

Gamuda Berhad (29579-T)

Quarterly Report On Consolidated Results For The Period Ended 31 October 2016

Notes To The Interim Financial Statements

(The figures have not been audited)

1. Basis of Preparation

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.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2016.

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 2016, except for the adoption of the following amended Financial Reporting Standards (FRSs) mandatory for annual financial periods beginning on or after 1 January 2016:

Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
FRS 14	Regulatory Deferral Accounts
Amendments to FRS 101	Disclosure Initiatives
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRSs	Annual Improvements to FRSs 2012 – 2014 Cycle

The adoption of the amended standards did not have any material effect on the financial performance or position of the Group, except for:

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group has adopted the Amendments to FRS 116 and FRS 138 and amortises its expressway development expenditure (EDE) using the traffic volume method for financial year ending 31 July 2017.

The Group amortises the EDE based on the following formula:

$$\frac{\text{Current Year Actual Traffic Volume}}{\text{Current Year Actual Traffic Volume plus Projected Traffic Volume for the remaining concession period}} \times \text{Opening Net Carrying Amount of EDE Plus Current Year Additions}$$

Prior to this, the Group used the revenue method for amortisation of EDE. The adoption of traffic volume method does not have significant impact to the financial statements.

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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 six years and adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

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 2019. 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.

2. Audit Report of Preceding Annual Financial Statements

The audit report of the Group’s annual financial statements for the year ended 31 July 2016 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.

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 year to date, except for the issuance of 3,252,000 and 28,000 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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7. Segmental Analysis

	Engineering and Construction	Property Development and Club Operations	Water and Expressway Concessions	Total
	RM'000	RM'000	RM'000	RM'000
3 months period ended 31 October 2016				
REVENUE				
Revenue as reported	196,294	183,008	125,579	504,881
Share of joint venture companies' revenue	499,731	88,943	4,338	593,012
Total revenue	<u>696,025</u>	<u>271,951</u>	<u>129,917</u>	<u>1,097,893</u>
RESULTS				
Profit from operations	31,982	24,803	76,877	133,662
Finance costs	(4,744)	(5,900)	(15,877)	(26,521)
Share of profits of associated companies	583	207	54,493	55,283
Share of profits of joint ventures	23,540	21,774	(2,091)	43,223
Profit before taxation	<u>51,361</u>	<u>40,884</u>	<u>113,402</u>	<u>205,647</u>
Percentage of segment results	25%	20%	55%	
Taxation				<u>(30,615)</u>
Profit for the period				<u>175,032</u>

3 months period ended 31 October 2015

REVENUE				
Revenue as reported	232,716	175,516	104,563	512,795
Share of joint venture companies' revenue	612,618	101,959	5,521	720,098
Total revenue	<u>845,334</u>	<u>277,475</u>	<u>110,084</u>	<u>1,232,893</u>
RESULTS				
Profit from operations	25,509	20,578	63,053	109,140
Finance costs	(5,174)	(11,839)	(13,172)	(30,185)
Share of profits of associated companies	77	386	49,681	50,144
Share of profits of joint ventures	22,318	42,332	(1,199)	63,451
Profit before taxation	<u>42,730</u>	<u>51,457</u>	<u>98,363</u>	<u>192,550</u>
Percentage of segment results	22%	27%	51%	
Taxation				<u>(19,687)</u>
Profit for the period				<u>172,863</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 period ended 31 October 2016 except for the following:-

On 18 August 2016, the Company subscribed for 65% equity interest representing 64,999 ordinary shares of RM1.00 each in Gamuda Naim Engineering and Construction (GNEC) Sdn. Bhd. (formerly known as General Mission Sdn. Bhd.) ("GNEC") for a total cash consideration of RM64,999 only ("Subscription of Shares"). With the Subscription of Shares, GNEC became a 65% owned subsidiary of the Company. GNEC's intended principal activity is to undertake construction works in East Malaysia.

