

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 31 January 2018

### 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 2017.

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 2017, except for the adoption of the following amended Financial Reporting Standards (FRSs) mandatory for annual financial periods beginning on or after 1 January 2017:

Amendments to FRS 107	Statement of Cash Flows: Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to FRSs	Annual Improvements to FRSs 2014 - 2016 Cycle

The adoption of the amended standards did not have any material effect on the financial performance or 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 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.

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

The audit report of the Group's annual financial statements for the year ended 31 July 2017 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 of the Group 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**

During the financial period to-date, the Company increased its issued and paid up share capital from 2,450,745,143 as at 31 July 2017 to 2,456,210,726 as at 31 January 2018 by way of issuance of 5,231,000 and 234,583 new ordinary shares pursuant to the exercise of the Employees' Share Option Scheme and the conversion of warrants respectively.

There were no cancellations, repurchases, resale of equity securities for the current quarter to date.

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#### 7. Segmental Analysis

	Engineering and Construction	Property Development and Club Operations	Water and Expressway Concessions	Inter- segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>6 months period ended 31 January 2018</b>					
<b>REVENUE</b>					
Revenue as reported	795,871	729,359	249,350	-	1,774,580
Share of joint venture companies' revenue	1,299,868	386,918	8,256	-	1,695,042
	2,095,739	1,116,277	257,606	-	3,469,622
Inter-segment sales	132,983	-	-	(132,983)	-
Total revenue	2,228,722	1,116,277	257,606	(132,983)	3,469,622
<b>RESULTS</b>					
Profit from operations	150,138	61,318	142,825	-	354,281
Finance costs	(6,560)	(20,664)	(22,441)	-	(49,665)
Share of profits of associated companies	914	625	104,178	-	105,717
Share of profits of joint ventures	67,271	51,381	(1,343)	-	117,309
Profit before taxation	211,763	92,660	223,219	-	527,642
Percentage of segment results	40%	18%	42%		
Taxation					(85,852)
Profit for the period					441,790

#### ASSETS & LIABILITIES

Segment assets	3,158,407	8,310,069	2,368,299	13,836,775
Interest in associated companies	7,617	40,038	1,996,064	2,043,719
Interest in joint arrangements	212,910	685,120	49,088	947,118
				16,827,612
Segment liabilities	(2,321,174)	(5,553,150)	(1,051,186)	(8,925,510)
Total equity				7,902,102

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#### 7. Segmental Analysis (cont'd)

	Engineering and Construction	Property Development and Club Operations	Water and Expressway Concessions	Inter- segment Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>6 months period ended 31 January 2017</b>					
<b>REVENUE</b>					
Revenue as reported	596,925	515,081	246,755	-	1,358,761
Share of joint venture companies' revenue	883,834	160,764	8,611	-	1,053,209
	1,480,759	675,845	255,366	-	2,411,970
inter-segment sales	83,060	-	-	(83,060)	-
Total revenue	1,563,819	675,845	255,366	(83,060)	2,411,970
<b>RESULTS</b>					
Profit from operations	89,082	68,149	144,650	-	301,881
Finance costs	(4,915)	(19,433)	(31,238)	-	(55,586)
Share of profits of associated companies	1,334	465	106,873	-	108,672
Share of profits of joint ventures	37,520	34,866	(3,092)	-	69,294
Profit before taxation	123,021	84,047	217,193	-	424,261
Percentage of segment results	29%	20%	51%		
Taxation					(70,042)
Profit for the period					354,219
<b>ASSETS &amp; LIABILITIES</b>					
Segment assets	2,125,277	7,198,748	2,382,373		11,706,398
Interest in associated companies	4,856	42,508	1,879,165		1,926,529
Interest in joint arrangements	158,743	660,452	151,727		970,922
					14,603,849
Segment liabilities	(2,100,669)	(3,751,096)	(1,121,094)		(6,972,859)
Total equity					7,630,990

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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 as at 31 July 2017.

#### 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 January 2018 except for the following:-

On 28 November 2017, the Company entered into an Agreement with Malaysian Resources Corporation Berhad ("MRCB") to co-operate with each other to secure the award as the Project Delivery Partner ("PDP") for the project known as "Kuala Lumpur to Singapore High Speed Rail" ("Project"). The interest of Gamuda and MRCB in PDP will be 50:50 Joint Venture.

