Loan		
-denominated in Vietnamese Dong (Celadon City)	1,110,010,344	197,064
		<u>777,086</u>
		<u>4,135,441</u>

19. Changes in Contingent Liabilities or Contingent Assets

There is no significant contingent liabilities or contingent assets.

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20. 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:

1. MMC Corporation Berhad ("MMC") and Gamuda Berhad Joint Venture was awarded the underground works package of the MRT Line 1. 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.
2. MMC Corporation Berhad ("MMC") and Gamuda Berhad Joint Venture was appointed as the Project Delivery Partner ("PDP") for the MRT Line 2. MMC and Gamuda established a special purpose vehicle ("SPV") known as MMC Gamuda KVMRT (PDP SSP) Sdn Bhd to be the PDP. The SPV is equally owned by MMC and Gamuda. As the work is undertaken by a SPV, MMC and Gamuda issued Parent Company Guarantees to guarantee the due performance and obligations of the SPV.

The Parent Company Guarantees for the 2 contracts mentioned above have not been called because the SPVs are performing and meeting their obligations in compliance with the terms of the contracts.

21. Capital Commitments

The amount for capital commitments not provided for in the interim financial statements as at 31 July 2015 are as follows:

	RM'000
Approved and contracted for :-	
Property, plant & equipment	<u>2,330</u>

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22. Realised and Unrealised Profit or Losses

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

	Note	As at 31-Jul-15 RM'000	As at 30-Apr-15 RM'000
Total retained profits of the Company and its subsidiaries			
- Realised		1,959,300	2,044,782
- Unrealised	1	<u>(77,779)</u>	<u>(95,107)</u>
		<u>1,881,521</u>	<u>1,949,675</u>
Total share of retained profits from joint arrangements			
- Realised		665,008	594,581
- Unrealised	1	<u>(21,293)</u>	<u>(17,265)</u>
		<u>643,715</u>	<u>577,316</u>
Total share of retained profits from associated companies			
- Realised		1,498,386	1,470,413
- Unrealised	1	<u>(385,517)</u>	<u>(339,417)</u>
		<u>1,112,869</u>	<u>1,130,996</u>
Less : Consolidated adjustments	2	<u>(757,670)</u>	<u>(787,242)</u>
Total Group retained profits		<u>2,880,435</u>	<u>2,870,745</u>

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

- 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.

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23. Material Litigations

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 RM96,297,229.03;
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 2nd 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.

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(The figures have not been audited)

23. Material Litigations (cont'd)

The JV's Section 42 Application was heard before the Honourable Dato' Mary Lim Thiam Suan on 7 November 2013. 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. The JV had on 7 July 2014 appealed to the Court of Appeal against the decision of the High Court in respect of the JV's Section 42 Application.

On 24 July 2014, Mr Holmes filed a notice of application to strike out the JV's Section 37 Application against him and for him to be removed as a party in the proceedings ("**Holmes' Striking Out Application**"). Holmes' Striking Out Application was heard before the Honourable Dato' Mary Lim Thiam Suan on 2 September 2014. On 17 September 2014, the Judge allowed Holmes' Striking Out Application.

The JV's Section 37 Application was heard before the Honourable Dato' Mary Lim Thiam Suan on 20 October 2014. On 16 December 2014, the learned Judge dismissed the JV's Section 37 Application with costs. Consequentially, W&F's Enforcement Application was allowed by the learned High Court Judge.

On 30 December 2014, the JV filed notices of appeal to the Court of Appeal against the decisions of the High Court in relation to the JV's Section 37 Application and W&F's Enforcement Application.

On 5 February 2015, the JV and W&F mutually agreed to place the Corrective Award sum together with interest calculated up to 30 January 2015 with both parties' solicitors as stakeholders pending the outcome of the JV's appeals to the Court of Appeal.

The JV's appeals to the Court of Appeal in respect of the JV's Section 37 Application, the JV's Section 42 Application and W&F's Enforcement Application aforementioned are all currently pending the fixing of hearing dates before the Court of Appeal.

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24. Earnings Per Share

	Current Quarter 31-Jul-15	Current Year To Date 31-Jul-15
Basic		
Net profit attributable to shareholders (RM'000)	153,678	682,138
Number of ordinary shares in issue as at 1 Aug 2014 ('000)	2,323,357	2,323,357
Effect of shares issued during the period ('000)	82,548	33,627
Weighted average number of ordinary shares in issue ('000)	2,405,905	2,356,984
Basic earnings per ordinary share (sen)	6.39	28.94
Diluted		
Net profit attributable to shareholders (RM'000)	153,678	682,138
Weighted average number of ordinary shares in issue ('000)	2,405,905	2,356,984
- Assumed shares issued from the exercise of ESOS ('000)	-	-
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	2,405,905	2,356,984
Diluted earnings per ordinary share (sen)	6.39	28.94

Notes:

- 1) On 10 April 2015, the Company issued options under the new Employees' Share Issuance Scheme ("ESOS") for the eligible executive Directors and Employees of Gamuda Berhad and its subsidiaries.
- 2) The unexercised ESOS has no dilutive effect on the Earnings Per Share as the ESOS's exercise price is higher than the market price of the ordinary shares at the reporting date.

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25. Notes to the Consolidated Statement of Comprehensive Income

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

	Current Quarter 31-Jul-15 RM'000	Current Year To Date 31-Jul-15 RM'000
Interest income	(19,247)	(67,245)
Other income	(22,109)	(32,321)
Interest expense	43,591	123,742
Depreciation and amortisation	27,771	103,239
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	(1,670)	(963)
Impairment of assets	-	-
(Gain) / loss on foreign exchange	(9,389)	197
Gain on derivatives	(286)	(1,903)

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.