11. Dividends

The Board of Directors declares an interim dividend in respect of financial year ending 31 July 2017 as follows:

- (i) A single tier interim dividend of 6.00 sen per ordinary share.
- (ii) A single tier interim dividend of 6.00 sen per ordinary share capital was declared in previous corresponding period;
- (iii) The payment date of the interim dividend is 25 January 2017.
- (iv) In respect of deposited securities, entitlement to dividends to be determined on the basis of the record of depositors as at 5 January 2017.

12. Dividends Paid

No dividend was paid during the current quarter and previous corresponding quarter.

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13. Review of Performance

Overall Performance

The Group's revenue (including share of joint venture companies' 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 (including share of joint venture companies' revenue) and profit before taxation of RM1,098 million and RM206 million respectively as compared to RM1,233 million and RM193 million respectively in the preceding year comparative quarter.

The decrease in revenue for the current quarter is mainly due to tapering of underground and elevated works of the KVMRT – Line 1. The increase in profit before tax for current quarter mainly resulted from the toll rate hikes of certain expressways.

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

(a) CONSTRUCTION DIVISION

The decrease in revenue (including share of joint venture companies' revenue) for the current quarter mainly resulted from tapering of underground and elevated works of the KVMRT - Line 1. The increase in profit before tax for current quarter is mainly due to cost saving arising from near completion of KVMRT – Line 1.

(b) PROPERTY DIVISION

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

(c) WATER AND EXPRESSWAY CONCESSIONS DIVISION

The increase in revenue and profit before tax mainly resulted from the toll rate hikes of certain expressways.

14. Comparison with immediate Preceding Quarter's Results

The Group's profit before taxation of RM206 million for the current quarter was lower than the immediate preceding quarter's profit before taxation of RM210 million mainly due to lower contribution from property division due to softening of the property market in Malaysia.

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15. Current Year Prospects

Overall Prospects

The Group anticipates a good performance this year from the steady earnings of expressway concessions division and the ramping up of works for KVMRT Line 2. The property division's performance is expected to pick up in the next few quarters due to the launches of several new projects in Malaysia and overseas. The construction unbilled order book stands at a record RM9 billion.

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

(a) CONSTRUCTION DIVISION

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

Project Delivery Partner ("PDP Line 1"):

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 November 2016 was 96% completion. The project is on target for Phase 1 completion on 15 December 2016 and full completion by July 2017, with no significant cost overruns so far.

Systems Acceptance Tests and System Integration Tests for Phase 1 are completed, and the Systems works for Phase 2 (Southern Section and Underground) are well underway. Overall the Systems Works are 95% completed.

Fifty one electric trains have been delivered to the Depots. They have passed the static and dynamic tests and are completing their Fault Free Running on the Phase 1 Mainline. Railway Systems Operational Readiness is on schedule for revenue service which will commence on 15 December 2016. Operating staff from the Operator, Rapid Rail have undergone Operation and Maintenance training by the PDP's Key Instructors.

Underground Works Package ("UGW Line 1"):

The underground works package has achieved a progress of 98% at the end of November 2016.

Final Architectural and Building Services fit-out works continue at all stations, with testing and commissioning of station systems ongoing. The external finishes and reinstatement works to surface areas at station entrances, shafts and portals are in the final stage, and stations are now equipped with permanent power supplies. The tunnel works are completed while railways system installation by other contractors is ongoing towards the Phase 2 opening in July 2017.

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15. Current Year Prospects (cont'd)

(a) CONSTRUCTION DIVISION (CONT'D)

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

Project Delivery Partner (“PDP Line 2”):

MMC Corporation Berhad – Gamuda Berhad Joint Venture is the Project Delivery Partner for the implementation of MRT Line 2.

Preparatory works such as relocation of utilities and site clearance are progressing well at various locations including Package V201 (Sungai Buloh to Persiaran Dagang), Package V202 (Persiaran Dagang to JinJang), Advance Works (Jalan Chan Sow Lin). Manufacturing of Segmental Box Girders are well under way.