#### 11. Dividends

- The Board of Directors does not recommend any dividend for the current financial quarter. No dividend was declared in the previous corresponding quarter.
- The total dividend declared for the current financial period is single tier dividend of 6.00 sen per ordinary share. In respect of the preceding year's corresponding period, a total single tier interim dividend of 6.00 sen per ordinary share was declared.

#### 12. Dividends Paid

	6 months ended 31 January	
	2018	2017
	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 2018 was paid on 25 January 2018	147,347	-
(First interim dividend comprising single tier dividend of 6.00 sen per ordinary share for the year ended 31 July 2017 was paid on 25 January 2017)	-	145,461
	<u>147,347</u>	<u>145,461</u>

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#### 13. Review of Performance

	Current Year Quarter  31-Jan-18 RM'000	Comparative Quarter  31-Jan-17 RM'000	Var  %	Current Year To Date  31-Jan-18 RM'000	Preceding Year Corresponding Period  31-Jan-17 RM'000	Var  %
<b>BY SEGMENT</b>						
<b>* Revenue</b>						
Construction	1,061,150	784,734	35%	2,095,739	1,480,759	42%
Property	606,196	403,894	50%	1,116,277	675,845	65%
Concession	128,756	125,449	3%	257,606	255,366	1%
	<u>1,796,102</u>	<u>1,314,077</u>	<u>37%</u>	<u>3,469,622</u>	<u>2,411,970</u>	<u>44%</u>
<b>Profit before tax</b>						
Construction	111,497	71,660	56%	211,763	123,021	72%
Property	47,577	43,163	10%	92,660	84,047	10%
Concession	109,242	103,791	5%	223,219	217,193	3%
	<u>268,316</u>	<u>218,614</u>	<u>23%</u>	<u>527,642</u>	<u>424,261</u>	<u>24%</u>
<b>Net profit</b>						
Construction	82,447	50,272	64%	165,039	90,553	82%
Property	43,868	30,148	46%	83,476	66,831	25%
Concession	84,941	85,840	-1%	165,758	171,024	-3%
	<u>211,256</u>	<u>166,260</u>	<u>27%</u>	<u>414,273</u>	<u>328,408</u>	<u>26%</u>
<b>BY GEOGRAPHY</b>						
<b>* Revenue</b>						
Malaysia	1,157,810	972,204	19%	2,831,330	2,070,097	37%
Overseas	638,292	341,873	87%	638,292	341,873	87%
	<u>1,796,102</u>	<u>1,314,077</u>	<u>37%</u>	<u>3,469,622</u>	<u>2,411,970</u>	<u>44%</u>
<b>Profit before tax</b>						
Malaysia	204,704	163,633	25%	464,030	369,280	26%
Overseas	63,612	54,981	16%	63,612	54,981	16%
	<u>268,316</u>	<u>218,614</u>	<u>23%</u>	<u>527,642</u>	<u>424,261</u>	<u>24%</u>
<b>Net profit</b>						
Malaysia	180,487	145,111	24%	367,398	295,545	24%
Overseas	30,769	21,149	45%	46,875	32,863	43%
	<u>211,256</u>	<u>166,260</u>	<u>27%</u>	<u>414,273</u>	<u>328,408</u>	<u>26%</u>

\* Including the Group's share of joint ventures' revenue.

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

## **Quarterly Report On Consolidated Results For The Period Ended 31 January 2018**

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

(The figures have not been audited)

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#### **13. Review of Performance (cont'd)**

##### Current quarter

Gamuda Group's revenue grew 37% to RM1.8 billion for current quarter ended 31 January 2018 compared with RM 1.3 billion in the preceding year comparative quarter.

Meanwhile, net profit grew 27% to RM211 million or 8.60 sen per share as compared with RM166 million or 6.86 sen per share in the preceding year comparative quarter.

##### Year to date

The Group's revenue grew 44% to RM3.5 billion for the six months ended 31 January 2018 compared with RM 2.4 billion in the same period last year.

Meanwhile, net profit grew 26% to RM414 million or 16.88 sen per share as compared with RM328 million or 13.56 sen per share in preceding year corresponding period.

The increase in revenue and net profit for the current quarter and year to date were mainly due to higher work progress from the Group's various construction projects coupled with stronger overseas property sales and several new property projects in Malaysia.

The performance of the respective divisions of the Group for the current year to date are as follows:

##### **(a) GAMUDA ENGINEERING**

The construction division's revenue grew 42% to RM2.1 billion for the six months ended 31 January 2018 compared with RM1.5 billion in the preceding year corresponding period. Year to date profit before tax ("PBT") grew by 72% to RM212 million compared with RM123 million in the preceding year corresponding period.

The increase in revenue and PBT were mainly due to higher work progress from the KVMRT Line 2 project where the Group is the Project Delivery Partner and the sole underground works package contractor. Meanwhile, works on the Pan Borneo Sarawak Highway – Pantu Junction to Btg Skrang is progressing on schedule.

##### **(b) GAMUDA LAND**

The property division sold RM1.9 billion worth of properties for the first half of this year, more than double the RM806 million sold in last year's corresponding period. Meanwhile, the property division reported revenue of RM1.1 billion and PBT of RM93 million in the current year to date compared with revenue of RM676 million and PBT of RM84 million in the preceding year corresponding period.

The better sales revenue and profit performance were mainly due to stronger sales contribution from the overseas projects, underpinned by Vietnam, new project launches in Gamuda Gardens and twentyfive.7. PBT grew by 10% as a result of higher upfront cost for new townships and more affordable housing sold this year.

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#### **13. Review of Performance (cont'd)**

##### **(c) GAMUDA INFRASTRUCTURE CONCESSIONS**

The division reported a revenue of RM258 million and PBT of RM223 million which is similar to last year's financial performance. Except for the SMART Expressway which experienced lower-than-expected traffic, the traffic volumes of other expressways have been stable and resilient.

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

The Group's net profit grew by 4% to RM211 million in the current quarter ended 31 January 2018 compared with a net profit of RM203 million in the preceding quarter ended 31 October 2017.

#### **15. Other Comprehensive Income (OCI)**

Included in other comprehensive income for the six months ended 31 January 2018 is a net foreign exchange loss of RM240 million. The net foreign exchange loss resulted from the loss on foreign currency translation of the Group's overseas net assets due to the stronger Ringgit Malaysia.

#### **16. Current Year Prospects**

##### **Overall Prospects**

The Group anticipates a better performance this year as MRT Line 2's progress picks up pace, higher property sales driven by overseas projects especially Vietnam and the new townships in Malaysia; and steady earnings contribution from the expressway division.

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

##### **(a) GAMUDA ENGINEERING**

###### **(i) Klang Valley Mass Rapid Transit: Sungai Buloh – Serdang – Putrajaya Line ("MRT Line 2")**

###### **Project Delivery Partner ("PDP") Line 2 :**

Through MMC Gamuda KVMRT (PDP SSP) 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 dates.

The overall cumulative progress at the end of February 2018 is on track at 17.7%. Procurement of the works packages has reached RM31 billion, which represents 98% of the value of the overall works.



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For The Period Ended 31 January 2018**

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**16. Current Year Prospects (cont'd)**

**(a) GAMUDA ENGINEERING (CONT'D)**

**(i) Klang Valley Mass Rapid Transit: Sungai Buloh – Serdang – Putrajaya Line (“MRT Line 2”) (cont'd)**

**Project Delivery Partner (“PDP”) Line 2 : (cont'd)**

Following the 4 March 2018 incident at the Jinjang worksite which resulted in a fatality and serious injury to another worker, the PDP has instituted the following actions to improve worksite safety:

- Mandated enhanced surveillance of all launching gantry works by the Supervising Consultants to ensure tighter controls during critical and high risk stages.
- Mandated a comprehensive training plan for all launching gantry staff to be implemented by the Works Package Contractors. This training plan will be endorsed by the launching gantry manufacturers.
- Mandated enhanced audits for both training and implementation of launching gantry works.
- Reviewed all other high risk activities linewise with the view to enhance safety controls of all other works that are being implemented at the SSP Project.

**Underground Works Package (“UGW Line 2”):**

MMC Corporation Berhad – Gamuda Berhad Joint Venture is the Works Package Contractor for the underground works package of the MRT SSP Line 2 (Sg. Buloh-Serdang-Putrajaya).