Contract award programme is on track with 25 work packages for construction of MRT Line 2 awarded, comprising eight advance works packages, six viaduct packages, one underground work package, seven system work packages, two designated supplier work packages and one depot work package. The tenders for the remaining main elevated civil works are in progress and contract awards are expected to complete by the 1st quarter of 2017.

Underground Works Package (“UGW Line 2”):

Works in progress include site clearing works, site establishment works, demolition of existing structures, soil investigation and the procurement of the contractors for the retaining wall systems are underway. Assessment of the structural integrity of existing buildings and structures along the tunnel drives and adjacent to underground stations are ongoing.

There will be a total of 16 tunnel drives, utilising 12 tunnel boring machines (TBMs). Two of the eight TBMs previously used for MRT Line 1 have been refurbished.

The first TBM is targeted to be launched from Titiwangsa Station in November 2017. Training of tunnel crew is ongoing at the Tunelling Training Academy.

(iii) 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 (PTMP).

On 4 August 2016, SRS Consortium has accepted an extension of the validity of the LOA from the Penang State Government to 28 February 2017.

The major components of Phase 1 of the Project are (1) the Light Rail Transit (LRT) from George Town to Bayan Lepas (Penang International Airport), (2) the Pan Island Link (PIL) highway and (3) Reclamation Works.

The Railway Scheme for the LRT has been submitted to Suruhanjaya Pengangkutan Awam Darat (SPAD) on 29 March 2016 for their review and approval. Two technical working meetings between Penang State Govt and SPAD have been held as part of the approval process.

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15. Current Year Prospects (cont'd)

(a) CONSTRUCTION DIVISION (CONT'D)

(iii) Penang Transport Master Plan (cont'd)

The detail environmental impact and assessment studies (DEIA) are at the final stages and are due to be completed by end of 2016. Final report submission to DOE will be in January 2017.

(iv) Pan Borneo Highway, Sarawak – WPC04 (Pantu Junction to Btg Skrang)

Naim Engineering Sdn Bhd – Gamuda Berhad JV, an unincorporated joint venture, accepted the award of the WPC04 (Pantu Junction to Btg Skrang) for the Pan Borneo Sarawak project.

The works package will be implemented in 2 sections, with separate site possession dates as follows:

- a) Bukit Begunan Section (CH 0.000 to CH 44.700) on 1 September 2016.
- b) Sri Aman Section (CH 44.700 to CH 91.130) on 1 March 2017.

Preliminary works for Bukit Begunan section such as site setting up, survey works, utilities piloting, environmental protection and monitoring, and traffic control and management are ongoing. Concurrently, permanent roadworks construction such as site clearing, earthworks, drainage works, ground treatment works and bridge work construction have also commenced.

(b) PROPERTY DIVISION

The division sold RM 430 million worth of properties in the current quarter, down from the previous quarter sales of RM 1.5 billion. The previous quarter sales included RM 830 million worth of sales from the division's maiden launch into Singapore, GEM Residences in Toa Payoh. Unbilled sales of the division at the end of the current quarter were RM 1.9 billion.

(i) Malaysia

On-going projects include :

- Madge Mansions and The Robertson in Kuala Lumpur
- HighPark Suites in Kelana Jaya
- Jade Hills in Kajang
- Bandar Botanic in Klang
- Horizon Hills in Iskandar Johor Region
- Bukit Bantayan Residences in Kota Kinabalu

Property sales continued to be weak on the back of the soft market. However, sales are expected to pick up in the next few quarters due to the launches of several new projects.

Kundang Estates, an 89-acre boutique development in Sungai Buloh North offering modern countryside living with a total GDV of RM 600 million was launched at end November 2016. On the day of the launch, all non-bumi units available for sale were snapped up by customers while the bumi units received encouraging response.

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15. Current Year Prospects (cont'd)

(b) PROPERTY DIVISION (CONT'D)

(i) Malaysia (cont'd)

Just 5 km from Kundang Estates is Gamuda Gardens, an 812-acre mixed-used development that fuses quality lifestyle and nature-rich living in one satellite township, strategically located at the intersections of the North-South, Guthrie Corridor and LATAR Expressways. With a GDV of RM10 billion, it is scheduled to be launched in early 2017.