The commencement of the SSP Line Underground Works was delayed at six of the ten stations due to late access to land from third parties and major design changes, which could have caused a potential delay to project completion of up to nine months. To achieve the Original Line Opening Date, MMC Gamuda made a proposal to accelerate the programme, with costs, and this was accepted by MRT Corporation.

The overall cumulative progress at end of February 2018 is 26.0%, which is ahead by 1.5% according to the accelerated programme.

The first tunnel boring machine at Bandar Malaysia North Station has been fully assembled and officially launched as scheduled on 1 March 2018.

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

Naim Engineering Sdn Bhd – Gamuda Berhad JV accepted the award of the WPC04 (Pantu Junction to Btg Skrang) for the Pan Borneo Sarawak project. The scope includes the widening and upgrading of the existing 89.30km long, 2-lane single carriageway road to a 4-lane dual carriageway of JKR R5 standard.

Overall cumulative progress at the end February 2018 was 21.6% and was slightly behind schedule due to the monsoon period. With the end of the raining season, progress is expected to catch up in the coming months and the project is expected to be completed on schedule.

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#### **16. Current Year Prospects (cont'd)**

##### **(a) GAMUDA ENGINEERING (CONT'D)**

###### **(iii) Penang Transport Master Plan**

The Environmental Impact Assessment (EIA) reports for the reclamation works and the Pan Island Link 1, and the Railway Scheme for the Light Rail Transit have been submitted, and are undergoing review by the relevant Federal Government bodies.

##### **(b) GAMUDA LAND**

The property division sold RM1.9 billion worth of properties for the first half of this year and is on track to achieve full year target sales of RM3.5 billion, surpassing last year's sales of RM2.4 billion.

The better performance is driven by overseas sales, underpinned by Vietnam, and the new local townships of Gamuda Gardens and twentyfive.7.

###### **(i) Malaysia**

The new local townships of Gamuda Gardens and twentyfive.7 attracted strong interest from the market.

Recent launches included:

- Gamuda Gardens - 260 units Terrace Homes of Lavena type and Nara type
- twentyfive.7 - Lucent Residences consisting of 181 units of Terrace Homes and 98 units Semi-Detached Homes

The North Tower of The Robertson development was handed over on 18 January 2018, and the South Tower is to be completed in April 2018.

Gamuda Cove, a future landmark township development with a GDV of RM20 billion on 1,530 acres located opposite the Cyberjaya/Putrajaya interchange along Expressway Lingkaran Tengah (ELITE Highway), and 15 minutes from Kuala Lumpur International Airport will be launched in the second half of 2018.

Overall, local projects contributed 30% of the sales.

###### **(ii) Overseas**

Celadon City in Ho Chi Minh City and Gamuda City in Hanoi continued to deliver a strong set of results and remains the biggest contributor of overseas sales.

Both high-rise condominiums; GEM Residences in Singapore and 661 Chapel Street in Melbourne, Australia are also registering encouraging sales. To-date, 90% of GEM Residences were sold since its launch in mid-2016 while the construction of 661 Chapel Street is targeted for completion in April 2018.

The overseas projects contributed 70% of the overall sales.

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

##### (c) GAMUDA INFRASTRUCTURE CONCESSIONS

###### (i) Expressway

Except for the SMART Expressway which experienced lower-than-expected traffic, the traffic volumes of other expressways continue to be stable and resilient. Last year, the group set aside RM98 million as a one-off provision for impairment on the SMART Expressway.

###### (ii) Water

Negotiations with the Selangor State Government on its effort to acquire 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, are still ongoing.

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

This is not applicable to the Group.

#### 18. Income Tax

	3 months ended 31 January		6 months ended 31 January	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
- Income tax	47,650	64,147	91,829	87,694
- Deferred tax	(3,349)	(24,720)	(5,977)	(17,652)
	<u>44,301</u>	<u>39,427</u>	<u>85,852</u>	<u>70,042</u>

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

#### 19. Status of Corporate Proposal

As at 31 January 2018, there was no outstanding corporate proposal.

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(The figures have not been audited)

#### 20. Group Borrowings and Debt Securities

Foreign Currency ('000)	As At 31 Jan 18			As At 31 Jan 17		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Long Term Borrowings</u></b>						
<b>Medium Term Notes</b>						
- Gamuda	-	1,500,000	<b>1,500,000</b>	-	1,800,000	<b>1,800,000</b>
- Gamuda Gardens	-	500,000	<b>500,000</b>	-	500,000	<b>500,000</b>
- Keras	465,000	-	<b>465,000</b>	645,000	-	<b>645,000</b>
<b>Term Loans</b>						
- Gamuda	-	809,192	<b>809,192</b>	-	595,173	<b>595,173</b>
- twentyfive.7	327,290	-	<b>327,290</b>	300,000	-	<b>300,000</b>
- Gamuda City	174,735	-	<b>174,735</b>	242,426	-	<b>242,426</b>
- Celadon City	405,577	-	<b>405,577</b>	364,648	-	<b>364,648</b>
- Chapel Street	-	228,448	<b>228,448</b>	-	66,880	<b>66,880</b>
- Gem Homes	-	178,278	<b>178,278</b>	-	187,266	<b>187,266</b>
<b>Revolving Credits</b>						
- Jade Hills	88,614	-	<b>88,614</b>	77,482	-	<b>77,482</b>
- Gem Homes	-	29,713	<b>29,713</b>	-	-	<b>-</b>
	1,461,216	3,245,631	<b>4,706,847</b>	1,629,556	3,149,319	<b>4,778,875</b>
<b><u>Short Term Borrowings</u></b>						
<b>Medium Term Notes</b>						
- Gamuda	-	800,000	<b>800,000</b>	-	-	<b>-</b>
- Keras	90,000	-	<b>90,000</b>	-	-	<b>-</b>
<b>Revolving Credits</b>						
- Gamuda	-	27,283	<b>27,283</b>	-	154,963	<b>154,963</b>
- Pan Borneo	-	106,000	<b>106,000</b>	-	32,000	<b>32,000</b>
- Gem Homes	-	-	<b>-</b>	-	31,211	<b>31,211</b>
	90,000	933,283	<b>1,023,283</b>	-	218,174	<b>218,174</b>
<b>Total Borrowings</b>	1,551,216	4,178,914	<b>5,730,130</b>	1,629,556	3,367,493	<b>4,997,049</b>

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

The Group borrowings and debt securities are denominated in the following currencies:

	As At 31 Jan 18		As At 31 Jan 17	
	Foreign Currency ('000)	RM'000 Equivalent	Foreign Currency ('000)	RM'000 Equivalent
RM	-	4,686,096	-	3,949,655
USD	7,000	27,283	35,000	154,963
VND	3,381,770,000	580,312	3,098,900,000	607,074
SGD	70,000	207,991	70,000	218,477
AUD	72,500	228,448	20,000	66,880
		<b>5,730,130</b>		<b>4,997,049</b>

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

There are 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:

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.

#### 23. Capital Commitments

The amount for capital commitments not provided for in the interim financial statements as at 31 January 2018 are as follows:

	RM'000
Approved and contracted for :-	
Integrated Industrialised Building System (IBS) factory	115,546
Tunnel Boring Machines	65,076
Plant & Equipment	5,793
	<u>186,415</u>

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

## **Quarterly Report On Consolidated Results For The Period Ended 31 January 2018**

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

(The figures have not been audited)

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#### **24. Material Litigation**

- (i) 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 28 February 2017. On 20 April 2017 the Judge allowed the PDP's 1st Striking Out Application. As a result of the Judge's decision the PDP's 2nd Striking Out Application was struck out as the same has become academic. On 16 May 2017 Accolade has filed a Notice of Appeal against the decision of the Judge. The matter is fixed for case management on 16 April 2018 and the hearing of Accolade's Appeal is fixed on 24 April 2018.

- (ii) On 9 March 2018, Gamuda Berhad announced that its 80% owned subsidiary, Gamuda Water Sdn Bhd ("Gamuda Water") has received four writs of summons filed by Tenaga Nasional Berhad ("TNB"). The suits are premised on the failure by Gamuda Water in paying four electricity bills amounted to RM39,512,062.75.