This will be followed by the launch of twentyfive.7 in Kota Kemuning in the first half of 2017. This project is a 257-acre avant-garde lifestyle development with a GDV of RM3.8 billion.

Planning and development approvals for the 1,530-acre development land located opposite the Cyberjaya/Putrajaya interchange along Expressway Lingkar Tengah (ELITE Highway) are currently ongoing.

(ii) Overseas

Sales performance in Vietnam continued to be robust, aided by improved economic and infrastructure conditions and lower interest rates. Sales at Gamuda City in Hanoi and Celadon City in Ho Chi Minh City continued to pick up in tandem with the increasing demand of the property market.

GEM Residences in Singapore with its unique Club Condo concept continue to see encouraging sales while 661 Chapel Street in Melbourne Australia, a strategically located luxury high-rise condominium overlooking the Yarra River, has been gaining popularity with the discerning local homebuyers.

The remaining GDV of existing and new projects:

Projects	Balance Acreage	GDV (RM mil)
<u>Existing</u>	626	7,751
• Horizon Hills		
• Jade Hills		
• HighPark Suites		
• The Robertson		
• Others		
<u>New</u>	2,706	34,496
• Kundang Estates and Gamuda Gardens		
• twentyfive.7 in Kota Kemuning		
• Gamuda Cove		
• Others		
<u>Overseas</u>	464	13,153
• Vietnam - Gamuda City and Celadon City		
• Melbourne - 661 Chapel Street		
• Singapore - GEM Residences		
Total	3,796	55,400

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15. Current Year Prospects (cont'd)

(c) WATER AND EXPRESSWAY CONCESSIONS DIVISION

(i) Expressway

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

(ii) 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.

Negotiation with the Selangor State Government is at an advanced stage. The disposal of Splash is expected to be completed by the second quarter of 2017.

16. Variance from Profit Forecast and Profit Guarantee

This is not applicable to the Group.

17. Taxation

	3 months ended 31 October	
	2016	2015
	RM'000	RM'000
The taxation is derived as below:		
Malaysian & foreign income tax	30,615	19,687

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.

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18. Group Borrowings and Debt Securities

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

	Foreign Currency '000	As at 31-Oct-16 RM Equivalent '000
<u>Long Term Borrowings</u>		
Medium Term Notes (Gamuda)		1,800,000
Medium Term Notes (Kesas)		645,000
Medium Term Notes (Gamuda Gardens)		500,000
<u>Term Loan</u>		
-denominated in Ringgit Malaysia (Gamuda)		595,173
-denominated in Ringgit Malaysia (twentyfive.7)		300,000
-denominated in Ringgit Malaysia (Jade Hills)		70,821
-denominated in Vietnamese Dong (Gamuda City)	1,237,500,000	232,403
-denominated in Vietnamese Dong (Celadon City)	1,777,400,000	333,795
-denominated in Australian Dollar (Chapel Street)	10,000	31,896
-denominated in Singapore Dollar (GEMS Residence)	60,000	180,708
		<u>4,689,796</u>
<u>Short Term Borrowings</u>		
Revolving Credits		
-denominated in US Dollar (Gamuda City)	83,000	348,019
-denominated in Singapore Dollar (GEMS Residence)	10,000	30,118
-denominated in Ringgit Malaysia (GNEC)		8,000
		<u>386,137</u>
		<u>5,075,933</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 and MRT Line 2. 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 2") known as MMC Gamuda KVMRT (PDP SSP) Sdn Bhd to be the PDP. The SPV 2 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 2.