The Company is currently seeking legal advice in relation to this matter.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 31 January 2018

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 25. Earnings Per Share

	<b>Current Quarter 31-Jan-18</b>	<b>Current Year To Date 31-Jan-18</b>
<b>Basic</b>		
Net profit attributable to shareholders (RM'000)	211,256	414,273
Number of ordinary shares in issue as at 1 Aug 2017 ('000)	2,450,745	2,450,745
Effect of shares issued during the period ('000)	4,937	4,144
Weighted average number of ordinary shares in issue ('000)	2,455,682	2,454,889
Basic earnings per ordinary share (sen)	8.60	16.88
<b>Diluted</b>		
Net profit attributable to shareholders (RM'000)	211,256	414,273
Weighted average number of ordinary shares in issue ('000)	2,455,682	2,454,889
- Assumed shares issued from the exercise of ESOS ('000)	16,811	22,438
- Assumed shares issued from the conversion of Warrants 2016/2020 ('000)	68,785	81,463
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share ('000)	2,541,278	2,558,790
Diluted earnings per ordinary share (sen)	8.31	16.19

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For The Period Ended 31 January 2018****Notes To The Interim Financial Statements**

(The figures have not been audited)

**26. Trade Receivables**

The current trade receivables are non-interest bearing and are generally on 14 to 90 days terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables of the Group is analysed as follows:

	Note	As At 31-Jan-18 RM'000
<b>Current</b>		
<b>Trade receivables</b>		
Third parties		1,067,046
Due from associated companies	(a)	104,926
Due from joint venture	(b)	662,310
Due from joint venture partners		1,231
		<b>1,835,513</b>
<b>Other receivables</b>		
Accrued billings		628,494
Sundry receivables		411,620
		<b>2,875,627</b>
<b>Ageing analysis of current trade receivables:-</b>		
Neither past due nor impaired		1,594,428
1 to 30 days past due not impaired		75,332
31 to 60 days past due not impaired		42,680
61 to 90 days past due not impaired		17,415
91 to 120 days past due not impaired		14,491
More than 121 days past due not impaired	(c)	66,882
		216,800
Impaired		24,285
Total trade receivables		<b>1,835,513</b>

a) Due from associated companies

Included is an amount of RM86,401,000 due from an associated company, Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH") for the supply of treated water.

b) Due from joint venture

Included is an amount of RM618,894,000 due from MMC Gamuda KVMRT (T) Sdn. Bhd. ("MGKT"). MGKT is the underground works contractor for KVMRT Line 1 and Line 2.

c) More than 121 days past due not impaired

Included is mainly related to Kesas's outstanding toll compensation claim from Government of Malaysia. The amount will be received in September 2018.



# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 31 January 2018

### 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 year is arrived at after charging/(crediting) the following items:

	<b>Current Quarter 31-Jan-18</b>	<b>Current Year To Date 31-Jan-18</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	(19,917)	(39,159)
Other income	(12,627)	(23,898)
Interest expense	23,733	49,665
Depreciation and amortisation	48,662	95,886
Provision for impairment 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	(2,764)	(2,790)
Provision for impairment of assets	-	-
Gain on foreign exchange	(2,070)	(1,720)
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.

# Gamuda Berhad (29579-T)

## Quarterly Report On Consolidated Results For The Period Ended 31 January 2018

### Notes To The Interim Financial Statements

(The figures have not been audited)

#### 28. Disclosure fo Realised and Unrealised Retained Profit / (Accumulated Losses)

The following analysis is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants.

	<b>Note</b>	<b>As at 31-Jan-18 RM'000</b>	<b>As at 31-Oct-17 RM'000</b>
Total retained profits of the Company and its subsidiaries			
- Realised		2,884,148	2,743,826
- Unrealised	1	(537,568)	(314,344)
		<u>2,346,580</u>	<u>2,429,482</u>
Total share of retained profits from joint arrangements			
- Realised		818,262	786,448
- Unrealised	1	(32,595)	(41,688)
		<u>785,667</u>	<u>744,760</u>
Total share of retained profits from associated companies			
- Realised		1,689,107	1,836,684
- Unrealised	1	(206,924)	(294,852)
		<u>1,482,183</u>	<u>1,541,832</u>
Less : Consolidated adjustments	2	(814,282)	(979,835)
Total Group retained profits		<u>3,800,148</u>	<u>3,736,239</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.