The Parent Company Guarantees for the above 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 October 2016 are as follows:

	RM'000
Approved and contracted for :-	
Plant & equipment	<u>107,518</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-Oct-16	As at 31-Jul-16
		RM'000	RM'000
Total retained profits of the Company and its subsidiaries			
- Realised		2,252,341	2,009,150
- Unrealised	1	<u>(126,535)</u>	<u>(193,419)</u>
		<u>2,125,806</u>	<u>1,815,731</u>
Total share of retained profits from joint arrangements			
- Realised		779,388	886,412
- Unrealised	1	<u>(34,544)</u>	<u>(39,324)</u>
		<u>744,844</u>	<u>847,088</u>
Total share of retained profits from associated companies			
- Realised		1,664,937	1,562,794
- Unrealised	1	<u>(309,600)</u>	<u>(212,169)</u>
		<u>1,355,337</u>	<u>1,350,625</u>
Less : Consolidated adjustments	2	<u>(846,728)</u>	<u>(796,333)</u>
Total Group retained profits		<u>3,379,259</u>	<u>3,217,111</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

- (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 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.

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.

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(The figures have not been audited)

23. Material Litigations (cont'd)

- a) 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.

On 29 September 2014, the JV filed a Conversion Application under Order 28 rule 8 that the proceedings to be continued as if it had been begun by Writ and an Oral Evidence application under Order 28 rule 4 of the Rules of Court 2012 ("**JV's Conversion/Oral Applications**"). The JV's Conversion/Oral Applications were heard before the Honourable Dato' Mary Lim Thiam Suan on 1 October 2014 and on 20 October 2014.

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 were dismissed on 26 August 2016 after the Court of Appeal had heard submissions from the solicitors from both parties. On 22 September 2016 the JV filed an application to the Federal Court seeking leave to appeal against the Court of Appeal decision. The application is now fixed for hearing on 7 March 2017.

- (b) On 27 June 2016, Gamuda Berhad announced that its jointly controlled entity, MMC Gamuda KVMRT (PDP) Sdn Bhd ("PDP") has, on 24 June 2016, been served with a writ and statement of claim filed by Accolade Land Sdn Bhd ("Accolade") against Mass Rapid Transit Corporation Sdn Bhd ("MRT Corp"), PDP and other parties.

The suit is premised on an alleged breach of an alleged contract between Accolade and MRT Corp relating to the acquisition of land belonging to Accolade by MRT Corp for the Klang Valley Mass Rapid Transit project.

Accolade is claiming, jointly and severally against the defendants, damages in the sum of RM303,534,216.00, with interest and costs.

On 4 August 2016, the PDP filed an application to strike out the Accolade's Writ and Statement of Claim on the premise that it discloses no reasonable cause of action, is scandalous, frivolous and vexatious and amounts to an abuse of process ("PDP's 1st Striking Out Application"). On 15 September 2016, the PDP filed an application to strike out parts of Accolade's Amended Reply to the PDP's Defence on the premise that they are scandalous, frivolous and vexatious and amounts to an abuse of process ("PDP's 2nd Striking Out Application"). The PDP's 1st Striking out Application and 2nd Striking Out Application were heard before the Judge on 23 November 2016 and was adjourned. The matter is fixed for continued hearing on 24 January 2017.

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Notes To The Interim Financial Statements

(The figures have not been audited)

24. Earnings Per Share

	Current Quarter 31-Oct-16
Basic	
Net profit attributable to shareholders (RM'000)	<u>162,148</u>
Number of ordinary shares in issue as at 1 Aug 2016 ('000)	2,418,993
Effect of shares issued during the period ('000)	<u>2,247</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,421,240</u>
Basic earnings per ordinary share (sen)	<u>6.70</u>
Diluted	
Net profit attributable to shareholders (RM'000)	<u>162,148</u>
Weighted average number of ordinary shares in issue ('000)	2,421,240
- Assumed shares issued from the exercise of ESOS ('000)	20,537
- Assumed shares issued from the conversion of Warrants 2016/2020 ('000)	67,512
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	<u>2,509,289</u>
Diluted earnings per ordinary share (sen)	<u>6.46</u>

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(The figures have not been audited)

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 Year To Date 31-Oct-16
	RM'000
Interest income	(17,945)
Other income	(16,839)
Interest expense	26,521
Depreciation and amortisation	36,409
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	(195)
Impairment of assets	-
Gain on foreign exchange	(1,753)
Gain on derivatives	-

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.